

# North Yorkshire County Council

## Pension Fund Committee

Minutes of the remote meeting held on Friday, 28 February 2025 commencing at 10.00 am.

Councillor Angus Thompson in the Chair. Plus Councillors George Jabbour, Sam Gibbs, Cliff Lunn, David Noland, Dan Sladden, Neil Swannick, Peter Kilbane (City of York Council), Mike Jordan, Alyson Baker and Robert Windass.

In attendance: Kenneth Ettles (Senior Consultant Aon), Nick Conroy (Aon).

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), Christian Brennan (Democratic Services).

Apologies: Mark Crane and Peter Wilkinson.

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**Copies of all documents considered are in the Minute Book**

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### **1 Exclusion of Public and Press**

#### **2a Minutes of the Committee Meeting held on 22 November 2024**

##### **Resolved -**

That the Minutes of the meeting held on 22 November 2024 were confirmed and were signed by the Chair as a correct record.

#### **3 Confidential Minutes of the Meeting held on 22 November 2024**

##### **Resolved -**

That the confidential Minutes of the meeting held on 22 November 2024 were confirmed and were signed by the Chair as a correct record.

#### **4 Declarations of Interest**

Cllr Alyson Baker and Cllr Cliff Lunn declared that they received a pension from North Yorkshire Council.

Cllr Robert Windass declared that he received a pension from North Yorkshire Council and the West Yorkshire Pension Fund.

Cllr Mike Jordan declared that he received a pension from AON and the administrators of Miners Guild.

Cllr George Jabbour declared that he had been campaigning on issues involving the way public-sector organisations, pension funds and other institutions manage their finances.

## **5 Public Questions or Statements**

One public question was received by Richard Tassell:-

Are the North Yorkshire Pension Fund continued holdings in fossil fuel companies included in the council's resolution to become carbon neutral by 2030?

If they are not, why are they not, and if they are, what progress has been made to reduce the pension fund's interests in fossil fuels?

The following response was given:

The Pension Fund's investments are not included in the Council's net zero plans. Pension Fund investments are managed completely separately from the Council's arrangements and are for the purpose of paying pension benefits. Although the Pension Fund Committee is a committee of the Council, it also must consider the many other organisations in the Pension Fund.

At a strategic level, climate scenario analysis was carried out as part of the recent investment strategy review. It is a material factor in determining the new investment strategy, decisions on which will be made at this meeting.

Also, the Pension Fund's exposure to fossil fuel companies has been reducing over time, as risks relating to climate change have increased, and where the financial case for investing has weakened sufficiently. These trends are expected to continue.

At an implementation level, Border to Coast Pensions Partnership manages most of the Pension Fund's investments, alongside those of ten other LGPS funds in pooled investment vehicles. Border to Coast's Climate Change Policy recently introduced exclusions in relation to coal and thermal coal companies which are considered unable to transition to a low carbon economy. Details on Border to Coast's plans to become net zero by 2050 or sooner are set out in their Net Zero Implementation Plan. This includes information on each asset class and milestones towards the goal and is available on their website.

In summary, I hope it's clear that the Pension Fund Committee takes this issue extremely seriously. Climate change is discussed at every meeting and the significant attention it gets is expected to continue.

## **6 Business Plan, Budget and Cashflow - Report of the Treasurer**

Considered –

The report of the treasurer.

- Reporting on the progress made against the key business plan activities identified for 2024/25;
- Requesting Members to approve the draft Business Plan for 2025/26 to 2027/28;
- Requesting members to approve the draft 2025/26 Budget;
- Reporting on the cashflow forecast of the Fund.

Tom Morrison summarised the report.

The Draft Business Plan included plans rolled over from 2024 and set out the key objectives for 2025/26. Governance was of particular interest due to the expected conclusion of the Government Pensions Review, and the new requirements required therein.

The Budget was broadly in line with the previous year with no significant changes other than the expected variance in fees.

The Cash flow projection was largely unchanged from previous projections presented to committee. He pointed out that no assumptions had been made regarding the employer contribution rates due to potential changes caused by the 2025 valuations.

The cashflow forecast could be revised once useable information became available. Members discussed the report and the following issues were raised:-

- Had a letter from Chair of the Advisory Board been received and had its warnings regarding broader financial pressure to pension funds around the country been considered. Officers advised that they had received the letter, and that excluding national issues around recruitment and retention, the North Yorkshire Pension Fund and its operations did not suffer from financial pressures.
- A Member sought an explanation on the forecasted cashflow deficit shown in appendix 5, which amounted to around 0.5% of the fund. Officers explained that such changes were normal and expected as pension funds matured. There were arrangements in place to fund the outgoings from the income of investments.

Resolved –

- i. That the 2024/25 Business Plan update be noted.
- ii. That the draft 2025/26 Business Plan be approved.
- iii. That the draft 2025/26 Budget be approved.
- iv. That the 3-year cashflow projection for the Fund be noted.

## **7 Pensions Administration Report - Report of the Treasurer**

Phillippa Cockerill summarised the report.

- They had maintained a working progress position of less than four weeks.
- They aimed to achieve the 98% target on measured work completed within target.
- Following a Summer exercise they now had more than 50% of the total membership registered on the self-service portal.
- Of the nine commendations and two complaints, no patterns were determined and therefore no lessons to be learnt.
- As work had finished on the 2024 benefits statement they had begun the 2025 statement, of which would include information from McCloud. Some of this information may come late but this had been planned for.
- A breach had taken place in quarter four whereby two separate members received their own and each other's retirement options. The mistake was caused by human error related to use of software. Necessary steps were taken and the Pensions Board was informed.
- The I-Connect rollout had made good progress with 244 out of 255 employers onboarded. This would not reach 100% before year end due to some employers were undergoing a change of systems.
- McCloud continued to operate well. The focus was currently on ensuring positions were correct for active and deferred members ahead of the production of the annual benefit statement. Once completed, work will shift towards retirees who were due an extra backdated payment, following by the deceased and those transferred out.
- The Pensions Dashboard was in early stages. An initial meeting had been held with the supplier, but work was being done on a contract variation, data protection impact assessment. They were on track for end of May completion, well ahead of the October deadline.

- Compliance with the TPR General Code of Practice had increased with six ratings moving into green. There was full compliance with the Scheme Administration module, leaving only four modules short of full compliance.
- Following feedback from the Cyber Security team the Business Continuity Plan had been finalised. Scenario testing would be scheduled throughout 2025.

Resolved –

- i. That the contents of the report be noted.
- ii. That the contents of the Breaches Log be noted, and that no report should be made to the Pensions Regulator.

## **8 Quarterly Funding and Investments Report (Including Investments Update) - Report of AON**

The Quarterly Funding & Investment Report was presented to Members.

Members discussed:-

- The factors behind the respective performances of Bailie Gifford and Borders to Coast, and the differences inherent to how the funds operate.
- The risks and volatility associated with the US Tech industry, and its seven largest performers.

Resolved –

- i. That the contents of the report are noted.

## **9 Pension Board - Draft Minutes of 9 January 2025 - Report back by the Chair of the Pension Board**

Considered –

The draft minutes of the Pension Board meeting held on 9 January 2025.

The Chair of the Pension Board highlighted the following from the minutes:

- That they have had difficulty filling vacant employer representative positions.
- The Terms of Reference were reviewed at the January meeting. The Board would continue with its existing terms but agreed to review the substitute policy.
- As part of the business continuity plan, the Board expected to invite cyber security team to their April meeting.
- Expenditure and income audit reports had been deferred, but the Board was assured both had received the highest judgement.
- At that time the Board was unable to determine the internal audit work plan.

Resolved –

- i. That the contents of the report are noted.

**10 Investment Strategy Review - Report of the Treasurer**

The discussion was confidential, and subject of a separate, confidential minute.

Resolved –

- i. That the current asset allocation position including changes that have been made since the December 2024 quarter end be noted.
- ii. Agree the new investment strategy detailed in the table in paragraph 3.4. which includes equities allocation of 39% and a review of the allocation within equities at a future date; and includes consideration of climate scenario analysis presented by AON which informed the strategy conclusions.
- iii. Agree a commitment to Border to Coast's private credit programme of £220 million
- iv. Agree a commitment to Border to Coast's infrastructure programme of £80 million

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

The meeting concluded at 12.30 pm.