

Agenda

Meeting Pension Board

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

Date: Thursday, 11 January 2024

Time: 10.00 am

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

Employer Representatives: Councillor Steve Watson (North Yorkshire Council), Councillor Martin Rowley BEM (City of York Council), Emma Barbery, David Hawkins

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

Business

1. **Welcome, introductions and apologies**
2. **Exclusion of Public and Press**

To consider the exclusion of the public and press from the meeting during consideration of item 7(b), Confidential Minutes of the Pension Fund Committee held on 24th November 2023, on the grounds that they involve 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(a) **Minutes of Previous Meeting - To agree as an accurate record the Minutes of the meeting held on 26 October 2023 (Pages 3 - 12)**
- 3(b) **Progress on Issues raised at Previous Meetings**
4. **Declarations of Interest**
5. **Public Questions and/or Statements**

Members of the public may ask questions or make statements at this meeting if they have given notice (including the text of the question/statement) to Steve Loach of Democratic Services (contact details provided on the Agenda) by midday on Monday 8th January 2024. 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.

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|-------------|--|--------------------------|
| 6. | Review of Terms of Reference - Report of Legal and Democratic Services | (Pages 13 - 20) |
| 7(a) | Draft Minutes of the Pension Fund Committee held on 24th November 2023 | (Pages 21 - 28) |
| 7(b) | Draft Confidential Minutes of the Pension Fund Committee held on 24th November 2023 | (Pages 29 - 34) |
| 8. | Pension Fund Administration - Report of the Treasurer | (Pages 35 - 68) |
| 9. | Annual Report of the Pension Fund 2022/23 - Report of the Treasurer | (Pages 69 - 144) |
| 10. | Review of the Risk Register - Report of the Treasurer | (Pages 145 - 164) |
| 11. | Internal Audit Report - Report of the Internal Auditor, Veritau | (Pages 165 - 168) |
| 12. | Budget and Cashflow - Report of the Treasurer | (Pages 169 - 174) |
| 13. | Training - Report of the Assistant Chief Executive (Legal and Democratic Services) | (Pages 175 - 178) |
| 14. | Work Plan - Report of the Assistant Chief Executive (Legal and Democratic Services) | (Pages 179 - 182) |
| 15. | Other business which the Chairman agrees should be considered as a matter of urgency because of special circumstances | |

Barry Khan
Assistant Chief Executive
(Legal and Democratic Services)

County Hall
Northallerton

Wednesday, 3 January 2024

For any enquiries relating to this agenda, including those wishing to speak on an item, please contact Stephen Loach - tel 01609 532216 or email - stephen.loach@northyorks.gov.uk

North Yorkshire Council

Pension Board

Minutes of the meeting of the Pension Board held at County Hall, Northallerton on Thursday 6th July 2023 commencing at 10.00am.

Present: -

Members of the Board

David Portlock (Independent Chairman)

Employer Representatives:

Councillor Steve Watson (North Yorkshire Council)

David Hawkins (York College)

Emma Barber (Askham Bryan College)

Scheme Members:

David Houlgate (Unison)

Simon Purcell (Unison)

Gordon Gresty (NYPF retired member)

Council Officers:

Qingzi Bu, Chris Chapman, Phillippa Cockerill, Stuart Cutts, Jo Foster-Wade, Steve Loach, and Tom Morrison.

In attendance:

Councillor George Jabbour

Copies of all documents considered are in the Minute Book

27. Welcome and apologies for absence

Apologies for absence were submitted by Sam Thompson (North Yorkshire Council). It was noted that David Houlgate was running late but would be attending the meeting.

28(a). Minutes

Resolved -

That the Minutes of the meeting held on 6 July 2023, having been printed and circulated, be taken as read, confirmed as a correct record and signed by the Chairman.

28(b) Progress on Issues Raised by the Board

There had been no further development in relation to the Hymans Good Governance review since the previous meeting. The issue was reported to be progressing and would be reported to the Board as soon as details were available. World events and subsequent priorities may have affected the final signing off of the review.

A response had been sent by the North Yorkshire Pension Fund (NYPF) in respect of the consultation by the Government in relation to guidance for the next steps of pooling arrangements. An agenda item for today's meeting would explore this issue further.

Resolved -

That the report be noted.

29. Declarations of Interest

There were no declarations of interest.

30. Public Questions or Statements

There were no public questions or statements.

31. Pension Fund Committee – Draft Minutes of the meeting held on 15 September 2023

Considered -

The draft minutes of the meeting of the Pension Fund Committee (PFC) held on 15 September 2023.

The Chair highlighted the following main issues that were considered at the meeting:-

- A presentation by the new Chief Investment Officer (CIO) of BCPP, Joe McDonnell on the investments undertaken by Border to Coast Pensions Partnership (BCPP) and their future strategy
- The consultation on pooling and the draft response from NYPF
- The Administration Report – including two new breaches of the Regulations that would be discussed later at this meeting
- Budget and Cashflow – these would also be discussed later at this meeting.

Noting the public question to the PFC, a Member asked what progress was being made in respect of a reduction in investments related to fossil fuels. In response it was stated that the overall strategy for the PFC, through BCPP, was to seek the best returns for the Fund. Pressure was being exerted from several sources for the Fund to adopt an ethical view in terms of investments in fossil fuels, encouraging divestment from the sector, but care had to be taken that investment decisions were based on financial issues above anything else.

The PFC based their investment strategy primarily on what would provide the best returns for the Fund and, therefore, decisions were driven by financial matters. The Fund held only a small value of investments in oil and gas companies, with less than 0.5% of the total Fund invested in these via Global Alpha and UK Alpha investments. The strategy had a much larger investment in Global rather than UK equities which served to tilt away from exposure to oil and gas companies. The Fund's investments with Baillie Gifford further lowered this exposure as they had no such holdings. It was suggested that, currently, it was inevitable that there was some exposure to fossil fuel investments.

The Member noted the discussions at the PFC in September with BCPP and a call from a few committee members for more progress to be made on this matter. In response it was emphasised that the Fund's investments in renewable energy were primarily in private markets infrastructure funds, but some exposure was through oil and gas companies which were increasingly moving into renewables, such as BP, and this should be recognised. It was considered more appropriate that such investments continue to be held as it allowed the NYPF to exert pressure through engagement on those companies on their contribution to the transition to a low carbon economy. Without shareholdings there would be no influence. The member emphasised that some people were calling for pro-active action to be undertaken to move away from fossil fuels into renewables and pension funds were in a key position to influence that.. In response, it was commented that another issue to be aware of was the shortage of supply and high demand for renewable energy investments. The Fund was pursuing them where they provided the appropriate level of risk and return but suitable investments were not easy to find.

An Officer noted that he had received little almost no contact from the public in terms of divestment from oil and gas both in his role for North Yorkshire and East Riding Pension Funds. Other Funds had carried out surveys of their members and had discovered that they were not in favour of divesting, but wished the focus to be on achieving a financial return, to ensure their pensions were paid. The Member who raised the matter stated that the issue continued to be raised at UNISON AGMs and felt it was a legitimate issue to raise, given the interest in this matter. Anecdotally it was noted that other sectors were also interested in the pursual of this matter, for example many students, whereas many existing pensioners were more interested in the financial aspects of investments.

The Chair stated that the PFC periodically reviewed its Investment Strategy Statement, and the fossil fuel and renewable energy debate taking place at almost every meeting of the Committee and he expected that this would continue, going forward.

Resolved –

That the Minutes be noted.

32. Draft Pension Board Annual Report

Members considered the draft Annual Report of the Pension Board for 2022/23 with the amendments suggested at the July meeting now incorporated.

Resolved –

That the draft Annual Report of the Pension Board 2022/23, as amended, be approved, and be submitted to full Council for approval and publication and to the November meeting of the PFC for information.

33. Pension Fund Administration

The Head of Pensions Administration provided Members with an update on key initiatives undertaken by the administration team of the NYPF.

The following matters were highlighted:-

Pension Fund Committee Report

The PFC administration report and associated appendices which were discussed at their September 2023 meeting were set out in an Appendix to the report.

Breaches Log

There had been two new entries in the breaches log since the previous meeting of the Board, as detailed in the report. The first related to not publishing 100% of the Annual Benefits Statements (ABS) by the deadline (details would be provided later in the meeting) and the second related to an email sent to a Fund member containing an attachment with details of another Fund member, this having been attached erroneously. The email issue was down to human error, caused by pressure of work, and had been addressed with the employee. Both issues had been referred to the Internal Auditors, Veritau, and had been deemed low risk.

Members discussed whether to report the breaches to the Pensions Regulator and, given the low risk involved agreed that no report to the Pensions Regulator should be made. It was noted that the September meeting of the PFC had come to the same conclusion.

Annual Benefits Statements (ABS)

All of the statements for deferred pensions had been issued by the deadline. At the time of the deadline 872 statements for active members were outstanding, of these, 682 had now been issued, 132 were not eligible for statements and 58 required further data checks. 29,487 statements had now been issued (99.8%). This was a significant improvement from previous years with the process benefitting from the i-Connect system.

Major projects

The roll out of the i-Connect employer portal had recommenced following the year end and ABS work and additional resources were being targeted at this. All major employers were now on board with the scheme, with 77 yet to be added. It was noted that the report indicated that all employers would be on the system by the financial year end (31 March 2024) and it was asked whether this was optimistic. In response it was stated that of the outstanding 77, 30 were on the NYC payroll, therefore, there was some confidence that this could be achieved.

A new logo for the NYPF had been developed to coincide with the development of the new website, which was now at the testing phase, and is scheduled to be launched by 1 December 2023. Details of the revised logo were provided in the pack and were explained at the meeting. Noting the comments of the PFC relating to the new logo and issues around colour blindness, it was asked whether these had been taken account of. In response it was stated that the comments had been noted but it was unlikely that the colour scheme for the new logo would be changed.

The transition for Fund members following LGR had now been completed and all TUPE letters to affected members had been issued by the deadline. Issues in relation to year end data were being addressed and this was increasing the workload pressures for the team.

Good progress was being made on the data checks required for McCloud. Plans were being made for the next stage, however, additional issues continued to emerge. As this would require contact for every member of the Fund it was expected that most of the communication would be carried out electronically, which would not only be efficient but would lower costs.

Local Government Pensions Committee (LGPC) Bulletins Log

Details of recent LGPC bulletins, and the response to those, were set out in an appendix to the report. It was stated that every effort was made to ensure that the issues raised were assimilated into the work of the team.

Other issues

It was clarified that the date for the introduction of the Pensions Dashboard was now 31 October 2026.

A Member asked whether there was a significant impact on the administration team from responding to emails. In response it was stated that email archiving had altered recently making it difficult to provide a comparison, however, there is a dedicated team that deals with responses to phone calls and emails.

The Chair welcomed the excellent performance statistics during Quarter 2, with acknowledgement of that being recorded, and asked whether that level of performance was being maintained. In response it was stated that these had again improved in Quarter 3 thanks to the continued hard work of the team. Members welcomed this.

Resolved -

- (i) That the contents of the report be noted;
- (ii) That the contents of the Breaches Log be noted and no further action be taken in respect of the breaches highlighted at this meeting.

34. Investment Pooling Consultation

Members considered a report providing an update on the response of the NYPF to the Government's consultation, Local Government Pension Scheme (England and Wales): next steps on investments.

It was stated that PFC and Board Members had been consulted on the response by NYPF to the consultation, prior to this being submitted on 2nd October 2023.

It was noted that a recent address to a conference from a leading Civil Servant had indicated that the consultation's main objective was ensuring that Funds were transferring more of their assets to pools, and to consider investments in relation to the Government's Levelling Up Fund. Greater economies of scale through consolidation was a longer term aim.

It was stated that there had been very significant progress through BCPP, in terms of the objectives for pooling, therefore the NYPF was fairly relaxed in terms of the implications arising from this consultation. It apparent that the Government were utilising this approach rather than using existing powers to ensure that all Funds were complying with existing regulatory requirements.

A Member raised concerns that the new consultation was a veiled attempt by the Government to gain access to the funds held in the LGPS for the pursual of its policies. He suggested that the number of pools would be reduced to relatively few and would place the responsibility of their viability on Local Authorities while absolving themselves of any responsibility for managing liabilities in the LGPS. He considered this to be a major threat to the LGPS and was concerned that there appeared to be complacency from the NYPF in respect of this. In response it was stated that the long term view of the Government was not known, and it was acknowledged that, initially, pooling appeared to be expressed as an opportunity for them to utilise the money held in the LGPS for infrastructure projects in the UK. Since then, however, the Government's stance on that had been watered down with there being no compulsion for Funds to invest in those projects, although the option remained. It was noted that the NYPF had chosen to add infrastructure to its strategy and where viable UK projects were available, with an appropriate level of risk and return, these would be considered. It was not expected that the Government would take control of Funds within the LGPS as they would not wish to take over responsibility for the liabilities. The Member considered it naïve to believe that the Government would not try to access additional funding from the LGPS. It was acknowledged that while it was not considered that this would take place immediately, there were a number of people who held the same view as the Member.

It was asked when a response to the consultation responses was expected. In reply it was stated that it had been intimated that this would occur in the short term, but with the number of issues requiring the focus of the Government, currently, and the large number of responses to the consultation, which would require careful scrutiny, this may be optimistic.

Resolved –

That the report and issues raised be noted.

35. Budget and Cashflow

Members considered a report providing an on:-

- (a) the 2023/24 budget and the cost of running the Fund
- (b) the 4-year cashflow projection for the Fund
- (c) the latest position on the Fund's accounts and annual report for 2021/22 & 2022/23

The main changes to the budget were lower Pooling Operational Costs and a reduction in Investment Base fees.

The cashflow position was set out in the report showing a move towards being cashflow negative in 2023/24 and moving further into deficit in 2024/25. Income generating investments such as property rental income would be utilised, initially, to cover any deficit. The position regarding an increase in CPI from the projected figure of 6% to the actual figure for September 2023 of 6.7% was outlined and it was noted that this would require a slight adjustment to the figures.

The final accounts had still to be signed off with no clear indication as to when this would be resolved. Publication of the NYPF Annual Report would be undertaken as soon as the accounts were published.

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

- The issue of the final accounts were discussed at a recent meeting of the Audit Committee, where reassurances were given that they would be cleared by the end of this week, however, they were still awaited. In terms of planning for the 2022/23 Audit, it was expected that a further update would be provided at the December meeting of the Audit Committee.
- A Member asked whether the increase in the CPI would bring the cashflow negative position nearer. This was confirmed, although it was noted that the Fund was heading towards cashflow negative in any case. It was emphasised that this would not make a material difference to the operation of the Fund, and updates would continue to be provided to the Board in respect of this. It was stated that despite the move towards being cashflow negative the NYPF was in a good position compared to a number of other Funds, many of which had been cashflow negative for some years. The concern in relation to cashflow was fully understood, and there were sufficient assets and income from investments to cover all outgoings including pension payments. It was asked whether any disinvestment would be required to meet those payments. It was stated that the Fund had a number of investments that provided income, for example rental from properties, which would be utilised, initially to provide additional cashflow for the Fund. Also, when any reallocation of investments takes place consideration is always given to retaining some cash if needed to assist cashflow. The arrangements were continually reviewed.

Resolved –

That the report and issues raised be noted.

36. Internal Audit Report

Members considered a report from the Internal Auditors, Veritau, that provided an update on the progress of the Internal Audit 2022/23 and the 2023/24 programme of work.

All three audits in the plan for 2022/23 had been completed and an overview was provided as follows :-

Pension Fund Investments - August 2023 - Substantial Assurance
Pension Fund Income - September 2023 - Reasonable Assurance
Pension Fund Expenditure - October 2023 - Substantial Assurance

Copies of each report were attached as an appendix to the report.

In terms of the “Reasonable Assurance” category awarded to Income it was stated that they key findings were set out in the appendix to the report. The issue, in the main, related to cover arrangements. This matter had now been addressed with appropriate cover now in place.

Details of the proposed audit activity for 2023/24 was highlighted as follows:-

Expenditure - The audit would review the pensions payments made directly from the Altair system. The audit would include a review of the processes and payments for spouses, children and death grants.

Income - The audit would cover receipt of contributions income and transfers in.

Investments -The audit would review the processes and controls in place to manage the movements of assets for reallocation and rebalancing, and the assurances provided by the fund managers.

Advice and support - An allowance of time to provide advice and support and attendance at Pensions Board.

It was stated that, subject to the comments of Members, a report would be brought to the January meeting of the Board for members to agree an audit plan for 2023/24. The following issues were raised in relation to the draft plan:-

- A Member suggested that the proposed audit plan closely mirrored the previous year's plan and wondered whether there was scope for other issues to be audited. In response it was stated that the overarching areas would remain the same for Pension Fund Audits, however, different aspects of those areas (Expenditure, Income and Investments) would be considered each year. Details for those subject areas would be discussed with the lead officers to determine areas that would benefit from an audit and would assist the effectiveness of the service. Officers utilised the audit work to get reassurance that specific areas of work were operating and delivering appropriately, efficiently and effectively.
- It was noted that cyber security covered the emerging issue of Artificial Intelligence (AI) and how that was being used to commit fraud. It was acknowledged that cyber attacks, including the use of AI, were highlighted as the main area of risk not only for the Pension Fund, but for the wider Council, and action was being taken to defend against that.

Members discussed the “Reasonable Assurance” rating for income and the following issues were raised:-

- Members welcomed the progress that had been made since the publication of the report.
- Officers highlighted how they saw Internal Audit as a critical friend, and found the recommendations useful for the development of the service, however, it was suggested that rating of “Reasonable Assurance” was a little harsh given the low priority recommendations that emerged. Members stated that they could see why “Substantial Assurance” was not given but acknowledged that this was probably borderline.

Issues relating to the follow up on previously agreed actions were discussed and the following issues were highlighted:-

- In respect of the actions required on Business Continuity/Disaster Recovery it was noted that expert help had been required to address this and the work on this had now commenced. It was asked whether there was a back up plan should a disaster occur before the work had been completed. In response it was stated that it was expected that the overall North Yorkshire Council Plan would be utilised if there was such an occurrence, however, it was acknowledged that there were some mismatches within the Plans, which was a cause for concern, therefore the work would be completed as soon as possible. It was requested that an update on this issue be provided to the next meeting of the Board.
- It was noted that the Boxfish cyber security awareness training was not now contracted by the Council and a new provider would be sought.

Resolved –

That the report, and updates provided, be noted.

37. Training

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

It was confirmed that version 2 of the Hymans Robertson online training package Aspire was now in place, which was relatively similar to version 1, but with additional modules and was useful for all Members in terms of updating their knowledge of the LGPS.

Resolved -

- (i) That Members note the availability and details of the Hymans Robertson online training package;
- (ii) That Members continue to provide details of any training they wish to be included on their training record;
- (iii) That further consideration be given to identifying training sessions immediately prior to Board Meetings;
- (iv) That the report, and issues raised, be noted.

26. 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 for 2023/24.

The Chair stated that for 2024/25, the Board would recommence some detailed project work, and suggested that Members liaise with officers to determine which issues would be appropriate, within the scope of the Board, for that type of work .

Resolved -

- (i) That the Work Plan, as detailed in Appendix 1 to the report, be noted;
- (ii) Members consider issues within the remit of the Board that can be developed as project work
- (iii) That the dates of ordinary meetings for the remainder of 2023/24, as detailed in the report be noted as follows:-

Thursdays at 10am

11th January 2024

4th April 2024

The meeting concluded at 11.30am.

DRAFT

North Yorkshire County Council

Pension Board

11 January 2024

Terms of Reference

1. Purpose of the Report

To provide Pension Board members with details of the Board's Terms of Reference.

2. Annual Review

An Annual Review of the Terms of Reference is included in the Work Programme for the January meeting of the Board each year and Pension Board members are invited to make comments on the Terms of Reference and make recommendations for changes if appropriate. Any amendments would be subject to the approval of County Council, as administering authority.

A copy of the current Terms of Reference is therefore appended to this report for information to assist Members.

3.0 Recommendation

Pension Board members suggest amendments to the Terms of Reference, as detailed in **Appendix 1**, and recommend those to the County Council for approval, or accept them as printed.

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

January 2024

Background Documents:

Nil

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Pension Board of the North Yorkshire Pension Fund

Terms of Reference and Delegated Authorities

1) Role of the Local Pension Board

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

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

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

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

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

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

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

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

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

2) Membership and Appointment Process

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

i) 4 scheme member representatives, of whom

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

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

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

ii) 4 employer representatives, of whom

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

b. 1 shall be nominated by the City, Borough and District Councils, the Police and Fire bodies and the National Parks which are employers within the Fund

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

3) Conflicts of Interest

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

4) Standards of Conduct

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

These are:

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

5) Knowledge and Skills

A member of the Pension Board must be conversant with:

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

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

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

Individual Pension Board members must satisfy themselves that they have the appropriate degree of local knowledge and understanding to enable them to properly exercise their functions as a member of the Pension Board. This includes being fully aware of all requirements detailed in these terms of

reference for example on standards of conduct and conflicts of interest, and being conversant with the investment strategy of the Fund.

In line with this requirement Pension Board members are required to be able to demonstrate their knowledge and understanding and to refresh and keep their knowledge up to date. Pension Board members are therefore required to maintain a written record of relevant training and development. Pension Board members will undertake a personal training needs analysis and regularly review their skills, competencies and knowledge to identify gaps or weaknesses.

6) Board Review Process

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

7) Accountability

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

8) Remit of the Board

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

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

9) Decision making

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

10) Quorum

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

11) Board Meetings – Notice, Minutes and Reporting

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

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

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

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

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

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

12) Reporting Breaches

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

13) Escalation of matters of serious concern

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

14) Publication of Pension Board information

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

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

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

- any specific roles and responsibilities of individual Pension Board members

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

15) Advice to the Board

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

16) Expense Reimbursement, remuneration and allowances

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

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

17) Insurance

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

18) Updating the Pension Board Terms of Reference

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

19) Definitions

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

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

North Yorkshire Council

Pension Fund Committee

Minutes of the meeting held on 24th November 2023 held at County Hall, Northallerton commencing at 10 am.

Present:-

Councillors George Jabbour (Vice-Chair in the Chair), Alyson Baker (as substitute for Councillor Mark Crane) John Cattanach, Caroline Dickinson (as substitute for Angus Thompson), Sam Gibbs, Carl Les (as substitute for Councillor Andrew Williams), Cliff Lunn, David Noland, Neil Swannick, and Matt Walker.

Councillor Jonny Crawshaw - City of York Council

David Portlock - Chair of the Pension Board.

Apologies for absence – Councillors Mark Crane, Angus Thompson and Andrew Williams; together with Brian Hazeldine – UNISON retired members.

Copies of all documents considered are in the Minute Book

27. Exclusion of the Public and Press

Resolved –

That on the grounds that these items 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 and press were excluded from the meeting during consideration of Min. nos. 36 – Excess Equity Proposals and 37 – BCPP Strategic Direction Plan

28. Minutes

Resolved -

That the Minutes of the meeting held on 15th September 2023 were confirmed and were signed by the Chairman as a correct record.

29. 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.

It was clarified that under the new interests regime declarations for Members who were in receipt of a pension from the NYPF, although this was not a registerable interest,

therefore those Members could fully take part in the meeting. The following Members declared a non-registerable interest in respect of this:-

Councillors Alyson Baker, John Cattanach, Carl Les and Cliff Lunn.

30. Public Questions or Statements

There were no public questions or statements.

31. 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 2023

Breaches Policy & Log

Business Plan update

Issues and Initiatives

Ongoing projects

i-Connect Rollout

Website development

McCloud

Member Training

Meeting Timetable

The following issues from the report were highlighted:-

- There had been a significant increase in the number of leavers during August, which, in the main, related to school employees, that would leave and re-join the Fund under a different contract in September, when the schools re-opened. There was a slight backlog in processing these, which was being worked through.
- Performance statistics had returned to their usual high levels, benefitting from being able to target resources more effectively following the year end and

Annual Benefits Statements (ABS) turnover, and from an increase in the number of members adopting the self-service facility, on-line.

- Details of complaints received during the quarter were outlined and it was noted that there was no specific emerging pattern.
- The 2023 ABS had now been fully issued, which was a month ahead of the previous year. Work had now commenced on the 2024 ABS.
- There had been three new reported breaches of the regulations over the previous quarter and the details of those, and how they had been subsequently addressed, were set out in the report. Two of breaches had been reported to the October meeting of the Pension Board, where, given the circumstances, it had been recommended that there was no reason to report those breaches to the Regulator.
- An update of the Business Plan was provided including the amendments approved at the March meeting of the Committee.
- i-Connect, for monthly data returns, now had 160 employers on board, with a further 69 to be onboarded, although some of these would be incorporated fairly quickly as they were contractors of NYC.
- The new website was currently going through a test phase and was expected to be fully launched on 4th December 2023.
- Work continued to process McCloud data returns with a Project Team now in place and good progress is being made. The communications on this would require extensive work, with all members of the fund having to be contacted. A variety of contact methods will be utilised in an attempt to lessen the burden on the section and to lower costs. Significant additional work was expected in response to those communications.

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

- It was clarified that of the approximately 22k members of the Fund there were around 80k that would fall within the scope of the McCloud judgment. A calculation would be undertaken for those eligible and each member would be awarded either a Final Salary or Career Average Pension, depending on whichever was the higher figure. A priority list was being developed in respect of the implementation of this.
- In response to a Member's question it was noted that the high numbers of preserved benefits related to the schools situation as outlined earlier in the meeting.
- It was clarified that the roll out of i-Connect should be completed relatively quickly as a number of those to be onboarded could be done so fairly quickly as a number were contractors of NYC and also additional resources could be targeted at this following year end and the ABS.
- The Chair of the Pension Board clarified that two of the breaches identified in the log had been discussed at the October meeting of the Board and it had been agreed that there was no need to report these to the Regulator. The third breach had only occurred recently, but he had discussed the matter with officers prior to the meeting, and could also recommend that this should not be reported to the Regulator.
- The acting Chair highlighted the appendix that provided details of training undertaken by Members of the Committee, noting that this would be extremely helpful going forward, as more emphasis would be placed on Committee Members having required knowledge and training. He noted that some amendments to the details provided were required and it was stated that these would be undertaken for when the paper was next published. It was also noted that Councillor Sam Gibbs had been re-appointed to the Committee.
- The draft calendar of meetings for 2023/24, outlined in the report had been agreed by Council, therefore, the dates were now confirmed. A schedule for workshop meetings was currently being developed and would be circulated to Members shortly.

Resolved –

- (i) That the contents of the report be noted.
- (ii) that the contents of the breaches log be noted and no report be made to the Pensions' regulator in relation to these.

32. North Yorkshire Pension Fund Annual Report 2022/23.

Considered –

The report of the Treasurer requesting Members to:-

- (i) approve the draft Pension Fund Annual Report for 2022/23;
- (ii) provide Members with an update on the status of the Pension Fund Annual Report for 2021/22

It was noted that, at this stage last year, the Annual report was signed off at the equivalent meeting, prior to it being published on the 1st December, as per the legislation. The nationwide issue of Councils accounting treatment of infrastructure assets caused significant delays to the auditing process with the issue not having been resolved until after the 2022 Valuation was known. This resulted in adjustments being made to Councils accounts including North Yorkshire Council in respect of pension liabilities. This matter remains ongoing. Inevitably this position had created a knock on effect for the 2022/23 audit and with national audit pressures compounding the situation the 2022/23 audit remains ongoing. Again, in line with legal requirements an Annual Report was required to be published by the 1st December. Given the circumstances a draft of the Annual Report would be published on-line, by the deadline, alongside a note explaining the current situation. Once the audit had been completed the accounts would be added to the Annual Report, the note would be removed, and the final version would be published.

A Member requested details of the numbers of employees that were contributing at the various rates linked to pensionable pay, as detailed in section 3.4 of the Annual Report. It was stated that the details would be provided.

Resolved –

That the draft Pension Fund Annual Report for 2022/23 be approved.

33. Budget and Cashflow

Considered –

The report of the Treasurer outlining the following:-

the 2023/24 budget and the cost of running the Fund;

the 4 year cashflow projection for the Fund.

The main variances in the budget related to lower than expected vacancies in the Administration Team and Consultant Fees being higher than anticipated due to the ongoing review of the allocation to equities.

There had been an alteration to the figure by which pension benefit payments would be raised in April 2024 from 6% to 6.7% in line with the CPI rate of inflation in September 2023.

The cashflow position was set out in the report showing a move towards being cashflow negative in 2023/24 and moving increasingly into deficit in later years. Income generating investments such as property rental income would be utilised and further options to generate receivable income were being explored with BCPP.

It was noted that section 2.1 of the report should have referred to an overspend rather than an underspend.

Resolved –

That the contents of the report be noted.

34. Pension Board – report back by the Chair on the meetings held on 26th October 2023

Considered -

A verbal update by the Chair of the Pension Board based on the Minutes of the meeting held on 26th October, which had been provided.

He highlighted the following issues that were discussed at the meeting:-

- The public statement, outlined in the minutes of the September meeting of the PFC, was discussed by Members of the Board, as the previous PFC minutes are a standing item on the agenda. A Member of the Board had outlined scheme members support for the statement. The Chair agreed that he would ensure that the view of those Members was passed on to the PFC to be taken account of when the Investment Strategy was reviewed.
- The Board's Annual Report had been submitted to, and approved by, Full Council. A copy had been provided for the information of PFC Members.
- Internal Audit reports in respect of Investments, Expenditure and Income were submitted to the meeting. The Investments and Expenditure audits provided substantial assurance whereas the Income audit was seen as reasonable assurance. Details were sought regarding the reasonable assurance categorisation and it was clarified how this had been established, with the matter now dealt with effectively. It was noted that Income had also come very close to being classed as substantial assurance.
- The Business Continuity and Disaster Plan was discussed and it was noted that although this was in place it required updating and expert help was awaited to assist with this. A further update would be provided at the January 2024 meeting of the Board.

Resolved –

The minutes, and highlights provided by the Chair, be noted.

35. 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 third quarter of 2023/24. 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 key statistics for Quarter 3 – the Fund remained in surplus with assets above liabilities and was 108% funded at the end of September.
- There had been a strong return from the equity investments held by the Fund over the long term, however, since the 2022 valuation these assets had performed well below their long term expected return target.
- There had been a substantial fall in returns from bonds (index Linked had fallen around 30 – 40%) due to the rise in interest rates however, yields had increased, leading to an expected return of 7% per annum which currently made them good value.
- A table was provided outlining projections for investment returns for the next 10 years. It was noted that equities were expected to have very volatile returns over this period.
- Consideration could be given to whether to continue with the current allocations or to reduce equities in favour of bonds/cash which provided much more certainty in terms of yields, currently, while giving up some upside. There will be a discussion early next year to determine how best to approach this.
- Equity protection was mentioned as an option, which had been utilised by the Fund previously. An explanation was provided in respect of equity protection, which, in essence, was insurance against significant falls in the equity markets. However, the investment arrangements with BCPP would make this challenging to implement. It was noted that when equity protection had been used previously a great deal of the Committee's time had been devoted to monitoring this. It was also acknowledged that inflation was now falling, interest rates were likely to remain stable or fall slowly, which may lead to an upturn in the equity markets and negate the need for equity protection.
- A discussion of the property portfolio was undertaken with particular reference to AONs "down rating" of one of the property investment managers. The circumstances that had led to this were outlined. The matter was to be discussed with BCPP to determine whether this investment could be better placed into their property portfolio, with their fund launch due in late 2024. The investment was considered by the Committee, to assist with an informed decision to be made. It was emphasised that the investment was a small proportion of the overall Fund, therefore, if a change was needed there would be no significant impact from this.
- A further discussion on the current investment position of the Fund would be undertaken in the private section of this meeting, following this item.

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 forthcoming PFC meetings and workshops.

Minute Nos. 36 and 37 were considered as a private items (see Minute No. 27, above) and separate confidential minutes were produced. The Minutes below provide a public record of the consideration of those items.

36. Equities Allocation Review

Considered -

The report of the Treasurer outlining the review of the Fund's equities and setting out options for changing the allocations.

Members' consideration of this item is outlined in the confidential minutes.

Resolved -

- (i) That a reduction in the strategic allocation to Baillie Gifford's LTGG fund from 18%, with 10% being the proposed target be agreed
- (ii) That the removal of the strategic allocation to UK Equities of 4% be agreed
- (iii) That the recent divestments from the LTGG fund to reduce the current allocation to 15%, agree for it to be further reduced to 13%, and for the proceeds to be reinvested in Border to Coast's Investment Grade Corporate bonds fund up to its strategic weight, with the balance retained in cash be noted
- (iv) That further exploration of the impact listed equity market be undertaken, through meetings with additional managers
- (v) That consideration be given to a short-term tactical asset allocation changes through investments in cash and bonds at an appropriate time in the near future in light of decisions on the previous recommendations

37. BCPP Strategic Direction Plan

Considered –

A presentation by the CEO of BCPP, Rachel Elwell, on the Strategic Direction Plan for BCPP, including:-

- Development of pooling
- Progress made to date
- Investments of the NYPF
- Inevitable changes of how pooling operates through Government reforms.
- Change impacting partner Funds
- Project Group work towards change
- Implications of change
- Stakeholder engagement
- Consolidation

Members' consideration of this item is outlined in the confidential minutes.

Resolved –

That Rachel Elwell be thanked for her presentation the contents of which be noted.

The meeting concluded at 13.10

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

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North Yorkshire County Council

Pension Board

11 January 2024

Administration Report

1. Purpose of the Report

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

2. Pension Fund Committee paper

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

3. Breaches Log

Included at **Appendix 2** is the North Yorkshire Pension Fund's Breaches Log for review. Unfortunately there is one new entry, details below:

Date	Description	Cause	Regulation breached	Effect
07/10/2023	One Pension Savings Statements (PSS) issued after statutory deadline of 6 October 2022	Human error. Error in manual calculation of Annual Allowance at retirement.	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. This member has sufficient carry forward from previous years so we believe there is no tax charge due. The deadline for an online tax return was 31 January 2023 so the affected member will need to contact HMRC.

The breach has been reported to HM Revenue & Customs who have subsequently issued a £100 penalty.

4. Annual Benefit Statements

All members eligible for a 2023 Annual Benefit Statement have now received one. The 2023 exercise has now been closed and work has commenced on updating the templates ready for 2024.

The closure has happened one month earlier than in previous years which is as a direct result of the onboarding of employers to i-Connect and the reduction in the processing backlog.

5. Major Projects

i-Connect - Employer portal

168 employers now onboarded with 64 remaining. Additional resource is now working on the roll out which will increase the capacity for onboarding of employers onto i-Connect.

Website

The new website was successfully launched on 4 December. Whilst the main delivery phase is complete, further development is still required to fully complete the transfer and updating of information from the old website to the new. This work can and will be undertaken within the pensions team.

McCloud

The required disclosure communication was issued to all members in the week commencing 11 December 2023. This led to a spike in demand but the team were well placed to accommodate it and continue to provide a great service to our members.

Data has now been received from 292 employers (93%) and we continue to check this against member records, updating data where required. Where an employer hasn't returned their data file by 31 January 2024 we will assume the data on record is correct.

The next phase is to undertake testing of the bulk calculations and McCloud tranche creator before rolling that out into Live. Alongside this we need to obtain the final pay for members who reached age 65 between 2014 & 2022 and calculate service for casual workers.

There is significant work still to do and this project will be our primary focus throughout 2024.

Disaster Recovery and Business Continuity Plans

A recent review of the disaster recovery (DR) and business continuity plans (BCP) has highlighted that the current plans need updating especially in light of internal changes at NYC following the Local Government Reorganisation on 1 April 2023. Assistance has been sought from the NYC Data Governance team and work continues to progress.

6. LGPC Bulletins

The LGPC regularly issues bulletins, which can include actions for administering authorities. The NYPF reviews every bulletin and logs any actions highlighted. A log of the actions is included at **Appendix 3** to enable Pension Board Members to ensure appropriate activities are being undertaken

7. Recommendation

- 7.1. That Pension Board Members note the contents of this report.
- 7.2. That Pension Board Members note the contents of the Breaches Log and decide whether to report the breaches to the Pensions Regulator.

Phillippa Cockerill
Head of Pensions Administration
County Hall
Northallerton

03 January 2024
Background Papers - Nil

North Yorkshire County Council

Pension Fund Committee

24 November 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 30/06/2023	+/- Change (%)	At 30/09/2023
Active	30,424	-1.48%	29,975
Deferred	40,352	-1.03%	39,938
Pensioner (incl spouse & dependant members)	29,286	+2.05%	29,895
Total	100,062		99,808

3.2. Throughput Statistics

- Period from 1 July 2023 to 30 September 2023

Case type	Cases Outstanding at Start	New Cases	Cases Closed	Cases Outstanding at End
Transfer In quotes	23	68	85	6
Transfer Out quotes	34	165	184	15
Employer estimates	0	709	661	48
Employee estimates	4	105	109	0
Retirement quotes	10	658	600	68
Preserved benefits	986	1,944	1,200	1,730
Death in payment or in service	98	705	686	117
Refunds	15	256	251	20
Actual retirement procedure	466	850	771	545
Interfund transfers	461	584	576	469
Aggregate member records	4	536	454	86
Process GMP	0	0	0	0
Others	174	342	310	206
Total Cases	2,275	6,922	5,887	3,310

- As well as processing the above cases, the Pensions team also handled 1,957 phone calls (average 38 per working day) in the quarter.

3.3. **Performance Statistics**

- The performance figures for the period 1 July 2023 to 30 September 2023 are as follows:

Performance Indicator	Target in period	Achieved
Measured work completed within target	98%	98%
Customers surveyed ranking service good or excellent	94%	98%
Increase numbers of registered self-service users by 700 per quarter (total registered users 43,669)	700	1,613

- We continue to focus on completing all of our work within target and encouraging sign up for member self-service.
- Our reduced backlog and quicker turnaround times is reflected in the increase in our service score.

3.4. **Commendations and Complaints**

- This quarter the following commendations and complaints were received:

Commendations

Date	Number	Summary
July	8	Excellent service at all times. I spoke to a very kind lady, who took her time to explain procedure.
Aug	4	Very impressed with the quality and speed of the service.
Sept	2	Thank you for sorting out all the complexities around my pension.

Complaints

Date	Number	Summary
July	0	
Aug	2	Regs – Impact of new early retirement factors Admin – Prudential alleged we had not responded to an enquiry but we had replied on the same day
Sept	4	IHER – Appeal against IHER being declined Admin – Prudential not transferring members AVCs in a timely manner Admin – Issues with GAYE donations not being allocated correctly Regs – Benefits from previous fund automatically combined in line with regs

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

Lessons Learned

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

3.5. **Annual Benefit Statements 2023**

The current position with the active benefits statements is:

29,487 / 29,545 statements issued (99.80%)

58 eligible active records without an annual benefit statement of which:

- 8 – have outstanding admin task preventing ABS creation
- 50 – have outstanding year end task preventing ABS creation

We continue to work on the 50 with an outstanding year end task.

3.6. **Breaches Policy & Log**

The North Yorkshire Pension Fund's Breaches Log is included at **Appendix 2** for review. There are three new entries.

1. Accidental disclosure of data by email for a single member
2. Failing to issue 100% of active benefit statements within the statutory deadline – we don't issue statements where we have a query with the data on record which we believe will result in incorrect benefits being quoted
3. Late issue of a pension saving statement for the 2021/2022 tax year to 1 member - due to an error with a manual calculation at the time of retirement which has subsequently been found as part of the 2022/2023 exercise. This has been reported to HMRC.

3.7. **Business Plan Update**

In the NYPF 2023/24 – 2025/26 Business Plan 10 key actions for the 2023/24 year were identified and approved by Members in the March 2023 Committee meeting. It was agreed that officers would provide a progress report against these key actions, this progress report is attached as **Appendix 3**.

4. **Issues and Initiatives**

4.1. **Ongoing projects**

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

- Work has recommenced on the rollout of i-Connect to our employers with 152 now onboarded and only 77 remaining. We are hoping to make quite rapid progress with the remaining employers as a large proportion of them are contract payrolls for North Yorkshire Council.
- Website development continues with the focus on getting the employer site fully configured before we go live. We have just completed the testing stage with pensions staff and a select few employers. The development team are now working through the feedback and it remains on target to be live from 1 December.

4.2. **McCloud**

The McCloud data team has been working through the data returns and updating member records as required, adding a free format memo so we can identify which records have been processed.

Missing data has been identified and every employer affected has been contacted to provide the missing information. So far we've had a very good response. Regulations and guidance continues to be issued and we are reviewing this as it is released.

We are required to notify every member of the Scheme by 1 January 2024 of the changes that came into force from 1 October 2023 as a result of McCloud. We will be emailing every member with an email on record, making use of employer intranets and key messages for active members and posting the information to those deferred and pensioner members without an email. We will also be posting the information to our website.

5 Member Training

The Member Training Record showing the training undertaken to March 2022 is attached as **Appendix 4**. 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 5**. 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 6**.

7 Recommendations

- 7.1 Members to note the contents of the report.
- 7.2 Members to note the contents of the Breaches log and determine whether a report should be made to the Pensions Regulator.

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

02 November 2023

Academy Conversions – 19 ‘in progress’

Name of School	Local Authority	Multi Academy Trust (MAT) Name	Target Conversion Date	Current Position
Nidderdale High School	NYC	Moorlands Learning Trust	1.9.2023	Complete
Darley Primary School	NYC	Yorkshire Collaborative Academy Trust	1.9.2023	Complete
Summerbridge Primary School	NYC	Yorkshire Collaborative Academy Trust	1.9.2023	Complete
Huntington Primary Academy		Single Academy moving to Pathfinder Multi Academy Trust	1.9.2023	Complete
Rossett School		Single Academy moving to Red Kite Learning Trust	1.9.2023	Complete
Poppleton Road Primary School	COYC	Pathfinder Multi Academy Trust	1.9.2023	Complete
Keighley CoE Primary School	COYC	The Education Alliance	1.10.2023	Complete
St Barnabas Church of England VC Primary School	COYC	Pathfinder Multi Academy Trust	1.11.2023	In progress
North Stainley CE Primary School	NYC	Leeds Diocesan Learning Trust	1.12.2023	In progress
Christ Church CE Primary School	NYC	Leeds Diocesan Learning Trust	1.1.2024	In progress
Barkston Ash RC Primary School	NYC	Bishop Wheeler Catholic Academy Trust	1.2.2024	Will be progressed nearer the time
St Wilfrid's Catholic Primary School, Ripon	NYC	Bishop Wheeler Catholic Academy Trust	1.2.2024	Will be progressed nearer the time
Threshold Primary School	NYC	Yorkshire Collaborative Academy Trust	1.3.2024	Will be progressed when conversion date known

Wykeham CE Primary School	NYC	Elevate Multi Academy Trust	1.4.2024	Will be progressed when conversion date known
Name of School	Local Authority	Multi Academy Trust (MAT) Name	Target Conversion Date	Current Position
Hackness CE Primary School	NYC	Elevate Multi Academy Trust	1.4.2024	Will be progressed when conversion date known
Sherburn CE Primary School	NYC	Ebor Academy Trust	1.4.2024	Will be progressed when conversion date known
Luttons Community Primary School	NYC	Ebor Academy Trust	1.4.2024	Will be progressed when conversion date known
St Hilda's Ampleforth CE VC Primary School	NYC	Ryedale Learning Trust	TBC	Will be progressed when conversion date known
Hertford Vale CE VC Primary School	NYC	Ryedale Learning Trust	TBC	Will be progressed when conversion date known
Middleham CE VA Primary School (NYCC)	NYC	Possibly with Dales Academies Trust	TBC	Will be progressed when Trust has been confirmed and conversion date known
Spinnithorne CE VC Primary School (NYCC)	NYC	Possibly with Dales Academies Trust	TBC	Will be progressed when Trust has been confirmed and conversion date known
Beckwithshaw CP School	NYC	TBC	TBC	Will be progressed when Trust has been confirmed and conversion date known
Kettlesing Felliscliffe Primary School	NYC	TBC	TBC	Will be progressed when Trust has been confirmed and conversion date known
Ripley Endowed CE VC Primary School	NYC	TBC	TBC	Will be progressed when Trust has been confirmed and conversion date known
Hustwaite CE VC Primary School	NYC	TBC	TBC	Will be progressed when Trust has been confirmed and conversion date known
East Ayton Primary School	NYC	TBC	TBC	Will be progressed when Trust has been confirmed and conversion date known

Admission Bodies - 10 'in progress'

Name of Employer	Name of Contractor	Staff Transfer Date	Current Position
Hope Sentamu Learning Trust	Hutchison Catering Limited	26.7.2023	Complete
Red Kite Learning Trust Coppice Valley Primary School Oatlands Junior School Rossett Acre Primary School Western Primary School	Hutchison Catering Limited	1.8.2023	Complete
South York Multi Academy Trust Bishopthorpe Infant School	Mellors Catering Services Limited	1.1.2022	In progress
Beyond Housing	Ground Control	1.3.2023	In progress
Nicholas Postgate Catholic Academy Trust St Nicholas RC School, York	Hutchison Catering Limited. Transfer from COYC to Nicholas Postgate Catholic Academy Trust.	1.5.2023	In progress
The Rodillian Multi Academy Trust Brayton Academy	RCCN Limited	17.7.2023	In progress
Outwood Orange Academies Trust Outwood Primary Academy Aline	Cater Link Limited	1.9.2023	In progress
Ebor Academy Trust	Hutchison Catering Limited	1.9.2023	In progress
Yorkshire Causeway Schools Trust St Peter's Church of England School, Harrogate Hampsthwaite Primary School All Saints CE Primary School North Rigton CE Primary School	Aspens Services Limited	1.9.2023	In progress
North Yorkshire Council	Align Property Services Limited	1.9.2023	In progress
Northern Star Academies Trust Willow Tree Primary School	Aspens Services Limited	1.9.2023	In progress

City of York Council (Young Persons Counselling Services)	Not yet appointed	1.1.2024	In progress
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Exited Employers – 27

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
TJ Consultant Cleaners CO	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
Streamline Taxis Limited	28.5.2021

Name of Employer	Date exited the Fund
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
4 Site Security Services Limited	11.4.2022
 Welcome to Yorkshire	14.4.2022
 Lifeways Community Care Limited	31.7.2022
Absolutely Catering Limited	19.7.2023
Atlas Facilities Management Limited	6.10.2023
Urbaser Limited	31.3.2024
SBFM Limited	31.3.2024

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Date	Category	Description of Breach	Cause of Breach	Regulation being breached	Effect of Breach & Wider Implications	Response to Breach	Reported to DPO	DPO outcome	Referred to PFC	Referred to PB	Outcome of Referral to PFC & PB	Reported to Regulator
31/08/2017	Administration	Statutory deadline for issuing of Annual Benefit Statements not met for all eligible members	Large backlog meant we were unable to establish which category members should fall into at statement date. Year End queries still outstanding at issue date.	Reg 89 of LGPS Regs 2013	85.88% of Active members received a statement = 14.12% did not 94.51% of Deferred members received a statement = 5.49% did not	Large backlog means we do not yet know actual total eligible for a statement. Continue to reduce the backlog with targeted initiatives. Target is to have a controlled work throughout 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. 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.	Reg 89 of LGPS Regs 2013	100% of Deferred members received a statement. 95.68% 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 data suitable stated.	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 - Nov 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.	Employee 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 16 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.	Assessed 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 error. 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 targeted working group will be established in the summer to address the backlog of changes we get each year. This will involve training a small number of staff on the whole Annual Allowance process, what it is, why it's important, the impact on affected members and how to update and maintain records correctly. This taskforce will take responsibility for updating member records. Once knowledge is established and embedded further staff will be trained until the whole team knows what is expected.	05/03/2021	05/03/2021	14/01/2021	PB - Require further information on indicating actions taken to prevent recurrence before reaching to IPR. Confirmed by email 07/03/2021 no need to report to IPR. 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
17/06/2021	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

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
26/07/2022	Administration	5 Pension Savings Statements (PSS) issued after statutory deadline of 6 October 2021	Causes 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
31/06/2022	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
17/04/2023	Administration	Email querying pay and CARE was sent to the wrong Adam. It contained name, NINO & Pay information. Recipient is a senior officer at CYC.	Human error	Data Protection Act 2018	Accidental disclosure of personal data for 1 member to staff at another employer. It is highly unlikely that the recipient knows the person whose information was disclosed.	Requested recipient to delete email Reported to Veritau	N/A	N/A	15/09/2023	06/07/2023	PFC - No report PB - No report	N
05/06/2023	Administration	A member received another member's pension payslip in the same envelope as her own. The envelope wasn't sealed either.	Machine jam and human error in the print unit. Not checking the machine was fully cleared before restarting the print and insert process.	Data Protection Act 2018	Accidental disclosure of personal data for 1 member to another member. It is highly unlikely that the recipient knows the person whose information was disclosed.	Recipient posted payslip on. Made print unit aware of error and received confirmation of refreshed instructions to the print team. Reported to Veritau Veritau have confirmed it has been classed as a print unit breach	N/A	N/A	15/09/2023	06/07/2023	PFC - No report PB - No report	N
01/03/2023	Administration	Statutory deadline for issuing of Annual Benefit Statements not met for all eligible members	114 – have outstanding year end tasks 268 – have "other" outstanding administration tasks on record	Reg 89 of LGPS Regs 2013	100% of Deferred members received a statement. 98.71% of Active members received a statement. (382 members did not, of which only 114 were eligible to receive one)	Of the 382 active members missing a statement only 114 are eligible to receive one. These are being worked through to identify what is required to enable a statement to be produced.	N/A	N/A	24/11/2023	26/10/2023	PFC - PB -	
08/09/2023	Administration	Email was sent to a member with a password protected attachment but the document was for another member.	Human error	Data Protection Act 2018	Accidental disclosure of personal data for 1 member to another member. It is highly unlikely that the recipient knows the person whose information was disclosed.	Requested recipient to delete email Reported to Veritau	N/A	N/A	24/11/2023	26/10/2023	PFC - PB -	
07/10/2023	Administration	1 Pension Savings Statements (PSS) issued after statutory deadline of 6 October 2022	Human error. Error in manual calculation of Annual Allowance at retirement.	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. This member has sufficient carry forward from previous years so we believe there is no tax charge due. The deadline for an online tax return was 31 January 2023 so the affected member will need to contact HMRC.	Refreshers training for retirement team for the specific scenario applicable in this case.	N/A	N/A	24/11/2023		PFC - PB -	

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NYPF 2023/2026 Business Plan Update November 2023

Appendix 3

RAG rating:

Green – completed or not yet due

Orange – ongoing, carried forward to 2024/25

Red – outstanding, overdue

Key Activity		Resource
Administration		
Action	Timescale	Progress Update
McCloud remedy	Q3 2023/24	In progress – data being checked and updated to records. Missing data being gathered. Project plan created and next steps identified.
Data quality improvement	Q4 2023/24	In progress – data cleanse ongoing, records being corrected from issues identified by annual data scoring exercise
Backlogs	Q2 2023/24	Completed – backlogs reduced to 4 weeks. Continued review and monitoring is in place to maintain position.
Key Activity		
Resource		
Business Improvement		
Action	Timescale	Progress Update
Complete roll out of employer portal	Q4 2023/24	In progress – roll out was paused for year-end processing but work has recommenced and additional resource has been added to the project team to increase speed of onboarding.
Complete website redevelopment	Q4 2023/24	In progress – user testing completed. Feedback being worked through, on target for go live 1 December 2023.
Key Activity		
Resource		
Governance		
Action	Timescale	Progress Update
SAB Good governance project	Q4 2023/24	Unable to progress – still waiting for DLUHC's response to SAB's action plan.
TPR Single Code of Practice	Q4 2023/24	Unable to progress – still waiting for new code to be issued.
Key Activity		
Resource		
Funding		
Action	Timescale	Progress Update
Income monitoring	Q4 2023/24	In progress – preliminary discussions held with another Fund using the functionality. Business proposal prepared and submitted to T&C.
Key Activity		
Resource		
Investment		
Action	Timescale	Progress Update
Responsible Investment	Q4 2023/24	TCFD reporting on hold, pending the publication of guidance by the Government. Delay of at least a year expected. In progress – on track to apply for signatory status to new Stewardship Code by the end of the current financial year.
Pooling and implementation of investment strategy	Q4 2023/24	In progress – workshops planned Q1 24/25 for UK opportunities, Climate opportunities and UK property as part of due diligence work before recommendations on commitments will be put to the Committee. Review of allocation ongoing.

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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	v J. Cattnach	+J. Crawshaw	Unison (Vacancy)	Unison (Vacancy)
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	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓				
20 February 2023	Asset Allocation Workshop	✓	✓	✓	✓		✓	✓	✓	✓	✓	✓	✓	✓				
2 March 2023	Investment Strategy Workshop	✓	✓	✓	✓		✓	✓	✓	✓	✓		✓	✓				
25 May 2023	Investment Manager Workshop (Arcmont)		✓	✓	✓			✓	✓	✓	✓	✓	✓	✓				
29 June 2023	Investment Manager Workshop (PIMCO)		✓	✓	✓			✓	✓	✓	✓	✓	✓	✓				
30 June 2023	Investment Manager Workshop (Border to Coast)		✓	✓	✓			✓	✓	✓	✓	✓	✓	✓				
14 September 2023	Asset Allocation Workshop (Equities Review)		✓	✓					✓		✓	✓		✓				
28-29 September 2023	BCPP Investment Conference									✓	✓		✓	✓				

- Appointed to the Committee following May 2022 elections.

* - Cllr Patrick Mulligan left the Committee on 1st April 2023 following LGR.

" – Cllr Sam Gibbs left the Committee on 17th July 2023

- ^ - Cllr John Cattanach appointed to the Committee on 17th July 2023
- + - Cllr Jonny Crawshaw appointed to the Committee May 2023 following City of York Council elections
- - Cllr Christian Vassie left the Committee May 2023 following City of York Council elections

UPCOMING TRAINING AVAILABLE TO MEMBERS

Provider	Course / Conference Title	Date(s)	Location	Themes / Subjects Covered
PLSA	Responsible Investment Conference	29 November	PricewaterhouseCoopers 1 Embankment Place London WC2N 6RH	<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>
PLSA	Policy Insights: The Regulatory Horizon for 2024	7 December	Online Webinar 11 – 11.45 am	<p>Your chance to find out about the policy and lobbying work that we do on members' behalf. Hear from the PLSA's Policy and Advocacy team about the conversations they have with Ministers, Government officials and regulators, and ask questions about issues on the current agenda.</p> <p>Join us for a Policy Insights Webinar on the regulatory horizon for 2024. Our policy experts will discuss the developments, themes and challenges expected for the next year in pensions. Learn how these may impact your scheme and what you can do to prepare.</p>

Provider	Course / Conference Title	Date(s)	Location	Themes / Subjects Covered
PLSA	Local Authority Forum	14 December	PLSA, 3rd floor, Queen Elizabeth House, 4 St Dunstan's Hill, London, EC3R 8AD	<p>The new and innovative Local Authority Forum brings together pension professionals from across the industry to help drive policy debate, engage on key issues and share best practice.</p> <p>This Forum creates a space for delegates to discuss the challenges facing local authority pension funds. There will also be the opportunity to ask the experts about the key issues affecting local authorities in a moderated Q&A session.</p>
PLSA	Conferences 2024			<p>Investment Conference – 27/29 February – Edinburgh</p> <p>Local Authority Conference – 17/19 June – Gloucestershire</p> <p>Annual Conference – 15/17 October – Liverpool</p> <p>ESG Conference – 28 November – London</p> <p>Full details of these Conferences will be provided to Members as soon as they are available</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. There are now two packages available with package two being the most up to date version. 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.

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PENSION FUND COMMITTEE TIMETABLE FOR MEETINGS IN 2023/24

Meeting Date	Time & Venue	Event	Fund Managers
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	

Proposed dates of Pension Fund Committee Meetings for 2024/25:-

- Friday 24th May 2024 at 10am
- Friday 28th June 2024 at 10am
- Friday 13th September 2024 at 10am
- Friday 22nd November 2024 at 10am
- Friday 28th February 2025 at 10am

Arrangements for Workshops are currently under consideration and will be published alongside meeting dates, when available

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Date	Category	Description of Breach	Cause of Breach	Regulation being breached	Effect of Breach & Wider Implications	Response to Breach	Reported to DPO	DPO outcome	Referred to PFC	Referred to PB	Outcome of Referral to PFC & PB	Reported to Regulator
31/08/2017	Administration	Statutory deadline for issuing of Annual Benefit Statements not met for all eligible members	Large backlog meant we were unable to establish which category members should fall into at statement date. Year End queries still outstanding at issue date.	Reg 89 of LGPS Regs 2013	85.88% of Active members received a statement = 14.12% did not 94.51% of Deferred members received a statement = 5.49% did not	Large backlog means we do not yet know actual total eligible for a statement. Continue to reduce the backlog with 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 targeted working group will be established in the summer to address the backlog of changes we get each year. This will involve training a small number of staff on the whole Annual Allowance process, what it is, why it's important, the impact on affected members and how to update and maintain records correctly. This taskforce will take responsibility for updating member records. Once knowledge is established and embedded further staff will be trained until the whole team knows what is expected.			05/03/2021	14/01/2021	PB - Require further information on mitigating actions taken to prevent recurrence before reaching a decision about reporting to 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

Date	Category	Description of Breach	Cause of Breach	Regulation being breached	Effect of Breach & Wider Implications	Response to Breach	Reported to DPO	DPO outcome	Referred to PFC	Referred to PB	Outcome of Referral to PFC & PB	Reported to Regulator
28/07/2022	Administration	5 Pension Savings Statements (PSS) issued after statutory deadline of 6 October 2021	Records were not selected in the bulk annual allowance process as the year end pay information used in the calculation had not been updated on the records	The Registered Pension Scheme Regulations 2006 Finance Act 2004	When a member receives a PSS they have to declare the tax liability to HMRC via an annual tax return. None of the members have advised if they have a tax charge yet, there could possibly be two. The deadline for an online tax return was 31 January 2022 so affected members will need to contact HMRC.	Senior officer review of annual process. Has been established the cause of the breach different to previous breach in 2020. Process amended so that future similar cases can be identified earlier in the process.	N/A	N/A	09/09/2022	06/10/2022	PFC - No report PB - No report	N
31/08/2022	Administration	Statutory deadline for issuing of Annual Benefit Statements not met for all eligible members	120 – have outstanding year end tasks 201 – have "other" outstanding administration tasks on record 56 – are x'd out, no outstanding task, prohibits statement creation due to error on record 295 – pending further investigations as to why statement not produced	Reg 89 of LGPS Regs 2013	100% of Deferred members received a statement. 97.73% of Active members received a statement. (672 members did not of which only 295 were eligible to receive one)	Of the 672 active members missing a statement only 351 are eligible to receive one. These are being worked through to identify what is required to enable statement to be produced.	N/A	N/A	25/11/2022	06/10/2022	PFC - No report PB - No report	N
04/11/2022	Administration	2 Pension Savings Statements (PSS) issued after statutory deadline of 6 October 2021	Human error. One record had a data error which resulted in the PSS being 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 it 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
17/04/2023	Administration	Email querying pay and CARE was sent to the wrong Adam. It contained name, NINO & Pay information. Recipient is a senior officer at CYC.	Human error	Data Protection Act 2018	Accidental disclosure of personal data for 1 member to staff at another employer. It is highly unlikely that the recipient knows the person whose information was disclosed.	Requested recipient to delete email Reported to Veritau	N/A	N/A	15/09/2023	06/07/2023	PFC - No report PB - No report	N
05/06/2023	Administration	A member received another member's pension payslip in the same envelope as her own. The envelope wasn't sealed either.	Machine jam and human error in the print unit. Not checking the machine was fully cleared before restarting the print and insert process.	Data Protection Act 2018	Accidental disclosure of personal data for 1 member to another member. It is highly unlikely that the recipient knows the person whose information was disclosed.	Recipient posted payslip on. Made print unit aware of error and received confirmation of refreshed instructions to the print team. Reported to Veritau Veritau have confirmed it has been classed as a print unit breach	N/A	N/A	15/09/2023	06/07/2023	PFC - No report PB - No report	N
01/09/2023	Administration	Statutory deadline for issuing of Annual Benefit Statements not met for all eligible members	114 – have outstanding year end tasks 268 – have "other" outstanding administration tasks on record	Reg 89 of LGPS Regs 2013	100% of Deferred members received a statement. 98.71% of Active members received a statement. (382 members did not, of which only 114 were eligible to receive one)	Of the 382 active members missing a statement only 114 are eligible to receive one. These are being worked through to identify what is required to enable a statement to be produced.	N/A	N/A	24/11/2023	26/10/2023	PFC - No report PB - No report	N
08/09/2023	Administration	Email was sent to a member with a password protected attachment but the document was for another member.	Human error	Data Protection Act 2018	Accidental disclosure of personal data for 1 member to another member. It is highly unlikely that the recipient knows the person whose information was disclosed.	Requested recipient to delete email Reported to Veritau	N/A	N/A	24/11/2023	26/10/2023	PFC - No report PB - No report	N
07/10/2023	Administration	1 Pension Savings Statements (PSS) issued after statutory deadline of 6 October 2022	Human error. Error in manual calculation of Annual Allowance at retirement.	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. This member has sufficient carry forward from previous years so we believe there is no tax charge due. The deadline for an online tax return was 31 January 2023 so the affected member will need to contact HMRC.	Refreshers training for retirement team for the specific scenario applicable in this case.	N/A	N/A	24/11/2023	11/01/2024	PFC - No report PB -	

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North Yorkshire Pension Fund

LGPC Bulletins Log

Bulletin Number	Action	Response
215 – Oct 2021	Pensions Dashboards Start preparing for dashboard on-boarding by considering whether we wish to use an ISP to connect to the dashboard ecosystem, cleansing our data and ensuring we have adequate resources to prepare for the dashboard connection.	In Progress
218 – Dec 2021	Pensions dashboards – A to Z industry guide Review the guide and start preparing for pensions dashboards. Pensions dashboards – data matching guidance Review the accuracy of the personal data values held for all active and deferred members	On our To Do list – to be worked on when employers are on-boarded and McCloud completed
231 – Nov 2022	Pensions Dashboards Programme (PDP) publishes updated standards Administering authorities should consider how they will comply with the standards. We recommend discussing the standards with their software provider or third party administrator, for those funds administered externally.	In Progress
241 – Aug 2023	Aggregation leaflets and template letters published Consider whether to use new leaflets and template letters HMRC 2nd set of rectification regulations laid Assess the impact of the regulations and implement accordingly	Complete In progress
242 – Sept 2023	Finance and political contacts - update Review and update your finance and political contacts on 'Your LGPS contacts'. McCloud update Regulations effective from 1 October 2023. Review the documents available and start implementing the remedy. Contact for HMRC McCloud processes – reminder Contact publicservicepensionsremedy@hmrc.gov.uk with details of a named contact at your administering authority for McCloud tax issues if you have not already done so. TPR Scams reporting campaign on LinkedIn Remember to report any suspicions you have, however small. See TPR's reporting guide for more details.	Complete In progress Complete Ongoing activity
243 – Oct 2023	LGPS Contacts Database Review and update the information for the NYPF SCAPE discount rate and actuarial factors Apply the new factors in accordance with the transitional arrangements table. McCloud compensation cases DLUHC would like to know if administering authorities receive any applications for McCloud compensation. Send depersonalised details of each case to lgpensions@levellingup.gov.uk. Interfund transfers and the McCloud underpin Apply the approach set out by DLUHC for interfund transfers National LGPS Technical Group McCloud survey Complete the survey by 23 November 2023	Complete Complete Ongoing activity Ongoing activity Complete

	<p>McCloud templates for member correspondence and disclosure article Include the template paragraphs within your communication to members. Use the disclosure article to inform members about the changes.</p> <p>National LGPS Technical Group Dashboards survey Complete the survey by 23 November 2023.</p>	Ongoing activity
244 – Nov 2023	<p>SCAPE rate change – transitional arrangements table updated Review and implement the latest transitional arrangements table.</p> <p>Annual & lifetime allowance event report data 2022/23 Review the email and follow the instructions when submitting the annual and lifetime allowance event report data for 2022/23.</p> <p>McCloud factsheet for members Consider using the McCloud factsheet with your McCloud remedy communications.</p> <p>McCloud technical guide for administrators Use the McCloud technical guide to help you implement the McCloud remedy.</p> <p>LGPS Pensions Dashboard connection guide Review the LGPS Pensions Dashboards connection guide and start preparing to implement dashboards.</p> <p>Proposed staging date for public sector pension schemes Start preparing to connect to dashboards by the proposed staging date.</p>	<p>Complete</p> <p>Complete</p> <p>In progress</p> <p>Complete</p> <p>In progress</p> <p>In progress</p> <p>In progress</p>

NORTH YORKSHIRE COUNCIL

PENSION BOARD

11 JANUARY 2024

PENSION FUND ANNUAL REPORT 2022/23

Report of the Treasurer

1.0 PURPOSE OF REPORT

- 1.1 To update Pension Board members on the audit of the accounts, and the publication of the Pension Fund's Annual Report.

2.0 FINAL ACCOUNTS AND ANNUAL REPORT 2022/23

- 2.1 At the time of the Pension Fund Committee (PFC) meeting on 24 November 2023, because of nationwide staffing pressures at audit companies, the audits of many local authority financial accounts for 2022/23 were still ongoing. North Yorkshire Council was one of the many authorities which has been impacted by this issue. Nationally, only 5 out of 467 audit opinions were issued on government body accounts by the statutory deadline of 30 September 2023.
- 2.2 Responsibility to approve the audited Council's Accounts, which includes the Pension Fund's Accounts, rests with the Audit Committee rather than the PFC.
- 2.3 The PFC's responsibility is in relation to the Annual Report, which also includes the Pension Fund Accounts. At the meeting on 24 November 2023 the PFC was therefore only able to approve the draft Annual Report without the audit of the Accounts having been completed. The report to the PFC is appended to this report.
- 2.4 The draft Annual Report was published on the [Fund's website](#) by the statutory deadline of 1 December 2023, with a note explaining its draft status.
- 2.5 Subsequent to approval by PFC, the ongoing audit process identified some minor grammatical and presentational changes needed to the Annual Report. The updated version of the Annual Report is the version appended to the PFC report.
- 2.6 Once the audit has been finalised and the Council's Accounts including the Pension Fund Accounts signed off and published, the final version of the Annual Report 2022/23 will also be published.

3.0 FINAL ACCOUNTS AND ANNUAL REPORT 2021/22

- 3.1 The draft NYPF 2021/22 Annual Report and Accounts was approved by PFC on 24 November 2022, which allowed the document to be published by the 1 December 2022 deadline.
- 3.2 At the time of the PFC meeting on 24 November 2023, the audit of North Yorkshire County Council's 2021/22 remained ongoing, with the team at Deloitte still considering the treatment of pensions liabilities in the Council's Accounts. At the time of writing this position remains unchanged.
- 3.3 Once the Council's audit has been completed and the Accounts approved, the Council will publish its audited Accounts and the Pension Fund will publish its audited Annual Report.

4.0 RECOMMENDATIONS

- 4.1 Pension Board members to note the draft Annual Report 2022/23.
- 4.2 Pension Board members to note the status update of the draft Annual Report 2021/22.

GARY FIELDING
Treasurer to North Yorkshire Pension Fund
22 December 2023

NORTH YORKSHIRE COUNCIL

PENSION FUND COMMITTEE

24 NOVEMBER 2023

PENSION FUND ANNUAL REPORT 2022/23

Report of the Treasurer

1.0 PURPOSE OF THE REPORT

- 1.1 To ask Members to approve the draft Pension Fund Annual Report for 2022/23.
- 1.2 To provide Members with an update on the status of the Pension Fund Annual Report for 2021/22.

2.0 FINAL ACCOUNTS AND ANNUAL REPORT 2022/23

- 2.1 The draft North Yorkshire Pension Fund (NYPF) Statement of Accounts was circulated to members of the Pension Fund Committee soon after the Committee meeting on 30 June 2023. It was not possible to present the Accounts at the meeting, due to phasing of work and internal priorities.
- 2.2 The deadline for the publication for the Council's audited Accounts, which includes the Accounts of NYPF, was 30 September 2023. Due to nationwide audit pressures, the start of the audit of many local authority financial accounts for the 2022/23 financial year was delayed. North Yorkshire Council is one of the many authorities which has been impacted by this issue, and whilst the audit of the Council's 2022/23 Accounts has formally commenced and is ongoing, the 30 September deadline has been missed. Nationally, only 5 out of 467 audit opinions were issued on government body accounts by that date. Responsibility to approve the Council's Accounts, once they have been audited, rests with the Audit Committee.
- 2.3 NYPF is also required to produce an Annual Report, which includes the Fund's Statement of Accounts. The publication deadline for the audited Annual Report is 1 December each year, and for the same reason this deadline will also be missed. It is the responsibility of the Pension Fund Committee to approve NYPF's Annual Report.
- 2.4 The audit of NYPF's accounts is substantially complete and it is expected that the Fund's auditor Deloitte will issue an unqualified opinion in due course. No material issues have been identified. Deloitte will take an Audit Update Report to the Audit Committee once the audit process has been completed. This Report will highlight the areas of focus and any issues identified.
- 2.5 Due to these circumstances, the intention is to publish a draft of the Pension Fund Annual report, along with a note explaining the position, by the 1 December 2023

deadline. This mirrors the approach taken last year, for the 2021/22 Annual Report. The 2022/23 Annual Report is attached as **Appendix 1**, and Members are asked to approve it.

- 2.6 Once the audit has been completed and the Accounts approved, the Council will publish its audited Accounts and the Pension Fund will publish its audited Annual Report.
- 2.7 At this late stage, material adjustments to the NYPF Annual Report and Accounts are not expected, but if this does happen the Committee will be informed.

3.0 FINAL ACCOUNTS AND ANNUAL REPORT 2021/22

- 3.1 The draft NYPF 2021/22 Annual Report and Accounts was approved by Pension Fund Committee on 24 November 2022, which allowed it to be published by the 1 December 2022 deadline.
- 3.2 To remind Members, the accounting treatment of infrastructure assets such as roads and bridges caused significant delays in the audit process for councils across the country, including North Yorkshire Council. Although this issue has been resolved, this was not until after 31 March 2023, by which time the outcome of the 2022 Valuation was known. It was therefore necessary to adjust the Council's Accounts in relation to pension liabilities. As with infrastructure assets, this is a national issue. At the time of writing, the audit remains ongoing, with the team at Deloitte considering the treatment of pensions liabilities in the Council's Accounts.
- 3.3 No material issues have been identified from the audit of the 2021/22 Fund Accounts and it continues to be 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. Once the Council's audit has been completed and the Accounts approved, the Council will publish its audited Accounts and the Pension Fund will publish its audited Annual Report.

4.0 RECOMMENDATIONS

- 4.1 Members are asked to approve the draft Pension Fund Annual Report for 2022/23.

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

14 November 2023

North Yorkshire Pension Fund

Annual Report and Accounts 2022/23

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Part 1 – Management and Financial Performance

1.1 Introduction

North Yorkshire Council (NYC, the Council) is the statutory administering authority for the North Yorkshire Pension Fund (NYPF, the Fund), which is part of the Local Government Pension Scheme (LGPS, the Scheme). On 1 April 2023 the Council changed its name from North Yorkshire County Council to North Yorkshire Council. All aspects of the Fund's management and administration, including investment matters, are overseen by the Pension Fund Committee (PFC, the Committee), which is a committee of the Council.

The purpose of the Fund is to provide retirement benefits specified by the LGPS regulations for staff working for local authority employers, and other employers admitted by agreement, in the North Yorkshire area. The regulations also specify the member contribution rates as a

percentage of pensionable pay, with employer contribution rates being set every three years by the Fund's Actuary. These contributions are supplemented by earnings on the Fund's investments in order to pay retirement benefits.

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

1.2 Pension Fund Committee

PFC membership as at 31 March 2023 was as follows:

Members	Position	Voting Rights
John Weighell OBE (Chairman)	Councillor, NYCC	Yes
Sam Gibbs	Councillor, NYCC	Yes
George Jabbour	Councillor, NYCC	Yes
David Nolan	Councillor, NYCC	Yes
Clifford Lunn	Councillor, NYCC	Yes
Neil Swannick	Councillor, NYCC	Yes
Matt Walker	Councillor, NYCC	Yes
Angus Thompson	Councillor, NYCC	Yes
Patrick Mulligan (Vice-Chairman)	Councillor, District Councils' representative of Local Government North Yorkshire and York	Yes
Andrew Williams	Councillor, NYCC	Yes
Carl Les	Councillor, NYCC	Yes
Christian Vassie	Councillor, City of York Council	Yes
David Portlock	Chairman of the Pension Board	No
3 Unison representatives	Union Officials	No

The powers delegated to the PFC are detailed in paragraph 2.1 of the Governance Compliance Statement (see Part 7).

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

1.3 Fund Administrators, Advisers and Investment Managers

Treasurer	Gary Fielding
Investment Consultant	Aon
Independent Professional Observer	Vacant
Actuary	Aon
Investment Adviser	Leslie Robb
Legal Services	Ward Hadaway Head of Legal Services, NYC
Auditor	Deloitte
Banker	Barclays Bank
Custodian	Northern Trust
Performance Measurement	Northern Trust
Asset Pool & Operator	Border to Coast Pensions Partnership (BCPP)
Fund Managers	Arcmont Baillie Gifford Hermes Investment Management Leadenhall Legal & General Investment Management Permira Columbia Threadneedle
AVC Provider	Prudential

1.4 Risk Management

Risk management is the process by which the Fund identifies and addresses the risks associated with its activities. Risk management is a key part of the NYPF's governance arrangements, and the Fund has its own dedicated risk management policy and risk register with key risks also appearing on the Administering Authority's corporate risk register. Risks are identified and assessed, and controls are in place to mitigate risks. The Fund's risk register is reviewed every year by the PFC and Pension Board and is monitored during the year by officers. The latest review highlighted:

- (a) Fund solvency remains a high risk, despite the improved funding position, due to the unpredictable and volatile nature of global financial markets on which both investment returns and certain market based actuarial assumptions used to value liabilities are based. The potential consequence of the risk occurring is a significant increase in contribution rates for the Fund's employers and/or an extension to the deficit recovery period.
- (b) Fund Resourcing and Staffing was identified as a risk, with two risks, insufficient capacity and loss of key personnel, identified in this area. The potential consequences of these risks occurring is a delay in responding to customers, reduced performance and increased complaints.

In addition, the approach to managing third party risk such as late payment of contributions is contained in the Pensions Administration Strategy (see Part 7). Contributions received from employers are monitored, the date of receipt is recorded and appropriate action is taken for late payments. For persistent material breaches of this protocol, the employer may be reported to the Pensions Regulator.

The Council's internal audit team regularly undertake audits across different aspects of the Fund's management and administration. These findings are reported to the PFC and Pension Board as appropriate. Assurance from the appointed Fund managers is obtained through the receipt of control reports.

Further detail about how the Fund manages other risks can be found in Note 18 Nature and Extent of Risks Arising from Financial Instruments in the Statement of Accounts in Appendix A.

1.5 Accounting and Cash Flow

Prior to the start of the 2022/23 financial year, a budget was prepared for NYPF which detailed the annual cost of running the Fund. A cashflow forecast was also produced which detailed the main inflows and outflows of the Fund in the year, for example, contribution income, benefits payable, transfers in and transfers out. The budget was monitored at each subsequent quarterly PFC meeting, and revised as necessary to take into account the latest projections.

The total running costs of the Fund in 2022/23 were £33.1m against a budget of £38.7m, resulting in an underspend of £5.6m, as shown in the table below:

EXPENDITURE	Budget 2022/2023 £K	Actuals 2022/2023 £K	Variance £K
Admin Expenses			
Finance and Central Services	453	449	(4)
Provision of Pensioner Payroll (ESS)	93	73	(20)
Pensions Administration Team	1,371	1,375	4
McCloud	50	15	(35)
Other Admin Expenses	678	705	27
	2,645	2,617	(28)
Oversight and Governance			
Actuarial Fees	90	65	(25)
Custodian Fees	86	66	(20)
Consultants Fees	140	204	64
Pooling Operational Charge and Project Costs	709	761	52
Other O & G Expenses	100	42	(58)
	1,125	1,139	14
Investment Fees			
Performance Fees	3,208	2,599	(609)
Investment Base Fees	31,739	26,761	(4,978)
	34,947	29,360	(5,587)
TOTAL	38,717	33,116	(5,601)

The main reasons for the variances were:

- A fall in asset values over 2022/23 has resulted in a fall in investment fees, as most fee arrangements are on an “ad valorem” basis, so are a percentage of the value of assets under management.
- There was an increase in expenditure versus budget in consultancy fees, driven by additional work undertaken by the investment consultant Aon. Work commissioned included a climate risk analysis and an investment strategy review.

This analysis of expenditure that was reported to the PFC as part of the quarterly Fund management arrangements has been analysed differently in the Statement of Accounts to comply with accounting requirements and guidance.

The table below shows the 2022/23 cashflow statement for the Fund:

	Actual Cashflow 2022/2023 £000
SCHEME PAYMENTS	
Benefits	
Pensions	-106,333
Lump Sums	-29,238
	-135,571
Payments to and on account of leavers	
Transfers out	-14,515
Refunds to leavers	-780
	-15,295
Operational Expenses	
Admin Expenses	-2,405
Oversight and Governance	-1,869
	-4,274
TOTAL PAYMENTS	-155,140
SCHEME RECEIPTS	
Employer and Employee Contributions	145,828
Transfers in (from other schemes)	18,654
TOTAL RECEIPTS	164,482
SCHEME SURPLUS/ (DEFICIT)	9,342
CASH FLOW FROM INVESTMENT ACTIVITIES	-29,308
SURPLUS/ (DEFICIT) AFTER INVESTMENT ACTIVITIES	-19,966
CASH BALANCE B/F	21,742
CASH BALANCE C/F	1,776

The operational cashflow for the Fund in 2022/23 was a surplus of £9m.

Part 2 – Scheme Administration

2.1 Administering Authority Arrangements

The Fund's administration is the responsibility of Gary Fielding, the Treasurer.

Staff within the pension administration team are responsible for administering the Scheme, including the calculation and administration of benefit payments and transfer values, recording employee contributions, the maintenance of pension records, admissions to and exits from the Fund and communications with all stakeholders.

Staff within the finance team are responsible for maintaining the Fund's accounts and investment records, monitoring employer contributions, preparing quarterly reports for the PFC, producing the Annual Report and Accounts and acting as the main point of contact for the Fund's managers, advisers and auditors.

2.2 Disputes Process

The Fund deals with disputes under the statutory Internal Dispute Resolution Procedure (IDRP). This is a two stage process and further information is available on the Fund's website at [Guides > North Yorkshire Pension Fund \(nypf.org.uk\)](#).

However, as part of the pension team's customer care policy, all questions raised are dealt with via an internal process with the aim of resolving issues to the satisfaction of the Scheme member as quickly as possible. In 2022/23 nine cases were received via the IDRP process. This represents less than 0.01% of total work processed in the year.

2.3 Pensions Administration

The NYPF covers the largest geographical area in England and Wales and the varied methods of communication utilised aim to tackle the challenges when communicating with both Scheme members and employers. Continued support and guidance has been provided for employers to ensure they are confident in carrying out their obligations under the Scheme. Employers are encouraged to use the dedicated employers' area on the NYPF website.

An online portal to enable monthly data returns continues to be rolled out which removes the need for an annual year end return ensuring accurate data is received promptly.

Following the Education Act 2011, the number of scheme employers converting to academies continues to grow. A dedicated NYPF contact continues to provide schools with appropriate actuarial information regarding employer contribution rates and deficits.

Scheme members have access to a dedicated telephone helpline and email address. The online self-service module of the Altair administration system continues to provide members with access to their Annual Benefit Statements. Members are also asked to use the online benefit projector to carry out their own pension benefit estimates. Although members are encouraged to use electronic means of communication, NYPF still provides paper versions of documents on request. This is felt to be particularly important for members who may not have access to, or wish to use, electronic methods of communication.

2.4 Member Self-Service (MSS)

This is a web-based self-service facility which allows members to update their contact details and carry out their own pension benefit estimates. This facility has also been used to allow electronic communication with members for the retirement and estimates processes. As at 31 March 2023 there were 41,451 registered users.

A small number of staff from employers within the Fund have direct upload access to the pensions database (with access to their employees only). This allows them to carry out basic pensions administration processes (creating new starter records, updating hours and personal information) and upload associated documents. Work is monitored via a 'task' which is created on the member record by the employer detailing what they have done. All changes can be tracked through an audit report which is run by the NYPF development and processes team.

2.5 Electronic Annual Benefit Statements

Active and deferred Scheme members can view their Annual Benefit Statements online. The majority, representing 98% of all statements, are delivered in this way with only 1,517 being posted to members in 2022/23.

2.6 NYPF Website

All essential information and guides are held on the website at www.nypf.org.uk along with links to further national guidance. Employees and employers are able to use the website to refer questions to a generic pensions email address which is specifically resourced each day to provide a prompt response to queries. An 'Employers Only' area provides a central location to access forms and guides with the facility to securely submit forms electronically.

2.7 Data Quality

The Pensions Regulator's guidelines on data collection and security have been applied by the Fund and validation checks are carried out across all areas of activity. Periodic checks are carried out across the database to ensure that data gaps or queries are caught in 'real-time'. Other validation checks are carried out at each year end and queries are sent to the employer to resolve. This became more complex when the Career Average Revalued Earnings (CARE) Scheme was introduced on 1 April 2014 as NYPF cannot validate CARE pay provided by employers.

In accordance with the requirements of the Pensions Regulator the NYPF completed a data quality assessment and scoring exercise resulting in data scores of:

Common Data: 97.89%

Conditional Data: 88.81%

Common data is the set of data that is defined as necessary and applicable to all members of all schemes. This data is required to identify Scheme members and includes surname, date of birth, National Insurance number and address. The Pensions Regulator has identified 10 Common data items.

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

A data improvement plan has been developed to ensure the continued improvement of the data quality.

Support is sought where appropriate from the internal audit service in order to encourage employers to maintain a consistent level of data accuracy including validating any data before it is supplied. Data is only accepted from named authorised signatories after the appropriate validation checks have been made.

Part 3 – Investment Policy and Performance

3.1. Investment Policy

(a) Regulations

NYC is required, as the administering authority, to invest any NYPF monies which are not immediately required to pay pensions and other benefits. The LGPS (Management and Investment of Funds) Regulations 2016 set out certain restrictions as to individual investments, the purpose of which is to limit the exposure risk of an LGPS fund. Full details of the investment policy are shown in the Investment Strategy Statement (see Part 7).

(b) Investment Management arrangements

As at 31 March 2023 the following investment management arrangements were in place:

- Baillie Gifford managed an active global (i.e. including UK) equity portfolio, namely Long Term Global Growth (LTGG). This portfolio is in the form of a pooled vehicle, rather than being invested in segregated holdings. It is managed without reference to a benchmark, however the FTSE All World index is used for performance measurement purposes.
- BCPP managed a UK Equities portfolio through a pooled vehicle against the FTSE All Share Index.
- BCPP managed a global equities portfolio in the form of a pooled vehicle against the MSCI All Countries World Index.
- Hermes managed an active UK Property portfolio through a pooled fund with the objective of outperforming the IPD Other Balanced Property Funds index.
- Threadneedle and Legal & General both managed active UK Property portfolios during the year through pooled funds with the objective of outperforming the All Balanced Property Funds index.
- Arcmont and Permira managed private debt portfolios through pooled Funds, both are managed without reference to a benchmark but have an objective to significantly outperform cash.
- Leadenhall managed residual balances for three pooled Insurance Linked Security portfolios, which are in the process of being wound up.
- The Fund held a cash investment with the Council's Treasury Management.
- The Fund had a cash investment with Northern Trust.
- BCPP managed an Infrastructure portfolio in a pooled fund that has the objective to outperform a long term absolute benchmark.
- BCCP managed a Climate Opportunities Portfolio, seeking investments that have a material positive impact on climate change and support long-term net zero carbon emission goals.
- BCPP managed an active Gilts portfolio through a pooled vehicle against the FTSE UK Index Linked Gilts over 15 Years Index.
- BCPP managed an active UK corporate bonds portfolio through a pooled vehicle against the iboxx Sterling Non-Gilts Index.

- BCPP managed a private debt portfolio through a pooled vehicle that has the objective to outperform against a long term absolute benchmark.
- BCPP managed a Multi Asset Credit portfolio through a pooled vehicle with an objective to outperform a long term absolute benchmark.
- BCPP managed a Listed Alternatives portfolio through a pooled vehicle with an objective to outperform MSCI All Countries World Index.
- Investment management arrangements with Dodge & Cox and PIMCO were terminated during the year.

The agreed asset class structure for the investment portfolio as at 31 March 2023 was as follows:

	%
Equities	50
Alternatives	22.5
Bonds	22.5

(c) Custody of Investments

Northern Trust is the custodian for the Fund's assets. There is one exception, being:

- (i) Internally Managed Cash, which is held in the Fund's bank account with Barclays Bank, Northallerton. Money in this account forms part of the balance of funds invested by the Council for treasury management purposes. A formal Service Level Agreement exists between the Council and the Fund so that the Fund receives an interest rate return equivalent to that achieved by the Council.

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

3.2 Performance

(a) Fund and Manager Performance

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

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

Performance for the year was -9.2% compared to the benchmark return of -6.7%.

Performance for the North Yorkshire Pension Fund compared with the benchmark for 5 years is shown below.

Periodic Performance	1 Year	5 Years (p.a.)
North Yorkshire Pension Fund	-9.20%	4.90%
Benchmark	-6.70%	4.60%
Performance against benchmark	-2.50%	0.30%

The performance of the Fund as a whole and of the individual fund managers for the year to 31 March 2023 compared with their defined benchmarks is shown in the following table:

Fund Manager	Share of Fund as at 31st March 2023		Share of Fund as 31st March 2022		Fund Performance	Customised Benchmark	+/-
	£000	%	£000	%	%	%	%
Investments managed by Border to Coast Pension Partnership:							
BCPP - Global Equity Alpha	1,219,592	29.0	1,299,651	28.1	3.6	-1.4	5.0
BCPP - UK Equities	178,386	4.2	178,608	3.9	-0.1	2.9	-3.0
BCPP - Listed Alternatives	288,091	6.9	336,357	7.3	-11.5	-1.4	-10.1
BCPP - Multi Asset Credit	220,369	5.2	227,926	4.9	-3.4	5.8	-9.2
BCPP - Index Linked Gilt Fund	496,490	11.8	716,917	15.5	-39.0	-39.1	0.1
BCPP - Investment Grade Credit	301,144	7.2	333,727	7.2	-9.8	-10.2	0.4
BCPP - Private Debt	99,344	2.4	43,038	0.9	6.0	6.0	-
BCPP - Private Debt Series 2	5,087	0.1					
BCPP - Climate Opportunities Fund	16,973	0.4					
BCPP - Infrastructure	213,575	5.1	29,647	0.6	9.8	8.0	1.8
BCPP - Infrastructure 2	6,910	0.2	110,304	2.4			
BCPP - UK Unquoted Equities	1,182	0.0	1,182	0.0			
	3,047,143	72.5	3,277,357	70.8			
Investments managed outside of Border to Coast Pension Partnership:							
Baillie Gifford & Co. - LTGG	797,479	19.0	657,500	14.2	-14.3	-0.9	-13.4
Dodge & Cox	0	0.0	248,847	5.4			
Threadneedle	188,373	4.5	214,685	4.6	-13.2	-14.5	1.3
Legal & General	44,004	1.0	88,810	1.9	-13.7	-14.5	0.8
Hermes	33,848	0.8	40,246	0.9	-13.8	-14.1	0.3
Northern Trust Held Cash	35,243	0.8					
Permira	22,948	0.5	33,060	0.7	-1.4	6.0	-7.4
Arcmont (formerly Bluebay)	27,696	0.7	29,741	0.6			
Internally Managed (cash and net debtors)	0	0.0	28,818	0.6			
Leadenhall Diversified Fund	3,347	0.1	4,180	0.1			
Leadenhall NAT CAT Fund	2,012	0.0	4,079	0.1	-16.1	1.6	-17.7
Leadenhall Remote Fund	3,059	0.1	3,731	0.1			
Cash with Bank of New York Mellon	0	0.0	1,469	0.0			
PIMCO	0	0.0	1,162	0.0			
Fidelity International	0	0.0	766	0.0			
UK Equity Transition	0	0.0	2	0.0			
	1,158,009	27.5	1,357,096	29.2			
Total Fund	4,205,152	100.0	4,634,453	100.0	-9.2	-6.7	-2.5

(b) Analysis of Accounts

The Statement of Accounts for the year 2022/23 is shown at Appendix A.

The value of the Fund's assets at 31 March 2022 was £4,635m, and this decreased by £414m during the year to give a value of £4,221m at 31 March 2023.

Analysis of Fund Account over three years to 2022/23

	2022/23	2021/22	2020/21
	£000	£000	£000
Net additions/(withdrawals) from dealings with members	9,342	5,672	10,518
Net investment return	-21,425	-19,136	-24,036
Change in market value of investments	-401,746	137,804	982,096
Net increase/(decrease) in the Fund	-413,829	124,340	968,578

Analysis of Net Asset Statement over three years to 2022/23

	2022/23	2021/22	2020/21
	£000	£000	£000
Fixed Interest Securities	-	-	33,768
Equities	1,182	1,182	1,182
Pooled Funds	3,545,213	4,258,476	3,767,819
Pooled Property	266,255	343,740	279,864
Private Equity	392,532	-	-
Cash Deposits	1,902	1,501	105,209
Other	787	736	2,129
Total Investment Assets	4,207,871	4,605,635	4,493,885
Long-Term Debtors	-	-	203
Current Assets and Current Liabilities	12,883	28,818	16,025
Net Assets of the Fund	4,220,754	4,635,453	4,510,113

3.3 Voting Arrangements

Shares are held indirectly and all voting rights are delegated to the Fund's investment managers. Votes are executed according to predetermined Voting Guidelines agreed by the PFC. These guidelines are aligned to the UK Stewardship Code and to best practice in other jurisdictions. The Fund monitors voting decisions on a regular basis and a summary of the voting activity in 2022/23 is provided in the table below:

In Favour	6,110	Against	800	Abstained/Withheld	12
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Part 4 – Asset Pooling

Background

In 2015 the Government issued the ‘LGPS: Investment Reform Criteria and Guidance’ which set out its intention to work with the 89 Administering Authorities in the Local Government Pension Scheme (LGPS) to establish asset pooling arrangements with the following objectives to deliver:

- Benefits of scale
- Strong governance and decision making
- Reduced costs and excellent value for money, and
- An improved capacity and capability to invest in infrastructure

This has led to the creation of eight asset pools, significantly changing the approach to investing. These regulatory changes do not however affect the responsibility for determining the investment strategy which remains with individual Funds.

NYPF Pooling Arrangements

In order to satisfy the requirements of the guidance issued by the Government, the Fund has become a shareholder of the Border to Coast Pensions Partnership (“BCPP”, or “the Pool”). BCPP is an FCA-regulated Operator and Alternative Investment Fund Manager (AIFM), that became operational in July 2018.

The Administering Authorities of the LGPS Funds that are participating in the pool are a combination of “like-minded” UK-based local government Unitary Authorities, Non-Metropolitan County Councils and Metropolitan District Councils with total assets of around £50bn. These are listed in the table below:

Administering Authority	Local Government Pension Fund
Bedford Borough Council	Bedfordshire Pension Fund
Westmorland and Furness Council	Cumbria Pension Fund
Durham County Council	Durham Pension Fund
The East Riding of Yorkshire Council	East Riding Pension Fund
Lincolnshire County Council	Lincolnshire Pension Fund
North yorkshire county council	North Yorkshire Pension Fund
South Yorkshire Pensions Authority	South Yorkshire Pension Fund
Surrey County Council	Surrey Pension Fund
Middlesbrough Council	Teesside Pension Fund
The Borough Council of South Tyneside	Tyne and Wear Pension Fund
Warwickshire County Council	Warwickshire Pension Fund

The core principles of BCPP include the following:

- One Fund one vote – so regardless of Fund size, all Funds will be treated equally
- Equitable cost sharing
- Funds retain governance role and ownership of asset allocation
- Generation of improved net-of-fees risk adjusted performance

Border to Coast Pensions Partnership

BCPP is responsible for designing, delivering and operating a range of investment funds and services to allow Partner Funds, BCPP's shareholders and only customers, to implement their investment strategies. BCPP develops a range of internally and externally managed investments across a range of asset classes in both public and private markets. The team of over 100 employees are based in Leeds.

Governance

The Fund will hold BCPP to account through the following mechanisms:

- A representative on the Shareholder Board, with equal voting rights, who will provide oversight and control of the corporate operations of BCPP. The performance of the pool company is overseen by the shareholder representatives from each Authority on an ongoing basis and formally once a year at the BCPP AGM.
- A representative on the Joint Committee which, as an investor, will monitor and oversee the investment operations of BCPP. A representative of each of the Funds' Pension Fund Committees sits on the Joint Committee. There are two non-voting scheme member representatives that sit on the Joint Committee, who are nominated by the Funds' Local Pension Boards.
- Officer support to the representatives above from the Officer Operations Group and the Statutory Officer Group. Day to day oversight will be provided by these officer groups.

Pooling Costs

The Fund has incurred both set-up costs and ongoing costs since the inception of BCPP and these are detailed in the tables below.

	2022/23	2021/22	2020/21	2019/20	Cumulative Since Inception
	£000	£000	£000	£000	£000
Set-up costs					
Recruitment					17.1
Legal					26.6
Procurement					36.2
Other support (e.g. IT, Accommodation)					2.0
Other working capital			348.5		1,181.8
Staff costs					61.9
Other costs	267.8	234.8	191.5	357.6	1,295.6
Total Set-up Costs	267.8	234.8	540.0	357.6	2,621.2

	2022/23	2021/22	2020/21	2019/20	Cumulative Since Inception
	£000	£000	£000	£000	£000
Transition Costs					
Transition fees				259.0	259.0
Taxation (seeding relief)				1,143.4	1,143.4
Other transition costs				1,254.7	1,254.7
Total Transition Costs	0.0	0.0	0.0	2,657.1	2,657.1

During 2022/23, further transfers to BCPP's funds took place, although there were no explicit costs incurred.

Ongoing Costs

In addition to the set up and transition costs above there are also ongoing costs that have been incurred in 2022/23. The table below compares costs within and outside of the pool:

	Asset Pool	Non-asset Pool	Fund Total
	£000	£000	£000
Management fees			
- Ad valorem	8,535	8,916	17,451
- Performance	827	5,742	6,569
Transaction costs	8,522	2,676	11,198
Total Management Fees	17,884	17,334	35,218

Part 5 – Pension Administration Activity

The number of staff (in FTE terms) at the Council involved in pension administration was 37 completing an average of 4,789 cases each. The ratio of members to full time equivalent staff is 2,769:1. The NYPF has a net operating cost of £17.88 per member whilst the average operating cost for all authorities was £20.81 as calculated by the annual CIPFA benchmarking exercise.

(a) Key Performance Indicators

The Local Government Pensions Committee has defined a range of performance indicators through which Funds can be compared. NYPF's performance in these areas for the year to 31 March 2023 is shown here:

Performance Indicator	LGPC Target	Achieved (%)
Letter detailing transfer in quote	10 days	75.15
Letter detailing transfer out quote	10 days	62.71
Process and pay refund	5 days	97.22
Letter notifying estimate of retirement benefits	10 days	98.06
Letter notifying actual retirement benefits	5 days	97.59
Process and pay lump sum retirement grant	5 days	97.59
Initial letter acknowledging death of active/deferred/pensioner member	5 days	tbc
Letter notifying amount of dependant's benefits	5 days	tbc
Calculate and notify deferred benefits	10 days	92.71

For the year ending 31 March 2023, 96% of customers surveyed ranked the service provided by the NYPF as good or excellent.

(b) Benefit Calculation Activity

The number of cases processed during the year requiring benefit calculations is shown here:

Task	Number
Retirements	6,417
Transfers In	498
Refunds	1,152
Frozen Refunds	1,202
Preserved Benefits	2,127
AVCs/ARCs	0
Divorce cases	243
Deaths in Service	32
Deaths of Pensioners	667

(c) Administration

The total numbers of joiners and leavers during 2022/23 were:

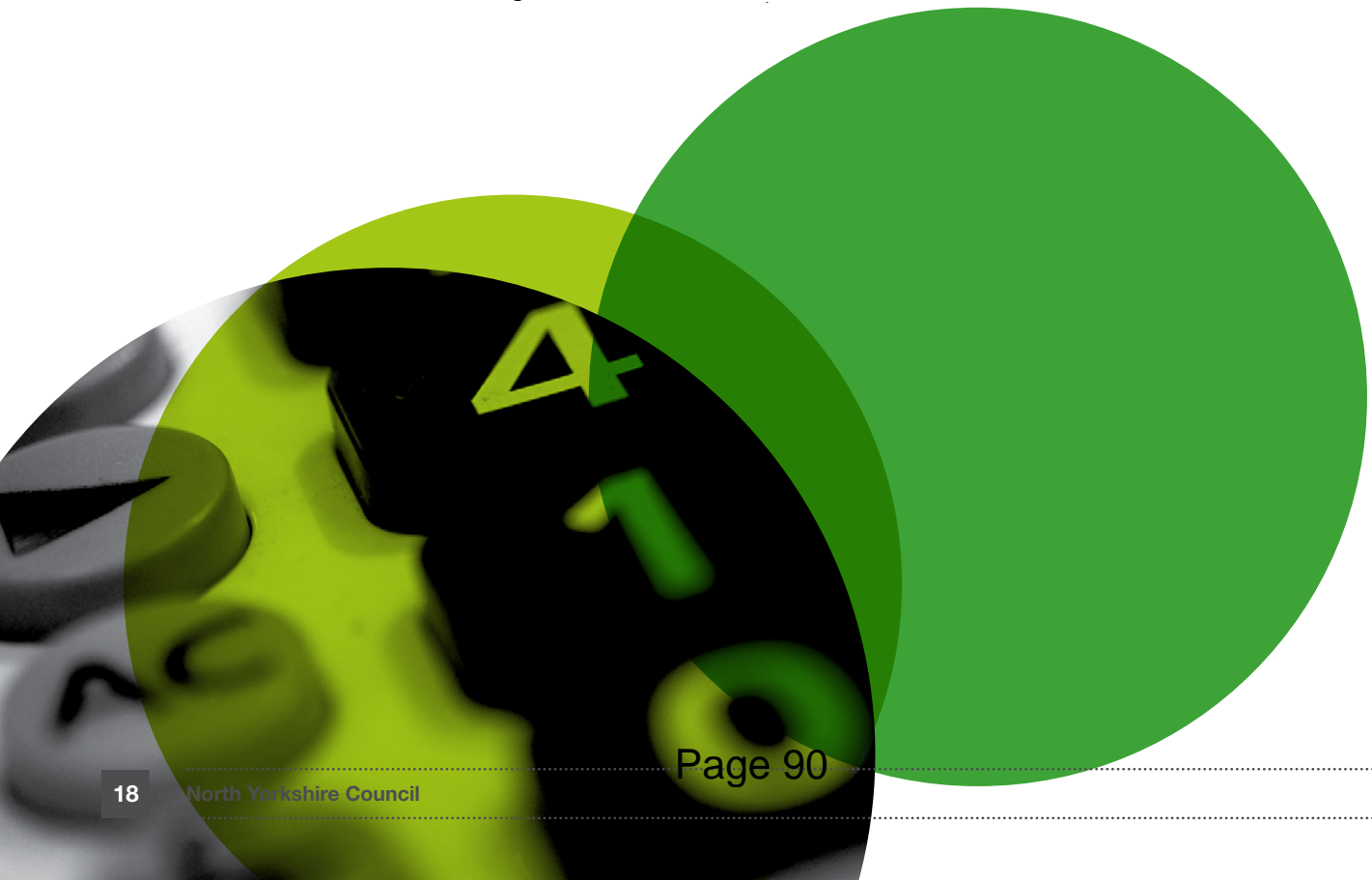
Joining	10,645
Retiring	
Incapacity	38
Normal Retirement Date (NRD)	187
Pre NRD	822
Post NRD	1,039
Redundancy/Efficiency	30
Flexible	63
Deaths	759
Other Leavers	8,360

The performance and activity reflect the efforts the pension administration team goes to in providing a first class service to the Fund membership. NYPF continues to encourage all stakeholders to utilise technology effectively in all communications. Examples of this over 2022/23 include:

- Continued to promote online member self-service and encourage members to check their online Annual Benefit Statement, paying particular attention to their Career Average Benefits

- Encouraged members to plan for their retirement by promoting the use of the benefit calculators available online via member self-service
- Develop relationships with new employers to support them with the requirements of the LGPS. There continues to be significant growth in scheme employers in respect of schools converting to academies and new admission bodies
- Offering guidance and support to all employers
- Dedicated newsletter for retired members
- Roll out of online employer portal for monthly data collection

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



Part 6 – Membership, Contributions and Scheme Benefits

6.1 Membership

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

Membership of the LGPS is not compulsory, although employees who are 16 years old or over with a contract of employment for three months or more, are automatically admitted to the Scheme unless they elect otherwise.

Employees therefore have various options to provide a pension in addition to the new State Pension:

- to be a member of the NYPF
- to purchase a personal pension plan or a stakeholder pension managed by a private sector company

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

Membership Type	31 March 2018	31 March 2019	31 March 2020	31 March 2021	31 March 2022	31 March 2023
Current contributors	33,110	33,462	33,403	33,640	32,155	30,948
Deferred pensions	35,799	37,207	38,848	38,836	38,672	40,160
Pensioners receiving benefits	21,462	22,724	24,181	25,419	27,206	28,702
Undecided leavers			1,959	3,813	6,479	2,667

6.2 Contributions

The Fund is financed by contributions from both members and employers, together with income earned from investments. The surplus of income received from these sources, net of benefits and other expenses payable, is invested as described in the Investment Strategy Statement (see Part 7).

The total contributions received for 2022/23 on an accruals basis were £136m, and the Council being the main employer in the Fund contributed £58.0m. Employer contributions are set every three years by the Actuary as part of the Triennial Valuation. The last Triennial Valuation took place as at 31 March 2022, at which the funding level of the Fund was reported as 116% (114% as at 31 March 2019) by the actuary.

Details of the employer contribution rates can be seen in the latest Valuation Report by following this link: [Valuation Reports > North Yorkshire Pension Fund \(nypf.org.uk\)](https://www.nypf.org.uk/valuation-reports)

6.3 Employer Analysis

At 31 March 2023 there were 129 contributing employer organisations within NYPF including the Council. Full details of all employers can be found in the Statement of Accounts (see Part 7).

The following table summarises the number of employers in the fund analysed by scheduled bodies and admitted bodies which are active (with active members) and ceased (no active members but with some outstanding liabilities).

	Active	Ceased	Total
Scheduled	93	2	91
Admitted Body	43	3	40
Total	136	5	131

6.4 Member Rates

For member contributions a banded structure has been in place since April 2008 linked to the rate of pensionable pay a member receives. The band ranges were updated in April 2022 as follows:

Band	Range	Contribution rate
1	£0 to £16,500	5.5%
2	£16,501 to £25,900	5.8%
3	£25,901 to £42,100	6.5%
4	£42,101 to £53,300	6.8%
5	£53,301 to £74,700	8.5%
6	£74,701 to £105,900	9.9%
7	£105,901 to £124,800	10.5%
8	£124,801 to £187,200	11.4%
9	£187,201 or more	12.5%

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

Employers' contributions are determined in a cycle every three years by a Triennial Valuation. The valuation assesses the contributions required to meet the cost of pension benefits payable as they are earned, as well as additional contributions employers may be required to pay to address any deficit relating to previous years. Further details, including a list of each employer's minimum contributions following the 2022 Valuation are shown

at [Valuation Reports > North Yorkshire Pension Fund \(nypf.org.uk\)](#).

6.5 Scheme Benefits

The LGPS is a comprehensive scheme providing a wide range of benefits for members and their families. This summary does not give details of all the benefits provided by the Scheme or of all the specific conditions that must be met before these benefits can be paid. More detailed information, including the Scheme booklet 'A Brief Guide to the Local Government Pension Scheme for Employees in England and Wales', can be found on the NYPF website at [Guides > North Yorkshire Pension Fund \(nypf.org.uk\)](#). A paper copy can be requested by ringing the NYPF at County Hall, Northallerton on 01609 536335.

Normal Pension Age (NPA)

The Normal Pension Age is a member's State Pension Age for both men and women (earlier voluntary retirement is allowed from age 55 but benefits are reduced for early payment). However, some members have a protected Normal Pension Age of 65 years. The Government has announced the earliest age that retirement benefits can be taken is being raised from 55 to 57 from 6 April 2028.

On retirement, both a pension and a lump sum retirement grant are payable for service up to 31 March 2008. For service from 1 April 2008 only a pension is payable, with no automatic lump sum.

However, members do have the option to convert an amount of pension to a lump sum.

Pension (Normal)

The calculation of pension benefits depends on the dates of membership involved. From 1 April 2014 the LGPS changed to a Career Average Revalued Earnings (CARE) scheme. The pension for membership from 1 April 2014 is worked out as 1/49th of pensionable pay for each year.

For membership up to 31 March 2014 benefits are worked out on a 'final salary' basis. A normal pension is based on the full time equivalent pensionable pay received in the last year of service, or the better of the two previous years, if this gives a higher figure. Also, applicable from 1 April 2008, members who have a reduction in their pensionable pay in the last 10 years (up to date of retirement) can base benefits on the average of any 3 consecutive years in the last 13 years. Pensions are calculated as 1/80th for each year of membership of the scheme for service up to 31 March 2008 and as 1/60th for service between 1 April 2008 and 31 March 2014.

Pension (Ill Health)

An ill health pension is based on the full time equivalent pensionable pay received in the last year of service and a split of the 80^{ths} and 60^{ths} accrual for membership up to 31 March 2014. A pension of 1/49th of pensionable pay applies for membership from 1 April 2014 onwards. There are three tiers of ill health benefits depending on whether a member can carry out any gainful employment before their Normal Pension Age.

First Tier:

If it is unlikely that the member will be capable of gainful employment before Normal Pension Age (NPA), LGPS service is enhanced by 100% of the remaining potential pension to NPA. This is based on 1/49th of an 'Assumed Pensionable Pay' figure which is a calculation of the pensionable pay on a prescribed basis for the period between the date of retirement and NPA.

Second Tier:

If it is unlikely that the member will be capable of gainful employment within 3 years of leaving but is likely to be capable of undertaking gainful employment before reaching NPA, LGPS service is enhanced by 25% of the remaining potential pension to NPA.

Third Tier:

If it is likely that the member will be capable of undertaking some gainful employment within 3 years of leaving. The member receives payment of the benefits built up to the date of leaving with no enhancement. The benefits are only payable for a maximum of 3 years (reviewed at 18 months to assess any improvement or deterioration in health).

Lump Sum Retirement Grant

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

Death Grant

Death in Service

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

If a member has a deferred benefit and / or a pension in payment from a previous period of membership, the lump sum death grant will be the greater of any lump sum death grant payable in respect of those benefits or the death in service lump sum death grant of three times their assumed pensionable pay.

Death after Retirement

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

Death of a member with Deferred Benefits

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

Spouses, civil partners and eligible cohabiting partners pensions

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

Benefits are payable to a cohabiting partner provided the member paid into the LGPS on or after 1 April 2008 and subject to certain qualifying conditions being met.

The pension available to a cohabiting partner is based on post April 1988 membership only (unless the member elected to pay additional contributions to make any pre April 1988 membership count).

Children's Pension

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

Pension Increases

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

AVCs

A facility is available for scheme members to make Additional Voluntary Contributions (AVCs). The PFC has appointed Prudential as the nominated provider for this purpose. Further details are available from the Prudential on 0345 600 0343. Lines are open Monday - Friday, 8.30am - 6.00pm.

Part 7 – Governance Documentation

The main governance documentation is as follows:

- Investment Strategy Statement
- Governance Compliance Statement
- Funding Strategy Statement
- Communications Policy
- Pension Administration Strategy
- Employer Charging Policy

All of these documents can be found on the NYPF website at [Governance Documents > North Yorkshire Pension Fund \(nypf.org.uk\)](#).

A short summary of each document is included here. The full documents are available on the link above.

(a) Investment Strategy Statement

Regulation 7 of the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016 (the Regulations) requires administering authorities to formulate, publish and maintain an Investment Strategy Statement (ISS).

The ISS must include:

- A requirement to invest money in a wide variety of investments;
- The authority's assessment of the suitability of particular investments and types of investments;
- The authority's approach to risk, including the ways in which risks are to be measured and managed;
- The authority's approach to pooling investments, including the use of collective investment vehicles and shared services;
- The authority's policy on how social, environmental or corporate governance considerations are taken into account in the selection, non-selection, retention and realisation of investments; and
- The authority's policy on the exercise of rights (including voting rights) attaching to investments.

(b) Governance Compliance Statement

Under the LGPS Regulations 2013 (as amended), an administering authority is required to publish a document describing how the Fund must assess its governance arrangements and compliance with any principles listed in the guidance. The main areas covered by this are:

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

(c) Funding Strategy Statement

The Funding Strategy Statement (FSS) has been prepared in accordance with Regulation 58 of the LGPS Regulations 2013 (as amended) and the 2016 guidance issued by the Chartered Institute of Public Finance and Accountancy (CIPFA). The main purpose is to:

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

In addition to this, the Funding Strategy Statement covers:

- responsibilities of the key parties
- solvency issues and target funding levels
- link to the Investment Policy Strategy set out in the Investment Strategy Statement
- identification of risks and counter measures
- method and assumptions and results of the 2022 actuarial valuation

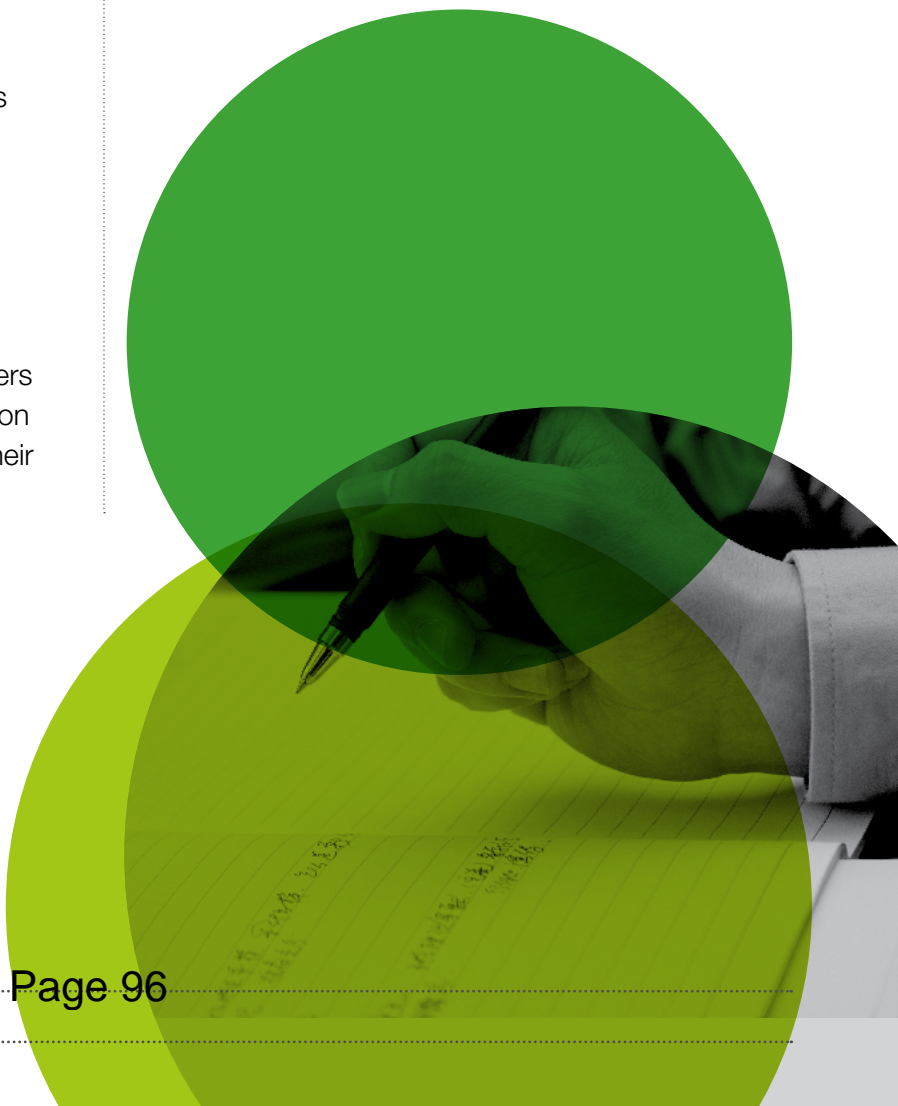
(d) Communications Policy

This document sets out the communication strategy for communication with members, members' representatives, prospective members and employing authorities; and for the promotion of the Scheme to prospective members and their employing authorities.

(e) Pensions Administration Strategy

This document sets out the administration protocols that have been agreed between the Fund and its employers. It includes the responsibilities and duties of the employer and NYPF, performance levels, communications and charging policy.

NYPF's Local Pension Board is responsible for assisting the Fund in securing compliance with the regulations, and to ensure the efficient and effective governance and administration of the LGPS. The Pension Board therefore has an oversight role in the governance of the Fund. The Board produces its own Annual Report each year that details its roles and responsibilities and activities over the year. This can be found on the NYPF website at [Pension Board > North Yorkshire Pension Fund \(nypf.org.uk\)](https://www.nypf.org.uk).



Part 8 – Training

8.1 Public Sector Pensions – Finance Knowledge and Skills

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

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

8.2. Training for Pension Fund Committee Members and Officers

(i) Internally Provided

Six investment strategy workshops were held throughout the year, all of which were well attended by PFC Members and officers of the Fund.

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

(ii) Externally Provided

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

Events attended by PFC Members during 2022/23 were:

Event	Place	Date
BCCP Annual Conference	Leeds	28 - 29 September 2022
PLSA Conference	Liverpool ACC	13 - 14 October 2022
Baillie Gifford - Annual Investment Conference	Edinburgh	9 - 10 November 2022

Details of the training undertaken by Members is recorded and reported at each PFC meeting. The latest report can be found by looking in the appendix to the pensions administration report in the link below:

<https://edemocracy.northyorks.gov.uk/documents/s19189/PFC%20Administration%20-%20Appendix%203%20-%20Member%20Training%20Log.pdf>

Part 9 – Glossary and Contact Details

Active member:

Current employee who is contributing to a pension scheme.

Actuary:

An independent professional who advises the Council on the financial position of the Fund.

Every three years the Actuary values the assets and liabilities of the Fund and determines the funding level and the employers' contribution rates.

Additional Voluntary Contributions (AVC):

An option available to active members to secure additional pension benefits by making regular contributions to separately held investment funds managed by the Fund's AVC provider.

Administering Authority:

North Yorkshire Council as Administering Authority is responsible for the administration of the Scheme.

Admitted Body:

An organisation who has entered into a service agreement with a Scheme employer. The parties and the Council (as the Administering Authority) enter into an admission agreement to allow the staff who transferred to the new organisation to participate in the LGPS.

Alternatives:

An alternative investment is an asset that is not one of the conventional investment types, such as stocks, bonds and cash. Alternative investments include private equity, hedge funds, managed futures, real estate, commodities and derivatives contracts.

Asset Allocation:

The apportionment of a fund's assets between different types of investments (or asset classes). The long-term strategic asset allocation of a fund will reflect the fund's investment objectives.

Benchmark:

A measure against which the investment policy or performance of an investment manager can be compared.

CARE (Career Average Revalued Earnings):

From 1 April 2014, the LGPS changed from a final salary scheme to a CARE scheme. It is still a defined benefit scheme but benefits built up from April 2014 are worked out using a member's pay each scheme year rather than the final salary. The pension earned each Scheme year is added to the member's pension account and is adjusted each year in

line with the consumer prices index so that it keeps its value.

Deferred Members:

Scheme members who have left employment or ceased to be an active member of the Scheme whilst remaining in employment, but retain an entitlement to a pension from the Scheme.

Defined Benefit Scheme:

A type of pension scheme where the pension that will ultimately be paid to the member is calculated with reference to a formula and is not impacted by investment returns. It is the responsibility of the sponsoring organisation to ensure that sufficient assets are set aside to meet the pension promised.

Diversified Growth Funds (DGF):

An alternative way of investing in shares, bonds, property and other asset classes.

Employer Contribution Rates:

The percentage of the salary of members that employers pay as a contribution towards the members' pension.

Equities:

Ordinary shares in UK and overseas companies traded on a stock exchange. Shareholders have an interest in the profits of the company and are entitled to vote at shareholders' meetings.

Fixed Interest Securities:

Investments, mainly in government stocks, which guarantee a fixed rate of interest. The securities represent loans which are repayable at a future date but which can be traded on a recognised stock exchange in the meantime.

Index:

A calculation of the average price of shares, bonds, or other assets in a specified market to provide an indication of the average performance and general trends in the market.

Pooled Funds:

Funds which manage the investments of more than one investor on a collective basis. Each investor is allocated units which are revalued at regular intervals. Income from these investments is normally returned to the pooled fund and increases the value of the units.

Return:

The total gain from holding an investment over a given period, including income and any increase or decrease in market value.

Scheduled Body:

An organisation that has the right to become a member of the LGPS under the scheme regulations. Such an organisation does not need to be admitted as its right to membership is automatic.

MoneyHelper

Since the Money and Pensions Service (MaPS) was formed in 2019, it has operated three legacy consumer facing brands: the Money Advice Service, The Pensions Advisory Service and Pension Wise.

MaPS was created as a single body to bring together financial guidance services and content, making it easier for customers to find what they are looking for in one joined-up service.

Consolidating three brands into one called MoneyHelper means a better and enhanced consumer experience can be provided – a single source of information and guidance where information can easily be found in one place.

Unrealised Gains/Losses:

The increase or decrease in the market value of investments held by the fund since the date of their purchase.

Contact Information**North Yorkshire Pension Fund**

County Hall
Northallerton
North Yorkshire
DL7 8AL

Telephone: **01609 536335**

Email: pensions@northyorks.gov.uk

Website: www.nypf.org.uk

MoneyHelper

Telephone: **0800 0113797**

Website: www.moneyhelper.org.uk

Appendix A

Statement of responsibilities for the financial statements

Responsibility for the Financial Statements, which form part of this Annual Report, is set out below:

a) The Administering Authority

The Administering Authority is North Yorkshire Council. The Administering Authority is required to:

- make arrangements for the proper administration of the financial affairs of the Fund and to secure that an officer has the responsibility for the administration of those affairs. In this Authority, that officer is the Treasurer;
- manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets; and
- approve the Statement of Accounts.

b) Treasurer

The Treasurer is responsible for the preparation of the Fund's Financial Statements in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom Based on International Reporting Standards (the Code). This document includes the financial statements for the Pension Fund only. The financial statements of North Yorkshire Council are published separately.

In preparing these financial statements, the Treasurer has:

- selected suitable accounting policies and then applied them consistently;
- made judgements and estimates that were reasonable and prudent; and
- complied with the Code.

The Treasurer has also:

- kept proper accounting records, which were up to date; and
- taken responsible steps for the prevention and detection of fraud and other irregularities.

Certificate

I hereby certify that the Annual Report and Accounts give a true and fair view of the financial position of the North Yorkshire Pension Fund as at 31 March 2023 and its income and expenditure for the financial year then ended.

Gary Fielding

Treasurer

North Yorkshire Pension Fund

North Yorkshire Pension Fund

Fund account for the year ended 31st March 2023

2021/22		2022/23	
£000	CONTRIBUTIONS AND BENEFITS	£000	£000
	Contributions		
100,316	Employers - Normal	106,551	
1,314	- Deficit	1,343	
1,228	- Early Retirement Costs Recharged	2,339	
32,477	Employees - Normal	35,401	
161	- Additional Voluntary	194	
135,496	Total Contributions Receivable (note 7)		145,828
11,941	Transfers in (note 8)		18,654
	Less		
	Benefits		
(99,282)	Pensions	(106,333)	
(25,949)	Commutation and Lump Sum Retirement Benefits	(25,917)	
(3,570)	Lump Sums Death Benefits	(3,321)	
(128,801)	Total Benefits Payable (note 9)		(135,571)
	Leavers		
(405)	Refunds to Members Leaving Service	(780)	
(8,878)	Transfers Out	(14,515)	
(9,283)	Total Payments on Account of Leavers (note 10)		(15,295)
(3,681)	Management Expenses (note 11)		(4,274)
5,672	Net additions/ (withdrawals) from dealings with Members		9,342
	RETURNS ON INVESTMENTS		
7,447	Investment income (note 12)		12,744
0	Taxation (note 12a)		0
(26,583)	Investment management cost (note 11)		(34,069)
137,804	Change in market value of investments (note 14a)		(401,746)
118,668	Net returns on investments		(423,071)
124,340	Net increase/ (decrease) in the Fund during the year		(413,729)
4,510,113	Opening Net Assets of the Fund		4,634,453
4,634,453	Closing Net Assets of the Fund		4,220,724

North Yorkshire Pension Fund

Net Assets Statement

31st March 2022		31st March 2023
£000	INVESTMENT ASSETS	£000
0	Fixed Interest Securities	0
1,182	Equities	1,182
4,258,476	Pooled Investments	3,545,213
343,740	Pooled Property Investments	266,225
0	Private Equity	392,532
4,603,398		4,205,152
1,501	Cash Deposits	1,902
736	Investment Debtors	787
4,605,635	TOTAL INVESTMENT ASSETS	4,207,841
	INVESTMENT LIABILITIES	
0	TOTAL INVESTMENT LIABILITIES	0
4,605,635	NET INVESTMENT ASSETS (note 14a)	4,207,841
0	LONG-TERM DEBTORS	0
	CURRENT ASSETS	
11,863	Contributions due from employers	11,708
1,147	Other Non-Investment Debtors	1,588
21,742	Cash	1,776
34,752	TOTAL CURRENT ASSETS	15,072
	CURRENT LIABILITIES	
(5,934)	Non-Investment Creditors	(2,189)
(5,934)	TOTAL CURRENT LIABILITIES	(2,189)
4,634,453	TOTAL NET ASSETS (note 14c)	4,220,724

The accounts summarise the transactions of the Fund and deal with the net assets. They do not take account of the obligations to pay pensions and benefits which fall after the end of the financial year.

Notes to the North Yorkshire Pension Fund accounts for the year ended 31st March 2023

1. Description of the Fund

The North Yorkshire Pension Fund (NYPF or "the Fund") is part of the Local Government Pension Scheme (LGPS) and is administered by North Yorkshire Council (NYC or "the Council"). The Council changed its name from North Yorkshire County Council to North Yorkshire Council on 1 April 2023. The Council is the reporting entity for the Fund.

The following description of the Fund is a summary only. For more detail, refer to the NYPF Annual Report 2022/23 and the statutory powers underpinning the Scheme, namely the Public Service Pensions Act 2013 and the Local Government Pension Scheme (LGPS) Regulations.

(a) General

The Fund 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 (as amended)

It is a contributory defined benefit pension scheme administered by the Council to provide pensions and other benefits for pensionable employees of the Council and a range of other scheduled and admitted bodies within the North Yorkshire and York area. Teachers, police officers and fire fighters are not included as they come within other national pension schemes.

The Fund is overseen by the Pension Fund Committee, which is a committee of NYC.

(b) Membership

Membership of the LGPS is voluntary and employees are free to choose whether to join the Fund, remain in the Fund or make their own personal arrangements outside the Scheme.

Organisations participating in NYPF include:

- scheduled bodies, which are local authorities, academy trusts and similar bodies whose staff are automatically entitled to be members of the Fund
- admitted bodies, which are other organisations that participate in the Fund under an admission agreement between the Fund and the relevant organisation. Admitted bodies include voluntary, charitable and similar bodies or private contractors undertaking a local authority function following outsourcing to the private sector.

At 31 March 2023 there were 131 contributing employer organisations within NYPF including the Council itself, and over 99,000 individual members, as detailed below.

91 Scheduled Bodies including 49 Academy Trusts

Ainsty 2008 Internal Drainage Board	North Yorkshire Fire & Rescue Service
Askham Bryan College	North Yorkshire Police, Fire and Crime Commissioner
Brimhams Active Limited	Northallerton & Romanby Joint Burial Board
Chief Constable (North Yorkshire Police)	Northallerton Town Council
City of York Council	Norton on Derwent Town Council
Craven College	Pickering Town Council
Craven District Council	Richmond Town Council
Easingwold Town Council	Richmondshire District Council
Filey Town Council	Ripon City Council
Foss 2008 Internal Drainage Board	Ryedale District Council
Fulford Parish Council	Scarborough Borough Council
Glusburn Parish Council	Scarborough Sixth Form College
Great Ayton Parish Council	Selby District Council
Hambleton District Council	Selby Town Council
Harrogate Borough Council	Skipton Town Council
Haxby Town Council	Sutton in Craven Parish Council
Hunmanby Parish Council	Tadcaster Town Council
Knaresborough Town Council	Vale of Pickering Internal Drainage Board
Malton Town Council	Whitby Town Council
North York Moors National Park Authority	York College
North yorkshire county council	Yorkshire Dales National Park Authority

Academy Trusts	
Areté Learning Trust - Northallerton School & Sixth Form College	Moorlands Learning Trust
Areté Learning Trust - Richmond School & Sixth Form College	Nicholas Postgate Catholic Academy Trust
Areté Learning Trust - Stokesley Academy	Northern Star Academies Trust
Areté Learning Trust - Mill Hill Primary School	Norton College
Bishop Konstant Catholic Academy Trust	Outwood Academy Easingwold
Bishop Wheeler Catholic Academy Trust	Outwood Academy Ripon
Coast and Vale Learning Trust - Filey School	Outwood Primary Academy Alne
Coast and Vale Learning Trust - Friarage Community Primary School	Outwood Primary Academy Greystone
Coast and Vale Learning Trust - Lady Lumley's School	Pathfinder Multi Academy Trust
Coast and Vale Learning Trust - Newby & Scalby Primary School	Red Kite Learning Trust
Coast and Vale Learning Trust - Scalby School	Rodillian Multi Academy Trust – Brayton Academy
Coast and Vale Learning Trust - Scarborough University Technical College	Rossett School Academy
Dales Academies Trust	Ryedale Learning Trust
David Ross Education Trust - Thomas Hinderwell Primary Academy	Selby Educational Trust
Ebor Academy Trust	South Bank Multi Academy Trust
Elevate Multi Academy Trust	South Craven School
Enquire Learning Trust - East Whitby Primary Academy	South York Multi Academy Trust
Enquire Learning Trust - Roseberry Primary Academy	STAR Multi Academy Trust
Enquire Learning Trust - Stakesby Primary Academy	St Cuthbert's Roman Catholic Academy Trust
Enquire Learning Trust - Stokesley Primary Academy	The Woodlands Academy
Great Smeaton Academy Primary School	Venn Academy Trust
Hope Sentamu Learning Trust	Wellspring Academy Trust
Huntington Primary Academy	Yorkshire Causeway Schools Trust
Leeds Diocesan Learning Trust	Yorkshire Collaborative Academy Trust
Lingfield Education Trust	Yorkshire Endeavour Academy Trust

40 Admitted Bodies

ABM Catering Ltd	Hutchinson Catering Ltd
Absolutely Catering Ltd	Independent Cleaning Services Ltd
Align Property Partners Ltd	ISS Mediclean Ltd
Aramark Ltd	Lark T/A Betterclean Services
Atlas Facilities Management Ltd	Make It York
Barnsley Norse Ltd	Mellors Catering Services Ltd
Beyond Housing Ltd	NY Highways Ltd
Bulloughs Cleaning Services Ltd	Richmondshire Leisure Trust
Cater Link Ltd	Springfield Home Care Services Ltd
CH & Co Catering Group Ltd	Taylor Shaw Ltd
Churchill Contract Services Ltd	University of Hull (Scarborough)
City of York Trading Ltd	Urbaser Ltd
Compass Contract Services (U.K) Ltd	Veritau Ltd
Dolce Ltd	Veritau North Yorkshire Ltd
Everyone Active (SLM Scarborough)	Wigan Leisure and Culture Trust (Inspiring Healthy Lifestyles)
Explore York Libraries and Archives	York Archaeological Trust Ltd
Gough and Kelly Security Ltd	Yorkare (Haxby) Ltd
Greenwich Leisure Ltd	York Mind
Grosvenor Facilities Management	York Museums and Galleries Trust
Human Support Group Ltd	York St John University

Active, pensioner and deferred pensioner numbers, split between the Council as the Administering Authority and all other employers were as follows:

	31st March 2023	31st March 2022
Number of Employers with Active Members	131	131
Employees in the Fund		
NYCC	12,771	14,009
Other employers	18,177	18,146
Total	30,948	32,155
Pensioners		
NYCC	15,573	15,235
Other employers	13,129	11,971
Total	28,702	27,206
Deferred Pensioners		
NYCC	24,333	23,911
Other employers	15,827	14,761
Total	40,160	38,672

(c) Funding

Benefits are funded by contributions and investment earnings. Contributions are made by active members of the Fund in accordance with the LGPS Regulations 2013 and range from 5.5% to 12.5% of pensionable pay for the financial year ended 31 March 2023. Employee contributions are supplemented by employers' contributions which are primarily determined as part of the each triennial valuations. The last such valuation was at 31 March 2022 and that set the contribution rates for 2023/24, 2024/25, 2025/26; details of the rates for individual employers are available on the Fund's website.

(d) Benefits

Prior to 1 April 2014 pension benefits under the LGPS up to 31 March 2014 are based on final pensionable pay and length of pensionable service.

For service up to 31 March 2008 each year worked is worth 1/80th of final pensionable salary, an automatic lump sum of three times salary is payable,

and part of the annual pension can be exchanged for a one-off tax free cash payment at the rate of £12 lump sum for each £1 pension given up. For service from 1 April 2008 each year worked is worth 1/60th of final pensionable salary, there is no automatic lump sum, and part of the annual pension can be exchanged at the same rate as for service up to 31 March 2008.

From 1 April 2014 the scheme became a career average scheme whereby members accrue benefits based on their pensionable pay in that year at an accrual rate of 1/49th. Accrued pension is updated annually in line with CPI.

There are a range of other benefits provided under the Scheme including early retirement, disability pensions and death benefits. For more details please refer to the Publications section on the Fund's website at www.nypf.org.uk.

2. Basis of Preparation

The Statement of Accounts summarises the Fund's transactions for the 2022/23 financial year and its year end position as at 31 March 2023. The accounts have been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2022/23 which is based upon International Financial Reporting Standards (IFRS), as amended for the UK public sector. The accounts have been prepared on a going concern basis.

The accounts report on the net assets available to pay pension benefits. They do not take account of obligations to pay pensions and benefits which fall due after the end of the financial year.

3. Summary of Significant Accounting Policies

Fund Account – Revenue Recognition

(a) Contribution Income

Normal contributions, both from the members and from the employer, are accounted for on an accruals basis at the rate recommended by the Fund's Actuary in the payroll period to which they relate.

Employer deficit funding contributions are accounted for in the period in which they are payable under the schedule of contributions set by the Actuary or on receipt if earlier than the due date.

Employers' augmentation contributions (pension strain due to early retirement and compensatory added years) are accounted for in the period in which the liability arises. Any amount due in year but unpaid will be classed as a current asset. Amounts due in future years are classed as long term assets.

(b) Transfers To and From Other Schemes

Transfer values represent the amounts received and paid during the year for members who have either joined or left the Fund during the financial year and are calculated in accordance with LGPS Regulations (see notes 8 and 10).

Individual Transfers in/out are accounted for when received/paid, which is normally when the member liability is accepted or discharged.

Transfers in from members wishing to use the proceeds of their additional voluntary contributions or other defined contribution arrangements to purchase scheme benefits are accounted for on a receipts basis and are included in Transfers In (see note 8).

Bulk (group) transfers are accounted for on an accruals basis in accordance with the terms of the transfer agreement.

(c) Investment Income

Interest income is recognised in the Fund as it accrues, using the effective interest rate of the financial instrument as at the date of acquisition or origination. Income includes the amortisation of any discount or premium, transaction costs or other differences between the initial cost of the instrument and its value at maturity calculated on an effective interest rate basis.

Dividend income is recognised on the date the shares are quoted ex-dividend. Any amount not received by the end of the reporting period is disclosed in the Net Assets Statement as a current asset.

Distributions from pooled funds are recognised at the date of issue. Any amount not received by the end of the reporting period is disclosed in the Net Assets Statement as a current asset.

Changes in the net market value of investments are recognised as income/expenditure and comprise all realised and unrealised profits/losses during the year.

Fund Account – Expense Items

(d) Benefits Payable

Pensions and lump sum benefits payable include all amounts known to be due as at the financial year end. Any amounts due but not paid are disclosed in the Net Assets Statement as current liabilities.

(e) Taxation

The Fund is a registered public service scheme under Section 1(1) of Schedule 36 of the Finance Act 2004 and as such is exempt from UK income tax on interest received and from capital gains tax on the proceeds of investments sold. Income from overseas investments suffers withholding tax in the country of origin, unless exemption is permitted. Irrecoverable tax is accounted for as a Fund expense as it arises.

(f) Management expenses

The Fund discloses its pension fund management expenses in accordance with the CIPFA guidance Accounting for Local Government Pension Scheme Management Expenses (2016), as shown below. All items of expenditure are charged to the fund on an accruals basis as follows:

Administrative expenses

All staff costs of the pensions administration team are charged direct to the Fund. Associated management, accommodation and other overheads are apportioned to this activity and charged as expenses to the Fund.

Oversight and governance

All staff costs associated with governance and oversight are charged direct to the Fund. Associated management, accommodation and other overheads are apportioned to this activity and charged as expenses to the Fund.

Investment management expenses Fees of the external investment managers are set out in the respective mandates governing their appointments. Broadly, these are based on the market value of the investments under their management and therefore increase or reduce as the value of these investments change.

In addition, the Fund has negotiated with the following managers that an element of their fee will be performance related:

- Baillie Gifford & Co - Global Equities
- Arcmont (formerly Bluebay) – Private Debt
- Permira – Private Debt

- BCPP – Infrastructure, Private Debt and Climate Opportunities

Where an investment manager's fee note has not been received by the year-end date, an estimate based upon the market value of their mandate as at the end of the year is used for inclusion in the Fund Account.

Net Assets Statement**(g) Lifetime Allowances**

Members are entitled to request the Fund pays their tax liabilities due in respect of lifetime allowance in exchange for a reduction in pension. Where the Fund pays member tax liabilities direct to HMRC it is treated as an expense in the year in which the payment occurs.

(h) Financial Assets

Equity shares in the LGPS asset pool, Border to Coast Pensions Partnership (BCPP), are valued at transaction price, i.e. cost, as an appropriate estimate of fair value. All other assets are included in the Net Assets Statement on a fair value basis as at the reporting date. An asset is recognised in the Net Assets Statement on the date the Fund becomes party to the contractual acquisition of the asset. From this date any gains or losses arising from changes in the fair value of the asset are recognised in the Fund Account.

If valuations at the reporting date are not yet available, as may be the case for private debt and infrastructure investments, the latest available valuation is adjusted for cashflows in the intervening period.

The values of investments as shown on the Net Assets Statement have been determined at fair value in accordance with the requirements of the Code and IFRS 13 (see Note 16). For the purposes of disclosing levels of fair value hierarchy, the Fund has adopted the classification guidelines recommended in Practical Guidance on Investment Disclosures (PRAG / Investment Association, 2016).

(i) Foreign Currency Transactions

Dividends, interest and purchases and sales of investments in foreign currencies have been accounted for at the spot market rates at the date of the transaction. End of year spot market exchange rates are used to value cash balances held in foreign currency bank accounts, market values of overseas investment and purchases and sales outstanding at the end of the reporting period.

(j) Derivatives

The Fund does not hold derivatives for speculative purposes (see note 15).

(k) Cash and Cash Equivalents

Cash comprises cash in hand and demand deposits, and includes amounts held by the Fund's external managers and custodian.

Cash equivalents are short term, highly liquid investments that are readily convertible into known amounts of cash and that are subject to minimal risk of changes in value.

(l) Liabilities

The Fund recognises liabilities at fair value as at the reporting date. A liability is recognised in the Net Assets Statement on the date the Fund becomes party to the liability. From this date any gains or losses arising from changes in the fair value of the liability are recognised in the Fund Account as part of the change in market value of investments.

(m) Actuarial Present Value of Promised Retirement Benefits

The actuarial present value of promised retirement benefits is assessed on a triennial basis by the Fund's Actuary in accordance with the requirements of IAS19 and relevant actuarial standards.

As permitted under the Code, the Fund has opted to disclose the actuarial present value of promised retirement benefits by way of an Appendix to these statements.

(n) Additional Voluntary Contributions

The Fund provides an Additional Voluntary Contribution (AVC) scheme for its members, the assets of which are invested separately from those of the Fund. The Fund has appointed Prudential as its AVC provider. AVCs are paid to the AVC provider by employers and are specifically for providing additional benefits for individual contributors. Each AVC contributor receives an annual statement showing the amount held in their account and the movements in the year.

AVCs are not included in the accounts in accordance with Section 4(1)(b) of the LGPS (Management and Investment of Funds) Regulations 2016 but are disclosed for information only (see note 23).

(o) Contingent assets and contingent liabilities

A contingent asset arises where an event has taken place giving rise to a possible asset whose existence will only be confirmed or otherwise by the occurrence of future events.

A contingent liability arises where an event has taken place prior to the year-end giving rise to a possible financial obligation whose existence will only be confirmed or otherwise by the occurrence of future events. Contingent liabilities can also arise in circumstances where a provision would be made, except that it is not possible at the balance sheet date to measure the value of the financial obligation reliably.

Contingent assets and liabilities are not recognised in the Net Assets Statement but are disclosed by way of narrative in the notes.

4. Critical Judgement in Applying Accounting Policies

Pension Fund Liability

The Fund's liability is calculated every three years by the Actuary, with annual updates in the intervening years. The methodology used is in line with accepted guidelines and in accordance with IAS19. Assumptions underpinning the valuations are agreed with the Actuary and are summarised in note

19. This estimate is subject to significant variances based on changes to the underlying assumptions.

Equity Shares in Border to Coast Pensions Partnership (BCPP)

The Fund's shareholding in the asset pool BCPP Ltd. has been valued at transaction price i.e. cost, as an appropriate estimate of fair value. The Class A share is valued at £1 and reflects the ownership stake in the company carrying full voting rights, dividend and capital distribution rights, whilst the Class B shares are valued at £1,181,818 and represented the Fund's contribution to the company's FCA regulatory capital requirement. Management have made this judgement using the criteria set out in IFRS 9 Financial Instruments:

- fair value cannot be otherwise established for these assets as there is currently no market for the shares and no identical or similar market to compare to;
- After two of the pool's partner funds (Northumberland and Tyne & Wear) merged on 1 April 2020, the obligation to meet the company's capital requirement were re-allocated between the remaining eleven partner funds. This serves as a precedent that in the event of a future exit from the partnership, the Fund's shares could be disposed of at cost back to the pool and re-issued to the remaining partners;
- BCPP is intending to trade at a breakeven position (nominal profit or loss) with any values offset against partner funds future costs. The company's own audited accounts show its shareholder funds to be equal to the regulatory capital invested.

The cost of these shares has therefore been determined as a reasonable and appropriate estimate of their fair value.

5. Assumptions Made About the Future and Other Major Sources of Estimation Uncertainty

These accounts require management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities at the balance sheet date and for revenue and expenses during the year. Estimates are made taking into account historical experience, current trends and other relevant factors. However, the nature of estimation means that the actual outcomes could differ from those based on these assumptions and estimates.

The item in the Net Assets Statement as at 31 March 2023 for which there is a significant risk of material adjustment being required is the actuarial present value of promised retirement benefits, which is based on assumptions on the discount rate, salary increases, retirement ages, mortality rates and the return on investments.

The effects of changing individual assumptions on the value of pension liabilities can be measured. A 0.1% increase in the discount rate would reduce liabilities by 2.1% (£114.5m), a 0.1% increase in inflation would increase liabilities by 2% (£112.7m), and an increase in life expectancy of one year would increase liabilities by 4.2% (£235.1m).

6. Events After the End of the Reporting Period

Global investment markets have been particularly volatile during 2022 impacted by concerns over issues such as inflation and the ongoing conflict in Ukraine. However the estimated funding level as at 31 March 2023 of 110% means the Fund is well positioned to meet its future pensions obligations.

7. Contributions Receivable

	2022/23	2021/22
By category	£000	£000
Employees' Contributions	35,595	32,638
Employers' Contributions		
Normal contributions	106,551	100,316
Deficit recovery contributions	1,343	1,314
Early Retirement Recharges	1,066	974
Compensatory Added Years Recharges	1,273	254
Total Contributions	145,828	135,496

	2022/23	2021/21
By authority	£000	£000
Contributions Receivable		
North Yorkshire County Council	65,242	57,986
Other Scheduled Bodies	72,969	70,209
Admitted Bodies	7,617	7,301
	145,828	135,496

8. Transfers In from Other Pension Funds

All transfers in were individual transfers.
There were no group transfers during the year.

9. Benefits Payable

	2022/23	2021/22
	£000	£000
Benefits Payable		
North Yorkshire County Council	55,620	52,858
Other Scheduled Bodies	69,636	65,685
Admitted Bodies	10,315	10,258
	135,571	128,801

10. Payments To and On Account of Leavers

	2022/23	2021/22
	£000	£000
Leavers		
Refunds to Members Leaving Service	780	405
Individual Transfers	14,515	8,878
Group Transfers	0	0
	15,295	9,283

11. Management Expenses

	2022/23	2021/22
	£000	£000
Administrative Costs	2,405	2,294
Investment Management Costs	34,069	26,583
Oversight and Governance Costs	1,869	1,387
	38,343	30,264

Investment Management Costs includes £6,569k (2021/22: £3,984k) in respect of performance related fees payable to the Fund's investment managers and £10,659k in respect of transaction costs (2021/22 £7,805k).

In addition to these costs, indirect costs are incurred through the bid-offer spread on investments sales and purchases. These are reflected in the cost of acquisitions and in the proceeds from the sales of investments (see Note 14a).

a) Investment Management Expenses

	2022/23	2021/22
	£000	£000
Fixed Interest Securities		909
Equities		2
Pooled Investments	28,714	20,993
Pooled Property Investments	5,120	4,665
Cash and FX Contracts		13
	33,834	26,582
Custody Fees	235	1
Total	34,069	26,583

12. Investment Income

	2022/23	2021/22
	£000	£000
Income from Bonds	0	215
Income from Equities	49	2
Pooled Property Investments	1,613	1,635
Pooled Investments - Other Managed Funds	9,630	6,223
Interest on Cash Deposits	1,130	0
Other	322	(628)
	12,744	7,447

a) Taxes on Income

	2022/23	2021/22
	£000	£000
Withholding Tax on Dividends	0	0

13. Other Fund Account Disclosures

	2022/23	2021/22
	£000	£000
Payable in respect of external audit	19	19

14. Investments

a) Reconciliation of Movements in Investments

	Value as at 31st March 2023	Change in market value	Sale proceeds receipts	Purchases as at cost payments	Value as at 1st April 2022
	£000	£000	£000	£000	£000
Fixed Interest Securities	0	0	0	0	0
Equities	1,182	0	0	0	1,182
Pooled Investments	3,545,213	(387,752)	(625,238)	545,518	4,012,685
Pooled Property	266,225	(37,117)	(40,399)	0	343,741
Private Equity / Infrastructure	392,532	24,111	(59,646)	182,277	245,790
Total Invested	4,205,152	(400,758)	(725,283)	727,795	4,603,398
Spot FX		(574)			
Cash Deposits	1,902	(414)			1,501
Net Investment Debtors	787				736
Net Investment Assets	4,207,841	(401,746)			4,605,635

	Value as at 31st March 2022	Change in market value	Sale proceeds & derivative receipts	Purchases as at cost and derivative payments	Value as at 1st April 2021
	£000	£000	£000	£000	£000
Fixed Interest Securities	0	52,664	(611,498)	221,152	337,682
Equities	1,182	0	0	0	1,182
Pooled Funds	4,012,685	1,002	(1,181,338)	1,539,550	3,653,471
Pooled Property	343,741	68,097	(4,220)	0	279,864
Private Equity / Infrastructure	245,790	15,803	(51,004)	166,643	114,348
Total Invested	4,603,398	137,566	(1,848,060)	1,927,345	4,386,547
Cash Deposits	1,501	237			105,209
Net Investment Debtors	736				2,129
Net Investment Assets	4,605,635	137,803			4,493,885

b) Analysis of Investments

	2022/23	2021/22
	£000	£000
Fixed Interest Securities		
UK Public Sector Quoted	0	0
Equities		
UK Unquoted	1,182	1,182
	1,182	1,182
Pooled Investments		
UK Cash Funds	25,221	
Overseas Cash Funds	10,022	
UK Equity	415,870	367,839
UK Property	266,225	343,740
UK Government Bonds	496,490	716,917
UK Corporate Bonds	301,144	333,727
Multi Asset Credit	220,369	565,445
Overseas Equity	2,067,679	2,016,767
Private Debt	163,560	105,839
Insurance Linked Securities	8,418	11,990
Infrastructure	228,972	139,952
Equity Protection	0	0
Diversified Growth Funds - UK	0	0
	4,203,970	4,602,216
Total Investments	4,205,152	4,603,398
Cash Deposits	1,902	1,501
Net Investment Debtors	787	736
Net Investment Assets	4,207,841	4,605,635

Investments managed by Border to Coast Pension Partnership:	31st March 2023		31st March 2022	
	£000	%	£000	%
BCPP - Global Equity Alpha	1,219,592	29.0	1,299,651	28.0
BCPP - UK Equities	178,386	4.2	178,608	3.9
BCPP - Listed Alternatives	288,091	6.9	336,357	7.3
BCPP - Multi Asset Credit	220,369	5.2	227,926	4.9
BCPP - Index Linked Gilt Fund	496,490	11.8	716,917	15.5
BCPP - Investment Grade Credit	301,144	7.2	333,727	7.2
BCPP - Infrastructure 1	213,575	5.1	139,951	3.0
BCPP - Private Credit	99,344	2.4	43,038	0.9
BCPP - Climate Opportunities Fund	16,973	0.4		
BCPP - Infrastructure 2	6,910	0.2		
BCPP - Private Credit Series 2	5,087	0.1		
	3,045,961	72.5	3,276,175	70.7

Investments managed outside of Border to Coast Pensions Partnership:	31st March 2023		31st March 2022	
	£000	%	£000	%
Baillie Gifford & Co. - LTGG	797,479	19.1	657,500	14.3
Dodge & Cox	0	0.0	248,847	5.4
Threadneedle	188,373	4.5	214,685	4.6
Legal & General	44,004	1.0	88,810	1.9
Northern Trust Held Cash	35,243	0.8	0	0.0
Hermes	33,848	0.8	40,246	0.9
Permira	22,948	0.5	33,060	0.7
Arcmont (formerly Bluebay)	27,696	0.7	29,741	0.6
Internally Managed (cash and net debtors)	0	0.0	28,818	0.6
Leadenhall Diversified Fund	2,055	0.0	4,180	0.1
Leadenhall NAT CAT Fund	1,154	0.0	4,079	0.1
Leadenhall Remote Fund	3,059	0.1	3,731	0.1
Cash with Bank of New York Mellon	0	0.0	1,469	0.0
BCPP - UK Unquoted Equities	1,182	0.0	1,182	0.0
PIMCO	0	0.0	1,162	0.0
Fidelity International	0	0.0	766	0.0
UK Equity Transition	0	0.0	2	0.0
	1,157,041	27.5	1,358,278	29.3
Total Net Assets	4,203,002	100.0	4,634,453	100.0

The investments with BCPP Global Equity Alpha, BCPP Listed Alternatives, BCPP Multi Asset Credit, BCPP Index Linked Gilts, BCPP Investment Grade Credit, BCPP Infrastructure and Baillie Gifford & Co each represent more than 5% of net assets. These investments are in pooled funds.

(d) Stock Lending

The Fund has not released stock to a third party under a stock lending arrangement within a regulated market at this period end or in any previous years.

15. Analysis of Derivatives

The Fund does not hold derivatives.

16. Fair Value – Basis of Valuation

The basis of the valuation of each class of investment asset is set out below. There has been no change in the valuation techniques used during the year. All assets have been valued using fair value techniques which represent the highest and best price available at the reporting date.

Description of asset	Valuation hierarchy	Basis of valuation	Observable and unobservable inputs	Key sensitivities affecting the valuations provided
Market quoted investments	Level 1	Published bid market price ruling on the final day of the accounting period	Not required	Not required
Quoted bonds	Level 1	Fixed interest securities are valued at a market value based on current yields	Not required	Not required
Exchange traded pooled investments	Level 1	Closing bid value on published exchanges	Not required	Not required
Unquoted bonds	Level 2	Average of broker prices	Evaluated price feeds	Not required
Overseas bond options	Level 2	Option pricing model	Annualised volatility of counterparty credit risk	Not required
Pooled investments – overseas unit trusts and property funds	Level 2	Closing bid price where bid and offer prices are published Closing single price where single price published	NAV-based pricing set on a forward pricing basis	Not required
Pooled investments – hedge funds	Level 3	Closing bid price where bid and offer prices are published Closing single price where single price published	NAV-based pricing set on a forward pricing basis	Valuations could be affected by material events occurring between the date of the financial statements provided and the pension fund's own reporting date, by changes to expected cashflows, and by any differences between audited and unaudited accounts Required by 6.5.5.1 d) and f), 7.4.2.13 of the Code.

Description of asset	Valuation hierarchy	Basis of valuation	Observable and unobservable inputs	Key sensitivities affecting the valuations provided
Other unquoted and private equities	Level 3	Comparable valuation of similar companies in accordance with International Private Equity and Venture Capital Valuation Guidelines (2012)	EBITDA multiple Revenue multiple Discount for lack of marketability Control premium	Valuations could be affected by changes to expected cashflows, and by any differences between audited and unaudited accounts
Shares in Border to Coast Pensions Partnership asset pool	Level 3	Estimated value of the Fund's share of net assets of the partnership company, based on relative % of shares held and voting rights	Current estimates of future dividend income	Valuations could be affected by future trading income, post-Balance Sheet events, or changes to expected cashflows.

Sensitivity of assets valued at level 3

Having analysed historical data and current market trends, and consulted with independent investment advisors, the Fund has determined that the valuation methods described above are likely to be accurate to within the following ranges, and has set out below the consequent potential impact on the closing value of investments held at 31 March 2023.

Assessed valuation range (+/-)	Value at 31 March 2023	Value on Increase	Value on decrease
	£000	£000	£000
Pooled investments - Private Debt	163,561	176,482	150,640
Pooled investments - Infrastructure	228,972	246,374	211,570
UK Unquoted Equities	1,182	1,182	1,182
Total	393,715	424,038	363,392

a) Fair Value Hierarchy

Asset and liability valuations have been classified into three levels, according to the quality and reliability of information used to determine fair values. Transfers between levels are recognised in the year in which they occur.

Level 1

Assets and liabilities at level 1 are those where the fair values are derived from unadjusted quoted prices in active markets for identical assets or liabilities. Products classified as level 1 comprise quoted equities, quoted fixed securities, quoted index linked securities and unit trusts.

Level 2

Assets and liabilities at level 2 are those where quoted market prices are not available; for example, where an instrument is traded in a market that is not considered to be active, or where valuation techniques are used to determine fair value.

Level 3

Assets and liabilities at level 3 are those where at least one input that could have a significant effect on the instrument's valuation is not based on observable market data.

The following table provides an analysis of the financial assets and liabilities of the Pension Fund grouped into levels 1 to 3, based on the level at which the fair value is observable.

The following table provides an analysis of the financial assets and liabilities of the Pension Fund grouped into levels 1 to 3, based on the level at which the fair value is observable.

	Quoted market price	Using observable inputs	With significant unobservable inputs	Total
	Level 1	Level 2	Level 3	
	£000	£000	£000	£000
Values at 31 March 2023				
Financial assets at fair value through profit and loss	37,932	3,776,195	393,714	4,207,841
Non-financial assets at fair value through profit and loss	0	0	0	0
Financial liabilities at fair value through profit and loss	0	0	0	0
Net investment assets	37,932	3,776,195	393,714	4,207,841

	Quoted market price	Using observable inputs	With significant unobservable inputs	Total
	Level 1	Level 2	Level 3	
	£000	£000	£000	£000
Values at 31 March 2022				
Financial assets at fair value through profit and loss	36,989	4,356,426	246,972	4,640,387
Non-financial assets at fair value through profit and loss	0	0	0	0
Financial liabilities at fair value through profit and loss	(5,934)	0		(5,934)
Net investment assets	31,055	4,356,426	246,972	4,634,453

b. Reconciliation of Fair Value Measurements Within Level 3

	Market Value at 1 April 2022	Transfers into Level 3	Transfers out of Level 3	Purchases During the Year	Sales During the Year	Unrealised Gains and Losses	Realised Gains and Losses	Market Value at 31 March 2023
	£000	£000	£000	£000	£000	£000	£000	£000
Private Debt	105,839	0	0	80,063	(23,096)	1,733	(978)	163,560
Infrastructure	139,952	0	0	102,214	(29,956)	15,435	1,327	228,972
UK Unquoted Equities	1,182		0	0	0	0	0	1,182
	246,973	0	0	182,277	(53,052)	17,168	349	393,714

17. Financial Instruments

(a) Classification of Financial Instruments

Accounting policies describe how different asset classes of financial instruments are measured, and how income and expenses, including fair value gains and losses, are recognised. The following table summarises the carrying amounts of financial assets and liabilities by category.

31st March 2022				31st March 2023		
Designated as fair value through profit and loss	Loans and Receivables	Financial Liabilities amortised at cost		Designated as fair value through profit and loss	Loans and Receivables	Financial Liabilities amortised at cost
£000	£000	£000		£000	£000	£000
			Assets			
0	0	0	Fixed Interest Securities	0	0	0
1,182	0	0	Equities	1,182	0	0
4,012,685	0	0	Pooled Investments	3,545,213	0	0
343,741	0	0	Pooled Property	266,225	0	0
245,790	0	0	Private Equity/Infrastructure	392,532	0	0
0	0	0	Diversified Growth Funds	0	0	0
0	23,243	0	Cash	0	3,678	0
736	0	0	Investment Debtors	787	0	0
0	13,010	0	Non Investment Debtors	0	1,588	0
4,604,134	36,253	0		4,205,939	5,266	0
			Liabilities			
0	0	0	Investment Creditors	0	0	0
0	0	(5,934)	Non Investment Creditors	0	0	(2,189)
0	0	(5,934)		0	0	(2,189)
4,604,134	36,253	(5,934)		4,205,939	5,266	(2,189)

b) Net Gains and Losses on Financial Instruments

	2022/23	2021/22
	£000	£000
Fair Value Through Profit & Loss	(401,746)	137,804
Loans and Receivables	0	0
	(401,746)	137,804

18. Nature and Extent of Risks Arising from Financial Instruments

Risk and Risk Management

The Fund's primary long term risk is that the Fund's assets will fall short of its liabilities (i.e. promised benefits payable to members). Therefore, the aim of investment risk management is to minimise the risk of an overall reduction in the value of the Fund and to maximise the opportunity for gains across the whole Fund portfolio. The Fund achieves this through asset diversification to reduce exposure to market risk (price risk, currency risk and interest rate risk) and credit risk to an acceptable level. In addition, the Fund manages its liquidity risk to ensure there is sufficient liquidity to meet the Fund's forecast cash flows. The Council manages these investment risks as part of its overall approach to Pension Fund risk.

Responsibility for the Fund's risk management strategy rests with the Pension Fund Committee. A Risk Register has been established to identify and analyse the risks faced by the Council's pensions operations. This document is reviewed regularly to reflect changes in activity and in market conditions.

(a) Market Risk

Market risk is the risk of loss from fluctuations in equity prices, interest and foreign exchange rates and credit spreads. The Fund is exposed to market risk from its investment activities, particularly through its equity holdings. The level of risk exposure depends on market conditions, expectations of future price and yield movements and the asset mix.

The objective of the Fund's Risk Register includes identifying, managing and controlling market risk exposure within acceptable parameters, whilst optimising the risk-adjusted return.

In general, excessive volatility in market risk is managed through the diversification of the portfolio in terms of geographical and industry sectors and individual securities. To mitigate market risk, the Pension Fund Committee (PFC) and its investment

advisers undertake appropriate monitoring of market conditions and benchmark analysis.

The Fund manages these risks in two ways:

- the exposure of the Fund to market risk is monitored through advice from the investment advisers to ensure that risk remains within tolerable levels
- specific risk exposure is limited by applying risk weighted maximum exposures to individual investments through Investment Management Agreements

Other Price Risk

Other price risk represents the risk that the value of a financial instrument will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or foreign exchange risk), whether those changes are caused by factors specific to the individual instrument or its issuer or factors affecting all such instruments in the market.

The Fund is exposed to share and derivative price risk. This arises from investments held by the Fund for which the future price is uncertain. All securities investments present a risk of loss of capital. The maximum risk resulting from financial instruments is determined by the fair value of the financial instruments.

The Fund's investment managers mitigate this price risk through diversification and the selection of securities and other financial instruments is monitored to ensure it is within limits specified in the Fund's investment strategy.

Other Price Risk – Sensitivity Analysis

Following analysis of historical data and expected investment return movement during the financial year, in consultation with the Fund's investment consultants, the Fund has determined that the following movements in market price risk are reasonably possible for the 2023/24 reporting period.

Asset Type	Potential Market Movements (+/-)
	%
Equities	7.0
Property	5.9
Infrastructure	7.6
Listed alternatives	6.9
Illiquid credit	7.9
Investment grade credit	5.2
Non-investment grade credit	6.4
Absolute Return	6.0
Gilts	2.9
Cash	3.3

The potential price changes disclosed above are broadly consistent with a one-standard deviation movement in the value of the assets. The sensitivities are consistent with the assumptions contained in the investment advisors' most recent review. This analysis assumes that all other variables, in particular foreign currency exchange rates and interest rates, remain the same.

Had the market price of the Fund investments increased/decreased in line with the above, the change in the net assets available to pay benefits in the market price would have been as follows (the prior year comparator is shown below).

Asset Type	Value as at 31st March 2023 £000	Potential Market Movement £000	Value on Increase £000	Value on Decrease £000
Equities	2,483,549	173,848	2,657,397	2,309,701
Gilts	496,490	14,398	510,888	482,092
Investment grade credit	301,144	15,659	316,803	285,485
Non-investment grade credit	220,369	14,104	234,473	206,265
Other Pooled Investments	8,418	505	8,923	7,913
Property	266,225	15,707	281,932	250,518
Infrastructure	228,972	17,402	246,374	211,570
Illiquid credit	163,561	12,921	176,482	150,640
Total Assets	4,168,728		4,433,272	3,904,184

Asset Type	Value as at 31st March 2022 £000	Potential Market Movement £000	Value on Increase £000	Value on Decrease £000
Cash and Cash Equivalents	1,501	30	1,531	1,471
UK Unquoted	1,182	0	1,182	1,182
Equities	2,384,606	163,624	2,548,230	2,220,982
Gilts	716,917	17,564	734,481	699,353
Investment grade credit	333,727	3,004	336,731	330,723
Non-investment grade credit	565,445	26,689	592,134	538,756
Other Pooled Investments	11,990	528	12,518	11,462
Property	343,741	18,218	361,959	325,523
Infrastructure	139,952	11,826	151,778	128,126
Illiquid credit	105,839	6,296	112,135	99,543
Non-Investment Debtors / Creditors	7,075	0	7,075	7,075
Total Assets	4,611,975		4,859,754	4,364,196

Interest Rate Risk

The Fund invests in financial assets for the primary purpose of obtaining a return on investments. These investments are subject to interest rate risks, which represent the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Fund's interest rate risk is monitored by the Fund and its investment advisers through the risk management strategy, including monitoring the exposure to interest rates and assessment of actual interest rates against the strategic benchmark.

The Fund's direct exposure to interest rate movements as at 31 March 2023 and 31 March 2022 is set out in the tables below. These disclosures present interest rate risk based on the underlying financial assets at fair value.

	2022/23	2021/22
	£000	£000
Cash and Cash Equivalents	1,902	1,501
Pooled Investments	1,018,003	1,050,644
	1,019,905	1,052,145

The Fund recognises that interest rates can vary and can affect both income to the Fund and the value of the net assets available to pay benefits. For illustrative purposes if it were to change by +/- 1% the values in the table above would change by £157m for 2022/23 and £226m for 2021/22.

Currency Risk

Currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Fund is exposed to currency risk on financial instruments that are denominated in any currency other than the functional currency of the Fund (GBP). The Fund holds both monetary and non-monetary assets denominated in currencies other than GBP.

The Fund's currency rate risk is monitored in accordance with the Fund's risk management strategy, including monitoring the range of exposure to currency fluctuations.

After receiving advice it is considered that the likely volatility associated with foreign exchange movements to be +/-8.2%. A fluctuation of this size is considered reasonable based on an analysis of the implied volatility of the 1-year options contracts for the exchange rates in the financial market.

Assuming all other variables, in particular, interest rates remain constant, an 8.24% strengthening/weakening of the pound against the various currencies in which the Fund holds investments would increase/decrease the net assets available to pay benefits as follows:

Asset Type	Value as at 31st March 2023	Value on 8.2% Increase	Value on 8.2% Decrease
	£000	Increase £000	Decrease £000
Overseas Cash Fund	10,022	10,844	9,200
Overseas Bonds	212,877	230,333	195,421
Overseas Equity	2,067,679	2,237,229	1,898,129
Overseas Pooled Funds	300,026	324,628	275,424
	2,590,604	2,803,034	2,378,174

Asset Type	Value as at 31st March 2022	Value on 8.4% Increase	Value on 8.4% Decrease
	£000	Increase £000	Decrease £000
Overseas Equities	2,016,768	2,182,142	1,851,393

(b) Credit Risk

Credit risk is the risk that the counterparty to a transaction or a financial instrument will fail to discharge an obligation and cause the Fund to incur a financial loss. The market values of investments generally reflect an assessment of credit in their pricing and consequently the risk of loss is implicitly provided for in the carrying value of the Fund's assets and liabilities.

In essence the Fund's entire investment portfolio is exposed to some form of credit risk, where the risk equates to the net market value of a positive derivative position. However the selection of high quality counterparties, brokers and financial institutions minimises credit risk that may occur through the failure to settle a transaction in a timely manner.

Contractual credit risk is represented by the net payment or receipt outstanding, and the cost of replacing the derivative position in the event of counterparty default. The residual risk is minimal due to the various insurance policies held by the exchanges to cover defaulting counterparties.

Credit risk on over the counter derivative contracts is minimised as counterparties are recognised financial intermediaries with acceptable credit ratings determined by recognised rating agencies.

Deposits are not made with banks and financial institutions unless they are rated independently and meet the Council's credit criteria. The Council has also set limits as to the maximum amount of deposits placed with any one financial institution. The banks and institutions chosen all have at least the minimum credit rating as described in the Council's Treasury Management Strategy.

The Council believes it has managed its exposure to credit risk and has had no experience of default or uncollectible deposits over the past five financial years. The Fund's cash holding under its treasury management arrangements with the Council at 31 March 2023 was £1.7m (31 March 2022, £21.7m) and was held with the following institutions:

	Credit Rating	31 March 2023 £000	31 March 2022 £000
Call Accounts			
Barclays Bank Plc (NRFB)	A+ / F1	255	3,370
Handelsbanken	AA / F1+	163	0
Fixed Term Deposit Notice Accounts			
Santander UK	A+ / F1	203	3,168
Bank of Scotland	A+ / F1	0	0
National Westminster Bank PLC	A+ / F1 PN	224	3,695
DBS Bank Ltd	AA- / F1+	102	1,584
Goldman Sachs	A / F1	183	3,168
Standard Chartered	A+ / F1	183	2,640
Helaba	A+ / F1+	102	1,056
Sumitomo Mitsui BCE	A- / F1	122	
Local Authorities	-	239	3,061
		1,776	21,742

The Fund held liquid cash in a UK and an Overseas Short Term Investment Fund during 2022/23, the average investment balances for these funds were £25m and £4m respectively. The Fund received interest of £735k on these funds in 2022/23.

(c) Liquidity Risk

Liquidity risk represents the risk that the Fund will not be able to meet its financial obligations as they fall due. The Fund therefore takes steps to ensure that it has adequate cash resources to meet its commitments.

The Fund has immediate access to its cash holdings, subject to the fixed periods determined when deposits are placed. These deposits are scheduled to ensure cash is available when required.

The Fund also has access to an overdraft facility for short term (up to three months) cash needs. This facility is only used to address changes in the strategic benchmark and is met by either surplus

cash from contributions received exceeding pensions paid or if necessary, disinvesting.

The Fund defines liquid assets as assets that can be converted to cash within three months. Illiquid assets are those assets which will take longer than three months to convert to cash. As at 31 March 2023 the value of illiquid assets was £377m (31 March 2022, £247m).

All liabilities at 31 March 2023 are due within one year. The Fund does not have any financial instruments that have a refinancing risk as part of its treasury management and investment strategies.

19. Funding Arrangements

In line with the Local Government Pension Scheme Regulations 2013 the Fund's Actuary, Aon, undertakes a funding Valuation every three years for the purpose of setting employer contribution rates for the forthcoming triennial period. The last such Valuation took place as at 31 March 2022.

The key elements of NYPF's funding policy are:

- to ensure the long term solvency of the Fund, i.e. that sufficient funds are available to meet all pension liabilities as they fall due for payment
- to ensure that employer contribution rates are as stable as possible
- to minimise the long term cost of the scheme by recognising the link between assets and liabilities and adopting an investment strategy that balances risk and return
- to reflect the different characteristics of employing bodies in determining contribution rates where the Administering Authority considers it reasonable to do so
- to use reasonable measures to reduce the risk to other employers and ultimately to the council tax payer from an employer defaulting on its pension obligations

At the 2022 Valuation the aim was to maintain 100% solvency over the long term and to provide stability in employer contribution rates by spreading any increases in rates over a period of time. Solvency is achieved when the funds held, plus future expected investment returns and future contributions are sufficient to meet expected future pension benefits payable.

At the 2022 Triennial Valuation the Fund was assessed as 116% funded (114% at the 2019 Valuation). This reflected a surplus of £640m (surplus of £450m at the 2019 Valuation).

The common rate of employers' contributions is the average rate required from all employers calculated as being sufficient, together with contributions paid by employees, to meet all liabilities arising in respect of service after the Valuation date. For 2022/23 the common rate (determined at the 2019 Valuation) is 17.7% of pensionable pay.

Individual employers' rates will vary from the common contribution rate depending on the demographic and actuarial factors particular to each employer. Full details of the contribution rates payable can be found in the 2022 Triennial Valuation Report and the Funding Strategy Statement on the Fund's website.

The valuation of the Fund has been undertaken using the projected unit method under which the salary increase for each member is assumed to increase until they leave active service by death, retirement or withdrawal from service. The principal assumptions were:

	For Future Service Liabilities	
Investment Return	4.20%	per annum
Inflation	2.30%	per annum
Salary Increases	3.55%	per annum
Pensions Increases	2.30%	per annum

Future life expectancy (from age 65) based on the Actuary's Fund specific mortality review was:

	Male	Female
Future Pensioners (assumed current age 45)	23.4	26.0
Current Pensioners	22.5	24.9

Commutation Assumption

It is assumed that future retirees will take 75% of the maximum additional tax-free lump sum up to HMRC limits for pre-April 2008 service and for post-April 2008 service.

50:50 Option

It is assumed that no active members (evenly distributed across the age, service and salary range) will take up the 50:50 option in the LGPS 2014 scheme.

20. Actuarial Present Value of Promised Retirement Benefits

In addition to the Triennial Funding Valuation, the Actuary also undertakes a valuation of pension fund liabilities on an IAS19 basis every year using the same base data as the Valuation, rolled forward to

the current financial year, taking account of changes in membership numbers and using updated assumptions. A statement prepared by the Actuary is attached as an **Appendix**.

21. Current Assets

	31st March 2023 £000	31st March 2022 £000
Debtors		
Investment Debtors		
Accrued Dividends	0	0
Withholding Taxes Recoverable	787	736
	787	736
Other Debtors		
Contributions due from Scheduled (Government) Bodies	11,708	11,863
Contributions due from Admitted Bodies	0	0
Pensions Rechargeable	1,031	759
Other	557	388
	13,296	13,010
Cash		
	1,776	21,742
	15,859	35,488

(a) Long Term Debtors

	31st March 2023 £000	31st March 2022 £000
Long Term Debtors		
Reimbursement of Lifetime Tax Allowances	0	0

22. Current Liabilities

Creditors	31st March 2023	31st March 2022
	£000	£000
Sundry Other Creditors	2,189	5,934
	2,189	5,934

23. Additional Voluntary Contributions (AVCs)

The AVC provider for the North Yorkshire Pension Fund is Prudential. The market value of the AVCs as at 31 March 2022 was £16.8m, as at 31st March 2023 was £15.9m. Contributions paid directly to Prudential during the year 2022/23 was £2.6m.

24. Agency Services

The North Yorkshire Pension Fund does not operate Agency Services contracts.

25. Related Party Transactions

North Yorkshire County Council

The North Yorkshire Pension Fund is administered by North Yorkshire Council. Consequently, there is a strong relationship between the Council and the Fund.

The Council incurred costs of £1.9m (£1.8m in 2021/22) in relation to the administration of the Fund and was subsequently reimbursed by the Fund for these expenses. The Council is also the single largest employer of members of the Fund and contributed £65.2m to the Fund in 2022/23 (£58.0m in 2021/22).

The Fund's cash holdings for cashflow purposes are invested with banks and other institutions by the treasury management operations of the Council, through a service level agreement. During the year to 31 March 2023 the Fund had an average investment balance of £11.2m (£16.7m during 2021/22) and received interest of £181.7k (£31k received in 2021/22) on these funds.

Governance

As at 31 March 2023 there were no Pension Fund Committee Members who were also active members of the Fund. The Corporate Director – Resources, who was also the Treasurer of the Fund was an active member. Benefits for the Treasurer were accrued on exactly the same basis as for all other members of the Fund.

Key Management Personnel

The Code exempts local authorities from the key management personnel disclosure requirements of IAS 24. This exemption applies in equal measure to the accounts of the Fund. The disclosures required by The Accounts and Audit (England) Regulations can be found in the main accounts of the Council.

26. Contingent Liabilities and Contractual Commitments

Outstanding capital commitments (investments) at 31 March 2023 were £508.6m (31 March 2022 £380.1m). These commitments relate to outstanding call payments due on unquoted limited partnership funds held in the private debt and infrastructure parts of the portfolio.

27. Contingent Assets

Four admitted body employers hold insurance bonds to guard against the possibility of being unable to meet their pension obligations. These bonds are drawn in favour of the Fund and payment will only be triggered in the event of an employer default.

28. Impairment Losses

The Fund had no material impairment losses at the year-end (£nil in 2021/22).

Appendix B

Statement of the Actuary

North Yorkshire Pension Fund

Statement of the Actuary for the year ended 31 March 2023

Introduction

This statement has been prepared in accordance with Regulation 57(1)(d) of the Local Government Pension Scheme Regulations 2013 (the 'LGPS Regulations').

The LGPS Regulations require that a full actuarial valuation is carried out every third year. The purpose of this is to establish that the North Yorkshire Pension Fund (the 'Fund') is able to meet its liabilities to past and present contributors and to review employer contribution rates. The last full actuarial investigation into the financial position of the Fund was completed as at 31 March 2022 by Aon, in accordance with Regulation 62 of the LGPS Regulations.

Actuarial Position

1. The valuation as at 31 March 2022 showed that the funding level of the Fund had increased since the previous valuation with the market value of the Fund's assets as at 31 March 2022 (of £4,634.5M) covering 116% of the liabilities.
2. The valuation also assessed each individual employer's (or group of employers') position separately. Contribution requirements were determined based on the principles in the Fund's Funding Strategy Statement and are set out in Aon's report dated 29 March 2023 (the "actuarial valuation report"). In addition to the contributions certified, payments to cover additional liabilities arising from early retirements (other than ill-health retirements) will be made to the Fund by the employers.

Total contributions payable by all employers over the three years to 31 March 2026 are estimated to be:

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

3. The funding plan adopted in assessing the contributions for each employer is in accordance with the Funding Strategy Statement. Different approaches were adopted in relation to the calculation of the primary contribution rate, stepping of contribution changes and individual employers' recovery periods as agreed with the Administering Authority and reflected in the Funding Strategy Statement, reflecting the employers' circumstances.

4. The valuation was carried out using the projected unit actuarial method for most employers, allowing for future increases in pensionable pay. The main financial actuarial assumptions used for assessing the funding target and the contribution rates were as follows.

Discount rate for periods in service	
Scheduled and subsumption body funding target *	4.20% p.a.
Intermediate (strong covenant approach) funding target	3.85% p.a.
Intermediate (standard approach) funding target	3.60% p.a.
Ongoing orphan funding target	3.60% p.a.
Discount rate for periods after leaving service	
Scheduled and subsumption body funding target*	4.20% p.a.
Intermediate (strong covenant approach) funding target	3.85% p.a.
Intermediate (standard approach) funding target	3.60% p.a.
Ongoing orphan funding target	0.80% p.a.
Rate of pay increases	3.55% p.a.
Rate of increase to pension accounts**	2.30% p.a.
Rate of increases in pensions in payment** (in excess of Guaranteed Minimum Pension)	2.30% p.a.

* The secure scheduled body discount rate was also used for employers whose liabilities will be subsumed after exit by a scheduled body.

** In addition, a 10% uplift has been applied to the past service liabilities on the scheduled body and subsumption funding targets to make allowance for short-term inflation above the long-term assumption.

In addition, the discount rate and rate of increases to pensions for already orphaned liabilities (i.e. where there is no scheme employer responsible for funding those liabilities and the employer has exited the Fund) were assumed to be 1.7% p.a. and 3.4% p.a. respectively.

The assets were valued at market value.

5. The key demographic assumption was the allowance made for longevity. The post retirement mortality assumption adopted for the actuarial valuation was in line with standard self-administered pension scheme (SAPS) S3 mortality tables with appropriate scaling factors applied based on an analysis of the Fund's pensioner mortality experience and a Fund membership postcode analysis using Aon's Demographic Horizons™ longevity model, and included an allowance for future improvements based on the 2021 Continuous Mortality Investigation Projections Model, with a long term annual rate of improvement in mortality rates of 1.5% p.a. The resulting average future life expectancies at age 65 (for normal health retirements) were:

	Men	Women
Current pensioners aged 65 at the valuation date	22.5	24.9
Current active members aged 45 at the valuation date	23.4	26.0

Further details of the assumptions adopted for the valuation, including the other demographic assumptions, are set out in the actuarial valuation report.

6. The valuation results summarised in paragraph 1 above are based on the financial position and market levels at the valuation date, 31 March 2022. As such the results do not make allowance for changes which have occurred subsequent to the valuation date. The Actuary, in conjunction with the Administering Authority, monitors the funding position on a regular basis.

7. The formal actuarial valuation report and the Rates and Adjustments Certificate setting out the employer contribution rates for the period from 1 April 2023 to 31 March 2026 were signed on 29 March 2023. Other than as agreed or otherwise permitted or required by the Regulations, employer contribution rates will be reviewed at the next actuarial valuation of the Fund as at 31 March 2025 in accordance with Regulation 62 of the Local Government Pension Scheme Regulations 2013.
8. This Statement has been prepared by the Actuary to the Fund, Aon, for inclusion in the accounts of the Fund. It provides a summary of the results of their actuarial valuation which was carried out as at 31 March 2022. The valuation provides a snapshot of the funding position at the valuation date and is used to assess the future level of contributions required.

This Statement must not be considered without reference to the formal actuarial valuation report which details fully the context and limitations of the actuarial valuation.

Aon does not accept any responsibility or liability to any party other than our client, North Yorkshire county council, the Administering Authority of the Fund, in respect of this Statement.

9. The report on the actuarial valuation as at 31 March 2022 is available on the Fund's website at the following address:
[Valuation Reports > North Yorkshire Pension Fund \(nypf.org.uk\)](#).

Aon Solutions UK Limited
May 2023

Appendix C



IAS 26 Results

Whole of Pension Fund Accounting 2023

Prepared for: North Yorkshire Council, as Administering Authority to the North Yorkshire Pension Fund
Prepared by: Scott Campbell FIA
Date: 19 May 2023

Glossary

Accounting Date	31 March 2023
Fund	North Yorkshire Pension Fund
Fund Administering Authority	North Yorkshire Council
2022 Valuation	Actuarial Valuation of the North Yorkshire Pension Fund as at 31 March 2022 as reported in the document titled 'Report on the 31 March 2022 actuarial valuation' dated 29 March 2023

Introduction

Why bring you this report?

This report is commissioned by and addressed to North Yorkshire Council (the Addressee).

This report sets out pension cost information required by the Fund Administering Authority in order to meet their disclosure requirements in relation to their pension obligations as specified by the accounting standard, IAS 26.

We have carried out this work in relation to benefits payable from the Fund.

Related documents

The advice provided in this report is supported by advice contained in the following documents:

- IAS 26 Terms of Reference - Whole of Pension Fund accounting 2023 ('Terms of Reference').
- IAS 26 Assumptions Advice - Whole of Pension Fund accounting 2023 ('Assumptions Advice').

In addition, the following documents should be referred to:

- 2022 Valuation report

Background

CIPFA's Code of Practice indicates that the Fund accounts for the year ending 31 March 2023 should disclose the "actuarial present value of the promised retirement benefits" as set out in IAS 26 and that the actuarial present value should be calculated on assumptions set in accordance with IAS 19 rather than on the funding assumptions.

CIPFA put forward three options for disclosing the actuarial present value of promised retirement benefits. Further detail on these can be found in our Terms of Reference.

The Fund Administering Authority has chosen option C which was confirmed to us in an e-mail dated 17 April 2023. Option C requires the actuarial valuation of the liabilities on an IAS 19 basis to be prepared at formal triennial valuations only, the most recent being as at 31 March 2022. Under option C this, together with other related information, should be disclosed in an actuarial report which will accompany the notes to the accounts.

The calculations contained in this document have been carried out on a basis consistent with our understanding of IAS 19.

I confirm that I am an independent qualified actuary.

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IAS 26 disclosures	3
Appendix A: Explanation of actuarial methods used	7
Appendix B: Compliance and disclaimer	9

Methodology

The approach to our calculations was set out in the Terms of Reference and Appendix A of this report.

IAS 26 disclosures

IAS 26 requires the 'actuarial present value of the promised retirement benefits' to be disclosed, which is the IAS 26 terminology for what IAS 19 refers to as the 'defined benefit obligation'.

The information set out below relates to the actuarial present value of the promised retirement benefits in the Fund which is part of the Local Government Pension Scheme.

The LGPS is a funded defined benefit plan with benefits earned up to 31 March 2014 being linked to final salary. Benefits after 31 March 2014 are based on a Career Average Revalued Earnings scheme. Details of the benefits covered by these figures are set out in 'The Local Government Pension Scheme Regulations 2013' (as amended) and 'The Local Government Pension Scheme (Transitional Provisions, Savings and Amendment) Regulations 2014' (as amended).

Actuarial present value of promised retirement benefits

CIPFA's Code of Practice on local authority accounting for 2022/23 sets out that the actuarial present value of promised retirement benefits based on projected salaries should be disclosed.

The results as at 31 March 2022, together with the results as at 31 March 2019 are shown in the table below. The corresponding fair value of Fund assets is also shown in order to show the level of surplus or deficit within the Fund when the liabilities are valued using IAS 19 assumptions.

We do not believe the Fund Administering Authority needs to show the 2019 figures under IAS 26 if it does not wish to do so. The Code of Practice is not clear if the fair value of assets and the surplus / deficit at 31 March 2022 also needs to be disclosed but you may want to include these figures for clarity.

	Value as at 31 March 2022 (£M)	Value as at 31 March 2019 (£M)
Fair value of net assets	4,634.5	3,575.2
Actuarial present value of the defined benefit obligation	5,533.1	4,418.3
Surplus / (deficit) in the Fund as measured for IAS 26 purposes	(898.6)	(843.1)

Assumptions

The latest full triennial actuarial valuation of the Fund's liabilities was carried out as at 31 March 2022. The principal assumptions used for the purpose of IAS 26 by the Fund's independent qualified actuaries were:

	31 March 2022	31 March 2019
Discount rate	2.70%	2.40%
CPI inflation ^{(1) (2)}	3.00%	2.20%
Salary increases ⁽³⁾	4.25%	3.45%

Notes

- (1) Pension increases on pension in excess of Guaranteed Minimum Pension in payment where appropriate.
- (2) The assumption for the revaluation rate of pension accounts is set equal to the assumption for pension increases. In the 2022 assumption we have also made allowance for higher actual CPI for the period 30 September 2021 to 31 March 2022, where 30 September 2021 is the date of the reference CPI index that the Scheme's benefits had been increased by in April 2022.
- (3) A promotional salary scale is assumed to apply in addition to this, at the rates assumed in the relevant valuation of the Fund.

Demographic assumptions

The mortality assumptions are based on actual mortality experience of members within the Fund based on an analysis carried out as part of the 2022 Actuarial Valuation and allow for expected future mortality improvements. Sample life expectancies at age 65 in normal health resulting from these mortality assumptions are shown below:

	31 March 2022	31 March 2019
Males		
Future lifetime from age 65 (pensioners aged 65 at 31 March 2022)	22.5	22.0
Future lifetime from age 65 (actives aged 45 at 31 March 2022)	23.4	23.7
Females		
Future lifetime from age 65 (pensioners aged 65 at 31 March 2022)	24.9	24.0
Future lifetime from age 65 (actives aged 45 at 31 March 2022)	26.0	25.9

Different mortality assumptions have been used for other categories of member as set out in the actuary's report on the 2022 valuation. Assumptions for the rates of withdrawal and ill health retirements (for active members), the allowance made for cash commutation on retirement, and the proportion of members whose death gives rise to a dependant's pension are the same as those adopted in the 2022 valuation of the Fund, which are detailed in the actuary's valuation report.

Key risks associated with reporting under IAS 26 and sensitivity

Volatility of results

Results under IAS 26 can change dramatically depending on market conditions. The defined benefit obligation is linked to yields on AA-rated corporate bonds, while a significant proportion of the assets of the Fund are invested in equities and other growth assets. Changing markets in conjunction with discount rate volatility will lead to volatility in the funded status of the pension fund. For example:

- A decrease in corporate bond yields will increase the value placed on the liabilities for accounting purposes, although this will be marginally offset by the increase in the assets as a result (to the extent the Fund invests in corporate bonds).
- The majority of the pension liabilities are linked to either pay or price inflation. Higher inflation expectations will lead to a higher liability value. The assets are not perfectly correlated with inflation meaning that an increase in inflation will increase the deficit.
- The majority of the Fund's obligations are to provide benefits for the life of the member following retirement, so increases in life expectancy will result in an increase in the liabilities.

Post balance sheet date experience

Since 31 March 2022 the Fund's assets have generally delivered lower than expected returns and inflation has been higher than expected. However, corporate bond yields have increased significantly which will have led to a reduction in the value of the defined benefit obligation (liabilities) on an accounting basis. We would expect the Funds' IAS 26 balance sheet position to have improved significantly over the year, with a lower IAS 26 deficit, at 31 March 2023 if the Fund had chosen to update the position annually.

If at any time during the year you want us to provide you with an update of the IAS 26 position, please let us know.

Choice of accounting assumptions

The calculation of the actuarial present value of the promised retirement benefits involves projecting future cash-flows from the Fund many years into the future. This means that the assumptions used can have a material impact on the surplus / deficit. As such, the Fund Administering Authority should ensure that it understands the reasoning behind the assumptions adopted and is comfortable that they are appropriate.

Furthermore, the Fund Administering Authority should bear in mind that, as required by the accounting standard, the assumptions (with the exception of the discount rate) have been set so that they represent a best estimate of future experience from the Fund. In practice future experience within the Fund may not be in line with the assumptions adopted. This means that the liabilities shown in this report only represent one view of the future and the true position could be different from those shown. For example, members could live longer than foreseen or inflation could be higher or lower than allowed for in the calculations.

Sensitivity of results to key assumptions

In order to understand the magnitude of the possible volatility in the balance sheet position and to understand which assumptions are most important in determining the

size of the liabilities, it is helpful to understand how sensitive the results are to the key assumptions.

IAS 19 requires entities to disclose information about the sensitivity of the defined benefit obligation to changes in key assumptions although it is not clear that IAS 26 or the CIPFA Code of Practice requires this information. Nevertheless, we have set out below how the results would alter by changing the discount rate, the pay increase assumption and pension increase assumption by plus or minus 0.1% and if life expectancy was to reduce or increase by 1 year. In each case, only the assumption mentioned is altered; all other assumptions remain the same.

Discount rate assumption

Adjustment to discount rate assumption	+0.1% £M	-0.1% £M
£ change to present value of the defined benefit obligation	(114.5)	116.9
% change in present value of defined benefit obligation	-2.1%	2.1%

Rate of general increase in salaries

Adjustment to salary increase rate assumption	+0.1% £M	-0.1% £M
£ change to present value of the defined benefit obligation	4.2	(4.1)
% change in present value of defined benefit obligation	0.1%	-0.1%

Rate of increase to pensions and rate of revaluation of pensions accounts

Adjustment to pension increase rate assumption	+0.1% £M	-0.1% £M
£ change to present value of the defined benefit obligation	112.7	(110.3)
% change in present value of defined benefit obligation	2.0%	-2.0%

Post retirement mortality assumption

Adjustment to members' life expectancy	- 1 year £M	+ 1 year £M
£ change to present value of the defined benefit obligation	(233.6)	235.1
% change in present value of defined benefit obligation	-4.2%	4.2%

Membership data

A summary of the membership data used in these calculations is set out in the 2022 Valuation report.

Appendix A: Explanation of actuarial methods used

Benefits

Our calculations relate to benefits payable from the Fund (as set out in LGPS Regulations at the relevant times – further details can be found in the 2022 valuation report). These benefits include retirement pensions and benefits on members' death and leaving service.

Unfunded defined benefit obligations e.g. discretionary pensions benefits being paid under the Local Government (Early Termination of Employment) (Discretionary Compensation) Regulations (generally referred to as Compensatory Added Years), have not been valued as they do not form part of the Fund. However, they may be required in the IAS 19 figures prepared for individual employers within the Fund.

Data

The valuation of accrued pension benefits for IAS 26 purposes requires detailed information in respect of each member such as date of birth, gender, date of joining the fund, their accrued pension and so forth.

This information was supplied by the Fund Administering Authority for the 2022 formal actuarial valuation of the Fund in the form of a standardised data extract from the Fund Administering Authority's administration systems.

The formal valuation process (which is a precursor to the valuation for IAS 26 purposes) involves a series of structured validation tests on the data items for integrity and reasonableness. These tests, together with any actions taken in respect of specific data issues, are documented as part of the normal valuation process.

Where tests reveal issues with the data, the Fund Administering Authority is contacted with a view to resolving all data queries. Only when the data queries have been resolved to the satisfaction of the Fund Actuary, will the valuation proceed.

We can confirm that no data issues were identified at the 2022 valuation that we believe would have a material effect on the calculations presented in this report. Overall, it is our opinion that the data presented at the valuation is sufficiently accurate, relevant and complete for the Fund Administering Authority to rely on the resulting IAS 19 (IAS 26) figures.

Assumptions

IAS 19 sets out the following general requirements for the setting of assumptions:

- Actuarial assumptions shall be unbiased and mutually compatible; and
- Financial assumptions shall be based on market expectations, at the balance sheet date, for the period over which the obligations are to be settled.

Furthermore IAS 19 requires that the assumed discount rate is determined by reference to market yields at the balance sheet date on high quality corporate bonds

and in countries where there is no deep market in such bonds, the market yield (at the balance sheet date) on government bonds shall be used.

The assumptions are ultimately the responsibility of the Fund Administering Authority. Any assumptions that are affected by economic conditions (financial assumptions) should reflect market expectations at the balance sheet date.

The key financial assumptions are set out in "Information required for IAS 26" and the derivation of the assumptions is set out in our assumptions letter referred to in the Related Documents section.

Method of calculation

The figures at 31 March 2022 have been based on a full calculation of the liabilities using the data summarised in this report and the assumptions set out in the Assumptions Advice. Further information on the method was set out in the Terms of Reference.

Assets

IAS 19 requires that assets be valued at Fair Value which is defined as the amount for which an asset could be exchanged or a liability settled between knowledgeable, willing parties in an arm's length transaction. For the purposes of this exercise we have taken the asset values directly from the Fund's draft annual accounts as at 31 March 2022.

The assets do not include defined contribution Additional Voluntary Contributions.

Treatment of risk benefits

To value the risk benefits paid on death in service and ill health early retirement we have valued service related benefits based on service completed to the date of calculation only.

Expenses

Fund administration expenses are not reserved for in the net present value of actuarial liabilities, consistent with the treatment adopted for individual employers who require IAS 19 disclosures.

IFRIC 14

IFRIC 14 is an interpretation of paragraph 58 of the IAS 19 accounting standard setting out limits to the amount of surplus that can be recognised by employing organisations in their accounts. We do not believe it has any relevance to IAS 26.

Appendix B: Compliance and disclaimer

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

Compliance with Professional Standards

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

Disclaimer

The calculations contained in this report have been made on a basis consistent with our understanding of IAS 19 and IAS 26. Figures required for other purposes should be calculated in accordance with the specific requirements of those purposes. It must not be assumed that figures produced for the purposes of IAS 26, which we present in this report, have any relevance beyond the scope of IAS 26.

This report is prepared on the instructions of the Fund Administering Authority ("you" or "your") in relation to the preparation of accounting figures for your financial reporting as at the Accounting Date. It has been prepared at this date, for the purpose and on the basis set out in this report.

This report should not be used or relied upon by any person other than the Addressee for any other purpose including, without limitation, other professional advisers, including the auditors and accountants ("third parties" or "third party") to the Addressee. All third parties are hereby notified that this report shall not be used as a substitute for any enquiries, procedures or advice which ought to be undertaken or sought by them. We do not accept any responsibility for any consequences arising from any third party seeking to rely on this report.

We neither warrant nor represent (either expressly or by implication) to any third party who receives this report that the information contained within is fair, accurate or complete, whether at the date of its preparation or at any other time.

Unless we provide express prior written consent, no part of this report should be reproduced, distributed or communicated to any other person other than to meet any statutory requirements and, in providing this report, we do not accept or assume any responsibility for any other purpose or to anyone other than the Fund Administering Authority.

We recognise that the Fund Administering Authority's auditors may request to see a copy of our report, as part of their audit process and under statutory requirements. We agree that you may release our report to your auditors for such purpose however in making such disclosure you shall ensure that this disclaimer remains attached to this report, and you further agree that you shall ensure that your auditors have read this disclaimer. For the avoidance of doubt, if we are approached directly by any third party for copies of this report or requested to answer queries about the report, we will require such third party to accept a third party release non reliance letter agreeing that we did not prepare the report for the third party and we do not accept any legal obligations to them. Please rest assured that this approach does not affect our contractual obligations to you as our client, with whom we continue to hold a duty of care in accordance with our terms of engagement.

This report was based on data available to us at the effective date of our calculations and takes no account of developments after that date except where explicitly stated otherwise.

With respect to data on which we have relied in producing this report, whilst we have taken certain limited steps to satisfy ourselves that the data provided to us is of a quality sufficient for the purposes of our investigation, including carrying out certain basic tests for the purpose of detecting manifest inconsistencies, it is not possible for us to confirm the accuracy or completeness of the detailed information provided. Whilst the Fund Administering Authority may have relied on others for the maintenance of accurate data, it is their responsibility to ensure the adequacy of these arrangements and ultimately the Fund Administering Authority that bears the primary responsibility for the accuracy of such information provided.

Appendix D

INDEPENDENT AUDITOR'S STATEMENT TO THE MEMBERS OF NORTH YORKSHIRE COUNCIL ON THE NORTH YORKSHIRE PENSION FUND FINANCIAL STATEMENTS

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Opinion of the Independent Auditor to follow.

Contact us

Online: northyorks.gov.uk/contactus

By telephone: call **0300 131 2 131** and say '**Pension fund Annual Report**' when prompted.

North Yorkshire Council, County Hall, Northallerton, North Yorkshire, DL7 8AD

You can request this information in another language or format at northyorks.gov.uk/accessibility

North Yorkshire County Council

Pension Board

11 January 2024

Pension Fund Risk Register

1. Purpose of the Report

1.1. To provide Pension Board members with the opportunity to comment on the Pension Fund risk register.

2. Background

2.1. The risk register for the Pension Fund is updated every six months and is formally approved annually by the Pension Fund Committee (PFC). It is also reviewed by the Pension Board after each six monthly update. The risk register was last approved by the PFC in July 2023 as part of the annual governance review of the Fund.

2.2. The summary report of the risk register is included at **Appendix 1** with the detail included as **Appendix 2**.

3. In year changes

3.1. There have been three risks whose rankings have improved in the year:

3.1.1. RPF 9 Key Personnel – This risk has improved following the appointment of both senior and investment accountants.

3.1.2. RPF 6 Resources – This risk has improved following the restructure of the Finance team for LGR in April. Additional dedicated finance resource has also been appointed.

3.1.3. RPF 10 Benefit Payments – Completion of LGR activities has had a positive impact on this risk along with the continued roll out of monthly online returns.

3.2. There have been no primary changes made to the risk register since the last review.

4. Recommendation

4.1. Pension Board Members to provide feedback on the latest risk register.

Phillippa Cockerill
Head of Pensions Administration
County Hall
Northallerton

03 January 2024
Background Papers - Nil

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North Yorkshire Pension Fund

Risk Register: **November 2023 Review – summary**

Next Review Due: **May 2024**

Report Date: **29th November 2023 (cpc)**

Risk Trend	Risk	Description	Risk Owner	Risk Manager	Curr Prob	Curr Imp	Current Risk Score	Current Category	Targ Prob	Targ Imp	Target Risk Score	Target Category	FB Plan?
	RPF_2 Pension Fund Solvency	Solvency deteriorates due to liability growth exceeding expectations and / or underperforming investment returns, inappropriate actuarial assumptions, adverse market conditions or legislative changes requiring a review of employer contributions, additional payments or extended recovery period	CD RES	RES Head of Investments	M	H	12	Medium High	M	H	12	Medium High	
	RPF_8 Employer Contributions	Failure to maintain sustainability and affordability of employer contributions and ensure those contributions are efficiently collected at the required times	CD RES	RES Head of Pensions Administration	M	M	9	Medium	M	M	9	Medium	
	RPF_9 Key Personnel	Loss and unavailability of key personnel, leading to potential knowledge gaps and delays to provision of advice as new personnel take on key roles resulting in reduced performance and complaints.	CD RES	RES Head of Investments; RES Head of Pensions Administration	M	M	9	Medium	L	M	6	Medium	
	RPF_3 LGPS Pooling Transition	Failure to transition effectively to new pooling arrangements (and consider the impact of proposed super-pooling arrangements) resulting in poorer value for money; lower investment returns; and inability to effectively execute investment strategy.	CD RES	RES Head of Investments	M	M	9	Medium	L	L	4	Low	
	RPF_4 Investment Strategy (including Responsible Investment)	Failure of the investment strategy to achieve sufficient returns from investments whilst responding to cash flows needs and maintaining assurances that investments are made in an environmentally and socially responsible manner	CD RES	RES Head of Investments	L	H	8	Medium	L	H	8	Medium	
	RPF_6 Resources	Insufficient staffing and system resources to adequately service the needs of the Fund resulting in delays, reduced performance and complaints	CD RES	RES Head of Investments; RES Head of Pensions Administration	H	L	8	Medium	M	L	6	Medium	
	RPF_12 Investment Manager	Failure of a pension fund investment manager (incl BCPP) to meet adequate performance levels resulting in reduced financial returns, re-tendering exercise	CD RES	RES Head of Investments	L	M	6	Medium	L	M	6	Medium	
	RPF_14 IT Systems	Failure of the physical or digital security of the Pension IT system leaving it vulnerable to downtime or cyber crime attack (includes other IT systems on which pensions rely if affected for more than 2 days or at a critical time) resulting in financial loss, backlog, incorrect payments, increased overtime, criticism	CD RES	RES Head of Pensions Administration	L	M	6	Medium	L	M	6	Medium	
	RPF_10 Benefit Payments	Incorrect/late benefits and payments to members resulting in criticism, customer dissatisfaction, under/over payments	CD RES	RES Head of Pensions Administration	L	L	4	Low	L	L	4	Low	
	RPF_11 Regulations and Legislation	LGPS Regulations and Employer Related Legislation not interpreted and implemented correctly resulting in legal challenge	CD RES	RES Head of Pensions Administration	L	L	4	Low	L	L	4	Low	


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North Yorkshire Pension Fund

Risk Register: **November 2023 Review – summary**

Next Review Due: **May 2024**

Report Date: **29th November 2023 (cpc)**

Risk Trend	Risk	Description	Risk Owner	Risk Manager	Curr Prob	Curr Imp	Current Risk Score	Current Category	Targ Prob	Targ Imp	Target Risk Score	Target Category	FB Plan?
	RPF_5 Fraud	Internal and/or external fraud as a result of inappropriate pension administration, investment activity and cash reconciliation results in financial loss, loss of reputation	CD RES	RES Head of Investments; RES Head of Pensions Administration	VL	H	4	Low	VL	H	4	Low	

Key	
	Risk Ranking has worsened since last review
	Risk Ranking has improved since last review
	Risk Ranking is same as last review
- new -	New or significantly altered risk

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Abbreviations		Classifications	
CD RES	Corporate Director Resources	Curr Prob	Current Probability
RES	Resources Directorate	Curr Imp	Current Impact
FB Plan	Fallback Plan	Targ Prob	Target Probability
LGPS	Local Government Pension Scheme	Targ Imp	Target Impact
IT	Information Technology	FB Plan	Fallback Plan

North Yorkshire Pension Fund

Risk Register: **November 2023 Review – summary**

Next Review Due: **May 2024**

Report Date: **29th November 2023 (cpc)**

Probability	Description
Very High	Over 80% chance; Almost certain; regular occurrence.
High	60-80% chance; Probable; has happened within the last 12 months.
Medium	40-60% chance; Possible; likely to happen at some point in the next one to three years.
Low	10-40% chance; Unlikely; only likely to happen once every three or more years
Very Low	Less than 10% chance; Highly unlikely; has happened rarely or never

Impact	Financial	Objectives	Service Delivery	Reputation
Very High	Major / Over 3.0% increase in contribution rate or loss of major opportunity.	All four of the Fund's key objectives adversely impacted.	Widespread impact multiple services affected. Requires Corp Director involvement.	External enquiry; Major legislative breach; Significant, prolonged national media coverage.
High	Significant / 2.0% - 3.0 % increase in contribution rate or loss of significant opportunity	Three of the Fund's key objectives adversely impacted.	Notable impact on service delivery, significant project slippage. Requires Assistant Director involvement.	Some national media coverage; Minor legislative breach; Significant Member / Employer complaints.
Medium	Notable / 1.0% - 2.0 % increase in contribution rate or loss of notable opportunity	Two of the Fund's key objectives adversely impacted.	Moderate impact on service delivery, declining performance. Requires Head of Service involvement.	Notable Member / Employer complaints; Regional media.
Low	Some / 0.5% - 1.0 % increase in contribution rate or loss of some opportunity	One of the Fund's key objectives adversely impacted.	Some impact on service delivery. Resolved by local manager.	Minor local media coverage; some Member / Employer complaints.
Very Low	Minor / Up to 0.5% increase in contribution rate or loss of minor opportunity.	None of the Fund's key objectives adversely impacted.	Little or no impact on service delivery.	Sporadic complaints, little impact outside the Council

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North Yorkshire Pension Fund

Risk Register: **November 2023 Review – detailed**

Next Review Due: **May 2024**

Report Date: **29th November 2023 (cpc)**

Phase 1 - Identification									
Ref.	RPF_2	Title	Pension Fund Solvency			Risk Owner	CD RES	Risk Manager	RES Head of Investments
Risk Description	Solvency deteriorates due to liability growth exceeding expectations and / or underperforming investment returns, inappropriate actuarial assumptions, adverse market conditions or legislative changes requiring a review of employer contributions, additional payments or extended recovery period					Risk Group	Financial	Linked Risk(s)	
Phase 2 - Current Assessment									
Current Control Measures									
Deficit recovery period; adopt prudent actuarial assumptions; all assumptions reviewed every 3 years; measure liabilities against investment returns on a quarterly basis; regular reports to PFC; high priority data quality actions have been completed; employer covenants completed as part of each triennial valuation and as required; DfE as guarantor of academies; continual programme of investment strategy reviews									
Current Probability	M	Current Impact	H	Current Risk Score	12	Current Risk Category	Medium High		
Phase 3 - Risk Mitigation Plan									
Reduction Action						Action Manager	Due Date and status	%	Date Completed
RR_RPF_3	Continue to monitor risk around unguaranteed funds					RES Senior Accountant (Pensions)	31-May-2024	 0%	
RR_RPF_4	Monitor the legislative environment for any impact on solvency and respond to consultations as and when appropriate					RES Senior Accountant (Pensions)	31-May-2024	 0%	
RR_RPF_5	Continue with implementation of changes to investments to bring them in line with the new investment strategy; no new actions identified from latest review					RES Head of Investments	31-May-2024	 0%	
RR_RPF_6	Work through transition plan and new operational model for the new pensions pool; developing the sub funds to allow further transfers; still progressing through the timetable					RES Head of Investments	31-May-2024	 0%	
RR_RPF_7	Ensure post pooling go live reporting and information is as required; as and when we move funds the reporting will be checked and monitored					RES Senior Accountant (Pensions)	31-May-2024	 0%	
Phase 4 - Target Risk Assessment									
Target Probability	M	Target Impact	H	Target Risk Score	12	Target Risk Category	Medium High		
Phase 5 - Fallback Plan									
Fallback Plan									
Increased contribution rate from employers and/or extend recovery period									

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North Yorkshire Pension Fund

Risk Register: **November 2023 Review – detailed**

Next Review Due: **May 2024**

Report Date: **29th November 2023 (cpc)**

Phase 1 - Identification										
Ref.	RPF_8	Title	Employer Contributions			Risk Owner	CD RES	Risk Manager	RES Head of Pensions Administration	
Risk Description	Failure to maintain sustainability and affordability of employer contributions and ensure those contributions are efficiently collected at the required times				Risk Group	Financial	Linked Risk(s)			
Phase 2 - Current Assessment										
Current Control Measures										
Ongoing consultation with Employers; manage the employer contributions through investment strategy; assumptions used in triennial valuation, cost sharing mechanism, funding strategy statement; Contribution Deferral Policy										
Current Probability	M	Current Impact	M	Current Risk Score	9	Current Risk Category		Medium		
Phase 3 - Risk Mitigation Plan										
Reduction Action					Action Manager		Due Date and status	%	Date Completed	
RR_RPF_32	Continue to review the employer contributions spreadsheet to seek to improve the chasing of late payments; new late fee solution being developed				RES Senior Accountant (Pensions)		31-May-2024		0%	
RR_RPF_33	Continue investigating the use of iConnect for monthly contribution collection has been investigated and solution proposal submitted (part of RR_RPF_32)				RES Head of Pensions Administration; RES Senior Accountant (Pensions)		31-May-2024		0%	
RR_RPF_34	Maximise investments / returns by implementation of the investment strategy				RES Senior Accountant (Pensions)		31-May-2024		0%	
RR_RPF_35	Enforce the penalty charging regime for late payment and late submissions; need to progress the late fee solution to enable this to be fully effective				RES Senior Accountant (Pensions)		31-May-2024		0%	
Phase 4 - Target Risk Assessment										
Target Probability	M	Target Impact	M	Target Risk Score	9	Target Risk Category		Medium		
Phase 5 - Fallback Plan										
Fallback Plan										
Increased contribution rate from employers and/or extend recovery period										







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North Yorkshire Pension Fund

Risk Register: **November 2023 Review – detailed**

Next Review Due: **May 2024**

Report Date: **29th November 2023 (cpc)**

Phase 1 - Identification							
Ref.	RPF_9	Title	Key Personnel	Risk Owner	CD RES	Risk Manager	RES Head of Investments; RES Head of Pensions Administration
Risk Description	Loss and unavailability of key personnel, leading to potential knowledge gaps and delays to provision of advice as new personnel take on key roles resulting in reduced performance and complaints.			Risk Group	Staffing	Linked Risk(s)	
Phase 2 - Current Assessment							
Current Control Measures							
Procedure notes; knowledge sharing; file management; deputies; co-operation between departments; pensions management meetings; comprehensive training matrix; PFC action notes; professional advisors; increase resources agreed in finance team; Joint Head of Pension Fund Investments appointed; Deputy Treasurer in place (AD RES);							
Current Probability	M	Current Impact	M	Current Risk Score	9	Current Risk Category	Medium
Phase 3 - Risk Mitigation Plan							
Reduction Action				Action Manager	Due Date and status	%	Date Completed
RR_RPF_36	Continue to ensure adequate finance capacity is available to support the Pension Fund;			RES Head of Pensions Administration; RES Senior Accountant (Pensions)	31-May-2024 	0%	
RR_RPF_37	Maintain resilience, particularly at Senior Accountant level, to meet current and anticipated future demands and complexity, looking to appoint to investment accountant			RES Head of Pensions Administration; RES Senior Accountant (Pensions)	30-Nov-2023 	100%	31-Oct-2023
RR_RPF_38	Carry out appropriate induction and ongoing training for new PFC and Pension Board members			RES Head of Investments; RES Head of Pensions Administration; RES Senior Accountant (Pensions)	31-May-2024 	0%	
RR_RPF_39	Ensure inclusion of key personnel with relevant external advisers or feedback from such meetings/telephone calls (on going)			RES Head of Pensions Administration; RES Senior Accountant (Pensions)	31-May-2024 	0%	
RR_RPF_60	Ongoing review and update of procedure notes; ensure these are maintained and remain relevant and up to date			RES Head of Pensions Administration; RES Senior Accountant (Pensions)	31-May-2024 	0%	
RR_RPF_61	Ensure succession planning is in place for key roles			RES Head of Pensions Administration; RES Senior Accountant (Pensions)	31-May-2024 	0%	
Phase 4 - Target Risk Assessment							
Target Probability	L	Target Impact	M	Target Risk Score	6	Target Risk Category	Medium
Phase 5 - Fallback Plan							
Fallback Plan							
Identify temporary cover arrangements plus additional resources where required							

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North Yorkshire Pension Fund

Risk Register: **November 2023 Review – detailed**

Next Review Due: **May 2024**

Report Date: **29th November 2023 (cpc)**

Phase 1 - Identification									
Ref.	RPF_3	Title	LGPS Pooling Transition		Risk Owner	CD RES	Risk Manager	RES Head of Investments	
Risk Description	Failure to transition effectively to new pooling arrangements (and consider the impact of proposed super-pooling arrangements) resulting in poorer value for money; lower investment returns; and inability to effectively execute investment strategy.				Risk Group	Change Mgt	Linked Risk(s)		
Phase 2 - Current Assessment									
Current Control Measures									
Pension Fund Committee involvement in key pooling decisions; NYPF officer involvement in pooling working groups; Periodic reporting of updates to the Pension Fund Committee; further detail behind the plans received; providing updates to the pension board on a quarterly basis around governance; legal advice on behalf on partner funds; pooling briefing provided to members; responded to consultation on super pooling (sep 23)									
Current Probability	M	Current Impact	M	Current Risk Score	9	Current Risk Category	Medium		
Phase 3 - Risk Mitigation Plan									
Reduction Action					Action Manager	Due Date and status	%	Date Completed	
RR_RPF_10	Ensure that as the sub-funds are set up that we can invest into and the process of transition is developed, NYPF have as much involvement as possible to shape this and ensure that it is suitable for our needs; continue to establish due diligence prior to fund transfer for each asset class				RES Senior Accountant (Pensions)	31-May-2024		0%	
RR_RPF_11	Continue to ensure that pooling transitions are made at optimum time to reduce exposure to market volatility and costs impact				RES Head of Investments	31-May-2024		0%	
RR_RPF_12	Ensure that PFC continue to be involved in key pooling decisions and informed of transition progress				RES Senior Accountant (Pensions)	31-May-2024		0%	
RR_RPF_59	Latest pooling consultation; DLUHC published its conclusions on the responses to the consultation in November 2023, statutory guidance is expected in 2024 which may lead to changes in some arrangements such as reporting.				RES Head of Investments	30-Nov-2023		100%	30-Sep-2023
RR_RPF_7	Ensure post pooling go live reporting and information is as required; as and when we move funds the reporting will be checked and monitored				RES Senior Accountant (Pensions)	31-May-2024		0%	
RR_RPF_8	Consultation with advisors on the implication of pooling and advice on setting up arrangements including sub funds; ongoing fund advice being sought				RES Senior Accountant (Pensions)	31-May-2024		0%	
RR_RPF_9	Ensure PFC, Pension Board and employers are kept up to date on pooling progress; pooling update on PFC agenda each quarter;				RES Senior Accountant (Pensions)	31-May-2024		0%	
Phase 4 - Target Risk Assessment									
Target Probability	L	Target Impact	L	Target Risk Score	4	Target Risk Category	Low		
Phase 5 - Fallback Plan									
Fallback Plan									
No current alternative to pooling									

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North Yorkshire Pension Fund

Risk Register: **November 2023 Review – detailed**

Next Review Due: **May 2024**

Report Date: **29th November 2023 (cpc)**

Phase 1 - Identification									
Ref.	RPF_4	Title	Investment Strategy (including Responsible Investment)			Risk Owner	CD RES	Risk Manager	RES Head of Investments
Risk Description	Failure of the investment strategy to achieve sufficient returns from investments whilst responding to cash flows needs and maintaining assurances that investments are made in an environmentally and socially responsible manner			Risk Group	Strategic	Linked Risk(s)			
Phase 2 - Current Assessment									
Current Control Measures									
Strategy reviewed through asset/liability modelling; risk budgeting; experience and knowledge of the market and suitable forms of investment; Member training; Independent Investment Adviser and Consultant reports; PFC workshops and sign off of strategy; regular monitoring of investment performance; impact of MiFID monitored; full review as part of the triennial review; Pool has a Responsible Investment Policy; NYPF strategy statement includes ethical investment policy; Cash Flow Policy; Responsible Investment Policy for NYPF									
Current Probability	L	Current Impact	H	Current Risk Score		8	Current Risk Category		Medium
Phase 3 - Risk Mitigation Plan									
Reduction Action					Action Manager	Due Date and status		%	Date Completed
RR_RPF_13	Work to the new UK stewardship code (Tier 1 signatory to the original code) to improve visibility of responsible investment arrangements; requires approval by the Financial Reporting Council				RES Head of Investments	31-May-2024		0%	
RR_RPF_14	Ongoing monitoring of cash flow position and three year forward projection reports provided to PFC quarterly				RES Senior Accountant (Pensions)	31-May-2024		0%	
RR_RPF_15	Continue to work to understand impact of alternative investment payment schedules and ensure these are considered in cash flow projections				RES Senior Accountant (Pensions)	31-May-2024		0%	
RR_RPF_16	Continual review of the investment strategy and implement the recommendations, including consideration of pooling arrangements				RES Senior Accountant (Pensions)	31-May-2024		0%	
RR_RPF_17	Quarterly monitoring of appropriateness of strategy against prevailing market conditions				RES Senior Accountant (Pensions)	31-May-2024		0%	
RR_RPF_18	Monitor the advisor and consultants reports and act on professional advice – ongoing given national and global issues				RES Senior Accountant (Pensions)	31-May-2024		0%	
RR_RPF_19	Increased focus on climate change: Climate Change Statement and Policy published on the website; carbon footprint reported to PFC periodically, and published on Border to Coast's website.				RES Head of Investments	31-May-2024		0%	
RR_RPF_5	Continue with implementation of changes to investments to bring them in line with the new investment strategy; no new actions identified from latest review				RES Head of Investments	31-May-2024		0%	
Phase 4 - Target Risk Assessment									
Target Probability	L	Target Impact	H	Target Risk Score		8	Target Risk Category		Medium
Phase 5 - Fallback Plan									
Fallback Plan									
Review the strategy and implement changes as necessary based on the forward assessment of financial markets; media management through NYC press office for any reputational incidents									

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North Yorkshire Pension Fund

Risk Register: **November 2023 Review – detailed**

Next Review Due: **May 2024**

Report Date: **29th November 2023 (cpc)**

Phase 1 - Identification								
Ref.	RPF_6	Title	Resources		Risk Owner	CD RES	Risk Manager	RES Head of Investments; RES Head of Pensions Administration
Risk Description	Insufficient staffing and system resources to adequately service the needs of the Fund resulting in delays, reduced performance and complaints			Risk Group	Staffing	Linked Risk(s)		
Phase 2 - Current Assessment								
Current Control Measures								
Pension Investment Manager in place; pension fund accountancy and administration teams are now fully staffed (Nov 23)								
Current Probability	H	Current Impact	L	Current Risk Score	8	Current Risk Category	Medium	
Phase 3 - Risk Mitigation Plan								
Reduction Action				Action Manager	Due Date and status		%	Date Completed
RR_RPF_26	Ensure effective development of, and knowledge transfer to, newly appointed staff			RES Head of Pensions Administration; RES Senior Accountant (Pensions)	31-May-2024		0%	
RR_RPF_27	Continue to ensure adequate finance capacity is available to support the Pension Fund; some progress made; agency accountant being used prior to permanent appointment of investment accountant position; Business Support have appointed new member of staff			RES Head of Pensions Administration; RES Senior Accountant (Pensions)	30-Sep-2023		100%	31-Oct-2023
RR_RPF_28	Continue to monitor workload demands to ensure effective resource allocation			RES Head of Pensions Administration; RES Senior Accountant (Pensions)	31-May-2024		0%	
RR_RPF_29	Commission third party to undertake the data gathering required for the McCloud Remedy work; supplier commissioned and data gathering is in progress; data gathering finished, data validation exercise completed, test data load complete, work to complete to correct errors; complete additional work identified from test data load and run bulk calculations and update member records			RES Head of Pensions Administration	31-Aug-2024		30%	
RR_RPF_30	Ensure we provide reassurance and robust comms around impact of LGR to mitigate against possible loss of experienced staff			RES Head of Pensions Administration; RES Senior Accountant (Pensions)	31-May-2023		100%	31-Mar-2023
RR_RPF_31	Understand the continued impact of LGR on BAU;			RES Head of Pensions Administration; RES Senior Accountant (Pensions)	31-May-2024		0%	
RR_RPF_63	Issue required disclosure communications for McCloud			RES Head of Pensions Administration	31-Dec-2023		0%	
Phase 4 - Target Risk Assessment								
Target Probability	M	Target Impact	L	Target Risk Score	6	Target Risk Category	Medium	
Phase 5 - Fallback Plan								
Fallback Plan								
Obtain assistance from 3rd party administration provider. Escalate finance issues through the management structure								

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North Yorkshire Pension Fund

Risk Register: **November 2023 Review – detailed**
Next Review Due: **May 2024**
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North Yorkshire Pension Fund

Risk Register: **November 2023 Review – detailed**

Next Review Due: **May 2024**

Report Date: **29th November 2023 (cpc)**

Phase 1 - Identification									
Ref.	RPF_12	Title	Investment Manager		Risk Owner	CD RES	Risk Manager	RES Head of Investments	
Risk Description	Failure of a pension fund investment manager (incl BCPP) to meet adequate performance levels resulting in reduced financial returns, re-tendering exercise				Risk Group	Performance	Linked Risk(s)		
Phase 2 - Current Assessment									
Current Control Measures									
Qrtly review of investment mgr targets; std terms and conds re termination of contract; ext advisers monitor mgrs perf; qrtly repts to Pension Fund Comm; benchmarking against other approp comparators; investment strategy review; risk budgeting exercise via Aon; reporting by Custodian; fund mgr attend at PFC; Member training; best practice procurement process; diversified portfolio of investments;									
Current Probability	L	Current Impact	M	Current Risk Score	6	Current Risk Category	Medium		
Phase 3 - Risk Mitigation Plan									
Reduction Action					Action Manager	Due Date and status		%	Date Completed
RR_RPF_48	Closer monitoring of the managers where NYPF only funds are being reduced / removed.				RES Senior Accountant (Pensions)	31-May-2024		0%	
RR_RPF_49	Continue to monitor and report on investment returns on a regular basis				RES Senior Accountant (Pensions)	31-May-2024		0%	
RR_RPF_50	Continue to meet/report to PFC by Fund Managers and assess critical analysis by advisers				RES Senior Accountant (Pensions)	31-May-2024		0%	
RR_RPF_51	When pool options are unavailable, carry out a tender exercise and use best practice procurement process to ensure positive outcome re new investment manager(s)				RES Senior Accountant (Pensions)	31-May-2024		0%	
RR_RPF_7	Ensure post pooling go live reporting and information is as required; as and when we move funds the reporting will be checked and monitored				RES Senior Accountant (Pensions)	31-May-2024		0%	
Phase 4 - Target Risk Assessment									
Target Probability	L	Target Impact	M	Target Risk Score	6	Target Risk Category	Medium		
Phase 5 - Fallback Plan									
Fallback Plan									
Change Fund Manager and redistribute funds, potentially transfer to temporary passive Fund Manager									

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North Yorkshire Pension Fund

Risk Register: **November 2023 Review – detailed**

Next Review Due: **May 2024**

Report Date: **29th November 2023 (cpc)**

Phase 1 - Identification									
Ref.	RPF_14	Title	IT Systems		Risk Owner	CD RES	Risk Manager	RES Head of Pensions Administration	
Risk Description	Failure of the physical or digital security of the Pension IT system leaving it vulnerable to downtime or cyber-crime attack (includes other IT systems on which pensions rely if affected for more than 2 days or at a critical time) resulting in financial loss, backlog, incorrect payments, increased overtime, criticism				Risk Group	Technological	Linked Risk(s)		
Phase 2 - Current Assessment									
Current Control Measures									
Manual payments; DR plan and tested; contracts for server maintenance; backups off site; major external providers have DR plans; manual calculation procedures, administration manuals, annual financial check, contingency plan in place, modern council; modern council working to aid resilience, mandatory training, tech and change security policies in place.									
Current Probability	L	Current Impact	M	Current Risk Score	6	Current Risk Category	Medium		
Phase 3 - Risk Mitigation Plan									
Reduction Action					Action Manager	Due Date and status		%	Date Completed
RR_RPF_53	Ensure is up to date and that key messages on threats etc are distributed and discussed				RES Head of Pensions Administration	31-May-2024		0%	
RR_RPF_54	Ensure that contingency planning arrangements are regularly reviewed and updates logged on the corporate system; has been raised with Tech – Cyber contact				RES Head of Pensions Administration	31-May-2024		0%	
RR_RPF_55	Sense check any IT recovery assumptions with Technology				RES Head of Pensions Administration	31-May-2024		0%	
Phase 4 - Target Risk Assessment									
Target Probability	L	Target Impact	M	Target Risk Score	6	Target Risk Category	Medium		
Phase 5 - Fallback Plan									
Fallback Plan									
Recourse to manual calculations and payments, Liaise with software provider to restore system, find alternative supplier									

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North Yorkshire Pension Fund

Risk Register: **November 2023 Review – detailed**

Next Review Due: **May 2024**

Report Date: **29th November 2023 (cpc)**

Phase 1 - Identification										
Ref.	RPF_10	Title	Benefit Payments		Risk Owner	CD RES	Risk Manager	RES Head of Pensions Administration		
Risk Description	Incorrect/late benefits and payments to members resulting in criticism, customer dissatisfaction, under/over payments				Risk Group	Performance	Linked Risk(s)			
Phase 2 - Current Assessment										
Current Control Measures										
Up to date procedures and procedural checking; pension software up to date; workflow system; authorisation procedures; pro formas; staff training; audit trail; internal and external audits; Pensions Administration Strategy; Manuals available for calculation procedure; action plan for clean data requirements; use of task checklists; ESS; payment timetable flowchart; new system process mapping completed										
Current Probability	L	Current Impact	L	Current Risk Score	4	Current Risk Category	Low			
Phase 3 - Risk Mitigation Plan										
Reduction Action					Action Manager		Due Date and status		%	Date Completed
RR_RPF_40	Roll out the monthly online returns				RES Head of Pensions Administration		31-May-2024		90%	
RR_RPF_41	Ensure completion of LGR work package to enable correct benefit payments to be made				RES Head of Pensions Administration		30-Nov-2023		100%	30-Jun-2023
RR_RPF_42	Maintain an open dialogue with employers, with particular regard to customer expectations; supported by the employer relationship role created in the team				RES Head of Pensions Administration		31-May-2024		0%	
RR_RPF_43	Regular liaison with ESS regarding operational arrangements; ongoing via employer relationship role				RES Head of Pensions Administration		31-May-2024		0%	
RR_RPF_44	Continue to manage the level of outstanding work; targeting a 3 week backlog				RES Head of Pensions Administration		31-May-2024		0%	
Phase 4 - Target Risk Assessment										
Target Probability	L	Target Impact	L	Target Risk Score	4	Target Risk Category	Low			
Phase 5 - Fallback Plan										
Fallback Plan										
Correct errors and review and amend existing procedures										

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North Yorkshire Pension Fund

Risk Register: **November 2023 Review – detailed**

Next Review Due: **May 2024**

Report Date: **29th November 2023 (cpc)**

Phase 1 - Identification									
Ref.	RPF_11	Title	Regulations and Legislation		Risk Owner	CD RES	Risk Manager	RES Head of Pensions Administration	
Risk Description	LGPS Regulations and Employer Related Legislation not interpreted and implemented correctly resulting in legal challenge			Risk Group	Legislative	Linked Risk(s)			
Phase 2 - Current Assessment									
Current Control Measures									
Specialist knowledge; designated members of staff; regular updates & comms with CLG; LGPC; Actuarial advice; Employers Forums; NEPOF; section training by specialist staff; specialist software; advice on calculations interpretations; investment mgt agreement; awareness of overriding legislation; broadening of knowledge across MT; LGE advice; nat. technical pension group provide advice; Trustees knowledge and understanding toolkit; training feedback received in order to continually strengthen understanding; GDPR advice and training sessions; mandatory GDPR training for asset owners; impact of MiFID monitored									
Current Probability	L	Current Impact	L	Current Risk Score	4	Current Risk Category	Low		
Phase 3 - Risk Mitigation Plan									
Reduction Action					Action Manager	Due Date and status		%	Date Completed
RR_RPF_36	Continue to ensure adequate finance capacity is available to support the Pension Fund;				RES Head of Pensions Administration; RES Senior Accountant (Pensions)	31-May-2024		0%	
RR_RPF_45	Implementation of staff training programme training schedule created				RES Head of Pensions Administration	31-May-2024		0%	
RR_RPF_46	Complete preparation for participation in the Pensions Dashboard; currently on hold with DWP				RES Head of Pensions Administration	31-May-2024		0%	
RR_RPF_47	Continue to promote cross skilling within the section to improve resilience;				RES Head of Pensions Administration	31-May-2024		0%	
RR_RPF_59	Latest pooling consultation; DLUHC published its conclusions on the responses to the consultation in November 2023, statutory guidance is expected in 2024 which may lead to changes in some arrangements such as reporting.				RES Head of Investments	30-Nov-2023		100%	30-Sep-2023
Phase 4 - Target Risk Assessment									
Target Probability	L	Target Impact	L	Target Risk Score	4	Target Risk Category	Low		
Phase 5 - Fallback Plan									
Fallback Plan									
Review existing interpretations, take legal advice and amend procedures as required									

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North Yorkshire Pension Fund

Risk Register: **November 2023 Review – detailed**

Next Review Due: **May 2024**





Report Date: **29th November 2023 (cpc)**

Phase 1 - Identification										
Ref.	RPF_5	Title	Fraud		Risk Owner	CD RES	Risk Manager	RES Head of Investments; RES Head of Pensions Administration		
Risk Description	Internal and/or external fraud as a result of inappropriate pension administration, investment activity and cash reconciliation results in financial loss, loss of reputation				Risk Group	Financial	Linked Risk(s)			
Phase 2 - Current Assessment										
Current Control Measures										
Internal and external Audit; internal checking and authorisation procedures and levels in both pension section and finance; split between administration and finance; all third parties have regular audits and regulated by FCA; legally binding contracts in place; governance arrangements for the delegation of duties; use of BACS payments; monthly mortality monitoring; participate in National Fraud Initiative										
Current Probability	VL	Current Impact	H	Current Risk Score	4	Current Risk Category	Low			
Phase 3 - Risk Mitigation Plan										
Reduction Action					Action Manager		Due Date and status		%	Date Completed
RR_RPF_20	Veritau get the output from National Fraud Initiative and pursue any cases of concern for fraud				RES Senior Accountant (Pensions)		31-May-2024		0%	
RR_RPF_21	Increase awareness within the teams of potential for pension scams including cash equivalent transfers,				RES Head of Pensions Administration; RES Senior Accountant (Pensions)		31-May-2024		0%	
RR_RPF_22	Continually review processes and procedures including authorisation levels;				RES Head of Pensions Administration; RES Senior Accountant (Pensions)		31-May-2024		0%	
RR_RPF_23	Ongoing internal audit assessment				RES Head of Pensions Administration; RES Senior Accountant (Pensions)		31-May-2024		0%	
RR_RPF_24	Annual independent external audit of pension fund (separate from NYC) and carry out appropriate recommendations; initial report produced				RES Head of Pensions Administration; RES Senior Accountant (Pensions)		31-May-2024		0%	
RR_RPF_25	Continue to review external manager audit and risk reports				RES Senior Accountant (Pensions)		31-May-2024		0%	
RR_RPF_62	Continue to carry out a mortality screen across pensioner population				RES Head of Pensions Administration		31-May-2024		0%	
Phase 4 - Target Risk Assessment										
Target Probability	VL	Target Impact	H	Target Risk Score	4	Target Risk Category	Low			
Phase 5 - Fallback Plan										
Fallback Plan										
Review incident and update procedures/processes accordingly										

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North Yorkshire Pension Fund

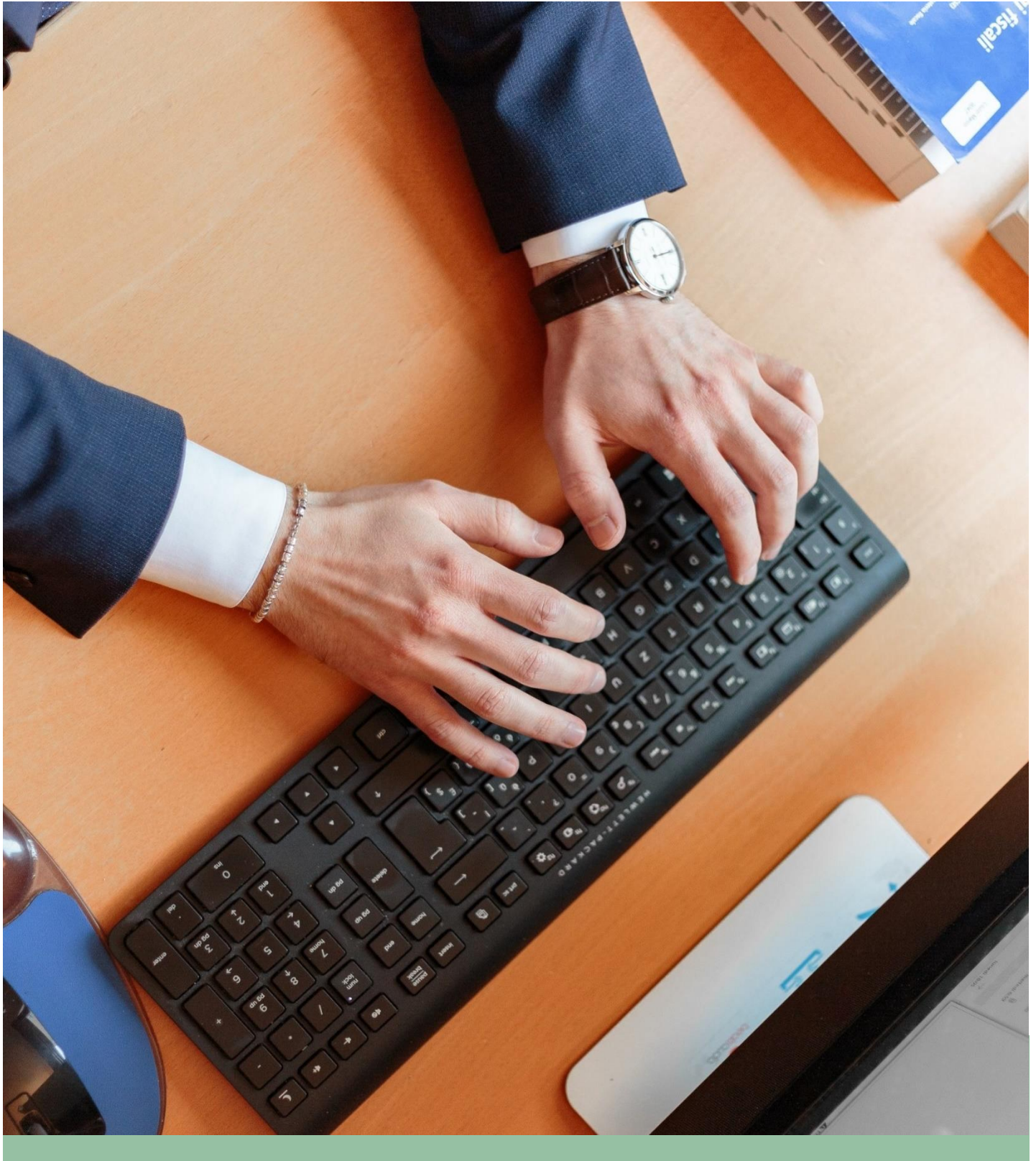
Risk Register: **November 2023 Review – detailed**
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Risk Reduction Action Status Key	
Symbol	Meaning
	The risk reduction action is overdue for completion or review.
	The risk reduction action is approaching its expected completion or review date.
	The risk reduction action is on target.
	The risk reduction action has been completed.

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INTERNAL AUDIT WORK PROGRAMME 2023/24

Date: 11 January 2024



INTRODUCTION

- 1 This document sets out the proposed 2023/24 programme of work for internal audit, provided by Veritau for the North Yorkshire Pension Fund.
- 2 The work of internal audit in the public sector is governed by the Public Sector Internal Audit Standards. In accordance with those standards the programme of work has been prepared on the basis of a risk assessment, which will help to ensure limited audit resources are prioritised towards those areas considered to be the most risky and/or which contribute the most to the achievement of the Fund's priorities and objectives.
- 3 The identification of risks has been informed in a number of ways including the review of key risk management and other organisational governance information, the results of recent audit work, and discussion of risks and priorities with key officers, as well as members of this committee at the October 2023 meeting.
- 4 In order to best meet internal audit professional standards, internal audit should also adopt flexible planning processes. Work should be reviewed and adjusted in response to changes in the business, risks, operations, programmes, systems and internal controls. Therefore it might be some aspects of the work we complete during the year will differ to that included in this programme of work.

2023/24 INTERNAL AUDIT WORK

- 5 Further detail on the current priorities and focus for internal audit coverage for 2023/24 is provided in appendix A.
- 6 We will regularly consult with officers on the priority, scope and timing of work to help ensure we provide assurance in the right areas at the right time. The objectives and scope for each audit will be agreed with the relevant senior officer prior to detailed fieldwork starting.
- 7 We will also provide updates on the progress and findings of the work to this committee during 2024.

APPENDIX A: PROPOSED PLAN FOR 2023/24

Area	Scope of work
Expenditure	To review key controls in respect of the pensions payments made directly from the Altair system. Work will include a review of the processes and payments for spouses, children and death grants.
Income	<p>To review the processes and controls on contribution income including those ensuring:</p> <ul style="list-style-type: none"> • accurate and timely payment of employers' contributions and the provision of relevant supporting information, • prompt dealing with communications received via the pensions in-box, and • further effective roll out of the i-Connect system.
Investments	<p>To review key controls to ensure investments are made and authorised in line with expectations.</p> <p>The audit work will include a review of processes following recent changes to roles and responsibilities, including when cash is reallocated, and other actions linked to investing which are required to be completed.</p>
Procedures and resilience	<p>To review the extent to which documented and effective procedure notes for all key pension tasks exist. The work will also consider:</p> <ul style="list-style-type: none"> • the extent to which notes/arrangements provide resilience to help safeguard against any unexpected issues (e.g. staff/knowledge absence) • the progress made in managing and delivering the risk reduction actions in respect of the Key Personnel (RPF9) and resources (RPF6) risks on the risk register.
Liaison, Advice and support	To share knowledge, discuss risks, define and plan work, and provide advice and support.
Committee related	Committee report preparation and attendance.

NORTH YORKSHIRE COUNCIL

PENSION BOARD

11 JANUARY 2024

BUDGET AND CASH FLOW REPORT

Report of the Treasurer

1.0 PURPOSE OF REPORT

- 1.1 To provide Pension Board members with an update on the Pension Fund's
- (a) 2023-24 budget and costs of running the Fund
 - (b) four-year cash flow forecast

2.0 PENSION FUND BUDGET AND CASH FLOW

- 2.1 Each quarter a report is taken to the Pension Fund Committee (PFC) to update Members on the current and forecast income and expenditure position against the budget, and the latest cash flow forecast.
- 2.2 The cash flow forecast gives an indication of the expected position for the Fund for the next few years and is based on latest assumptions on inflation, transfers, investment asset values and other issues.
- 2.3 The report taken to the November PFC meeting is attached as **Appendix 1** for Board members to consider.

3.0 RECOMMENDATIONS

- 3.1 Pension Board members to note the content of this report.

GARY FIELDING
Treasurer to North Yorkshire Pension Fund
22 December 2023

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NORTH YORKSHIRE COUNCIL

PENSION FUND COMMITTEE

24 NOVEMBER 2023

BUDGET AND CASHFLOW

Report of the Treasurer

1.0 PURPOSE OF THE REPORT

1.1 To report on the following:

- (a) the 2023/24 budget and the cost of running the Fund (see section 2)
- (b) the 4 year cashflow projection for the Fund (see section 3)

2.0 2023/24 BUDGET AND THE COST OF RUNNING THE FUND

- 2.1 The forecast position against the 2023/24 budget as at the end of September 2023 is presented in **Appendix 1**. It shows an estimated total running cost of £36.2m for the Fund against a budget of £36.1m. The forecast underspend is therefore £0.1m.
- 2.2 There is a £65k forecast variance due to the number of vacancies in the Pensions Administration team being lower than expected. There is also expected to be a variance in Consultant Fees incurred, currently forecast at £70k, primarily due to the ongoing review of the equities allocation. There will inevitably be a number of other variances at the year-end but at this stage they are not expected to be significant, however this position will be kept under review and any anticipated variances will be reported to committee as they emerge.

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. Contribution income and benefits payable are the main inflows and outflows of the Fund, so essentially determine when the Fund will turn cash flow negative as it gradually matures.
- 3.2 The forecast for pension benefits payments is based on assumptions on annual increases in pensioner numbers and inflation. Annual Increase in pensioner numbers is currently expected to be around 3% based on historic trends and the latest figures. With regards to inflation, CPI in September 2023 of 6.7% will be used to uplift benefit payments from April 2024. This was a little higher than the previous estimate of 6%. Inflation and other assumptions will continue to be reviewed and updated regularly to reflect any new information that becomes available. 2.7% has been assumed for

September 2024 and September 2025. The long-term assumption in the Funding Strategy Statement, for comparison, is 2.3% per annum.

- 3.3 The forecast contribution income is based on the employers' new contribution rates as determined by the 2022 Triennial Valuation. The pay on which these rates are based factors in an increase of £1,925 per employee in 2023/24. Negotiations on the increase have now been concluded and this increase has been accepted. Future year contributions have been increased in line with the forecast included in the Council's budget.
- 3.4 The overall cash flow position is expected to be a Scheme deficit in 2023/24. Increasing deficits are projected from 2024/25, where an equivalent amount of income from investments will be required to address this. As previously reported to the Committee, it is a natural development for a pension fund to become cashflow negative, due to factors such as increasing life expectancy.
- 3.5 The cash flow forecast shows the movements relating to the Fund's investments. The first port of call in covering any deficit 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. Options to increase receivable income through Border to Coast continue to be explored.

5.0 **RECOMMENDATIONS**

- 5.1 Members to note the contents of the report.

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

14 November 2023

North Yorkshire Pension Fund - 2023/24 Budget - Cost of Running the Pension Fund

	Budget 2023/24 £k	Forecast 2023/24 at Q2 £k	Variance £k
EXPENDITURE			
Admin Expenses			
Finance and Central Services	470	470	-
Provision of Pensioner Payroll (ESS)	80	80	-
Pensions Administration Team	1,460	1,525	65
McCloud	50	50	-
Other Admin Expenses	620	620	-
Total Admin Expenses	2,680	2,745	65
Oversight and Governance			
Actuarial Fees	60	60	-
Custodian Fees	70	70	-
Consultants Fees	150	220	70
Pooling Operational Charge and Project Costs	550	550	-
Other O & G Expenses	100	100	-
Total Oversight and Governance	930	1,000	70
Investment Fees			
Performance Fees	2,660	2,660	-
Investment Base Fees	29,800	29,800	-
Total Investment Fees	32,460	32,460	-
TOTAL	36,070	36,205	135

North Yorkshire Pension Fund - Cash Flow

	2023/24 £k	2024/25 £k	2025/26 £k	2026/27 £k
SCHEME PAYMENTS				
Benefits				
Pensions	(122,000)	(134,000)	(142,000)	(150,000)
Lump Sums	(30,000)	(31,000)	(32,000)	(33,000)
	(152,000)	(165,000)	(174,000)	(183,000)
Transfers out	(19,900)	(20,200)	(20,500)	(20,800)
Refunds to leavers	(800)	(900)	(1,000)	(1,100)
	(20,700)	(21,100)	(21,500)	(21,900)
Operational Expenses				
Admin Expenses	(2,700)	(2,900)	(3,000)	(3,100)
Oversight and Governance	(1,000)	(1,100)	(1,100)	(1,100)
	(3,700)	(4,000)	(4,100)	(4,200)
TOTAL PAYMENTS	(176,400)	(190,100)	(199,600)	(209,100)
SCHEME RECEIPTS				
Employer and Employee Contributions	141,000	149,000	153,000	156,000
Transfers in	20,300	20,600	20,900	21,200
TOTAL RECEIPTS	161,300	169,600	173,900	177,200
SCHEME SURPLUS/ (DEFICIT)	(15,100)	(20,500)	(25,700)	(31,900)
CASH FLOW FROM INVESTMENT ACTIVITIES	1,200	20,500	25,700	31,900
SURPLUS/ (DEFICIT) AFTER INVESTMENT ACTIVITIES	(13,900)	0	0	0

North Yorkshire Council

Pension Board

11 January 2024

Training

1.0 Purpose of the Report

To provide an update on Pension Board member training.

2.0 Background

The Training Policy was adopted by the Pension Board at its inaugural meeting in July 2015. This set out the knowledge and understanding requirements of members of the Pension Board, routes to obtaining training, and training review arrangements.

It states that the suitability of training events and activities should be based on a self-assessment carried out by each Pension Board member. The regulations place the responsibility for making this assessment, and subsequent action to ensure Pension Board members have an appropriate level of knowledge and understanding, on the individual members. In addition, the Pensions Regulator requires that Pension Board members invest time in learning and development.

3.0 Training Activity

Further to a discussion undertaken at the April 2021 meeting of the Pension Board Members were requested to identify issues relevant to the Pension Board that could be the subject of future training sessions. It was also agreed that, where possible, some training events were provided immediately prior to the commencement of scheduled meetings of the Board. The following issues have been identified by Board Members, further to that discussion:-

- McCloud
- Goodwin
- Administering Authority discretions
- Risk Register and risk management
- GMP
- Investment classes
- Pooling and BCPP
- Valuation of assets by Actuary

Following discussions related to the development of training at both the Board and Pension Fund Committee, the provision of a package of online training sessions has been obtained from a third party provider, with Hymans Robertson. A number of issues highlighted above as issues that may require further consideration for training purposes, are addressed in this on-line package. Module 6 is continually updated and, therefore, should be repeated by Members at regular intervals to ensure the most up to date information and issues are being taken account of. A Version 2 of the package, similar to Version 1 but with updates, is now in place and Members will be given advice as to how to access this.

Members are encouraged to take part in these sessions which are detailed below:-

1: Introduction to the LGPS

Stakeholders; local arrangements for committees, boards officers and advisers; regulatory framework.

2: Governance and oversight

Legislation and guidance; policy documents; roles and responsibilities of committees and board members; Code of Practice 14; pensions administration overview; Government oversight bodies; business plans.

3: Administration and fund management

Pension benefits and contributions; service delivery; administration and communication strategies and policy documents and processes; annual report and accounts; procurements.

4: Funding and actuarial matters

Role of the actuary; the funding strategy; valuations; employer issues; actuarial assumptions.

5: Investments

Investment strategy, asset class characteristics and investment markets; pooling investments; monitoring performance of investments and advisers; responsible investment.

6: Current issues

LGPS reform; McCloud; Goodwin; cost sharing.

Details of training events attended and activities undertaken by Pension Board members are contained in a report that is now published on-line with the documents, but is no longer circulated with the papers. COVID 19 had prevented a number of training events and conferences from taking place, however, training activities had continued to take place via virtual platforms, and Members were encouraged to utilise these, although face-to-face training events are becoming the norm again. Board members are asked to review the training record and advise officers if updates are required.

Pension Board members may wish to discuss the merits of recently undertaken training activity and, where appropriate, the pros and cons, to inform other Board members of its usefulness.

It is recognised that Members of the Board have constraints on their time and may have difficulty in undertaking the necessary training in view of this. Members agreed, therefore, that Board meetings should allow time for Members to undertake training, either individually or collectively.

4.0 Recommendations

- (i) That Members provide an update regarding any Pensions Regulator modules they wish to complete and note the availability and details of the Hymans Robertson online training package;
- (ii) That Members provide details of any training they wish to be included on their training record:

(iii) That Members provide details of any issues relevant to the Pension Board, that could be the subject of future training sessions and note those highlighted in the report.

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

January 2024

Background Documents: Pensions Regulator on-line training modules
Hymans Online Learning platform

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North Yorkshire Council

Pension Board

11 January 2024

Work Programme

1.0 Purpose of the Report

To detail the areas of planned work by the Pension Board

2.0 Future Activity

Previous reports to the Board have set out a number of areas that could be identified as potential priority areas of work for Board Members to provide scoping reports to subsequent meetings. At previous meetings it was suggested that consideration be given as to how to progress project work more effectively before undertaking any further projects. Further consideration will be given to this matter, going forward. It was agreed that project work would not be undertaken for at least another year at the January 2022 meeting, given the current workload within the NYPF.

Resources would need to be available, via relevant Officers, to assist Board Members with their approach to the development of projects subsequently identified.

3.0 Meeting Dates

2023/24 – Thursday at 10am

4th April 2024

2024/25 – all Thursday at 10am

4th July 2024

24th October 2024

9th January 2025

3rd April 2025

4.0 Recommendations

That members:

- i) Review and agree any updates to the Work Plan (as set out in Appendix 1);
- ii) Note the dates of ordinary meetings for 2023/24 and 2024/25, as detailed.

Barry Khan
Assistant Chief Executive (Legal and Democratic Services)
County Hall
Northallerton
Background Papers - None

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PENSION BOARD WORK PLAN

APPENDIX 1

		04-Apr-24	04-July-24	24-Oct-24	9-Jan-25	03-Apr-25
1	Agree plan for the year				✓	
2	Review Terms of Reference				✓	
3	Review performance against the plan	✓	✓	✓	✓	✓
4	Report to the PFC / NYCC – Minutes and Chair's feedback/Annual Report	✓	✓	✓	✓	✓
5	Report to Scheme Advisory Board / MHCLG – via Annual Report		✓	✓		

Compliance checks

6	Review such documentation as is required by the Regulations	✓	✓			✓
7	Review the outcome of internal audit reports	✓	✓	✓	✓	✓
8	Review the outcome of external audit reports				✓	
9	Review Pension Board Annual Report		✓			
10	Review the compliance of particular issues on request of the PFC – as required					
11	Review the process and note the outcome of actuarial reporting and valuations – every three years					

Administration procedures, performance and Communication

12	*Review and assist with admin/governance procedures/processes-including monitoring performance admin/governance and employers	✓	✓	✓	✓	✓
13	Annual review of the Internal Dispute Resolution Process, Policy and cases		✓			
14	Annual review of cases referred to the Pensions Ombudsman		✓			
15	*Review the exercise of employer and administering authority discretions		✓			
16	Assist with the development of improved customer services					
17	Review the risk register and management of risk processes and procedure		✓		✓	
18	*Assist in assessing process improvements on request of PFC					
19	Pooling – governance, reporting and transparency	✓	✓	✓	✓	✓
20	*Review scheme member and employer communications					

Training

21	Review Pension Board knowledge and skills self-assessment	✓	✓		✓	✓
22	Review training log	✓	✓	✓	✓	✓
23	Review training arrangements for the Board and other groups	✓	✓	✓	✓	✓

***Project Work – to be undertaken by individual Members – dependent upon available time and resources – based on relevant issues within the Work Programme**

