



North Yorkshire Council
Resources
County Hall
Northallerton
North Yorkshire

Ministry of Housing, Communities and Local Government
2 Marsham Street
London
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By email: lgpensions@levellingup.gov.uk

14 July 2024

Dear Minister

This letter responds to the issues raised in the previous Minister's letter of 15th May 2024, titled *Efficiencies in Local Government and the Management of the Local Government Pension Scheme*.

Introduction

North Yorkshire Council is the administering authority of the North Yorkshire Pension Fund. As of 31 March 2024, the Fund had assets of around £4.6 billion, with 100,000 members and 130 contributing employers. The Council is one of 11 partner funds that make up the Border to Coast Pensions Partnership pooling arrangement.

We believe that the Border to Coast pool is an example of best practice in partnership working. It has required commitment and dedication from across our partnership to achieve this. We also recognise this in an ongoing journey. Indeed, this year we refreshed our partnership principles which guide how we work together, reflecting our approach to continuous improvement.

Pooling progress

As of 31st March 2024, 75% of the Fund's assets had been pooled with Border to Coast. The majority of investments which have not been pooled are in assets classes where Border to Coast does not yet have an equivalent investment vehicle. A minority is invested in legacy private market holdings, which will be gradually recycled into Border to Coast over the next few years.

Governance

The pool's governance arrangements reflect the best practice model identified in the Government's 2023 consultation. They are periodically reviewed, with Border to Coast and the partner funds working together on this.

We are currently undergoing a review of the Fund's governance arrangements and the extent to which they meet the principles of the new General Code of Practice. The evidence so far is very positive. A further review will take place once the Government has concluded the long-awaited Good Governance

Review, following recommendations having been made by the Scheme Advisory Board several years ago.

Advice

It is recognised that the success of an investment strategy is primarily attributed to asset allocation. Pooling investments allows the Fund to concentrate on this, while utilising Border to Coast to deliver through implementation of the strategy. It is essential that the Fund retains responsibility for the strategy, asset allocation and oversight of Border to Coast, which inevitably carries a cost. The Fund spends approximately £180,000 each year on external advice to support this work. This is 0.004% of the value of the Fund's investments.

Border to Coast is looking to develop the capacity to advise on and support the development of investment strategies, which is something we are supportive of, with appropriate safeguards to manage any potential conflict of interest.

Mergers

We continue to be open to working collaboratively with other LGPS funds to deliver efficiencies, both as part of our Border to Coast partnership and in separate arrangements. Mergers between pools or funds may provide cost benefits, however further consolidation early in the investment pooling journey has the potential to damage some of these developing arrangements.

Yours sincerely

Gary Fielding
S151 Officer and Corporate Director, Resources