

North Yorkshire Pension Fund

# Annual Report and Accounts 2022/23

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# Part 1 – Management and Financial Performance

## 1.1 Introduction

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

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

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

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

## 1.2 Pension Fund Committee

PFC membership as at 31 March 2023 was as follows:

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

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

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

### 1.3 Fund Administrators, Advisers and Investment Managers

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

## 1.4 Risk Management

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

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

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

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

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

## 1.5 Accounting and Cash Flow

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

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

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

The main reasons for the variances were:

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

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

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

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

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

# Part 2 – Scheme Administration

## 2.1 Administering Authority Arrangements

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

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

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

## 2.2 Disputes Process

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

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

## 2.3 Pensions Administration

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

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

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

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



## 2.4 Member Self-Service (MSS)

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

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

## 2.5 Electronic Annual Benefit Statements

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

## 2.6 NYPF Website

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

## 2.7 Data Quality

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

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

Common Data: 97.89%

Conditional Data: 88.81%

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

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

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

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

# Part 3 – Investment Policy and Performance

## 3.1. Investment Policy

### (a) Regulations

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

### (b) Investment Management arrangements

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

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

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

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

	%
Equities	50
Alternatives	22.5
Bonds	22.5

### (c) Custody of Investments

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

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

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

## 3.2 Performance

### (a) Fund and Manager Performance

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

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

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

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

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

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

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

## (b) Analysis of Accounts

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

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

### Analysis of Fund Account over three years to 2022/23

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

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

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

## 3.3 Voting Arrangements

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

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

## Background

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

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

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

## NYPF Pooling Arrangements

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

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

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

The core principles of BCPP include the following:

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

## Border to Coast Pensions Partnership

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

## Governance

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

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

## Pooling Costs

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

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

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

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

## Ongoing Costs

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

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



# Part 5 – Pension Administration Activity

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

## (a) Key Performance Indicators

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

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

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

## (b) Benefit Calculation Activity

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

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

**(c) Administration**

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

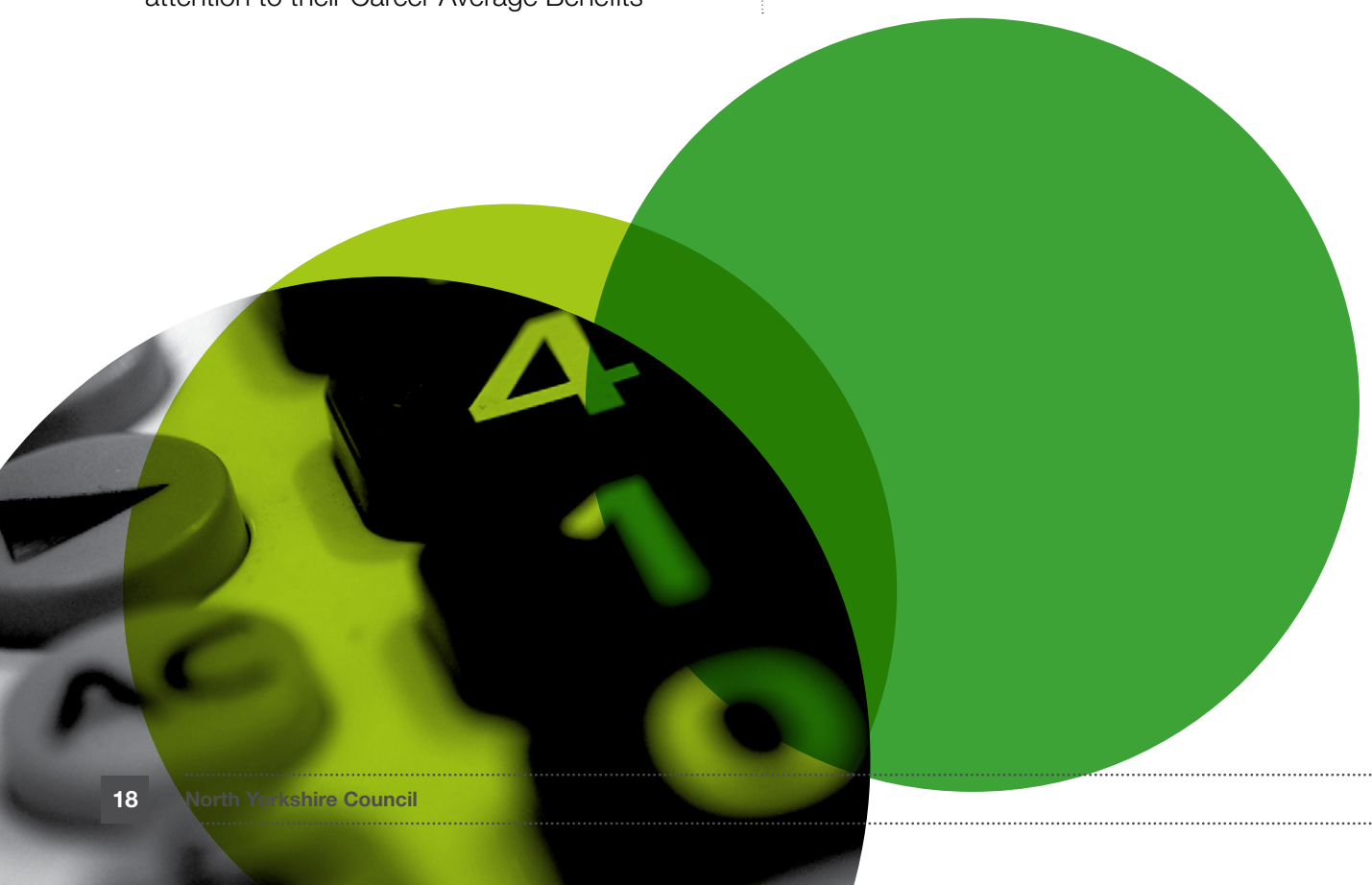
Joining	10,645
Retiring	
Incapacity	38
Normal Retirement Date (NRD)	187
Pre NRD	822
Post NRD	1,039
Redundancy/Efficiency	30
Flexible	63
Deaths	759
Other Leavers	8,360

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

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

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

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



# Part 6 – Membership, Contributions and Scheme Benefits

## 6.1 Membership

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

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

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

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

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

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

## 6.2 Contributions

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

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

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

### 6.3 Employer Analysis

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

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

	Active	Ceased	Total
Scheduled	93	2	91
Admitted Body	43	3	40
<b>Total</b>	<b>136</b>	<b>5</b>	<b>131</b>

### 6.4 Member Rates

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

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

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

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

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

### 6.5 Scheme Benefits

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

#### Normal Pension Age (NPA)

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

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

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

### **Pension (Normal)**

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

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

### **Pension (Ill Health)**

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

#### **First Tier:**

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

#### **Second Tier:**

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

#### **Third Tier:**

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

### **Lump Sum Retirement Grant**

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

### **Death Grant**

#### **Death in Service**

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

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

### **Death after Retirement**

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

### **Death of a member with Deferred Benefits**

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

### **Spouses, civil partners and eligible cohabiting partners pensions**

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

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

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

### **Children's Pension**

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

### **Pension Increases**

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

### **AVCs**

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



# Part 7 – Governance Documentation

The main governance documentation is as follows:

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

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

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

## **(a) Investment Strategy Statement**

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

The ISS must include:

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

## **(b) Governance Compliance Statement**

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

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

### **(c) Funding Strategy Statement**

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

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

In addition to this, the Funding Strategy Statement covers:

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

### **(d) Communications Policy**

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

### **(e) Pensions Administration Strategy**

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

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





# Part 8 – Training

## 8.1 Public Sector Pensions – Finance Knowledge and Skills

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

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

## 8.2. Training for Pension Fund Committee Members and Officers

### (i) Internally Provided

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

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

### (ii) Externally Provided

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

Events attended by PFC Members during 2022/23 were:

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

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

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

# Part 9 – Glossary and Contact Details

## **Active member:**

Current employee who is contributing to a pension scheme.

## **Actuary:**

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

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

## **Additional Voluntary Contributions (AVC):**

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

## **Administering Authority:**

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

## **Admitted Body:**

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

## **Alternatives:**

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

## **Asset Allocation:**

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

## **Benchmark:**

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

## **CARE (Career Average Revalued Earnings):**

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

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

## **Deferred Members:**

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

## **Defined Benefit Scheme:**

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

## **Diversified Growth Funds (DGF):**

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

## **Employer Contribution Rates:**

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

**Equities:**

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

**Fixed Interest Securities:**

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

**Index:**

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

**Pooled Funds:**

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

**Return:**

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

**Scheduled Body:**

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

**MoneyHelper**

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

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

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

**Unrealised Gains/Losses:**

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

**Contact Information****North Yorkshire Pension Fund**

County Hall  
Northallerton  
North Yorkshire  
DL7 8AL

Telephone: **01609 536335**

Email: [pensions@northyorks.gov.uk](mailto:pensions@northyorks.gov.uk)

Website: [www.nypf.org.uk](http://www.nypf.org.uk)

**MoneyHelper**

Telephone: **0800 0113797**

Website: [www.moneyhelper.org.uk](http://www.moneyhelper.org.uk)

# Appendix A

## Statement of responsibilities for the financial statements

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

### a) The Administering Authority

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

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

### b) Treasurer

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

In preparing these financial statements, the Treasurer has:

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

The Treasurer has also:

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

### Certificate

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

### Gary Fielding

Treasurer

North Yorkshire Pension Fund

## North Yorkshire Pension Fund

### Fund account for the year ended 31st March 2023

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

## North Yorkshire Pension Fund

### Net Assets Statement

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

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

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

### 1. Description of the Fund

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

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

#### (a) General

The Fund is governed by the Public Service Pensions Act 2013 and is administered in accordance with the following secondary legislation:

- the LGPS Regulations 2013 (as amended)
- the LGPS (Transitional Provisions, Savings and Amendment) Regulations 2014 (as amended)
- the LGPS (Management and Investment of Funds) Regulations 2016 (as amended)

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

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

#### (b) Membership

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

Organisations participating in NYPF include:

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

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

## 91 Scheduled Bodies including 49 Academy Trusts

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



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

## 40 Admitted Bodies

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

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

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

### (c) Funding

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

### (d) Benefits

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

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

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

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

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

## 2. Basis of Preparation

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

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

## 3. Summary of Significant Accounting Policies

### Fund Account – Revenue Recognition

#### (a) Contribution Income

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

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

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

#### (b) Transfers To and From Other Schemes

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

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

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

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

#### (c) Investment Income

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

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

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

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

### Fund Account – Expense Items

#### (d) Benefits Payable

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

**(e) Taxation**

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

**(f) Management expenses**

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

**Administrative expenses**

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

**Oversight and governance**

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

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

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

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

- BCPP – Infrastructure, Private Debt and Climate Opportunities

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

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

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

**(h) Financial Assets**

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

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

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

### **(i) Foreign Currency Transactions**

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

### **(j) Derivatives**

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

### **(k) Cash and Cash Equivalents**

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

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

### **(l) Liabilities**

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

### **(m) Actuarial Present Value of Promised Retirement Benefits**

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

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

### **(n) Additional Voluntary Contributions**

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

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

### **(o) Contingent assets and contingent liabilities**

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

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

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

## **4. Critical Judgement in Applying Accounting Policies**

### **Pension Fund Liability**

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



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

### Equity Shares in Border to Coast Pensions Partnership (BCPP)

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

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

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

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

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

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

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

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

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

## 7. Contributions Receivable

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

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

## 8. Transfers In from Other Pension Funds

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

## 9. Benefits Payable

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



## 10. Payments To and On Account of Leavers

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

## 11. Management Expenses

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

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

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

### a) Investment Management Expenses

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

## 12. Investment Income

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

### a) Taxes on Income

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

## 13. Other Fund Account Disclosures

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

## 14. Investments

### a) Reconciliation of Movements in Investments

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

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

## b) Analysis of Investments

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

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

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

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

### (d) Stock Lending

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

## 15. Analysis of Derivatives

The Fund does not hold derivatives.

## 16. Fair Value – Basis of Valuation

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

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

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

### Sensitivity of assets valued at level 3

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

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

#### a) Fair Value Hierarchy

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

##### Level 1

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

##### Level 2

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

##### Level 3

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

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



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

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

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

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

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

## 17. Financial Instruments

### (a) Classification of Financial Instruments

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

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

### b) Net Gains and Losses on Financial Instruments

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

## 18. Nature and Extent of Risks Arising from Financial Instruments

### Risk and Risk Management

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

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

#### (a) Market Risk

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

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

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

advisers undertake appropriate monitoring of market conditions and benchmark analysis.

The Fund manages these risks in two ways:

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

### Other Price Risk

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

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

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

### Other Price Risk – Sensitivity Analysis

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

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

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

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

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

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

## Interest Rate Risk

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

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

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

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

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

## Currency Risk

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

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

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

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

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

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

## (b) Credit Risk

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

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

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

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

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



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

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

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

### (c) Liquidity Risk

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

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

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

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

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

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

## 19. Funding Arrangements

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

The key elements of NYPF's funding policy are:

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

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

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

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

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

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

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

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

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

### Commutation Assumption

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

### 50:50 Option

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

## 20. Actuarial Present Value of Promised Retirement Benefits

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

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

## 21. Current Assets

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

### (a) Long Term Debtors

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

## 22. Current Liabilities

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

## 23. Additional Voluntary Contributions (AVCs)

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

## 24. Agency Services

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

## 25. Related Party Transactions

### North Yorkshire County Council

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

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

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

## Governance

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

## Key Management Personnel

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

## 26. Contingent Liabilities and Contractual Commitments

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

## 27. Contingent Assets

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

## 28. Impairment Losses

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

# Appendix B

## Statement of the Actuary

### North Yorkshire Pension Fund

### Statement of the Actuary for the year ended 31 March 2023

#### Introduction

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

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

#### Actuarial Position

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

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

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

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

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

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

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

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

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

The assets were valued at market value.

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

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

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

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

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

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

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

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

Aon Solutions UK Limited  
**May 2023**



# Appendix C



## IAS 26 Results

### Whole of Pension Fund Accounting 2023

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

#### Glossary

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

# Introduction

## Why bring you this report?

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

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

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

## Related documents

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

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

In addition, the following documents should be referred to:

- 2022 Valuation report

## Background

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

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

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

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

I confirm that I am an independent qualified actuary.

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## Methodology

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

# IAS 26 disclosures

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

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

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

## Actuarial present value of promised retirement benefits

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

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

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

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

## Assumptions

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

	31 March 2022	31 March 2019
Discount rate	2.70%	2.40%
CPI inflation <sup>(1) (2)</sup>	3.00%	2.20%
Salary increases <sup>(3)</sup>	4.25%	3.45%

### Notes

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

## Demographic assumptions

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

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

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

## Key risks associated with reporting under IAS 26 and sensitivity

### Volatility of results

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

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

### Post balance sheet date experience

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

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

### Choice of accounting assumptions

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

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

### Sensitivity of results to key assumptions

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

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

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

#### Discount rate assumption

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

#### Rate of general increase in salaries

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

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

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

#### Post retirement mortality assumption

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

## Membership data

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

# Appendix A: Explanation of actuarial methods used

## Benefits

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

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

## Data

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

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

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

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

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

## Assumptions

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

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

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



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

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

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

## Method of calculation

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

## Assets

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

The assets do not include defined contribution Additional Voluntary Contributions.

## Treatment of risk benefits

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

## Expenses

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

## IFRIC 14

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

# Appendix B: Compliance and disclaimer

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

## Compliance with Professional Standards

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

## Disclaimer

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

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

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

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

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

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

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

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

# Appendix D

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

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Opinion of the Independent Auditor to follow.

## Contact us

Online: [northyorks.gov.uk/contactus](https://northyorks.gov.uk/contactus)

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