Agenda

Meeting **Pension Board**

Venue: **Meeting Room 3, County Hall, Northallerton, DL7 8AD**

Date: **Thursday, 6 April 2023**

Time: **10.00 am**

Independent Chair: Mr David Portlock (Chairman - Independent Member (Non-voting))

Employer Representatives: Councillor Mike Jordan, Councillor Anne Hook, David Hawkins and Emma Barberry

Scheme Member Representatives: David Houlgate, Gordon Gresty, Simon Purcell and Sam Thompson

Business

1. **Welcome, Introductions and Apologies**

2(a) **Minutes of Previous Meeting held on 12 January 2023** **(Pages 3 - 12)**

2(b) **Progress on Issues raised at Previous Meetings** **(Pages 13 - 14)**

3. **Declarations of Interest**

4. **Public Questions and/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 Monday 3rd April 2023. 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.

5. **Terms of Reference following Local Government Review - Report of the Assistant Chief Executive (Legal and Democratic Services** **(Pages 15 - 24)**

Enquiries relating to this agenda please contact Stephen Loach Tel: 01609 532216
or e-mail stephen.loach@northyorks.gov.uk
Website: www.northyorks.gov.uk

6.	**Annual Discussion with the Treasurer of the North Yorkshire Pension Fund**	
7.	**Pension Fund Committee held on 3rd March 2023 - Report back by the Chair**	
8.	**Pension Fund Administration - Report of the Treasurer**	**(Pages 25 - 110)**
9.	**Responsible Investment Policies - Report of the Treasurer**	**(Pages 111 - 162)**
10.	**Budget and Cashflow - Report of the Treasurer**	**(Pages 163 - 168)**
11.	**Internal Audit Reports - Report of the Internal Auditor, Veritau**	**(Pages 169 - 172)**
12.	**Training (including feedback from any courses attended) - Report of the Assistant Chief Executive (Legal and Democratic Services)**	**(Pages 173 - 176)**
13.	**Work Plan - Report of the Assistant Chief Executive (Legal and Democratic Services)**	**(Pages 177 - 180)**
14.	**Other business which the Chairman agrees should be considered as a matter of urgency because of special circumstances**	

Barry Khan
Assistant Chief Executive
(Legal and Democratic Services)

County Hall
Northallerton

Wednesday, 29 March 2023

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

North Yorkshire County Council

Pension Board

Minutes of the meeting of the Pension Board held at County Hall, Northallerton on Thursday 12 January 2023 commencing at 10am.

Present: -

Members of the Board

David Portlock (Independent Chairman).

Employer Representatives:

Emma Barbery (Askham Bryan College), Councillor Anne Hook and David Hawkins (York College).

Scheme Members:

David Houlgate (Unison), Simon Purcell (Unison), Gordon Gresty and Sam Thompson (Hambleton District Council)

In attendance as a Member of the Pension Fund Committee:

County Councillor George Jabbour

County Council Officers:

Steve Loach, Qingzi Bu, Ian Morton, Phillippa Cockerill and Jo Foster-Wade.

Copies of all documents considered are in the Minute Book

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28. Apologies

Apologies were submitted by County Councillor Mike Jordan (North Yorkshire County Council).

29(a) Minutes

A Member queried Minute 17(b) as he had understood that all retired Fund members were to receive a paper communication in respect of how they received information from the Fund. It was clarified that everyone would receive a paper P60 in May 2023. An email detailing how future communications would be provided had been planned for January 2023, however, other work commitments had delayed this.

Resolved -

That the Minutes of the meeting held on 6th October 2022, having been printed and circulated, be taken as read, confirmed as a correct record and signed by the Chairman.

29(b) Progress on Issues Raised by the Board

Advice from the SAB was still awaited in relation to the Hymans Good Governance review.

Broadacres were no longer pursuing their initial request to join the NYPF. A Member asked whether Broadacres would be required to pay back the costs associated with the work that had been undertaken on their request. In response it was stated that the legal fees resulting from the process had been invoiced to Broadacres.

In respect of the BCPP Responsible Investment Policies, it was asked that an update on these and how they are influenced by the NYPF be provided to the next Meeting of the Board.

The triennial valuation was in process and would be completed by 31 March 2023. It was suggested that if a final report on this issue was provided to the PFC in March, then details be provided to the Board in April.

Resolved -

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

30. Declarations of Interest

There were no declarations of interest.

31. Public Questions or Statements

There were no public questions or statements.

32. Pension Fund Committee – Draft Minutes of Meeting held on 25th November 2022

Considered -

The draft minutes of the meeting of the Pension Fund Committee held on 25th November 2022.

The Chair noted that the majority of items considered at that meeting were on the Board's agenda for discussion at today's meeting.

Performance of the Fund

The Chair stated that this had been one of the principal issues on the agenda, following the recent poor performance of the markets, leading to a reduction in returns from investments. PFC workshops were being earmarked for consideration of the Investment Strategy, going forward, and all factors would be taken into consideration in terms of how best to protect the funding position of the Fund through the investments. It was emphasised that the NYPF took a long term view on investments and would not undertake a "knee-jerk" reaction to the recent poor returns from investments. It was also noted that the recent performance of investments had seen a reduction in performance related fees.

A Member raised concerns that feedback of a comparison between the performance of investments prior to pooling and after they had predominantly been taken over by BCPP continued to be put back with an explanation that insufficient time had elapsed to undertake a meaningful comparison. It was suggested that this issue be referred to the appropriate officer to obtain a response from BCPP as to when this could be expected to take place.

Resolved –

That the Minutes be noted.

33. Review of Terms of Reference

Considered –

The report of the Assistant Chief Executive (Legal and Democratic Services) inviting Members to undertake an annual review of the Terms of Reference of the Board.

Members considered that the current Terms of Reference were appropriate, however, it was considered that these be revisited following the implementation of the new Unitary Authority, as that would have implications in terms of the current definition of the membership, and who was represented. It was suggested that further consideration be given to this matter following the introduction of the new Council in terms of changing wording to outline who Members represented, but it was unlikely that the actual membership would change.

Resolved –

That the Terms of Reference be accepted as printed, with further consideration given to these following the introduction of the new unitary authority.

34. Pension Administration

Phillippa Cockerill, Head of Pensions Administration , 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 2022 meeting.

The following issues were highlighted:-

PFC Report

The PFC report from the November 2022 meeting was provided as an Appendix.

It was asked whether the recent recruitment of additional staff was starting to have an impact on the backlog of work detailed in the report. In response it was stated that the new staff were currently undertaking training and adapting to the intensity of the work. It was expected that the impact of the recruitment, and the reduction of the backlog of work, would begin to be seen around April 2023.

Breaches

There had been two new entries in the breaches log since the previous meeting of the Board, one of which related to the failure to issue two pension savings statements for 2021/22 by the statutory deadline. The matter had been reported to HMRC and they had issued a financial penalty. Details of the breaches were outlined together with the actions that had been taken or were going to be taken to prevent this from reoccurring, which included additional training for officers and providing dedicated support to this process, going forward. It was noted that should a breach relate to incorrect data having been submitted by an employer, any subsequent fine could be passed on. The other breach related to an email being sent to the West Yorkshire Pension Fund which was not intended for them. This was entirely due to human error and the issue had been addressed with the staff member. Members discussed whether to report the breach to the Pensions Regulator and noted that the matters had been referred to the Internal Auditor who considered these to be very low risk. It was agreed therefore that given the low risk involved and that the issues had been addressed to prevent these from reoccurring, that no report to the Pensions Regulator should be made.

Annual Benefits Statements (ABS)

As of 6th January 2023, there were still 184 Annual Benefit Statement still outstanding. Of these, 107 statements had now been issued, and the remaining 77 had been determined to be longer eligible for an ABS. The 2022 process had, therefore, now been completed and preparation was underway for the 2023 process.

Major projects

Efforts continued to add employers to the i-Connect project, and it was hoped that the District and Borough Councils would be on-board by 31st March 2023. Currently 120 employers were on-boarded but there were still 107 employers to migrate. It was hoped this would be fully completed by 31st March 2024.

Broadacres Housing Association

Broadacres were no longing pursuing their request to become part of the NYPF.

Triennial Valuation

The final employer consultation on the valuation results would be completed by 8th February 2023.

All employers had now received their employer contribution rates for the next three years (effective 1.4.2023) and all queries had been responded to.

Data Scores

Following a request for a comparison of data scores at an earlier meeting, attempts had been made to compare data scores with other BCPP Pension Funds but there had been only three responses to this request. Details of the scores were provided for members to compare. It was explained that the Common Score related to data required for all Pension members, whereas the Conditional Score mainly related to data required to calculate pensions. The comparison of the data was discussed and it was suggested that the best performing Funds, from BCPP, would be a better comparison, to determine how the NYPF were performing, although it was acknowledged that the report could only reflect the details that had been supplied. It was clarified that the figure provided for the Common Score related to the accuracy of the data held for all members in those funds. It was noted that the NYPF would always seek to achieve the most accurate data possible.

LGPC Bulletins Log

Details of recent LGPC bulletins, and the response to those, were set out in the report.

Members highlighted the following issues in respect of the report:-

- It was clarified that the Pensions Dashboard was not due to be “onboard” until October 2024, although the timeframe had continually slipped, so had the potential to slip again, as it was dependent upon the completion of the McCloud project which was also subject to delay. It was suspected that, after an initial interest, use of the dashboard would probably be minimal, but every effort would be made to ensure the final deadline was met.
- In terms of McCloud it was noted that there was a large amount of data that required verifying. This was being done manually, resulting in a very time consuming process.
- It was suggested that LGR would see a significant increase in the transfer of pensions and asked whether that would impact on the capacity of the Administration Team. In response it was noted that recent recruitment had seen 4 new starters in the team and, following training, it was expected that they would be able to accommodate any influx of additional work created by re-opening the window for transfers into the NYPF. It was stated that the TUPE transfer of staff from other Authorities into the new unitary had created the opportunity for the transfer of benefits from other schemes into the NYPF to be re-opened for a 12 month period.

Resolved -

(i) That the contents of the report be noted;

(ii) That the contents of the Breaches Log be noted, and it be recommended to the Pension Fund Committee that no further action be taken in respect of the breaches highlighted above, with no referral to the Pensions Regulator.

35. Budget and Cashflow

Qingzi Bu presented a report that provided an opportunity for the Board to provide Pension Board members with an update on the Pension Fund’s:-

(a) 2022-23 budget and costs of running the Fund;

(b) 4 year cash flow forecast

In terms of the budget there had been a £3m underspend, mainly as a consequence of the recent poor performance of investments resulting in a reduction in fund manager fees.

In respect of the cashflow forecast, it was expected that the Fund would have a negative cashflow position in around two years' time. It was emphasised that this was an entirely normal position for Pension Funds. The NYPF had a plan in place for when this occurred.

The triennial valuation process had resulted in the draft contribution rates for employers being circulated for consultation. It was not expected that there would be a significant variation from the draft figures.

During a discussion of the report the following issues were raised:-

- The current funding position of the Fund was 107% as reported at the November meeting of the PFC. An update would be provided at the March 2023 meeting.
- A Member asked how the valuation could be accurate with the recent drop in the funding position coupled with the potential for a large influx of retirements at the time of LGR. In response it was stated that it was very unlikely that LGR would generate a large number of retirements, with the majority of staff being TUPE transferred. In terms of the Funding Position, it was clarified that the valuation was undertaken at a particular moment in time, and the funding position was over 120% then. This produces a general valuation position which is also based on historical data, giving a reasonably accurate estimate. It was stated that previous data could be provided to give historical context to the figures detailed on this occasion. It was emphasised that a long term view was always taken in terms of the figures provided. However, on this occasion, a 10% uplift had been added to past service liabilities on the Scheduled and subsumption body funding target to take account of higher short-term inflation.
- There was no expectation that arrangements would change significantly in terms of employer contributions to the Fund, following LGR, other than this now being combined in terms of the 8 Local Authorities, rather than separate contributions.
- The biggest impact currently on the Fund was inflation. The PFC would be considering how to address impacts on the Fund through regular Investment Strategy reviews.
- The strategy for addressing a cashflow negative position was outlined, ensuring that there was sufficient cash available for the operation of the Fund. It was emphasised that many other LGPS managed well with a negative cashflow.
- Contributions would be set fairly to reflect the current funding position but would also take account of the potential for that position to significantly change.

Resolved –

That the report and issues raised be noted.

36. Pension Fund Annual report 2021/22.

Qingzi Bu explained that, due to external accounting issues, the Final Accounts could not yet be signed off, despite the NYPF accounts having been completed, as these could not be published until the County Council's accounts were signed off.
Recent guidance had been received from CIPFA in respect of this situation and would be taken account of during the coming days. It was expected that the accounts would be signed off by the end of January 2023. There was also a delay to the valuation of infrastructure assets following the Government issuing a Statutory Instrument as to what LAs can include in this category, and the consultation period for this was still taking place.

The Audit Committee, the NYCC body that has the authority to sign off the accounts, had given delegated authority to its Chair, Vice Chair and the Section 151 Officer, to sign these off when provided by the External Auditor, so as not to delay the process.

In line with legislation, the Annual Report had been published on the NYPF website by the 1 December, with an explanatory note in respect of the non-inclusion of the Final Accounts.

During a discussion of the report the following issues were highlighted:-

- It was clarified that the Legal Advice referred to within the Annual Report related to advice sought in respect of the delay in the publication of the final accounts last year.
- A note had been placed on the public version of the Annual Report advising that the audit of accounts was ongoing and the Report would be updated as soon as that process had been completed.
- It was noted that there would be a new External Auditor for the Council and NYPF next year, therefore, it could not be determined whether the delay in this year's audit would have a knock-on effect for next year, although it was acknowledged that the timescales would be extremely tight if the deadlines were to be achieved. There would also be added complications in respect of next year being the first for the new unitary Council and some of the District Councils having outstanding accounts also.
- It was noted that, going forward, consideration was being given to separating Pension Fund accounts from those of the Administering Authority, allowing them to be signed off separately.
- Members asked that the final accounts were circulated to them as soon as the process was completed.
- It was noted that the Audit Issue referred to in the Annual Report related to the valuation of infrastructure investments, as referred to earlier.
- The draft Annual Report was now on the NYPF website and would be updated with some minor amendments once the accounts had been signed off, with the final version then appearing on the website.

Resolved –

That the report and issues raised be noted.

37. Internal Audit Reports

Ian Morton, the Assistant Director – Audit and Assurance, provided the Pension Board with an update on Internal Audit activity.

Details of the audit plan for 2022/23 were set out in the report with the audits of aspects of expenditure, income and investments starting shortly. Two remaining actions from the 2021/22 Audits had now been implemented. There were still other 2021/22 action that were not yet due to be implemented.

It was asked whether any reports would be ready for consideration at the April meeting of the Board. In response it was stated that all three were expected to be completed for the July meeting, however, there was no certainty that any of the reports would be available for April.

It was clarified that the Boxphish on-line training emails were generated by NYCC and related to cyber security, as there had been some doubt. It was noted that previously unannounced tests of cyber security had taken place with a number of people failing to recognise this. The biggest weakness in terms of cyber security was human error in not recognising this.

Resolved -

That the report be noted.

38. Risk Register

Phillippa Cockerill, introduced the report noting that the Risk Register received a complete update twice per year and was presented to the Board following that.

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

- It was suggested that the risk in relation to the solvency of the Fund should be upgraded given the recent fall in solvency. In response it was emphasised that the risks were determined through a formulaic process, and the formula would have derived the level of risk. It was also noted that the Fund remained over 100% solvent, therefore, this was not a significant risk at this stage.
- It was stated that having sufficient resources was the main risk to the Fund, currently, but there had been recent recruitment, and with sufficient time for bedding in, this risk could be downgraded.
- It was asked whether the failure of fund managers to generate a return, as had happened over the previous quarter, should be reflected in the Risk Register. In response it was stated that performance reviews were continually undertaken to ensure that fund managers were performing effectively.
- It was asked whether twice a year was sufficient for a review of the Risk Register. In response it was stated that the Register was constantly monitored with alterations made at the time, if required, with two formal reviews taking place and being reported on during the year.

Resolved:-

That the report, and issues raised, be noted.

39. 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 current issues continued to be updated within Module 6 of the Hymans online training and that those that had completed it were advised when updates were in place. The Good Governance report, when published, would be likely to put more emphasis on training and knowledge, therefore, keeping up to date with issues would be important.

Members stated that they would welcome a training session on McCloud. They also noted that, previously, it had been agreed that training sessions would be provided prior to the commencement of Board meetings. This was acknowledged and it was stated that, subject to officers having time availability, training sessions would be provided in this manner, going forward.

Consideration would be given to holding a session with BCPP on how pooling had developed since it was introduced.

Following the responses given, The Chairman suggested that Members complete the online training, undertake any additional training/conferences and advise the Clerk to the Board accordingly, so that the training matrix can be updated.

Resolved -

(i) That the Hymans Robertson online training package continue to be accessed by Members and reported back accordingly;

(ii) That Members continue to provide details of any training they wish to be included on their training record:

(iii) That consideration be given to training sessions immediately prior to Board Meetings, including sessions on McCloud and with BCPP.

(iv) That the report , and issues raised, be noted.

40. Work Plan

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 2023.

Resolved -

(i) That the amended Work Plan, as detailed in Appendix 1 to the report, be noted.

(ii) That the remaining dates of ordinary meetings for 2022/23, as detailed in the report be noted as follows:-

Thursdays at 10 am

6th April 2023

(iii) That the 2023/24 proposed dates , as detailed in the report be noted as follows:-

Thursdays at 10am

6th July 2023
12th October 2023
11th January 2024
4th April 2024

The meeting concluded at 12noon. SL

North Yorkshire Council

Pension Board

6 April 2023

Progress on issues raised by the Board

Report of the Assistant Chief Executive (Legal and Democratic Services)

1.0 Purpose of the report

1.1 To advise Members of:-

- Progress on issues raised at previous meetings;
- Issues that may have arisen, relating to the work of the Board, since the previous meeting

2.0 **Background**

2.1 This report is submitted to each meeting listing the Board's previous Resolutions where further information is to be submitted to future meetings. The table below represents the list of issues which were identified at previous Pension Board meetings and which have not yet been resolved.

Date	Minute No and subject	Resolution/Action	Comment/completed
3 October 2019 – ongoing – delayed by COVID 19	Minute no 223 – Governance of the Fund/ Minute no 231 (b) – progress on Issues raised / Minute no 289(b) -– progress on Issues raised	Hymans Robertson Report on Good Governance in the LGPS – Members raised concerns regarding the potential for the creation of new local authority bodies and joint committees to oversee the LGPS, which had been raised as part of this study/consultation.	Members agreed to monitor developments in relation to any potential changes to governance arrangements from the Scheme Advisory Board, going forward. Advice is still awaited in relation to this matter. The issue was now progressing with the final implications awaited.
7 April 2022 - ongoing	Minute No. 344 - Border to Coast's Responsible investment Policies	It would be appropriate to indicate timeframes for implementation of policies by fund managers, following engagement, rather than this being left open ended.	BCPP was in a strong position to influence companies and would ensure that this influence was maximised going forward with details would be fed back into the Board. This matter will be considered at today's meeting.
7 April 2022 - ongoing	Minute No. 346 - Business Plan, Budget 2022/23 and Cashflow	The Triennial Valuation (TV) process was now underway.	Towards the end of the TV process a presentation be provided to both the Board and PFC on the impact on liabilities and investments.

			Details are included within the Administration Report that will be considered at today's meeting.
12 January 2023	Minute No. 33 – Review of Terms of Reference	The Terms of Reference for the Board would require a revision to take account of the LGR which would be implemented on 1 April 2023	Details of the revised Terms of Reference, agreed by Full County Council on 22 February 2023, are included for consideration at today's meeting.

3.0 **Recommendation**

3.1 That the report be noted and further action be undertaken where required.

Barry Khan
Assistant Chief Executive (Legal and Democratic Services)
County Hall
Northallerton

Report Author – Steve Loach – March 2023

Background Documents – None

North Yorkshire Council

Pension Board

6 April 2023

Terms of Reference

1. Purpose of the Report

To provide Pension Board members with details of the Board's revised Terms of Reference following the transformation into a Unitary Authority.

2. Revised Terms of Reference

Further to the recent Local Government Review North Yorkshire's local government arrangements were amalgamated with the County and District Councils becoming one, Unitary Authority.

In respect of this the Terms of Reference have been revised to replace reference to North Yorkshire County Council with North Yorkshire Council.

The Review has not required a change in Membership of the Board as appointments still accord with the Terms of Reference.

A copy of the revised Terms of Reference and Membership of the Board is provided at Appendix 1.

3.0 Recommendation

3.1 –

Pension Board members note the Board Membership details and the revised Terms of Reference, as detailed in **Appendix 1.**

BARRY KHAN
Assistant Chief Executive (Legal and Democratic Services)
County Hall
Northallerton

Background Documents:

Nil

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PENSION BOARD

Membership

(9)		
	Names	
1	PORTLOCK, David	Chairman - Independent Member (Non-voting)
2	JORDAN, Mike	Employer Representative
3	HOOK, Anne	Employer Representative
4	BARBERY, Emma	Employer Representative
5	HAWKINS, David	Employer Representative
6	PURCELL, Simon	Scheme Member Representative
7	HOULGATE, David	Scheme Member Representative
8	THOMPSON, Sam	Scheme Member Representative
9	GRESTY, Gordon	Scheme Member Representative

Quorum - The Board shall be quorate if the Chair, one scheme representative and one employer representative are present.

Pension Board

Terms of Reference and Delegated Authorities

1) Role of the Local Pension Board

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

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

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

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

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

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

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

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

The Pension Board will undertake formal meetings remotely, through an appropriate media platform, and subject to the relevant live broadcast requirements, when circumstances arise that prevent physical meetings from taking place. The Meetings should be wholly remote or physical and should not be undertaken in a hybrid manner.

2) Membership and Appointment Process

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

i) 4 scheme member representatives, of whom

a. 2 shall represent and be drawn from active members of the Fund

b. 1 shall represent and be drawn from pensioner and deferred pensioner members of the Fund

c. 1 shall represent and be drawn from either the active or deferred/pensioner members of the Fund

ii) 4 employer representatives, of whom

a. 1 shall be nominated by NYC who shall meet the requirements of the relevant regulations in relation to avoidance of conflict with the Council's role as Administering Authority

b. 1 shall be nominated by the City of York Council, the Police and Fire bodies and the National Parks which are employers within the Fund

c. 1 shall be nominated by all other employers within the Fund

d. 1 shall be nominated by any employer other than NYC

iii) 1 independent member, who shall be appointed as Chair of the Pension Board

Elected Members and officers involved in the management and administration of the Fund are not permitted to become Pension Board members.

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

The position of independent member will be advertised publicly. The Administering Authority will seek an independently minded individual with a track record of dealing with governance issues.

Following receipt of nominations/applications the Administering Authority will arrange an independent as possible appointment process. This process will include assessing information supplied by candidates in support of their nomination/application and may be supplemented by interviews as appropriate.

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

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

i. for scheme member representatives if they cease to be a member of the relevant group

ii. for employer representatives who are councillors if they cease to hold office as a councillor

iii. for employer representatives who are not councillors when they cease to be employed by their nominating employer

iv. for a councillor member who is appointed to the PFC

v. for a scheme member or employer representative who is appointed to a role with responsibility for the management or administration of the Fund

vi. where there is a conflict of interest which cannot be managed in accordance with the Pension Board's Conflicts of Interest Policy

vii. where a member fails to attend meetings, undertake training or otherwise comply with the requirements of being a Pension Board member

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

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

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

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

3) Conflicts of Interest

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

4) Standards of Conduct

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

These are:

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

5) Knowledge and Skills

A member of the Pension Board must be conversant with:

1. The legislation and associated guidance of the LGPS

2. Any document recording policy about the administration of the LGPS which is for the time being adopted by the NYPF

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

a. the law relating to pensions, and

b. any other matters which are prescribed in the regulations

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

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

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

6) Board Review Process

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

7) Accountability

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

8) Remit of the Board

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

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

9) Decision making

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

10) Quorum

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

11) Board Meetings – Notice, Minutes and Reporting

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

The Pension Board is a committee of the Council and as such the Council's rules on notice of meetings, publishing agendas, reports and minutes and that meetings and papers (unless exempt) are open to the public will apply. At the discretion of the Administering Authority items may be edited or excluded on the grounds that they would either involve the likely disclosure of exempt information as specified in Part 1 of Schedule 12A of the Local Government Act 1972 or it being confidential for the purposes of Section 100A(2) of that Act and/or they represent data covered by the Data Protection Act 1998.

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

a. details of members attendance at meetings of the Pension Board

b. details of training and development activities made available to Pension Board members and attendance at such activities

c. details of any recommendations made by the Pension Board to the Scheme Manager and the Scheme Manager's response to those recommendations

d. details of costs incurred in the operation of the Pension Board

e. a review of the effectiveness of the Board (see Section 6)

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

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

12) Reporting Breaches

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

13) Escalation of matters of serious concern

Where a matter of serious concern arises regarding compliance or a potential breach of the regulations, the Pension Board must inform the Scheme Manager immediately, and may escalate reporting to the Monitoring Officer, to the National Scheme Advisory Board and the Pensions Regulator if considered necessary and appropriate.

14) Publication of Pension Board information

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

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

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

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

15) Advice to the Board

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

16) Expense Reimbursement, remuneration and allowances

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

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

17) Insurance

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

18) Updating the Pension Board Terms of Reference

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

19) Definitions

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

"Pension Board" or "Board"	Means the Pension Board for the Council as the Administering Authority of the NYPF as required under the Public Service Pensions Act 2013
"Administering Authority"	Means the Council
"Scheme Manager"	Means the PFC of the Council
"Chair"	The individual responsible for chairing meetings of the Pension Board and guiding its debates
"LGPS"	The Local Government Pension Scheme as constituted by the Local Government Pension Scheme Regulations 2013,the Local Government Pension Scheme (Transitional Provisions, Savings and Amendment) Regulations 2014 and the The Local Government Pension Scheme (Management and Investment of Funds) Regulations 2009
"Scheme"	Means the Local Government Pension Scheme as defined under "LGPS"

North Yorkshire Council

Pension Board

7 April 2023

Administration Report

1. Purpose of the Report

To provide Pension Board members with an update on key initiatives undertaken by the administration team of the North Yorkshire Pension Fund.

2. Pension Fund Committee paper

Included for information at **Appendix 1** is the administration paper and appendices provided to the Pension Fund Committee for their March 2023 meeting.

3. Breaches Log

Included at **Appendix 2** is the North Yorkshire Pension Fund's Breaches Log for review. There are no new entries in the quarter to 31 March 2023.

4. Annual Benefit Statements

All benefit statements have been issued to those members eligible to receive one in 2022. Focus has now shifted to preparations for the 2023 exercise.

5. Major Projects

i-Connect - Employer portal

127 employers now onboarded with 105 remaining. Both NYCC & CYC are fully onboarded and we have managed to get four of the districts and boroughs also onboarded before 1 April.

We will continue to progress this project until every employer is onboarded.

6. 2022 Triennial Valuation

The triennial valuation of the Fund as at 31 March 2022 is now complete. The valuation report is included at **Appendix 3**.

7. Business Plan and Budget 2023/24

The updated business plan and budget for the 2023/24 scheme year was approved at the Pension Fund Committee meeting on 3 March 2023 and is attached at **Appendix 4**.

8. LGPC Bulletins

The LGPC regularly issues bulletins, which can include actions for administering authorities. The NYPF reviews every bulletin and logs any actions highlighted. A log of the actions is included at **Appendix 5** to enable Pension Board Members to ensure appropriate activities are being undertaken

9. Recommendation

9.1. That Pension Board Members note the contents of this report.

9.2. That Pension Board Members note the contents of the Breaches Log.

Phillippa Cockerill
Head of Pensions Administration
County Hall

Northallerton

29 March 2023
Background Papers - Nil

North Yorkshire County Council

Pension Fund Committee

3 March 2023

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 30/09/2022	+/- Change (%)	At 31/12/2022
Active	30,465	+0.96%	30,757
Deferred	39,334	+1.04%	39,744
Pensioner (incl spouse & dependant members)	28,035	+1.02%	28,321
Total	**97,834**		**98,822**

3.2. Throughput Statistics

- Period from 1 October 2022 to 31 December 2022

Case type	Cases Outstanding at Start	New Cases	Cases Closed	Cases Outstanding at End
Transfer In quotes	12	63	70	5
Transfer Out quotes	57	129	163	23
Employer estimates	3	48	50	1
Employee estimates	15	104	116	3
Retirement quotes	100	670	760	10
Preserved benefits	94	2,179	1,064	1,209
Death in payment or in service	107	348	354	101
Refunds	55	476	514	17
Actual retirement procedure	444	559	544	459
Interfund transfers	175	294	346	123
Aggregate member records	275	1,095	1,241	129
Process GMP	0	0	0	0
Others	182	151	222	111
Total Cases	**1,519**	**6,116**	**5,444**	**2,191**

- As well as processing the above cases, the Pensions team also handled 2,134 phone calls (average 45 per working day) and 7,251 emails received via the Pensions Inbox (average 121 per working day) in the quarter to 31 December 2022.

3.3. **Performance Statistics**

- The performance figures for the period 1 October 2022 to 31 December 2022 are as follows:

Performance Indicator	Target in period	Achieved
Measured work completed within target	98%	91%
Customers surveyed ranking service good or excellent	94%	94%
Increase numbers of registered self-service users by 700 per quarter **(total registered users 38,886)**	700	1,167

- Our Measured work completed within target rating has improved this quarter and we continue to focus on this improvement with staff being made more aware and backlogs reducing.
- The transfers team was understaffed for a period of time but that has been addressed now that out final cohort of new staff have started.

3.4. **Commendations and Complaints**

- This quarter the following commendations and complaints were received:

Commendations

Date	Number	Summary
Oct	6	Thank you for all your help for dealing with this so professionally. Thank you once again for the excellent service received.
Nov	7	Exceptional, great knowledge, experience, understanding all conveyed through emphatic customer service and support.
Dec	3	The service was excellent, fast and plenty of information.

Complaints

Date	Number	Summary
Oct	0	
Nov	1 1	Admin – delay in completing transfer into the NYPF IHER – appeal against tier awarded
Dec	0	

- The complaint categories are:

a) Admin - these can relate to errors in calculations, delays in processing and making payment of benefits.
b) Regs - these relate to a complaint where regulations prevent the member being able to do what they want to.
c) 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. However, we have tightened our procedures to help prevent future delays in processing transfers in and out of the NYPF.

3.5. **Annual Benefit Statements 2023**
Active member statements 2022 – all statements have been issued to those members eligible to receive one in 2022. Focus has now shifted to preparations for the 2023 exercise.

3.6. **Breaches Policy & Log**
The North Yorkshire Pension Fund's Breaches Log is included at **Appendix 2** for review. There are no new entries in the quarter to 31 December 2022.

4. Issues and Initiatives

4.1. **Administration System**

We continue to make progress with both the i-Connect rollout and the new website:

- We now have 121 employers onboarded with 106 remaining.
- NYCC has been fully on-boarded to i-Connect and they are submitting their own monthly files now.
- The next stage is to on-board all the Districts before 31 March so we are ready for LGR.
- Website development continues with the focus on getting the employer site fully configured before we go live.

4.2. **Payroll Enhancements**

The enhanced functionality went live 24 January. The impact on processing times and efficiency gains will be monitored over the next few months to ensure the functionality is delivering all it should.

4.3. **McCloud**

The validation errors identified by the third-party supplier have been corrected and the data has been returned to them. The next step is to load it onto our test database and deal with any errors arising from that.

Work continues on the City of York and NYCC data files.

5 Member Training

The Member Training Record showing the training undertaken to March 2022 is attached as **Appendix 3.** Please contact Stephen Loach (01609 532216 or email stephen.loach@northyorks.gov.uk) with any details of training undertaken or conferences attended and these will be added to the training record. Consideration has been given to undertaking the Hymans Knowledge Assessment, however, it was determined that it feels too early, at this stage, for this. Members are encouraged to complete the Hymans online modules on offer and then an assessment will be undertaken as to whether there are knowledge gaps to fill.

Upcoming courses, seminars and conferences available to Members are set out in the schedule attached as **Appendix 4.** Please contact Kirsty Howes (01609 533298) or email kirsty.howes@northyorks.gov.uk for further information or to reserve a place on an event. Events are currently limited due to the pandemic.

Given the start of a new Committee, further training has been devised to help with the induction of new Members and the creation of a new team. The views of Members will be sought as we progress through this approach but, given the technical nature of some of the areas of responsibility, there will be a significant number of training events and it will be suggested that on-line training is made mandatory for all Members. It is recognised however that this will need to be done proportionately and over a period of time.

6 Meeting Timetable

The latest timetable for forthcoming meetings of the Committee and Investment Manager meetings is attached as **Appendix 5**.

7 Recommendations

7.1 Members to note the contents of the report.

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

23 February 2023

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Date	Category	Description of Breach	Cause of Breach	Regulation being breached	Effect of Breach & Wider Implications	Response to Breach	Reported to DPO	DPO outcome	Referred to PFC	Referred to PB	Outcome of Referral to PFC & PB	Reported to Regulator
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 targetted 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 identifed 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
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
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
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
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 receipient 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
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 receipient 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
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 receipient 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
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 receipient 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
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 receipient 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
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 receipient 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
31/08/2020	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 statments 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
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. It is highly likely that the receipient 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 - Recommended no report required	N

Date	Category	Description of Breach	Cause of Breach	Regulation being breached	Effect of Breach & Wider Implications	Response to Breach	Reported to DPO	DPO outcome	Referred to PFC	Referred to PB	Outcome of Referral to PFC & PB	Reported to Regulator
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 targetted 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, teh 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 recurrance before reaching a decision about reporting to tPR. Confirmed by email 01/03/2021 no need to report to tPR. PFC - Recommended no report required	N
05/02/2021	Administration	A member contacted us to advise she had received a transfer letter addressed to another member enclosed with her own letter.	Member of staff on post duty that day did not follow the agreed process put in place to prevent breaches from happening.	Data Protection Act 2018	Accidental disclosure of personal data for 1 member to another. It is highly unlikely that the receipient knows the person whose information was disclosed.	Recipient was asked to destroy the information. Process and working practice was reviewed to ensure it remained relevant. Staff were reminded of the correct process. Individual member of staff was spoken to personally to stress importance of following the correct process.	05/02/2021	Score of 4 - low no further action	04/06/2021	08/04/2021	PB - April meeting, noted position, agreed not to report. PFC - June meeting, noted position, agreed not to report.	N
31/08/2021	Administration	Statutory deadline for issuing of Annual Benefit Statements not met for all eligible members	Calculation failing to run on system. 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	99.78% of Deferred members received a statement. (87 members did not) 96.06% of Active members received a statement. (1,158 members did not)	87 Deferred members missing a statement are being worked through, these failed due to the system calculation not running, analysis has identified these failed due to data related issues. Analysis of the 1,158 Active members missing a statement is being undertaken to identify and isolate reasons. Each group being worked through to identify what is required to enable statement to be produced.	N/A	N/A	26/11/2021	07/10/2021	PB - No report for deferred ABS but decision delayed on active awaiting outcome of review of missed ones. PFC - Agreed with PB recommended course of action. Further update on Active statements is required. 13/01/22 no report	N
17/09/2021	Administration	McCloud data sent to the City of York Council (CYC) for three schools that no longer use CYC to provide their payroll service (although they have in the past). Data for an NYCC school (that has opted out of NYCC's payroll service) also sent to CYC as it was incorrectly coded on our database.	The way the data was held on the administration system did not enable the 3rd party to identify the members affected.	Data Protection Act 2018	Information for 330 data subjects was wrongly disclosed to the City of York Council (CYC). CYC is a trusted external organisation and information was only disclosed to a small number of staff.	A new process has been implemented so that the data can be easily identified on the database going forward. The process change has been communicated to the wider team. Veritau response - notification to the ICO is not recommended as the reporting threshold has not been reached.	N/A	N/A	26/11/2021	13/01/2022	PFC - No report PB - No report	N
28/09/2021	Administration	McCloud data sent to City of York Trading (CYT) in error for one City of York Council (CYC) employee, the employer code on our database had been set up incorrectly. The same data fields as the incident number 101008635966 are involved.	Member record created on the administration system but the wrong employer code was applied	Data Protection Act 2018	Information for one data subject was wrongly disclosed to City of York Trading Limited	The data has now been coded correctly on the administration system Veritau response - notification to the ICO is not recommended as the reporting threshold has not been reached.	N/A	N/A	26/11/2021	13/01/2022	PFC - No report PB - No report	N
28/09/2021	Administration	A member's letter was found on a printer but was not printed by member of pensions team.	Believe issue was caused by network and system issues experienced on that particular day and as a result the letter printed directly out and didn't queue.	Data Protection Act 2018	One letter produced, contained within NYCC. No other letters affected.	Letter was destroyed internally and a replacement was re-issued to the member. Reported to Veritau, awaiting outcome.	N/A	N/A	26/11/2021	13/01/2022	PFC - No report PB - No report	N
19/11/2021	Administration	One Pension Savings Statement (PSS) issued after statutory deadline of 6 October 2021	Record was inhibited from bulk annual allowance run whilst a query on another record was resolved	The Registered Pension Scheme Regulations 2006 Finance Act 2004	When a member receives a PSS they have to declare the tax liability to HMRC via an annual tax return. The deadline for a paper annual tax return was 31 October 2021 so the member could not use this option. However, the deadline for an online tax return is 31 January 2022.	Senior officer review of annual process	N/A	N/A	04/03/2022	13/01/2022	PB - No report PFC - No report	N
22/02/2022	Administration	5 letters were included in the same envelope to a single recipient who was the next of kin of a deceased member	Staff member on post duty did not follow the agreed process	Data Protection Act 2018	Accidental disclosure of personal data for 4 members to another. It is highly unlikely that the receipient knows the person whose information was disclosed.	Recipient confirmed destruction of 4 letters received in error. Staff reminded again of correct process to follow. Staff involved spoken to directly. Alternative printing and posting arrangements being investigated. Reported to Veritau. They assessed it as Low risk level and did not need to be reported to the ICO.	N/A	N/A	27/05/2022	07/04/2022	PB - No report PFC - No report	N

Date	Category	Description of Breach	Cause of Breach	Regulation being breached	Effect of Breach & Wider Implications	Response to Breach	Reported to DPO	DPO outcome	Referred to PFC	Referred to PB	Outcome of Referral to PFC & PB	Reported to Regulator
28/07/2022	Administration	5 Pension Savings Statements (PSS) issued after statutory deadline of 6 October 2021	Records were not selected in the bulk annual allowance process as the year end pay information used in the calculation had not been updated on the records	The Registered Pension Scheme Regulations 2006 Finance Act 2004	When a member receives a PSS they have to declare the tax liability to HMRC via an annual tax return. None of the members have advised if they have a tax charge yet, there could possibly be two. The deadline for an online tax return was 31 January 2022 so affected members will need to contact HMRC.	Senior officer review of annual process. Has been established the cause of the breach different to previous breach in 2020. Process amended so that future similar cases can be identfied earlier in the process.	N/A	N/A	09/09/2022	06/10/2022	PFC - No report PB - No report	N
31/08/2022	Administration	Statutory deadline for issuing of Annual Benefit Statements not met for all eligible members	120 – have outstanding year end tasks 201 – have “other” outstanding administration tasks on record 56 – are x’d out, no outstanding task, prohibits statement creation due to error on record 295 – pending further investigations as to why statement not produced	Reg 89 of LGPS Regs 2013	100% of Deferred members received a statement. 97.73% of Active members received a statement. (672 members did not of which only 295 were eligible to receive one)	Of the 672 active members missing a statement only 351 are eligible to receive one. These are being worked through to identify what is required to enable statement to be produced.	N/A	N/A	25/11/2022	06/10/2022	PFC - No report PB - No report	N
04/11/2022	Administration	2 Pension Savings Statements (PSS) issued after statutory deadline of 6 October 2021	Human error. One record had a data error which resulted in the PSS being supressed but when issue was fixed the marker wasn't removed. Relevant tax year 18/19 One record had been updated incorrectly following receipt of a transfer from another Fund. Relevant tax year 19/20	The Registered Pension Scheme Regulations 2006 Finance Act 2004	When a member receives a PSS they have to declare the tax liability to HMRC via an annual tax return. None of the members have advised if they have a tax charge yet, there could possibly be two. The deadline for an online tax return was 31 January 2022 so affected members will need to contact HMRC.	Training for wider administration team is already scheduled so errors like these can be prevented and corrective action taken at the time rather than being left to year end.	N/A	N/A	25/11/2022	12/01/2023	PFC - No report PB - No report	N
11/11/2022	Administration	One member's documentation was sent in error, password protected, to another Fund.	Human error. The wrong attachment was added to the email.	Data Protection Act 2018	Accidental disclosure of personal data for 1 member to staff at another Fund. It is highly unlikely that the receipient knows the person whose information was disclosed.	Other Fund deleted email and attachment. Reported to Veritau. They assessed is as Very Low risk - minimal risk of any detriment to the data subject & sent to a trusted partner organisation	N/A	N/A	25/11/2022	12/01/2023	PFC - No report PB - No report	N

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Report on the actuarial valuation

of the North Yorkshire Pension Fund as at 31 March 2022

Prepared for:	North Yorkshire County Council as Administering Authority of the North Yorkshire Pension Fund
Prepared by:	Scott Campbell FIA, Jonathan Teasdale FIA
Date:	29 March 2023

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Introduction

This actuarial valuation report is required by Regulation 62 of the Local Government Pension Scheme Regulations 2013. It summarises the results of the funding valuation of the Fund as at 31 March 2022, including the Rates and Adjustments Certificate which sets out the contributions payable by employers from 1 April 2023 to 31 March 2026.

Purpose of the valuation

The overriding purpose of the valuation is to value the assets and liabilities of the Fund as required by the Regulations and to set out the contributions payable by each employer in the Fund.

The report concentrates on the Fund's financial position at the valuation date. As time moves on, the Fund's finances will fluctuate. If you are reading this report some time after it was produced, bear in mind that the Fund's financial position could have changed significantly.

Benefits valued

The benefits valued are set out in the Regulations. We have commented in the Further Information section on how we have allowed for legal and other uncertainty regarding the benefits. Assets and liabilities in respect of defined contribution additional voluntary contributions (or AVCs) have been excluded.

Funding Strategy Statement

The principles which have been applied are set out in the Funding Strategy Statement (FSS) of the Fund. The FSS has been reviewed and amended as part of the 2022 valuation process.

Next steps

As required by Regulation 66 this report must be published and made available to the Secretary of State, and to current and prospective employers who contribute or may become liable to make payments to the Fund.

Glossary

Actuarial valuations come with a lot of associated terminology.

Throughout this document we use certain terms with specific meanings in the context of actuarial valuations.

To help you understand them, we have provided a glossary at the end of this document.

At a glance …

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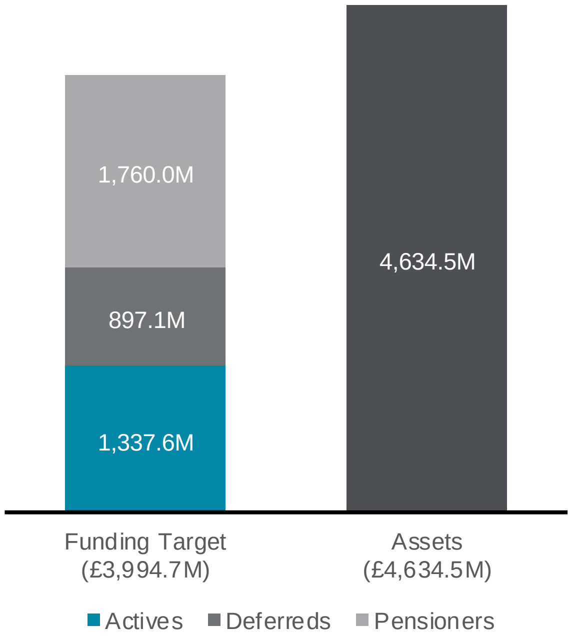
Overall Funding Position

There was a surplus of £639.8M relative to the liabilities. The funding level was 116%.



Primary contribution rate (% of Pay)

20.1%

▲0.8%

Vs 31 March 2019

Comment

The **primary rate** is the employer share of the cost of benefits being earned in the future, expressed as a percentage of pensionable pay.

The figure quoted is a weighted average of all employers' primary rates.

Secondary contribution rate (% of Pay)

(2.7%)

▼2.0%

Vs 31 March 2019

Comment

The **secondary rate** is the reduction to the primary rate needed to reduce the funding level of the Fund as a whole to 110% over a recovery period of 18 years. We have shown an equivalent % of pensionable pay for illustration.

Total contribution rate (% of Pay)

17.4%

▼1.2%

Vs 31 March 2019

Comment

This is the sum of the primary and secondary rates quoted above.

Each employer's total contribution rate will differ depending on their circumstances, including membership profile, funding level and recovery period.

Contents

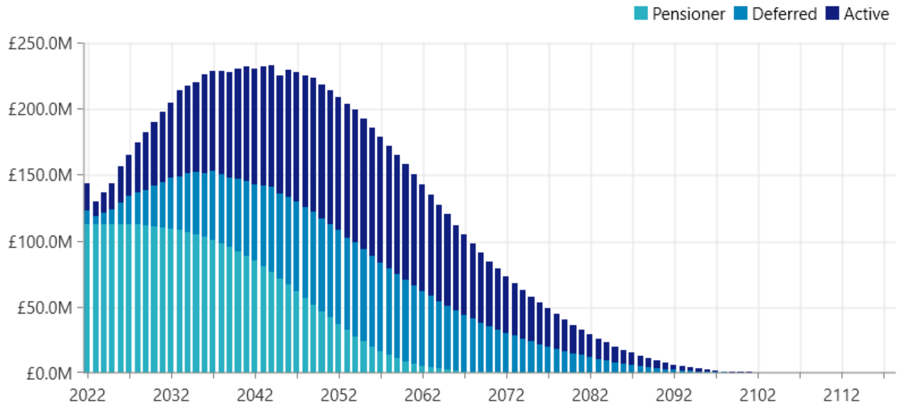
Funding objectives

The Administering Authority's main funding objective is to hold assets at least equal in value to the funding target (past service liabilities).

To calculate the past service liabilities and the cost to the employers of future benefit accrual, the benefits paid out by the Fund are estimated for each year into the future. The estimated benefit payments are then 'discounted back' to the valuation date using an agreed rate of interest known as the discount rate.

Cashflows

The chart shows the cashflow pattern for the Fund (based on past service benefits and the assumptions used for the valuation). Most cashflows are linked to future levels of salary growth and/or inflation.



Discount rate

The Funding Strategy Statement describes the approach used to set the funding target and hence the discount rates. The Administering Authority adopts different discount rates depending on employers' circumstances including the likelihood of exit and what would happen to the liabilities on exit. The use of different discount rates is summarised on the next page.

Prudence

Prudence in the valuation is achieved using discount rates which have a materially better than evens chance of being achieved by the Fund’s assets. Information on the level of prudence (or risk) in the funding strategy is contained in the Fund’s Funding Strategy Statement.

Discount rates for different employer types

The Administering Authority adopts different discount rates for different types of employer. The funding targets for the various types of employer, that each use different discount rates, are as follows:

- the scheduled and subsumption body funding target, which assumes indefinite future investment in assets similar to the Fund's holdings at the valuation date (allowing for any known or planned changes to the long-term investment strategy as appropriate).
- the ongoing orphan funding target: for admission bodies whose liabilities would be orphaned on exit, the discount rate has regard to the possibility that participation may cease and that the exit valuation would assume a low risk investment portfolio made up of long dated UK Government bonds (of appropriate nature and term) at cessation.
- the intermediate funding targets: for Tier 3 employers who are deemed to be less likely to exit than employers on the ongoing orphan funding target, but which do not have a subsumption commitment and are deemed to be less secure than the Tier 1 (fully taxpayer-backed) employers
- the low risk funding target: for "orphaned" liabilities that relate to employers which have already exited the Fund.

An explanation of scheduled bodies, orphaned liabilities and subsumption bodies is given in the Glossary.

Method, data and assumptions

After consulting with the Administering Authority, we have agreed the method, data and assumptions to use for calculating the past service liabilities and employer contribution rates.

Method

The past service liabilities have been calculated using the projected unit method. This method, with a one year control period, has also been used to calculate the cost of future benefits building up for most employers. The attained age method has been used for some employers who do not admit new employees to the Fund.

The method used for each employer, including funding target and recovery period, has been advised separately.

Data

The actuarial valuation was based on a snapshot of member data as at the valuation date, extracted from the administration system after the valuation date. Due to ongoing processing of membership records, and some data estimation carried out for valuation purposes, the data may be different to data summarised in the Fund's report and accounts.

See the Further Information section for a summary of the membership data used.

Assumptions

We use assumptions to calculate the past service liabilities, cost of future benefit accrual and contributions for the recovery plan. All assumptions are best estimate with the exception of the discount rate as set out above. Most of the demographic assumptions have been set based on an analysis of the Fund's experience over a recent period.

See the Further Information section for a summary of the assumptions used.

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Past service results

A comparison of the Fund's assets with the past service liabilities calculated using the agreed assumptions for each employer is set out below.

Funding position

	£M
Value of past service benefits for:	
Active members	*1,337.6*
Deferred members	*897.1*
Pensioner members	*1,760.0*
Total liabilities	3,994.7

	£M
Value of assets:	4,634.5

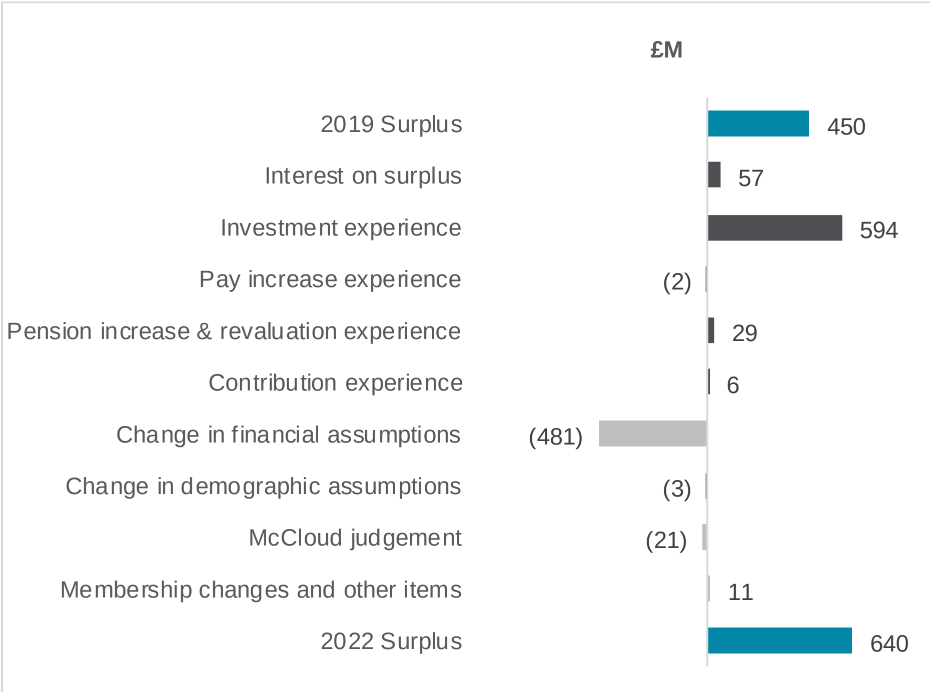
Surplus

£639.8M

Funding level

116%

The chart below shows the key reasons for the £M change in funding position



Bars to the right show sources of gain relative to the 2019 position and bars to the left show sources of loss.

Analysis of change since 2019

At the 2019 valuation the funding position was a surplus of £449.8M, corresponding to a funding ratio of 114%.

- The main factor which has improved the funding position is the investment returns achieved by the Fund above the discount rate adopted at the 2019 valuation. Average investment returns were 8.8% p.a. which compared to an average discount rate of 4.1% p.a.
- The main factor which has worsened the position is the change in the financial assumptions (principally a fall in the average discount rate relative to inflation, taking account of the allowance for short term high inflation).

Future service results

The aggregate primary rate (employer cost of future service benefits accruing to members), using the agreed assumptions, is set out below.

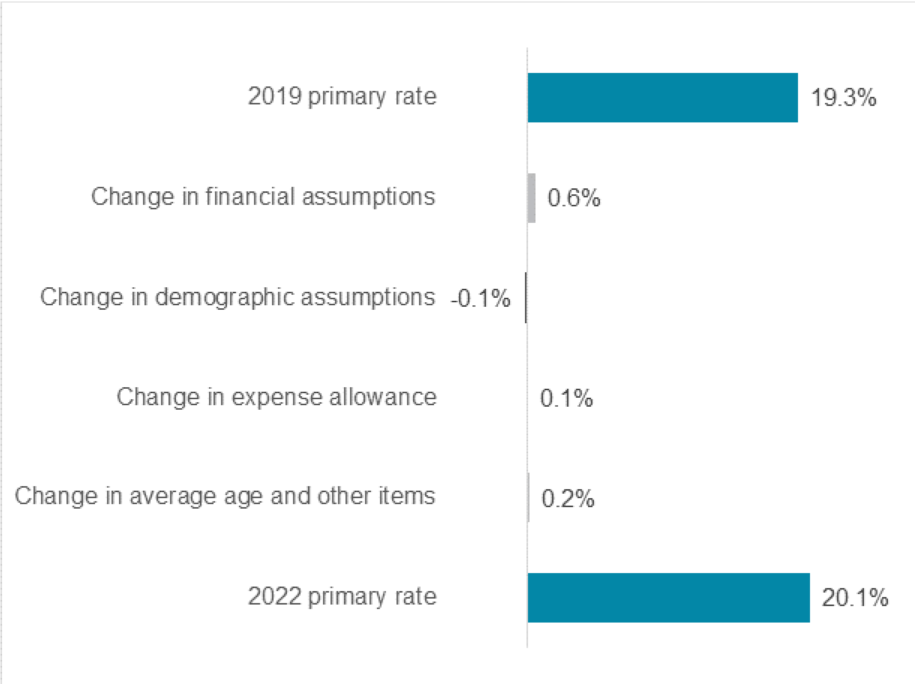
Employer cost

	% Pay
Value of benefits building up:	25.9%
Plus administration expenses	0.6%
Less member contributions	(6.4%)
2022 cost to employers	20.1%

Primary rate

20.1% pay

The chart below shows the key reasons for the % change in Primary Rate



Bars to the right show sources of increase relative to the 2019 rate and bars to the left show sources of decrease.

Analysis of change since 2019

At the 2019 valuation the primary rate was 19.3% of Pay.

- The main reason for the increase in the cost of future benefits is changes to financial assumptions (principally a fall in the average discount rate relative to inflation).

Regulatory uncertainties (2019)

Since 2020, employer rates have included an additional 0.9% of pay relating to McCloud/cost management uncertainties. This will not be payable from 2023, but an allowance for the McCloud underpin is included within the past service liabilities.

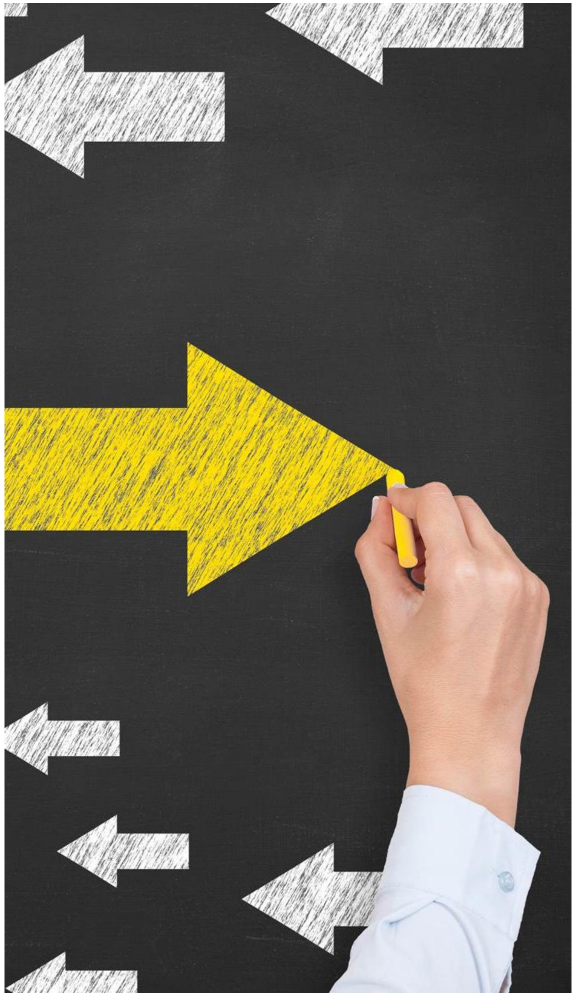
Employer contributions

Employers' contributions from 1 April 2023 will be based on their individually assessed primary rate. An adjustment may also be made (known as the secondary rate) to achieve the target funding level over an appropriate period (known as the recovery period).

Key factors affecting employer contribution rates

Contributions are set for employers, or groups of employers, that take into account a number of factors including:

- Regulation 62 – which requires the Fund Actuary to have regard to
  - The existing and prospective liabilities
  - The desirability of maintaining as nearly constant a primary contribution rate as possible
  - The Administering Authority's Funding Strategy Statement, and
  - The requirement to secure the solvency of the Fund and the long-term cost efficiency of the Scheme, so far as relating to the Fund.
- The results of the valuation.
- Any one-off contributions paid.
- Discussions between the Fund Actuary, the Administering Authority and employers, including the Administering Authority's view of the affordability of contributions, where relevant.
- The employer's (or group's) membership profile and funding level and, where relevant, assumptions and recovery periods specific to the employer's circumstances.



Addressing a shortfall (or surplus)

We have agreed with the Administering Authority the policies for certifying secondary contributions for employers in deficit (or surplus) at the valuation date.

Generally we have applied the following policies:

- Employers in deficit are required to pay secondary contributions to eliminate the deficit over a recovery period not exceeding 18 years.
- For certain employers which are in surplus and have a funding level above a 110% threshold, the employer may use the surplus in excess of that threshold to support the payment of contributions to the Fund at a rate below the primary (future service) contribution rate. The maximum period for surplus recovery is 18 years.

- Different recovery periods apply to individual employers or groups of employers depending on their circumstances.
- Secondary contributions allow for interest on the employer's surplus or shortfall between 31 March 2022 and 1 April 2023 as well as the difference between expected contributions payable and the expected cost of benefit accrual over 2022/23.
- For some employers, contribution increases/reductions may be phased in over a number of years (or 'steps') as permitted by the Funding Strategy Statement in order to deliver greater stability of contributions.

Further information is set out in the Funding Strategy Statement.

Information

Across the Fund as a whole, the secondary contributions required to remove the surplus in excess of a funding ratio of 110% over a recovery period of 18 years from 1 April 2023 are:

(2.7%) of Pensionable Pay

This assumes the membership remains broadly stable and pay increases and other assumptions are as assumed.

In practice, individual employer secondary rates will vary depending on their circumstances and the agreed strategy.

Aggregate employer rates

Contributions payable by each employer are set out in the Rates and Adjustments Certificate. The aggregate Employer contributions for the 3 years from 1 April 2023 are as follows

Year from 1 April	% of pensionable pay	Plus total contribution amount (£M)
2023	17.3	1.495
2024	17.0	1.685
2025	16.7	1.888

Further information is set out in the notes to the Rates and Adjustment Certificate.

Notes

The % of Pensionable Pay contributions are an average (weighted by Pensionable Pay) of the amounts certified for individual employers.

At the end of the period, the annual contribution amounts for each employer or group are anticipated to increase by approximately 3.55% p.a. until the end of the relevant recovery period. Thereafter, aggregate contributions are anticipated to be in line with the future service contribution rate of that employer, subject to review at future valuations.

Final comments

Projections

We estimate that, by the 31 March 2025 valuation, the certified contributions would reduce the Fund's overall funding level to about 115%, assuming the experience of the Fund between the two valuation dates is in line with the assumptions and the assumptions underlying the funding targets remain unchanged.

Developments since 31 March 2022

Market movements

Equity and bond markets have generally delivered lower than expected investment returns over the period since the valuation date, but liabilities have fallen due to increases in the discount rates used for employers on the various funding targets. Inflation has increased since the valuation date, serving to increase the benefits payable, but allowance was made for this risk in the calculation of the liabilities on the Scheduled and subsumption body funding target.

Bearing in mind the long-term nature of the Fund, and the objectives of the Administering Authority in setting its funding strategy, our opinion is that the certified contributions are appropriate.

Employers joining or exiting since the valuation date

Contributions for employers joining the Fund since 31 March 2022 will be advised separately.

A revised Rates and Adjustments Certificate will have been prepared as necessary for employers exiting the Fund since 31 March 2022 where this has been requested by the Administering Authority. Where a revised Rates and Adjustments Certificate has not yet been produced for such employers, the employer has been included in the Rates and Adjustments Certificate appended to this report but with zero contributions in anticipation of the revised certificates being issued.

Monitoring the Fund

In the light of the volatility inherent in situations where investments do not match liabilities, the Administering Authority monitors the financial position on a regular basis. It will also consider monitoring the position of individual employers, particularly those subject to the Ongoing Orphan Funding Target and those which may exit the Fund before 1 April 2026. Where appropriate and permitted by the Regulations, contributions for those employers may be amended before the next valuation due as at 31 March 2025. In line with the Fund's FSS and policies, contributions may similarly be amended before the next valuation for other individual employers.

Signature	Scott Campbell	Jonathan F. Teasdale
Name	Scott Campbell FIA	Jonathan Teasdale FIA
Date	29 March 2023	

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Further information

Membership data

The results in this report are based on the membership data summarised below.

We have conducted high level checks on the membership data provided and we are satisfied with its adequacy for the purpose of this actuarial valuation.

Average ages are unweighted, and pensions include the April 2022 (April 2019 for 2019 data) revaluation/pension increase.

Active members

	Number	Average age	Total pensionable salaries (2014 Scheme definition) (£000)	Total pre 2014 pension (£000)	Total pre 2014 accrued lump sum (£000)	Total post 2014 pension (£000)
Total 2022	30,605	46.5	504,547	29,999	41,846	50,486
Total 2019 (for comparison)	**31,920**	**46.2**	**456,299**	**38,702**	**54,694**	**34,878**

Pensionable pay is over the year to the valuation date, and includes annualised pay for new entrants during the year. Actual part-time pay is included for part-timers.

Deferred members

	Number	Average age	Total pension (£000)	Total pre 2014 accrued lump sum (£000)
Total 2022	50,212	47.5	52,676	59,848
Total 2019 (for comparison)	**45,114**	**46.6**	**42,850**	**68,178**

Included above, there were 11,029 members who are yet to decide whether to take a refund of contributions or a transfer value (2019: 7,311)

Pensioner and Dependant members

	Number	Average age	Total pension (£000)
Total 2022	27,116	70.9	100,996
Total 2019 (for comparison)	**22,668**	**70.8**	**86,458**

In addition, there were 210 members in receipt of children's pensions (2019: 173)

Allowing for benefit uncertainty

McCloud

The LGPS Regulations covering the McCloud remedy have not yet been laid, however there has been a ministerial statement in May 2021 which confirmed the key elements of the expected changes. The key features are that the remedy (2008 scheme underpin) will apply to members of the Fund who were active on 1 April 2012, in relation to their service between 1 April 2014 and 31 March 2022 (the remedy period), so long as they did not have a disqualifying service break. Full membership data to value the proposed remedy was not available for this valuation, however a letter from DLUHC to administering authorities dated March 2022 set out an expectation that the proposed remedy is included within the 2022 valuation.

Approach taken

We have calculated an expected cost of the proposed remedy using the valuation assumptions. This cost is included within the past service liabilities. Further details on our approach to the calculations have been advised to the Administering Authority separately.

Cost management valuations

The 2016 LGPS (E&W) cost management valuations found the costs of the scheme to be within the relevant limits such that no changes to the scheme provisions were required.

The way in which the McCloud remedy was allowed for in the HMT cost management valuation was subject to Judicial Review following a legal challenge from unions, but this challenge was dismissed on all grounds on 10 March 2023. However, we understand that the unions are seeking permission to appeal the Judicial Review outcome. Therefore there remains a possibility that the 2016 cost management process will need to be revisited and ultimately, additional employer costs may arise.

The 2020 LGPS (E&W) cost management valuations are currently in progress.

Approach taken

We have made no allowance for the risk of additional costs falling on the Fund (and ultimately employers) as a result of the judicial review process in relation to the 2016 cost management valuations.

We have made no allowance for the potential outcome of the 2020 cost management valuations.

Guaranteed Minimum Pensions (GMPs): indexation and equalisation

Following legislative change in 2021, the LGPS is now required to pay full CPI increases on GMPs for members whose State Pension Age is after April 2016. Separate to this, the High Court ruled in two Lloyds Banking Group cases (2018 and 2020) that schemes are required to equalise male and female benefits for the effect of unequal GMPs, and these requirements extend to members who have died or transferred out.

In relation to public service schemes we understand Government believes that full indexation of GMPs as set out above will equalise payment terms for most members, but some uncertainty remains for a small minority of members. Government has not yet set out its policy intention for historic deaths and transfers.

Approach taken

We have valued pension increases in line with the indexation requirements. However, we have not estimated a potential cost of equalising payment terms for members whose benefits remain unequal after full indexation, nor for historic deaths or transfers.

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Goodwin

An Employment Tribunal ruling relating to the Teachers' Pension Scheme concluded that provisions for survivor's benefits of a female member in an opposite sex marriage are less favourable than for a female in a same sex marriage or civil partnership, and that treatment amounts to direct discrimination on grounds of sexual orientation. A ministerial statement on 20 July 2020 announced that changes would be required to other public service pension schemes with similar arrangements. In the LGPS this will create an additional liability for post-2005 widowers where the original member had pre-1988 service.

Approach taken

Government is yet to reflect this ruling within LGPS Regulations, and we have not been provided with the data to enable its calculation.

We have therefore made no allowance for the Goodwin ruling in the 2022 valuation results. The overall cost is expected to be very small relative to the Fund.

State Pension Age

The Government commenced its second periodic review of the State Pension Age (SPA) in December 2021, to be published by 7 May 2023. Any changes to the SPA will affect the date that the Scheme will pay benefits earned after 2014 without penalty for early reduction. This would impact the past service liabilities and may also affect the LGPS (E&W) 2020 cost management valuations.

Approach taken

No allowance has been made in the 2022 valuation for potential changes to the State Pension Age.

Data uncertainties

The Administering Authority supplied us with a Universal Data Extract file containing the membership data that is necessary to complete a valuation. We undertook a series of validation tests to check that the membership data was complete, within certain tolerances, and broadly consistent with the previous exercise. A report on these validation tests was shared with the Administering Authority.

Approach taken

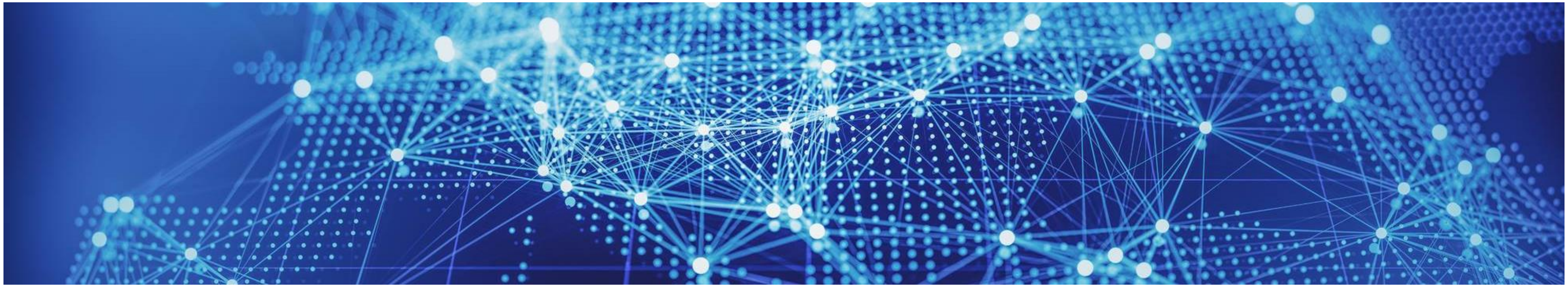
Where any data was found to be incomplete or outside of tolerances and was left uncorrected, we agreed a series of data estimations with the Administering Authority.

Discretionary benefits

Discretionary benefits such as enhanced early retirement benefits on redundancy are paid for by employers as they occur through special contributions, and therefore generally no allowance should be needed in funding valuations.

Approach taken

We have made no allowance for discretionary benefits. This is consistent with the approach in the previous valuation.



Notable developments since the previous valuation

This section comments on notable developments since the 2019 valuation that have affected the 2022 valuation.

Key regulatory / benefit changes

GMP Indexation

In 2021 Government legislated for public service schemes to increase GMPs in line with full indexation for members whose State Pension Age is after 5 April 2021. Until that date, and as allowed for in the 2019 valuation, the LGPS was only required to pay limited pension increases on GMPs for those members.

> **Impact**
> This has caused a small increase in the liabilities.

McCloud / 2016 cost management process

At the 2019 valuation an explicit uplift to employer contribution rates was made to allow for potential additional costs arising from the McCloud remedy and the 2016 cost management process. Since then, there has been more detail on the expected McCloud remedy, and the 2016 cost management process has concluded with Government confirming that there are to be no changes to the provisions of the LGPS under that process.

> **Impact**
> This has caused a reduction to primary contribution rates but a small increase in liabilities to allow for the McCloud remedy.

Notable items of experience

	2019 assumption	2019-2022 experience	2022 assumption
Investment returns	4.1% p.a. (1)	8.8% p.a.	4.1% p.a. (1)
CPI pension increases	2.1% p.a.	1.8% p.a. (2)	2.3% p.a.
Pay growth	3.35% p.a. (3)	3.5% p.a.	3.55% p.a. (3)

(1) The assumed investment return is the average discount rate, weighted by liability.

(2) Average figure, actual increases were 1.7% (2020), 0.5% (2021) and 3.1% (2022).

(3) Before allowance for promotional pay.

Further information

The table compares the key financial assumptions made at the previous valuation with what actually happened and the corresponding assumptions for the 2022 valuation.

Contributions paid

Employer contributions from 1 April 2020 were agreed as follows:

Year from 1 April	% of Pensionable Pay	Plus aggregate contribution amounts (£M)
2020	19.3	£1.2M
2021	18.5	£1.3M
2022	17.7	£1.4M

- Employers in deficit were required to pay secondary contributions to eliminate the deficit over a recovery period not exceeding 21 years.
- For certain employers which were in surplus and had a funding level above a 110% threshold, the employer may have used the surplus in excess of that threshold to support the payment of contributions to the Fund at a rate below the primary (future service) contribution rate.
- Some employers may also have stepped in changes to contributions, in line with the limits set out in the Funding Strategy Statement.
- In addition, employers paid contributions to meet additional strains arising on early retirement or due to increases in benefits.
- Members also paid contributions as required by the Regulations.

Risks and other uncertainties

Key risks which could affect the Fund's future cashflows and funding position, include the following. The Funding Strategy Statement sets out key actions to mitigate these risks.

Funding risk

The risk that the value placed on the past service liabilities is set too low and contributions paid into the Fund prove insufficient to meet the payments as they fall due

Investment risk

The risk that investment returns are lower than assumed in the valuation, and also that the assets are volatile and move out of line with the liabilities, so the funding position is volatile.

Regulatory risk

The risk that changes to legislation/regulations, taxation, or pension/employment law result in an increased cost of administration, investment or funding for benefits.

Longevity risk

The risk that Fund members live for longer than expected and pensions are therefore paid for longer, resulting in a higher cost for the Fund.

Inflation risk

The risk that inflation is higher than expected, resulting in higher pension increases (and payments to pensioners) than allowed for in the valuation.

Employer risk

The risk that an employer is no longer able to meet its liabilities in the Fund, e.g. due to insolvency.

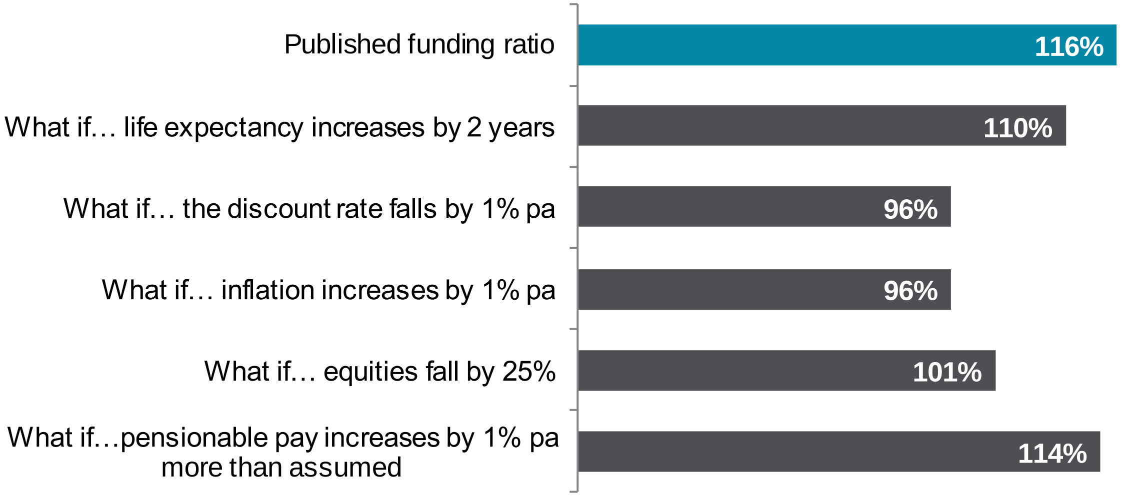
Other risks

- **Member options risk**: The risk that members exercise options resulting in unanticipated extra costs. For example, members could exchange less of their pension for a cash lump sum than allowed for in the valuation.
- **Other risks:** For example, those relating to **climate change** and other environmental issues as well as long-term uncertainty around geopolitical, societal and technological shifts.

Sensitivity of the funding level

The chart shows the approximate impact of a number of one-off step changes on the Fund's funding level (all other elements of the valuation basis being unchanged).

These are not intended to be worst case scenarios and could occur in combination rather than in isolation. Conversely, in practice, some of these changes may be partially offset by other changes, for example a reduction in the expected investment return or inflation might lead to a compensating change in asset values, or a change in asset values might lead to a compensating change in expected investment returns.



Climate risk

Possible development of valuation result under different climate scenarios

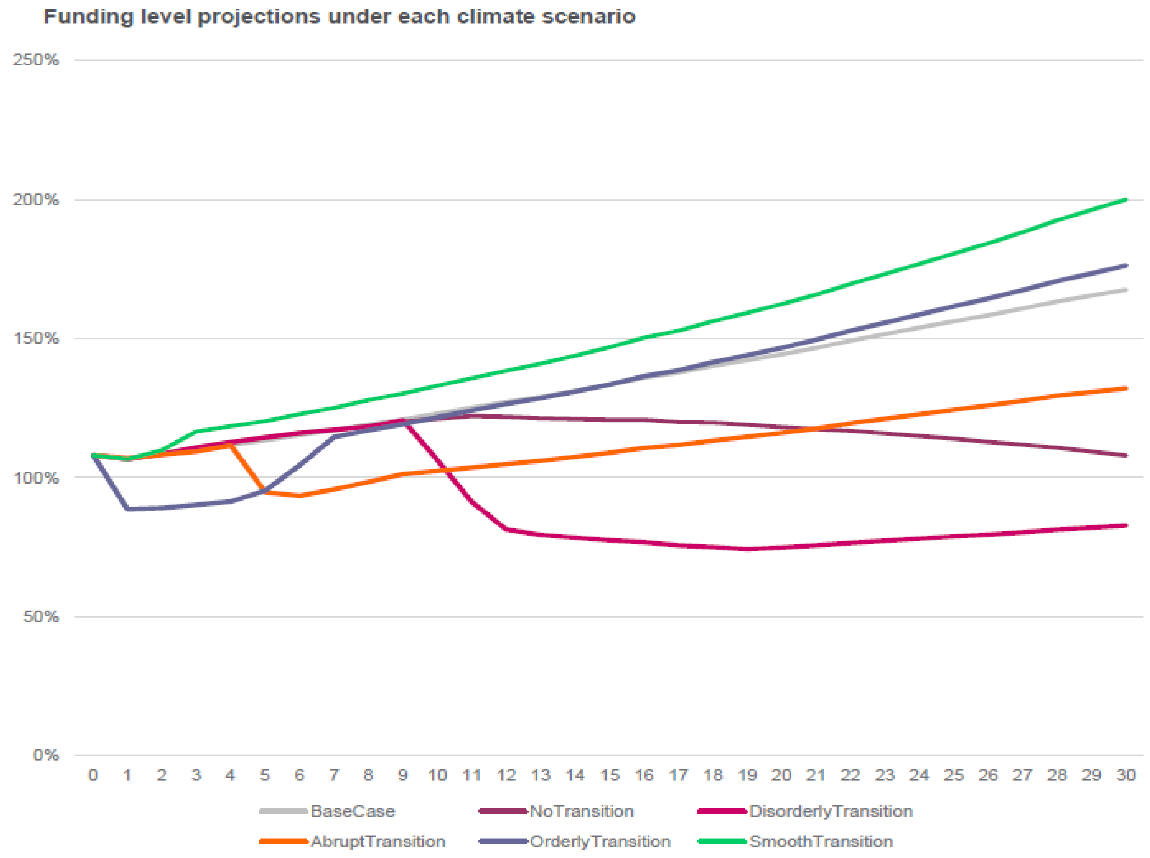
We have reviewed the resilience of the Fund to a number of climate change scenarios and assuming there were no contribution changes, as illustrated by the chart of funding level projections to the right, covering the 30-year period starting on 30 June 2022.

Our projections include allowance for the potential impact on investment returns, financial assumptions used to value the liabilities, and longevity, for each of the scenarios illustrated.

The Fund's investment portfolio exhibits limited resilience under a number of the climate scenarios modelled, due to high allocation to equities. However, the Fund does benefit from diversification of assets. There are risks regarding the volatility of funding level, for example in the short term under the orderly transition scenario. Over the 10 to 30 year time horizon, the disorderly transition scenario shows a significant fall in funding level.

We have provided a separate report to the Administering Authority setting out more information on the results of our analysis and commentary on actions that could be taken to manage the associated risks.

The next page summarises the scenarios that have been modelled.



Projections by Aon over time period starting at 30 June 2022, based on an approximate roll forward of the 2019 valuation results of the Fund up to that date, but including an allowance for short-term inflation in line with that used for the 2022 valuation.

Base case

Government approach to regulation and carbon pricing is fragmented, with Net Zero targets reached in 2050 in a slow but orderly fashion, expected temperature rise by 2100 1.5% - 2.4%. Carbon Prices in 2030/2050 estimated to be $80 / $140 respectively.

Orderly transition (Paris-aligned scenario)

Immediate and coordinated action to tackle climate change is taken using carbon taxes and environmental regulation, expected temperature rise by 2100 1.3ºC - 2ºC. Net Zero targets reached in 2050 and Carbon Prices in 2030/2050 estimated to be $100 / $215 respectively.

Disorderly transition

Limited action is taken and insufficient consideration is given to sustainable long-term policies to manage global warming effectively, expected temperature rise by 2100 up to 3ºC. Introduction of environmental regulation is late and aggressive. Net Zero targets reached after 2050 and Carbon Prices in 2030/2050 estimated to be $65 / $340 respectively.

Smooth transition

A rapid advancement of green technology and highly coordinated government action on climate change drives a smooth transition to a low carbon economy, expected temperature rise by 2100 less than 1.5ºC. Net Zero targets reached in 2045 and Carbon Prices in 2030/2050 estimated to be $80 / $165 respectively.

Abrupt transition

Action on climate change is delayed for 5 years, at which point governments are forced to aggressively address greenhouse gas emissions due to increasing extreme weather events, expected temperature rise by 2100 1.5ºC - 2ºC. Net Zero targets reached in 2050 and Carbon Prices in 2030/2050 estimated to be $135 / $280 respectively.

No transition

No further action is taken to reduce greenhouse gas emissions leading to significant global warming, No introduction of environmental regulation. Expected temperature rise by 2100 greater than 4ºC. Carbon Prices in 2030/2050 estimated to be $40 / $50 respectively. Net Zero targets reached after 2050.

The following page contains more detail on the climate scenario modelling and its limitations.

Purpose of the modelling

The purpose of the climate scenario modelling is to consider the long-term exposure of the Fund to climate-related risks. In particular, the model considers different climate change scenarios to assess the resilience of the Fund to those scenarios. The results should not be used in isolation to make decisions on funding and investment strategy.

Modelling approach

The scenario modelling assumes a deterministic projection of assets and liabilities, using standard actuarial techniques to discount and project the Fund's expected future cashflows. The modelling parameters vary deterministically for each scenario. The liability projections are approximate, but they are appropriate for this analysis.

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Limitations

The scenario modelling focusses on the possible impact of climate change on the Fund’s assets and liabilities, including investment and mortality risk.

It does not consider the impact climate change could have on covenant risk in relation to any participating employers.

The scenarios assume contributions will be paid over the projection period in line with the agreed employer contributions calculated at this valuation. In practice, contributions will be reviewed and recalculated every three years.

Timing of analysis

The scenario modelling reflects market conditions at 30 June 2022 and current market views. The model may produce different results for the same strategy under different market conditions. Our model may also evolve over time which means different results could be produced if modelling were to be carried out in the future.

Asset data and investment strategy

Information on the assets used in this valuation is summarised here.

The Administering Authority's investment strategy is set out in its Investment Strategy Statement. In summary the current long-term strategy is to invest 50% of the Fund's assets in equities, 22.5% in private markets, including infrastructure, property and private credit, and 27.5% in bonds, including index-linked gilts, investment grade corporate bonds and multi-asset credit.

The draft accounts for the Fund for the year ended 31 March 2022 show the assets were £4,634.5M, excluding the value of any defined contribution AVC investments.

The table shows how the assets were broadly invested at the valuation date.

We have been advised by the Administering Authority that the accounts for the Fund for the year ending 31 March 2022 have not been signed at the date of signing this report. We have been instructed by the Administering Authority to complete this valuation on the basis of the draft accounts. We have been further advised by the Administering Authority that they do not expect that the assets as at 31 March 2022 in the audited accounts will have changed from those shown in the draft accounts.

Asset class	Percentage invested at 31 March 2022
UK Equities	8.0%
Overseas Equities	43.5%
UK Government Bonds	15.5%
UK Corporate Bonds	7.2%
Property	7.4%
Infrastructure	3.0%
Multi Asset Credit	12.2%
Private debt	2.3%
Cash and Other	0.9%

Assumptions

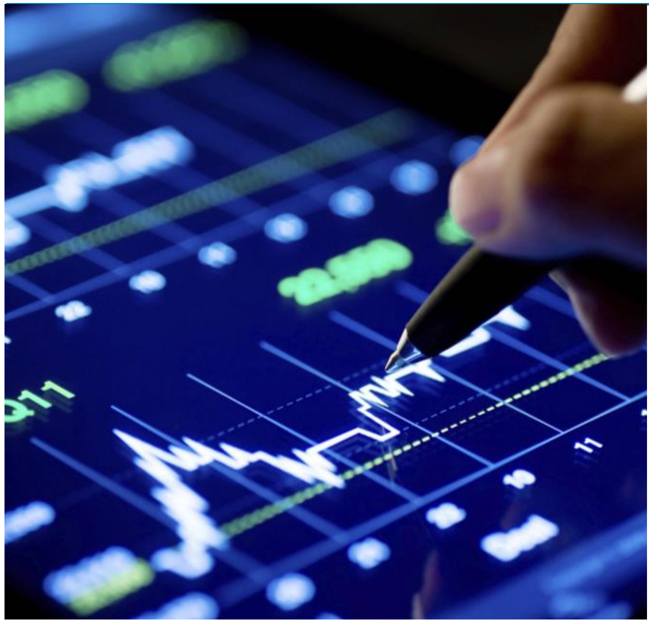
The tables below summarise the key assumptions used for the valuation.

Financial assumptions

Assumption	2019 valuation	2022 valuation
Scheduled and subsumption body funding target		
Discount rate (p.a.)	4.20%	4.20%
Long-term CPI inflation (pension increases / revaluation) (p.a.)	2.10%	2.30%
Pay increases (in addition to promotional increases)	3.35%	3.55%
Post 88 GMP pension increases (p.a.) where full CPI does not apply	1.90%	2.00%
Low risk funding target		
Discount rate (p.a.)	1.30%	1.70%
CPI inflation (pension increases / revaluation) (p.a.)	2.10%	3.40%
Pay increases (in addition to promotional increases)	3.35%	4.65%
Post 88 GMP pension increases (p.a.) where full CPI does not apply	1.90%	2.60%
Intermediate funding targets		
Intermediate (standard approach) discount rate (p.a.)	3.80%	3.60%
Intermediate (strong covenant approach) discount rate (p.a.)	N/A	3.85%
CPI inflation / Post 88 GMP increases and pay increases as for the scheduled and subsumption body funding target		
Ongoing orphan funding target		
In service discount rate (p.a.)	3.30%	3.60%
Left service discount rate (p.a.)	1.60%	0.80%
CPI inflation / Post 88 GMP increases and pay increases as for the scheduled and subsumption body funding target		
Administration expenses (% of pay)	0.5%	0.6%

Allowance for short-term high inflation

In 2022, and as agreed with the Administering Authority, a 10% uplift has been applied to the past service liabilities on the scheduled and subsumption body funding target to make allowance for short-term inflation above the long-term assumption.



Mortality assumptions

	Members currently in this category	Future contingent dependants of members currently in this category
Pre retirement mortality	55% of S3NMA / 55% of S3NFA	n/a
Post retirement mortality		
Active males retiring in normal / ill health:	115% of S3NMA / 115% of S3IMA	110% of S3NFA
Active females retiring in normal / ill health:	115% of S3NFA / 140% of S3IFA	120% of S3NMA
Deferred males retiring in normal / ill health:	115% of S3NMA /115% of S3IMA	110% of S3NFA
Deferred females retiring in normal / ill health:	115% of S3NFA / 135% of S3IFA	120% of S3NMA
Pensioner males (normal health):	105% of S3NMA	105% of S3NFA
Pensioner females (normal health):	105% of S3NFA	115% of S3NMA
Pensioner males (ill health):	110% of S3IMA	105% of S3NFA
Pensioner females (ill health):	130% of S3IFA	115% of S3NMA
Dependant males:	105% of S3NMA	n/a
Dependant females:	115% of S3NFA	n/a
Projection model	CMI 2021 with long-term improvement rate of 1.50% p.a. / sk of 7.0 / A parameter of 0.5% / w 2020 and w 2021 of 0	

Sample life expectancies (years from age 65)	2019 assumptions		2022 assumptions	
	Male	Female	Male	Female
Active member age 45 at 31 March 2022	23.7	25.9	23.4	26.0
Pensioner member age 65 at 31 March 2022	22.0	24.0	22.5	24.9

Retirement age assumptions

Group 1 and 2 members (fully and taper protected)	Valuation date
Group 3 members (Rule of 85 age = 60)	64
Group 3 members (Rule of 85 age > 60)	65
Group 4 members (Joiners pre 1 April 2014)	65
Group 4 members (Joiners post 31 March 2014)	State Pension Age

Information

Any part of a member's pension payable from a later age than the assumed retirement age will be reduced.

Other demographic assumptions

Ill health Tier 1/2/3 proportions	85% / 10% / 5%
Commutation	Each member is assumed to surrender pension on retirement, such that the total cash received is 80% of the permitted maximum
Family details (males)	85% of non-pensioners are assumed to have a partner at retirement or earlier death. 85% of pensioners are assumed to have a partner at age 65. Surviving widow assumed to be three years younger
Family details (females)	75% of non-pensioners are assumed to have a partner at retirement or earlier death. 75% of pensioners are assumed to have a partner at age 65. Surviving widower assumed to be one year older
Take up of 50:50 scheme	All members are assumed to remain in the scheme they are in at the date of the valuation
Discretionary benefits	No allowance

Sample rates of promotional pay, withdrawals from service and ill health retirement

	Percentage promotional pay increase over year	Percentage leaving the Fund each year as a result of withdrawal from service	Percentage leaving the Fund each year as a result of Ill-health retirement	
Current age	Male and Female	Male and Female	Male	Female
20	3.9%	8.0%	0.01%	0.00%
25	3.3%	7.2%	0.01%	0.01%
30	2.6%	6.4%	0.02%	0.01%
35	1.8%	5.6%	0.03%	0.02%
40	1.1%	4.8%	0.05%	0.04%
45	0.3%	4.0%	0.08%	0.06%
50	0.0%	3.2%	0.21%	0.15%
55	0.0%	2.4%	0.35%	0.23%
60	0.0%	1.6%	0.48%	0.32%
65	0.0%	0.0%	0.00%	0.00%

Membership experience

The demographic assumptions have been informed by an analysis of membership experience of the Fund, as well as recent research and other relevant factors.

The table below shows a comparison of expected membership movements measured by pension amount based on the assumptions adopted for the 2022 valuation with observed membership movements for death after retirement (in normal and ill health), withdrawal rates and rates of ill health retirement.

Type of exit	Men (£000 of pension)	Women (£000 of pension)
Death after retirement in normal health		
Actual	2,859	2,388
Expected	2,715	2,276
Death after retirement in ill health		
Actual	918	444
Expected	802	343
Withdrawals (excluding refunds)		
Actual	3,988	7,557
Expected	3,669	6,864
Ill health retirements		
Actual	235	251
Expected	253	286

Experience analysis undertaken

For death after retirement the experience analysis was undertaken for the period 1 February 2011 to 31 January 2021. For withdrawal rates and ill health retirement rates our analysis was undertaken for the period 31 March 2015 to 31 March 2021.

The figures in the table are based on our full experience analysis prorated to a 3 year period for ease of comparison.

Dashboard

Following recommendations by the Government Actuary's Department under Section 13 of the Public Service Pensions Act 2013, a standard "dashboard" is included in this report to aid comparison between valuation reports for different LGPS funds.

Past service funding position – local funding basis

Funding level (assets/liabilities)	116%
Funding level (change since last valuation)	2%
Asset value used at the valuation	£4,634.5m
Value of liabilities (including McCloud liability)	£3,994.7m
Surplus (deficit)	£639.8m
Discount rate – past service	0.80% - 4.20% pa
Discount rate – future service	0.80% - 4.20% pa
Assumed pension increases (CPI)	2.30% - 3.40% pa
Method of derivation of discount rate, plus any changes since previous valuation	The Funding Strategy Statement describes the approach used to set the funding target and hence the discount rates. The Administering Authority adopts different discount rates depending on employers' circumstances including the likelihood of exit and what would happen to the liabilities on exit.

Assumed life expectancies at age 65 (for those retiring in normal health)

▪ Average life expectancy for current pensioners - men currently age 65	22.5 years
▪ Average life expectancy for current pensioners - women currently age 65	24.9 years
▪ Average life expectancy for future pensioners - men currently age 45	23.4 years
▪ Average life expectancy for future pensioners - women currently age 45	26.0 years

Past service funding position – SAB basis (for comparison purposes only)
(calculated using the assumptions prescribed by the SAB, and allowing for the 10.1% April 2023 pension increase)

Market value of assets	£4,634.5m
Value of liabilities	£3,491.4m
Funding level on SAB basis (assets/liabilities)	133%
Funding level on SAB basis (change since last valuation)	10%

Contribution rates payable

	2019 valuation	2022 valuation
Primary contribution rate	19.3% of pay	20.1% of pay
Secondary contribution rate (cash amounts in each year in line with CIPFA guidance):		
▪ Secondary contribution rate – 1st year of rates and adjustment certificate	£1.580m	-£12.952m
▪ Secondary contribution rate – 2nd year of rates and adjustment certificate	-£2.454m	-£14.996m
▪ Secondary contribution rate – 3rd year of rates and adjustment certificate	-£6.606m	-£17.123m
Giving total expected contributions:		
▪ Total expected contributions – 1st year of rates and adjustment certificate (£ figure based on assumed payroll below)	£93.918m	£92.901m
▪ Total expected contributions – 2nd year of rates and adjustment certificate (£ figure based on assumed payroll below)	£92.977m	£94.614m
▪ Total expected contributions – 3rd year of rates and adjustment certificate (£ figure based on assumed payroll below)	£92.022m	£96.378m

Assumed payroll (cash amount each year):		
▪ Total assumed payroll – 1st year of rates and adjustment certificate (£m)	£479.4m	£527.8m
▪ Total assumed payroll – 2nd year of rates and adjustment certificate (£m)	£495.4m	£546.6m
▪ Total assumed payroll – 3rd year of rates and adjustment certificate (£m)	£512.0m	£566.0m
3 year average total employer contribution rate	18.8% of pay	17.3% of pay
Average employee contribution rate (% of pay)	6.3% of pay	6.3% of pay
Employee contribution rate (£ figure based on assumed payroll)	£30.0m in first year of rates and adjustment certificate	£33.5m in first year of rates and adjustment certificate

Deficit recovery plan	2019 valuation	2022 valuation
Latest deficit recovery period end date for any employer in deficit in fund	21 years	18 years
Earliest surplus spreading period end date for any employer in surplus in fund	5 years	18 years
Where a deficit recovery period or surplus spreading period end date is not provided, the latest time horizon end point for valuation funding plan	n/a	n/a
Where a deficit recovery period or surplus spreading period end date is not provided, the earliest time horizon end point for valuation funding plan	n/a	n/a
Where a deficit recovery or surplus spreading period end date is not provided, please provide, the likelihood of success of valuation funding plan on the 2019 valuation time horizon	n/a	n/a

Additional information

Percentage of liabilities relating to employers with deficit recovery periods of longer than 20 years	0%
Percentage of total liabilities that are in respect of Tier 3 employers	8%
Included climate change analysis/comments in the 2022 valuation report	Yes
Value of McCloud liability in the 2022 valuation report (on local funding basis)	£21.0m

Rates and Adjustments Certificate

Actuarial certificate given for the purposes of Regulation 62 of the Local Government Pension Scheme Regulations 2013.

In accordance with Regulation 62 of the Local Government Pension Scheme Regulations 2013 ('the 2013 Regulations'), we certify that contributions should be paid by employers at the following rates for the period 1 April 2023 to 31 March 2026.

- Primary contribution rates for individual employers as shown below. The primary rate for the whole Fund, calculated as a weighted average of the employers' individual rates, is 20.1% of Pensionable Pay.
- Individual adjustments (i.e. secondary contribution rates) which, when added to or subtracted from the primary rate, produce the following minimum employer contribution rates.

Employer	Employer code(s)	Primary Contribution rate % Pensionable Pay	Secondary contributions (% Pensionable Pay and £s) Year commencing 1 April			Total contributions (% Pensionable Pay and £s) Year commencing 1 April		
			2023	2024	2025	2023	2024	2025
Scheduled bodies, Resolution bodies and admission bodies where the Scheduled and Subsumption Body Funding Target applies								
Ainsty 2008 Internal Drainage Board	44	23.0%	(3.5%)	(4.0%)	(4.6%)	19.5%	19.0%	18.4%
Alanbrooke Primary Academy (Elevate Multi Academy Trust)	13180	20.2%	(0.4%)	(0.2%)	0.1%	19.8%	20.0%	20.3%
All Saints CoE Primary School (Yorkshire Causeway Schools Trust)	80156	20.9%	£600	£400	£200	20.9% plus £600	20.9% plus £400	20.9% plus £200
Alne Primary School - Outwood Grange Academies Trust	231	22.9%	£2,600	£3,000	£3,500	22.9% plus £2,600	22.9% plus £3,000	22.9% plus £3,500
Aramark Limited	221	24.8%	(1.0%)	(0.4%)	0.2%	23.8%	24.4%	25.0%
Aspens Services Limited (Northern Star Academies Trust)	10238	24.4%	0.0%	0.0%	0.0%	24.4%	24.4%	24.4%
Aspin Park Primary School (Elevate Multi Academy Trust)	20180	20.2%	(0.9%)	(0.9%)	(0.9%)	19.3%	19.3%	19.3%
Barnsley Norse Limited (Forest School - Wellspring Academy Trust)	237	24.6%	0.9%	0.2%	(0.5%)	25.5%	24.8%	24.1%

Employer	Employer code(s)	Primary Contribution rate % Pensionable Pay	Secondary contributions (% Pensionable Pay and £s) Year commencing 1 April			Total contributions (% Pensionable Pay and £s) Year commencing 1 April		
			2023	2024	2025	2023	2024	2025
Betterclean Services - Easingwold Primary School	60135	30.9%	£570	£1,290	£2,060	30.9% plus £570	30.9% plus £1,290	30.9% plus £2,060
Betterclean Services - Our Lady Queen of Martyrs RC Primary School	90135	27.7%	1.0%	0.2%	(0.5%)	28.7%	27.9%	27.2%
Betterclean Services - Risedale Sports and Community College	50135	24.2%	£900	£1,100	£1,200	24.2% plus £900	24.2% plus £1,100	24.2% plus £1,200
Betterclean Services - Sheriff Hutton Primary School	80135	18.7%	0.4%	(0.2%)	(0.7%)	19.1%	18.5%	18.0%
Betterclean Services - Whitley and Eggborough Community Primary School	70135	24.5%	£130	£70	£20	24.5% plus £130	24.5% plus £70	24.5% plus £20
Beyond Housing	80	21.9%	(18.9%)	(18.9%)	(18.9%)	3.0%	3.0%	3.0%
Bishop Konstant Catholic Academy Trust	229	21.3%	0.9%	0.4%	0.0%	22.2%	21.7%	21.3%
Bishop Wheeler Catholic Academy Trust	153	20.8%	£51,000	£68,000	£87,000	20.8% plus £51,000	20.8% plus £68,000	20.8% plus £87,000
Brayton Academy (Rodillian Multi Academy Trust)	162	19.6%	£27,200	£28,600	£30,000	19.6% plus £27,200	19.6% plus £28,600	19.6% plus £30,000
Bulloughs Cleaning Ltd - Glusburn CP School	40138	32.5%	£70	£700	£1,380	32.5% plus £70	32.5% plus £700	32.5% plus £1,380
Bulloughs Cleaning Services Ltd - STAR MAT	70138	21.6%	£4,500	£4,600	£4,700	21.6% plus £4,500	21.6% plus £4,600	21.6% plus £4,700
Bulloughs Cleaning Services Ltd- Holy Trinity CoE Infant & Holy Trinity CoE Junior Schools	60138	21.9%	1.0%	0.5%	(0.1%)	22.9%	22.4%	21.8%
Cambrai Primary School (Lingfield Education Trust)	219	18.7%	£3,640	£2,000	£230	18.7% plus £3,640	18.7% plus £2,000	18.7% plus £230
Carlton Miniott CP School (Elevate Multi Academy Trust)	50180	20.2%	(0.4%)	(0.2%)	0.1%	19.8%	20.0%	20.3%
Carlton Primary School (Selby Educational Trust)	20192	19.7%	0.5%	0.2%	0.0%	20.2%	19.9%	19.7%

Employer	Employer code(s)	Primary Contribution rate % Pensionable Pay	Secondary contributions (% Pensionable Pay and £s) Year commencing 1 April			Total contributions (% Pensionable Pay and £s) Year commencing 1 April		
			2023	2024	2025	2023	2024	2025
Cater Link Ltd - Nicholas Postgate Catholic Academy Trust	90196	22.9%	£350	£330	£300	22.9% plus £350	22.9% plus £330	22.9% plus £300
CH&Co Catering Group Ltd - Ripon Grammar School (NYCC)	40191	23.9%	£1,300	£1,800	£2,300	23.9% plus £1,300	23.9% plus £1,800	23.9% plus £2,300
Churchill Contract Services - Outwood Grange Academies Trust	30120	23.1%	£800	£800	£800	23.1% plus £800	23.1% plus £800	23.1% plus £800
City of York Council	20, 10020, 20020, 40020, 50020, 60020	20.0%	(5.6%)	(6.5%)	(7.3%)	14.4%	13.5%	12.7%
Coast & Vale Learning Trust	243	21.3%	£64,000	£66,000	£67,000	21.3% plus £64,000	21.3% plus £66,000	21.3% plus £67,000
Compass Contract Services (U.K) Limited - Yorkshire Causeway Schools Trust (Pannal Primary School)	50096	23.8%	(2.0%)	(0.8%)	0.4%	21.8%	23.0%	24.2%
Compass Contract Services (U.K) Limited- Grove Road Primary School (NYCC)	40096	26.4%	(1.0%)	(0.1%)	£140	25.4%	26.3%	26.4% plus £140
Dales Academies Trust	185	20.8%	£9,500	£11,000	£12,500	20.8% plus £9,500	20.8% plus £11,000	20.8% plus £12,500
Dolce Ltd - South Bank Multi Academy Trust	70136	25.6%	£200	£300	£300	25.6% plus £200	25.6% plus £300	25.6% plus £300
Easingwold School (Outwood Grange Academies Trust)	188	18.9%	0.2%	0.0%	(0.2%)	19.1%	18.9%	18.7%
Easingwold Town Council	85	23.0%	(3.5%)	(4.0%)	(4.6%)	19.5%	19.0%	18.4%
East Whitby Academy (Enquire Learning Trust)	167	21.1%	£5,600	£5,900	£6,200	21.1% plus £5,600	21.1% plus £5,900	21.1% plus £6,200
Ebor Academy Trust	225	19.6%	£65,000	£72,000	£80,000	19.6% plus £65,000	19.6% plus £72,000	19.6% plus £80,000
Everyone Active (SLM Scarborough)	149	21.8%	(21.8%)	(21.8%)	(21.8%)	0.0%	0.0%	0.0%

Employer	Employer code(s)	Primary Contribution rate % Pensionable Pay	Secondary contributions (% Pensionable Pay and £s) Year commencing 1 April			Total contributions (% Pensionable Pay and £s) Year commencing 1 April		
			2023	2024	2025	2023	2024	2025
Explore York Libraries and Archives	10130	23.1%	(0.6%)	(0.2%)	0.1%	22.5%	22.9%	23.2%
Filey Town Council	2	23.0%	(3.5%)	(4.0%)	(4.6%)	19.5%	19.0%	18.4%
Foss 2008 Internal Drainage Board	38	23.0%	(3.5%)	(4.0%)	(4.6%)	19.5%	19.0%	18.4%
Fulford Parish Council	1	23.0%	(3.5%)	(4.0%)	(4.6%)	19.5%	19.0%	18.4%
Glusburn Parish Council	35	23.0%	(3.5%)	(4.0%)	(4.6%)	19.5%	19.0%	18.4%
Great Ayton Parish Council	4	23.0%	(3.5%)	(4.0%)	(4.6%)	19.5%	19.0%	18.4%
Great Smeaton Academy Primary School	109	16.0%	(0.5%)	(1.1%)	(1.8%)	15.5%	14.9%	14.2%
Greenwich Leisure Ltd	189	21.7%	(1.0%)	(0.5%)	0.1%	20.7%	21.2%	21.8%
Hampsthwaite CoE Primary School (Yorkshire Causeway Schools Trust)	60156	20.9%	£2,500	£2,900	£3,300	20.9% plus £2,500	20.9% plus £2,900	20.9% plus £3,300
Haxby Town Council	72	23.0%	(3.5%)	(4.0%)	(4.6%)	19.5%	19.0%	18.4%
Hope Sentamu Learning Trust	227	19.9%	£12,000	£11,000	£10,000	19.9% plus £12,000	19.9% plus £11,000	19.9% plus £10,000
Human Support Group Ltd	20114	25.6%	(0.6%)	(0.5%)	(0.4%)	25.0%	25.1%	25.2%
Hunmanby Parish Council	71	23.0%	(3.5%)	(4.0%)	(4.6%)	19.5%	19.0%	18.4%
Huntington Primary School	146	20.3%	£9,200	£8,100	£6,900	20.3% plus £9,200	20.3% plus £8,100	20.3% plus £6,900
Hutchison Catering Ltd - All Saints Roman Catholic School, York (City of York Council)	23151	25.3%	£1,200	£2,200	£3,200	25.3% plus £1,200	25.3% plus £2,200	25.3% plus £3,200
Hutchison Catering Ltd - Barlby High School (Hope Sentamu Learning Trust)	90151	26.1%	(1.5%)	(3.9%)	(6.3%)	24.6%	22.2%	19.8%
Hutchison Catering Ltd - Ebor Schools	12151	26.1%	(0.8%)	£700	£2,400	25.3%	26.1% plus £700	26.1% plus £2,400
Hutchison Catering Ltd - George Pindar School & Graham (Hope Sentamu Learning Trust) School	11151	23.2%	(1.2%)	(0.2%)	£800	22.0%	23.0%	23.2% plus £800
Hutchison Catering Ltd - Killinghall Church Of England Primary School (NYCC)	16151	24.6%	0.6%	0.3%	(0.1%)	25.2%	24.9%	24.5%

Employer	Employer code(s)	Primary Contribution rate % Pensionable Pay	Secondary contributions (% Pensionable Pay and £s) Year commencing 1 April			Total contributions (% Pensionable Pay and £s) Year commencing 1 April		
			2023	2024	2025	2023	2024	2025
Hutchison Catering Ltd - Malton (Secondary) School (NYCC)	15151	24.9%	(0.5%)	£200	£900	24.4%	24.9% plus £200	24.9% plus £900
Hutchison Catering Ltd - Manor CE Academy (Hope Sentamu Learning Trust)	60151	24.8%	(0.3%)	(0.2%)	0.0%	24.5%	24.6%	24.8%
Hutchison Catering Ltd – Nicholas Postgate Catholic Academy Trust (admissions on 28.7.2021 and 1.9.2021 with SMCCAT)	21151	26.5%	£1,400	£1,300	£1,300	26.5% plus £1,400	26.5% plus £1,300	26.5% plus £1,300
Hutchison Catering Ltd - Osbaldwick Primary Academy & Staynor Hall Community Primary Academy (Ebor Academy Trust)	13151	24.5%	1.2%	0.5%	(0.1%)	25.7%	25.0%	24.4%
Hutchison Catering Ltd - Pathfinder MAT (Clifton with Rawcliffe Primary School, Hempland Primary School, New Earswick Primary School, Rufforth Primary School)	19151	25.8%	£1,300	£2,000	£2,800	25.8% plus £1,300	25.8% plus £2,000	25.8% plus £2,800
Hutchison Catering Ltd - Robert Wilkinson Primary Academy (Ebor Academy Trust)	14151	23.9%	£300	£300	£300	23.9% plus £300	23.9% plus £300	23.9% plus £300
Hutchison Catering Ltd - St Cuthbert's Roman Catholic Academy Trust (admission on 1.9.2021 with SMCCAT)	27151	23.1%	£1,100	£1,100	£1,000	23.1% plus £1,100	23.1% plus £1,100	23.1% plus £1,000
Hutchison Catering Ltd - Vale of York Academy (Hope Sentamu Learning Trust)	50151	26.5%	(1.0%)	(1.0%)	(1.1%)	25.5%	25.5%	25.4%
Hutchison Catering Ltd - Whitley and Eggborough Community Primary School (NYCC)	18151	22.5%	£290	£520	£760	22.5% plus £290	22.5% plus £520	22.5% plus £760
ISS Mediclean Ltd - Outwood Grange Academies Trust - Outwood Academy Ripon	70097	25.8%	0.0%	0.0%	0.0%	25.8%	25.8%	25.8%
ISS Mediclean Ltd - Outwood Grange Academies Trust - Outwood Primary Academy Greystone	60097	23.6%	(0.1%)	(0.5%)	(0.9%)	23.5%	23.1%	22.7%

Employer	Employer code(s)	Primary Contribution rate % Pensionable Pay	Secondary contributions (% Pensionable Pay and £s) Year commencing 1 April			Total contributions (% Pensionable Pay and £s) Year commencing 1 April		
			2023	2024	2025	2023	2024	2025
Keeble Gateway (Elevate Multi Academy Trust)	90180	20.2%	(0.5%)	(1.1%)	(1.6%)	19.7%	19.1%	18.6%
Knaresborough Town Council	47	23.0%	(3.5%)	(4.0%)	(4.6%)	19.5%	19.0%	18.4%
Knayton CoE Primary School (Elevate Multi Academy Trust)	40180	20.2%	(1.1%)	(1.5%)	(2.0%)	19.1%	18.7%	18.2%
Make It York	147	25.8%	(18.0%)	(25.8%)	(25.8%)	7.8%	0.0%	0.0%
Malton Town Council	56	23.0%	(3.5%)	(4.0%)	(4.6%)	19.5%	19.0%	18.4%
Marton cum Grafton VA Primary School (Elevate Multi Academy Trust)	70180	20.2%	0.0%	0.0%	0.0%	20.2%	20.2%	20.2%
Meadowside CP School (Elevate Multi Academy Trust)	10180	20.2%	(0.9%)	(0.7%)	(0.6%)	19.3%	19.5%	19.6%
Mellors - Bedale CE School	90093	23.5%	(2.5%)	(1.1%)	0.3%	21.0%	22.4%	23.8%
Mellors - Dales Academies Trust	13093	24.2%	£600	£2,300	£4,000	24.2% plus £600	24.2% plus £2,300	24.2% plus £4,000
Mellors - Elevate Multi Academy Trust	14093	23.3%	£1,300	£1,000	£600	23.3% plus £1,300	23.3% plus £1,000	23.3% plus £600
Mellors - Holy Trinity CoE (Ripon) Infants School	12093	25.2%	(0.4%)	(0.9%)	(1.4%)	24.8%	24.3%	23.8%
Mellors - multiple City of York Council schools	16093	26.8%	£110	£300	£490	26.8% plus £110	26.8% plus £300	26.8% plus £490
Nicholas Postgate Catholic Academy Trust	212	20.0%	(0.8%)	(0.3%)	0.1%	19.2%	19.7%	20.1%
North Rigton CoE Primary School (Yorkshire Causeway Schools Trust)	70156	20.9%	£900	£900	£900	20.9% plus £900	20.9% plus £900	20.9% plus £900
North York Moors National Park	52	19.6%	(4.0%)	(3.8%)	(3.6%)	15.6%	15.8%	16.0%
North Yorkshire Council	7, 9, 10, 11, 12, 13, 14, 25, 235, 236, 10025	20.0%	(1.5%)	(1.7%)	(1.9%)	18.5%	18.3%	18.1%
North Yorkshire Fire and Rescue Service	51	18.3%	(4.9%)	(8.3%)	(11.7%)	13.4%	10.0%	6.6%

Employer	Employer code(s)	Primary Contribution rate % Pensionable Pay	Secondary contributions (% Pensionable Pay and £s) Year commencing 1 April			Total contributions (% Pensionable Pay and £s) Year commencing 1 April		
			2023	2024	2025	2023	2024	2025
North Yorkshire Police, Fire and Crime Commissioner & the Chief Constable	128,129	18.6%	(8.0%)	(8.5%)	(9.1%)	10.6%	10.1%	9.5%
Northallerton & Romanby Joint Burial Board	18	23.0%	(3.5%)	(4.0%)	(4.6%)	19.5%	19.0%	18.4%
Northallerton School & Sixth Form College (Arete Learning Trust)	218	21.2%	£3,800	£24,500	£46,700	21.2% plus £3,800	21.2% plus £24,500	21.2% plus £46,700
Northallerton Town Council	60	23.0%	(3.5%)	(4.0%)	(4.6%)	19.5%	19.0%	18.4%
Northern Star Academies Trust	124, 226, 60096	20.2%	£137,000	£154,000	£172,000	20.2% plus £137,000	20.2% plus £154,000	20.2% plus £172,000
Norton on Derwent Town Council	46	23.0%	(3.5%)	(4.0%)	(4.6%)	19.5%	19.0%	18.4%
NY Highways Limited	234	24.9%	£79,000	£148,000	£222,000	24.9% plus £79,000	24.9% plus £148,000	24.9% plus £222,000
Oatlands Infant School (Yorkshire Causeway Schools Trust)	50156	20.9%	£10,200	£11,100	£12,100	20.9% plus £10,200	20.9% plus £11,100	20.9% plus £12,100
Outwood Primary Academy Greystone (Outwood Grange Academies Trust)	195	21.4%	£800	£2,800	£4,800	21.4% plus £800	21.4% plus £2,800	21.4% plus £4,800
Outwood Ripon (Outwood Grange Academies Trust)	108	20.0%	£39,000	£43,200	£47,600	20.0% plus £39,000	20.0% plus £43,200	20.0% plus £47,600
Pannal Primary School (Yorkshire Causeway Schools Trust)	40156	20.9%	£15,100	£14,700	£14,300	20.9% plus £15,100	20.9% plus £14,700	20.9% plus £14,300
Pathfinder MAT	244	20.0%	0.8%	0.4%	(0.1%)	20.8%	20.4%	19.9%
Pickering Town Council	70	23.0%	(3.5%)	(4.0%)	(4.6%)	19.5%	19.0%	18.4%
Red Kite Learning Trust	155	19.5%	£159,000	£151,000	£142,000	19.5% plus £159,000	19.5% plus £151,000	19.5% plus £142,000
Richard Taylor CE Primary School (Yorkshire Causeway Schools Trust)	20156	20.9%	£17,900	£18,800	£19,700	20.9% plus £17,900	20.9% plus £18,800	20.9% plus £19,700
Richmond School (Arete Learning Trust)	186	20.5%	0.3%	0.1%	0.0%	20.8%	20.6%	20.5%
Richmond Town Council	50	23.0%	(3.5%)	(4.0%)	(4.6%)	19.5%	19.0%	18.4%

Employer	Employer code(s)	Primary Contribution rate % Pensionable Pay	Secondary contributions (% Pensionable Pay and £s) Year commencing 1 April			Total contributions (% Pensionable Pay and £s) Year commencing 1 April		
			2023	2024	2025	2023	2024	2025
Richmondshire Leisure Trust	82	21.4%	(2.5%)	(2.7%)	(3.0%)	18.9%	18.7%	18.4%
Rillington Community Primary School (Elevate Multi Academy Trust)	11180	20.2%	(0.4%)	(0.2%)	0.1%	19.8%	20.0%	20.3%
Ripon City Council	28	23.0%	(3.5%)	(4.0%)	(4.6%)	19.5%	19.0%	18.4%
Roseberry Primary Academy (Enquire Learning Trust)	139	19.8%	£10,300	£9,900	£9,600	19.8% plus £10,300	19.8% plus £9,900	19.8% plus £9,600
Rossett School Academy	105	19.9%	£28,300	£29,700	£31,100	19.9% plus £28,300	19.9% plus £29,700	19.9% plus £31,100
Ryedale Learning Trust	104, 228	21.0%	£75,000	£69,000	£63,000	21.0% plus £75,000	21.0% plus £69,000	21.0% plus £63,000
Selby CP School (Selby Educational Trust)	10192	19.7%	0.5%	0.2%	0.0%	20.2%	19.9%	19.7%
Selby Town Council	34	23.0%	(3.5%)	(4.0%)	(4.6%)	19.5%	19.0%	18.4%
Skipton Academy (Moorlands Learning Trust)	224	21.0%	£30,100	£34,800	£39,700	21.0% plus £30,100	21.0% plus £34,800	21.0% plus £39,700
Skipton Parish CoE School (Yorkshire Causeway Schools Trust)	90156	20.9%	£1,000	£600	£100	20.9% plus £1,000	20.9% plus £600	20.9% plus £100
South Bank Multi Academy Trust	157	19.6%	(0.1%)	(0.1%)	0.0%	19.5%	19.5%	19.6%
South Craven Academy Trust	102	21.1%	£113,000	£123,000	£133,000	21.1% plus £113,000	21.1% plus £123,000	21.1% plus £133,000
South York MAT	194	20.2%	0.6%	0.3%	0.0%	20.8%	20.5%	20.2%
Sowerby CP School (Elevate Multi Academy Trust)	60180	20.2%	(0.6%)	(0.6%)	(0.6%)	19.6%	19.6%	19.6%
St Aidans High School (Yorkshire Causeway Schools Trust)	10156	20.9%	£97,000	£102,000	£108,000	20.9% plus £97,000	20.9% plus £102,000	20.9% plus £108,000
St Cuthbert's Roman Catholic Academy Trust	242	19.6%	0.0%	0.0%	0.0%	19.6%	19.6%	19.6%
St John's CoE VC Primary School, Knaresborough (Elevate Multi Academy Trust)	80180	20.2%	0.0%	0.0%	0.0%	20.2%	20.2%	20.2%

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			2023	2024	2025	2023	2024	2025
St Peters CE Primary School (Yorkshire Causeway Schools Trust)	30156	20.9%	£25,800	£26,500	£27,300	20.9% plus £25,800	20.9% plus £26,500	20.9% plus £27,300
Stakesby Primary Academy (Enquire Learning Trust)	206	20.1%	(1.2%)	(1.4%)	(1.7%)	18.9%	18.7%	18.4%
Star MAT	199	20.6%	0.6%	0.3%	(0.1%)	21.2%	20.9%	20.5%
Stokesley Academy (Arete Leaning Trust)	144	20.9%	£69,800	£75,700	£81,900	20.9% plus £69,800	20.9% plus £75,700	20.9% plus £81,900
Stokesley Primary Academy (Enquire Learning Trust)	168	20.7%	£10,400	£11,500	£12,800	20.7% plus £10,400	20.7% plus £11,500	20.7% plus £12,800
Sutton in Craven Parish Council	5	23.0%	(3.5%)	(4.0%)	(4.6%)	19.5%	19.0%	18.4%
Taylor Shaw Limited - Colburn Community Primary School (NYCC)	30220	27.3%	£770	£1,380	£2,040	27.3% plus £770	27.3% plus £1,380	27.3% plus £2,040
Taylor Shaw Limited - Coppice Valley Primary School (Red Kite Learning Trust)	40220	26.2%	0.7%	0.3%	(0.1%)	26.9%	26.5%	26.1%
Taylor Shaw Limited - Easingwold Primary School (NYCC)	10220	20.4%	£350	£240	£130	20.4% plus £350	20.4% plus £240	20.4% plus £130
Taylor Shaw Limited - Western Primary School (Red Kite Learning Trust)	50220	25.7%	£680	£1,150	£1,650	25.7% plus £680	25.7% plus £1,150	25.7% plus £1,650
The Woodlands Academy	119	18.8%	£39,600	£41,800	£44,200	18.8% plus £39,600	18.8% plus £41,800	18.8% plus £44,200
Thomas Hinderwell (David Ross Educational Trust)	125	20.5%	£6,400	£10,200	£14,200	20.5% plus £6,400	20.5% plus £10,200	20.5% plus £14,200
Thornton Dale Primary School (Elevate Multi Academy Trust)	12180	20.2%	(0.4%)	(0.2%)	0.1%	19.8%	20.0%	20.3%
Topcliffe CoE VC Primary School (Elevate Multi Academy Trust)	30180	20.2%	(1.3%)	(1.4%)	(1.4%)	18.9%	18.8%	18.8%
Urbaser Limited	230	25.3%	£8,100	£13,500	£19,300	25.3% plus £8,100	25.3% plus £13,500	25.3% plus £19,300
Vale of Pickering Internal Drainage Board	49	23.0%	(3.5%)	(4.0%)	(4.6%)	19.5%	19.0%	18.4%

Employer	Employer code(s)	Primary Contribution rate % Pensionable Pay	Secondary contributions (% Pensionable Pay and £s) Year commencing 1 April			Total contributions (% Pensionable Pay and £s) Year commencing 1 April		
			2023	2024	2025	2023	2024	2025
Veritau Ltd	90, 111	16.7%	(8.7%)	(8.1%)	(7.4%)	8.0%	8.6%	9.3%
Wellspring Academy Trust	223	18.8%	1.8%	0.8%	(0.2%)	20.6%	19.6%	18.6%
Whitby Town Council	3	23.0%	(3.5%)	(4.0%)	(4.6%)	19.5%	19.0%	18.4%
York Mind	201	27.5%	£1,400	£2,800	£4,400	27.5% plus £1,400	27.5% plus £2,800	27.5% plus £4,400
York Museums and Galleries Trust	76	17.5%	(6.7%)	(8.5%)	(10.2%)	10.8%	9.0%	7.3%
Yorkare (Haxby) Limited	232	25.9%	£1,800	£3,900	£6,200	25.9% plus £1,800	25.9% plus £3,900	25.9% plus £6,200
Yorkshire Collaborative Academy Trust	154	20.7%	£35,700	£34,000	£32,100	20.7% plus £35,700	20.7% plus £34,000	20.7% plus £32,100
Yorkshire Dales National Park	53	20.5%	(7.4%)	(7.8%)	(8.1%)	13.1%	12.7%	12.4%
Yorkshire Endeavour Academy Trust	193	19.2%	0.0%	(0.3%)	(0.5%)	19.2%	18.9%	18.7%
Employers included in North Yorkshire County Council Local Management of Schools (LMS) pool								
Absolutely Catering Limited (Poppleton Ousebank Primary School)	10191	24.7%	0.0%	0.0%	0.0%	24.7%	24.7%	24.7%
Grosvenor FM	94	19.2%	0.0%	0.0%	0.0%	19.2%	19.2%	19.2%
Independent Cleaning Services	171	21.2%	0.0%	0.0%	0.0%	21.2%	21.2%	21.2%
Mellors - St Peter's	80093	21.2%	0.0%	0.0%	0.0%	21.2%	21.2%	21.2%
Employers included in City of York Council Local Management of Schools (LMS) pool								
ABM Catering Limited - Joseph Rowntree School	10190	20.5%	0.0%	0.0%	0.0%	20.5%	20.5%	20.5%
Cater Link Ltd - City of York Council - Fishergate Primary School	20196	20.5%	0.0%	0.0%	0.0%	20.5%	20.5%	20.5%
City of York Trading Limited	176	20.5%	0.0%	0.0%	0.0%	20.5%	20.5%	20.5%
Gough & Kelly Ltd	187	20.5%	0.0%	0.0%	0.0%	20.5%	20.5%	20.5%
Springfield Home Care	116	18.0%	0.0%	0.0%	0.0%	18.0%	18.0%	18.0%
Scheduled bodies and admission bodies where an Intermediate Funding Target applies								
Askham Bryan College	61	21.7%	(4.3%)	(4.3%)	(4.3%)	17.4%	17.4%	17.4%
Craven College	62	24.2%	(3.3%)	(4.2%)	(5.2%)	20.9%	20.0%	19.0%
Scarborough Sixth Form College	68	24.7%	(3.9%)	(4.0%)	(4.1%)	20.8%	20.7%	20.6%
Skipton Town Council	41	22.5%	(0.2%)	(1.4%)	(2.6%)	22.3%	21.1%	19.9%

Employer	Employer code(s)	Primary Contribution rate % Pensionable Pay	Secondary contributions (% Pensionable Pay and £s) Year commencing 1 April			Total contributions (% Pensionable Pay and £s) Year commencing 1 April		
			2023	2024	2025	2023	2024	2025
York College	74	22.6%	(7.6%)	(7.6%)	(7.6%)	15.0%	15.0%	15.0%
York St John University	16	20.0%	(4.5%)	(4.5%)	(4.5%)	15.5%	15.5%	15.5%
Admission bodies where the Ongoing Orphan body Funding Target applies								
Tadcaster Town Council	48	42.6%	(3.7%)	(1.7%)	0.3%	38.9%	40.9%	42.9%
University of Hull	55	41.6%	£195,000	£212,000	£229,000	41.6% plus £195,000	41.6% plus £212,000	41.6% plus £229,000
York Archaeological Trust Ltd	17	38.1%	£12,900	£10,500	£7,900	38.1% plus £12,900	38.1% plus £10,500	38.1% plus £7,900
Admission bodies where the Low risk Funding Target applies								
Align Property Partners Limited	175	36.1%	0.0%	0.0%	0.0%	36.1%	36.1%	36.1%
Wigan Leisure and Culture Trust	91	51.1%	0.3%	0.1%	(0.2%)	51.4%	51.2%	50.9%
Total		**20.1%**	**(2.8%) plus £1,495,360**	**(3.1%) plus £1,684,980**	**(3.4%) plus £1,888,300**	**17.3% plus £1,495,360**	**17.0% plus £1,684,980**	**16.7% plus £1,888,300**

Notes

We have been advised by the Administering Authority that the accounts for the Fund for the year ending 31 March 2022 have not been signed off by the auditor at the date of signing this certificate. We have been instructed by the Administering Authority to complete this certificate on the basis of the draft accounts. We have been further advised by the Administering Authority that they do not believe that the assets as at 31 March 2022 in the audited accounts to have changed from those shown in the draft accounts.

The contributions shown above represent the minimum contributions to be paid by each employer. Employers may choose to pay additional contributions from time to time subject to the Administering Authority's agreement.

Where payments due from an employer are expressed as monetary amounts, the amounts payable by that employer may be adjusted to take account of any amounts payable, in respect of a surplus or shortfall to which those monetary payments relate, by new employers created after the valuation date which have been credited with proportions of the assets and liabilities of the relevant employer.

Additional contributions may be required in respect of any additional liabilities that arise under the provisions of Regulations 30, 31, 35 and 38 of the 2013 Regulations and employers will be notified of such contributions separately by the Administering Authority.

Additional contributions may be payable by any employers which have ceased to participate in the Fund since 31 March 2022 and these will be certified separately.

Contribution rates for Employers commencing participation in the Fund after 31 March 2022 will be advised separately.

Regulation 62(8) requires a statement to be made of the assumptions on which the certificate is given as regards the number of members, and the associated amount of liabilities arising, who will become entitled to payment of pensions under the LGPS regulations during the period covered by the certificate. These assumptions can be found in the Assumptions section of the Further Information of our report on the 2022 valuation dated 29 March 2023. They include assumptions relating to the members who are expected to become entitled to payment of pensions via normal retirement and ill health retirement. In practice members will also become entitled to payment of pensions via early retirement for reasons of redundancy or efficiency reasons as well as on voluntary early retirement, for which no assumption has been made.

Signature	Scott Campbell	Jonathan F. Teasdale
Name	Scott Campbell FIA	Jonathan Teasdale FIA
Date	29 March 2023	

Glossary

This glossary explains some common terms used in this document.

Active member

A person who is employed by an employer participating in the Fund, and is paying (or is treated as paying) contributions to the Fund (includes certain members temporarily absent, e.g. due to family leave or sickness).

Admission Body

An employer admitted to the Fund under an admission agreement.

Assumptions

We need to make assumptions about the future to calculate how much money we need now to pay for the benefits that have been earned. The key *financial assumptions* include the discount rate and pension increases (inflation) assumptions. The key *demographic assumptions* include how long we expect members to live, which we calculate using mortality rates. We adopt the same demographic assumptions for all employers, which are set based on the experience of the Fund's membership and other factors.

Attained Age Method

This is one of the methods used by actuaries to calculate a future service contribution rate. This method usually applies to employers who employ active members of the Fund but who do not allow new employees to join (i.e. where the employer is closed to new entrants). The future service contribution rate for a closed employer will allow for the future ageing of the members. This usually results in a higher contribution rate than for a younger workforce because there is a shorter period to invest the contributions (and earn investment returns) before benefits need to be paid. See also projected unit method.

Consumer Prices Index (CPI)

This is the price inflation index that increases to pensions, deferred pensions and pension accounts are currently based on. It is published every month by the Office for National Statistics. Our assumption for future salary increases is also set by reference to future CPI inflation.

Cost management valuations

The process of checking the cost of public service pension schemes against a base cost, which can result in scheme changes being agreed and legislated for if the current assessed cost of the scheme is higher or lower than this base cost. The Government Actuary's Department has been appointed to carry out these valuations.

Deferred member

A former employee who has left active membership but has not yet received any benefits from the Fund and is entitled to receive a pension from his/her normal pension age.

Deficit (or shortfall)

If the assets are lower than the liabilities, then a deficit exists. Employers will need to pay additional contributions to remove the deficit over an appropriate **recovery period**. If the value of assets is greater than the liabilities, then the difference is called a surplus.

Dependant member

A dependant of a previous employee who was a member of the Fund but who has died, where benefits are payable to specified dependant(s) under the LGPS regulations.

Discount rate

This is the assumption for the future rate of return on the Fund's assets, based on an assumed investment strategy. It is used to place a present value (in today's terms) on a future payment. The discount rate for the Fund valuation is set prudently, meaning we expect there to be a better than evens chance that the Fund will achieve a rate of return equal to the discount rate.

Fund Actuary

The actuary to the Fund, who provides actuarial advice to the Administering Authority including carrying out the actuarial valuation contained in this report.

Funding level (or funding ratio)

This is the ratio of the value of assets to the funding target. A funding level above 100% means the Fund is in surplus and a funding level below 100% means the Fund is in deficit.

Funding objective

To hold sufficient and appropriate assets to cover the funding target.

Funding strategy

The funding strategy refers to the overall framework for setting employer contributions covering (among other things) the choice of funding target, recovery period, and grouping/pooling arrangements. See Funding Strategy Statement.

Funding Strategy Statement

The LGPS Regulations require the Administering Authority to prepare (and from time to time review and, if necessary, revise) a written statement setting out its funding strategy. This is referred to as a funding strategy statement. The Fund Actuary must have regard to this statement in preparing this actuarial valuation.

Funding target

See Past service liabilities.

Future service (contribution) rate

See **primary contribution rate**.

Group (or Pool)

Employers may be grouped (or pooled) with other employers. All of the employers in a group/pool will share some (or all) of the group/pool's pension costs between them. It is common for employers to pay a common primary rate based on the membership of the group/pool. Rules will apply to the attribution of secondary contributions between employers, which will normally be set out in the **Funding Strategy Statement**.

Guaranteed Minimum Pensions (GMPs)

Most Funds that were contracted out of the State Earnings Related Pension Scheme (SERPS) before April 1997 (including the LGPS) have to provide a pension for service before that date at least equal to the Guaranteed Minimum Pension (GMP). This is approximately equal to the SERPS pension that the member would have earned had the Fund not been contracted out. GMPs ceased to accrue on 6 April 1997 when the legislation changed.

Intermediate Funding Target

For less secure scheduled bodies and any admission body with a subsumption commitment from such an employer, the discount rate is set with an additional allowance for prudence which varies according to an assessed level of risk.

Liabilities

See past service liabilities.

Long-term cost efficiency

It is a requirement of the Regulations that the actuarial valuation must have regard to the objective of long-term cost efficiency. This term is not defined in the Regulations but Cipfa guidance on preparing the Funding Strategy Statement says:

"The notes to the Public Service Pensions Act 2013 state:

Long-term cost-efficiency implies that the [contribution] rate must not be set at a level that gives rise to additional costs. For example, deferring costs to the future would be likely to result in those costs being greater overall than if they were provided for at the time.

The rate of employer contributions shall be deemed to have been set at an appropriate level to ensure long-term cost efficiency if the rate of employer contributions is sufficient to make provision for the cost of current benefit accrual, with an appropriate adjustment to that rate for any surplus or shortfall in the fund."

Low risk funding target

Funding target used for already orphaned liabilities in the Fund. The discount rate is based on the yield on long-dated fixed interest gilts at a duration appropriate for the Fund's liabilities.

McCloud/Sergeant

Court cases involving the Judges' and Firefighters' Pension Schemes respectively which found that transitional protections granted to members within 10 years of pension age as part of the reforms to those schemes in 2015 constituted illegal age discrimination. Government subsequently agreed that a remedy to this discrimination would be required in these and the other major UK public service pension schemes such as the LGPS. The legislation to implement this remedy is not yet in place.

Ongoing orphan employer

This is an employer whose participation in the Fund may cease at some future point in time, after which it is expected that the liabilities will become Orphaned liabilities.

Ongoing orphan funding target

For active employers whose liabilities are expected to be orphaned on exit, the Administering Authority will have regard to the potential for participation to cease (or for the body to have no contributing members), the potential timing of such exit, and any likely change in notional or actual investment strategy as regards the assets held in respect of the body's liabilities at the date of exit (i.e. whether the liabilities will become 'orphaned' or a guarantor exists to subsume the notional assets and liabilities). This is known as the ongoing orphan funding target.

Orphan / orphaned liabilities

Liabilities in the fund for which no currently contributing employer has responsibility.

Past service liabilities

This is the present value of the benefits to which members are entitled based on benefits accrued to the valuation date, assessed using the assumptions agreed for each employer between a Fund's Administering Authority and the Fund Actuary. It generally allows for projected future increases to pay or revaluation as appropriate through to retirement or date of leaving service.

Pensioner member

An individual who has retired and is now receiving a pension from the Fund.

Present value

Actuarial valuations involve projections of pay, pensions and other benefits into the future. To express the value of the projected benefits in terms of a cash amount at the valuation date, the projected amounts are discounted back to the valuation date by a discount rate. This value is known as the present value. For example, if the discount rate was 4% a year and if we had to pay a cash sum of £1,040 in one year's time the present value would be £1,000.

Primary (contribution) rate

The Regulations require the Fund Actuary to certify a primary contribution rate for every employer.

The primary rate for each employer is that employer's future service contribution rate, which is the contribution rate required to meet the cost of the future accrual of benefits, expressed as a percentage of pensionable pay, ignoring any past service surplus or shortfall but allowing for any employer-specific circumstances, such as the membership profile of that employer, the funding strategy adopted for that employer (including any risk-sharing arrangements operated by the administering authority), the actuarial method chosen and/or the employer's covenant.

The primary rate for the whole fund is the weighted average (by payroll) of the individual employers' primary rates.

Projected unit method

One of the common methods used by actuaries to calculate a contribution rate. This method calculates the present value of the benefits expected to accrue to members over a control period (often one year) following the valuation date. The present value is usually expressed as a percentage of the members' pensionable pay. Provided that the distribution of members remains stable with new members joining to take the place of older leavers, the contribution rate calculated can be expected to remain stable, if all the other assumptions are borne out and there are no changes to the assumptions. If there are no new members however, the average age will increase and the contribution rate can be expected to rise.

Prudent

Prudent assumptions are such that the actual outcome is considered to be more likely to overstate than understate the amount of money actually required to meet the cost of the benefits.

Rates and Adjustments Certificate

A certificate required at each actuarial valuation by the Regulations, setting out the contributions payable by employers for the 3 years from the 1 April that falls in the calendar year following the valuation date.

Recovery period

The period over which any surplus or deficit is to be eliminated. Different recovery periods may apply to individual employers.

Recovery plan

Where a valuation shows a funding shortfall against the past service liabilities for any employer, a recovery plan sets out how the Administering Authority intends the employer to meet the funding objective.

Regulations

The statutory regulations setting out the contributions payable to, and the benefits payable from, the Local Government Pension Scheme and how the Funds are to be administered. They currently include the following sets of regulations:

- 1997 Regulations - Local Government Pension Scheme Regulations 1997
- Administration Regulations - Local Government Pension Scheme (Administration) Regulations 2008
- Benefits Regulations - Local Government Pension Scheme (Benefits, Membership, and Contributions) Regulations 2007
- Transitional Regulations - Local Government Pension Scheme (Transitional provisions) 1997

- 2013 Regulations - Local Government Pension Scheme Regulations 2013
- 2014 Transitional Regulations - Local Government Pension Scheme (Transitional Provisions, Savings and Amendment) Regulations 2014

Scheduled body

Bodies which participate in the Fund under Schedule 2 Part 1 of the 2013 Regulations.

Scheduled and subsumption body funding target

For secure Scheduled Bodies whose participation in the Fund is considered by the Administering Authority to be indefinite and Admission Bodies with a subsumption commitment from such Scheduled Bodies, the funding target is set assuming indefinite investment in a broad range of assets of higher risk than risk free assets. This is known as the scheduled and subsumption body funding target.

Secondary rate of the employers' contribution

The secondary rate is an adjustment to the primary rate to arrive at the rate each employer is required to pay. It may be expressed as a percentage adjustment to the primary rate, and/or a cash adjustment in each of the three years beginning with 1 April in the year following that in which the valuation date falls. The secondary rate is specified in the rates and adjustments certificate. For any employer, the rate they are actually required to pay is the sum of the primary and secondary rates.

The Fund Actuary is required to also disclose the secondary rates for the whole scheme in each of the three years beginning with 1 April in the year following that in which the valuation date falls.

Shortfall (or deficit)

See deficit.

Shortfall contributions

Additional contributions payable by employers to remove the shortfall by the end of the recovery period.

Solvency

It is a requirement of the Regulations that the actuarial valuation must have regard to the objective to secure the solvency of the Fund. This term is not defined in the Regulations but Cipfa guidance on preparing the Funding Strategy Statement says:

"The notes to the Public Service Pensions Act 2013 state that solvency means that the rate of employer contributions should be set at "such level as to ensure that the scheme's liabilities can be met as they arise". It is not regarded that this means that the pension fund should be 100% funded at all times. Rather, and for the purposes of Section 13 of the Public Service Pensions Act 2013, the rate of employer contributions shall be deemed to have been set at an appropriate level to ensure solvency if:

- the rate of employer contributions is set to target a funding level for the whole fund (assets divided by liabilities) of 100% over an appropriate time period and using appropriate actuarial assumptions; and either
- employers collectively have the financial capacity to increase employer contributions, and/or the fund is able to realise contingent assets should future circumstances require, in order to continue to target a funding level of 100%; or
- there is an appropriate plan in place should there be, or if there is expected in future to be, no or a limited number of fund employers, or a material reduction in the capacity of fund employers to increase contributions as might be needed.

If the conditions above are met, then it is expected that the fund will be able to pay scheme benefits as they fall due.

State Pension Age (SPA)

Age at which State pensions are payable. Currently age 66, for current retirees.

Current legislation transitions State Pension Age for both men and women to age 67 by 2028 and to age 68 by 2046. The timetable for transitioning State Pension Age to age 68 is currently under review,

Strains

These represent the cost of additional benefits granted to members under a discretion of the employer or the Administering Authority. They include the cost of providing enhanced benefits on retirement or redundancy.

Subsumption (and subsumption body)

An employer which is not a secure long term Scheduled Body and where the Administering Authority has obtained an undertaking from a related employer that, if and when the employer exits the Fund, they will be a source of future funding should any funding shortfalls emerge on the original employer's liabilities after exit.

In this document the process of taking on the responsibility for future funding at the point of exit is known as 'subsumption' of an employer's liabilities. The employer whose liabilities will be (or are being) subsumed is referred to as a subsumption body.

Surplus

If the assets are higher than the liabilities, then a surplus exists. Depending on its funding strategy, the Administering Authority may allow the employer to pay contributions below the future service rate to remove part or all of the surplus over an appropriate recovery period. If the value of assets is lower than the liabilities, then the difference is called a deficit.

Transfer value

Members generally have a legal right to transfer their benefits to another pension arrangement before they retire. In taking a transfer, members give up their benefits in a fund, and a sum of money (called the transfer value) is paid into another approved pension fund. This is used to provide pension benefits on the terms offered in that fund.

Undecided member

A previous employee of the employer who has yet to decide whether to take a transfer of benefits to another pension arrangement, or a refund of their contributions.

Legal framework

This report was commissioned by and is produced solely for the use of the Administering Authority.

It is produced in compliance with:

- Regulation 62 of the Local Government Pension Scheme Regulations 2013.
- The terms of the agreement between the Administering Authority and Aon Solutions UK Limited, on the understanding that it is solely for the benefit of the addressee.

This report, and the work relating to it, complies with Technical Actuarial Standard 100: Principles for Technical Actuarial Work ('TAS 100') and Technical Actuarial Standard 300: Pensions ('TAS 300').

Unless prior written consent has been given by Aon Solutions UK Limited, this report should not be disclosed to or discussed with anyone else unless they have a statutory right to see it.

We permit the Administering Authority to release copies of this report to the following parties only:

- Any employer which contributes to the Fund.
- The Department for Levelling Up, Housing and Communities.

We also permit the Department for Levelling Up, Housing and Communities to pass our report to the Government Actuary's Department in connection with their statutory duties. None of the above bodies has our permission to pass our report on to any other parties.

Notwithstanding such consent, Aon Solutions UK Limited does not assume responsibility to anyone other than the addressee of this report.

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NORTH YORKSHIRE COUNTY COUNCIL

PENSION FUND COMMITTEE

03 MARCH 2023

BUSINESS PLAN AND 2023/24 BUDGET

Report of the Treasurer

1. Purpose of the Report

1.1. To report on the progress made against the key business plan activities identified for 2022/23.

1.2. To approve the draft Business Plan for 2023/24 to 2025/26.

1.3. To approve the draft 2023/24 Budget.

2. Progress Update

2.1. In the 2022/23 Business Plan 18 key actions for the year were identified and approved by Members at the March 2022 Committee meeting. It was agreed that officers would provide a progress report against these key actions. The latest update is attached as **Appendix 1**.

3. Draft 2023/24 Business Plan

3.1. The draft 2023/24 Business Plan is attached at **Appendix 2.** It sets out the purpose and strategy of the Fund with activities for the next three 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 2023/24 to 2025/26. Any outstanding actions from 2022/23 have been rolled forward to 2023/24 where appropriate and some new actions have been identified. A summary of the business plan has also been attached as **Appendix 3.**

- **Investment Strategy** – a review of the investment strategy was carried out in February and March 2023, in light of geopolitical and market events in 2022, the change in the outlook for investments, and the outcome of the 2022 Valuation. Recommendations on changes to the strategy are being made at this meeting and are detailed in another report on this Agenda. The next detailed review is expected to take place alongside the 2025 Valuation.

- **Online Monthly Employer Returns** – the phased-roll out of the online employer portal for submitting the monthly members data is still ongoing. Progress has been slower than anticipated but the main employers are now onboarded so the speed of roll out should now improve. This is now expected to be complete by the end of 2023/24.

- **Pooling** – the transition of assets into the Pool is continuing. Border to Coast's global property fund is expected to be launched in 2023, and the UK property fund in 2024, both of which may be of interest to the Committee. The Fund is working with Border to Coast to ensure that they meet the needs of the Fund.

- **McCloud remedy** – progress has been much slower than anticipated. Validation errors have been cleared and the test data load can now go ahead. It is expected the initial recalculation of benefits will be completed by end of October 2023 in line with the statutory deadline.

4. 2023/24 Budget

4.1. The draft 2023/24 budget for the cost of running the Fund is presented in **Appendix 4** and totals £37.1m. This budget only includes the costs that the Fund has some control over and has been developed on an accruals basis.

4.2. The total 2023/24 budget has reduced by £1.6m compared with the 2022/23 budget. This decrease is essentially due to investment management fees payable (£1.7m) as a result of the fall in asset value the Fund experienced in 2022/23. Lower fees are expected as these are based on a percentage of the asst values.

4.3. Other notable changes to the budget figures from the 2022/23 budget are as follows:

- Inflationary increases (personnel and suppliers) in the Administration Expenses budget have been broadly offset by the reduction in the annual charges of the pension administration system that had been agreed at the start of the new contract.

- The Border to Coast Pooling Charge in 2023/24 is expected to be £850k. This is made up of two elements: governance costs, which form the annual operating budget of the Border to Coast company; and project costs, which involve the design and development of new Border to Coast funds and opportunities for the Partner Funds to eventually invest in. The property fund project is currently underway and will continue into 2023/24. Both elements of the charge are split equally on a one eleventh basis among the Partner Funds in the Pool. Additional costs for the development of the UK Opportunities fund and the Sustainable Bonds fund have contributed to the increased cost in 2022/23 and the higher budget requirement in 2023/24.

- Other Oversight and Governance costs in 2023/24 are expected to be lower as 2022 was a Valuation year which required more actuarial work. Custodian fee will also be lower under the new contract with Northern Trust after the arrangement with BNYM has been terminated in full in 2022.

4.4. The NYPF budget will be kept under regular review for any material in-year changes. It will be brought back to the PFC meeting for the approval if material amendments are considered necessary, 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 budget refinements.

5. Recommendations

5.1. Members are recommended to

5.1.1. Note the progress made against the 2022/23 NYPF Business Plan.

5.1.2. Approve the draft 2023/24 - 2025/26 NYPF Business Plan.

5.1.3. Approve the draft 2023/24 NYPF Budget.

Gary Fielding
Treasurer of North Yorkshire Pension Fund
NYCC
County Hall
Northallerton
22 February 2023

Appendix 4

North Yorkshire Pension Fund - Proposed 2023/2024 Budget

		Budget 2022/2023 £k	Q3 Forecast 2022/2023 £k	Proposed Budget 2023/2024 £k
EXPENDITURE				
Admin Expenses				
	Finance and Central Services	453	453	470
	Provision of Pensioner Payroll (ESS)	93	93	80
	Pensions Administration Team	1,371	1,345	1,460
	McCloud	50	50	50
	Other Admin Expenses	678	678	620
	Total Admin Expenses	**2,645**	**2,619**	**2,680**
Oversight and Governance				
	Actuarial Fees	90	90	60
	Custodian Fees	86	86	70
	Investment Consultant Fees	140	190	150
	Pooling: Governance & Projects	709	826	850
	Other O & G Expenses	100	100	100
	Total Oversight and Governance	**1,125**	**1,292**	**1,230**
Investment Fees				
	Performance Fees	3,208	2,599	2,660
	Investment Base Fees	31,739	28,539	30,540
	Total Investment Fees	**34,947**	**31,138**	**33,200**
TOTAL		**38,717**	**35,049**	**37,110**

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NYPF 2022/2025 Business Plan Update March 2023 **Appendix 1**

RAG rating:

Green – completed or not yet due

Orange – ongoing, carried forward to 2023/24

Red – outstanding, overdue

Key Activity			Owner
Funding			**Head of Investments / Head of Pensions Administration / Senior Accountant**
Action	**Timescale**	**Progress Update**	
2022 Valuation	Q4 2022/23	Nearing completion – All results have been shared with employers; the consultation period will end on 16 February 2023. The actuary has started work on the valuation report and the Rate and Adjustments Certificate.	
Funding Strategy Statement	Q4 2022/23	In progress - Funding Strategy Statement reviewed and updated. Issued to employers for consultation. On target to be finalised alongside the Rates and Adjustment Certificate by the end of March 2023.	

Key Activity			Resource
Investment			**Head of Investments**
Action	**Timescale**	**Progress Update**	
Investment Strategy Review	Q4 2022/23	Complete - This was originally planned for Q4. Subsequently the intention was to bring this forward a quarter, however we reverted to the original plan given the recent and ongoing unusual level of market volatility. The review was carried out with the Committee on 20 February and 2 March with recommendations to be made at the March 2023 Committee meeting.	
Responsible Investment	Q4 2022/23	In progress - Preparation for TCFD (Task Force for Climate Related Financial Disclosures) has commenced. The Government's consultation closed on 24 November. An NYPF response was circulated to Committee members before being submitted to DLHUC. TCFD reporting is expected to commence in late 2024.	
Responsible Investment	Q2 2022/23	In progress - The response to the FRC (Financial Reporting Council) for the Stewardship Code has been delayed due to other work pressures. The next FRC deadline is 30 April.	
Responsible Investment	Q3 2022/23	Complete - Scenario analysis was used to assess climate change risk at the Committee's workshop on 24 November. The findings were fed into the investment strategy review workshop on 20 February.	
Pooling	Q3 2022/23	In progress - The final steps in the review of the suitability of Border to Coast's global property fund will take place in Q4, later than expected due to slippage of the fund launch process. Officers met with Border to Coast on 7 February, and the suitability of this as an asset class for NYPF was discussed at the investment strategy review workshop on 20 February. The UK fund will be reviewed in 2023/24.	
Operations	Q2 2022/23	Complete - Custody arrangements and performance measurement arrangements with Northern Trust commenced in April 2022 and have been operating satisfactorily since then.	

Key Activity			Resource
Governance			**Head of Investments / Head of Pensions Administration**
Action	**Timescale**	**Progress Update**	
SAB Good governance project	Q4 2022/23	Not yet started – Still awaiting DLUHC's response.	

TPR Single Code of Practice	Q2 2022/23	Not yet started – Still awaiting the single code.
PFC & Pension Board Member training	Q4 2022/23	Complete - Hymans online learning academy made available. Training plan being developed and training being provided.

NYPF 2022/2025 Business Plan Update March 2023 Continued

Key Activity		Resource
Administration		**Head of Pensions Administration**
Action	**Timescale**	**Progress Update**
Pension scams	Q2 2022/23	Complete – statutory requirements being met. Signed up to TPR's pledge and scam warnings included in all transfer literature.
McCloud remedy	Q4 2022/23	In progress – progress is slow and unlikely to be completed in this financial year. We will continue to progress this to its conclusion. Still awaiting industry recommended solution for missing data cases.
Cyber Security	Q2 2022/23	Complete – NYCC T&C delivered presentation on cyber security measures to Pension Board. Unable to obtain pension fund specific reports.
Key Activity		**Resource**
Business Improvement		**Head of Pensions Administration**
Action	**Timescale**	**Progress Update**
Enhanced payroll functionality	Q2 2022/23	Complete – functionality was delivered mid January.
Complete rollout of employer portal	Q4 2022/23	In progress – 121 employers on-boarded to date. Rollout continues with priority being districts and boroughs ahead of LGR on 1 April 2023.
Complete website redevelopment	Q3 2022/23	In progress – progress continues in refining and fine tuning the employer part of the website before we can put it live.
Administration service review	Q1 2022/23	Complete – Final cohort of recruitment completed and all staff now in post.

Appendix 2

North Yorkshire Pension Fund

Business Plan

2023/24 – 2025/26

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

Contents

This business plan explains how the North Yorkshire Pension Fund (NYPF) intends to develop and improve its services.

It enables the fund to focus on achieving agreed targets and helps staff see how they contribute to the overall success of the NYPF.

1. About the NYPF

The NYPF is one of 90 funds that make up the Local Government Pension Scheme (LGPS).

North Yorkshire Council (NYC) is the statutory administering authority for the NYPF; it administers the benefits and invests the assets of the Fund.

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.

Scheme membership as at 31 March 2022

Active Members (Contributors)	32,155
Deferred Members	38,672
Pensioners	27,206
Total Membership	**98,033**

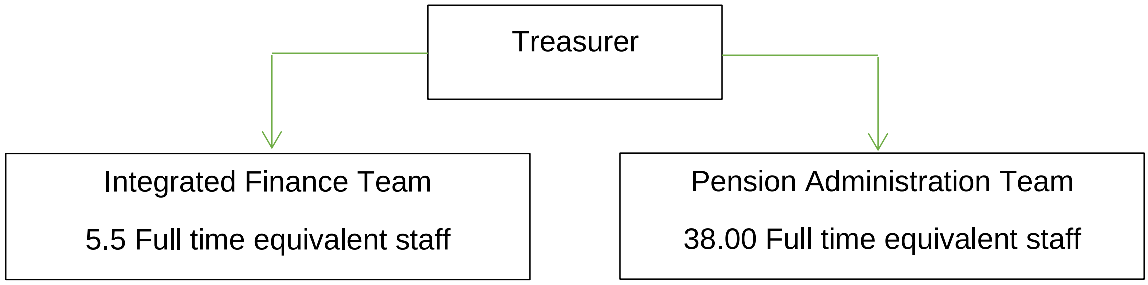
2. How the fund is run

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 NYC.

The day to day running of the Fund is delegated to the Treasurer who is the Corporate Director – Strategic Resources of the NYC 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 local Pension Board was established on 1 April 2015 under the requirements of the Public Service Pensions Act 2013. It has an oversight/assisting role with NYC to ensure compliance with regulations and ensuring effective and efficient governance and administration of the NYPF.

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 main systems used 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 Heywood and i-Connect a third party online employer portal, also provided by Heywood.

This business plan should be read in conjunction with the Administration Strategy and the Investment Strategy Statement; these are 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

3. Principal responsibilities

These responsibilities include:

- Meeting all statutory requirements in the running and operation of the Fund.
- Pension administration services including calculating and paying benefits.
- To ensure the accuracy of the member database in partnership with all stakeholders.
- Providing information and guidance on pension issues to members, employers and others.
- Implementation of the funding strategy to ensure the fund assets are sufficient to meet the pension liabilities as they fall due.
- Investing fund assets, implementing investment strategy and managing external investment managers.
- Internal management of assets and promoting responsible investment.
- Safekeeping and accounting of fund assets.
- Preparing the fund's annual report and accounts.

4. Purpose of the business plan

As part of its programme of improving the standards of governance across all pension schemes, the Pensions Regulator recommends that each scheme should have a business plan in place which sets out a clear purpose and strategy.

This plan will be used to manage the delivery of the key activities that have been identified to deliver continuous service improvement, whilst ensuring due regard is given to the delivery of the day to day business as usual activities. Having a business plan helps the PFC to plan ahead and enables them 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 will be reported to the PFC.

5. Overall goal

To continuously develop and improve our services to ensure sufficient assets and resources are available to pay the right pension benefits at the right time.

6. Objectives

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

The Fund will aim to:

- Maximise investment returns
- Manage scheme funding
- Provide excellent customer care
- Ensure effective fund governance

7. Resources

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

- Systems and technology which are fit for purpose

- People
    - Focussed on customers' needs
    - Highly skilled and knowledgeable

- The right information and data
    - Financial
    - Performance
    - Benchmarking
    - Membership data

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

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

8. Key Activities

The following key activities have been identified:

			2023/2024				2024/2025				2025/2026			
Key Activity	**Responsible Officer**	**Action Plan**	**Q1**	**Q2**	**Q3**	**Q4**	**Q1**	**Q2**	**Q3**	**Q4**	**Q1**	**Q2**	**Q3**	**Q4**
Funding														
Funding Strategy Statement	Head of Investments / Head of Pensions Administration / Senior Accountant	Review and update the Funding Strategy Statement alongside the 2025 triennial valuation												●
Income Monitoring		Expand the use of employer online portal for monthly contribution returns				●								
Investment														
Investment strategy review	Head of Investments	Detailed review alongside the 2025 triennial valuation												●
Responsible Investment		Commence TCFD (Task Force for Climate related Financial Disclosures) reporting Obtain FRC approval of the new Stewardship Code report				●			●					
Pooling and implementation of investment strategy		Consider the suitability of opportunities including UK property, green bonds, UK opportunities fund, income generation				●				●				●

			2023/2024				2024/2025				2025/2026			
Key Activity	**Responsible Officer**	**Action Plan**	**Q1**	**Q2**	**Q3**	**Q4**	**Q1**	**Q2**	**Q3**	**Q4**	**Q1**	**Q2**	**Q3**	**Q4**
Governance														
SAB Good governance project	Head of Investments / Head of Pensions Administration	Await DLUHC's response to SAB's Action Plan Gap analysis of the Action Plan against existing policies and procedures Draft new policies and procedures Await the outcome of formal consultation on new statutory guidance Implement the new requirements				●								
TPR Single Code of Practice		Gap analysis of the draft New Code (specific to the LGPS) against existing policies and procedures Create a checklist of policies, practices and procedures required by the New Code Draft new policies and procedures Ensure compliance against the New Code				●								

			2023/2024				2024/2025				2025/2026			
Key Activity	**Responsible Officer**	**Action Plan**	**Q1**	**Q2**	**Q3**	**Q4**	**Q1**	**Q2**	**Q3**	**Q4**	**Q1**	**Q2**	**Q3**	**Q4**
Administration														
McCloud remedy	Head of Pensions Administration	Load data received, check and resolve issues Recalculate benefits for affected members Implement uplifts across all affected members Implement an industry recommended solution where data not obtained Communicate changes to affected members			●									
Pensions Dashboard		Engage with pensions dashboard process Ensure data requirements are met Ensure data ready for on-boarding							●					
Data quality improvement		Undertake program of data quality improvement to ensure data is dashboard ready Identify sources of data issues and develop solutions to prevent issues recurring				●								
Backlogs		Reduce backlog to be within last 6 months Develop strategies to ensure backlogs remain controlled		●										

			2023/2024				2024/2025				2025/2026			
Key Activity	**Responsible Officer**	**Action Plan**	**Q1**	**Q2**	**Q3**	**Q4**	**Q1**	**Q2**	**Q3**	**Q4**	**Q1**	**Q2**	**Q3**	**Q4**
Business Improvement														
Business process review		Undertake full member administration process review Start process review project Deliver process improvements fully utilising system capabilities					●							
Complete rollout of employer portal		On-board all outstanding employers to portal for monthly returns Improve data controls and validations Implement new functionality as it's released by the supplier Provide training and support to employers				●								
Improve self-service functionality		Implement new functionality as it's released by the supplier Issue targeted communications to promote take up					●							
Complete website redevelopment		Complete rebranding of website Complete migration of content to new platform Complete development of employer area Complete member content review, rebrand and development				●								

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North Yorkshire Pension Fund

Business Plan 2023/24 - 2025/26

Vision
To continuously develop and improve our services to ensure sufficient assets and resources are available to pay the right pension benefits at the right time

Objectives
Maximise investment returns, manage scheme funding, provide excellent customer care and ensure effective fund governance

Key Activities
Those additional activities identified as essential in the next 3 years to enable delivery of our vision and objectives.

Funding

- Funding Strategy Statement alongside 2025 Valuation
- Income monitoring

Investment

- Investment Strategy review alongside 2025 Valuation
- Responsible Investment
- Pooling investment opportunities

Governance

- SAB Good Governance project
- TPR Single Code of Practice

Administration

- McCloud remedy
- Pensions Dashboard
- Data quality improvement
- Backlogs

Business Improvement

- Business process review
- Complete rollout of employer portal
- Improve self-service functionality
- Complete website redevelopment
- Administration service review

Resources

People

- Highly skilled & knowledgeable
- Focussed on customer service
- Motivated
- Hybrid working
- Continual training & development

Systems & Data

- Systems and technology fit for purpose
- New procedures & systems
- Accurate information & data

External Support

- Actuary
- Legal Advisers
- Custodian
- Fund Managers
- Investment Consultants
- Software providers
- Border to Coast Pensions Partnership
- Any other 3rd party service providers

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North Yorkshire Pension Fund

LGPC Bulletins Log

Bulletin Number	Action	Response
214 – Sept 2021	**GDPR documents updated** Review the changes to each document and update your local versions accordingly.	In Progress
215 – Oct 2021	**Pensions Dashboards** Start preparing for dashboard on-boarding by considering whether we wish to use an ISP to connect to the dashboard ecosystem, cleansing our data and ensuring we have adequate resources to prepare for the dashboard connection.	In Progress
218 – Dec 2021	**Pensions dashboards – A to Z industry guide** Review the guide and start preparing for pensions dashboards. **Pensions dashboards – data matching guidance** Review the accuracy of the personal data values held for all active and deferred members	On our To Do list – to be worked on when employers are on-boarded and backlog cleared
231 – Nov 2022	**Pensions Dashboards Programme (PDP) publishes updated standards** Administering authorities should consider how they will comply with the standards. We recommend discussing the standards with their software provider or third party administrator, for those funds administered externally.	In Progress
232 – Dec 2022	**Annual Allowance Tax Charges** Remind members who are liable for an annual allowance tax charge for 2021/2022 to declare this on their self-assessment tax return **Deferring Connection to Pensions Dashboards** Administering authorities must connect to the dashboards ecosystem within a connection window of 1 September 2024 to 30 September 2024. Authorities can apply to DWP to defer this in limited circumstances. Plans to make an application for deferred connection must be done before 11 December 2023, by emailing pensionsdashboard@DWP.gov.uk. **Early connection to the dashboards ecosystem - guidance updated** Speak to our ISP and decide if we want to connect early. If we do, we must apply to MaPS when the application forms are available. **Maintaining liability-driven investment resilience** Review TPR's statement on the above and take appropriate action **LGA - Employer Role training** Share information about the Employer Role training with our employers. **LGPS Governance Conference 2023** officers, committee members or board members wishing to attend the conference in person should book a place as soon as possible	Complete – highlighted in Pension Savings Statements No action to take No action to take Complete - Tom Morrison confirmed that we don't hold any LDI investments Complete - email sent to all employers Complete - email sent to Steve Loach to share with PB & PFC members

233 – Jan 2023	**SAB Scheme Valuation Report 2022** The Board's Secretariat is currently planning for the Board's 2022 Scheme Valuation Report. The report is aggregated using data from individual fund valuation reports. We need to send our report (when it's available) to the Board's data Analyst. **Consultation on changes to the SAB's cost management process** Review consultation and consider whether to respond. **New version of non-Club transfers out guidance** Check our transfer letters are in line with these changes. **Unpaid LGPC subscriptions** Please check the outstanding payment list to see if your fund's invoice remains unpaid and make payment as soon as possible if it is. **National LGPS frameworks – call for founders** The framework is looking for volunteers to act as founders for two new frameworks: Integrated Service Providers / Member Data Services and Additional Voluntary Contributions. Consider whether we would like to volunteer and ask our employers if they would like to volunteer for the AVC framework. **LGA - Employer Role training** Share information about the Employer Role training with our employers.	Complete – Aon confirm they will send to SAB Complete – not responded to consultation In progress Complete – NYPF is not on the list Complete – we don't have time to volunteer, email sent to all employers Complete – email sent to all employers
234 – Feb 2023	**Consultation on the annual revaluation date change** Make sure the relevant parties in our organisation are aware of the proposals and the intended effective date. **Teachers' pensions survey – McCloud remedy and the LGPS** Complete the TPS survey by 30 April 2023. **HMRC Pension schemes newsletter 146** Make sure we are aware of the changes to reporting and filing all returns and pension transfers. Migrate our LGPS fund to the Managing Pension Schemes service as soon as possible. **Guidance on contacting the LGPS pensions team at the LGA** Make sure our organisation is aware of this guidance before contacting the LGPS pensions team. **National LGPS frameworks – call for founders' reminder** Ask employers if they would like to volunteer for the AVC framework. **Training focus group** The (LGA) training focus group met on 24.1.2023. Feedback from the group indicates demand for face to face training is high, although bookings do not reflect this. They would like to investigate the disparity by changing how they decide on the location for face to face training. Add 'training' to the agenda for each Pension Officer Group (POG) meeting. Determine regional training needs and email training.lgps@local.gov.uk **Training Programme 2023 (LGA)** Share information about the Employer role training with Scheme employers. **The Bereavement Benefits (Remedial) Order 2022** The Order extends eligibility for Widowed Parent's Allowance and the higher rate of Bereavement Support Payment to include surviving cohabiting partners with dependent children, who were not in a legal union with the	Complete – not responded to consultation Complete – responded Complete – information shared with team Complete – information shared with team Complete – email sent to employers Next POG meeting is 5 April 2023 Complete – email sent to employers Complete – not circulated

	deceased on the date of death. It has retrospective effect back to the 30 August 2018. Consider sharing this information with survivors receiving a cohabiting partner's pension and our employers to help publicise the change.	

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NORTH YORKSHIRE COUNCIL

PENSION BOARD

6 APRIL 2023

RESPONSIBLE INVESTMENT POLICIES

Report of the Treasurer

1.0 PURPOSE OF REPORT

1.1 To present the Responsible Investment Policy and Climate Change Statement of the Fund and the policies of Border to Coast and ask members of the Pension Board for their comments.

2.0 BACKGROUND

2.1 North Yorkshire Pension Fund's (the Fund) Responsible Investment Policy describes how environmental, social and governance (ESG) issues are taken into account in the investment strategy and in relation to investment decisions. The Policy is updated each year to take account of changing circumstances and best practice.

2.2 The Fund has published a Climate Change Statement which provides additional information intended to clarify the approach to climate change risk. This is only one of many ESG issues but given its increasing importance and profile it was considered appropriate to do this.

2.3 The responsibility for stewardship, which includes shareholder voting, rests with the Fund. Some stewardship activity has been delegated to its investment managers for assets under their management, with appropriate monitoring and challenge to ensure that this continues to reflect the Fund's requirements.

2.4 The Fund's investment managers have their own suite of responsible investment policies, which are broadly in line with those of the Fund.

2.5 North Yorkshire was involved in the creation of Border to Coast's responsible investment policies in 2018 and has contributed to the annual review process since then. This process is aimed at making sure the documents are in line with best practice in a rapidly changing area. The Fund's involvement has also helped to ensure that Border to Coast's policies remain very much in line with its own.

2.6 As a consequence of the regulatory requirement to pool investments, over 70% of the Fund's assets are managed by Border to Coast. In time, this is expected to rise to 100%. This adds to the importance of reviewing Border to Coast's policies and taking the opportunity to provide feedback to influence their continued evolution. Interestingly, four of the eleven partner funds in Border to Coast now adopt the Border to Coast policies, rather than have their own.

3.0 RECENT DEVELOPMENTS

3.1 Drafts of the Fund's updated Responsible Investment Policy and Climate Change Statement are attached as **Appendix 1** and **Appendix 2** respectively.

3.2 The draft Responsible Investment Policy has received a few minor updates in paragraphs 5.4 to 5.6 which are in the section on climate change. This is to update the document to reflect changing circumstances, for example, the climate change scenario work undertaken in 2022/23. There are no other material changes. The draft Climate Change Statement has been similarly updated, for example now referring to the investment in Border to Coast's Climate opportunities fund.

3.3 Border to Coast has a Responsible Investment Policy (**Appendix 3**), Climate Change Policy (**Appendix 4**) and Corporate Governance and Voting Guidelines document (**Appendix 5**). As Border to Coast directly manages investments including engaging with investee companies and voting company shares, these documents are necessarily more detailed than those of North Yorkshire.

3.4 The most recent review of Border to Coast's policies was carried out in the second half of 2022, with the documents being published on their website in January 2023. The review included an evaluation by Border to Coast's adviser on responsible investment issues, Robeco, using the International Corporate Governance Network Global Governance Principles, the UK Stewardship Code and the UN Principles of Responsible Investment as benchmarks. They also reviewed the policies against those of asset managers and asset owners seen to be leaders in the area of responsible investment.

3.5 The main changes to Border to Coast's Responsible Investment Policy were:

- highlighting expectations of companies with regard to human rights; to support the social engagement theme Border to Coast has joined an initiative on human rights led by the UN PRI (United Nations Principles for Responsible Investment) (5.0, integrating RI into investment decisions)

- additional requirements for private markets managers to report on RI policies and data against and key performance indicators (5.2, private markets)

- updated text on the transition to a low carbon economy, and noting just transition issues (5.6, climate change)

- insertion of a new section on exclusions, covering thermal coal, oil sands and cluster munitions (6.2.3 exclusions)

3.6 When considering any exclusions, Border to Coast conducts analysis of the associated material financial risk of a company's business operations and whether they have concerns about its long-term viability. This includes considering key financial risks and the likelihood of success through engagement in influencing company strategy and behaviour.

3.7 As part of this year's annual RI policies review process the approach has been revisited. Revenue thresholds for thermal coal and oil sands have been reviewed with analysis conducted across equity and fixed income funds, associated benchmarks and the MSCI Universe to identify potential companies that managers may also invest in off benchmark.

3.8 To demonstrate the commitment to Net Zero and provide a clear signal of long-term intentions to reducing exposure to the most carbon intensive fossil fuels in investment portfolios, the revenue threshold has been decreased to >70% for investments in public markets, with a lower threshold of 25% for private markets to reflect the long-term nature of these investments. This still reflects the risk criteria used to determine the original exclusions in last year's policy.

3.9 Controversial weapons were highlighted as an area to consider for exclusions last year but due to a lack of data and ability to screen portfolios effectively this was deferred. As additional screening tools are now available the analysis of cluster munition companies has been conducted across portfolios, associated benchmarks and the MSCI Universe.

3.10 Following this, the exclusion policy has been extended to cover companies manufacturing cluster munition whole weapons systems and companies that manufacture components that were developed or are significantly modified for exclusive use in cluster munitions.

3.11 As Border to Coast supports a just transition and recognises that not all countries are at the same stage in their decarbonisation journey, they will assess the implications of the thermal coal and oil sand exclusions and may make exceptions if they consider this to be appropriate.

3.12 The engagement themes (section 6.2.1) are areas of focus deemed to be the most material to the investments. They highlight the priority areas for engagement and collaboration. They were established in 2022 and will be reviewed in 2024. They are low carbon transition, waste and water management, social inclusion through labour management and diversity of thought.

3.13 The low carbon transition engagement theme will focus on high emitting sectors where companies will need to adapt or fundamentally change their business models. This will also cover banks identified as key to financing the transition to a low carbon economy.

3.14 The waste and water management theme will focus on companies with packaging waste which is a huge environmental issue and is coming under increasing regulation, and those with high exposure to water intensive operations.

3.15 The social inclusion through labour management theme will target companies with labour intensive operations and with supply chain labour management risk, which have been put under added pressure by the pandemic.

3.16 The diversity of thought theme will focus on companies with boards which could be enhanced by broader perspectives, to improve decision making, resilience and long-term sustainability.

3.17 Border to Coast's Climate Change Policy is based on the internationally recognised Net Zero Investment Framework, which provides a set of recommended actions, metrics and methodologies to help organisations become carbon neutral by 2050 or sooner. The main changes to the Climate Change Policy were:

- a new paragraph on just transition has been added (2.2, why climate change is important to us)

- the addition of a chart showing the reporting and monitoring timeline for implementing the net zero by 2050 or sooner plan (2.4, roadmap)

- inclusion of information on the Net Zero Framework and Net Zero Asset Manager initiative to demonstrate the commitment to the target (3.1, our ambition – net zero)

- describing the "three lines of defence" model in relation to climate change risk (4.1, how we identify climate-related risks)

- noting the use of scenario analysis to understand the potential risks and opportunities in relation to climate change (4.2, how we assess climate-related risks and opportunities)

- describing the exclusion criteria for certain thermal coal and oil sands companies in the context of a policy of engagement over divestment (5.1, our approach to investing)

- noting the launch of the Climate Opportunities fund, and the development of net zero targets in relation to the other asset classes currently in scope (5.2, acting within different asset classes)

- noting the monitoring of carbon metrics against targets for externally managed investments and the work undertaken to understand changes over time; this will for example include having the managers explain the rationale for investing in carbon heavy companies (5.3, working with external managers)

- noting the use of votes in relation to companies in high emitting sectors, where they are considered not to be taking a sufficiently robust approach to addressing climate change risk (6.1, our approach to engagement)

3.18 Border to Coast has published a Net Zero Implementation Plan, which is available on their website.

3.19 The main changes to Border to Coast's Corporate Governance and Voting Guidelines document were:

- insertion of a new section on human rights, setting out the expectations of companies and voting intentions in certain circumstances (page 12)

- revision and expansion of the section on climate change, describing the objective of investee companies being carbon neutral by 2050 or sooner, action to be taken if companies are not addressing climate change risk sufficiently robustly, and acknowledging just transition issues (page 12)

4.0 NEXT STEPS

4.1 The Fund's Responsible Investment Policy and Climate Change Statement will be amongst the governance documents reviewed by the Pension Fund Committee in July. Pension Board members are therefore asked to comment on the draft documents attached to this report so their views can be captured in the review process.

4.2 The next review of Border to Coast's policies will commence in the summer. Pension Board members are therefore asked for their comments, so they can be fed into the review process.

4.0 RECOMMENDATIONS

3.1 Pension Board members to comments on

- the Fund's draft Responsible Investment Policy and draft Climate Change Statement

- Border to Coast's Responsible Investment Policy, Climate Change Policy and Corporate Governance and Voting Guidelines document

GARY FIELDING
Treasurer to North Yorkshire Pension Fund
16 March 2023

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North Yorkshire Pension Fund

Responsible Investment Policy

July 2023

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

1.0 Introduction

1.1 This document describes the North Yorkshire Pension Fund's policy on Responsible Investment (RI). RI is an approach to managing assets that takes environmental, social and governance (ESG) factors into account in the investment decision making process and in the role an investor plays as an asset owner.

1.2 The aim of RI is to combine better risk management with improved sustainable long-term portfolio returns. Financial and ESG analysis together can allow broader risk identification, leading to improved decision making, which can enhance performance and risk-adjusted returns.

1.3 Investment stewardship includes active ownership, using voting rights, engaging with investee companies, influencing regulators and policy makers, and collaborating with other investors to improve long-term performance.

1.4 The Policy will be kept under review with regard to applicable legislation and guidance. The Pension Fund Committee formally reviews and approves the Policy on an annual basis.

2.0 Financial and non-financial considerations

2.1 The primary objective of the Fund is to provide pension benefits for members upon retirement and/or benefits on death for their dependents, on a defined benefits basis. Investments will therefore be selected with the aim of fully funding these benefit requirements over an extended number of years. The Committee therefore takes the view that its overriding obligation is to act in the best financial interests of the Scheme and its beneficiaries.

2.2 The Committee's fiduciary duty requires all financially material risks to be taken into account when making investment decisions. The Fund believes that ESG risks such as climate change can be financially material and these risks should therefore be considered when making any investment decisions.

2.3 The Fund believes that there is an opportunity to generate better returns by making decisions with a long term investment outlook. ESG factors tend to be long term in nature and can create both risks and opportunities. Evidence shows that well managed companies tend to have strong governance, take a more robust approach to addressing ESG issues, and are more likely to be successful long term investments.

2.4 ESG issues considered include, but are not limited to:

Environmental	Social	Governance
Climate Change Resource & energy management Water stress	Human rights Child labour Supply chain Human capital Employment standards	Board Independence and diversity Executive pay Tax transparency Auditor rotation Succession planning Shareholder rights Political lobbying Risk management

3.0 Implementation

3.1 All of the Fund's investments are managed by external investment managers, who take decisions on which companies to invest in. The Fund requires its managers to integrate financially material ESG factors into their investment processes. The Fund requires that its managers develop their approaches in line with improvements in best practice. The Fund believes that RI can be applied to all of the asset classes that it invests in.

3.2 The process through which the Fund appoints a manager includes an assessment of each candidate's approach to RI. The appointees are required to maintain and continually develop policies on corporate governance, responsible investment and the use of voting rights.

3.3 The Fund is one of eleven owners of Border to Coast Pension Partnership Limited (Border to Coast), which over time will increasingly manage the Fund's investments. Border to Coast will appoint underlying external investment managers that the Fund will invest in. The Fund requires Border to Coast to take RI into consideration when making these appointments, and in their ongoing management of the appointees.

3.4 The Fund has been an active contributor to the development of the arrangements at Border to Coast, including its Responsible Investment Policy, Climate Change Policy and Corporate Governance and Voting Guidelines document, which are available at Publications - Border To Coast - Reports. One of the roles of Border to Coast is to take lead in the evolution of the approach to RI on behalf of the eleven partner funds.

3.5 This policy document will be provided to the investment managers, who will be required to follow its principles and report on how they have taken RI issues into account.

4.0 Knowledge and Skills

4.1 The Committee and officers will keep up to date on developments and emerging best practice on RI issues through training and, where necessary, will take expert advice from consultants and advisors to fulfil these responsibilities.

5.0 Climate Change

5.1 The Committee believes that climate change presents a systemic risk to the environment, society and every economy on the planet, with the potential to impact on every investment and the Fund's employers and beneficiaries.

5.2 Climate change is a long term material financial risk that the Committee has a legal duty to address, which is entirely consistent with the aim of securing sustainable returns in the interests of all of the Fund's stakeholders.

5.3 The Fund requires its investment managers, including Border to Coast to have climate change risk fully incorporated into investment processes, and engage with investee companies, as essential components of the transition to a low carbon economy.

5.4 The Committee will require its investment managers to regularly report on their exposure to climate risk and describe how it is being managed. This includes disclosure in line with the Task force on Climate related Financial Disclosures (TCFD). The Fund will commence TCFD reporting as required by the regulations, expected from 2024.

5.5 During 2022/23 the Fund assessed its asset classes in relation to climate change using scenario analysis tools. The findings were taken forward into the investment strategy review later that year, will be integrated into future consideration of changes to the strategy, and the analysis will be refreshed when appropriate.

5.6 The Fund will continue to work with Border to Coast on this critical area. Issues to be explored include further developing the programme of Climate Opportunities funds in which North Yorkshire invests, expanding carbon metrics across a wider range of asset classes, and monitoring the carbon position against their roadmap to becoming carbon neutral by the target of 2050 or sooner.

6.0 Engagement

6.1 The Committee believes that it is essential to consider the impact investee companies have on their customers, society in general, and the environment. However, whilst the Fund recognises that there is the potential for investment in certain sectors to cause harm, it will not implement an exclusionary policy against investment in any particular sector or company purely based on social, ethical or environmental reasons.

6.2 As a responsible investor, the Fund will influence companies through engagement rather than have a policy of divestment. This is considered to be a more effective approach in effecting change.

6.3 The Fund requires its investment managers to regularly assess and monitor the companies that they invest in, and take appropriate action if investment returns are considered to be at risk. This action will typically be an escalation of engagement activity. In extreme situations divestment could be appropriate, if it is believed that a company is failing to adequately address the risks it faces.

6.3 The Fund will require the investment managers to report on engagement and stewardship activity on a regular basis.

7.0 Stewardship

7.1 The Fund believes that well run companies are more likely to outperform over the long term and that effective stewardship can lead to better risk-adjusted returns.

7.2 The Fund has a responsibility for effective stewardship of the companies that it invests in, whether directly or indirectly, and will practice active ownership through voting, monitoring companies, engagement and litigation. This responsibility is taken very seriously.

7.3 As investments transfer to the Border to Coast over time, the Committee will require both Border to Coast, and the underlying investment managers appointed by Border to Coast, to maintain compliance with the UK Stewardship Code, or the international standards applicable to their geographical location.

7.4 The Fund also participates in collaborative engagement that has been instigated by its investment managers including Border to Coast, and, for example, through its membership of the Local Authority Pension Fund Forum (LAPFF), and with the Cross Pool Group. LAPFF is the UK's leading collaborative shareholder engagement group, promoting ESG good practice on behalf of over 80 LGPS funds.

7.5 Border to Coast's management of assets on behalf of its partner fund owners provides it with significant influence when engaging with investee companies. To further bolster their approach as a responsible investor, Border to Coast has partnered with an engagement and proxy voting specialist, Robeco. This organisation engages with the senior management of investee companies and votes at shareholder meetings, holding them to account on responsible investment issues.

7.6 Border to Coast has also partnered with a number of organisations to further expand its influence. These include LAPFF on a wide range of issues, Climate Action 100+, the Institutional Investor Group on climate Change (IIGCC), and the 30% Club which promotes board and senior management diversity.

8.0 Voting rights

8.1 Voting rights are assets that need managing with the same duty of care as other investment assets. The effective use of these rights is essential to protect the interests of the Fund, its employers and its beneficiaries.

8.2 It is important that voting is carried out in an informed manner. For this reason, the Fund has delegated voting rights to its investment managers as it believes that they are best placed to undertake it. Managers are required to vote the Fund's shares wherever it is practical to do so. Voting should be undertaken where it is believed to be in the best interests of the Fund, and in accordance with this Policy.

8.3 Robeco advise Border to Coast on voting. They analyse voting and governance issues, implement a set of detailed voting guidelines agreed by the eleven partner funds and ensure vote are cast in accordance with the policy.

8.4 Whilst managers are required to adhere to the Fund's approach to RI and voting, the Fund retains the right to direct them in respect of any issue.

8.5 Border to Coast has a stock lending programme. Lenders do not generally retain voting rights on lent stock, however there are procedures to recall stock prior to a shareholder vote if required. Lending can also be restricted. Reasons include:

- There is a contentious resolution
- The holding size could have a material effect on the voting outcome
- Border to Coast has co-filed a shareholder resolution
- A company is seeking approval for a merger or acquisition

8.6 Managers are required to use reasonable endeavours to consider whether, in their opinion, any issue could become controversial for the Fund or its stakeholders. Where this is the case, the issue should be referred to the Fund for discussion, and possibly direction. This applies to engagement as well as voting.

8.7 The Fund's investment managers are required to report quarterly on their voting activities.

9.0 Class actions

9.1 Where the Fund holds securities which are subject to individual or class action securities litigation it will, where appropriate, participate in such litigation.

10.0 Reporting arrangements

10.1 Managers' policies are reviewed by the Fund on a regular basis.

10.2 Managers must provide quarterly reports that include the following information:

- Examples of how RI issues are integrated into the investment processes and the materiality of such issues in portfolio performance
- Summaries of engagement activity outcomes during the review period
- Details of investments that are considered to have high RI related risks
- Voting records for the review period

10.3 The Fund will report on responsible investment activities in its Annual Report. This will include voting and engagement activity.

July 2023

North Yorkshire Pension Fund

Climate Change Statement

When considering any issue with regard to the Pension Fund it is important to recognise that the Pension Fund Committee members act in the role of trustees and have a fiduciary responsibility to both employers and members, to seek an appropriate financial return for the level of risk that is taken. Purely personal interests, social, moral or political views should not be taken into account.

The Fund recognises that climate change is a significant financial risk and is challenging itself on how this is reflected in the investment strategy. The policy and approach in this area is constantly evolving. Any decisions on the investment of the Fund includes an assessment of the risks faced, including the issue of climate change, and which asset classes, sectors and companies to invest in.

The Fund's Investment Strategy Statement and Responsible Investment Policy cover the extent to which social, environmental and ethical considerations including climate change are taken into account in the selection, retention and realisation of investments. These documents are available on the Fund's website https://www.nypf.org.uk/nypf/policiesandstrategies.shtml.

The Fund does not have a policy of divesting from companies and considers active engagement with companies a more productive approach to effecting change. Once the Fund divests, its ability to influence both the short term and long-term direction of individual companies is severely curtailed. If the Fund divested from the oil and gas or other sectors with heavy carbon footprints, then it would not reduce emissions (or climate change) but rather simply shift the emissions onto another investor who may be less engaged and therefore reduce the pressure on such companies to change.

The Fund works in collaboration with other pension funds on climate change issues through organisations such as the Local Authority Pension Fund Forum (LAPFF) and with its investment pooling partner Border to Coast, who is a member of Climate Action 100+. This approach ensures that the collective influence of investors has a bigger impact through engagement.

Border to Coast has a Responsible Investment Policy, Climate Change Policy and Corporate Governance and Voting guidelines document, published on its website https://www.bordertocoast.org.uk/, which describe the collective approach to addressing climate related issues. This includes assessing investments in relation to climate risk, incorporating climate considerations into the investment decision making process and engagement with companies in line with the Financial Stability Board's Task Force on climate Related Financial Disclosures (TCFD).

The Fund has a range of renewable energy investments in the UK and abroad, such as wind farms and solar power farms, geothermal energy plants and energy from waste facilities. This is a growing area of investment activity, in particular in the infrastructure investment programme where the allocation is 10%, and in a Climate Opportunities fund which has targeted climate related goals.

The Fund also has investments in property funds where ESG metrics are regularly monitored with a view to improving their credentials. This includes using renewable energy sources and generating energy on site, for example through solar panels, to drive down the carbon footprint of these buildings.

The Pension Fund Committee considers the implications of climate change at every meeting. They recently conducted a review of the impact of climate change on the Fund's asset classes under a range of scenarios. The conclusions complement the set of responsible investment beliefs which included beliefs specific to risks associated with climate change, and were considered in the subsequent investment strategy review.

In summary, the Fund recognises that climate change is a significant financial risk and is persistently challenging itself on how this is taken into account, and at the same ensuring the Pension Fund Committee is able to meet its fiduciary duty and responsibility to individual employers and members. Opportunities to increase investments in the renewable energy sectors are being pursued. This is an ongoing process as the climate change agenda moves forward.

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Responsible Investment Policy

Border to Coast Pensions Partnership

Live from: January 2023

Responsible Investment Policy

This Responsible Investment Policy details the approach that Border to Coast Pensions Partnership follows in fulfilling its commitment to our Partner Funds in their delegation of the implementation of certain responsible investment (RI) and stewardship responsibilities.

1. Introduction

Border to Coast Pensions Partnership Ltd is an FCA-authorised investment fund manager (AIFM). It operates investment funds for its eleven shareholders which are Local Government Pension Scheme funds (Partner Funds). The purpose is to make a difference to the investment outcomes for our Partner Funds through pooling to create a stronger voice; working in partnership to deliver cost effective, innovative, and responsible investment now and into the future; thereby enabling great, sustainable performance.

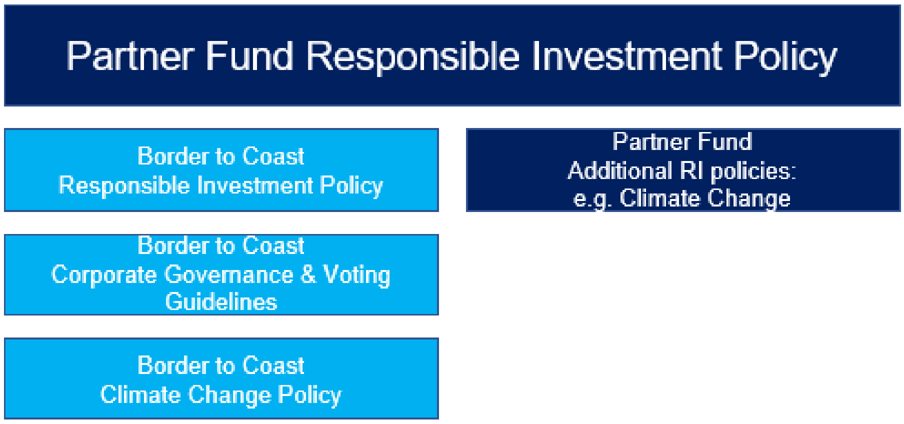
Border to Coast takes a long-term approach to investing and believes that businesses that are governed well, have a diverse board and run in a sustainable way are more resilient, able to survive shocks and have the potential to provide better financial returns for investors. Diversity of thought and experience on boards is significant for good governance, reduces the risk of 'group think' leading to better decision making. Environmental, social and governance (ESG) issues can have a material impact on the value of financial assets and on the long-term performance of investments, and therefore need to be considered across all asset classes in order to better manage risk and generate sustainable, long-term returns. Well-managed companies with strong governance are more likely to be successful long-term investments.

Border to Coast is an active owner and steward of its investments across all asset classes. This commitment is demonstrated through achieving signatory status to the Financial Reporting Council UK Stewardship Code. As a long-term investor and representative of asset owners, we hold companies and asset managers to account regarding environmental, societal and governance factors that have the potential to impact corporate value. We incorporate such factors into our investment analysis and decision making, enabling long-term sustainable investment performance for our Partner Funds. As a shareowner, Border to Coast has a responsibility for effective stewardship of the companies it invests in, whether directly or indirectly through mandates with fund managers. It practices active ownership through voting, monitoring companies, engagement and litigation.

1.1. Policy framework

The LGPS (Management and Investment of Funds) 2016 regulations state that the responsibility for stewardship, which includes shareholder voting, remains with the Partner Funds. Stewardship day-to-day administration and implementation have been delegated to Border to Coast by the Partner Funds, on assets managed by Border to Coast, with appropriate monitoring and challenge to ensure this continues to be in line with Partner Fund requirements. To leverage scale and for operational purposes, Border to Coast has, in conjunction with Partner Funds, developed this RI Policy and accompanying Corporate Governance & Voting Guidelines to ensure clarity of approach on behalf of Partner Funds. This collaborative approach results in an RI policy framework illustrated below with the colours demonstrating ownership of the various aspects of the framework:

RI Policy Framework



2. What is responsible investment?

Responsible investment (RI) is the practice of incorporating ESG issues into the investment decision making process and practicing investment stewardship, to better manage risk and generate sustainable, long-term returns. Financial and ESG analysis together identify broader risks and the opportunities leading to better informed investment decisions and can improve performance as well as risk-adjusted returns.

Investment stewardship includes active ownership, using voting rights, engaging with investee companies, influencing regulators and policy makers, and collaborating with other investors to improve long-term performance.

3. Governance and Implementation

Border to Coast takes a holistic approach to the integration of sustainability and responsible investment, which are at the core of our corporate and investment thinking. Sustainability, which includes RI, is considered and overseen by the Board and Executive Committees. Specific policies and procedures are in place to demonstrate the commitment to RI, which include the Responsible Investment Policy and Corporate Governance & Voting Guidelines (available on the **website**). Border to Coast has dedicated staff resources for managing RI within the organisational structure.

The RI Policy is owned by Border to Coast and created after collaboration and engagement with our eleven Partner Funds. The Chief Investment Officer (CIO) is accountable for implementation of the policy. The policy is monitored with regular reports to the CIO, Investment Committee, Board, Joint Committee and Partner Funds. It is reviewed at least annually or whenever revisions are proposed, taking into account evolving best practice, and updated, as necessary.

4. Skills and competency

Border to Coast, where needed, takes proper advice in order to formulate and develop policy. The Board and staff maintain appropriate skills in responsible investment and stewardship through continuing professional development; where necessary expert advice is taken from suitable RI specialists to fulfil our responsibilities.

5. Integrating RI into investment decisions

Border to Coast considers material ESG factors when analysing potential investments. ESG factors tend to be longer term in nature and can create both risks and opportunities. It is therefore important that, as a long-term investor, we take them into account when analysing potential investments.

The factors considered are those which could cause financial and reputational risk, ultimately resulting in a reduction in shareholder value. ESG issues are considered and monitored in relation to all asset classes. The CIO is accountable for the integration and implementation of ESG considerations. Issues considered include, but are not limited to:

Environmental	Social	Governance	Other
Climate change Resource & energy management Water stress Single use plastics Biodiversity	Human rights Child labour Supply chain Human capital Employment standards Pay conditions (e.g. living wage in UK)	Board independence Diversity of thought Executive pay Tax transparency Auditor rotation Succession planning Shareholder rights	Business strategy Risk management Cyber security Data privacy Bribery & corruption Political lobbying

When considering human rights issues, we believe that all companies should abide by the UN Global Compact Principles and the OECD Guidelines for Multinational Enterprises. Companies should have processes in place to both identify and manage human rights risks across their business and supply chain. Further detail on our voting approach is included in the Corporate Governance & Voting Guidelines.

Whilst the specific aspects and form of ESG integration and stewardship vary across asset class, the overarching principles outlined in this policy are applied to all assets of Border to Coast. More information on specific approaches is outlined below.

5.1. Listed equities (Internally managed)

Border to Coast looks to understand and evaluate the ESG-related business risks and opportunities companies face. We consider the integration of ESG factors into the investment process as a necessary complement to the traditional financial evaluation of assets; this results in a more informed investment decision-making process. Rather than being used to preclude certain investments, it is used to provide an additional context for stock selection.

ESG data and research from specialist providers is used alongside general stock and sector research; it is an integral part of the research process and when considering portfolio construction, sector analysis and stock selection. The Head of RI works with colleagues to ensure they are knowledgeable and fully informed on ESG issues. Voting and engagement should not be detached from the investment process; therefore, information from engagement meetings is shared with the team to increase and maintain knowledge, and portfolio managers are involved in the voting process.

5.2. Private markets

Border to Coast believes that ESG risk forms an integral part of the overall risk management framework for private market investment. An appropriate ESG strategy will improve downside protection and help create value in underlying portfolio companies. Border to Coast takes the following approach to integrating ESG into the private market investment process:

- The assessment of ESG issues is integrated into the investment process for all private market investments.
- A manager's ESG strategy is assessed through a specific ESG questionnaire agreed with the Head of RI and reviewed by the alternatives investment team with support from the Head of RI as required.
- Managers are requested to complete an annual monitoring questionnaire which contains both binary and qualitative questions, enabling us to monitor several key performance indicators, including RI policies, people, and processes, promoting RI and RI-specific reporting.
- Managers are requested to report annually on the progress and outcomes of ESG related values and any potential risks.
- Ongoing monitoring includes identifying any possible ESG breaches and following up with the managers concerned.
- Work with managers to improve ESG policies and ensure the approach is in-line with developing industry best practice.

5.3. Fixed income

ESG factors can have a material impact on the investment performance of bonds, both negatively and positively, at the issuer, sector and geographic levels. ESG analysis is therefore incorporated into the investment process for corporate and sovereign issuers to manage risk. The challenges of integrating ESG in practice are greater than for equities with the availability of data for some markets lacking.

The approach to engagement also differs as engagement with sovereigns is much more difficult than with companies. Third-party ESG data is used along with information from sources including UN bodies, the World Bank and other similar organisations. This together with traditional credit analysis is used to determine a bond's credit quality. Information is shared between the equity and fixed income teams regarding issues which have the potential to impact corporates and sovereign bond performance.

5.4. Real Estate

Border to Coast is preparing to launch funds to make Real Estate investments through both direct properties and indirect through investing in real estate funds. For real estate funds, a central component of the fund selection/screening process will be an assessment of the General Partner and Fund/Investment Manager's Responsible Investment and ESG approach and policies. Key performance indicators will include energy performance measurement, flood risk and rating systems such as GRESB (formerly known as the Global Real Estate Sustainability Benchmark), and BREEAM (Building Research Establishment Environmental Assessment Method). Our process will review the extent to which they are used in asset management strategies. We are in the process of developing our ESG and RI strategies for direct investment which includes procuring a third-party manager and working with them to develop our approach to managing ESG risks.

5.5. External manager selection

RI is incorporated into the external manager appointment process including the request for proposal (RFP) criteria and scoring and the investment management agreements. The RFP includes specific requirements relating to the integration of ESG by managers into the investment process which includes assessing and mitigating climate risk, and their approach to engagement. We expect to see evidence of how material ESG issues are considered in research analysis and investment decisions. Engagement needs to be structured with clear aims, objectives and milestones.

Voting is carried out by Border to Coast for both internally and externally managed equities where possible and we expect external managers to engage with companies in alignment with the Border to Coast RI Policy.

The monitoring of appointed managers also includes assessing stewardship and ESG integration in accordance with our policies. All external fund managers are expected to be signatories or comply with international standards applicable to their geographical location. We encourage managers to become signatories to the UN-supported Principles for Responsible Investment[1] ('PRI'). We also encourage managers to make a firm wide net zero commitment and to join the Net Zero Asset Manager initiative (NZAM) or an equivalent initiative. Managers are required to report to Border to Coast on their RI activities quarterly.

5.6. Climate change

The world is warming, the climate is changing, and the scientific consensus is that this is due to human activity, primarily the emissions of carbon dioxide (CO_2) from burning fossil fuels. We support this scientific consensus; recognising that the investments we make, in every asset class, will both impact climate change and be impacted by climate change. We actively consider how climate change, the shifting regulatory environment and potential macroeconomic impact will affect investments. We believe that we have the responsibility to contribute and support the transition to a low carbon economy in order to positively impact the world in which pension scheme beneficiaries live in.

Climate change is a systemic risk with potential financial impacts associated with the transition to a low-carbon economy and physical impacts that may manifest under different climate scenarios. Transition will affect some sectors more than others, notably energy, utilities and sectors highly reliant on energy. However, within sectors there are likely to be winners and losers which is why divesting from and excluding entire sectors may not be appropriate.

In addition, the transition to a low-carbon economy will undoubtedly affect the various stakeholders of the companies taking part in the energy transition. These stakeholders include the workforce, consumers, supply chains and the communities in which the companies' facilities are located. A just transition involves maximising the social and economic

[1] The UN-supported Principles for Responsible Investment (PRI) is the world's leading advocate for responsible investment enabling investors to publicly demonstrate commitment to responsible investment with signatories committing to supporting the six principles for incorporating ESG issues into investment practice.

opportunities and minimising and managing challenges of a net zero transition. We expect companies to consider the potential stakeholder risks associated with decarbonisation.

Detail on Border to Coast's approach to managing the risks and opportunities associated with climate change can be found in our Climate Change Policy on our website.

6. Stewardship

As a shareholder Border to Coast has a responsibility for effective stewardship of the companies it invests in, whether directly or indirectly through mandates with fund managers. It practises active ownership through the full use of rights available including voting, monitoring companies, engagement and litigation. As a responsible shareholder, we are committed to being a signatory to the 2020 UK Stewardship Code[2] and were accepted as a signatory in March 2022.lWe are also a signatory to the PRI.

6.1. Voting

Voting rights are an asset and Border to Coast exercises its rights carefully to promote and support good corporate governance principles. It aims to vote in every market in which it invests where this is practicable. To leverage scale and for practical reasons, Border to Coast has developed a collaborative voting policy to be enacted on behalf of the Partner Funds which can be viewed on our **website**. Where possible the voting policies are also be applied to assets managed externally. Policies are reviewed annually in collaboration with the Partner Funds. There may be occasions when an individual fund may wish Border to Coast to vote its pro rata holding contrary to an agreed policy; there is a process in place to facilitate this. A Partner Fund wishing to diverge from this policy will provide clear rationale in order to meet the governance and control frameworks of both Border to Coast and, where relevant, the Partner Fund.

6.1.1. Use of proxy advisors

Border to Coast use a Voting and Engagement provider to implement the set of detailed voting guidelines and ensure votes are executed in accordance with policies. Details of the third-party Voting and Engagement provider and proxy voting advisor are included in Appendix A.

A proxy voting platform is used with proxy voting recommendations produced for all meetings voted managed by the Voting & Engagement provider. The proxy voting advisor provides voting recommendations based upon Border to Coast's Corporate Governance & Voting Guidelines ('the Voting Guidelines'). A team of dedicated voting analysts analyse the merit of each agenda item to ensure voting recommendations are aligned with the Voting Guidelines. Border to Coast's Investment Team receives notification of voting recommendations ahead of meetings which are assessed on a case-by-case basis by portfolio managers and responsible investment staff prior to votes being executed. A degree of flexibility is required when interpreting the Voting Guidelines to reflect specific company and meeting circumstances, allowing the override of voting recommendations from the proxy adviser.

The Voting and Engagement provider evaluates its proxy voting agent at least annually, on the quality of governance research and the alignment of customised voting recommendations and Border to Coast's Voting Guidelines. This review is part of the control framework and is

[2] The UK Stewardship Code aims to enhance the quality of engagement between investors and companies to help improve long-term risk-adjusted returns to shareholders. https://www.frc.org.uk/directors/corporate-governance-and-stewardship

externally assured. Border to Coast also monitors the services provided monthly, with a six monthly and full annual review.

Border to Coast has an active stock lending programme. Where stock lending is permissible, lenders of stock do not generally retain any voting rights on lent stock. Procedures are in place to enable stock to be recalled prior to a shareholder vote. Stock is recalled ahead of meetings, and lending can also be restricted, when any, or a combination of the following, occur:

- The resolution is contentious.
- The holding is of a size which could potentially influence the voting outcome.
- Border to Coast needs to register its full voting interest.
- Border to Coast has co-filed a shareholder resolution.
- A company is seeking approval for a merger or acquisition.
- Border to Coast deems it appropriate.

Proxy voting in some countries requires share blocking. This requires shareholders who want to vote their proxies to deposit their shares before the date of the meeting (usually one day after cut-off date) with a designated depositary until one day after meeting date.

During this blocking period, shares cannot be sold; the shares are then returned to the shareholders' custodian bank. We may decide that being able to trade the stock outweighs the value of exercising the vote during this period. Where we want to retain the ability to trade shares, we may refrain from voting those shares.

Where appropriate Border to Coast considers co-filing shareholder resolutions and notifies Partner Funds in advance. Consideration is given as to whether the proposal reflects Border to Coast's Responsible Investment policy, is balanced and worded appropriately, and supports the long-term economic interests of shareholders.

6.2. Engagement

The best way to influence companies is through engagement; therefore, Border to Coast will not divest from companies principally on social, ethical or environmental reasons. As responsible investors, the approach taken is to influence companies' governance standards, environmental, human rights and other policies by constructive shareholder engagement and the use of voting rights.

The services of specialist providers may be used when necessary to identify issues of concern. Meeting and engaging with companies are an integral part of the investment process. As part of our stewardship duties, we monitor investee companies on an ongoing basis and take appropriate action if investment returns are at risk. Engagement takes place between portfolio managers and investee companies across all markets where possible.

Border to Coast has several approaches to engaging with investee holdings:

- Border to Coast and all eleven Partner Funds are members of the Local Authority Pension Fund Forum ('LAPFF'). Engagement takes place with companies on behalf of members of the Forum across a broad range of ESG themes.
- We seek to work collaboratively with other like-minded investors and bodies in order to maximise Border to Coast's influence on behalf of Partner Funds, particularly when deemed likely to be more effective than acting alone. This is achieved through actively supporting investor RI initiatives and collaborating with various other external groups

e.g. LAPFF, the Institutional Investors Group on Climate Change, other LGPS pools and other investor coalitions.

- Due to the proportion of assets held in overseas markets it is imperative that Border to Coast is able to engage meaningfully with global companies. To enable this and complement other engagement approaches, Border to Coast use an external Voting and Engagement service provider. We provide input into new engagement themes which are considered to be materially financial, selected by the external engagement provider on an annual basis, and also participate in some of the engagements undertaken on our behalf.
- Engagement takes place with companies in the internally managed portfolios with portfolio managers and the Responsible Investment team engaging directly across various engagement streams; these cover environmental, social, and governance issues as well as UN Global Compact[3] breaches or OECD Guidelines[4] for Multinational Enterprises breaches.
- We expect external managers to engage with investee companies and bond issuers as part of their mandate on our behalf and in alignment with our RI policies.

Engagement conducted can be broadly split into two categories: engagement based on financially material ESG issues, or engagement based on (potential) violations of global standards such as the UN Global Compact or OECD Guidelines for Multinational Enterprises.

When engagement is based on financially material ESG issues, engagement themes and companies are selected in cooperation with our engagement service provider based on an analysis of financial materiality. Such companies are selected based on their exposure to the engagement topic, the size and relevance in terms of portfolio positions and related risk.

For engagement based on potential company misconduct, cases are selected through the screening of news flows to identify breaches of the UN Global Compact Principles or OECD Guidelines for Multinational Enterprises. Both sets of principles cover a broad variety of basic corporate behaviour norms around ESG topics. Portfolio holdings are screened on the validation of a potential breach, the severity of the breach and the degree of to which management can be held accountable for the issue. For all engagements, SMART[5] engagement objectives are defined.

In addition, internal portfolio managers and the Responsible Investment team monitor holdings which may lead to selecting companies where engagement may improve the investment case or can mitigate investment risk related to ESG issues. Members of the Investment Team have access to our engagement provider's thematic research and engagement records. This additional information feeds into the investment analysis and decision making process.

[3] UN Global Compact is a shared framework covering 10 principles, recognised worldwide and applicable to all industry sectors, based on the international conventions in the areas of human rights, labour standards, environmental stewardship and anti-corruption.

[4] OECD Guidelines for Multinational Enterprises are recommendations providing principles and standards for responsible business conduct for multinational corporations operating in or from countries adhering to the OECD Declaration on International and Multinational Enterprises.

[5] SMART objectives are: specific, measurable, achievable, relevant and time bound.

We engage with regulators, public policy makers, and other financial market participants as and when required. We encourage companies to improve disclosure in relation to ESG and to report and disclose in line with the TCFD recommendations.

6.2.1. Engagement themes

Recognising that we are unable to engage on every issue, we focus our efforts on areas that are deemed to be the most material to our investments - our key engagement themes. These are used to highlight our priority areas for engagement which includes working with our Voting and Engagement provider and in considering collaborative initiatives to join. We do however engage more widely via the various channels including LAPFF and our external managers.

Key engagement themes are reviewed on a three yearly basis using our Engagement Theme Framework. There are three principles underpinning this framework:

- that progress in the themes is expected to have a material financial impact on our investment portfolios in the long-term;
- that the voice of our Partner Funds should be a part of the decision; and
- that ambitious, but achievable milestones can be set through which we can measure progress over the period.

When building a case and developing potential new themes we firstly assess the material ESG risks across our portfolios and the financial materiality. We also consider emerging ESG issues and consult with our portfolio managers and Partner Funds. The outcome is for the key themes to be relevant to the largest financially material risks; for engagement to have a positive impact on ESG and investment performance; to be able to demonstrate and measure progress; and for the themes to be aligned with our values and important to our Partner Funds.

The key engagement themes following the 2021 review are:

- Low Carbon Transition
- Diversity of thought
- Waste and water management
- Social inclusion through labour management

6.2.2. Escalation

Border to Coast believe that engagement and constructive dialogue with the companies in which it invests is more effective than excluding companies from the investment universe. However, if engagement does not lead to the desired result escalation may be necessary. A lack of responsiveness by the company can be addressed by conducting collaborative engagement with other institutional shareholders, registering concern by voting on related agenda items at shareholder meetings, attending a shareholder meeting in person and filing/co-filing a shareholder resolution. If the investment case has been fundamentally weakened, the decision may be taken to sell the company's shares.

6.2.3 Exclusions

We believe that using our influence through ongoing engagement with companies, rather than divestment, drives positive outcomes. This is fundamental to our responsible investment approach. Our investment approach is not to divest or exclude entire sectors, however there may be specific instances when we will look to sell or not invest in some industries based on investment criteria, the investment time horizon, and the likelihood for success in influencing company strategy and behaviour.

When considering whether a company is a candidate for exclusion, we do so based on the associated material financial risk of a company's business operations and whether we have concerns about its long-term viability. We initially assess the following key financial risks:

- regulatory risk
- litigation risk
- reputational risk
- social risk
- environmental risk

Thermal coal and oil sands:

Using these criteria and due to the potential for stranded assets, we will not invest in companies with more than 70% of revenues derived from thermal coal and oil sands. We will continue to monitor companies with such revenues for increased potential for stranded assets and the associated investment risk which may lead to the revenue threshold decreasing over time.

We support a just transition towards a low-carbon economy which should be inclusive and acknowledge existing global disparities. We recognise that not all countries are at the same stage in their decarbonisation journey and need to consider the different transition timelines for emerging market economies. Therefore, in the interests of a just transition we will assess the implications of the exclusion policy and where we consider it appropriate, may operate exceptions.

For illiquid assets the threshold will be 25%. This is due to the long-term nature of the investments and less ability for investors to change requirements over time.

Cluster munitions:

In addition, we will not invest in companies contravening the Convention on Cluster Munitions (2008). It is illegal to use these weapons in many jurisdictions and many signatories to the Convention regard investing in the production of cluster munitions as a form of assistance that is prohibited by the convention. Therefore, as a responsible investor we will not invest in the following:

- Companies where there is evidence of manufacturing cluster munition whole weapons systems.
- Companies manufacturing components that were developed or are significantly modified for exclusive use in cluster munitions.

Companies that manufacture "dual-use" components, such as those that were not developed or modified for exclusive use in cluster munitions, will be assessed and excluded on a case-by-case basis.

Restrictions relate to the corporate entity only and not any affiliated companies.

Any companies excluded will be monitored and assessed for progress and potential reinstatement at least annually.

6.3. Due diligence and monitoring procedure

Internal procedures and controls for stewardship activities are reviewed by Border to Coast's external auditors as part of the audit assurance (AAF) control review. The external Voting and Engagement provider is also monitored and reviewed by Border to Coast on a regular basis to ensure that the service level agreement is met.

The Voting and Engagement provider also undertakes verification of its stewardship activities and the external auditor audits stewardship controls on an annual basis; this audit is part of the annual International Standard for Assurance Engagements control.

7. Litigation

Where Border to Coast holds securities, which are subject to individual or class action securities litigation, where appropriate, we participate in such litigation. There are various litigation routes available dependent upon where the company is registered. We use a case-by-case approach to determine whether or not to participate in a class action after having considered the risks and potential benefits. We work with industry professionals to facilitate this.

8. Communication and reporting

Border to Coast is transparent with regard to its RI activities and keeps beneficiaries and stakeholders informed. This is done by making publicly available RI and voting policies; publishing voting activity on our **website** quarterly; reporting on engagement and RI activities to the Partner Funds quarterly, and in our annual RI report.

We also report in line with the Task Force on Climate-related Financial Disclosures (TCFD) recommendations and provide an annual progress report on the implementation of our Net Zero Plan.

9. Training and assistance

Border to Coast offers the Partner Funds training on RI and ESG issues. Where requested, assistance is given on identifying ESG risks and opportunities in order to help develop individual fund policies and investment principles for inclusion in the Investment Strategy Statements.

The Investment Team receive training on RI and ESG issues with assistance and input from our Voting & Engagement Partner and other experts where required. Training is also provided to the Border to Coast Board and the Joint Committee as and when required.

10. Conflicts of interest

Border to Coast has a suite of policies which cover any potential conflicts of interest between itself and the Partner Funds which are applied to identify and manage any conflicts of interest, this includes potential conflicts in relation to stewardship.

Appendix A: Third-party Providers

Voting and Engagement provider	Robeco Institutional Asset Management BV	June 2018 - Present
Proxy advisor	Glass Lewis	June 2018 - Present

Climate Change Policy

Border to Coast Pensions Partnership

Live from: January 2023

Climate Change Policy

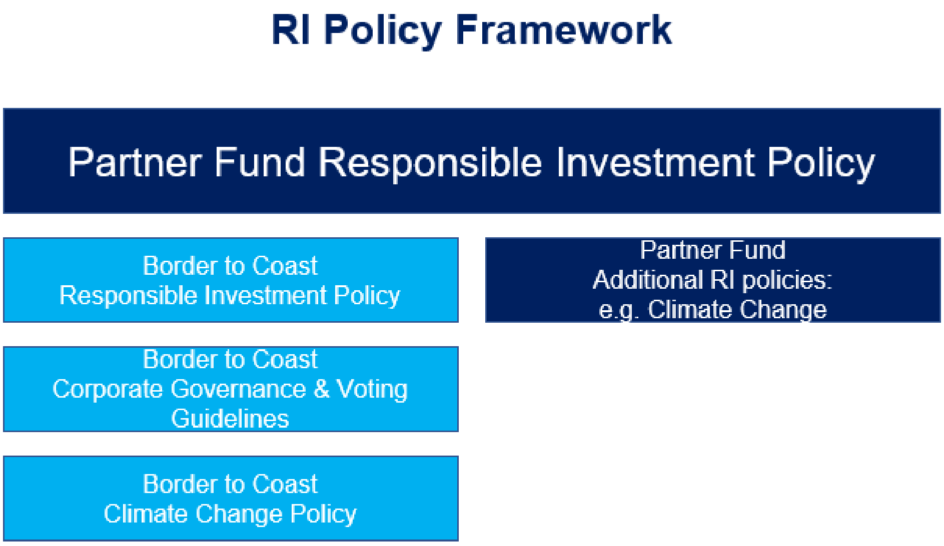
This Climate Change Policy details the approach that Border to Coast Pensions Partnership will follow in fulfilling its commitment to managing the risks and opportunities associated with climate change across the assets managed on behalf of our Partner Funds.

1 Introduction

Border to Coast Pensions Partnership Ltd is an FCA regulated and authorised investment fund manager (AIFM), operating investment funds for its eleven shareholders which are Local Government Pension Scheme funds (Partner Funds). As a customer-owned, customer-focused organisation, our purpose is to make a sustainable and positive difference to investment outcomes for our Partner Funds. Pooling gives us a stronger voice and, working in partnership with our Partner Funds and across the asset owner and asset management industry, we aim to deliver cost effective, innovative and responsible investment thereby enabling sustainable, risk-adjusted performance over the long-term.

1.1 Policy framework

Border to Coast has developed this Climate Change Policy in collaboration with our Partner Funds. It sits alongside the Responsible Investment Policy and other associated policies, developed to ensure clarity of approach and to meet our Partner Funds' fiduciary duty and fulfil their stewardship requirements. This collaborative approach resulted in the RI policy framework illustrated below with the colours demonstrating ownership of the various aspects of the framework:



2 Policy overview

2.1 Our views and beliefs on climate change

The world is warming, the climate is changing, and the scientific consensus is that this is due to human activity, primarily the emissions of carbon dioxide (CO_2) from burning fossil fuels. Our planet has warmed by over 1ºC relative to the pre-industrial average temperature, and we are starting to experience the significant effects of this warming. This changes the world in which we live, but also the world in which we invest.

Atmospheric CO_2 is at unprecedented levels in human history. Further warming will occur, and so adaptation will be required. The extent of this further warming is for humankind to collectively decide, and the next decade is critical in determining the course. If the present course is not changed and societal emissions of CO_2 and other greenhouse gases (GHG) are not reduced to mitigate global warming, scientists have suggested that global society will be catastrophically disrupted beyond its capability to adapt, with material capital market implications.

Recognising the existential threat to society that unmitigated climate change represents, in 2015, the nations of the world came together in Paris and agreed to limit global warming to 2ºC and to pursue efforts to limit the temperature increase to 1.5ºC. A key part of the Paris Agreement was an objective to make finance flows consistent with a pathway towards low GHG emissions and climate resilience. This recognises the critical role asset owners and managers play, reinforcing the need for us and our peers to drive and support the pace and scale of change required.

In 2018, the Intergovernmental Panel on Climate Change (IPCC) published a special report, “Global warming of 1.5ºC”[1], which starkly illustrated how critical successful adaptation to limit global warming to 1.5ºC is. The report found that limiting global warming to 1.5°C would require “rapid and far-reaching” transitions in land, energy, industry, buildings, transport, and cities. This includes a need for emissions of carbon dioxide to fall by approximately 45 percent from 2010 levels by 2030, and reach ‘net zero’ around 2050. We support this scientific consensus; recognising that the investments we make, in every asset class, will both impact climate change and be impacted by climate change. Urgent collaborative action is needed to reach net zero greenhouse gas emissions globally by 2050, and everyone has a part to play in ensuring the goal is met.

2.2 Why climate change is important to us

The purpose of embedding sustainability into our actions is twofold: we believe that considering sustainable measures in our investment decisions will increase returns for our Partner Funds, in addition to positively impacting the world beneficiaries live in.

Our exposure to climate change comes predominantly from the investments that we manage on behalf of our Partner Funds. We develop and operate a variety of internally and externally managed investments across a range of asset classes both in public and private markets for our Partner Funds to invest in.

We try to mitigate these exposures by taking a long-term approach to investing as we believe that businesses that are governed well and managed in a sustainable way are more resilient, able to survive shocks and have the potential to provide better financial returns for investors. Climate change can have a material impact on the value of financial assets and on the long-term performance of investments, and therefore needs to be considered across all asset classes in order to better manage risk and generate sustainable, long-term returns.

Climate change is a systemic risk which poses significant investment risks, but also opportunities, with the potential to impact long-term shareholder value. There are two types of risks that investors are exposed to, the physical risk of climate change impacts and the transitional risk of decarbonising economies, both can also impact society resulting in social risks.

Transition to a low carbon economy will affect some sectors more than others, and within sectors there are likely to be winners and losers, which is why divesting from and excluding entire sectors may not be appropriate. We actively consider how climate change, the shifting regulatory environment and potential macroeconomic impact will affect investments. We believe that we have the responsibility to contribute and support the transition to a low carbon economy in order to positively impact the world in which pension scheme beneficiaries live in.

In addition, the transition to a low-carbon economy will undoubtedly affect the various stakeholders of the companies taking part in the energy transition. A just transition refers to the integration of the social dimension in the net zero transition and is part of the Paris Agreement, the guidelines adopted by United Nations’ International Labour Organization (ILO) in 2015, and the European Green Deal. These stakeholders include the workforce and the communities in which the companies’ facilities are located. We expect companies to consider the potential stakeholder risks associated with decarbonisation.

[1] https://www.ipcc.ch/sr15/

Our climate change strategy is split into four pillars**: Identification and Assessment, Investment Strategy, Engagement and Advocacy, and Disclosures and Reporting.** We will continue to monitor scientific research in this space; evolving and adapting our strategy in order to best respond to the impacts of climate change.

2.3 How we execute our climate change strategy

We integrate climate change risks within our wider risk management framework and have robust processes in place for the identification and ongoing assessment of climate risks.

We consider climate change risks and opportunities within our investment decision making process.

Border to Coast, as a large investor, aims to influence companies to adapt and articulate their climate change strategy, to enable them to be well prepared for the transition to a low carbon economy. This in turn will improve investment outcomes.

We are committed to transparency regarding our climate change issues and activities.

2.4 Roadmap

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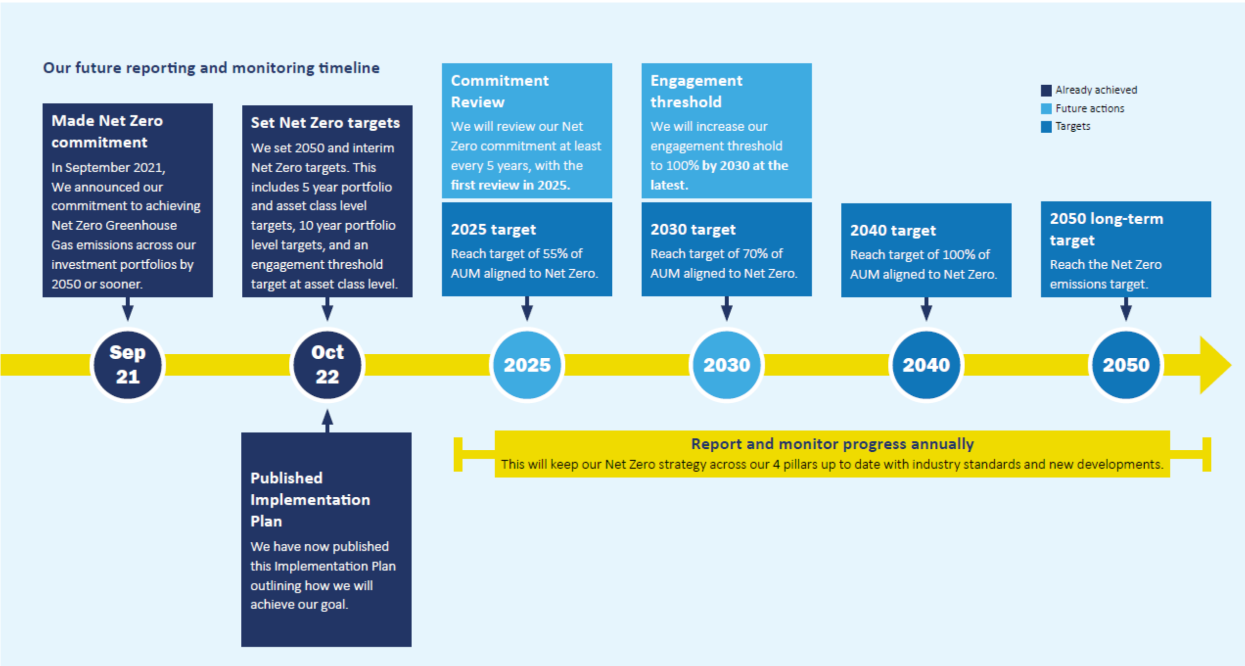
The roadmap demonstrates the future reporting and monitoring timeline for implementing our Net Zero plan.



3 Climate change strategy and governance

3.1 Our ambition – Net Zero

Our climate change strategy recognises that there are financially material investment risks and opportunities associated with climate change which we need to manage across our investment portfolios. We have therefore committed to a net zero carbon emissions target by 2050 at the latest for our assets under management, in order to align with efforts to limit temperature increases to under 1.5ºC.

We recognise that assessing and monitoring climate risk is under constant development, and that tools and underlying data are developing rapidly. There is a risk of just focusing on carbon emissions, a backwards looking metric, and it is important to ensure that metrics we use reflect the expected future state and transition plans that companies have in place or under development. We will continue to assess the metrics and targets used as data and industry standards develop.

As a supporter of the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD), we continue to embed climate change into our investment process and risk management systems, reporting annually on our progress in the TCFD report.

To demonstrate our Net Zero commitment, we joined the Net Zero Asset Manager initiative (NZAM) pledging to decarbonise investment portfolios by 2050 or sooner.

We are using the Net Zero Investment Framework to support us in implementing our strategy to being Net Zero by 2050.We have developed an implementation plan which sets out the four pillars of our approach: governance and strategy, targets and objectives, asset class alignment, and stewardship and engagement. We believe success across these four elements will best enable us to implement the change needed. The Net Zero Implementation Plan can be found on our website.

3.2 Governance and implementation

We take a holistic approach to the integration of sustainability and responsible investment; it is at the core of our corporate and investment thinking. Sustainability, which includes RI is considered and overseen by the Board and Executive Committee. We have defined policies and procedures that demonstrate our commitment to managing climate change risk, including this Climate Change Policy, our Responsible Investment Policy and Corporate Governance & Voting Guidelines which can be found on our website.

3.3 Division of roles and responsibilities

The Board determines the Company's overall strategy for climate change and with support from the Board Risk Committee, more broadly oversees the identification and management of risk and opportunities. The Board is responsible for the overarching oversight of climate related considerations as part of its remit with respect to Border to Coast's management of investments. The Board approves the Responsible Investment strategy and policies, which includes the Climate Change Policy. Updates on Responsible Investment are presented to the Board at regular intervals, this includes activities related to climate change. The Board reviews and approves the TCFD report prior to publication.

The Climate Change Policy is owned by Border to Coast and created after collaboration and engagement with our Partner Funds. We will, where needed, take appropriate advice in order to further develop and implement the policy.

The Chief Investment Officer (CIO) is responsible for the implementation and management of the Climate Change Policy, with oversight from the Investment Committee, which is chaired by the Chief Executive Officer. Each year the CIO reviews the implementation of the policy and reports any findings to the Board. The policy is reviewed annually, taking into account evolving best practice, and updated as needed.

The Investment Team, which includes a dedicated Responsible Investment Team, works to identify and manage environmental, social and governance (ESG) issues including climate change. Climate change is one of our responsible investment priorities and sits at the core of our sustainability dialogue. We are on the front foot with UK, European and Global climate change regulation, horizon scanning for future regulation and actively participate in discussions around future climate policy and legislation through our membership of industry bodies.

3.4 Training

Border to Coast's Board and colleagues maintain appropriate skills in responsible investment, including climate change, maintaining and increasing knowledge and understanding of climate change risks, available risk measurement tools, and policy and regulation. Where necessary expert advice is taken from suitable climate change specialists to fulfil our responsibilities. We also offer our Partner Funds training on climate change related issues.

3.5 Regulatory change management

Regulatory change horizon scanning is a key task undertaken by the Compliance function, which regularly scans for applicable regulatory change. This includes FCA, associated UK financial services regulations, and wider regulation impacting financial services including Responsible Investment, and climate change. The relevant heads of functions and departments, as subject matter experts, also support the process and a tracker is maintained to ensure applicable changes are appropriately implemented.

4 Identification and assessment

4.1 How we identify climate-related risks

The Identification and Assessment pillar is a key element of our climate change strategy. Our investment processes and approach towards engagement and advocacy reflect our desire to culturally embed climate change risk within our organisation and drive change in the industry.

The risk relating to climate change is integrated into the wider Border to Coast risk management framework. The Company operates a risk management framework consistent with the principles of the ‘three lines of defence' model. Primary responsibility for risk management lies with the Investment and Operations teams. Second line of defence is provided by the Risk and Compliance functions, which report to the Board Risk Committee, and the third line of defence is provided by Internal Audit, which reports to the Audit Committee and provides risk-based assurance over the Company’s governance, risk and control framework.

We consider both the transition and physical risks of climate change. The former relates to the risks (and opportunities) from the realignment of our economic system towards low-carbon, climate-resilient and carbon-positive solutions (e.g. via regulations). The latter relates to the physical impacts of climate change (e.g. rising temperatures, changing precipitation patterns, increased risk arising from rising sea levels and increased frequency and severity of extreme weather events).

4.2 How we assess climate-related risks and opportunities

We currently use a number of different tools and metrics to measure and monitor climate risk across portfolios. We acknowledge that this is a rapidly evolving area, and we are developing our analytical capabilities to support our ambition. Carbon data is not available for all equities as not all companies disclose, therefore there is a reliance on estimates. Data is even more unreliable for fixed income and is only just being developed for Private Markets. We will work with our managers and the industry to improve data disclosure and transparency in this area.

We utilise third party carbon portfolio analytics to conduct carbon footprints across equity and fixed income portfolios, analysing carbon emissions, carbon intensity and weighted carbon intensity and fossil fuel exposure when assessing carbon-related risk, on a quarterly basis. The Transition Pathway Initiative (TPI)[2] tool and climate Action 100+ Net Zero Company Benchmark analysis is used to support portfolio managers in decision making with respect to net zero assessments. We use research from our partners and specific climate research, along with information and data from initiatives and industry associations we support.

We continue to develop climate risk assessments for our listed equity investments that combines several factors to assess overall whether a company is aligned with the Paris Agreement (to limit global warming to 2ºC), so that we can both engage appropriately with the company on their direction of travel and also track our progress. This is an iterative process, recognising that data, tools and methodologies are developing rapidly.

We understand that scenario analysis is useful for understanding the potential risks and opportunities attached to investment portfolios and strategies due to climate change. We note that scenario analysis is still developing, with services and products evolving as data quality and disclosure from companies continues to improve. During 2022 we will be evaluating our third-party scenario analysis tools and conducting analysis using a number of different scenarios.

5 Investment strategy

5.1 Our approach to investing

We believe that climate change should be systematically integrated into our investment decision-making process to identify related risks and opportunities. This is critical to our long-term objective of improving investment outcomes for our Partner Funds.

Border to Coast offers Partner Funds a variety of internally and externally managed investment funds covering a wide-ranging set of asset classes with different risk-return profiles. Partner Funds then choose the funds which support their strategic asset allocation.

[2] The Transition Pathway Initiative (‘TPI’) is a global initiative led by asset owners and supported by asset managers. Aimed at investors, it is a free-to-use tool that assesses how prepared companies are for the low carbon transition.

Partner Funds retain responsibility for strategic asset allocation and setting their investment strategy, and ultimately their strategic exposure to climate risk. Our implementation supports Partner Funds to deliver on their fiduciary duty of acting in the best interests of beneficiaries.

We consider climate change risks and opportunities in the process of constructing and developing investment funds. Engaging with our investee companies and fund managers will be a key lever we will use to reach our Net Zero goals, but we also recognise the role of screening, adjusting portfolio weights, and tilted benchmarks in decarbonising our investments.

Climate change is also considered during the external manager selection and appointment process. We monitor and challenge our internal and external managers on their portfolio holdings, analysis, and investment rationale in relation to climate-related risks.

We monitor a variety of carbon metrics, managing climate risk in portfolios through active voting and engagement, whilst also looking to take advantage of the long-term climate-related investment opportunities.

We believe in engagement rather than divestment and that by doing so can effect change at companies. Our investment approach is not to divest or exclude entire sectors, however there may be specific instances when we will look to sell or not invest in some industries based on investment criteria, the investment time horizon and if there is limited scope for successful engagement. Using these criteria and due to the potential for stranded assets, we interpret this to cover public market companies with 70% of revenue derived from thermal coal and oil sands and will therefore not invest in these companies. For illiquid assets a revenue threshold of 25% is in place, this is due to the long-term nature of these investments. Any companies excluded will be monitored with business strategies and transition plans assessed for potential reinstatement.

5.2 Acting within different asset classes

We integrate climate change risks and opportunities into our investment decisions within each asset class. The approach we take for each asset class is tailored to the nature of the risk and our investment process for that asset class. The timeframe for the impact of climate change can vary, leading to differing risk implications depending on the sector, asset class and region. These variations are considered at the portfolio level. This policy gives our overall approach and more detail on the processes and analysis can be found in our annual TCFD report.

Climate risks and opportunities are incorporated into the stock analysis and decision-making process for **listed equities** and **fixed income**. Third-party ESG and carbon data are used to assess individual holdings. We also use forward looking metrics including the TPI ratings, Climate Action 100+ ('CA100+) Net Zero Company Benchmark and the Science Based Targets initiative (SBTi) to assess companies' transition progress. Internal, sell-side and climate specific research, and engagement information are also utilised. Carbon footprints are conducted relative to the benchmark. Climate scenario analysis is also conducted for listed equity and fixed income portfolios using third-party data.

For our **alternative funds**, ESG risks, which includes climate change, are incorporated into the due diligence process including ongoing monitoring. Across both funds and co-investments, we consider the impact of carbon emissions and climate change when determining our asset allocation across geographies and industries. We assess and monitor if our GPs track portfolio metrics in line with TCFD recommendations. Climate change presents real financial risks to portfolios but also provides opportunities with significant amounts of private capital required to achieve a low-carbon transition. We have therefore launched a Climate Opportunities offering and will be facilitating increased investment in climate transition solutions taking into account Partner Fund asset allocation decisions.

To meet our commitment to reach net zero carbon emissions by 2050 or sooner, we have developed targets for our investments in line with the Net Zero Investment Framework (NZIF). We have set targets at two levels: portfolio level, which refers to our combined total investments in the asset classes covered by this plan, and asset class level, which refers to our investments split by investment type (i.e. listed equity, corporate fixed income etc). This covers 60% of our AUM (at 31/03/2022) and we will look to increase coverage across the rest of our investments when appropriate.

5.3 Working with External Managers

Assessing climate risk is an integral part of the External Manager selection and appointment process. It also forms part of the quarterly screening and monitoring of portfolios and the annual manager reviews. We monitor and review our fund managers on their climate change approach and policies. Where high emitting companies are held as part of a strategy managers are challenged and expected to provide strong investment rationale to substantiate the holding. We expect managers to engage with companies in line with our Responsible Investment Policy and to support collaborative initiatives on climate, and to report in line with the TCFD recommendations. In addition, we encourage managers to make a firm wide net zero commitment. We will work with External Managers to implement specific decarbonisation parameters for their mandate. We will monitor our managers' carbon profiles and progress against targets on a quarterly basis and as part of our annual reviews. We will also consider the suitability of those targets on an annual basis. Where carbon profiles are above target, this will act as a prompt for discussion with the manager to understand why this has occurred, any appropriate actions to be taken to bring them back to target, and the timescales for any corrective action.

6 Engagement and advocacy

As a shareholder, we have the responsibility for effective stewardship of all companies or entities in which we invest, whether directly or indirectly. We take the responsibilities of this role seriously, and we believe that effective stewardship is key to the success for our climate ambition. As well as engaging with our investee companies it is important that we engage on systemic risks, including climate change, with policymakers, regulators and standard setters to help create a stable environment to enhance long-term investment returns.

6.1 Our approach to engagement

As a long-term investor and representative of asset owners, we will hold companies and asset managers to account regarding environmental, social and governance issues, including climate change factors, that have the potential to impact corporate value. We support engagement over divestment as we believe that constructive dialogue with companies in which we invest is more effective than excluding companies from the investment universe, particularly with regard to promoting decarbonisation in the real world. If engagement does not lead to the desired results, we have an escalation process which forms part of our RI Policy, this includes adverse voting instructions on related AGM voting items, amongst other steps. We practice active ownership through voting, monitoring companies, engagement and litigation. Through meetings with company directors, we seek to work with and influence investee companies to encourage positive change. Climate is one of our key engagement themes. We believe it is vital we fully understand how companies are dealing with this challenge, and feel it is our duty to hold the boards of our investee companies to account.

Our primary objective from climate related engagement is to encourage companies to adapt their business strategy in order to align with a low carbon economy and reach net zero by 2050 or sooner. The areas we consider in our engagement activities include climate governance; strategy and Paris alignment; command of the climate subject; board oversight and incentivisation; TCFD disclosures and scenario planning; scope 3 emissions and the supply chain; capital allocation alignment, a just transition and exposure to climate-stressed regions.

In order to increase our influence with corporates and policy makers we work collaboratively with other like-minded investors and organisations. This is achieved through actively supporting investor RI initiatives and collaborating with various other external groups on climate related issues, including the Institutional Investors Group on Climate Change (IIGCC), CA100+, the UN-supported Principles for Responsible Investment, the Local Authority Pension Fund Forum and the TPI.

In particular, we are currently focusing on the following actions:

- When exercising our voting rights for companies in high emitting sectors that do not sufficiently address the impact of climate change on their businesses, we will oppose the agenda item most appropriate for that issue. To that end, the nomination of the accountable board member takes precedence. Companies that are not making sufficient progress in mitigating climate risk are identified using recognised industry benchmarks including the TPI and CA 100+ Net Zero Company Benchmark. Additionally, an internally developed framework is used to identify companies with insufficient progress on climate change. Our voting principles are outlined in our Corporate Governance & Voting Guidelines. We are also transparent with all our voting activity and publish our quarterly voting records on our website.
- Support climate-related resolutions at company meetings which we consider reflect our Climate Change Policy. We will co-file shareholder resolutions at company AGMs on climate risk disclosure and lobbying, after conducting due diligence, that we consider to be of institutional quality and consistent with our Climate Change Policy.
- Engage with companies in relation to business sustainability and disclosure of climate risk in line with the TCFD recommendations.
- Encourage companies to publish targets and report on steps taken to reduce greenhouse gas emissions.
- Work collaboratively with other asset owners in order to strengthen our voice and make a more lasting impact for positive change. Engagement is conducted directly, through our engagement partner and through our support of collaborations. We also expect our external asset managers to engage with companies on climate-related issues.
- Use the IIGCC's Net Zero Stewardship Toolkit to develop our net zero stewardship strategy.
- Use carbon footprints the TPI toolkit, CA100+ Net Zero Company Benchmark and SBTi to assess companies and inform our engagement and voting activity. This will enable us to prioritise shareholder engagement, set timeframes and monitor progress against our goals.
- Engage collaboratively alongside other institutional investors with policy makers through membership of the IIGCC. We will engage with regulators and peer groups to advocate for improved climate related disclosures and management in the pensions industry and wider global economy.

7 Disclosures and reporting

Transparency is one of our key organisational values. We disclose our RI activity on our website, publishing quarterly stewardship and voting reports, annual RI & Stewardship reports and our TCFD report. We are committed to improving transparency and reporting in relation to our RI activities, which include climate change related activities.

We will keep our Partner Funds and our stakeholders informed on our progress of implementing the Climate Change Policy and Net Zero commitment, as well as our exposure to the risks and opportunities of climate change. This will include:

- Reviewing annually how we are implementing this policy with findings reported to our Board and Partner Funds. report in line with the TCFD recommendations on an annual basis, including reporting on the actions undertaken with regards to implementation of this policy and progress against our Net Zero commitment.
  We will disclose our voting activity and report on engagement and RI activities, including climate change, to the Partner Funds quarterly and in our annual RI & Stewardship report.
- Disclose climate metrics and targets that help to analyse the overall exposure of our portfolios to the risks and opportunities presented by climate mitigation and adaption.

Corporate Governance & Voting Guidelines

Border to Coast Pensions Partnership

Live: January 2023

1. Introduction

Border to Coast Pensions Partnership believes that companies operating to higher standards of corporate governance along with environmental and social best practice have greater potential to protect and enhance investment returns. As an active owner Border to Coast will engage with companies on environmental, social and governance (ESG) issues and exercise its voting rights at company meetings. When used together, voting and engagement can give greater results.

An investment in a company not only brings rights but also responsibilities. The shareholders' role includes appointing the directors and auditors and to be assured that appropriate governance structures are in place. Good governance is about ensuring that a company's policies and practices are robust and effective. It defines the extent to which a company operates responsibly in relation to its customers, shareholders, employees, and the wider community. Corporate governance goes hand-in-hand with responsible investment and stewardship. Border to Coast considers the UK Corporate Governance Code and other best practice global guidelines in formulating and delivering its policy and guidelines.

2. Voting procedure

These broad guidelines should be read in conjunction with the Responsible Investment Policy. They provide the framework within which the voting guidelines are administered and assessed on a case-by-case basis. A degree of flexibility will be required when interpreting the guidelines to reflect specific company and meeting circumstances. Voting decisions are reviewed with the portfolio managers. Where there are areas of contention the decision on voting will ultimately be made by the Chief Executive Officer. A specialist proxy voting advisor is employed to ensure that votes are executed in accordance with the policy.

Where a decision has been made not to support a resolution at a company meeting, Border to Coast will, where able, engage with the company prior to the vote being cast. In some instances, attendance at AGMs may be required.

Border to Coast discloses its voting activity on its website and to Partner Funds on a quarterly basis.

We will support incumbent management wherever possible but recognise that the neglect of corporate governance and corporate responsibility issues could lead to reduced shareholder returns.

We will vote **For**, **Abstain** or **Oppose** on the following basis:

- We will support management that acts in the long-term interests of all shareholders, where a resolution is aligned with these guidelines and considered to be in line with best practice.
- We will abstain when a resolution fails the best practice test but is not considered to be serious enough to vote against.
- We will vote against a resolution where corporate behaviour falls short of best practice or these guidelines, or where the directors have failed to provide sufficient information to support the proposal.

3. Voting Guidelines

Company Boards

The composition and effectiveness of the board is crucial to determining corporate performance, as it oversees the running of a company by its managers and is accountable to shareholders. Company behaviour has implications for shareholders and other stakeholders. The structure and composition of the board may vary between different countries; however, we believe that the following main governance criteria are valid across the globe.

Composition and independence

The board should have a balance of executive and non-executive directors so that no individual or small group of individuals can control the board's decision making. They should possess a suitable range of skills, experience and knowledge to ensure the company can meet its objectives. Boards do not need to be of a standard size: different companies need different board structures, and no simple model can be adopted by all companies.

The board of companies, excluding the Chair, should consist of a majority of independent non-executive directors although local market practices shall be taken into account. Controlled companies should have a majority of independent non-executive directors, or at least one-third independent directors on the board. As non-executive directors have a fiduciary duty to represent and act in the best interests of shareholders and to be objective and impartial when considering company matters, the board must be able to demonstrate their independence. Non-executive directors who have been on the board for a significant length of time, from nine to twelve years (depending on market practice) have been associated with the company for long enough to be presumed to have a close relationship with the business or fellow directors. We aspire for a maximum tenure of nine years but will review resolutions on a case-by-case basis where the local corporate governance code recommends a maximum tenure between nine and twelve years.

The nomination process of a company should therefore ensure that potential risks are restricted by having the right skills mix, competencies and independence at both the supervisory and executive board level. It is essential for boards to achieve an appropriate balance between tenure and experience, whilst not compromising the overall independence of the board. The re-nomination of board members with longer tenures should be balanced out by the nomination of members able to bring fresh perspectives. It is recognised that excessive length of tenure can be an issue in some markets, for example the US where it is common to have a retirement age limit in place rather than length of tenure. In such cases it is of even greater importance to have a process to robustly assess the independence of long tenured directors. Where it is believed an individual can make a valuable and independent contribution, tenure greater than nine years will be assessed on a case-by-case basis.

The company should, therefore, have a policy on tenure which is referenced in its annual report and accounts. There should also be sufficient disclosure of biographical details so that shareholders can make informed decisions. There are a number of factors which could affect independence, which includes but is not restricted to:

- Representing a significant shareholder.
- Serving on the board for over nine years.
- Having had a material business relationship with the company in the last three years.
- Having been a former employee within the last five years.
- Family relationships with directors, senior employees or advisors.

- Cross directorships with other board members.
- Having received or receiving additional remuneration from the company in addition to a director's fee, participating in the company's share option or performance-related pay schemes, or being a member of the company's pension scheme.

If the board has an average tenure of greater than 10 years and the board has had fewer than one new board nominee in the last five years, we will vote against the chair of the nomination committee.

Leadership

The role of the Chair is distinct from that of other board members and should be seen as such. The Chair should be independent upon appointment and should not have previously been the CEO. The Chair should also take the lead in communicating with shareholders and the media. However, the Chair should not be responsible for the day-to-day management of the business: that responsibility rests with the Chief Executive. The role of Chair and CEO should not be combined as different skills and experience are required. There should be a distinct separation of duties to ensure that no one director has unfettered decision making power.

However, Border to Coast recognises that in many markets it is still common to find these positions combined. Any company intending to combine these roles must justify its position and satisfy shareholders in advance as to how the dangers inherent in such a combination are to be avoided; best practice advocates a separation of the roles. A senior independent non-executive director should be appointed, in-line with local corporate governance best practice, if roles are combined to provide shareholders and directors with a meaningful channel of communication, to provide a sounding board for the chair and to serve as an intermediary for the other directors and shareholders. Led by the senior independent director, the non-executive directors should meet without the chair present at least annually to appraise the chair's performance. Where the Chair and CEO roles are combined and no senior independent non-executive director has been appointed, we will vote against the nominee holding the combined Chair/CEO role, taking into consideration market practice.

Non-executive Directors

The role of non-executive directors is to challenge and scrutinise the performance of management in relation to company strategy and performance. To do this effectively they need to be independent; free from connections and situations which could impact their judgement. They must commit sufficient time to their role to be able to carry out their responsibilities. A senior independent non-executive director should be appointed to act as liaison between the other non-executives, the Chair and other directors where necessary.

Diversity

Board members should be recruited from as broad a range of backgrounds and experiences as possible. A diversity of directors will improve the representation and accountability of boards, bringing new dimensions to board discussions and decision making. Companies should broaden the search to recruit non-executives to include open advertising and the process for board appointments should be transparent and formalised in a board nomination policy. Companies should have a diversity and inclusion policy which references gender, ethnicity, age, skills and experience and how this is considered in the formulation of the board. The policy should give insight into how diversity is being addressed not only at board level but throughout the company, it should reflect the demographic/ethnic makeup of the countries a company is active in and be disclosed in the Annual Report.

We support the government-backed Davies report, Hampton Alexander and Parker reviews, which set goals for UK companies regarding the representation of women and ethnic minorities on boards, executive teams and senior management. Therefore, in developed markets without relevant legal requirements, we expect boards to be composed of at least 33% female directors. Where relevant, this threshold will be rounded down to account for board size. Recognising varying market practices, we generally expect emerging market and Japanese companies to have at least one female on the board. We will vote against the chair of the nomination committee where this is not the case and there is no positive momentum or progress. On ethnic diversity, we expect FTSE 100 companies to have met the Parker Review target and FTSE 250 companies to disclose the ethnic diversity of their board and have a credible plan to achieve the Parker Review targets by 2024. We will vote against the chair of the nomination committee at FTSE 100 companies where the Board does not have at least one person from an ethnic minority background, unless there are mitigating circumstances or plans to address this have been disclosed.

Succession planning

We expect the board to disclose its policy on succession planning, the factors considered and where decision-making responsibilities lie. A succession policy should form part of the terms of reference for a formal nomination committee. The committee should comprise of a majority of independent directors or comply with local standards and be headed by the Chair or Senior Independent Non-executive Director except when it is appointing the Chair's successor. External advisors may also be employed.

Directors' availability and attendance

It is important that directors have sufficient time to devote to the company's affairs; therefore, full time executives should not hold more than one non-executive position in a FTSE 100 company, or similar size company in other regions; nor the chairmanship of such a company. In the remaining instances, directors working as full-time executives should serve on a maximum of two publicly listed company boards.

With regard to non-executive directors, there can be no hard and fast rule on the number of positions that are acceptable: much depends upon the nature of the post and the capabilities of the individual. Shareholders need to be assured that no individual director has taken on too many positions. Full disclosure should be made in the annual report of directors' other commitments and attendance records at formal board and committee meetings. A director should attend a minimum of 75% of applicable board and committee meetings to ensure commitment to responsibilities at board level.

Re-election

For a board to be successful it needs to ensure that it is suitably diverse with a range of skills, experience and knowledge. There is a requirement for non-executive directors to be independent to appropriately challenge management. To achieve this, boards need to be regularly refreshed to deal with issues such as stagnant skill sets, lack of diversity and excessive tenure; therefore, all directors should be subject to re-election annually, or in-line with local best practice. As representatives of shareholders, directors should preferably be elected using a majority voting standard. In cases where an uncontested election uses the plurality[1] voting standard without a resignation policy, we will hold the relevant Governance Committee accountable by voting against the Chair of this committee.

Board evaluation

A requisite of good governance is that boards have effective processes in place to evaluate their performance and appraise directors at least once a year. The annual evaluation should consider its composition, diversity and how effectively members work together to achieve objectives. As part of the evaluation, boards should consider whether directors possess the necessary expertise to address and challenge management on key strategic topics. These strategic issues and important areas of expertise should be clearly outlined in reporting on the evaluation. The board should disclose the process for evaluation and, as far as reasonably possible, any material issues of relevance arising from the conclusions and any action taken as a consequence. Individual director evaluation should demonstrate the effective contribution of each director. An internal evaluation should take place annually with an external evaluation required at least every three years.

Stakeholder engagement

Companies need to develop and maintain relationships with key stakeholders to be successful in the long-term. The board therefore should take into account the interests of and feedback from stakeholders which includes the workforce. Considering the differences in best practice across markets, companies should report how key stakeholder views and interests have been considered and impacted on board decisions. Companies should also have an appropriate system in place to engage with employees.

Engagement and dialogue with shareholders and wider stakeholders on a regular basis are key for companies; being a way to discuss governance, strategy, and other significant issues. Companies should engage with shareholders ahead of the AGM in order that high votes against resolutions can be avoided where possible.

Where a company with a single share class structure has received 20% votes against a proposal at a previous AGM, a comprehensive shareholder and stakeholder consultation should be initiated. A case-by-case approach will be taken for companies with a dual class structure where a significant vote against has been received. Engagement efforts and findings, as well as company responses, should be clearly reported on and lead to tangible improvement. Where companies fail to do so, the relevant board committees or members will be held to account.

Directors' remuneration

Shareholders at UK companies have two votes in relation to pay; the annual advisory vote on remuneration implementation which is non-binding, and the triennial vote on forward-looking pay policy which is binding. If a company does not receive a majority of shareholder support for the pay policy, it is required to table a resolution with a revised policy at the next annual meeting.

It must be noted that remuneration structures are varied, with not one model being suitable for all companies; however, there are concerns over excessive remuneration and the overall

[11] A plurality vote means that the winning candidate only needs to get more votes than a competing candidate. If a director runs unopposed, he or she only needs one vote to be elected.

quantum of pay. Research shows that high executive pay does not systematically lead to better company performance. Excessive rewards for poor performance are not in the best interests of a company or its shareholders. Remuneration levels should be sufficient to attract, motivate and retain quality management but should not be excessive compared to salary levels within the organisation and with peer group companies. There is a clear conflict of interest when directors set their own remuneration in terms of their duty to the company, accountability to shareholders and their own self-interest. It is therefore essential that the remuneration committee is comprised solely of non-executive directors and complies with the market independence requirement.

Remuneration has serious implications for corporate performance in terms of providing the right incentives to senior management, in setting performance targets, and its effect on the morale and motivation of employees. Corporate reputation is also at risk. Remuneration policy should be sensitive to pay and employee conditions elsewhere in the company, especially when determining annual salary increases.

Where companies are potentially subject to high levels of environmental and societal risk as part of its business, the remuneration committee should also consider linking relevant metrics and targets to remuneration to focus management on these issues. The selection of these metrics should be based on a materiality assessment that also guides the company's overall sustainability strategy. If environmental or social topics are incorporated in variable pay plans, the targets should set stretch goals for improved ESG performance, address achievements under management's control, and avoid rewarding management for basic expected behaviour. Where relevant, minimum ESG standards should instead be incorporated as underpins or gateways for incentive pay. If the remuneration committee determines that the inclusion of environmental or social metrics would not be appropriate, a clear rationale for this decision should be provided in the remuneration report.

The compensation provided to non-executive directors should reflect the role and responsibility. It should be structured in a manner that does not compromise independence, enhancing objectivity and alignment with shareholders' interests. Non-executive directors should, therefore, not be granted performance-based pay. Although we would not expect participation in Long-term Incentive Plans (LTIPs), we are conscious that in some exceptional instances non-executives may be awarded stock, however the proportion of pay granted in stock should be minimal to avoid conflicts of interest.

To ensure accountability there should be a full and transparent disclosure of directors' remuneration with the policy published in the annual report and accounts. The valuation of benefits received during the year, including share options, other conditional awards and pension benefits, should be provided. Companies should also be transparent about the ratio of their CEO's pay compared to the median, lower and upper quartiles of their employees.

• **Annual bonus**

Bonuses should reflect individual and corporate performance targets which are sufficiently challenging, ambitious and linked to delivering the strategy of the business and performance over the longer-term. Bonuses should be set at an appropriate level of base salary and should be capped. Provisions should be in place to reduce or forfeit the annual bonus where the company has experienced a significant negative event. For large cap issuers, we expect the annual bonus to include deferral of a portion of short-term payments into long-term equity scheme or equivalent. We will also encourage other companies to take this approach.

• **Long-term incentives**

Remuneration policies have over time become more and more complex making them difficult for shareholders to adequately assess. Border to Coast therefore encourages companies to simplify remuneration policies.

Performance-related remuneration schemes should be created in such a way to reward performance that has made a significant contribution to shareholder value. Poorly structured schemes can result in senior management receiving unmerited rewards for substandard performance. This is unacceptable and could adversely affect the motivation of other employees.

Incentives are linked to performance over the longer-term in order to create shareholder value. If restricted stock units are awarded under the plan, the vesting period should be at least three years to ensure that the interests of both management and shareholders are aligned in the long-term. Executives' incentive plans should include both financial and non-financial metrics and targets that are sufficiently ambitious and challenging. Remuneration should be specifically linked to stated business objectives and performance indicators should be fully disclosed in the annual report.

The performance basis of all such incentive schemes under which benefits are potentially payable should be clearly set out each year, together with the actual performance achieved against the same targets. We expect clawback or malus provisions to be in place for all components of variable compensation, taking into account local market standards. We encourage Executive Directors to build a significant shareholding in the company to ensure alignment with the objectives of shareholders. These shares should be held for at least two years post exit.

The introduction of incentive schemes to all employees within a firm is encouraged and supported as this helps all employees understand the concept of shareholder value.

Directors' contracts

Directors' service contracts are also a fundamental part of corporate governance considerations. Therefore, all executive directors are expected to have contracts that are based upon no more than twelve months' salary. Retirement benefit policies of directors should be aligned with those of the majority of the workforce, and no element of variable pay should be pensionable. The main terms of the directors' contracts including notice periods on both sides, and any loans or third-party contractual arrangements such as the provision of housing or removal expenses, should be declared within the annual report. Termination benefits should be aligned with market best practice.

Corporate reporting

Companies are expected to report regularly to shareholders in an integrated manner that allows them to understand the company's strategic objectives. Companies should be as transparent as possible in disclosures within the report and accounts. As well as reporting financial performance, business strategy and the key risks facing the business, companies should provide additional information on ESG issues that also reflect the directors' stewardship of the company. These could include, for example, information on a company's human capital management policies, its charitable and community initiatives and on its impact on the environment in which it operates.

Every annual report should include an environmental section, which identifies key quantitative data relating to energy and water consumption, emissions and waste etc., explains any contentious issues and outlines reporting and evaluation criteria. It is important that the risk areas reported upon should not be limited to financial risks.

We will encourage companies to report and disclose in line with the Financial Stability Board's Task Force on Climate-related Financial Disclosures (TCFD) recommendations, and the Workforce Disclosure Initiative in relation to human capital reporting.

Audit

The audit process must be objective, rigorous and independent if it is to provide assurance to users of accounts and maintain the confidence of the capital markets. To ensure that the audit committee can fulfil its fiduciary role, it should be established as an appropriate committee composition with at least three members who are all independent non-executive directors and have at least one director with a relevant audit or financial background. Any material links between the audit firm and the client need to be highlighted, with the audit committee report being the most appropriate place for such disclosures. Audited financial statements should be published in a timely manner ahead of votes being cast at annual general meetings.

FTSE 350 companies should tender the external audit contract at least every ten years. Reappointment of the same firm with rotation of the audit partner, will not be considered as sufficient. If an auditor has been in place for more than ten fiscal years, their appointment will not be supported. For the wider market, the external audit contract should be put out to tender at least every ten years. Where an auditor has resigned, an explanation should be given. If the accounts have been qualified or there has been non-compliance with legal or regulatory requirements, this should be drawn to shareholders' attention in the main body of the annual report. If the appropriate disclosures are not made, the re-appointment of the audit firm will not be supported.

Non-Audit Fees

There is concern over the potential conflict of interest between audit and non-audit work when conducted by the same firm for a client. Companies must therefore make a full disclosure where such a conflict arises. There can be legitimate reasons for employing the same firm to do both types of work, but these need to be identified. As a rule, the re-appointment of auditors will not be supported where non-audit fees are considerably in excess of audit fees in the year under review, and on a three-year aggregate basis, unless sufficient explanation is given in the accounts.

Political donations

There are concerns over the reputational risks and democratic implications of companies becoming involved in funding political processes, both at home and abroad. Companies should disclose all political donations, demonstrate where they intend to spend the money and that it is the interest of the company and shareholders. Where these conditions are not met, or there is insufficient disclosure that the money is not being used for political party donations, political donations will be opposed. Any proposals concerning political donations will be opposed.

Lobbying

A company should be transparent and publicly disclose direct lobbying, and any indirect lobbying through its membership of trade associations. We will assess shareholder proposals regarding lobbying on a case-by-case basis; however, we will generally support resolutions requesting greater disclosure of trade association and industry body memberships, any payments and contributions made, and requiring alignment of company and trade association values. This includes expectations of companies to be transparent regarding lobbying activities in relation to climate change and to assess whether a company's climate change policy is aligned with the industry association(s) it belongs to.

Shareholder rights

As a shareowner, Border to Coast is entitled to certain shareholder rights in the companies in which it invests (Companies Act 2006). Boards are expected to protect such ownership rights.

- **Dividends**

Shareholders should have the chance to approve a company's dividend policy and this is considered best practice. The resolution should be separate from the resolution to receive the report and accounts. Failure to seek approval would elicit opposition to other resolutions as appropriate unless there is a clearly disclosed capital management and allocation strategy in public reporting.

- **Voting rights**

Voting at company meetings is the main way in which shareholders can influence a company's governance arrangements and its behaviour. Shareholders should have voting rights in equal proportion to their economic interest in a company (one share, one vote). Dual share structures which have differential voting rights are disadvantageous to many shareholders and should be abolished. We will not support measures or proposals which will dilute or restrict our rights.

- **Authority to issue shares**

Companies have the right to issue new shares in order to raise capital but are required by law to seek shareholders' authority. Such issuances should be limited to what is necessary to sustain the company and not be in excess of relevant market norms.

- **Disapplication of Pre-emption Rights**

Border to Coast supports the pre-emption rights principle and considers it acceptable that directors have authority to allot shares on this basis. Resolutions seeking the authority to issue shares with and without pre-emption rights should be separate and should specify the amounts involved, the time periods covered and whether there is any intention to utilise the authority.

Share Repurchases

Border to Coast does not necessarily oppose a company re-purchasing its own shares but it recognises the effect such buy backs might have on incentive schemes where earnings per share measures are a condition of the scheme. The impact of such measures should be reported on. It is important that the directors provide a full justification to demonstrate that a share repurchase is the best use of company resources, including setting out the criteria for calculating the buyback price to ensure that it benefits long-term shareholders.

Memorandum and Articles of Association

Proposals to change a company's memorandum and articles of association should be supported if they are in the interests of Border to Coast, presented as separate resolutions for each change, and the reasons for each change provided.

If proposals to adopt new articles or amend existing articles might result in shareholders' interests being adversely affected, we will oppose the changes.

Mergers and acquisitions

Border to Coast will normally support management if the terms of the deal will create rather than destroy shareholder value and makes sense strategically. Each individual case will be considered on its merits. Seldom will compliance with corporate governance best practice be the sole determinant when evaluating the merits of merger and acquisition activity, but full information must be provided to shareholders on governance issues when they are asked to approve such transactions. Recommendations regarding takeovers should be approved by the full board.

Articles of Association and adopting the report and accounts

It is unlikely that Border to Coast will oppose a vote to adopt the report and accounts simply because it objects to them per se; however, there may be occasions when we might vote against them to lodge dissatisfaction with other points raised within this policy statement. Although it is a blunt tool to use, it can be an effective one especially if the appropriate Chair or senior director is not standing for election.

Virtual Shareholder General Meetings

Many companies are considering using electronic means to reach a greater number of their shareholders. An example of this is via a virtual annual general meeting of shareholders where a meeting takes place exclusively using online technology, without a corresponding in-person meeting. There are some advantages to virtual only meetings as they can increase shareholder accessibility and participation; however, they can also remove the one opportunity shareholders have to meet face to face with the Board to ensure they are held to account. We would expect an electronic meeting to be held in tandem with a physical meeting. If extraordinary circumstances rule out a physical meeting, we expect the company to clearly outline how shareholders' rights to participate by asking questions and voting during the meeting are protected. Any amendment to a company's Articles to allow virtual only meetings without these safeguards will not be supported.

Shareholder Proposals

We will assess shareholder proposals on a case-by-case basis. Consideration will be given as to whether the proposal reflects Border to Coast's Responsible Investment policy, is balanced and worded appropriately, and supports the long-term economic interests of shareholders.

Shareholder proposals are an important tool to improve transparency. Therefore, we will, when considered appropriate, support resolutions requesting additional reporting or reasonable action that is in shareholders' best interests on material business risk, ESG topics, climate risk and lobbying.

Human rights

When considering human rights issues, we believe that all companies should abide by the UN Global Compact Principles and the OECD Guidelines for Multinational Enterprises. We expect companies exposed to human rights issues to have adequate due diligence processes in place to identify risks across their business and supply chain, in line with the UN Guiding Principles on Business and Human Rights. Where a company is involved in significant social controversies and at the same time is assessed as having poor human rights due diligence, we will vote against the most accountable board member or the report and accounts.

Climate change

Climate change is a systemic risk which poses significant investment risks, but also opportunities, with the potential to impact long-term shareholder value. We believe it is vital we fully understand how companies are dealing with this challenge, and feel it is our duty to hold the boards of our investee companies to account.

Our primary objective from climate related voting and engagement is to encourage companies to adapt their business strategy in order to align with a low carbon economy and reach net zero by 2050 or sooner. The areas we consider include climate governance; strategy and Paris alignment; command of the climate subject; board oversight and incentivisation; TCFD disclosures and scenario planning; scope 3 emissions and the supply chain; capital allocation alignment, climate accounting, a just transition and exposure to climate-stressed regions.

For companies in high emitting sectors that do not sufficiently address the impact of climate change on their businesses, we will oppose the agenda item most appropriate for that issue. To that end, the nomination of the accountable board member takes precedence. Companies that are not making sufficient progress in mitigating climate risk are identified using recognised industry benchmarks including the Transition Pathway Initiative (TPI) and the Climate Action 100+ (CA100+) Net Zero Benchmark. We will vote against the Chair (or relevant agenda item) where companies are scored 2 or lower by the TPI. In addition, we will vote against the Chair for Oil and Gas companies scoring 3 or lower. Where a company covered by CA100+ Net Zero Benchmark fails indicators of the Benchmark, which includes a net zero by 2050 (or sooner) ambition, and short, medium and long-term emission reduction targets, we will also vote against the Chair of the Board.

Additionally, an internally developed framework is used to identify companies with insufficient progress on climate change.

Banks will play a pivotal role in the transition to a low carbon economy, and we will therefore be including the sector when voting on climate-related issues. We will assess banks using the IIGCC/TPI framework and will vote against the Chair of the Sustainability Committee, or the agenda item most appropriate, where a company materially fails the first four indicators of the framework.

We support a just transition towards a low-carbon economy which should be inclusive and acknowledge existing global disparities. We recognise that not all countries are at the same stage in their decarbonisation journey and need to consider the different transition timelines for emerging market economies. Therefore, in the interests of a just transition we will assess the implications when considering our voting decisions on a case-by-case basis.

Investment trusts

Border to Coast acknowledges that issues faced by the boards of investment companies are often different to those of other listed companies. The same corporate governance guidelines do not necessarily apply to them; for example, investment companies can operate with smaller boards. However, the conventions applying to audit, board composition and director independence do apply.

The election of any representative of an incumbent investment manager onto the board of a trust managed or advised by that manager will not be supported. Independence of the board from the investment manager is key, therefore management contracts should not exceed one year and should be reviewed every year. In broad terms, the same requirements for independence, diversity and competence apply to boards of investment trusts as they do to any other quoted companies.

We may oppose the adoption of the report and accounts of an investment trust where there is no commitment that the trust exercises its own votes, and there is no explanation of the voting policy.

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NORTH YORKSHIRE COUNCIL

PENSION BOARD

6 APRIL 2023

BUDGET AND CASH FLOW REPORT

Report of the Treasurer

1.0 PURPOSE OF REPORT

1.1 To update Pension Board members on

(a) the 2022/23 budget and the cost of running the Fund
(b) the 4-year cashflow projection for the Fund
(c) the latest position on the Fund's accounts and annual report for 2021/22

2.0 PENSION FUND BUDGET AND CASH FLOW

2.1 Each quarter a report is taken to the Pension Fund Committee (PFC), providing Members with the latest information on the costs of running the Fund and a forecast of its cashflow. The report taken to the March 2023 PFC meeting is attached as **Appendix 1**.

2.2 The budget update includes the position at the end of the December 2022 quarter and a forecast to the end of the financial year, with the largest variances explained.

2.3 The cash flow forecast gives an indication of the expected position for the Fund over the next few years, which is to move into cashflow negative territory as the Fund matures. It takes into account the outcome of the 2022 Valuation, which will affect contribution income from April 2023.

2.4 The report also provides an update on the position in relation to the 2021/22 accounts and the 2021/22 annual report. At the time of writing no material progress has been made, however developments are expected soon. A verbal update will be provided at the meeting.

3.0 RECOMMENDATIONS

3.1 Pension Board members to note the content of this report.

GARY FIELDING
Treasurer to North Yorkshire Pension Fund
13 March 2023

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NORTH YORKSHIRE COUNTY COUNCIL

PENSION FUND COMMITTEE

03 March 2023

BUDGET / STATISTICS

Report of the Treasurer

1.0 PURPOSE OF THE REPORT

1.1 To report on the following:

(a) the 2022/23 budget and the cost of running the Fund (see section **2**)

(b) the 4 year cashflow projection for the Fund (see section **3**)

(c) update on the Fund's final accounts and annual report 2021/22 (see section **4**)

2.0 2022/23 BUDGET - THE COST OF RUNNING THE FUND

2.1 The latest forecast outturn position against the 2022/23 budget is presented in **Appendix 1**. It shows an estimated total running cost of £35.0m for the Fund against a budget of £38.7m. The forecast underspend is therefore £3.7m.

2.2 The fall in asset values we have seen this year will result in a fall in fees, as most fee arrangements are scaled to the value of assets under management. The estimated impact is £3.8m over the year. Other areas of expected variance include 26k due to staffing vacancies in the Pension Administration team, £50k from additional work undertaken during the year by the investment consultant Aon on climate risk analysis and the investment strategy review, and £117k on Border to Coast's project costs which includes work on the UK Opportunities and Sustainable Bonds funds. There will inevitably be a number of other variances at the year-end but at this stage they are not expected to be significant.

3.0 4 YEAR CASHFLOW PROJECTION

3.1 The cash position of the Fund is presented in **Appendix 2**. The table shows the projected cash flows of the Fund for the current financial year and the following three years. This cash flow includes the contribution income and benefits payable, being the main inflows and outflows of the Fund, which are the two key determining factors for when the Fund will turn cash flow negative.

3.2 The forecast for pension benefits payments is based on revised assumptions on annual increases in pensioner numbers and inflation. CPI in September 2022 is used to uplift benefit payments and this was 10.1%. The assumptions will continue to be reviewed and updated regularly to reflect any new information that becomes available on future inflation and membership numbers.

3.3 The forecast for contribution income is based on the employers' current contribution rates and takes into account the employer results from the 2022 Triennial Valuation. The pay increase for 2022/23 has now been included in the employer and employee contribution figures, which reflects the conclusion of pay negotiations with local authorities for an increase of £1,925 per employee. Future year contributions have been increased in line with the Council's forecast included in its budget. Forecasts for inflation could imply a higher increase, but the possibility of the Government implementing cuts in public finances could result in downwards pressure.

3.4 The overall cash flow position is expected to be a small Scheme Surplus for 2022/23, with deficits projected for 2023/24, 2024/25 and 2025/26.

3.5 The cash flow forecast also shows movements relating to the Fund's investments. The first port of call in covering any shortfall will be income distributed to the Fund, such as property rental income, dividends from equities and coupons from bonds. This is already being received to a limited extent. After the current strategy review, options available to increase receivable income through Border to Coast will be further explored.

4.0 FINAL ACCOUNTS AND ANNUAL REPORT 2021/22

4.1 At time of writing, the audit of the Council's Accounts 2021/22, which includes the Fund Accounts, is still not complete due to the ongoing technical accounting issue relating to the valuation of infrastructure assets under the Council's ownership. This is a nationwide issue and is not specific to North Yorkshire County Council.

4.2 No material issues have been identified from the audit of the Fund Accounts and it is expected that the Fund's auditor Deloitte will issue an unqualified opinion in due course. As the Fund Accounts are a part of the Council's accounts, this cannot happen until the Council's Accounts have been completed.

4.3. Once the Fund's audit has been finalised, the published Fund draft Annual Report 2021/22 will be updated to reflect any changes. At this late stage, adjustments to the Annual Report and Accounts are not expected, but if this does happen the Committee will be informed.

5.0 **RECOMMENDATIONS**

5.1 Members to note the contents of the report.

GARY FIELDING
Treasurer to North Yorkshire Pension Fund
North Yorkshire County Council
County Hall

Northallerton

22 February 2023

Appendix 1

North Yorkshire Pension Fund - 2022/23 Budget - Cost of Running the Pension Fund

	Budget 2022/23 £k	Forecast 2022/23 at Q3 £k	Variance £k
EXPENDITURE			
Admin Expenses			
Finance and Central Services	453	453	-
Provision of Pensioner Payroll (ESS)	93	93	-
Pensions Administration Team	1,371	1,345	(26)
McCloud	50	50	-
Other Admin Expenses	678	678	-
Total Admin Expenses	**2,645**	**2,619**	**(26)**
Oversight and Governance			
Actuarial Fees	90	90	-
Custodian Fees	86	86	-
Consultants Fees	140	190	50
Pooling Operational Charge and Project Costs	709	826	117
Other O & G Expenses	100	100	-
Total Oversight and Governance	**1,125**	**1,292**	**167**
Investment Fees			
Performance Fees	3,208	2,599	(609)
Investment Base Fees	31,739	28,539	(3,200)
Total Investment Fees	**34,947**	**31,138**	**(3,809)**
TOTAL	**38,717**	**35,049**	**(3,668)**

Appendix 2

North Yorkshire Pension Fund - Cash Flow

	2022/23 £k	2023/24 £k	2024/25 £k	2025/26 £k
SCHEME PAYMENTS				
Benefits				
Pensions	(109,000)	(124,000)	(133,000)	(137,000)
Lump Sums	(34,000)	(35,000)	(36,000)	(37,000)
	(143,000)	**(159,000)**	**(169,000)**	**(174,000)**
Transfers out	(11,000)	(13,000)	(13,000)	(14,000)
Refunds to leavers	(750)	(550)	(600)	(650)
	(11,750)	**(13,550)**	**(13,600)**	**(14,650)**
Operational Expenses				
Admin Expenses	(2,620)	(2,680)	(2,800)	(2,900)
Oversight and Governance	(1,290)	(1,130)	(1,200)	(1,200)
	(3,910)	**(3,810)**	**(4,000)**	**(4,100)**
TOTAL PAYMENTS	**(158,660)**	**(176,360)**	**(186,600)**	**(192,750)**
SCHEME RECEIPTS				
Employer and Employee Contributions	145,700	145,000	150,000	153,000
Transfers in	18,500	19,000	20,000	21,000
TOTAL RECEIPTS	**164,200**	**164,000**	**170,000**	**174,000**
SCHEME SURPLUS/ (DEFICIT)	**5,540**	**(12,360)**	**(16,600)**	**(18,750)**
CASH FLOW FROM INVESTMENT ACTIVITIES	**4,000**	**9,000**	**9,000**	**18,000**
SURPLUS/ (DEFICIT) AFTER INVESTMENT ACTIVITIES	**9,540**	**(3,360)**	**(7,600)**	**(750)**
CASH BALANCE B/F	**21,742**	**31,282**	**27,922**	**20,322**
CASH BALANCE C/F	**31,282**	**27,922**	**20,322**	**19,572**

North Yorkshire Council

Pension Board

6 April 2023

Internal Audit update

Purpose of Report

To provide the Pension Board with an update on internal audit activity

Audit Plan 2022/23

The audit plan for 2022/23 was approved by the Pensions Board on 6 October 2022. The current status of each audit is as shown below

Audit	Days	Status
Pension Fund Investments	15	In Progress
Pension Fund Income	15	In Progress
Pension Fund Expenditure	15	In Progress

Follow up

Details of the outstanding actions from previous audit work are attached as Appendix 1. The outstanding actions are not due for completion until March 2023.

Recommendation

Pension Board Members are asked to note this report

Ian Morton,

Assistant Director – Audit Assurance,

Veritau Ltd.

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Appendix 1

Follow up of agreed actions

Audit	Action	Agreed Date	Responsible Officer	Name of Officer	Action Completed?
IT Security 2021/22	1.1 The BC and DR plans will be reviewed and updated to meet current Pensions Regulator standards. The BC plan will be updated to include arrangements for plan testing, post-incident reviews, and for contacting external stakeholders. 1.2 The plans will be reviewed annually, and this review will be included in the governance document review tracker.	31/03/2023	Head of Pensions Administration	Phillippa Cockerill	Not yet due
IT Security 2021/22	1.1 A programme of regular reporting will be agreed with NYCC T&C and documented in the Service Level Agreement. This will provide assurance that standards continue to be met and accreditation continues.	31/03/2023	Head of Pensions Administration	Phillippa Cockerill	Not yet due
IT Security 2021/22	2.1 Quarterly reports will be requested from NYCC T&C from the Boxphish learning platform. These will be	31/03/2023	Head of Pensions Administration	Phillippa Cockerill	Not yet due

Audit	Action	Agreed Date	Responsible Officer	Name of Officer	Action Completed?
	reviewed and monitored to ensure that staff complete training				
Expenditure 2021/22	1. Amend bank account change process to include acknowledgement back to the pensioner of the change by letter, where the portal hasn't been used to make the bank account change.	31/03/2023	Head of Pensions Administration	Phillippa Cockerill	Not yet due

North Yorkshire Council

Pension Board

6 April 2023

Training

1.0 Purpose of the Report

To provide an update on Pension Board member training.

2.0 Background

The Training Policy was adopted by the Pension Board at its inaugural meeting in July 2015. This set out the knowledge and understanding requirements of members of the Pension Board, routes to obtaining training, and training review arrangements.

It states that the suitability of training events and activities should be based on a self-assessment carried out by each Pension Board member. The regulations place the responsibility for making this assessment, and subsequent action to ensure Pension Board members have an appropriate level of knowledge and understanding, on the individual members. In addition, the Pensions Regulator requires that Pension Board members invest time in learning and development.

3.0 Training Activity

Further to a discussion undertaken at the April 2021 meeting of the Pension Board Members were requested to identify issues relevant to the Pension Board that could be the subject of future training sessions. It was also agreed that, where possible, some training events were provided immediately prior to the commencement of scheduled meetings of the Board. The following issues have been identified by Board Members, further to that discussion:-

- McCloud
- Goodwin
- Administering Authority discretions
- Risk Register and risk management
- GMP
- Investment classes
- Pooling and BCPP
- Valuation of assets by Actuary

Following discussions related to the development of training at both the Board and Pension Fund Committee, the provision of a package of online training sessions has been obtained from a third party provider, with Hymans Robertson. A number of issues highlighted above as issues that may require further consideration for training purposes, are addressed in this on-line package. Module 6 is continually updated and, therefore, should be repeated by Members at regular intervals to ensure the most up to date information and issues are being taken account of.

Members are encouraged to take part in these sessions which are detailed below:-

1: Introduction to the LGPS

Stakeholders; local arrangements for committees, boards officers and advisers; regulatory framework.

2: Governance and oversight

Legislation and guidance; policy documents; roles and responsibilities of committees and board members; Code of Practice 14; pensions administration overview; Government oversight bodies; business plans.

3: Administration and fund management

Pension benefits and contributions; service delivery; administration and communication strategies and policy documents and processes; annual report and accounts; procurements.

4: Funding and actuarial matters

Role of the actuary; the funding strategy; valuations; employer issues; actuarial assumptions.

5: Investments

Investment strategy, asset class characteristics and investment markets; pooling investments; monitoring performance of investments and advisers; responsible investment.

6: Current issues

LGPS reform; McCloud; Goodwin; cost sharing.

Details of training events attended and activities undertaken by Pension Board members are contained in a report that is now published on-line with the documents, but is no longer circulated with the papers. COVID 19 had prevented a number of training events and conferences from taking place, however, training activities had continued to take place via virtual platforms, and Members were encouraged to utilise these, although face-to-face training events are becoming the norm again. Board members are asked to review the training record and advise officers if updates are required.

Pension Board members may wish to discuss the merits of recently undertaken training activity and, where appropriate, the pros and cons, to inform other Board members of its usefulness.

It is recognised that Members of the Board have constraints on their time and may have difficulty in undertaking the necessary training in view of this. Members agreed, therefore, that Board meetings should allow time for Members to undertake training, either individually or collectively.

4.0 Recommendations

(i) That Members provide an update regarding any Pensions Regulator modules they wish to complete and note the availability and details of the Hymans Robertson online training package;

(ii) That Members provide details of any training they wish to be included on their training record:

(iii) That Members provide details of any issues relevant to the Pension Board, that could be the subject of future training sessions and note those highlighted in the report.

Barry Khan
Assistant Chief Executive (Legal and Democratic Services)
County Hall
Northallerton

March 2023

Background Documents: Pensions Regulator on-line training modules

Hymans Online Learning platform

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North Yorkshire Council

Pension Board

6 April 2023

Work Programme

1.0 Purpose of the Report

To detail the areas of planned work by the Pension Board

2.0 Future Activity

Previous reports to the Board have set out a number of areas that could be identified as potential priority areas of work for Board Members to provide scoping reports to subsequent meetings. At previous meetings it was suggested that consideration be given as to how to progress project work more effectively before undertaking any further projects. Further consideration will be given to this matter, going forward. It was agreed that project work would not be undertaken for at least another year at the January 2022 meeting, given the current workload within the NYPF.

Resources would need to be available, via relevant Officers, to assist Board Members with their approach to the development of projects subsequently identified.

3.0 Meeting Dates

2023/24 – all Thursday at 10am

6th July 2023
12th October 2023
11th January 2024
4th April 2024

4.0 Recommendations

That members:

i) Review and agree any updates to the Work Plan (as set out in Appendix 1);

ii) Note the dates of ordinary meetings for 2023/24, as detailed.

Barry Khan
Assistant Chief Executive (Legal and Democratic Services)
County Hall
Northallerton
Background Papers - None

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PENSION BOARD WORK PLAN APPENDIX 1

		06-Apr-23	06-July-23	12-Oct-23	11-Jan-24	04-Apr-24
1	Agree plan for the year				✓	
2	Review Terms of Reference				✓	
3	Review performance against the plan	✓	✓	✓	✓	✓
4	Report to the PFC / NYCC – Minutes and Chair's feedback/Annual Report	✓	✓	✓	✓	✓
5	Report to Scheme Advisory Board / MHCLG – via Annual Report		✓			

Compliance checks

6	Review such documentation as is required by the Regulations		✓			✓
7	Review the outcome of internal audit reports	✓	✓	✓	✓	✓
8	Review the outcome of external audit reports				✓	
9	Review Pension Board Annual Report		✓			
10	Review the compliance of particular issues on request of the PFC – as required					
11	Review the process and note the outcome of actuarial reporting and valuations – every three years					

Administration procedures, performance and Communication

12	*Review and assist with admin/governance procedures/processes- including monitoring performance admin/governance and employers	✓	✓	✓	✓	✓
13	Annual review of the Internal Dispute Resolution Process, Policy and cases		✓			
14	Annual review of cases referred to the Pensions Ombudsman		✓			
15	*Review the exercise of employer and administering authority discretions		✓			
16	Assist with the development of improved customer services					
17	Review the risk register and management of risk processes and procedure		✓		✓	
18	*Assist in assessing process improvements on request of PFC					
19	Pooling – governance, reporting and transparency	✓	✓	✓	✓	✓
20	*Review scheme member and employer communications					

Training

21	Review Pension Board knowledge and skills self-assessment	✓	✓		✓	
22	Review training log	✓	✓	✓	✓	✓
23	Review training arrangements for the Board and other groups	✓	✓	✓	✓	✓

***Project Work – to be undertaken by individual Members – dependent upon available time and resources – based on relevant issues within the Work Programme**