



Agenda

Meeting: Pension Fund Committee

Venue: Brierley Room, County Hall, Northallerton, DL7 8AD

Date: Friday, 3 March 2023

Time: 10.00 am

Councillors: John Weighell (Chairman), Sam Gibbs, George Jabbour, Carl Les, Cliff Lunn, David Noland, Neil Swannick, Angus Thompson, Matt Walker, and Andrew Williams

Christian Vassie, City of York Council

Patrick Mulligan – North Yorkshire District Councils

David Portlock - Chair of Pension Board (Non-Voting)

Brian Hazeldine, UNISON

Business

1. Chair's welcome, introductions and apologies

2. Exclusion of the Public and Press

To consider the exclusion of the public and press from the meeting during consideration of item 11 – Investment Strategy Review on the grounds that this includes the likely disclosure of exempt information as defined in paragraph 3 of Part 1 of Schedule 12A to the Local Government Act 1972 as amended by the Local Government (Access to information)(Variation) Order 2006

3. Minutes of the Committee Meeting held on 25th November 2022 (Pages 3 - 10)

4. Declarations of Interest

5. Public Questions or Statements

Members of the public may ask questions or make statements at this meeting if they have given notice (including the text of the question/statement) to Steve Loach of Democratic Services (contact details at the foot of page 1 of the Agenda sheet) by midday on Tuesday 28th February 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.

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

- | | | |
|------------|--|--------------------------|
| 6. | Pensions Administration Report - Report of the Treasurer | (Pages 11 - 32) |
| 7. | Budget and Cashflow - Report of the Treasurer | (Pages 33 - 36) |
| 8. | Business Plan and 2023/24 Budget - Report of the Treasurer | (Pages 37 - 56) |
| 9. | Quarterly Funding and Investments Report (Including Investments Update) - Report of AON | (Pages 57 - 106) |
| 10. | Pension Board - Draft Minutes of the Meeting held on 12th January 2023 - Report back by the Chair | (Pages 107 - 116) |
| 11. | Investment Strategy Review - Report of the Treasurer | (Pages 117 - 264) |
| 12. | Such other business as, in the opinion of the Chairman should, by reason of special circumstances, be considered as a matter of urgency | |

Barry Khan
Assistant Chief Executive
(Legal and Democratic Services)

County Hall
Northallerton

Thursday, 23 February 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 Fund Committee

Minutes of the meeting held on 25 November 2022 held at County Hall, Northallerton commencing at 10 am.

Present:-

County Councillors John Weighell OBE (Chairman), Sam Gibbs, George Jabbour, Carl Les, Cliff Lunn, David Noland, Neil Swannick, Angus Thompson, Matt Walker and Andrew Williams.

Councillor Christian Vassie - City of York Council.

David Portlock - Chair of the Pension Board.

Brian Hazledine – UNISON retired members.

Copies of all documents considered are in the Minute Book

15. Exclusion of the Public and Press

Resolved –

That on the grounds that it involved the likely disclosure of exempt information as defined in paragraph 3 of Part 1 of Schedule 12A to the Local Government Act 1972 as amended by the Local Government (Access to Information) (Variation) Order 2006, the public was excluded from the meeting during consideration of Min.no.16(b) – Confidential minutes of 1st July 2022

16(a). Minutes

Resolved -

That the Minutes of the meeting held on 1st July 2022 were confirmed and were signed by the Chairman as a correct record.

16(b). Confidential Minutes

That the Confidential Minutes of the meeting held on 1st July 2022 were confirmed and would be signed by the Chairman as a correct record at the first available opportunity.

(There was no discussion of the Confidential Minutes, therefore, the Meeting did not go into private session).

17. Declarations of Interest

County Councillor George Jabbour declared the following non-registerable interest:-

I have been campaigning on issues involving the way public-sector organisations, pension funds and other institutions manage their finances.

18. Public Questions or Statements

There were no public questions/statements.

19. Pension Administration Report

Considered -

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

Admission Agreements and New Academies

Administration

Membership Statistics

Throughput Statistics

Performance Statistics

Commendations and Complaints

Annual Benefit Statements 2022

Breaches Policy & Log

Business Plan Update

Issues and Initiatives

Administration System

Payroll Enhancements

McCloud

Broadacres

Governance Documents

Member Training

Meeting Timetable

The following issues from the report were highlighted:-

- The Administration section had been very busy through August/September mainly due to the work involving schools returning during that period and pensions staff being on annual leave. The performance against target rating of the section had fallen during that period, with two main causes identified; the first one being staff not utilising the administration system correctly And the Transfers Team had been understaffed It was expected that the rating would

improve over the next quarter as staff understand how to use the system correctly and new staff became more fully trained.

- There had been five complaints received during the quarter with the majority in relation to decisions not to grant ill health retirement. Details of the lessons learnt from the complaints were provided.
- Details of the Annual Benefits Statements (ABS) issued were provided. As of 21 November there were 456 statements remaining that were un-issued, with 184 requiring further work. This equated to an issue rate of 98.94% for 2022, with over 29K issued.
- There had been two breaches of the regulations since the previous meeting, with the details outlined in the breaches log, in relation to the non-issuing of 100% of the Annual Benefits Statements within the appropriate time frame and the late provision of the 2021 Pension Savings Statements to five recipients. The Savings Statements issue was reported to HMRC which resulted in a £12k fine (12 statements were involved with a charge from HMRC of £100 per statement). Details were outlined as to how the breaches would be addressed, going forward
- The Business Plan update which sets out the progress made on the current Business Plan objectives was detailed in the report.
- An update was provided in respect of the employer portal, i-Connect, for monthly data returns, with NYCC nearly fully incorporated, which was a major step for the implementation of the system. Efforts were now underway to have the District and Borough Councils signed up before the new North Yorkshire Council comes into being in April 2023.
- The initial validation exercise on the employer data relating to the McCloud judgement had now been completed with meetings to take place in relation to this shortly.
- The Broadacres proposed transfer into the Fund had now been cancelled.

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

- It was noted that the Pension Board had recommended that the breaches identified should not be referred to the Pensions Regulator and an explanation was requested. In response, the Chair of the Pension Board, outlined how a discussion had taken place at the October meeting of the Board, on the breaches. It had been agreed in terms of the Savings Statements that appropriate action had been taken to address the issue, the HMRC fine should be paid and the matter should not be referred. In terms of the ABS it had been noted that the NYPF was unwilling to issue Statements with incorrect information and some Pension Funds ignored accuracy to meet the deadline. It was considered appropriate that time was taken to ensure that statements issued were accurate, therefore, it was also recommended that no referral be made.

Resolved –

- (i) That the contents of the report be noted;
- (ii) That in terms of the data breaches reported, Members agreed with the recommendation of the Pension Board that no reports should be made to the Pensions' Regulator.

20. Pension Fund Annual Report 2021/22

Considered –

The report of the Treasurer requesting Members to approve the draft Pension Fund Annual Report 2021/22.

It was explained that, due to a technical issue affecting local authorities across the UK including North Yorkshire County Council, the final accounts had yet to be signed off. The Audit Committee has the responsibility of signing off the Council's accounts, which includes the accounts of the Pension Fund. It was expected that the accounts would be finalised in the coming weeks. In the interim, and subject to Members agreeing, the draft Annual Report would be published online, and would be replaced by the final version when the audit was completed. The Annual Report was complete, except for the section on pooling arrangements which would be updated before the final document was published.

Details contained within the Annual Report were outlined, including the Executive summary.

The Treasurer endorsed the details outlined emphasising that the signing off the Final Accounts was a national issue, with many Councils affected. He praised the work undertaken by the Audit Committee and its Working Group to ensure that the accounts and the auditing process were monitored. A Member of the Working Group outlined the meticulous process undertaken to ensure that the accounts were appropriately monitored.

A Member referred to the risk highlighted within the Annual Report in respect of fluctuating currency levels and asked why currency hedging had not been implemented to minimise the risk. In response it was stated that the issue of currency hedging had been discussed many times by the Committee previously, and had been implemented at different times with mixed results. It was stated that the issue could be discussed at forthcoming investment strategy review workshop, but it was emphasised that, taking the long term view on investments, this was a complex matter, and experience had been that there was questionable benefit.

Resolved -

That the draft Pension Fund Annual Report for 2021/22 be approved.

21. Budget and Cashflow

Considered –

The report of the Treasurer outlining the following:-

the 2022/23 budget and the cost of running the Fund;

the 4 year cashflow projection for the Fund.

The main variances within the budget were lower fund manager fees and additional staff in the Administration Team. The decrease in fund manager fees had resulted from the difficult market conditions experienced over the quarter, leading to lower asset values and, therefore, lower manager fees. It was expected that, in the long term, the position would recover.

The cashflow position was challenging due in the main to an extended period of high inflation. It was expected that there would be a small cash surplus at the end of this

year, followed by a small deficit, in the context of a £4 billion Fund, in subsequent years. Cash would be obtained from several investment sources including property and other income to ensure the Fund's needs would be met. It was noted that there was a Cashflow Policy in place which would be adhered to ensuring that the Fund was able to meet its commitments.

Resolved –

That the contents of the report be noted.

22. Performance of the Fund

Considered –

Report of the Investment Consultants, AON, providing comprehensive details of performance and asset allocation information for the Fund along with a background to the investment markets during the second quarter of 2022/23. The Fund's Independent Financial Advisor also provided analysis of the details.

The risks to the Fund's investment strategy and the performance of the various fund managers were also detailed.

The following issues were highlighted:-

- The quarter had seen a difficult period for the markets resulting in negative returns not seen for a substantial period of time.
- Currently the markets were experiencing the end of a decade-long positive run for assets. High inflation and increasing interest rates were now dominating, which was impacting on all asset classes and the Fund's liabilities, and had decreased the funding level of the Fund. It was also suggested that the UK was looking likely to fall into recession and assets and liability values would be further affected. A period of sustained uncertainty for the Fund was expected.
- Despite the recent fall in the funding level, the Fund's solvency position was still well over 100%, due to exceptionally good performance over the period since the global financial crisis in 2008/09. In the long term it was expected that returns would recover, and the funding level improve, however, short term volatility should be expected. It was also expected that investment opportunities would arise during this period. It was considered appropriate that an investment strategy review was undertaken to take account of these issues.
- Issues relating to the potential for interest rate changes, the effect on bonds and liabilities, and the USA interest rate and impact on USA equities were outlined.
- The recent funding position compared to that in 2009 was outlined, and it was noted that the Fund's estimated solvency position was currently 107% which reflected the recent downturn, and there was a need to guard against complacency.
- The independent Investment Adviser warned against being too cautious during this period, noting that the markets have already largely adjusted to take account of the outlook, and investments should be considered in that context. The workshop would be an appropriate arena to consider this.
- A Member highlighted the fluctuating position of the pound against the dollar in recent weeks, influenced by changes of Government, and that US inflation had been lower. He also considered it appropriate that the portfolio be adapted to be in a position to benefit from the upturn of markets when that takes place. The Chair echoed this, but emphasised that caution was needed, given how volatile markets were likely to be. The Treasurer stated that a Strategy review was on the horizon.
- Members emphasised the need to guard against the volatility of the markets when carrying out the review of the investment strategy to ensure that the current position of being over 100% funded was maintained. The Chair stated that the workshop

would explore the strategy, going forward, and would take account of everyone's views and would seek to find a consensus on how the strategy should develop.

- Noting the recent decision by the Committee to disinvest from Dodge and Cox as part of the process of implementing changes to the investment strategy agreed in 2021, and to rebalance a proportion into Baillie Gifford, a Member asked whether that had been an appropriate decision, given the current circumstances. Another member noted that he had raised the Fund's exposure to equities at the time the decision was taken and felt that further de-risking was required to protect the current funding level. He suggested that consideration should be given to alternative investments in equities with a stronger focus on ESG outcomes. The Chair noted that the previous high exposure to equities had been the reason the Fund had reached the recent funded level of 125%, and recognised the need to protect it. He emphasised that the protection should not detract too much from the Fund's ability to grow and take advantage of rising markets. A Member highlighted the recent Baillie Gifford conference he had attended and welcomed their approach with a focus on growth and ESG. He noted that, in the long term, climate risk would increasingly be a major focus for investments and felt that the strategy should be developed accordingly, with the workshop utilised to explore that further.
- A Member welcomed the report as it had provided context and clarification on what had appeared to be a worrying market environment for the Fund. The Treasurer welcomed the challenge from Members on the investment strategy position, which would feed into the forthcoming review. He noted that in recent years the Fund had taken steps to de-risk with a gradual reduction in exposure to equities, which at one point was around 80%, and careful consideration would be required as to how the Fund moved forward.
- The Chair noted that equities had fallen, but property values had not changed very much. The Investment Consultant stated that property was not selling currently, making it hard to value this asset class, and the expected UK recession would see property prices falling significantly. He stated that the investment strategy would be reviewed and developed appropriately, taking account of Members' views. Equities represented the biggest risk to the Fund. Members agreed that guarding against further risk to the funding position should be part of the review of the investment strategy, including considering alternative investment opportunities to equities.
- The representative of UNISONs retired members requested that details of the quarterly performance of the Fund be communicated to retired members for reference purposes. In response it was noted that the Pensions Newsletter did outline the position but it was acknowledged that a graphical interpretation of those details would be beneficial, so would be provided in subsequent editions.
- A Member asked how the Investment Consultant had arrived at their conclusions within the report, particularly in respect of property and equities. In response it was outlined that details were considered on a monthly basis to consider trends and the outlook was similarly updated

Resolved –

- (i) That the contents of the report, and the issue raised, be noted;
- (ii) That further consideration be given to the investment strategy at the workshop.

23. Pension Board – report back by the Chair on the meetings held on 7th July 2022 and 6th October 2022

Considered -

A verbal update by the Chair of the Pension Board based on the Minutes of the meetings which had been provided.

The Chair of the Pension Fund Committee initially noted that during the report on the Annual Report of the Pension Board, at a recent meeting of the County Council, a comment had been made regarding investments made by the Fund. He wished to ensure that Council Members were aware of the relationship between the Committee and the Board and the remit of the Board. He stated that a seminar could be arranged for Members to clarify these details. A Member of the Committee who had attended Board meetings to observe stated that he had recognised the different nature of the two bodies.

The Chair of the Board highlighted the following issues discussed at the Meetings held in July and October:-

- Internal Audit reports continued to be presented to the Board. The most recent reports, as identified in the minutes, had all resulted in substantial assurance. Should any issues arise from the reports the Board would refer these to the Committee.
- The Board had received a very useful presentation on Cyber Security for the Pension Fund.
- At the recent meeting of the County Council the vacant position on the Board had been filled by the appointment of County Councillor Mike Jordan as the Employer Representative representing NYCC. It was noted that this was a re-appointment with Councillor Jordan having served on the Board when it was initially established. The Board now had a full complement of members.

Resolved -

That the details of the meeting outlined be noted and the Board's Chairman be thanked for his updates.

The meeting concluded at 11.35.

SML

This page is intentionally left blank

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 our 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	Admin – delay in completing transfer into the NYPF
	1	IHER – appeal against tier awarded
Dec	0	

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

Lessons Learned

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

This page is intentionally left blank

Name of School	Local Authority	Multi Academy Trust (MAT) Name	Target Conversion Date	Current Position
Carleton Endowed CE Primary School	NYCC	Leeds Diocesan Learning Trust	1.11.2022	Complete
Norton College		Evolution Schools Learning Trust transferring to the Ryedale Learning Trust	1.1.2023	Complete
South Kilvington CE VC Primary School	NYCC	Elevate Multi Academy Trust	1.2.2023	In progress
Brompton Hall Special School	NYCC	Venn Academy Trust	1.2.2023	In progress
Mill Hill Primary School	NYCC	Possibly with Arête Learning Trust	1.3.2023	In progress
All Saints RC School, York	COYC	Nicholas Postgate Catholic Academy Trust	1.3.2023	In progress
Kirby Hill Primary School	NYCC	Leeds Diocesan Learning Trust	1.4.2023	In progress
Woodlands School, Scarborough		Single Academy Trust moving to Horizons Specialist Academy Trust	1.4.2023	In progress
Bradleys Both Community Primary School	NYCC	Yorkshire Collaborative Academy Trust	TBC	Will be progressed when conversion date known
St Barnabas Church of England VC Primary School	COYC	Pathfinder Multi Academy Trust	TBC	Will be progressed when conversion date known
Ripley Endowed CE VC Primary School	NYCC	TBC	TBC	Will be progressed when conversion date known
Beckwithshaw CP School	NYCC	TBC	TBC	Will be progressed when conversion date known
Kettleasing Felliscliffe Primary School	NYCC	TBC	TBC	Will be progressed when conversion date known

Name of School	Local Authority	Multi Academy Trust (MAT) Name	Target Conversion Date	Current Position
Middleham CE VA Primary School (NYCC)	NYCC	Possibly Dales Academies Trust	TBC	Will be progressed when conversion date known
Spennithorne CE VC Primary School (NYCC)	NYCC	Possibly Dales Academies Trust	TBC	Will be progressed when conversion date known
Darley Primary School	NYCC	Possible with Yorkshire Collaborative Academy Trust	TBC	Will be progressed when conversion date known
Summberbridge Primary School	NYCC	Possible with Yorkshire Collaborative Academy Trust	TBC	Will be progressed when conversion date known
Barkston Ash RC Primary School	NYCC	Possibly with Bishop Wheeler Catholic Academy Trust	TBC	Delayed from 1.9.2020
St Wilfrid's Catholic Primary School, Ripon	NYCC	Possibly with Bishop Wheeler Catholic Academy Trust	TBC	Delayed from 1.9.2020

Admission Bodies - 9 'in progress'

Name of Employer	Name of Contractor	Staff Transfer Date	Current Position
North Yorkshire Fire & Rescue Service (cleaning contract)	Atlas FM Limited	29.4.2022	Complete
Coast & Vale Learning Trust Filey School	Hutchison Catering Limited	1 .6.2022	Complete
NYCC Chapel Haddlesey Primary School	Mellors Catering Services Limited	1.9.2022	Complete
NYCC Barwic Parade Community Primary School	Mellors Catering Services Limited	1.9.2022	Complete
NYCC Burton Salmon Primary School	Mellors Catering Services Limited	1.9.2022	Complete
Northern Star Academies Trust New Park Primary Academy Herrogate High School Hookstone Chase Primary School Starbeck Primary Academy	Aspens Services Limited	1.1.2022	In progress
South York Multi Academy Trust Bishopthorpe Infant School	Mellors Catering Services Limited	1.1.2022	In progress
Outwood Grange Academies Trust Outwood Academy Ripon	ISS Mediclean Limited	1.1.2022	In progress
The Rodillian Trust Brayton Academy	Aspens Services Limited	8.4.2022	In progress
South Bank Multi Academy Trust Carr Junior School Millthorpe School York High School	Bulloughs Cleaning Services Ltd	1.8.2022	In progress
Selby Educational Trust Selby Community Primary School Carlton Primary School	Mellors Catering Services Limited	1.9. 2022	In progress

Name of Employer	Name of Contractor	Staff Transfer Date	Current Position
Elevate MAT Caretaking and cleaning contract	SBFM Limited	1.9.2022	In progress
South Bank Multi Academy Trust Scarcroft School	Bulloughs Cleaning Services Ltd	1.1.2023	In progress
City of York Council Huntington School	Aspens Services Limited	1.2.2023	In progress

Exited Employers – 25

Name of Employer	Date exited the Fund
OCS Group UK Limited	31.3.2017
Superclean Services Limited	16.7.2017
Joseph Rowntree Charitable Trust	31.12.2017
York Arts Education (Community Interest Company)	31.3.2018
Be Independent	31.7.2018
Housing & Care 21	31.8.2018
Consultant Cleaners	31.10.2018 (voluntary liquidation)
The Wilberforce Trust	22.3.2019
Dolce Limited	14.4.2019
Schools Plus	30.4.2019
Sewells Facilities Management Limited	21.12.2020
Sheffield International Venues	31.1.2021
Caterservice Ltd	12.2.2021
Enterprise Managed Services Ltd (Amey)	28.2.2021
RCCN Limited	31.3.2021

Name of Employer	Date exited the Fund
Streamline Taxis Limited	28.5.2021
Ringway Infrastructure Services Limited	31.5.2021
Churchill Security Solutions Limited	31.5.2021
Hexagon Care Services Limited	6.8.2021
Sanctuary Housing Association	20.12.2021
Atalian Servest Food Co Limited	31.12.2021
Elite Cleaning and Environmental Services	31.12.2021
Elite Security Services Limited	11.4.2022
Welcome to Yorkshire	14.4.2022
Lifeways Community Care Limited	31.7.2022

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 targeted initiatives. Target is to have a controlled work throughput by end 2018. Continue to work through errors & queries & issue ABS' when able to. Introduce monthly returns for our 2 largest employers by end of 2018 so that errors can be identified in real time rather than at year end.			14/09/2017	19/01/2018	Noted the position, no requirement to report. Creation of Breaches Log to record position.	N
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 recipient knows the person whose information was disclosed.	Recipient was asked to either destroy or return the information. Process and working practice was reviewed and changes put in place. Instructions issued to the staff responsible for printing and posting.			11/09/2020	09/07/2020	PB - July meeting, noted position, agreed not to report. PFC - September meeting, noted position, agreed not to report.	N
11/05/2020	Administration	A member's retirement statement was incorrectly sent to the wrong member.	Due to Covid 19 printing and posting process had to be changed whereby 1 person was responsible for printing for the whole team. Human error.	Data Protection Act 2018	Accidental disclosure of personal data for 1 member to another. It is highly unlikely that the recipient knows the person whose information was disclosed.	Recipient was asked to either destroy or return the information. Process and working practice was reviewed and changes put in place. Instructions issued to the staff responsible for printing and posting.			11/09/2020	09/07/2020	PB - July meeting, noted position, agreed not to report. PFC - September meeting, noted position, agreed not to report.	N
15/05/2020	Administration	A member's letter was incorrectly sent to the wrong member along with their own letter.	Due to Covid 19 printing and posting process had to be changed whereby 1 person was responsible for printing for the whole team. Human error.	Data Protection Act 2018	Accidental disclosure of personal data for 1 member to another. It is highly unlikely that the recipient knows the person whose information was disclosed.	Recipient was asked to either destroy or return the information. Process and working practice was reviewed and changes put in place. Instructions issued to the staff responsible for printing and posting.			11/09/2020	09/07/2020	PB - July meeting, noted position, agreed not to report. PFC - September meeting, noted position, agreed not to report.	N
15/05/2020	Administration	A member's calculation print was incorrectly sent to the wrong member.	Due to Covid 19 printing and posting process had to be changed whereby 1 person was responsible for printing for the whole team. Human error.	Data Protection Act 2018	Accidental disclosure of personal data for 1 member to another. It is highly unlikely that the recipient knows the person whose information was disclosed.	Recipient was asked to either destroy or return the information. Process and working practice was reviewed and changes put in place. Instructions issued to the staff responsible for printing and posting.			11/09/2020	09/07/2020	PB - July meeting, noted position, agreed not to report. PFC - September meeting, noted position, agreed not to report.	N
26/05/2020	Administration	A pensioner received a payslip which belonged to another pensioner.	Due to Covid 19 printing and posting process had to be changed whereby 1 person was responsible for printing for the whole team. Human error.	Data Protection Act 2018	Accidental disclosure of personal data for 1 member to another. It is highly unlikely that the recipient knows the person whose information was disclosed.	Recipient was asked to either destroy or return the information. Process and working practice was reviewed and changes put in place. Instructions issued to the staff responsible for printing and posting.			11/09/2020	09/07/2020	PB - July meeting, noted position, agreed not to report. PFC - September meeting, noted position, agreed not to report.	N
27/05/2020	Administration	A member received a letter meant for a solicitor dealing with the death of another member.	Due to Covid 19 printing and posting process had to be changed whereby 1 person was responsible for printing for the whole team. Human error.	Data Protection Act 2018	Accidental disclosure of personal data for 1 member to another. It is highly unlikely that the recipient knows the person whose information was disclosed.	Recipient was asked to either destroy or return the information. Process and working practice was reviewed and changes put in place. Instructions issued to the staff responsible for printing and posting.			11/09/2020	09/07/2020	PB - July meeting, noted position, agreed not to report. PFC - September meeting, noted position, agreed not to report.	N
31/08/2020	Administration	Statutory deadline for issuing of Annual Benefit Statements not met for all eligible members	Year End queries still outstanding at issue date. Manual calculation of Annual Allowance figures still outstanding at issue date. Issues with data quality, suppressed statements until data corrected and accurate statements can be issued.	Reg 89 of LGPS Regs 2013	100% of Deferred members received a statement. 94.21% of Active members received a statement. (1,784 members did not)	Analysis of the 1,784 unissued statements undertaken to identify and isolate reasons. Each group being worked through to identify what is required to enable statement to be produced. Number reduced to 274 as at 20 October, work will continue until end of year to further reduce number unissued			27/11/2020	29/10/2020	PB - Oct meeting, noted position, agreed not to report. PFC - Nove meeting, noted position, agreed not to report.	N
30/11/2020	Administration	A member contacted us to advise she had received the starter pack for another member but with her address on it. The member also advised there were 2 other members affected.	Employer submitted starter file and the data has been mixed up for a number of members, address 26 records, date of birth 11 records, payroll no 21 records, date joined 8 records and school name 18 wrong	Data Protection Act 2018	Accidental disclosure of personal data for a number of members to another member. It is highly likely that the recipient knows the person whose information was disclosed. The 3 original members had discussed it.	Reported to Veritau. They assessed it as Low risk level and did not need to be reported to the ICO. Data sent back to employer to provide corrected information. Employer advised we have reported the data breach and we've asked for clarification of what process changes they have made to prevent it recurring. Replacement starter packs issued with correct details on and covering letter advising reason for disclosure and contact details for employer.			05/03/2021	14/01/2021	PB - Recognised the issue was an employer one rather than a Fund one. PFC - 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, the impact on affected members and how to update and maintain records correctly. This taskforce will take responsibility for updating member records. Once knowledge is established and embedded further staff will be trained until the whole team knows what is expected.			05/03/2021	14/01/2021	PB - Require further information on mitigating actions taken to prevent recurrence before reaching a decision about reporting to 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 recipient 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 recipient 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
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 identified earlier in the process.	N/A	N/A	09/09/2022	06/10/2022	PFC - No report PB - 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
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 suppressed 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 recipient 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

This page is intentionally left blank

Date	Title or Nature of Course	Mulligan P	Weighell J	Portlock D	A Thompson	C. Vassie	#C. Les	#S. Gibbs	#G. Jabbour	#C. Lunn	#D. Noland	#A. Williams	#M. Walker	#N. Swannick	Unison (Vacancy)	Unison (Vacancy)
18-19 May 2021	PLSA Local Authority Conference			✓						✓						
3 June 2021	Investment Strategy Workshop	✓	✓	✓	✓	✓				✓						
1 July 2021	Investment Strategy Workshop	✓	✓	✓	✓	✓				✓						
20 July 2021	BCPP Responsible Investment	✓								✓						
30 September/1 October 2021	BCPP Conference	✓		✓		✓				✓						
25 November 2021	Investment Strategy Workshop		✓	✓		✓				✓						
10 February 2022	Investment Strategy Workshop	✓	✓	✓	✓	✓				✓						
3 March 2022	Investment Strategy Workshop	✓	✓	✓	✓	✓				✓						
26 May 2022	Asset Allocation Workshop	✓	✓	✓	✓	✓			✓			✓	✓	✓		
30 June 2022	Asset Allocation Workshop		✓	✓				✓	✓		✓	✓	✓	✓		
8 September 2022	Asset Allocation Workshop	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓		
28/29 September 2022	BCPP Annual Conference	✓		✓				✓		✓	✓			✓		
12/13 October 2022	PLSA Conference	✓														
9/10 November 2022	Baillie Gifford – Annual Investment Conference	✓			✓	✓		✓								
20 November 2022	Asset Allocation Workshop	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓		

- Appointed to the Committee following May 2022 elections.

This page is intentionally left blank

UPCOMING TRAINING AVAILABLE TO MEMBERS

Provider	Course / Conference Title	Date(s)	Location	Themes / Subjects Covered
SPS	SPS Local Authority Pension Fund Investment: Current Issues Update	14 March 2023	The View at the Royal College of Surgeons, London	This conference, designed for representatives of local authority funds and pools, seeks to explore a variety of investment strategies/solutions, both public and private, designed to best help local authority pension funds to meet their specific investment requirements and stewardship responsibilities, such as: delivering growth; providing income; managing cashflows; improving returns, managing risk and climate change & responsible investment obligations.
PLSA	Investments Conference	6 – 8 June 2023	EICC, Edinburgh	The Investment Conference is where CIOs, trustees, investment board members, pension managers, finance professionals and their advisers gain insight on the major trends and events affecting UK investors and markets. We bring the whole of the UK pensions investment chain together under one roof.
PLSA	Local Authority Conference 2023.	26 – 28 June 2023	Cotswold Water Park in Gloucestershire Local Authority Conference 2023.	The Local Authority Conference is the largest of its kind dedicated to the Local Government Pension Scheme. It is attended by over 300 local authority officers, councillors, members of Local Pension Boards, admitted bodies and their advisers.

Provider	Course / Conference Title	Date(s)	Location	Themes / Subjects Covered
PLSA	Annual Conference	17 – 19 October 2023	Manchester Central Windmill Street Manchester M2 3GX	<p>The definitive pensions conference and exhibition, where the industry comes together to discuss every aspect of pensions, from communications and engagement, to investment, to the geopolitical outlook, and the trustee agenda.</p> <p>In 2023 the PLSA is celebrating 100 years as the voice of workplace pensions.</p>
SPS	SPS LGPS Sustainable Investment & Topical Issue Conference	19 October 2023	The View at the Royal College of Surgeons, London	<p>This conference aims to examine a range of property, infrastructure and other real asset investment strategies and explore the ways pension funds can use them to meet their scheme specific goal requirements such as stable and sustainable returns, risk management and diversification. We will also consider how recent and prevailing conditions have impacted performance and prospects, and to include key practical considerations such as liquidity, ESG/impact/climate requirements and cost and implementation issues.</p>
PLSA	Responsible Investment Conference	TBC Late November	TBC Central London	<p>The PLSA's Responsible Investment Conference - formerly our digital ESG Conference - returns for 2023 as a face-to-face event featuring expert speakers discussing the latest developments in this quickly evolving landscape. Meet pension schemes and advisers at this essential event for anyone with an interest in responsible investment.</p> <p>The one-day event takes place in a central London location. Information due shortly.</p>

Hymans Robertson package (Aspire) of on-line training can now be utilised by Members - “bite-size” sessions that can be dipped in and out of at Members convenience. The training modules are as follows:-

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.

This page is intentionally left blank

PENSION FUND COMMITTEE TIMETABLE FOR MEETINGS IN 2022/23

Meeting Date	Time & Venue	Event	Fund Managers
2 March 2023	10 am, TBC	Pension Fund Workshop	Representative of BCPP and / or Fund Manager TBC
3 March 2023	10 am, TBC	Pension Fund Committee	

PENSION FUND COMMITTEE TIMETABLE FOR MEETINGS IN 2023/24

Meeting Date	Time & Venue	Event	Fund Managers
25 May 2023	10 am, TBC	Pension Fund Workshop	Representative of BCPP and / or Fund Manager TBC
26 May 2023	10 am, TBC	Pension Fund Committee	
29 June 2023	10 am, TBC	Pension Fund Workshop	Representative of BCPP and / or Fund Manager TBC
30 June 2023	10 am, TBC	Pension Fund Committee	
14 September 2023	10 am, TBC	Pension Fund Workshop	Representative of BCPP and / or Fund Manager TBC
15 September 2023	10 am, TBC	Pension Fund Committee	

23 November 2023	10 am, TBC	Pension Fund Workshop	Representative of BCPP and / or Fund Manager TBC
24 November 2023	10 am, TBC	Pension Fund Committee	
29 February 2024	10 am, TBC	Pension Fund Workshop	Representative of BCPP and / or Fund Manager TBC
1 March 2024	10 am, TBC	Pension Fund Committee	

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

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)

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
	164,200	164,000	170,000	174,000
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 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 asset 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

North Yorkshire Pension Fund - Proposed 2023/2024 Budget

	Budget 2022/2023 £k	Q3 Forecast 2022/2023 £k	Proposed Budget 2023/2024 £k
EXPENDITURE			
<u>Admin Expenses</u>			
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
<u>Oversight and Governance</u>			
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
<u>Investment Fees</u>			
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

This page is intentionally left blank

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.	Green
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.	Green
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.	Green
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.	Green
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.	Orange
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.	Green
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.	Green
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.	Green
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.	Red

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.	

North Yorkshire Pension Fund



Business Plan 2023/24 – 2025/26



Local Government
Pension Scheme

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
Page 43

Contents

1. About the NYPF	3
2. How the fund is run.....	3
3. Principal responsibilities.....	4
4. Purpose of the business plan.....	4
5. Overall goal.....	4
6. Objectives.....	5
7. Resources	5
8. Key Activities	6

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

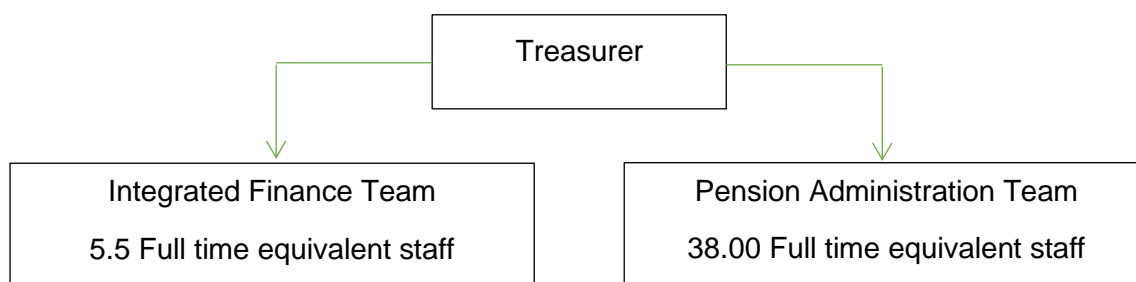
2. How the fund is run

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		●										

Page 50

			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				●								

Page 51

This page is intentionally left blank

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.

Page 53

Funding

Funding Strategy Statement alongside 2025 Valuation
Income monitoring

Investment

Investment Strategy review alongside 2025 Valuation
Responsible Investment
Pooling investment opportunities

Governance

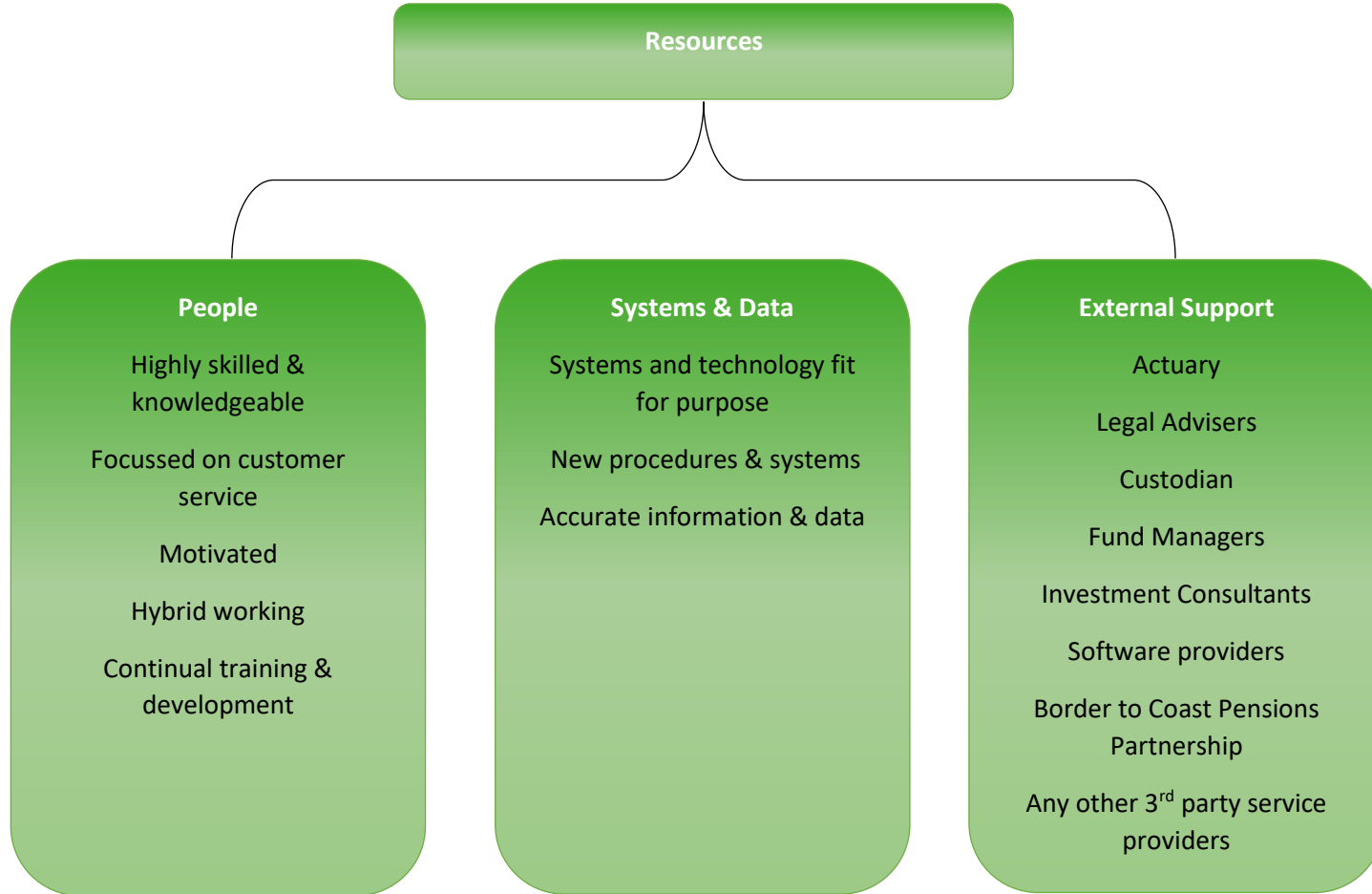
SAB Good Governance project
TPR Single Code of Practice

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



This page is intentionally left blank

Quarterly Funding & Investment Report

End December 2022



Prepared for: North Yorkshire Pension Fund

Prepared by: Aon

Date: 3 March 2023



For professional clients only



Table of Contents

1. At a glance...	<u>3</u>
2. Funding	<u>6</u>
3. Asset allocation	<u>10</u>
4. Fund performance	<u>16</u>
5. Market background and investment outlook	<u>20</u>
6. Manager review	<u>24</u>
7. Further information	<u>36</u>

Page 58



Page 59

1. At a glance...

A high level summary of your investments and funding

At a glance...

Funding*

Since the initial results of the valuation at 31 March 2022 the Fund's ongoing funding level has deteriorated and the surplus has decreased by £370M, falling 9% to 106%.

This has been primarily driven by a reduction in asset values although this has been partially offset by an increase in the net discount rate.

Asset Allocation and Implementation

A number of short/medium term changes to the asset allocation have been agreed by the Committee in light of the agreed long-term investment strategy.

Over the quarter, £120m was redeemed from BCPP Global Alpha with £60m of proceeds transferred to cash and £60m invested in the BCPP Inflation Linked Bonds fund. £20m was successfully redeemed from the LGIM Managed Property fund, with a follow-up redemption of £16m deferred by LGIM. In addition, another £5m was redeemed from BCPP Listed Alternatives to meet capital calls

In light of market conditions, it was agreed to defer the investment strategy review to the Q1 2023 PFC meeting

Performance

The Fund outperformed the composite benchmark over the quarter but underperformed over the 1 year and 3 year periods.

Market Background and Investment Outlook

Risky assets finished 2022 on a positive note with optimism over falling inflation, but we see conditions likely to stay testing in 2023. Avoiding a US recession is critical for any market-bullish narrative to be sustained. This still looks to be tough to achieve, especially because the effects of 2022's large monetary tightening have yet to be fully felt.

Equities will still be battling stiff headwinds from a weaker earnings outlook and high cash and bond yields. We prefer to look elsewhere for return generation. A recent rush into credit has lowered yields a fair bit, even though they remain at attractive levels relative to the past decade. Though the autumn's gilt market storm has long passed, gilt market volatility will likely stay. We expect yields to move in a wide range this year reflecting high levels of local and global economic uncertainty.



Key actions

1. Committee members to consider results from investment strategy review with a view to finalising decisions at March PFC meeting
2. Committee members to agree commitment levels to private market assets
3. Committee members to agree if an investment should be made in the BCPP Global Property fund

*The funding update makes allowance for the initial results of the 2022 valuation of the Fund. This includes a 10% loading for short term inflationary impacts.

Key Stats – Q4 2022

Assets

£4,001m



Assets reduced by £626m since 2022 valuation

£4,627m at 2022 valuation

Funding level

106%



Funding level decreased by 9% since 2022 valuation

115% at 2022 valuation

Return on Assets Since 2022 Valuation

-19.1% pa



Page 61

Current Assets Expected Return (10 year p.a.)

+7.2%



1.6% increase since 2019 Valuation

5.6 % at 2019 valuation

Long-term Strategy Expected Return (10 year p.a.)

+7.5%



1.6% increase since 2019 Valuation

5.6% at 2019 valuation

Discount rate

4.8%



Discount rate has increased by 0.6% since 2022 Valuation

4.2% at 2022 valuation

Current Assets Value at Risk (1 Year 1 in 20)

£836m

Long-term Strategy Assets Value at Risk (1 Year 1 in 20)

£778m

Estimated Total Employer cost

16.6%



Estimated Total Employer cost decreased by 1.3% since 2022 valuation

17.9% at 2022 valuation

Note: The funding update makes allowance for the initial results of the 2022 valuation of the Fund. This includes a 10% loading for short term inflationary impacts.



2. Funding

A review of your funding position and contributions

Funding position

Funding level

106%

at end 31 December 2022

Down from 115% at 31 March 2022



Surplus

£240.3M

at end 31 December 2022

Down from £610m at 31 March 2022



Comments

Since the initial results of the valuation at 31 March 2022 the Fund's ongoing funding level has deteriorated and the surplus has decreased by £370M.

This has been primarily driven by a reduction in asset values although this has been partially offset by an increase in the net discount rate.

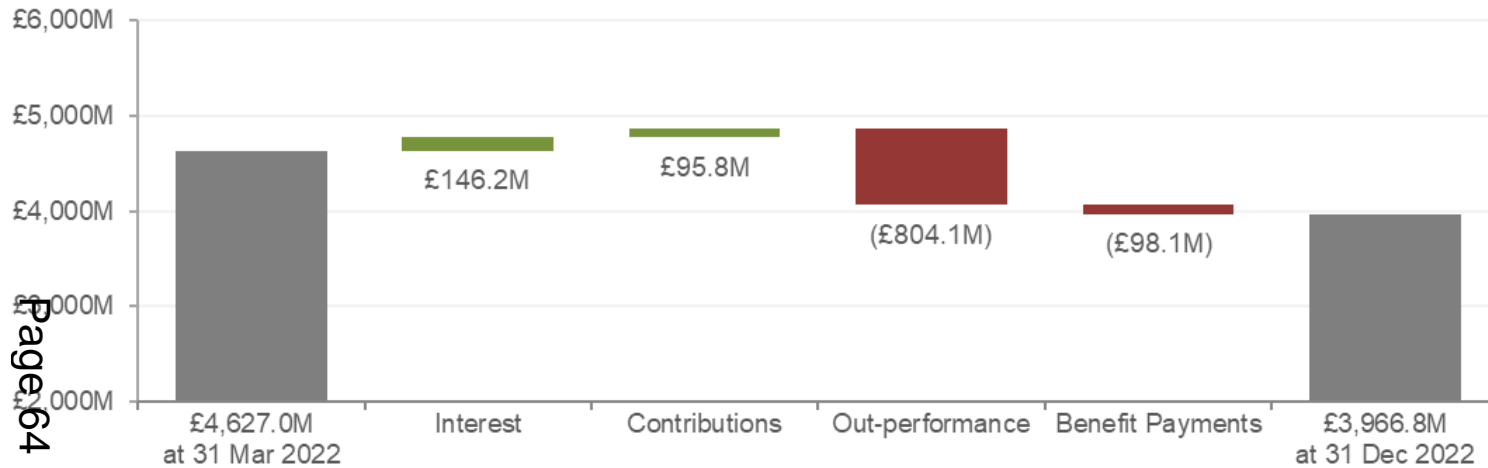
Change to funding level since 31 March 2022

Page 63

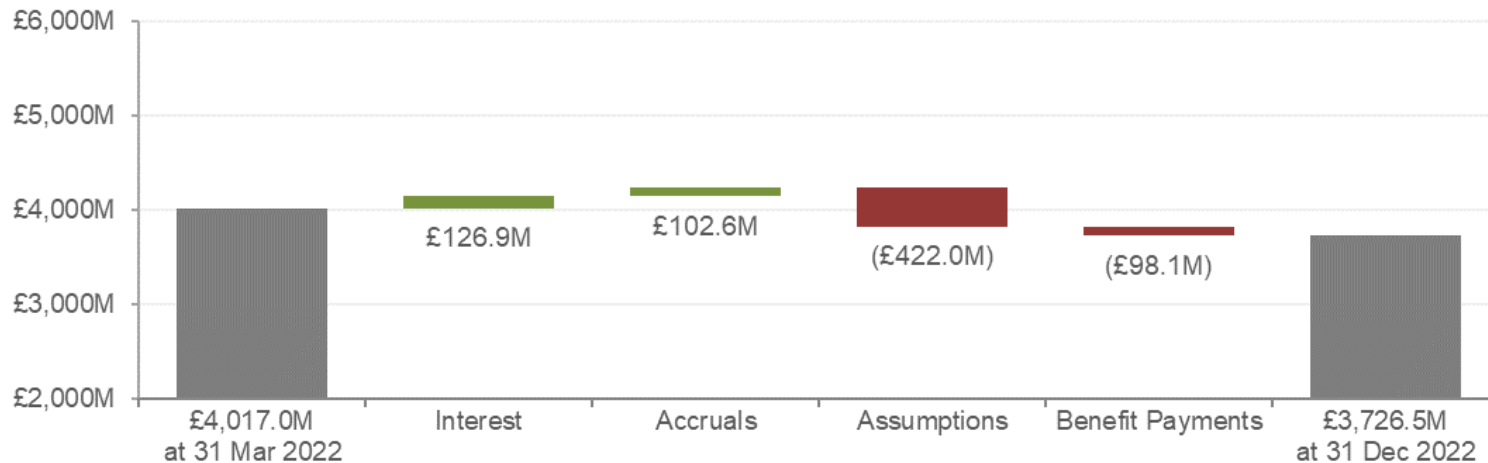


Analysis – ongoing funding target

Reason for change since 31 March 2022 – Asset Attribution



Reason for change since 31 March 2022 – Liability Attribution



Comments

Since the 2022 valuation the surplus has decreased by £370M.

Aggregate Employer contributions – ongoing funding target

Total employer contribution rate

16.6%



at 31 December 2022

Down from 17.9% at 31 March 2022

Employer cost of accrual

16.6%



at 31 December 2022

Down from 20.2% at 31 March 2022

Comments

The cost of accrual has decreased since 31 March 2022 due to the increase in net discount rate. However, the surplus has increased which has offset this to an extent. Overall there is a reduction in the total employer contribution rate.

Page 65

Notes

The total employer contribution rate quoted above is based on the average total employer contribution rates across the Fund. Individual employer contributions can be very different to the average figure across the Fund shown above depending on their own characteristics, membership profile and funding target. The individual employer contributions are in the process of being reviewed as part of the triennial valuation at 31 March 2022.






Page 66

3. Asset allocation

A review of your strategic asset allocation

Asset allocation – Q4 2022

11

Asset Group	Manager	31 December 2022					Possible action
		Valuation (£m)	Current allocation	Long-term strategy	Difference	Rebalancing Range	
Equities		2,015.6	50.4%	50.0%	+0.4%		
	BCPP UK equity	169.1	4.2%	4.0%	+0.2%	TBC	
	BCPP Global Equity	1,145.1	28.6%	28.0%	+0.6%	+/- 5%	
	Baillie Gifford LTGG	701.5	17.5%	18.0%	-0.5%	+/- 3%	
Absolute Return		9.4	0.2%	0.0%	+0.2%		
Page 67	Leadenhall Remote Risk	3.2	0.1%				
	Leadenhall Diversified	3.5	0.1%				
	Leadenhall Nat Cat	2.8	0.1%				
Property		282.2	7.1%	7.5%	-0.4%	TBC	
	Hermes	34.0	0.8%				
	L&G	60.9	1.5%				
	Threadneedle	187.3	4.7%				





Source: Northern Trust, Aon. Note: Numbers may not sum due to rounding.

OFFICIAL - SENSITIVE

AON

Asset allocation – Q4 2022 (cont'd)



12

		31 December 2022					
Asset Group	Manager	Valuation (£m)	Current allocation	Long-term strategy	Difference	Rebalancing Range	Possible action
Infrastructure		500.4	12.5%	10.0%	+2.5%		
	BCPP Infrastructure	208.3	5.2%				
	BCPP Listed Alts	290.3	7.3%				
	BCPP Climate Opportunities	1.9	0.0%				
Private Credit		151.9	3.8%	5.0%	-1.2%		
	BCPP Private Credit	97.4	2.4%				
	Arcmont	30.5	0.8%				
	Permira	24.1	0.6%				
Non-Investment Grade Credit		214.5	5.4%	5.0%	+0.4%	TBC	
	BCPP Multi Asset Credit	214.5	5.4%				
Investment Grade Credit		292.8	7.3%	7.5%	-0.2%	TBC	
	BCPP Investment Grade Credit	292.8	7.3%				

Source: Northern Trust, Aon. Note: Numbers may not sum due to rounding.

Asset allocation – Q4 2022 (cont'd)

13

Asset Group	Manager	31 December 2022					Possible action
		Valuation (£m)	Current allocation	Long-term strategy	Difference	Rebalancing Range	
Gilts		474.2	11.9%	15.0%	-3.1%	TBC	
	BCPP Index Linked Bonds	474.2	11.9%				
Cash		60.0	1.5%	0.0%	+1.5%	TBC	
	Internal Cash	60.0	1.5%				
Total		4,001.1	100.0%	100.0%			

Source: Northern Trust, Aon. Note: Numbers may not sum due to rounding.

Page 69

Investment strategy update

Implementation actions over Q4 2022

Officers and selected Committee members:

- Considered implementing currency hedging in light of market conditions. A decision was taken not to proceed.
- Agreed to sell c.3% overweight to equities (BCPP Global Alpha) with 50% of proceeds transferred to cash and 50% the BCPP inflation linked bonds fund
 - £120m was redeemed from BCPP Global Alpha with £60m of proceeds transferred to cash and £60m invested in the BCPP Inflation Linked Bonds fund
 - Trading took place in early October 2022 and was completed in two tranches
- Agreed to sell c.£20m from property assets if possible
 - £20m was successfully redeemed from the LGIM Managed Property fund, with a follow-up redemption of £16m deferred by LGIM
- In light of market conditions, it was agreed to defer the investment strategy review to the Q1 2023 PFC meeting
 - In addition, another £5m was redeemed from BCPP Listed Alternatives to meet capital calls

The following rebalancing activities took place over the quarter:

- £120m redemption from Border to Coast Global Alpha
 - £60m invested into Border to Coast Inflation Linked Bond
 - £60m retained as cash to meet capital calls
- Border to Coast made 21 capital calls and 13 distributions for Infrastructure over the quarter totalling £41m, 23 capital calls and 13 distributions for Private Credit, totalling £18m, 2 capital calls for Climate Opportunities totalling £2m.
- Arcmont made one capital call and one distribution net £0m, Permira made one distribution of £1m.
- £5m was disinvested from BCPP Listed Alternative to meet capital calls
- £20m was disinvested from LGIM Property Fund, with a further £16m redemption deferred by LGIM

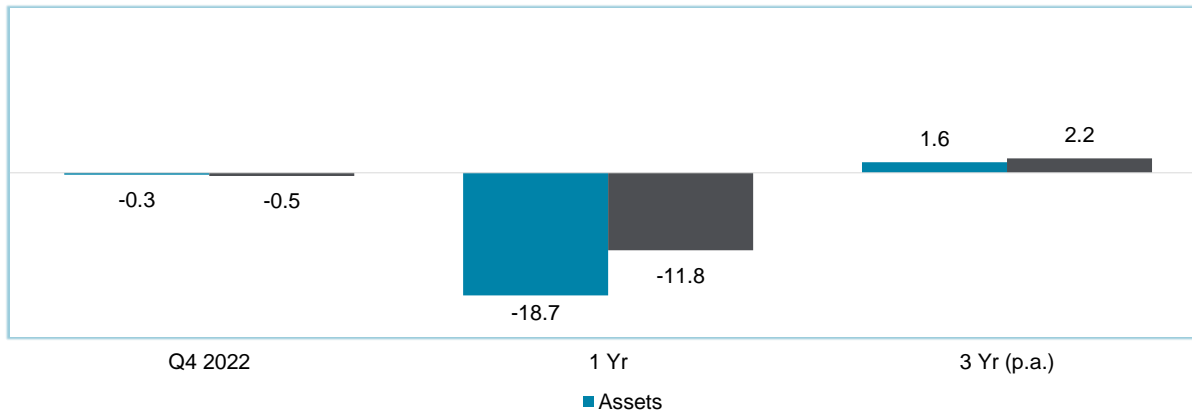


4. Fund performance

A review of your investment performance

Total Fund performance – Snapshot

Fund performance & benchmark



Quarterly (relative)

0.2%



The Fund outperformed the benchmark returning -0.3% vs -0.5% over the quarter.

3 year (relative)

-0.6%



Over 3 years the Fund has underperformed the benchmark returning 1.6% vs 2.2%.

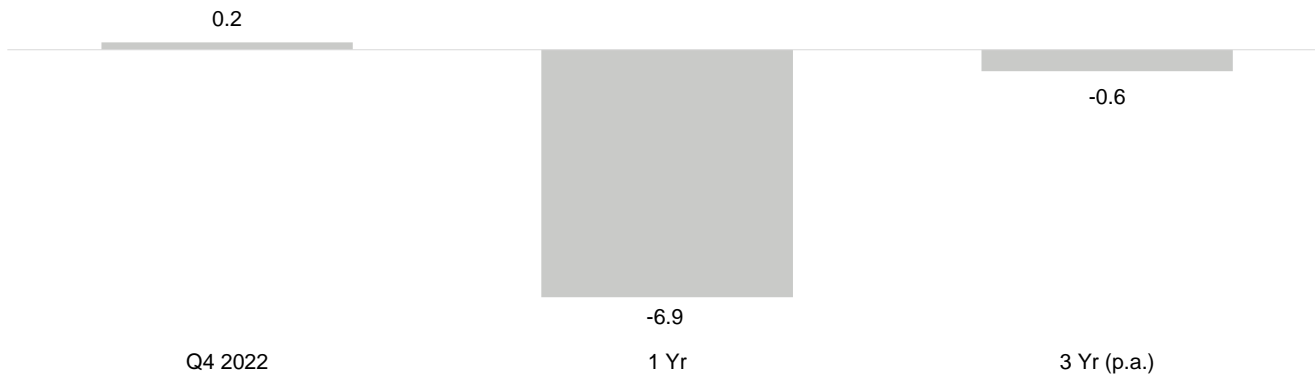
Comments

Total Fund performance is behind the composite benchmark over 1 year period and 3 year period but ahead over the quarter to 31 December 2022.

Page 73

Relative performance

Relative Return (%)

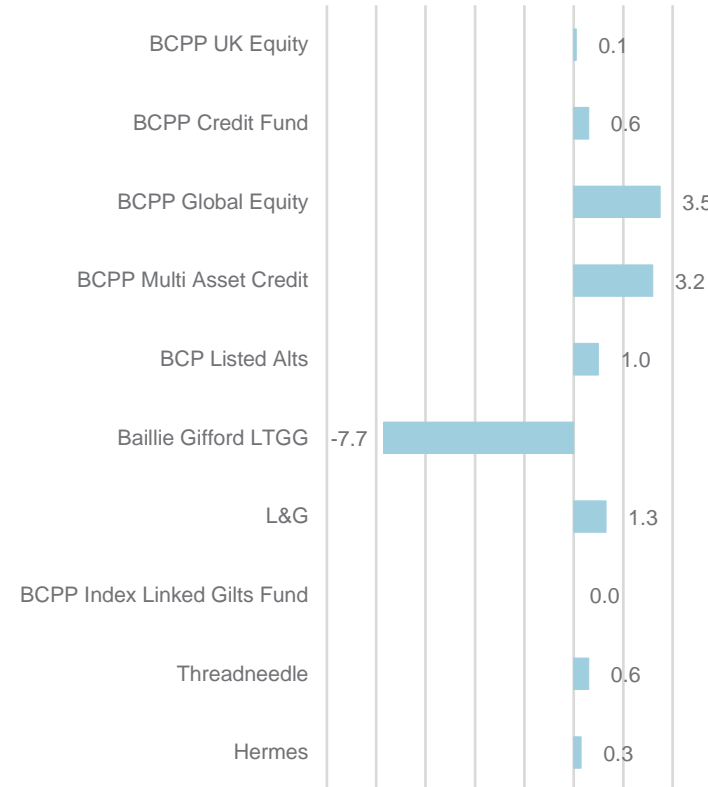
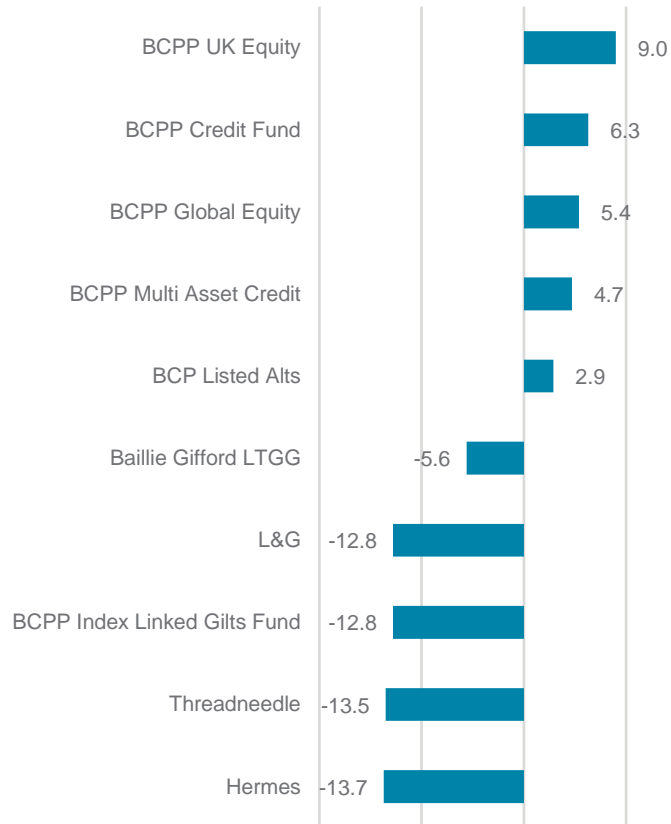


Manager performance – Quarter Snapshot

Absolute performance

Relative performance

Page 74



Source: Northern Trust, Managers, Aon.

Note: Infrastructure and Private Credit returns not shown during initial investment drawdown phase. Performance for Leadenhall is not shown as mandates only hold residual assets. Hermes, L&G, Threadneedle; MSCI data was used for fund performance and benchmarking purposes, total fund performance calculated using Northern Trust data.

Manager performance – Longer term

	1 Year (%)			3 Years (% p.a.)			Since inception			Inception date
	Perf	B'mark	Rel	Perf	B'mark	Rel	Perf	B'mark	Rel	
Equity										
UK Equity										
BCPP UK Equity	-10.4	0.3	-10.7	-0.3	2.3	-2.6	1.7	3.5	-1.8	Jun-19
Global Equity										
BCPP Global Equity	-6.8	-8.1	+1.3	6.8	7.7	-0.9	7.9	8.5	-0.6	Oct-19
Baillie Gifford LTGG	-39.4	-7.3	-32.1	7.5	7.9	-0.4	13.6	9.2	+4.4	Sep-06
Property										
Hermes	-8.8	-8.7	-0.1	1.9	2.2	-0.3	-	-	-	Mar-12
L&G	-8.1	-9.5	1.4	2.8	2.2	+0.6	-	-	-	Dec-12
Threadneedle	-10.7	-9.5	-1.2	-2.1	2.2	-0.1	-	-	-	Jun-12
Infrastructure										
BCPP Listed Alts	-	-	-	-	-	-	-7.2	-4.2	-3.0	Feb-22
Investment grade credit										
BCPP Investment Grade Credit	-17.4	-17.7	+0.3	-	-	-	-6.8	-7.9	+1.1	Aug-20
Non-investment grade credit										
BCPP Multi-Asset Credit	-	-	-	-	-	-	-6.0	3.9	-9.9	Nov-21
Gilts										
BCPP Index Linked Bonds	-46.7	-46.9	+0.2	-	-	-	-21.4	-22.5	+1.1	Oct-20
Total	-18.7	-11.8	-6.9	1.6	2.2	-0.6	6.8	7.2	-0.4	Jan-02

Source: Northern Trust, Managers, Aon. Numbers may not sum due to rounding.

Note: Hermes, L&G, Threadneedle; MSCI data was used for fund performance and benchmarking purposes. BCPP Infrastructure returns and BCPP Private Credit returns not shown during initial investment drawdown phase. Permira and Arcmont longer term returns not available. Performance for Leadenhall is not shown as mandates only hold residual assets.



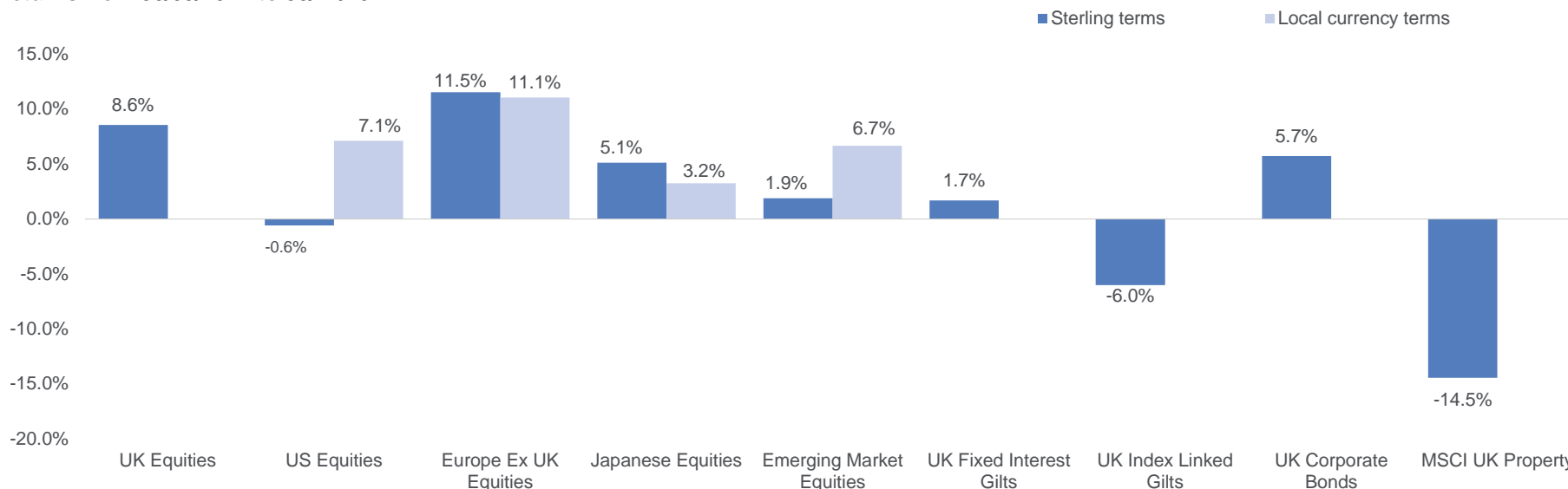
5. Market background and investment outlook

Page 76

Aon's views on the market outlook and snapshot of investment markets and key economic data

Market – Background Q4 2022

Index returns from 30/09/2022 to 30/12/2022



Page 77

Sources: FactSet, MSCI (Equities, Property), FTSE (Gilts), iBoxx (Credit).

Equities

The MSCI AC World index posted a 7.5% return in local currency terms as inflationary pressures and corresponding tighter monetary policy continued to drive market sentiment. However, the material appreciation of sterling against the US dollar pushed down the returns in sterling terms to 2.0%.

UK equities rose by 8.6% in sterling terms in the fourth quarter, aided by the country’s emergence from the gilt market crisis. UK equities posted relatively strong returns after bond yields fell and much of the government’s debt-funded expansionary fiscal policies were reversed.

Bonds

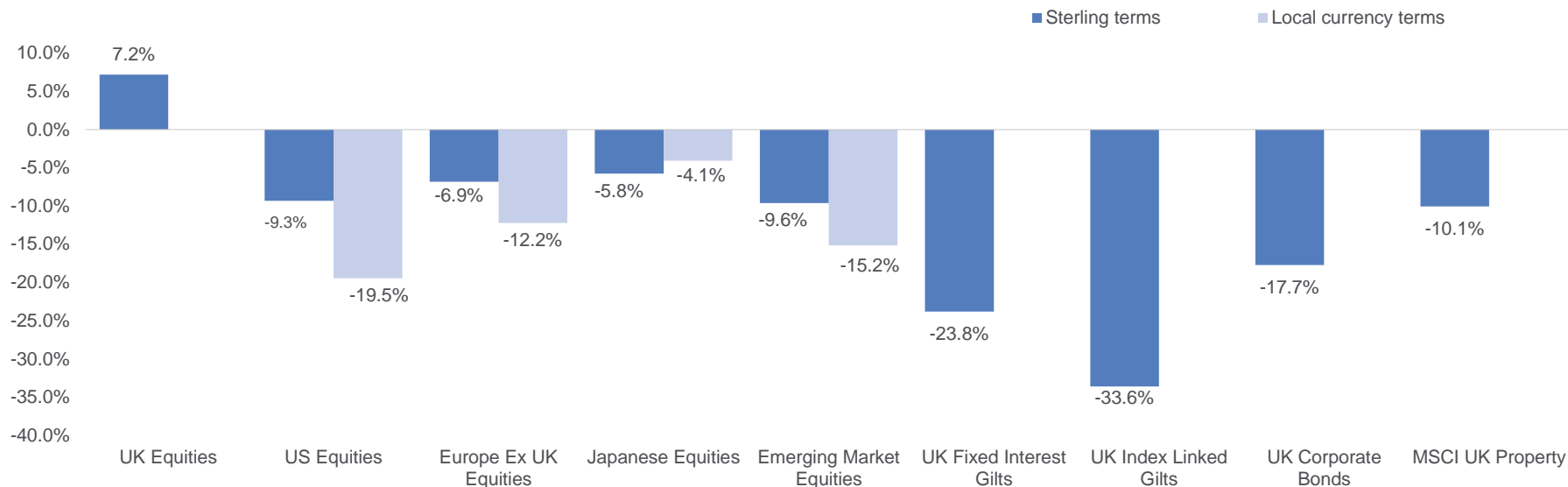
Credit spreads narrowed over the quarter. UK investment grade credit spreads fell by 0.33% to 1.68%, based on IBoxx Sterling Non-Gilts data. Lower-quality bond credit spreads contracted more than their higher-quality counterparts, with BBB-rated non-gilt spreads falling by 0.56% to 2.38%. The narrowing of spreads and general fall in UK government bond yields led the Sterling Non-Gilts Index to post a return of 5.7%.

Gilts

The UK gilt curve fell across shorter maturities but rose modestly at longer maturities over the fourth quarter. Yields fell back across the curve at the start of the quarter after a government U-turn on fiscal policy and Liz Truss resigned as prime minister.

Market – Background 12 month

Index returns from 31/12/2021 to 30/12/2022



Sources: FactSet, MSCI (Equities, Property), FTSE (Gilts), iBoxx (Credit).

Page 78

Equities

Global equities generated negative returns over the last twelve months. Equities suffered a sharp sell-off at the beginning of 2022 as geopolitical risk took centre stage with Russia invading Ukraine. Inflation fears were unsettled throughout 2022, leading to significant rate rises across the globe.

Bonds

Credit markets declined over the past twelve months. UK investment-grade credit spreads (the difference between corporate and government bond yields), based on the iBoxx Sterling Non-Gilt Index, widened by 0.60% to 1.68%.

Gilts

The UK gilt curve rose across maturities in 2022, as exacerbated by the inflationary concerns drove yields higher in the first half of 2022. In Q3 2022, the BoE temporarily announced an emergency £65bn bond-buying programme to stabilise the government debt market after an expansionary fiscal package was announced. The package increased investor concern over the sustainability of public finances, resulting in a considerable spike in yields. The sharpness of the sell-off worsened unwinding of LDI positions, as UK pension schemes worked to provide collateral to LDI managers following sharp yield increases. However, in the fourth quarter, yields fell back across the curve following a government U-turn on fiscal policy and Liz Truss' resignation as prime minister.



Quarterly Investment Outlook - January 2023

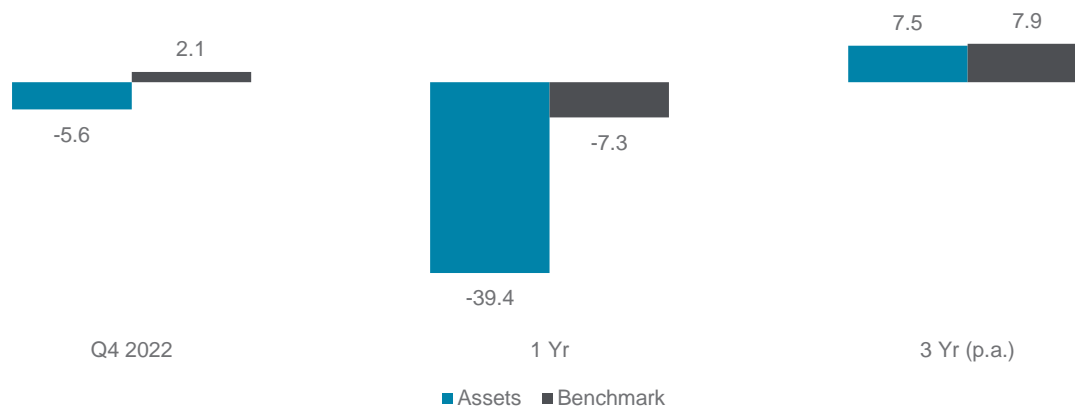
- Risky assets finished 2022 on a positive note with optimism over falling inflation, but we see conditions likely to stay testing in 2023.
- Avoiding a US recession is critical for any market-bullish narrative to be sustained. This still looks to be tough to achieve, especially because the effects of 2022's large monetary tightening have yet to be fully felt.
- The proverbial choice between a rock and a hard place aptly captures the Bank of England's attempts to balance inflation and economic activity. Markets see UK rates still needing to climb, even as it invites a deeper economic downturn.
- Though the autumn's gilt market storm has long passed, gilt market volatility will likely stay. We expect yields to move in a wide range this year reflecting high levels of local and global economic uncertainty.
- A recent rush into credit has lowered yields a fair bit, even though they remain at attractive levels relative to the past decade. Buyers should consider phasing in, to take advantage of likely yield and credit spread fluctuations.
- The US dollar looks to be turning after a decade of strength. This has several impacts, a key one being its support to long-suffering emerging market assets.
- Equities will still be battling stiff headwinds from a weaker earnings outlook and high cash and bond yields. We prefer to look elsewhere for return generation.



6. Manager review

Aon ratings and understanding manager performance

Fund performance & benchmark



Performance comments

During the quarter, the strategy underperformed the Index in Q4 2022, extending a poor calendar year relative return.

Though undoubtedly, a disappointing calendar year number, given the intensity of the strategy's investment style and its structure (concentration), performance remains within reasonable expectations, particularly set against the levels of outperformance achieved in 2020. Signs of peaking/lower inflation and interest rates are likely needed to provide better market conditions for the strategy.

For the quarter, Tesla, Amazon and Atlassian Corp Plc were the chief detractors. Over 2022, however, Tesla and Atlassian were among the top detractors.

The most high-profile detractor was Tesla; its issues have been well documented, including concerns over discretionary spending in the EV market with higher consumer finance costs, and concern over potential distractions to CEO Elon Musk. Since January 2020, the team have reduced Tesla a cumulative 16% of the portfolio; but remain comfortable with a mid-sized allocation, noting strong operational performance, delivering a 40% increase in vehicle production compared to the previous year.

Buy

Reviewed: January 2023

Ratings detail

ODD:	A1 pass	Risk:	●●●●●
Business:	●●●●●	Perf:	●●●●●
Staff:	●●●●●	Terms:	●●●●●
Process:	●●●●●	ESG:	Integrated

Key info

Appointed: 29 September 2006

Vehicle: Baillie Gifford Long Term Global Growth (+3% over 5-10yrs)

Mandate: Global Unconstrained Equities

Benchmark: FTSE All World Index from 31 March 2008

Target: To outperform the benchmark by 3% p.a. over rolling three-year periods.

Positioning and Transactions

During the period, the team sold out of Bilibili, Meta Platforms and Peloton.

Bilibili's sale reflects an ongoing rework of the strategy's Chinese exposure, preferring to invest in only its most compelling ideas, which are most aligned to government policy, to reflect elevated risks in the market. In part, due to market movement, the strategy's Chinese exposure has fallen from 30% to 17%, with one or two other further names identified as sources of funds.

Meta Platforms and Peloton had both been under close watch for a period of time. Peloton's execution has disappointed the team, and its recent move to focus away from international growth proved to be the final straw. With regards to Meta, the team has concern over its core advertising business, including greater competition from the likes of Apple and TikTok.

Major developments

Research Visit

As mentioned in our previous communications, we are currently undertaking a review of the Baillie Gifford Long Term Global Growth strategy. This is partly due to the passage of time since our last on-site review and also in acknowledgement of a very steep drawdown in relative performance through the last 24 months. Such a review will consider events post our last deep review, such as the mentioned performance drawdown, but also incorporate a comparison and contemporary laddering exercise against managers we consider to be appropriate peers, across all subcomponent grade areas.

Since our last communication, we have conducted follow-up meetings with the manager focused on risk management within the investment strategy and are scheduled to debrief the strategy later in Q1 2023.

Hermes – Property Unit Trust

Q4 Fund performance & benchmark



Buy

Reviewed: November 2022

Q3 Monitoring comments

The performance of the Fund and the property market has been impacted by rapidly rising interest rates, increased borrowing costs, economic uncertainty and UK pension funds looking to exit real estate as they de-risk and look for liquidity. Industrial assets saw the largest decline over the quarter given their low yields (as yields increase, property values fall).

Southeast industrial assets in the Fund declined in value by 11.5% on average (the largest asset value decrease being 19%) while London City offices reduced in value by 5.3% on average. Despite the sharp correction in industrial valuations given their low yields, the industrial sector is still expected to provide strong rental growth over the medium term.

The strongest contributor to the quarterly return was the retail warehouse investment in Stratford-Upon-Avon due to positive letting activity. The other main contributor was the Great George Street London office where the valuation remained stable on the back of its likely alternative use as a hotel.

During the quarter the Manager completed two disposals. In July the Fund sold the industrial estate in West Horndon for a net price of £92.9 million. The sale reflected a premium of 39% over the end-February 2022 valuation of £66.6 million. In addition, the Fund disposed of a Tunbridge Wells office for £6.9 million, reflected a premium of 15% above the latest valuation.

Key info

Appointed: 27 February 2012

Vehicle: Property Unit Trust

Mandate: UK Property Pooled Fund

Benchmark: IPD Other Balanced Property Fund Index

Target: To Outperform the benchmark by 0.5% over three year rolling periods.

Hermes – Property Unit Trust (cont.)

Q3 Major developments

The Manager took the decision to defer redemptions from September and requests can be deferred for up to three quarters. The decision by the Manager to defer redemptions has stemmed from elevated levels of redemptions and the current market conditions. Given the sudden rise in interest rates and borrowing costs, a sharp property pricing correction has begun and there is limited liquidity in the real estate markets.

£45.7 million of Q2 redemptions have been paid, but there are outstanding redemptions of c. £225 million yet to be paid. Given the scale of the redemptions and the expected decline in real estate values of c. 20-25% from the summer peak, the Manager is expecting the Fund to have fallen in value from £1.6 billion to around £1 billion at the start of Q1 2023. The magnitude of the level of redemptions is in line with other UK balanced open-ended funds.

LGIM – Managed Property Fund

Q4 Fund performance & benchmark



Qualified

Reviewed: November 2022

Page 85

Q3 Monitoring comments

The Manager continues to have a largely negative view on the retail sector, particularly shopping centres and high street retail, despite forecasting that the relative performance gap will continue to narrow vs All Property. The Fund will therefore continue to underweight to retail assets, currently at 17% vs the benchmark weighting of 18%. Despite this negative outlook the Manager remains relatively upbeat on retail warehousing, and has a positive view on leisure assets, especially those located in core locations. These assets are forecast to outperform vs All Property up to 2026 and offer an attractive yield profile, presenting targets for asset management initiatives. Leisure assets remain the largest holding, c.40% of the alternatives weighting, with the Manager highlighting the compelling relative value case.

The Manager continues to favour other areas of the alternatives sector, forecasting outperformance in the near-term vs traditional sectors. Most notably, the Manager has a desire to increase the Fund's exposure to student accommodation and urban residential, the latter through its allocation to LGIM's BTR Fund. Alternatives currently make up 12.8% of the total portfolio, marginally higher than last quarter. As previously mentioned, the Manager has selectively looked to increase the portfolio's industrial exposure in the past. However, pricing expectations of sellers remains a concern and further upward pressure on property yields is expected into the new year given the turn in investor sentiment. The Manager also believes the current industrial holdings are of good quality and have room for rental growth.

Key info

Appointed: 1 November 2012

Vehicle: Property Fund

Mandate: UK Property Pooled Fund

Benchmark: IPD All Balanced Property Fund Index

Target: To outperform the benchmark by over three year rolling periods.

Q3 Monitoring comments (cont.)

The underweight position to industrials now stands at (39.4% versus 41,4%) and has benefitted the Fund over the last quarter. The Fund remains focused on rent collection, particularly from sectors that have legacy challenges following COVID-19, predominantly retail and leisure. The Fund's most recent rent collection stats show continued levels of rent stabilisation while the Fund is achieving collection rates very close to pre-COVID levels. Rent collection for the current quarter (to date) is currently 95% and similar levels are expected in Q4.

The Fund's void as a percentage of income remains marginally higher than the benchmark (10.3% vs 8%). However, the largest relative void is in the industrial portfolio, where there is strong occupational demand at rents ahead of estimated rental values. The Fund's cash level of 7.8% is also higher than the benchmark level of 5.2%.

Q3 Transactions

There were two transactions over the quarter, totalling £60.175 million with the sales of DHL Rugby and Taurus Business Park, Oxford. The DHL sale achieved a price of £46.675 million, reflecting a net initial yield of 3.7% and capital value of £139 per sq. ft. This distribution warehouse was purchased in 2013 for £23.15 million and has been a strong investment for the Fund. However, the asset is low yielding and, according to the Manager, faced further capital value declines in the short to medium term and offered few options for asset management initiatives, given it is single let. The Taurus Business Park sale achieved a price of £13.5 million, reflecting a net initial yield of 2.48%, equating to a capital value per sq. ft of £371. This asset has only been in the portfolio since Q1 2022 and is fully let leased to three occupiers including Big Yellow (the special purchaser), resulting in a 18% total return in 8 months.

Q3 Transactions (cont.)

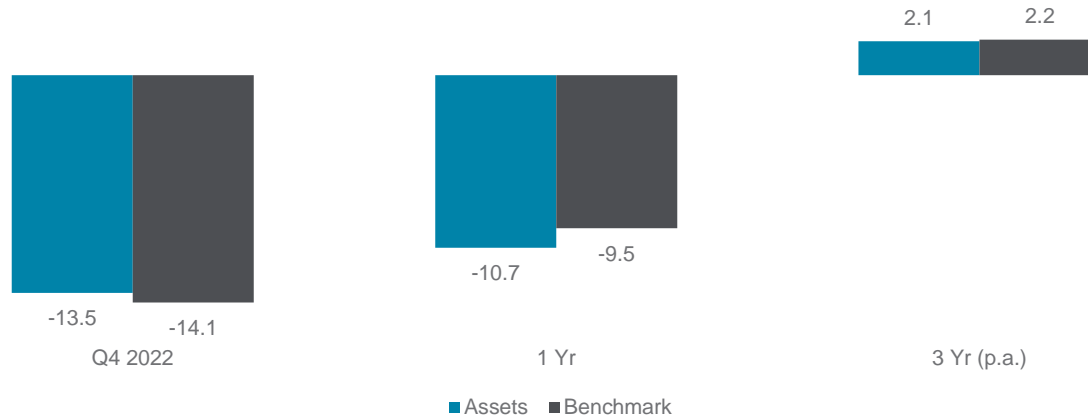
The Fund has had a strong year regarding asset management initiatives, adding £31.7 million of added value so far. Over the quarter, the most notable lettings were two separate lease lettings at 45 Folgate Street, in central London at £72.50/75.00 per sq. ft to 3S Money, resulting in £800k of added value. Also, at Welwyn Garden City a new letting to Elder Engineering, an existing occupier, has been agreed for a 10-year term with a 5th year break at £14.50 ps ft, helping increase the rental tone across the industrial estate. As such, c.£1 million of added value has been achieved.

Major Developments

In line with many of its peers, LGIM has experience higher than usual level of requests to surrender units in the Fund. Whilst the Fund has a strong cash balance, recent market volatility has necessitated the implementation of the Fund's deferral policy. We believe the Fund will be able to actively manage the current redemption queue through sales and its cash balance (along with new inflows).

Threadneedle – TPEN

Q4 Fund performance & benchmark



Buy

Reviewed: December 2022

Q3 Monitoring comments

Underperformance over Q3 2022 was attributed to an overweight position to industrial assets, which repriced sharply over the quarter.

The Fund has an overweight position to industrials, with 49% of portfolio invested in the sector versus the benchmark's 43.1%. The Fund now holds an overweight position to town centre offices vs the benchmark, 18% vs 14.1% alongside an underweight position to out of town offices, 8% vs 12.2%. The Fund has a marginal underweight position to Central London and Rest of UK offices and a slight overweight position to the Southeast. The Fund has a slight underweight to retail warehouses (13% versus 13.6%); this is a retail subsector that is expected to perform better than the broader property market over the next few years given the strong income returns and opportunity for better rental growth.

The Fund continues to work with occupiers on a case-by-case basis to agree appropriate strategies for rent collection, considering the cash flow position of occupiers' businesses. Rent collection for the forthcoming quarter stands at c.95% (as at Day 21). It is forecasted that rent collection rates as at the last day of the quarter will recover to pre-pandemic levels of c.99% as the backlog of rent arrears as a result of the pandemic is cleared. The Fund's vacancy rate stands at 8.9% marginally lower than the benchmark rate of 9.7%.

During Q3 2022, the Fund made one acquisition, a small unit shop in Wimbledon as well as 20 strategic asset sales.

Key info

Appointed: 21 June 2012

Vehicle: Property Fund

Mandate: UK Property Pooled Fund

Benchmark: IPD All Balanced Property Fund Index

Target: To outperform the benchmark by 1 to 1.5%.

Threadneedle – TPEN (cont.)

Q3 Monitoring comments (cont.)

Total sales for the quarter were c.£89 million, representing a c.£13 million (c.13%) discount to valuation, as the Manager sought to increase the Fund's liquidity position towards the end of the quarter. Out of the 20 sales, 13 were small industrial units, all below £10 million. All other sales were in the retail sector. The Fund also undertook significant asset management activities over the quarter, most notably at St John's Square, London EC1, a 7,400 sq ft self-contained office building. The third to fifth floors totalling approximately 4,220 sq ft are currently undergoing a Category A refurbishment and an agreement for a lease has conditionally exchanged on approximately 3,250 sq ft (approximately 77% of total void), with an achieved headline rent of £71.20 per sq ft on the fourth floor, representing a 14% uplift to levels achieved pre refurbishment.

Major Developments

At the end of Q3 2022, the Fund's liquidity position was c.£85.6 million, equivalent to c.4.2% of net asset value (NAV). The Fund's Redemption Deferral Policy was effective for investor dealings from 3 October 2022 to protect all Investors' interests, because of the volatility in the investment market since 23 September 2022. The manager continues to monitor liquidity closely as a means of protecting the Fund against the prevailing market volatility.

BCPP – Quarterly high level monitoring (Q3 2022)

Changes to Senior Management at BCPP

- Mark Lyon, previously Head of Internal Management, is to take on a new role of Deputy Chief Investment Officer.
- Ian Sandiford has been promoted into a new role of Head of Alternatives, Richard McBeath has been promoted into a new role of Senior Portfolio Risk Manager, and Daniel Loughney has been promoted into a new role of Senior Portfolio Manager – Fixed Income.

Changes to views of External Managers

- BCPP UK Equity Alpha:
 - BCPP have assessed Baillie Gifford in line with the areas outlined when the manager was placed on the Watchlist with discussions following internally, in conjunction with consideration regarding their proximity to their upper limit on their Tracking Error guidelines.

Breaches to risk controls and ranges

- No breaches reported in BCPP reporting this quarter.

Changes in structure, investment processes or risk management

- No material changes reported in BCPP reporting this quarter

BCPP – Quarterly high level monitoring (Q4 2022)

Changes to Senior Management at BCPP

- Joe McDonnell was appointed as the new CIO, with interim-CIO John Harrison now in an advisory role.

Changes to views of External Managers

- BCPP UK Equity Alpha
 - Baillie Gifford have been removed from the Watchlist by the CIO following consultation with the Investment Committee. This decision was based on the factors set out when the manager was initially placed on the Watchlist. BCPP are continuing dialogue with Baillie Gifford regarding their proximity to their upper limit on their Tracking Error guidelines as part ongoing monitoring discussions.

Breaches to risk controls and ranges

- No breaches reported in BCPP reporting this quarter.

Changes in structure, investment processes or risk management

- BCPP Global Equity Alpha
 - Emerging Market Managers - Fountain Cap (China Equity) and Goldman Sachs (Emerging Markets ex China) were added in the quarter (1/12/2022 transition during November), addressing the structural underweight to Emerging Markets in the Fund.

Border to Coast Pensions Partnership – RI Quarterly Report Snapshot

UK Equity Alpha Fund

Fund	Q4 2022 Position	
	Weighted Average Carbon Intensity	Weighted ESG Score
UK Equity Alpha	60.9	7.7
Benchmark (FTSE All Share)	121.4	7.8

Global Equity Alpha Fund

Fund	Q4 2022 Position	
	Weighted Average Carbon Intensity	Weighted ESG Score
Global Equity Alpha	94.8	7.1
Benchmark (MSCI ACWI)	159.2	6.8

Sterling Investment Grade Credit Fund

Fund	Q4 2022 Position	
	Weighted Average Carbon Intensity	Weighted ESG Score
Sterling Investment Grade Credit	74.9	7.2
Benchmark (iBoxx Sterling Non Gilt Index)	80.5	7.5

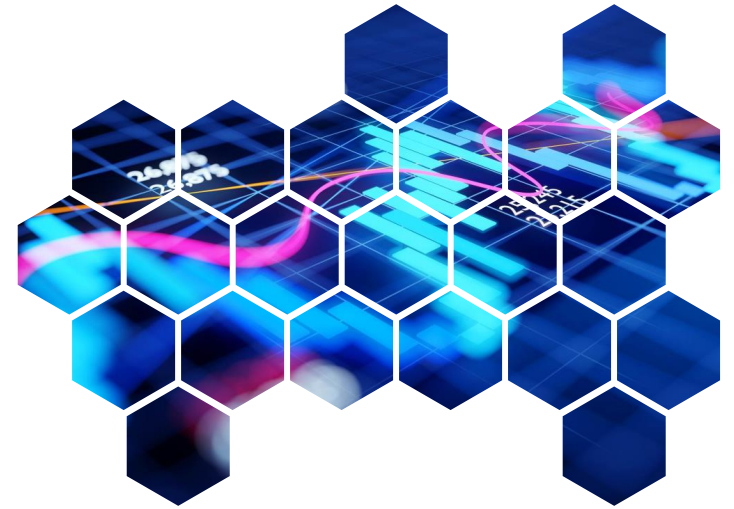
Listed Alternatives Fund

Fund	Q4 2022 Position	
	Weighted Average Carbon Intensity	Weighted ESG Score
Listed Alternatives	161.0	7.0
Benchmark (MSCI ACWI)	159.2	6.8

¹This disclosure was developed using information from MSCI ESG Research LLC or its affiliates or information providers. Although Border to Coast information providers, including without limitation, MSCI ESG Research LLC and its affiliates (the “ESG Parties”), obtain information (the “Information”) from sources they consider reliable, none of the ESG Parties warrants or guarantees the originality, accuracy and/or completeness, of any data herein and expressly disclaim all express or implied warranties, including those of merchantability and fitness for a particular purpose. The Information may only be used for your internal use, may not be reproduced or disseminated in any form* and may not be used as a basis for, or a component of, any financial instruments or products or indices. Further, none of the Information can in and of itself be used to determine which securities to buy or sell or when to buy or sell them. None of the ESG Parties shall have any liability for any errors or omissions in connection with any data herein, or any liability for any direct, indirect, special, punitive, consequential or any other damages (including lost profits) even if notified of the possibility of such damages.

*In accordance with the Licence Agreement between Border to Coast Pensions Partnership Limited and MSCI ESG Research (UK) Limited

Page 91



7. Further information

Key reference information about your scheme

Explanation of Ratings – Overall ratings

Overall ratings

An overall rating is then derived taking into account both the above outcomes for the product. The table lists how the overall rating can be interpreted.

The comments and assertions reflect our views of the specific investment product and our opinion of its quality. Differences between the qualitative and Aon InForm outcome can occur and if meaningful these will be explained within the Key Monitoring Points section. Although the Aon InForm Assessment forms a valuable part of our manager research process, it does not automatically alter the overall rating where we already have a qualitative assessment. Overall rating changes must go through our qualitative manager vetting process. Similarly, we will not issue a Buy recommendation before fully vetting the manager on a qualitative basis.

Overall Rating	What does this mean?
Buy	We recommend clients invest with or maintain their existing allocation to our Buy rated high conviction products
Buy (Closed)	We recommend clients invest with or maintain their existing allocation to our Buy rated high conviction products, however it is closed to new investors
Qualified	A number of criteria have been met and we consider the investment manager to be qualified to manage client assets
Not Recommended	A quantitative assessment of this strategy indicates it does not meet our desired criteria for investment. This strategy is not recommended.
Sell	We recommend termination of client investments in this product
In Review	The rating is under review as we evaluate factors that may cause us to change the current rating

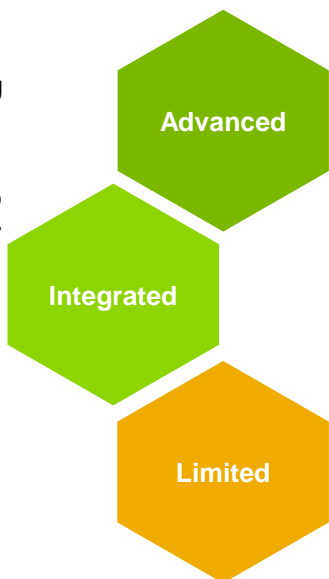
Page 93

Explanation of Ratings – Overall ratings

ESG Factor

The ESG factor is assigned a rating and can be interpreted as follows:

Page 94



Key

The fund management team demonstrates an advanced awareness of potential ESG risks in the investment strategy. The fund management team can demonstrate advanced processes to identify, evaluate and potentially mitigate these risks across the entire portfolio.

The fund management team has taken appropriate steps to identify, evaluate and mitigate potential financially material ESG risks within the portfolio.

The fund management team has taken limited steps to address ESG considerations in the portfolio.

Method

The funding update has been prepared in accordance with the framework below.

- This funding update is consistent with the calculations for the initial results of the actuarial valuation as at 31 March 2022. The assumptions used have been modified only insofar as is necessary to maintain consistency with the approach set out in the latest Funding Strategy Statement, reflecting the change in the effective date and in relevant market conditions.
- The funding update is projected from the initial results of the actuarial valuation as at 31 March 2022 valuation and is therefore approximate. Since the update is not based on up-to-date membership data, it becomes more approximate the longer the period of time that has elapsed since the last actuarial valuation.
- The funding update takes account of the following over the period since the last formal actuarial valuation:
 - Cashflows into and out of the Fund estimated based on the 2022 valuation results;
 - Actual price inflation and its impact on benefit increases.
- Demographic experience since the last formal actuarial valuation has been assumed to be in line with the assumptions set out in the 2022 Valuation initial results report.

Page 95

This update is designed to give a broad picture of the direction of funding changes since the actuarial valuation but does not have the same level of reliability as, and therefore does not replace the need for, formal actuarial valuations.

It does not reflect any changes to assumptions which would be made if a full actuarial valuation were to be carried out to reflect, for example, changes to the investment strategy or economic outlook.

- For the purpose of this funding update, we have used an un-audited value of the assets as at 30 November 2022 provided by the Administering Authority and rolled it forward using appropriate index returns to 31 December 2022
- The whole of fund total employer contribution rates shown in this funding update allow for a recovery period ending 31 March 2041 and allow for any surplus in excess of 110% to be recovered as set out in the Funding Strategy Statement
- The assumptions used in this funding update are as follows:

	Discount rate	Pay growth	Pension increases *
31 March 2022	4.20%	3.55%	2.30%
30 September 2022	4.70%	3.55%	2.30%
31 December 2022	4.80%	3.55%	2.30%

* Plus an allowance for short term inflationary increases

Risk/Return Assumptions



- The table below sets out the asset and liability return assumptions over 10 years, together with the asset allocation and exposures used. These are based on Aon's Capital Market assumptions as at 31 December 2022.

Page 96

High level asset class	Expected Return	Expected Volatility
Equities	7.6%	18.9%
Property	5.8%	12.6%
Infrastructure	7.8%	15.8%
Listed alternatives	7.5%	19.3%
Illiquid credit	8.0%	5.7%
Investment grade credit	5.5%	9.4%
Non-investment grade credit	6.5%	9.4%
Absolute Return	6.3%	5.3%
Gilts	3.5%	9.7%
Cash	3.6%	1.4%

Note: all statistics are 10 year median expected returns/volatility of returns.

Correlation Table

High level asset class	Equities	Property	Infrastructure	Listed Alternatives	Illiquid credit	IG Credit	Non-IG Credit	Absolute Return	Gilts	Cash
Equities	100%	38%	61%	100%	29%	3%	55%	21%	-8%	-2%
Property		100%	19%	36%	30%	4%	28%	9%	-1%	7%
Infrastructure			100%	63%	15%	3%	23%	20%	-3%	1%
Listed Alternatives				100%	28%	3%	54%	21%	-7%	-2%
Illiquid credit					100%	54%	67%	17%	7%	24%
IG Credit						100%	26%	17%	52%	41%
Non-IG Credit							100%	17%	1%	7%
Absolute Return								100%	10%	33%
Gilts									100%	31%
Cash										100%

Page 97

Data and assumptions

Date of calculation	31 December 2022
Number of simulations	5000
Time horizon	10 years
Asset value	£ 4,001,077,118

Page 98



- Infrastructure is modelled as a blend of 37.5% EU and 62.5% US Infrastructure in line with BCPP's mandate.
- Listed Alternatives are modelled as passive global equities (including emerging markets).
- Private Credit modelled as combination of 2/3 Senior Direct Lending (for Arcmont and Permira) and 1/3 Whole Property Debt (for BCPP).
- Gilts are modelled as a 62.9% 15 year index-linked gilts and 37.1% 20 year index-linked gilts.
- Property is modelled as UK Property.
- Liquid IG Credit modelled as UK corporate bonds (A-rated with average duration of 10 years)
- Liquid Non-IG Credit modelled as high yield multi-asset credit.
- Absolute Return is modelled as Leadenhall Insurance Linked Securities modelled as an equal blend of Aggressive, Conservative and Moderate ILS.
- The Fund has an allocation to Equities which make up 50% of the long term allocation.
- For modelling purposes (and for consistency with the approach taken by the Actuary) we do not allow for any outperformance from active management (alpha).
- We have not allowed for the impact of equity protection on the risk and return of the portfolio
- Equities have been modelled using region splits in line with the long term allocation:

Passive UK Equity	10%
Passive Global Equity (including Emerging Markets)	90%

Key assumptions of the model (1)



- The purpose of the model is to consider and monitor the return and risk characteristics of the current and long term investment strategy of the Scheme.
 - The analysis considers the expected return of the Scheme's investment strategy and the 1-in-20 downside 5th percentile Value at Risk implied by the strategy.
 - These metrics are considered as at the stated quarter-end.
- Investment risk is included in the model outputs but this is not the only risk that the Scheme faces; other risks include covenant risk, longevity risk, timing of member options, basis risks and operational risks.
- Investment risk has been calculated on an asset only basis.



Key assumptions of the model (2)



- The calculation of portfolio risk is approximate;
 - The calculation considers (5000 stochastic) simulations of returns over a single year of the Scheme's investment strategy.
 - The simulations are constructed using Aon Solution's Asset Model – the details and assumptions of which are outlined in this appendix.
 - The calculation does not take into account any cashflows payable over the year; if cashflows are expected to be material the result is likely to be different.
 - Risks are attributed into the categories outlined in the chart only; the investment strategy may be exposed to further risk categories not shown.
 - The calculation does not take into account longevity risk (i.e. liability values increasing due to members living longer than assumed).
 - Owing to these approximations, a more detailed ALM study is likely to result in a different result to the VaR calculation.
 - Other portfolios with different risk and return characteristics may be available to the Scheme along the journey to full funding.



This document has been prepared in accordance with the framework below.

This document has been requested by the Administering Authority. It has been prepared under the terms of the Agreement between the North Yorkshire County Council and Aon Solutions UK Limited on the understanding that it is solely for the benefit of the addressee.

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

The compliance is on the basis that North Yorkshire County Council is the addressee and the only user and that the document is for information only and is not to be used to make any decisions on the contributions payable or the investment strategy. If you intend to make any decisions after reviewing this document, please let me know and I will consider what further information I need to provide to help you make those decisions.

This report should be read in conjunction with:

- The initial results report of the 2022 actuarial valuation of the Fund dated 27 September 2022.
- Our paper entitled 'Financial assumptions – Actuarial valuation as at 31 March 2022'
- The latest Funding Strategy Statement.

If you require further copies of any of these documents, please let me know.

Third party disclaimer – 1 of 3

Bloomberg

BLOOMBERG® is a trademark and service mark of Bloomberg Finance L.P. and its affiliates (collectively "Bloomberg"). BARCLAYS® is a trademark and service mark of Barclays Bank Plc (collectively with its affiliates, "Barclays"), used under license. Bloomberg or Bloomberg's licensors, including Barclays, own all proprietary rights in the Bloomberg Barclays Indices. Neither Bloomberg nor Barclays approves or endorses this material, or guarantees the accuracy or completeness of any information herein, or makes any warranty, express or implied, as to the results to be obtained therefrom and, to the maximum extent allowed by law, neither shall have any liability or responsibility for injury or damages arising in connection therewith.

FTSE Russell

Source: London Stock Exchange Group plc and its group undertakings (collectively, the "LSE Group"). © LSE Group 2020. FTSE Russell is a trading name of certain of the LSE Group companies. "FTSE®" "Russell®", "FTSE Russell®", "MTS®", "FTSE4Good®", "ICB®", "Mergent®, The Yield Book®," are trade marks of the relevant LSE Group companies and are used by any other LSE Group company under license. All rights in the FTSE Russell indexes or data vest in the relevant LSE Group company which owns the index or the data. Neither LSE Group nor its licensors accept any liability for any errors or omissions in the indexes or data and no party may rely on any indexes or data contained in this communication. No further distribution of data from the LSE Group is permitted without the relevant LSE Group company's express written consent. The LSE Group does not promote, sponsor or endorse the content of this communication.

Hedge Fund Research

The Hedge Fund Research indices used are being used under license from Hedge Fund Research, Inc., which does not approve of or endorse the contents of this report.

IPD

IPD data was used for benchmarking purposes, but the fund performance was not calculated by IPD.

IHS Markit (iBoxx)

Neither Markit, its Affiliates nor any third party data provider makes any warranty, express or implied, as to the accuracy, completeness or timeliness of the data contained herewith nor as to the results to be obtained by recipients of the data. Neither Markit, its Affiliates nor any data provider shall in any way be liable to any recipient of the data for any inaccuracies, errors or omissions in the Markit data, regardless of cause, or for any damages (whether direct or indirect) resulting therefrom.

Opinions, estimates and projections in this report do not reflect the opinions of Markit Indices and its Affiliates. Markit has no obligation to update, modify or amend this report or to otherwise notify a reader thereof in the event that any matter stated herein, or any opinion, projection, forecast or estimate set forth herein, changes or subsequently becomes inaccurate.

Without limiting the foregoing, Markit, its Affiliates, or any third party data provider shall have no liability whatsoever to you, whether in contract (including under an indemnity), in tort (including negligence), under a warranty, under statute or otherwise, in respect of any loss or damage suffered by you as a result of or in connection with any opinions, recommendations, forecasts, judgments, or any other conclusions, or any course of action determined, by you or any third party, whether or not based on the content, information or materials contained herein.

Copyright © 2020, Markit Indices Limited.

Third party disclaimer – 2 of 3

MSCI ESG Research

Although Aon's information providers, including without limitation, MSCI ESG Research LLC and its affiliates (the "ESG Parties"), obtain information from sources they consider reliable, none of the ESG Parties warrants or guarantees the originality, accuracy and/or completeness of any data herein. None of the ESG Parties makes any express or implied warranties of any kind, and the ESG Parties hereby expressly disclaim all warranties of merchantability and fitness for a particular purpose, with respect to any data herein. None of the ESG Parties shall have any liability for any errors or omissions in connection with any data herein. Further, without limiting any of the foregoing, in no event shall any of the ESG Parties have any liability for any direct, indirect, special, punitive, consequential or any other damages (including lost profits) even if notified of the possibility of such damages.

MSCI Equity Indices

The MSCI information may only be used for your internal use, may not be reproduced or disseminated in any form and may not be used as a basis for or a component of any financial instruments or products or indices. None of the MSCI information is intended to constitute investment advice or a recommendation to make (or refrain from making) any kind of investment decision and may not be relied on as such. Historical data and analysis should not be taken as an indication or guarantee of any future performance analysis, forecast or prediction. The MSCI information is provided on an "as is" basis and the user of this information assumes the entire risk of any use made of this information. MSCI, each of its affiliates and each other person involved in or related to compiling, computing or creating any MSCI information (collectively, the "MSCI Parties") expressly disclaims all warranties (including, without limitation, any warranties of originality, accuracy, completeness, timeliness, non-infringement, merchantability and fitness for a particular purpose) with respect to this information. Without limiting any of the foregoing, in no event shall any MSCI Party have any liability for any direct, indirect, special, incidental, punitive, consequential (including, without limitation, lost profits) or any other damages. (www.msci.com)

Credit Suisse

The CS indices are the exclusive property of and currently sponsored by CS as Index Creator which has contracted with the relevant Index Calculation Agent to maintain and calculate the CS indices. Neither the Index Creator nor the relevant Index Calculation Agent has any obligation to take the needs of any person into consideration in composing, determining or calculating the CS Indices (or causing the CS Indices to be calculated). In addition, neither the Index Creator nor the Index Calculation Agent makes any warranty or representation whatsoever, express or implied, as to the results to be obtained from the use of the CS Indices and/or the level at which any of the CS Indices stands at any particular time on any particular day or otherwise, and neither the Index Creator nor the relevant Index Calculation Agent shall be liable, whether in negligence or otherwise, to any person for any errors or omissions in the Index or in the calculation of the Index or under any obligation to advise any person of any errors or omissions therein.

European Money Markets Institute

The Euribor benchmark is created by the European Money Markets Institute a.i.s.b.l. (EMMI). Euribor® is a registered trademark of EMMI. A licensing agreement with EMMI is mandatory for all commercial use of the registered trademark Euribor®. This report is not authorised by, licensed by or affiliated in any way with EMMI. EMMI declines all responsibility for the information within this report, including without limitation the completeness or the accuracy of the Euribor benchmark data.

Third party disclaimer – 3 of 3

J.P. Morgan

Information has been obtained from sources believed to be reliable but J.P. Morgan does not warrant its completeness or accuracy. The index level data is used with permission. The index level data may not be copied, used, or distributed without J.P. Morgan's prior written approval. Copyright 2021, JPMorgan Chase & Co. All rights reserved.

SONIA

SONIA data is licensed 'as is' and the Information Provider and/or Licensor excludes all representations, warranties, obligations and liabilities in relation to the information to the maximum extent permitted by law.

The Information Provider and/or Licensor are not liable for any errors or omissions in the Information and shall not be liable for any loss, injury or damage of any kind caused by its use. The Information Provider does not guarantee the continued supply of the Information.

BofA (Ice Data Indices)

Source Ice Data Indices, llc ("Ice Data"), is used with permission. Ice® is a registered trademark of ice data or its affiliates and Bofa® is a registered trademark of Bank of America corporation licensed by Bank of America Corporation and its affiliates ("BOFA") and may not be used without BOFA's prior written approval. Ice data, its affiliates and their respective third party suppliers disclaim any and all warranties and representations, express and/or implied, including any warranties of merchantability or fitness for a particular purpose or use, including the indices, index data and any data included in, related to, or derived therefrom. Neither v.6 071320 ice data, its affiliates nor their respective third party suppliers shall be subject to any damages or liability with respect to the adequacy, accuracy, timeliness or completeness of the indices or the index data or any component thereof, and the indices and index data and all components thereof are provided on an "as is" basis and your use is at your own risk. Ice data, its affiliates and their respective third party suppliers do not sponsor, endorse, or recommend Aon, or any of its products or services.

New York Federal Reserve

Subject to New York Fed [Terms of Use for Select Rate Data](#).

Disclaimer:

This document and any due diligence conducted is based upon information available to us at the date of this document and takes no account of subsequent developments. We will not provide any updates or supplements to this document or any due diligence conducted unless we have expressly agreed with you to do so.

In preparing this document we may have relied upon data supplied to us by third parties (including those that are the subject of due diligence) and therefore no warranty or guarantee of accuracy or completeness is provided. We cannot be held accountable for any error, omission or misrepresentation of any data provided to us by third parties (including those that are the subject of due diligence). This document is not intended by us to form a basis of any decision by any third party to do or omit to do anything.

Notwithstanding the level of skill and care used in conducting due diligence into any organisation that is the subject of a rating in this document, it is not always possible to detect the negligence, fraud, or other misconduct of the organisation being assessed or any weaknesses in that organisation's systems and controls or operations.

Any opinions or assumptions in this document have been derived by us through a blend of economic theory, historical analysis and/or other sources. Any opinion or assumption may contain elements of subjective judgement and are not intended to imply, nor should be interpreted as conveying, any form of guarantee or assurance by us of any future performance. Views are derived from our research process and it should be noted in particular that we cannot research legal, regulatory, administrative or accounting procedures and accordingly make no warranty and accept no responsibility for consequences arising from relying on this document in this regard. Calculations may be derived from our proprietary models in use at that time. Models may be based on historical analysis of data and other methodologies and we may have incorporated their subjective judgement to complement such data as is available. It should be noted that models may change over time and they should not be relied upon to capture future uncertainty or events.

Aon plc (NYSE:AON) exists to shape decisions for the better - to protect and enrich the lives of people around the world. Our colleagues provide our clients in over 120 countries and sovereignties with advice and solutions that give them the clarity and confidence to make better decisions to protect and grow their business.

Copyright © 2023 Aon Solutions UK Limited and Aon Investments Limited. All rights reserved. aon.com. Aon Wealth Solutions' business in the UK is provided by Aon Solutions UK Limited - registration number 4396810, or Aon Investments Limited – registration number 5913159, both of which are registered in England and Wales have their registered office at The Aon Centre, The Leadenhall Building, 122 Leadenhall Street, London EC3V 4AN. Tel: 020 7623 5500. Aon Investments Limited is authorised and regulated by the Financial Conduct Authority. This document and any enclosures or attachments are prepared on the understanding that they are solely for the benefit of the addressee(s). Unless we provide express prior written consent no part of this document should be reproduced, distributed or communicated to anyone else and, in providing this document, we do not accept or assume any responsibility for any other purpose or to anyone other than the addressee(s) of this document. In this context, "we" includes any Aon Scheme Actuary appointed by you. To protect the confidential and proprietary information included in this document, it may not be disclosed or provided to any third parties without Aon's prior written consent.



This page is intentionally left blank

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

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 longer 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

DRAFT

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

Document is Restricted

This page is intentionally left blank

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

Document is Restricted

This page is intentionally left blank

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

Document is Restricted

This page is intentionally left blank