

**NORTH YORKSHIRE PENSION FUND**  
**FUND ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2021**

| 2019/20<br>£000                   |   | 2020/21<br>£000 | £000             |
|-----------------------------------|---|-----------------|------------------|
| <b>CONTRIBUTIONS AND BENEFITS</b> |   |                 |                  |
| <b>Contributions</b>              |   |                 |                  |
| 82,625                            | Employers - Normal  | 98,843          |                  |
| 4,403                             | - Deficit   | 1,271           |                  |
| 3,674                             | - Early Retirement Costs Recharged                            | 1,773           |                  |
| 29,166                            | Employees - Normal  | 31,095          |                  |
| 148                               | - Additional Voluntary  | 100             |                  |
| <u>120,016</u>                    | <b>Total Contributions Receivable (note 7)</b>                |                 | 133,082          |
| 17,490                            | <b>Transfers in (note 8)</b>                                  |                 | 10,575           |
| <b><u>Less</u></b>                |   |                 |                  |
| <b>Benefits</b>                   |   |                 |                  |
| (91,010)                          | Pensions  | (95,946)        |                  |
| (25,990)                          | Commutation and Lump Sum Retirement Benefits                  | (22,293)        |                  |
| (2,670)                           | Lump Sums Death Benefits                                      | (3,322)         |                  |
| <u>(119,670)</u>                  | <b>Total Benefits Payable (note 9)</b>                        |                 | (121,561)        |
| <b>Leavers</b>                    |   |                 |                  |
| (560)                             | Refunds to Members Leaving Service                            | (385)           |                  |
| 0                                 | Payments for Members Joining State Scheme                     | 0               |                  |
| (21,037)                          | Transfers Out   | (7,992)         |                  |
| <u>(21,597)</u>                   | <b>Total Payments on Account of Leavers (note 10)</b>         |                 | (8,377)          |
| (2,964)                           | <b>Management Expenses (note 11)</b>                          |                 | (3,186)          |
| <u>(6,725)</u>                    | <b>Net additions/(withdrawals) from dealings with Members</b> |                 | <u>10,533</u>    |
| <b>RETURNS ON INVESTMENTS</b>     |   |                 |                  |
| 16,554                            | Investment income (note 12)                                   |                 | 6,561            |
| (113)                             | Taxation (note 12a)   |                 | 0                |
| (26,233)                          | Investment management costs (note 11)                         |                 | (27,778)         |
| (17,152)                          | Change in market value of investments (note 14a)              |                 | 980,052          |
| <u>(26,944)</u>                   | <b>Net returns on investments</b>                             |                 | <u>958,835</u>   |
| (33,669)                          | <b>Net increase/ (decrease) in the Fund during the year</b>   |                 | 969,368          |
| 3,575,204                         | <b>Opening Net Assets of the Fund</b>                         |                 | 3,541,535        |
| <u>3,541,535</u>                  | <b>Closing Net Assets of the Fund</b>                         |                 | <u>4,510,903</u> |

## NORTH YORKSHIRE PENSION FUND – NET ASSETS STATEMENT

| 31st March<br>2020<br>£000 |   | 31st March<br>2021<br>£000 |
|----------------------------|---|----------------------------|
|                            | <b>INVESTMENT ASSETS</b>                |                            |
| 468,984                    | Fixed Interest Securities               | 337,682                    |
| 833                        | Equities                                | 1,182                      |
| 2,641,322                  | Pooled Investments                      | 3,767,819                  |
| 276,103                    | Pooled Property Investments             | 279,864                    |
| <u>3,387,242</u>           |   | <u>4,386,547</u>           |
| 138,523                    | Cash Deposits                           | 105,209                    |
| 2,727                      | Investment Debtors                      | 2,129                      |
| <u>3,528,492</u>           | <b>TOTAL INVESTMENT ASSETS</b>          | <u>4,493,885</u>           |
|                            | <b>INVESTMENT LIABILITIES</b>           |                            |
| <u>0</u>                   | Investment Creditors                    | <u>0</u>                   |
| <u>0</u>                   | <b>TOTAL INVESTMENT LIABILITIES</b>     | <u>0</u>                   |
| <u><b>3,528,492</b></u>    | <b>NET INVESTMENT ASSETS (note 14a)</b> | <u><b>4,493,885</b></u>    |
| 42                         | <b>LONG-TERM DEBTORS</b>                | 203                        |
|                            | <b>CURRENT ASSETS</b>                   |                            |
| 9,170                      | Contributions due from employers        | 10,791                     |
| 2,264                      | Other Non-Investment Debtors            | 1,014                      |
| 4,969                      | Cash                                    | 11,494                     |
| <u>16,403</u>              | <b>TOTAL CURRENT ASSETS</b>             | <u>23,299</u>              |
|                            | <b>CURRENT LIABILITIES</b>              |                            |
| <u>(3,402)</u>             | Non-Investment Creditors                | <u>(6,484)</u>             |
| <u>(3,402)</u>             | <b>TOTAL CURRENT LIABILITIES</b>        | <u>(6,484)</u>             |
| <u><b>3,541,535</b></u>    | <b>TOTAL NET ASSETS (note 14c)</b>      | <u><b>4,510,903</b></u>    |

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 Fund year.

**NOTES TO THE NORTH YORKSHIRE PENSION FUND ACCOUNTS**  
**FOR THE YEAR ENDED 31ST MARCH 2021**

**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 County Council (NYCC). The County 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 2020/21 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

It is a contributory defined benefit pension scheme administered by NYCC to provide pensions and other benefits for pensionable employees of NYCC, other local authorities in North Yorkshire and a range of other scheduled and admitted bodies within the county 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 NYCC.

**(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 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 2021 there were 130 contributing employer organisations within NYPF including the County Council itself, and over 97,000 individual members, as detailed below

**86 Scheduled Bodies including 44 Academies**

Ainsty 2008 Internal Drainage Board  
Askham Bryan College  
Chief Constable (North Yorkshire Police)  
City of York Council  
Craven College  
Craven District Council

North Yorkshire Police and Crime Commissioner  
Northallerton & Romanby Joint Burial Board  
Northallerton Town Council  
Norton on Derwent Town Council  
Pickering Town Council  
Richmond Town Council

Easingwold Town Council  
Filey Town Council  
Foss 2008 Internal Drainage Board  
Fulford Parish Council  
Glusburn Parish Council  
Great Ayton Parish Council  
Hambleton District Council  
Harrogate Borough Council  
Haxby Town Council  
Hunmanby Parish Council  
Knaresborough Town Council  
Malton Town Council  
North York Moors National Park Authority  
North Yorkshire County Council  
North Yorkshire Fire & Rescue

Richmondshire District Council  
Ripon City Council  
Ryedale District Council  
Scarborough Borough Council  
Scarborough Sixth Form College  
Selby College  
Selby District Council  
Selby Town Council  
Skipton Town Council  
Sutton in Craven Parish Council  
Tadcaster Town Council  
Vale of Pickering Internal Drainage Board  
Whitby Town Council  
York College  
Yorkshire Dales National Park Authority

### **Academy Trusts**

Arete Learning Trust - Northallerton School  
Arete Learning Trust - Richmond School  
Arete Learning Trust - Stokesley Academy  
Bishop Konstant Catholic Academy Trust  
Bishop Wheeler Catholic Academy Trust  
Dales Academies Trust  
DRET – Thomas Hinderwell Primary Academy  
Ebor Academy Trust (pooled from 1.4.20)  
Elevate MAT  
Enquire Learning Trust - East Whitby Primary  
Enquire Learning Trust - Roseberry Primary  
Enquire Learning Trust - Stakesby Primary  
Enquire Learning Trust - Stokesley CP School  
Evolution SLT – Norton College  
Great Smeaton Academy Primary School  
Hope Learning Trust (pooled from 1.4.20)  
Huntington Primary Academy  
Lingfield Education Trust - Cambrai Primary School  
Moorlands Learning Trust  
Nicholas Postgate Catholic Academy Trust  
Northern Star Academies Trust (pooled from 01.04.20)  
Outwood Grange A.T. - Easingwold

Outwood Grange A.T. - Greystone CP School  
Outwood Grange A.T. - Outwood Academy Ripon  
Pathfinder MAT  
Red Kite Learning Trust Pooled  
Rodillian MAT - Brayton High School  
Rossett School Academy  
Ryedale Learning Trust  
St Margaret Clitherow Catholic Academy Trust  
Scalby Learning Trust - Friarage Primary  
Scalby Learning Trust - Newby & Scalby Primary  
Scalby Learning Trust - Scalby School  
Scarborough UTC  
Selby Educational Trust  
South Bank MAT  
South Craven Academy  
South York MAT  
STAR MAT  
Wellspring Academy Trust  
  
Woodlands Academy Trust  
Yorkshire Causeway Schools Trust  
Yorkshire Collaborative Academy Trust  
  
Yorkshire Endeavour Academy Trust

### **44 Admitted Bodies**

ABM Catering Ltd  
Absolutely Catering Ltd  
Align Property Partners Ltd

ISS Mediclean Ltd  
Lark T/A Betterclean Services  
Lifeways Community Care Ltd

Aramark Ltd  
 Beyond Housing  
 Bulloughs Cleaning Ltd  
 Cater Link Ltd  
 Catering Academy Ltd  
 Chartwells Compass  
 Churchill Contract Services Ltd  
 Churchill Security Ltd  
 City of York Trading Ltd  
 Elite  
 Everyone Active (SLM Scarborough)  
 Explore York Libraries and Archives  
 Gough and Kelly Security Ltd  
 Greenwich Leisure Ltd  
 Grosvenor Facilities Management  
 Hexagon Care  
 Human Support Group Ltd  
 Hutchison Catering Ltd  
 Independent Cleaning Services

Make It York  
 Mellors  
 RCCN Ltd  
 Richmondshire Leisure Trust  
 Ringway  
 Sanctuary Housing Association  
 Springfield Home Care  
 Streamline Taxis  
 University of Hull (Scarborough)  
 Urbaser Ltd  
 Veritau Ltd  
 Veritau North Yorkshire Ltd  
 Welcome to Yorkshire  
 Wigan Leisure and Culture Trust  
 York Archaeological Trust Ltd  
 York Mind  
 York Museums and Galleries Trust  
 York St John University  
 Yorkare Haxby Ltd

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

|   | 31st March<br>2021<br>No. | 31st March<br>2020<br>No. |
|---|---------------------------|---------------------------|
| Number of Employers with Active Members | 130                       | 157                       |
| Employees in the Fund                   |                           |                           |
| NYCC                                    | 15,968                    | 16,331                    |
| Other employers                         | 17,672                    | 17,072                    |
| Total                                   | <u>33,640</u>             | <u>33,403</u>             |
| Pensioners                              |                           |                           |
| NYCC                                    | 13,839                    | 13,165                    |
| Other employers                         | 11,580                    | 11,016                    |
| Total                                   | <u>25,419</u>             | <u>24,181</u>             |
| Deferred Pensioners                     |                           |                           |
| NYCC                                    | 24,271                    | 24,278                    |
| Other employers                         | 14,565                    | 14,570                    |
| Total                                   | <u>38,836</u>             | <u>38,848</u>             |

**(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 2021. Employee contributions are matched by employers' contributions which are set based on triennial actuarial funding valuations.

The last such valuation was at 31 March 2019 and that set the contribution rates for 2020/21, 2021/22, 2022/23; 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 1/80<sup>th</sup> 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 1/60<sup>th</sup> 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 1/49<sup>th</sup>. 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 <https://www.nypf.org.uk/index.shtml>.

## **2. Basis of Preparation**

The Statement of Accounts summarises the Fund's transactions for the 2020/21 financial year and its year end position as at 31 March 2021. The accounts have been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2020/21 which is based upon International Financial Reporting Standards (IFRS), as amended for the UK public sector.

The accounts summarise the transactions of the Fund and report on the net assets available to pay pension benefits. The Accounts 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 and pension strain contributions 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 Asset Statement as a current asset.

Changes in the net market value of investments are recognised as income 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
- FIL Pensions Management (Fidelity) - Global (ex-UK) Equities
- Standard Life Investments - UK Equities
- Hermes Investment Management- UK Property
- Arcmont (formerly Bluebay) - Private Debt
- Permira - Private Debt

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 accounts.

### Net Assets Statement

#### (g) Financial Assets

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

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

#### (h) 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 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.

#### (i) Derivatives

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



**(j) Cash and Cash Equivalents**

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

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.

**(k) Liabilities**

The Fund recognises liabilities at fair value as at the reporting date. A liability is recognised in the Net Asset 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 by the Fund.

**(l) 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.

**(m) Additional Voluntary Contributions**

NYPF 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 as a note only (see note 23).

**(n) 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 asset 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.

### Investment in Border to Coast Pensions Partnership (BCPP)

The Fund's shareholding in BCPP Ltd. has been valued at transaction price i.e. cost, as an appropriate estimate of fair value. Management have made this judgement because a fair value cannot be otherwise established for these assets as at 31 March 2021, as the pool has only been established for a short period of time and there is no market in the shares held, cost would be a reasonable and appropriate estimate of fair value. The Class A share is valued at £1 and reflects the ownership stake in the company, whilst the Class B shares represent the Fund's contribution to the company's regulatory capital requirement.

## 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 2021 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 1.9% (£86.1m), a 0.1% increase in inflation would increase liabilities by 1.8% (£79.2m), and an increase in life expectancy of one year would increase liabilities by 3.7% (£161.9m).

## 6. Events After the End of the Reporting Period

Non-adjusting events:

The financial statements and notes have not been adjusted for any events taking place after 31 March 2021.

## 7. Contributions Receivable

By category

|                                    | 2020/21<br>£000 | 2019/20<br>£000 |
|------------------------------------|-----------------|-----------------|
| Employees' Contributions           | 31,195          | 29,314          |
| Employers' Contributions           |                 |                 |
| Normal contributions               | 98,843          | 82,625          |
| Deficit recovery contributions     | 1,271           | 4,403           |
| Early Retirement Recharges         | 1,541           | 3,429           |
| Compensatory Added Years Recharges | 232             | 245             |
| Total Contributions                | <u>133,082</u>  | <u>120,016</u>  |

By authority

|                                | 2020/21<br>£000 | 2019/20<br>£000 |
|--------------------------------|-----------------|-----------------|
| Contributions Receivable       |                 |                 |
| North Yorkshire County Council | 57,935          | 48,200          |
| Other Scheduled Bodies         | 68,397          | 64,790          |
| Admitted Bodies                | 6,750           | 7,026           |
|                                | <u>133,082</u>  | <u>120,016</u>  |

## 8. Transfers In from Other Pension Funds

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

## 9. Benefits Payable

|                                | 2020/21<br>£000 | 2019/20<br>£000 |
|--------------------------------|-----------------|-----------------|
| Benefits Payable               |                 |                 |
| North Yorkshire County Council | 50,976          | 50,401          |
| Other Scheduled Bodies         | 62,290          | 60,859          |
| Admitted Bodies                | 8,295           | 8,410           |
|                                | <u>121,561</u>  | <u>119,670</u>  |

## 10. Payments To and On Account of Leavers

|   | 2020/21<br>£000 | 2019/20<br>£000 |
|---|-----------------|-----------------|
| Leavers                                   |                 |                 |
| Refunds to Members Leaving Service        | 385             | 560             |
| Payments for Members Joining State Scheme | 0               | 0               |
| Individual Transfers                      | 7,992           | 14,239          |
| Group Transfers                           | 0               | 6,798           |
|   | <u>8,377</u>    | <u>21,597</u>   |

The group transfers in 2020/21 relate to bulk transfers out to two employers.

## 11. Management Expenses

|                                | 2020/21<br>£000 | 2019/20<br>£000 |
|--------------------------------|-----------------|-----------------|
| Administrative Costs           | 1,918           | 1,571           |
| Investment Management Costs    | 27,778          | 26,233          |
| Oversight and Governance Costs | 1,268           | 1,393           |
|                                | <u>30,964</u>   | <u>29,197</u>   |

Investment Management Costs includes £2,417k (2019/20: £2,547k) in respect of performance related fees payable to the Fund's investment managers and £5,431k in respect of transaction costs (2019/20 £6,719k).

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**

|                          | 2020/21<br>£000 | 2019/20<br>£000 |
|--------------------------|-----------------|-----------------|
| Management Fees          | 15,385          | 12,563          |
| Performance Related Fees | 2,417           | 2,547           |
| Custody Fees             | 340             | 329             |
| Transactions Costs       | 5,431           | 6,719           |
| Other                    | 4,205           | 4,075           |
|                          | <u>27,778</u>   | <u>26,233</u>   |

**12. Investment Income**

|  | 2020/21<br>£000 | 2019/20<br>£000 |
|--|-----------------|-----------------|
| Income from Bonds                        | 2,001           | 1,538           |
| Income from Equities                     | 0               | 5,209           |
| Pooled Property Investments              | 1,910           | 1,177           |
| Pooled Investments - Other Managed Funds | 2,876           | 5,136           |
| Interest on Cash Deposits                | 0               | 3,061           |
| Other                                    | (226)           | 433             |
|  | <u>6,561</u>    | <u>16,554</u>   |

**(a) Taxes on Income**

|                              | 2020/21<br>£000 | 2019/20<br>£000 |
|------------------------------|-----------------|-----------------|
| Withholding Tax on Dividends | <u>0</u>        | <u>113</u>      |

**13. Other Fund Account Disclosures**

|                                      | 2020/21<br>£000 | 2019/20<br>£000 |
|--------------------------------------|-----------------|-----------------|
| Payable in respect of external audit | <u>19</u>       | <u>19</u>       |

## 14. Investments

### (a) Reconciliation of Movements in Investments and Derivatives

|                           | Value at<br>31st<br>March<br>2021<br>£000 | Change in<br>market value<br>£000 | Sale<br>proceeds<br>& derivative<br>receipts<br>£000 | Purchases at<br>cost and<br>derivative<br>payments<br>£000 | Value as at<br>1st April<br>2020<br>£000 |
|---------------------------|---|-----------------------------------|--|--|--|
| Fixed Interest Securities | 337,682                                   | 15,681                            | (1,134,253)  | 987,270  | 468,984                                  |
| Equities                  | 1,182                                     | (88)                              | 88   | 349  | 833                                      |
| Pooled Investments        | 3,767,819                                 | 955,796                           | (320,432)  | 491,133  | 2,641,322                                |
| Pooled Property           | 279,864                                   | 8,094                             | (4,333)  | 0  | 276,103                                  |
| Total Invested            | <u>4,386,547</u>                          | <u>979,483</u>                    | <u>(1,458,930)</u>                                   | <u>1,478,752</u>   | <u>3,387,242</u>                         |
| Cash Deposits             | 105,209                                   | 569                               |  |  | 138,523                                  |
| Net Investment Debtors    | 2,129                                     |                                   |  |  | 2,727                                    |
| Net Investment Assets     | <u>4,493,885</u>                          | <u>980,052</u>                    |  |  | <u>3,528,492</u>                         |

  

|                           | Value at<br>31st<br>March<br>2020<br>£000 | Change in<br>market value<br>£000 | Sale<br>proceeds<br>& derivative<br>receipts<br>£000 | Purchases at<br>cost and<br>derivative<br>payments<br>£000 | Value as at<br>1st April 2019<br>£000 |
|---------------------------|---|-----------------------------------|--|--|---------------------------------------|
| Fixed Interest Securities | 468,984                                   | 24,370                            | (1,624,338)  | 1,429,439  | 639,513                               |
| Equities                  | 833                                       | 21,840                            | (779,948)  | 364,015  | 394,926                               |
| Pooled Funds              | 2,641,322                                 | (55,934)                          | (772,116)  | 1,452,487  | 2,016,885                             |
| Pooled Property           | 276,103                                   | (8,745)                           | (3,654)  | 0  | 288,502                               |
| Total Invested            | <u>3,387,242</u>                          | <u>(18,469)</u>                   | <u>(3,180,056)</u>                                   | <u>3,245,941</u>   | <u>3,339,826</u>                      |
| Cash Deposits             | 138,523                                   | 1,317                             |  |  | 220,042                               |
| Net Investment Debtors    | 2,727                                     |                                   |  |  | 4,136                                 |
| Net Investment Assets     | <u>3,528,492</u>                          | <u>(17,152)</u>                   |  |  | <u>3,564,004</u>                      |

**(b) Analysis of Investments**

|                                      | 2020/21<br>£000  | 2019/20<br>£000  |
|--------------------------------------|------------------|------------------|
| Fixed Interest Securities            |                  |                  |
| UK Public Sector Quoted              | <u>337,682</u>   | <u>468,984</u>   |
| Equities                             |                  |                  |
| UK Quoted                            | 0                | 0                |
| UK Unquoted                          | 1,182            | 833              |
| Overseas Quoted                      | <u>0</u>         | <u>0</u>         |
|                                      | <u>1,182</u>     | <u>833</u>       |
| Pooled Investments                   |                  |                  |
| UK Equity                            | 377,443          | 260,448          |
| UK Property                          | 279,864          | 276,103          |
| UK Government Bonds                  | 114,983          | 0                |
| UK Corporate Bonds                   | 141,521          | 0                |
| Multi Asset Credit                   | 192,755          | 0                |
| Overseas Equity                      | 2,299,233        | 1,655,171        |
| Private Debt                         | 100,708          | 96,859           |
| Insurance Linked Securities          | 164,294          | 163,524          |
| Infrastructure                       | 13,641           | 8,549            |
| Equity Protection                    | 192,738          | 313,900          |
| Diversified Growth Funds - UK        | <u>170,503</u>   | <u>142,871</u>   |
|                                      | <u>4,047,683</u> | <u>2,917,425</u> |
| Total Investments (excl Derivatives) | <u>4,386,547</u> | <u>3,387,242</u> |
| Cash Deposits                        | 105,209          | 138,523          |
| Net Investment Debtors               | 0                | 2,727            |
| Net Investment Assets                | <u>4,493,885</u> | <u>3,528,492</u> |

**(c) Investments analysed by Fund Manager**

|   | 31st March 2021  |              | 31st March 2020  |              |
|---|------------------|--------------|------------------|--------------|
|   | £000             | %            | £000             | %            |
| Investments managed by Border to Coast    |                  |              |                  |              |
| Pension Partnership:                      |                  |              |                  |              |
| BCPP - Global Equity Alpha                | 1,208,259        | 26.8         | 813,510          | 23.0         |
| BCPP - UK Equities                        | 172,881          | 3.8          | 120,164          | 3.4          |
| BCPP - Index Linked Gilt Fund             | 141,521          | 3.1          | 0                | 0.0          |
| BCPP - Investment Grade Credit            | 114,983          | 2.5          | 0                | 0.0          |
| BCPP - Infrastructure                     | 9,223            | 0.2          | 8,549            | 0.2          |
| BCPP - Private Debt                       | 5,332            | 0.1          | 0                | 0.0          |
| BCPP - Infrastructure 2                   | 4,418            | 0.1          | 0                | 0.0          |
| BCPP - UK Unquoted Equities               | 1,182            | 0.0          | 833              | 0.0          |
|   | <u>1,657,799</u> | <u>36.6</u>  | <u>943,056</u>   | <u>26.6</u>  |
| Investments managed outside of Border to  |                  |              |                  |              |
| Coast Pensions Partnership:               |                  |              |                  |              |
| Baillie Gifford & Co. - LTGG              | 761,048          | 16.8         | 595,897          | 16.8         |
| M&G Investments                           | 341,823          | 7.6          | 473,067          | 13.4         |
| Veritas                                   | 273,800          | 6.1          | 216,499          | 6.1          |
| Dodge & Cox                               | 260,688          | 5.8          | 169,549          | 4.8          |
| PIMCO                                     | 192,755          | 4.3          | 0                | 0.0          |
| LGIM Equity Protection                    | 192,738          | 4.3          | 313,901          | 8.9          |
| Threadneedle                              | 173,158          | 3.8          | 170,226          | 4.8          |
| Newton Investments                        | 170,503          | 3.8          | 142,871          | 4.0          |
| NYCC Treasury Management                  | 100,184          | 2.2          | 133,832          | 3.8          |
| Legal & General                           | 72,281           | 1.6          | 70,474           | 2.0          |
| Leadenhall Remote Fund                    | 57,898           | 1.3          | 55,491           | 1.6          |
| Leadenhall Diversified Fund               | 55,174           | 1.2          | 54,266           | 1.5          |
| Permira                                   | 52,008           | 1.2          | 57,539           | 1.6          |
| Leadenhall NAT CAT Fund                   | 51,222           | 1.1          | 53,767           | 1.5          |
| Arcmont (formerly Bluebay)                | 43,368           | 1.0          | 39,319           | 1.1          |
| Hermes                                    | 35,015           | 0.8          | 35,993           | 1.0          |
| Fidelity International                    | 2,421            | 0.1          | 2,719            | 0.1          |
| UK Equity Transition                      | 2                | 0.0          | 0                | 0.0          |
| Standard Life Investments - Equities      | 0                | 0.0          | 25               | 0.0          |
| Internally Managed (cash and net debtors) | 17,018           | 0.4          | 13,044           | 0.4          |
|   | <u>2,853,104</u> | <u>63.4</u>  | <u>2,598,479</u> | <u>73.4</u>  |
| Total Net Assets                          | <u>4,510,903</u> | <u>100.0</u> | <u>3,541,535</u> | <u>100.0</u> |

The investments with BCPP Global Equity Alpha, Baillie Gifford, M&G Investments, LGIM Equity Protection and Veritas each represent more than 5% of net assets. These investments are in pooled funds. All other investments are either below 5% or constitute a portfolio of segregated assets.

**(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  |
|---|---------------------|---|---|--|
| <b>Market quoted investments</b>                                    | Level 1             | Published bid market price ruling on the final day of the accounting period   | Not required                                      | Not required   |
| <b>Quoted bonds</b>   | Level 1             | Fixed interest securities are valued at a market value based on current yields                                      | Not required                                      | Not required   |
| <b>Futures and options in UK bonds</b>                              | Level 1             | Published exchange prices at the year-end   | Not required                                      | Not required   |
| <b>Exchange traded pooled investments</b>                           | Level 1             | Closing bid value on published exchanges  | Not required                                      | Not required   |
| <b>Unquoted bonds</b>   | Level 2             | Average of broker prices  | Evaluated price feeds                             | Not required   |
| <b>Forward foreign exchange derivatives</b>                         | Level 2             | Market forward exchange rates at the year-end   | Exchange rate risk                                | Not required   |
| <b>Overseas bond options</b>  | Level 2             | Option pricing model  | Annualised volatility of counterparty credit risk | Not required   |
| <b>Pooled investments – overseas unit trusts and property funds</b> | Level 2             | Closing bid price where bid and offer prices are published<br><br>Closing single price where single price published | NAV-based pricing set on a forward pricing basis  | Not required   |
| <b>Pooled investments – hedge funds</b>                             | Level 3             | Closing bid price where bid and offer prices are published<br><br>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 |



|  |         |   |   |   |
|--|---------|---|---|---|
|  |         |   |   | <p>provided and the pension fund's own reporting date, by changes to expected cashflows, and by any differences between audited and unaudited accounts</p> <p>Required by 6.5.5.1 d) and f), 7.4.2.13 of the Code.</p>  |
| <b>Freehold and leasehold properties</b> | Level 3 | Valued at fair value at the year-end using the investment method of valuation by John Finley FRICS of independent valuers Carrott-Jones LLP in accordance with the RICS Valuation Standards (9th Edition) | <p>Existing lease terms and rentals</p> <p>Independent market research</p> <p>Nature of tenancies</p> <p>Covenant strength for existing tenants</p> <p>Assumed vacancy levels</p> <p>Estimated rental Growth</p> <p>Discount rate</p> | <p>Significant changes in rental growth, vacancy levels or the discount rate could affect valuations as could more general changes to market prices</p>   |
| <b>Unquoted equity</b>                   | Level 3 | Comparable valuation of similar companies in accordance with International Private Equity and Venture Capital Valuation Guidelines (2012)   | <p>EBITDA multiple</p> <p>Revenue multiple</p> <p>Discount for lack of marketability</p> <p>Control premium</p>   | <p>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</p> |

### 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 2021.

|                                    | Value at<br>31 March 2021<br>£000 | Value on<br>Increase<br>£000 | Value on<br>decrease<br>£000 |
|------------------------------------|-----------------------------------|------------------------------|------------------------------|
| Assessed valuation range (+/-)     |                                   |                              |                              |
| Pooled investments- Private Debt   | 100,708                           | 105,139                      | 96,277                       |
| Pooled investments- Infrastructure | 13,641                            | 14,678                       | 12,604                       |
| UK Unquoted Equities               | 1,181                             | 1,181                        | 1,181                        |
| Total                              | <u>115,530</u>                    | <u>120,998</u>               | <u>110,062</u>               |

#### 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.

|   | Quoted<br>market<br>price<br>Level 1<br>£000 | Using<br>observable<br>inputs<br>Level 2<br>£000 | With significant<br>unobservable<br>inputs<br>Level 3<br>£000 | Total<br>£000    |
|---|--|--|---|------------------|
| Values at 31 March 2021                                     |  |  |   |                  |
| Financial assets at fair value through profit and loss      | 468,522                                      | 3,933,335  | 115,530   | 4,517,387        |
| Non-financial assets at fair value through profit and loss  | 0  | 0  | 0   | 0                |
| Financial liabilities at fair value through profit and loss | (6,484)                                      | 0  | 0   | (6,484)          |
| Net investment assets                                       | <u>462,038</u>                               | <u>3,933,335</u>                                 | <u>115,530</u>  | <u>4,510,903</u> |

|   | Quoted market price Level 1 £000 | Using observable inputs Level 2 £000 | With significant unobservable inputs Level 3 £000 | Total £000       |
|---|----------------------------------|--------------------------------------|---|------------------|
| Values at 31 March 2020                                     |                                  |                                      |   |                  |
| Financial assets at fair value through profit and loss      | 626,679                          | 2,812,018                            | 106,240   | 3,544,937        |
| Non-financial assets at fair value through profit and loss  | 0                                | 0                                    | 0   | 0                |
| Financial liabilities at fair value through profit and loss | (3,402)                          | 0                                    |   | (3,402)          |
| Net investment assets                                       | <u>623,277</u>                   | <u>2,812,018</u>                     | <u>106,240</u>                                    | <u>3,541,535</u> |

#### b. Reconciliation of Fair Value Measurements Within Level 3

|                      | Market Value at 1 April 2020 £000 | Transfers into Level 3 £000 | Transfers out of Level 3 £000 | Purchases During the Year £000 | Sales During the Year £000 | Unrealised Gains and Losses £000 | Realised Gains and Losses £000 | Market Value at 31 March 2021 £000 |
|----------------------|-----------------------------------|-----------------------------|-------------------------------|--------------------------------|----------------------------|----------------------------------|--------------------------------|------------------------------------|
| Private Debt         | 96,858                            | 0                           | 0                             | 9,796                          | (12,545)                   | 6,097                            | 502                            | 100,708                            |
| Infrastructure       | 8,549                             | 0                           | 0                             | 16,744                         | (2,978)                    | (8,241)                          | (434)                          | 13,640                             |
| UK Unquoted Equities | 833                               |                             | 0                             | 349                            | 0                          | 0                                | 0                              | 1,182                              |
|                      | <u>106,240</u>                    | <u>0</u>                    | <u>0</u>                      | <u>26,889</u>                  | <u>(15,523)</u>            | <u>(2,144)</u>                   | <u>68</u>                      | <u>115,530</u>                     |

## 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 2020   |                                     |  | 31st March 2021   |                                     |  |
|---|-------------------------------------|--|---|-------------------------------------|--|
| Designated<br>as fair value<br>through profit<br>and loss<br>£000 | Loans<br>and<br>Receivables<br>£000 | Financial<br>Liabilities<br>amortised<br>at cost<br>£000 | Designated<br>as fair value<br>through profit<br>and loss<br>£000 | Loans<br>and<br>Receivables<br>£000 | Financial<br>Liabilities<br>amortised<br>at cost<br>£000 |
| <b>Assets</b>   |                                     |  |   |                                     |  |
| 468,984   | 0                                   | 0  | Fixed Interest Securities   | 337,682                             | 0  |
| 833   | 0                                   | 0  | Equities  | 1,182                               | 0  |
| 2,498,451   | 0                                   | 0  | Pooled Investments  | 3,597,316                           | 0  |
| 276,103   | 0                                   | 0  | Pooled Property   | 279,864                             | 0  |
| 142,871   | 0                                   | 0  | Diversified Growth Funds  | 170,503                             | 0  |
| 0   | 143,492                             | 0  | Cash  | 0                                   | 116,703  |
| 2,727   | 0                                   | 0  | Investment Debtors  | 2,129                               | 0  |
| 0   | 11,476                              | 0  | Non Investment Debtors  | 0                                   | 12,008   |
| <u>3,389,969</u>  | <u>154,968</u>                      | <u>0</u>   |   | <u>4,388,676</u>                    | <u>128,711</u>   |
| <b>Liabilities</b>  |                                     |  |   |                                     |  |
| 0   | 0                                   | 0  | Investment Creditors  | 0                                   | 0  |
| 0   | 0                                   | 3,402  | Non Investment Creditors  | 0                                   | 6,484  |
| 0   | 0                                   | 3,402  |   | 0                                   | 6,484  |
| <u>3,389,969</u>  | <u>154,968</u>                      | <u>(3,402)</u>   |   | <u>4,388,676</u>                    | <u>(6,484)</u>   |

**(b) Net Gains and Losses on Financial Instruments**

|                                  | 2020/21<br>£000 | 2019/20<br>£000 |
|----------------------------------|-----------------|-----------------|
| Fair Value Through Profit & Loss | 980,052         | (17,152)        |
| Loans and Receivables            | (434)           | (65,503)        |
|                                  | <u>979,618</u>  | <u>(82,655)</u> |

**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. NYCC 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 NYCC'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 return on risk.

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 2021/22 reporting period.

| Asset Type                       | Potential Market        |
|----------------------------------|-------------------------|
|                                  | Movements<br>(+/-)<br>% |
| Cash and Cash Equivalents        | 1.0                     |
| UK Bonds                         | 0.5                     |
| UK Equities                      | 0.0                     |
| Overseas Equities                | 7.2                     |
| UK Pooled Equity                 | 7.2                     |
| Overseas Pooled Equity           | 7.2                     |
| Pooled Property Investments      | 5.4                     |
| Diversified Growth Funds         | 4.0                     |
| Other Pooled Investments         | 2.3                     |
| Non Investment Debtors/Creditors | 0.0                     |

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      | Potential | Value on         | Value on         |
|----------------------------------|------------------|-----------|------------------|------------------|
|                                  | 31st March       | Market    |                  |                  |
|                                  | 2021             | Movement  | £000             | £000             |
|                                  | £000             | £000      |                  |                  |
| Cash and Cash Equivalents        | 105,209          | 1,052     | 106,261          | 104,157          |
| UK Bonds                         | 337,682          | 1,637     | 339,320          | 336,045          |
| UK Equities                      | 1,182            | 0         | 1,182            | 1,182            |
| Overseas Equities                | 0                | 0         | 0                | 0                |
| UK Pooled Equity                 | 377,443          | 27,176    | 404,619          | 350,267          |
| Overseas Pooled Equity           | 2,299,233        | 165,545   | 2,464,778        | 2,133,688        |
| UK Government Bonds              | 141,521          | 425       | 141,945          | 141,096          |
| UK Corporate Bonds               | 114,983          | 1,725     | 116,708          | 113,258          |
| Multi Asset Credit               | 192,755          | 5,783     | 198,538          | 186,973          |
| Pooled Property Investments      | 279,864          | 15,113    | 294,977          | 264,751          |
| Diversified Growth Funds         | 170,504          | 6,820     | 177,323          | 163,684          |
| Other Pooled Investments         | 466,049          | 10,512    | 476,560          | 455,537          |
| Non Investment Debtors/Creditors | 5,525            | 0         | 5,525            | 5,525            |
| Total Assets                     | <u>4,491,950</u> |           | <u>4,727,736</u> | <u>4,256,163</u> |

| Asset Type                         | Value as at<br>31st March<br>2020<br>£000 | Potential<br>Market<br>Movement<br>£000 | Value on<br>Increase<br>£000 | Value on<br>Decrease<br>£000 |
|------------------------------------|---|---|------------------------------|------------------------------|
| Cash and Cash Equivalents          | 138,523                                   | 1,108                                   | 139,631                      | 137,415                      |
| UK Bonds                           | 468,984                                   | (1,006)                                 | 467,978                      | 469,990                      |
| UK Equities                        | 833                                       | 0                                       | 833                          | 833                          |
| Overseas Equities                  | 0   | 0                                       | 0                            | 0                            |
| UK Pooled Equity                   | 260,448                                   | 18,752                                  | 279,200                      | 241,696                      |
| Overseas Pooled Equity             | 1,655,171                                 | 119,172                                 | 1,774,343                    | 1,535,999                    |
| Pooled Property Investments        | 276,103                                   | 14,910                                  | 291,013                      | 261,193                      |
| Diversified Growth Funds           | 142,871                                   | 6,429                                   | 149,300                      | 136,442                      |
| Other Pooled Investments           | 582,832                                   | 9,750                                   | 592,582                      | 573,082                      |
| Non Investment Debtors / Creditors | 8,074                                     | 0                                       | 8,074                        | 8,074                        |
| Total Assets                       | <u>3,533,839</u>                          |   | <u>3,702,954</u>             | <u>3,364,724</u>             |

### 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 2021 and 31 March 2020 is set out in the tables below. These disclosures present interest rate risk based on the underlying financial assets at fair value.

|                           | 2020/21<br>£000 | 2019/20<br>£000 |
|---------------------------|-----------------|-----------------|
| Cash and Cash Equivalents | 105,209         | 138,523         |
| Fixed Interest Securities | 337,682         | 468,984         |
| Pooled Investments        | 256,504         | 0               |
|                           | <u>699,395</u>  | <u>607,507</u>  |

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 +/- 100 bps the values in the table above would change by £141m for 2020/21 and £131m for 2019/20.

### 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 +/-8.4%. A fluctuation of this size is considered reasonable based on the analysis of long term historical movements in the month end exchange rates.

Assuming all other variables, in particular, interest rates remain constant, an 8.4% 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<br>31st March<br>2021<br>£000 | Value<br>on 8.4%<br>Increase<br>£000 | Value<br>on 8.4%<br>Decrease<br>£000 |
|-------------------|---|--------------------------------------|--------------------------------------|
| Overseas Equities | <u>2,299,233</u>                          | <u>2,492,369</u>                     | <u>2,106,098</u>                     |

  

| Asset Type        | Value as at<br>31st March<br>2020<br>£000 | Value<br>on 8.5%<br>Increase<br>£000 | Value<br>on 8.5%<br>Decrease<br>£000 |
|-------------------|---|--------------------------------------|--------------------------------------|
| Overseas Equities | <u>1,655,171</u>                          | <u>1,795,861</u>                     | <u>1,514,482</u>                     |

## (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, with the exception of the derivative positions, 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 NYCC's credit criteria. NYCC 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 NYCC's Treasury Management Strategy.

NYCC 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 NYCC at 31 March 2021 was £11.5m (31 March 2020, £5.0m) and was held with the following institutions:



|   | Credit Rating | 31 March<br>2021<br>£000 | 31 March<br>2020<br>£000 |
|---|---------------|--------------------------|--------------------------|
| <b>Call Accounts</b>                      |               |                          |                          |
| Barclays Bank Plc (NRFB)                  | A+ / F1       | 1,273                    | 678                      |
| <b>Money Market Funds</b>                 |               |                          |                          |
| State Street Global LVNAV MMF             | AAmmf         | 0                        | 217                      |
| <b>Fixed Term Deposit Notice Accounts</b> |               |                          |                          |
| Handelsbanken                             | AA / F1+      | 728                      | 54                       |
| Santander UK                              | A+ / F1       | 1,457                    | 371                      |
| Bank of Scotland                          | A+ / F1       | 1,335                    | 650                      |
| National Westminster Bank PLC             | A+ / F1       | 364                      | 271                      |
| DBS Bank Ltd                              | AA- / F1+     | 243                      | 0                        |
| Goldman Sachs                             | A / F1        | 243                      | 325                      |
| Standard Chartered                        | A+ / F1       | 1,214                    | 108                      |
| Helaba                                    | A+ / F1+      | 0                        | 217                      |
| Local Authorities                         | -             | 4,636                    | 2,078                    |
|   |               | <u>11,493</u>            | <u>4,969</u>             |

### (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 2021 the value of illiquid assets was £116m (31 March 2020, £107m).

All liabilities at 31 March 2021 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 2019.

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 2019 Valuation the aim was to achieve 100% solvency over a period of 21 years from April 2020 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 2019 Triennial Valuation the Fund was assessed as 114% funded (90% at the 2016 Valuation). This reflected a surplus of £450m (deficit of £283m at the 2016 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 2020/21 the common rate (determined at the 2019 Valuation) is 19.3% 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 2019 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          | 2.60%                          | per annum |
| Salary Increases   | 3.85%                          | per annum |
| Pensions Increases | 2.10%                          | per annum |

Future life expectancy based on the Actuary's Fund specific mortality review was:

|  | Male | Female |
|--|------|--------|
| Current Pensioners                         | 21.8 | 23.8   |
| Future Pensioners (assumed current age 45) | 23.4 | 25.6   |

### **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

|  | 2020/21<br>£000 | 2019/20<br>£000 |
|--|-----------------|-----------------|
| <b>Debtors</b>                                       |                 |                 |
| <b>Investment Debtors</b>                            |                 |                 |
| Investment Transactions                              | 0               | 0               |
| Accrued Dividends                                    | 396             | 435             |
| Withholding Taxes Recoverable                        | 1,733           | 2,292           |
|  | <u>2,129</u>    | <u>2,727</u>    |
| <b>Other Debtors</b>                                 |                 |                 |
| Contributions due from Scheduled (Government) Bodies | 10,791          | 8,916           |
| Contributions due from Admitted Bodies               | 0               | 254             |
| Pensions Rechargeable                                | 752             | 877             |
| Other  | 262             | 1,387           |
|  | <u>11,805</u>   | <u>11,434</u>   |
|  | <u>13,934</u>   | <u>14,161</u>   |

### (a) Long Term Debtors

|  | 2020/21<br>£000 | 2019/20<br>£000 |
|--|-----------------|-----------------|
| <b>Long Term Debtors</b>                 |                 |                 |
| Reimbursement of Lifetime Tax Allowances | <u>203</u>      | <u>42</u>       |

## 22. Current Liabilities

|                        | 2020/21<br>£000 | 2019/20<br>£000 |
|------------------------|-----------------|-----------------|
| <b>Creditors</b>       |                 |                 |
| Investment Creditors   | 0               | 0               |
| Sundry Other Creditors | 6,484           | 3,402           |
|                        | <u>6,484</u>    | <u>3,402</u>    |

## 23. Additional Voluntary Contributions (AVCs)

|            | Market Value<br>31st March 2021<br>£000 | Market Value<br>31st March 2020<br>£000 |
|------------|---|---|
| Prudential | <u>0</u>                                | <u>20,222</u>                           |

AVC contributions of £x,xxxk were paid directly to Prudential during the year (£2,047k in 2019/20). Information not available for draft Statement of Accounts publication.

## 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 County Council. Consequently, there is a strong relationship between the Council and the Fund.

The Council incurred costs of £1.6m (£1.5m in 2019/20) 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 £56.9m to the Fund in 2020/21 (£48.2m in 2019/20).

The Fund's cash holdings for cashflow purposes are invested with banks and other institutions by the treasury management operations of NYCC, through a service level agreement. During the year to 31 March 2021 the Fund had an average investment balance of £9.0m (£11.3m during 2019/20) and received interest of £42.6k (£102.7k received in 2019/20) on these funds. The Fund also holds a cash investment with NYCC Treasury Management. The value of this investment at the end of 2020/21 was £100.3m (£133.8m in 2019/20).

### **Governance**

As at 31 March 2021 there were no Pension Fund Committee Members who were also active members of the Fund. The Corporate Director – Strategic 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 NYCC.

## **26. Contingent Liabilities and Contractual Commitments**

Outstanding capital commitments (investments) at 31 March 2021 were £xxx.xm (31 March 2020: £165.5m), figures not available for draft Statement of Accounts publication. 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 2019/20).

## Statement of the Actuary

**North Yorkshire Pension Fund****Statement of the Actuary for the year ended 31 March 2021****Introduction**

The Scheme 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 2019 by Aon, in accordance with Regulation 62 of the Local Government Pension Scheme Regulations 2013.

**Actuarial Position**

1. The valuation as at 31 March 2019 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 2019 (of £3,575.2M) covering 114% of the liabilities allowing, in the case of pre- 1 April 2014 membership for current contributors to the Fund, for future increases in pensionable pay.

2. The valuation also showed that the aggregate level of contributions required to be paid by participating employers with effect from 1 April 2020 was:

- 19.3% of pensionable pay. This is the rate calculated as being sufficient, together with contributions paid by members, to meet the liabilities arising in respect of service after the valuation date (the primary rate),

**Plus**

- an allowance of 0.9% of pay for McCloud and cost management – see paragraph 9 below,

**Less**

- 1.6% of pensionable pay to remove surplus in excess of a funding level of 110% over a recovery period of 21 years from 1 April 2020 (which together with the allowance above comprises the secondary rate).

3. In practice, each individual employer's or group of employers' position is assessed separately and contributions are set out in Aon's report dated 30 March 2020 (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 2023 are estimated to be:

| <b>Year from 1 April</b> | <b>% of pensionable pay</b> | <b>Plus total contribution amount (£M)</b> |
|--------------------------|-----------------------------|--|
| 2020                     | 19.3                        | 1.2  |
| 2021                     | 18.5                        | 1.3  |
| 2022                     | 17.1                        | 1.4  |

4. 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.

5. The valuation was carried out using the projected unit actuarial method for most employers and the main financial actuarial assumptions used for assessing the funding target and the contribution rates were as follows.

Discount rate for periods in service

|                                   |           |
|-----------------------------------|-----------|
| Secure scheduled body employers * | 4.2% p.a. |
| Intermediate funding target       | 3.8% p.a. |
| Ongoing Orphan employers          | 3.3% p.a. |
| Low risk funding target           | 1.3% p.a. |

Discount rate for periods after leaving service

|                                   |           |
|-----------------------------------|-----------|
| Secure scheduled body employers * | 4.2% p.a. |
| Intermediate funding target       | 3.8% p.a. |
| Ongoing Orphan employers          | 1.6% p.a. |
| Low risk funding target           | 1.3% p.a. |

|   |            |
|---|------------|
| Rate of pay increases   | 3.35% p.a. |
| Rate of increase to pension accounts  | 2.1% p.a.  |
| Rate of increases in pensions in payment<br>(in excess of Guaranteed Minimum Pension) | 2.1% 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, the discount rate for already orphaned liabilities (i.e. where there is no scheme employer responsible for funding those liabilities and employer has exited the Fund) was 1.3% p.a.

The assets were valued at market value.

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

6. 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) S2N mortality tables with appropriate scaling factors applied based on an analysis of the Fund's pensioner mortality experience, and included an allowance for improvements based on the 2018 Continuous Mortality Investigation (CMI) Projections Model (CMI2018), with  $s_k$  of 7.5 and parameter A of 0.0 assuming 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     | 21.8 | 23.8  |
| Current active members aged 45 at the valuation date | 23.4 | 25.6  |

7. The valuation results summarised in paragraphs 1 and 2 above are based on the financial position and market levels at the valuation date, 31 March 2019. As such the results do not make allowance for changes which have occurred subsequent to the valuation date. The Administering Authority, in conjunction with the Actuary, monitors the funding position on a regular basis.
8. The formal actuarial valuation report and the Rates and Adjustments Certificate setting out the employer contribution rates for the period from 1 April 2020 to 31 March 2023 were signed on 30 March 2020. Other than as agreed or otherwise permitted or required by the Regulations and reflected in the Funding Strategy Statement as appropriate, employer contribution rates will be reviewed at the next actuarial valuation of the Fund as at 31 March 2022 in accordance with Regulation 62 of the Local Government Pension Scheme Regulations 2013.
9. There are a number of uncertainties regarding the Scheme benefits and hence liabilities
- **Increases to Guaranteed Minimum Pensions (GMPs):**  
The 2019 valuation allows for the extension of the 'interim solution' for public service schemes to pay full inflationary increases on GMPs for those reaching State Pension Age (SPA) between 6 April 2016 and 5 April 2021. On 23 March 2021, the Government published a response to its consultation on the longer term solution to achieve equalisation for GMPs as required by the High Court judgement in the Lloyds Bank case. The response sets out its proposed longer term solution, which is to extend the interim solution further to those reaching SPA after 5 April 2021.

The results of the 2019 valuation do not allow for the impact of this proposed longer term solution. Based on approximate calculations, at a whole of fund level, the impact of providing full pension increases on GMPs for those members reaching State Pension Age after 5 April 2021 is an increase in past service liabilities of between 0.1% to 0.2% across the Fund as a whole.

▪ **Cost Management Process and McCloud judgement:**

Initial results from the Scheme Advisory Board 2016 cost management process indicated that benefit improvements / member contribution reductions equivalent to 0.9% of pay would be required. However, the cost management process was paused following the Court of Appeal ruling that the transitional arrangements in both the Judges' Pension Scheme (McCloud) and Firefighters' Pension Scheme (Sargeant) constituted illegal age discrimination. Government confirmed that the judgement would be treated as applying to all public service schemes including the LGPS (where the transitional arrangements were in the form of a final salary underpin) and a consultation on changes to the LGPS was issued in July 2020.

The employer contributions certified from 1 April 2020 as part of the 2019 valuation include an allowance of 0.9% of pay in relation to the potential additional costs following the McCloud judgement / cost management process. This was a simplified approach which didn't take account of different employer membership profiles or funding targets and may be more or less than the assessed cost once the details of the LGPS changes arising from the McCloud judgement and the 2016 cost management process have been agreed.

Work on the 2020 cost management process has now been started, and it is possible that further changes to benefits and/or contributions may ultimately be required under that process, although the outcome is not expected to be known for some time.

▪ **Goodwin**

An Employment Tribunal ruling relating to the Teachers' Pension Scheme concluded that provisions for survivor's benefits of a female member in an opposite sex marriage are less favourable than for a female in a same sex marriage or civil partnership, and that treatment amounts to direct discrimination on grounds of sexual orientation. The chief secretary to the Treasury announced in a written ministerial statement on 20 July 2020 that he believed that changes would be required to other public service pension schemes with similar arrangements, although these changes are yet to be reflected in LGPS regulations. We expect the average additional liability to be less than 0.1%, however the impact will vary by employer depending on their membership profile.

10. 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 the actuarial valuation which was carried out as at 31 March 2019. 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.

11. The report on the actuarial valuation as at 31 March 2019 is available on the Fund's website at the following address:

<https://www.nypf.org.uk/Documents/Actuarial%20valuation%20report%202019.pdf>

Aon Solutions UK Limited

May 2021