

North Yorkshire Council

Pension Fund Committee

Minutes of the meeting held on Friday, 23 May 2025 commencing at 10.00 am.

Councillors Angus Thompson (Chair), Mark Crane, Sam Gibbs, George Jabbour, Mike Jordan, Cliff Lunn, Heather Moorhouse (as substitute for Peter Wilkinson), David Noland and Neil Swannick.

John Fletcher - UNISON

In attendance: Kenneth Ettles (Senior Consultant Aon), Nick Conroy (Aon) and Leslie Robb (Independent Investments Adviser).

Officers present: Tom Morrison (Head of Investments), Gary Fielding (Treasurer to the Pension Fund), Phillippa Cockerill (Head of Pensions Administration), Jo Foster-Wade (Pension Employer Relationship Manager), Steve Loach (Democratic Services).

Apologies: Councillors Peter Kilbane (City of York Council), Dan Sladden and Peter Wilkinson. David Portlock (Chair of the Pension Board)

The Chair introduced John Fletcher (UNISON) to the Committee as this was his first meeting since his appointment

Copies of all documents considered are in the Minute Book

100. Exclusion of Public and Press

Resolved –

That the public and press be excluded from the meeting during consideration of item 3(b) – Confidential Minutes, Item 7(b) - Investment Pooling and Governance Arrangements - Appendices and Item 10 – Equities Allocation Review, on the grounds that these include 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

101(a). Minutes of the Meeting held on 28 February 2025

Resolved -

That the Minutes of the meeting held on 28 February 2025 were confirmed and were signed by the Chair as a correct record.

101(b). Confidential Minutes of the Meeting held on 28 February 2025

There was no discussion of a confidential nature in relation to the minutes.

Resolved -

That the Confidential Minutes of the meeting held on 28 February 2025 were confirmed and were signed by the Chair as a correct record.

102. Declarations of Interest

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.

The following Members declared a non-registerable interest in respect of them being in receipt of a pension from the North Yorkshire Pension Fund (NYPF):

- Councillor Cliff Lunn and John Fletcher (UNISON)

Councillor Mike Jordan declared that he was in receipt of a pension from AON.

103. Public Questions or Statements

There were no public questions or statements.

104. Pensions Administration - Report of the Treasurer

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 (ABS) 2025

Breaches Policy & Log

Business Plan Update
Issues and Initiatives

Ongoing projects:-

i-Connect (employer portal) rollout
McCloud
Pensions dashboard
New The Pensions Regulator's (TPR) General Code of Practice
Budget and cashflow forecast

Member Training

Meeting Timetable

The Head of Pensions Administration introduced the report and the following issues were highlighted:-

- The Administration service continued to be busy, but have managed to end the last scheme year with a three week work in progress position.
- There had been six commendations and four complaints during the quarter.
- Work had commenced on the 2025 Annual Benefit Statements (ABS) which are required to accommodate the McCloud information and templates were being altered accordingly. Basic information had been received from the Local Government Association (LGA) in terms of the information on McCloud that needed to be included. Good progress was being made in terms of the year end data collection with only six employers still to submit data. The roll out of i-Connect had assisted this process.
- There had been no new breaches of law during the quarter.
- The roll out of i-Connect had been temporarily paused until the data for the ABS had been verified and the triennial valuation had been undertaken. There were eight employers still to onboard and this would be completed later in the year. Any new employer coming into the Fund was automatically onboarded onto i-Connect.
- McCloud information will need to be included in the 2025 ABS as a statutory requirement and the Fund is on track to achieve this requirement. The deadline to have the remedy work completed by is 31 August 2025. This is not achievable as work is yet to start on rectifying those records already in payment.
- Good progress was being made on the development of the Pensions Dashboard. The deadline for Local Government Pension Scheme (LGPS) Funds to connect to the Dashboard is October 2025. The NYPF are well ahead of that date having connected to the dashboard ecosystem by 31 May. There has been no Dashboard go live date announced yet, but it isn't expected to be before 2026.
- The new Pension Regulator's (TPR) General Code of Practice was being included within the review of the Governance documents currently being undertaken. These would be provided to Members to review at the June meeting of the Committee.
- There had been little change to the budget and cashflow positions from the previous update, therefore, no report had been provided.
- Details of the national knowledge assessment recently undertaken by Members were provided and it was noted that the results generally were very good. The Committee emerged in the top quartile for the Committee Members that had undertaken the assessment. The areas where scores had been lower would be focussed upon in terms of the provision of forthcoming training.

Members discussed the following in relation to the report:-

- Mention was made of the LGA fundamentals training courses, and it was stated that these would be of particular use to Members who wished to enhance their knowledge of the LGPS.
- It was queried why the timetable of meetings saw a further meeting taking place so soon after the May meeting. In response it was stated that the June meeting was an additional annual meeting of the Committee that was utilised to agree the Fund's Governance documents and policies. The other meetings were organised to coincide with the end of the financial quarterly period and when the wider Council timetable allowed.
- In terms of the national knowledge assessments, it was asked whether substitute members had been involved and, if so, whether that had affected the results. In response it was stated that no substitute members had been involved. A Member noted that only 64% of the Committee had completed the assessment. It was emphasised that there were a number of new

Committee Members at that time who may not have felt that they had the suitable knowledge to complete this at that stage. It was noted that the forthcoming changes to the regulations would likely make knowledge and training a pre-requisite for being able to sit on the Committee, therefore, it was important that this was pro-actively addressed.

Resolved –

- (i) that the contents of the report be noted;
- (ii) that the contents of the Breaches Log be noted

105(a). Investment Pooling and Governance Arrangements

Considered the report of the Treasurer providing the following -

- An explanation on the legal requirement for pooling pension fund assets.
- An update on government developments regarding fund consolidation and domestic investment.
- An opportunity to undertake a review of specific investment funds managed by Border to Coast.

Since 2016, LGPS funds in England and Wales are required to pool assets. North Yorkshire Council co-founded Border to Coast Pensions Partnership, an FCA-authorized investment manager owned by 11 LGPS authorities. Border to Coast manages around £60 billion in assets.

Recent Government consultations and reviews (e.g., “Fit for the Future”) emphasised:
Pooling consistency
Local investment
Strengthened governance

Border to Coast submitted a progress report in March 2025 to which the government responded positively in April.

The Governance Structure for BCPP was outlined
Joint Committee: Oversight body with representatives from each partner fund.
Company Board: Includes executive and non-executive directors, with two partner fund-nominated Non-Executive Directors.
North Yorkshire owns 1/11th of Border to Coast.

An Investment Oversight was provided with annual fund reviews conducted with a RAG-style status as follows “On track”; “Getting back on track”; “Review”

Recent reviews covered:
Sterling Index Linked Bonds
Multi Asset Credit
Sterling Investment Grade Credit

North Yorkshire Pension Fund had invested 80% of the fund (£3.8 billion) with Border to Coast across various asset classes.

Recent changes included an increased investment in bonds, divestment from UK equities and new commitments to private markets (e.g., infrastructure, climate opportunities)

Proposed new developments included -

UK Property Fund: £37 million committed for 2025/26.
Sustainable Bonds Fund: In early planning, expected in 2026.

Income Distribution: From April 2025, dividend income from equity funds will support operational cashflow.

In conclusion it was stated that the fund launches were progressing steadily, the North Yorkshire Pension Fund continued to collaborate on new fund developments and the final government guidance and regulations were expected before July 2025.

It was noted that the appendices to the report relating to Meetings held by BCPP to consider various investments were confidential.

Members discussed the following in relation to the report:-

- The possibility of other Pension Funds joining BCPP and how that would be determined. The JCC would make that decision, which had to be unanimous, therefore each Fund had the power to veto that decision.
- The continued use of investments outside of BCPP where these were appropriate and were not provided by BCPP.
- The loss of the comparison in respect of the performance of investments prior to, and following, pooling.

Resolved –

that the contents of the report be noted

105(b). Investment Pooling and Governance Arrangements (Confidential Appendices)

There was no discussion of a confidential nature in relation to the appendices.

Resolved –

that the contents of the appendices be noted.

106. Quarterly Funding and Investments Report (Including Investments Update) – Report of AON

Considered –

A report of the Investment Consultants, Aon, providing a high-level summary of NYPF's investments and funding during the third quarter of 2024/25.

Kenneth Ettles and Nick Conway of Aon presented the report and drew attention to the following points on what had been, overall, a positive quarter:

Improved Funding Level:

Since the last full valuation on 31 March 2022, the Fund's ongoing funding level increased by 4%. The funding surplus rose by £147 million.

Drivers of Improvement:

The main contributor was an increase in the net discount rate (used to value liabilities). However, this was partially offset by:

Lower-than-expected asset returns.

Higher-than-expected pension increases (likely due to inflation).

Valuation Context:

These figures are based on a roll-forward of the 2022 actuarial valuation, not a full revaluation. A new valuation is expected to be finalised using data as of 31 March 2025.

Strategic Asset Allocation:

A new strategy was agreed in February 2025 to align with the upcoming valuation. Rebalancing actions included shifting from UK Equity to Index-Linked Gilts.

Further discussions were planned on short-term tactical asset allocation and rebalancing opportunities. Members were asked to review the equity portfolio composition in light of the new strategy.

A discussion of the issues raised highlighted the following:-

- The current position of the Fund, how that would affect the valuation and how employer contribution rates may be affected, going forward
- Bond level variations.
- Reducing the Fund's exposure to equities, derisking the Fund to maintain the current funding position.
- The current situation in the world and the volatility that it creates for financial markets.
- Details of the performance of the investments during the previous quarter were outlined, together with some analysis of historic performance alongside current performance. It was considered that the diversification of investments by the Fund was beginning to have an effect on the overall position as, despite the volatility in world financial markets, the funding position had remained very stable.
- Discussions around specific investments were undertaken.

Resolved –

That the contents of the report from AON be noted;

107. Pension Board - Draft Minutes of 3 April

Considered –

The draft minutes of the Pension Board meeting held on 3 April 2025

The Chair of the Pension Board was unable to attend today's meeting. It was noted that the report by Internal Audit had outlined that substantial assurance had been achieved in all areas that had been audited. Details of the issues to be the subject of audits for 2025/26 were also outlined.

Resolved –

That the contents of the Minutes be noted.

(Minute 108, below, was confidential and, therefore, was the subject of a separate confidential minute)

108. Equities Allocation Review

Considered –

A report of the Treasurer –

Noting the Fund's current equity allocations, including changes that have been made since the March 2025 quarter end.

Recommending the preferred allocation between Border to Coast's Global Equity Alpha (GEA) fund, Baillie Gifford's Long Term Global Growth (LTGG) fund, and other available options.

The Head of Investments outlined the report. The following points were highlighted:

Members undertook a detailed analysis of the details provided which had also been considered at previous workshops involving Members of the Committee, relevant investment advisers and relevant officers from the NYPF.

Their discussions around the implications of the various options resulted in the resolution below.

Resolved –

- (i) That the contents of the report be noted.
- (ii) That the 39% allocation to equities be agreed as 31% in Border to Coast's Global Equity Alpha fund and 8% in Baillie Gifford's Long Term Global Growth fund and relevant officers further investigate further alternative options, going forward, and provide reports to subsequent meetings, allowing Members to further consider those options

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

Delayed publication of Final Accounts – Impact on National Parks

A Member raised concerns that the current delays on the publication of Final Accounts was having a detrimental impact on the national Parks and asked whether this related to the accounts for the NYPF.

In response it was stated that the issue related to a national accounting matter that was being addressed.

Resolved –

That this issue be noted.

The meeting concluded at 11.50 am