

North Yorkshire Pension Fund

Annual Report and Accounts 2023/24

Contents

Part 1 - Fund Management	3
Part 2 - Financial Performance	8
Part 3 - Fund Account, Net Assets Statement and Notes	11
Part 4 – Investments and Funding	48
Part 5 - Administration	54
Part 6 - External Audit Opinion	64
Part 7 - Additional Information	66



Part 1 - Fund Management

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, administration, and investment arrangements are delegated to the Pension Fund Committee (PFC, the Committee), which is a committee of the Council. The Pension Board (the Board) is also a committee of the Council and supports the PFC on governance and administration matters.

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 and pension benefits. 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, with the finance team providing oversight.

1.2 Pension Fund Committee

PFC membership during the year to 31 March 2024 was as follows:

Members	Position	Voting Rights	Movements in Year
John Weighell OBE (Chair)	Councillor, NYC	Yes	Resigned on 15 November 2023
Angus Thompson (Chair)	Councillor, NYC	Yes	Resigned as Vice Chair and appointed as Chair on 24 November 2023
George Jabbour (Vice Chair)	Councillor, NYC	Yes	Appointed as Vice-Chair on 24 November 2023
Carl Les	Councillor, NYC	Yes	Left on 17 July 2023
John Cattanach	Councillor, NYC	Yes	Joined on 17 July 2023
Mark Crane	Councillor, NYC	Yes	Joined on 17 July 2023
Sam Gibbs	Councillor, NYC	Yes	
Clifford Lunn	Councillor, NYC	Yes	
David Nolan	Councillor, NYC	Yes	
Neil Swannick	Councillor, NYC	Yes	
Matt Walker	Councillor, NYC	Yes	
Andrew Williams	Councillor, NYC	Yes	
Christian Vassie	Councillor, City of York Council	Yes	Left on 11 May 2023
Jonny Crawshaw	Councillor, City of York Council	Yes	Joined on 11 May 2023
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](#). This document also sets out the governance arrangements for the Board, functions delegated to officers and other arrangements. It also describes meeting arrangements, operational procedures, and the Fund's policy and strategy documents.

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. The Committee also approves the operating budget and the Fund's governance documents each year, and reviews the various arrangements and activities related to the Fund's

members and employers. Meeting details including attendance are available on the [Council's website](#).

Declarations of interest are recorded at each PFC and Board meeting in accordance with the requirements of [NYC's Constitution](#).

1.3 Pension Board

NYPF's 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. Meeting details including attendance are available on the [Council's website](#).

The Board produces its own Annual Report each year that details its roles and responsibilities and activities over the year. This is available on the [Fund's website](#).

Pension Board membership during the year to 31 March 2024 was as follows:

Members	Position	Voting Rights	Movements in Year
David Portlock	Independent Chair	No	
Emma Barbery	Employer Representative	Yes	
David Hawkin	Employer Representative	Yes	Left on 11 January 2024
Cllr Anne Hook	Employer Representative	Yes	Left on 8 May 2023
Cllr Mike Jordan	Employer Representative	Yes	Left on 17 May 2023
Cllr Martin Rowley BEM	Employer Representative	Yes	Joined on 26 October 2023
Cllr Steve Watson	Employer Representative	Yes	Joined on 17 May 2023
Vacancy	Employer Representative	Yes	
David Houlgate (Unison)	Scheme Member Representative	Yes	
Sam Thompson	Scheme Member Representative	Yes	
Vacancy	Scheme Member Representative	Yes	
Gordon Gresty	Pensioner Member Representative	Yes	Resigned on 11 January 2024
Simon Purcell	Pensioner Member Representative	Yes	Changed from Scheme Member Representative on 11 January 2024

1.4 Training

The PFC and the Board recognise the importance of ensuring that all Members and officers charged with the governance, management 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 and the Board are provided routes through which the recommended knowledge and skills set out in the guidance may be acquired, as described below.

- 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.

- 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. Details are included in an appendix to each quarterly Pensions Administration report. The report in the [agenda for the March 2024 Committee meeting](#) details attendance for the 2023/24 year.

1.5 Scheme Management and Advisers

The key officers involved in the management of the Fund and the main contractual relationships are set out in the table below.

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

1.6 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 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.
- b. Fund solvency remains one of the higher risks, 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.

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 Part 3.

Part 2 - Financial Performance

2.1 Overview of Financial Performance

Prior to the start of the 2023/24 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 2023/24 were £35.7m against a budget of £36.8m, resulting in an under/overspend of £1.1m, as shown in the table below:

EXPENDITURE	Budget 2023/2024 £K	Actuals 2023/2024 £K	Variance £K
Admin Expenses			
Finance and Central Services	470	464	(6)
Provision of Pensioner Payroll (ESS)	80	77	(3)
Pensions Administration Team	1,460	1,518	58
McCloud	50	1	(49)
Other Admin Expenses	620	664	24
	2,680	2,705	25
Oversight and Governance			
Actuarial Fees	60	66	6
Custodian Fees	70	61	(9)
Consultants Fees	150	145	(5)
Pooling Operational Charge and Project Costs	550	555	5
Other O & G Expenses	100	100	0
	930	928	(2)
Investment Fees			
Performance Fees	2,660	2,618	(42)
Investment Base Fees	30,540	29,432	(1,108)
	33,200	32,050	(1,150)
TOTAL	36,810	35,682	(1,128)

The main reasons for the variances were:

- Rebalancing activities conducted by the Fund over the course of the year resulted in investments being either reallocated to lower cost investments, or divestments were held as cash to benefit from the high interest

rates that were available. This resulted in a £1.2m underspend on Investment Fees.

- Other than on investment fees, variances were relatively minor. The largest was an overspend on the Pensions Administration Team because of project work undertaken throughout the year.

2.2 Cashflow of the Fund

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 2023/24 cashflow statement for the Fund:

	Actual Cashflow 2023/2024 £000
SCHEME PAYMENTS	
Benefits	
Pensions	(120,158)
Lump Sums	(37,854)
	(158,012)
Payments to and on account of leavers	
Transfers out	(22,696)
Refunds to leavers	(769)
	(23,465)
Operational Expenses	
Admin Expenses	(2,545)
Oversight and Governance	(2,131)
	(4,676)
TOTAL PAYMENTS	(186,153)
SCHEME RECEIPTS	
Employer and Employee Contributions	148,492
Transfers in (from other schemes)	22,878
TOTAL RECEIPTS	171,370
SCHEME SURPLUS/ (DEFICIT)	(14,783)
CASH FLOW FROM INVESTMENT ACTIVITIES	15,090
SURPLUS/ (DEFICIT) AFTER INVESTMENT ACTIVITIES	307
CASH BALANCE B/F	1,776
CASH BALANCE C/F	2,083

The operational cashflow for the Fund in 2023/24 was a deficit of £14.8m.

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, available via the following link: [Governance Documents > North Yorkshire Pension Fund](#). The total contributions received for 2023/24 on an accruals basis were £148m, and the Council being the main employer in the Fund contributed £81m. 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](#)).

The Fund operates reconciliation and monitoring processes around Employer and Employee contributions, which record's instances of late and overdue payments. The majority of late and overdue payments ultimately resolve themselves within a few days and require no further action. Where this is not the case, the Fund liaises with the counterparty in question to investigate and resolve the issue. The Fund has the right to charge a fixed fee for each full month a contribution payment is

delayed beyond its due date, plus an interest charge of 1% above Bank of England Base rate for each day a payment is overdue. Full details of the Fund's Charging Policy are described in the Administration Strategy, available via the following link: [Governance Documents > North Yorkshire Pension Fund](#).

The Fund is a participant in the National Fraud initiative, with outputs being received by the Fund's Internal Auditor Veritau who pursue any cases of concern. Veritau are further engaged to perform annual audits of the Funds' Key areas of operation, with Income, Expenditure and Investments serving as key areas of oversight and review. The Fund Financial Accounts are subject to statutory Annual External Audits, through which checks for potential fraud are performed as part of routine testing. Both processes provide the Fund with recommendations for improvements, with appropriate recommendations applied. The Risk of Fraud is further kept under ongoing review via Funds Risk Register, which is reviewed b-annually and reported to both Pension Fund Committee and Pension Board

The total assets and liabilities of the Fund are outlined below within the Net Asset Statement in Part 3 of the Annual Report. For the 2023/24 financial year there have been no material changes to non-investment assets and liabilities held by the Fund. Details of in-year changes to Investment Assets and Liabilities are analysed below in the corresponding notes to the Net Asset Statement.

Part 3 - Fund Account, Net Assets Statement and Notes

Fund Account for the year ended 31st March 2024

2022/23		2023/24	
£000	CONTRIBUTIONS AND BENEFITS	£000	£000
	Contributions		
106,551	Employers - Normal	106,048	
1,343	- Deficit	1,738	
2,339	- Early Retirement Costs Recharged	2,313	
35,401	Employees - Normal	38,351	
194	- Additional Voluntary	42	
145,828	Total Contributions Receivable (note 7)		148,492
18,654	Transfers in (note 8)		22,878
	Benefits		
(106,333)	Pensions	(120,158)	
(25,917)	Commutation and Lump Sum Retirement Benefits	(32,718)	
(3,321)	Lump Sums Death Benefits	(5,136)	
(135,571)	Total Benefits Payable (note 9)		(158,012)
	Leavers		
(780)	Refunds to Members Leaving Service	(769)	
(14,515)	Transfers Out	(22,696)	
(15,295)	Total Payments on Account of Leavers (note 10)		(23,465)
(4,274)	Management Expenses (note 11)		(4,676)
9,342	Net additions/ (withdrawals) from dealings with Members		(14,783)
	RETURNS ON INVESTMENTS		
12,744	Investment income (note 12)		20,383
0	Taxation (note 12a)		0
(34,069)	Investment management cost (note 11)		(31,035)
(401,746)	Change in market value of investments (note 14a)		449,426
(423,071)	Net returns on investments		438,774
(413,729)	Net increase/ (decrease) in the Fund during the year		423,991
4,634,453	Opening Net Assets of the Fund		4,220,724
4,220,724	Closing Net Assets of the Fund		4,644,715

The Net Asset Statement for the year ended 31 March 2024

31st March 2023		31st March 2024
£000	INVESTMENT ASSETS	£000
1,182	Equities	1,182
3,545,213	Pooled Investments	3,815,246
266,225	Pooled Property Investments	260,850
392,532	Private Equity	533,341
4,205,152		4,610,619
1,902	Cash Deposits	4,637
787	Investment Debtors	16,327
4,207,841	TOTAL INVESTMENT ASSETS (note 14a)	4,631,584
	INVESTMENT LIABILITIES	
	CURRENT ASSETS	
11,708	Contributions due from employers	12,071
1,588	Other Non-Investment Debtors	1,381
1,776	Cash	2,083
15,072	TOTAL CURRENT ASSETS	15,535
	CURRENT LIABILITIES	
(2,189)	Non-Investment Creditors	(2,404)
(2,189)	TOTAL CURRENT LIABILITIES	(2,404)
4,220,724	TOTAL NET ASSETS (note 14c)	4,644,715

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 ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2024

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). 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 2023/24 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 NYC to provide pensions and other benefits for pensionable employees of NYC and a range of other scheduled and admitted bodies within the county area. Teachers, police officers and fire fighters are not included as they come within other national pension schemes.

The Fund is overseen by the Pension Fund Committee, which is a committee of 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. New joiners are auto-enrolled to the Fund but may subsequently opt-out.

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 2024 there were 118 contributing employer organisations within NYPF including the Council itself, and over 101,000 individual members.

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

	31st March 2023	31st March 2024
	No.	No.
Number of Employers with Active Members	131	118
Employees in the Fund		
NYC	12,771	15,371
Other employers	18,177	15,128
Total	30,948	30,499
Pensioners		
NYC	15,573	20,952
Other employers	13,129	9,824
Total	28,702	30,776
Deferred Pensioners		
NYC	24,333	26,917
Other employers	15,827	12,948
Total	40,160	39,865

(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 2024. Employee contributions are supplemented by employers' contributions which are primarily determined as part of each triennial valuations. The last such valuation was on 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 adjusted annually in line with CPI.

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

2. Basis of Preparation

The Statement of Accounts summarises the Fund's transactions for the 2023/24 financial year and its year end position as at 31 March 2024. The accounts have been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2023/24 which is based upon International Financial Reporting Standards (IFRS), as amended for the UK public sector. The accounts have been prepared on the basis that functions of the Pension Fund will continue in operational existence for the foreseeable future.

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 percentage rate recommended by the fund actuary for employer contributions and the rates set by statute for employee contributions.

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. 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 holds liabilities at amortised cost 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

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.

Private equity investments are valued at fair value in accordance with International Private Equity and Venture Capital Valuation Guidelines (2018). These investments are not publicly listed and as such there is a degree of estimation involved in the valuation, with other private market (unlisted) assets are treated similarly.

6. Events After the End of the Reporting Period

In June 2023 the High Court (Virgin Media Limited v NTL Pension Trustees II Limited) ruled that amendments to certain defined benefit pension schemes were void if they were not accompanied by section 37 actuarial certificates. The Court of Appeal rejected an appeal of this decision in July 2024. The Local Government Pension Scheme is affected by this ruling.

The Government Actuary's Department has so far failed to locate evidence that section 37 certificates are in place for all amendments. Work is ongoing to discover whether the evidence exists. Until this work is complete, it is not possible to conclude whether there is any impact on the value of retirement benefits under IAS26 or if it can be reliably estimated.

Although this is the current position in law, the Government is being lobbied to make a change to the regulations to retrospectively validate

amendments which would otherwise be void because of a failure to have obtained section 37 certificates. The Government has an existing power to make the necessary regulations but not yet said whether it will do anything. There is also the possibility that Virgin Media could seek permission to appeal to the Supreme Court.

Developments are being monitored. In the current circumstances, it is not considered necessary to make any allowance for the potential impact of the Virgin Media case in the disclosure of the value of retirement benefits in the Accounts.

7. Contributions Receivable

	2022/23	2023/24
By category	£000	£000
Employees' Contributions	35,595	38,393
Employers' Contributions		
Normal contributions	106,551	106,048
Deficit recovery contributions	1,343	1,738
Augmented contributions	2,339	2,313
Total Contributions	145,828	148,492

	2022/23	2023/24
By authority	£000	£000
Contributions Receivable		
North Yorkshire Council	65,242	81,869
Other Scheduled Bodies	72,969	58,855
Admitted Bodies	7,617	7,768
	145,828	148,492

8. Transfers In from Other Pension Funds

All transfers in were individual transfers. There were no group transfers during 2023/24 (£0 in 2022/23).

9. Benefits Payable

	2022/23	2023/24
	£000	£000
Benefits Payable		
North Yorkshire Council	55,620	99,749
Other Scheduled Bodies	69,636	46,385
Admitted Bodies	10,315	11,878
	135,571	158,012

10. Payments To and On Account of Leavers

	2022/23	2023/24
	£000	£000
Leavers		
Refunds to Members Leaving Service	780	769
Individual Transfers	14,515	22,696
	15,295	23,465

11. Management Expenses

	2022/23	2023/24
	£000	£000
Administrative Costs	2,405	2,545
Investment Management Costs	34,069	31,035
Oversight and Governance Costs	1,869	2,131
	38,343	35,711

Investment Management Costs includes £4,136k (2022/23: £6,569k) in respect of performance related fees payable to the Fund's investment managers and £7,072k in respect of transaction costs (2022/23; £10,659k).

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).

12. Investment Income

	2022/23	2023/24
	£000	£000
Income from Bonds	0	0
Income from Equities	49	(232)
Pooled Property Investments	1,613	4,178
Pooled Investments - Other Managed Funds	9,630	16,157
Interest on Cash Deposits	1,130	280
Other	322	0
	12,744	20,383

13. Other Fund Account Disclosures

	2022/23	2023/24
	£000	£000
Payable in respect of external audit	19	92

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 2024
	£000	£000	£000	£000	£000
Equities	1,182	0	0	0	1,182
Pooled Investments	3,545,213	427,829	(793,340)	635,544	3,815,246
Pooled Property	266,225	3,206	(18,581)	10,000	260,850
Private Equity / Infrastructure	392,532	18,595	(54,556)	176,770	533,341
Total Invested	4,205,151	449,630	(866,477)	822,315	4,610,619
Spot FX		(204)			
Amount receivable for sales					15,000
Cash Deposits	1,902				4,637
Net Investment Debtors	787	0			1,327
Net Investment Assets	4,207,840	449,426			4,631,584

	Value as at 31st March 2022	Change in market value	Sale proceeds receipts	Purchases as at cost payments	Value as at 1st April 2023
	£000	£000	£000	£000	£000
Equities	1,182	0	0	0	1,182
Pooled Funds	4,012,685	(387,752)	(625,238)	545,518	3,545,213
Pooled Property	343,741	(37,117)	(40,399)	0	266,225
Private Equity / Infrastructure	245,790	24,111	(59,646)	182,277	392,532
Total Invested	4,603,398	(400,758)	(725,283)	727,795	4,205,152
Spot FX		(574)			
Cash Deposits	1,501	(414)			1,902
Net Investment Debtors	736	0			787
Net Investment Assets	4,605,635	(401,746)			4,207,840

b) Analysis of Investments

	2022/23 £000	2023/24 £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	161,157
Overseas Cash Funds	10,022	11,679
UK Equity	415,870	424,473
UK Property	266,225	260,850
UK Government Bonds	496,490	576,649
UK Corporate Bonds	301,144	338,075
Multi Asset Credit	220,369	241,000
Overseas Equity	2,067,679	2,055,794
Private Debt	163,560	204,968
Insurance Linked Securities	8,418	6,419
Infrastructure	228,972	328,374
	4,203,970	4,609,438
Total Investments	4,205,152	4,610,620
Cash Deposits	1,902	4,637
Investment Debtors	787	16,327
Net Investment Assets	4,207,841	4,631,584

(c) Investments analysed by Fund Manager

Investments managed by Border to Coast Pension Partnership:	31st March 2023		31st March 2024	
	£000	%	£000	%
BCPP - Global Equity Alpha	1,219,592	29.1	1,372,719	29.6
BCPP - Index Linked Gilt Fund	496,490	11.8	576,649	12.5
BCPP - Investment Grade Credit	301,144	7.2	338,075	7.3
BCPP - Listed Alternatives	288,091	6.8	266,380	5.7
BCPP - Infrastructure 1A	213,575	5.1	250,445	5.4
BCPP - Multi Asset Credit	220,369	5.2	241,000	5.2
BCPP - UK Equities	178,386	4.2	180,383	3.8
BCPP - Private Debt	99,344	2.4	130,637	2.7
BCPP - Infrastructure Series 2A	6,910	0.2	57,535	1.2
BCCP - Climate Opportunities Fund	16,973	0.4	40,787	0.9
BCCP - Private Credit Series 2	5,087	0.1	18,412	0.4
	3,045,961	72.5	3,473,022	74.7

Investments managed outside of Border to Coast Pensions Partnership:	31st March 2023		31st March 2024	
	£000	%	£000	%
Baillie Gifford & Co. - LTGG	797,479	19.0	660,785	14.3
Threadneedle	0	0.0	199,636	4.3
Northern Trust - STIF - UK	188,373	4.5	161,157	3.5
Legal & General	44,004	1.0	44,487	1.0
Blue Bay	35,243	0.8	26,097	0.6
Hermes	33,848	0.8	16,726	0.4
Northern Trust - STIF - Overseas	22,948	0.5	11,679	0.3
Permira	27,696	0.7	9,428	0.2
Leadenhall Remote Fund	3,347	0.1	2,877	0.1
Leadenhall Diversified Fund	2,012	0.0	2,543	0.1
BCPP - UK Unquoted	3,059	0.1	1,182	0.0
Leadenhall NAT CAT Fund	1,182	0.0	999	0.0
	1,159,191	27.5	1,137,596	24.8
Cash Deposits	1,902	0.0	4,637	0.1
Investment Debtors	787	0.0	16,327	0.4
Total	4,207,841	100.0	4,631,582	100.0

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.

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
Other unquoted and private equities	Level 3	Comparable valuation of similar companies in accordance with International Private Equity and Venture Capital Valuation Guidelines (2018)	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

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 2024.

Assessed valuation range (+/-)	Value at 31 March 2024	Value on Increase	Value on decrease
	£000	£000	£000
Pooled investments - Private Debt	204,968	221,570	188,365
Pooled investments - Infrastructure	328,374	353,987	302,761
UK Unquoted Equities	1,182	1,182	1,182
Total	534,523	576,739	492,308

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.

	Quoted market price	Using observable inputs	With significant unobservable inputs	Total
	Level 1	Level 2	Level 3	
	£000	£000	£000	
Values at 31 March 2024				
Financial assets at fair value through profit and loss	187,836	3,909,225	534,523	4,631,584
Net investment assets	187,836	3,909,225	534,523	4,631,584

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

b. Reconciliation of Fair Value Measurements Within Level 3

	Market Value at 1 April 2023	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 2024
	£000	£000	£000	£000	£000	£000	£000	£000
Private Debt	163,560	0	0	69,577	(28,794)	(929)	1,553	204,967
Infrastructure	228,972	0	0	107,193	(16,528)	8,287	450	328,374
UK Unquoted Equities	1,182	0	0	0	0	0	0	1,182
	393,714	0	0	176,770	(45,322)	7,358	2,003	534,523

	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 2023				31st March 2024		
Designated as fair value through profit and loss	Non-Investment Assets amortised cost	Financial Liabilities amortised at cost		Designated as fair value through profit and loss	Non-Investment Assets amortised cost	Financial Liabilities amortised at cost
£000	£000	£000		£000	£000	£000
			Assets			
0	0	0	Fixed Interest Securities	0	0	0
1,182	0	0	Equities	1,182	0	0
3,545,213	0	0	Pooled Investments	3,815,246	0	0
266,225	0	0	Pooled Property	260,850	0	0
392,532	0	0	Private Equity/Infrastructure	533,341	0	0
0	0	0	Diversified Growth Funds	0	0	0
0	3,678	0	Cash	0	6,721	0
787	0	0	Investment Debtors	16,327	0	0
0	13,296	0	Non Investment Debtors	0	13,452	0
4,205,939	16,974	0		4,626,946	20,173	0
			Liabilities			
0	0	0	Investment Creditors	0	0	0
0	0	(2,189)	Non Investment Creditors	0	0	(2,404)
0	0	(2,189)		0	0	(2,404)
4,205,939	16,974	(2,189)		4,626,946	20,173	(2,404)

b) Net Gains and Losses on Financial Instruments

	2022/23	2023/24
	£000	£000
Fair Value Through Profit & Loss	(401,746)	449,426
Loans and Receivables	0	0
	(401,746)	449,426

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. NYC 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 NYC'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	6.9
Property	6.6
Infrastructure	7.8
Listed alternatives	6.9
Illiquid credit	8.1
Investment grade credit	5.1
Non-investment grade credit	6.1
Absolute Return	8.0
Gilts	3.4
Cash	3.8

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 2024	Potential Market Movement	Value on Increase	Value on Decrease
	£000	£000	£000	£000
Equities	2,480,268	171,138	2,651,406	2,309,129
Gilts	576,649	19,606	596,255	557,043
Investment grade credit	338,075	17,242	355,316	320,833
Non-investment grade credit	241,000	14,701	255,701	226,299
Other Pooled Investments	6,419	0	6,419	6,419
Property	260,850	17,216	278,066	243,634
Infrastructure	328,374	25,613	353,987	302,761
Illiquid credit	204,968	16,602	221,570	188,365
Total Assets	4,436,602		4,718,721	4,154,483

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
Total Assets	4,168,728		4,433,272	3,904,184

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 2024 and 31 March 2023 is set out in the tables below. These disclosures present interest rate risk based on the underlying financial assets at fair value.

	2022/23 £000	2023/24 £000
Cash and Cash Equivalents	1,902	4,637
Pooled Investments	1,018,003	1,135,093
	1,019,905	1,139,730

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 £173m for 2023/24 and £157m for 2022/23.

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 +/-6.6%. 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 6.6% 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 2024	Value on 6.6% Increase	Value on 6.6% Increase
	£000	Increase £000	Decrease £000
Overseas Cash Fund	11,679	12,453	10,904
Overseas Bonds	224,853	239,761	209,946
Overseas Equity	2,057,081	2,193,465	1,920,696
Overseas Pooled Funds	417,171	444,830	389,513
	2,710,784	2,890,509	2,531,059

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

(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 NYC's credit criteria. NYC 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 NYC's Treasury Management Strategy.

NYC 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 NYC at 31 March 2024 was £2.1m (31 March 2023, £1.7m) and was held with the following institutions:

	Credit Rating	31 March 2023 £000	31 March 2024 £000
Call Accounts			
Barclays Bank Plc (NRFB)	A+ / F1	255	200
Handelsbanken	AA / F1+	163	94
Fixed Term Deposit Notice Accounts			
Santander UK	A+ / F1	203	290
Bank of Scotland	A+ / F1	0	0
National Westminster Bank PLC	A+ / F1	224	26
DBS Bank Ltd	AA- / F1+	102	94
Goldman Sachs	A+ / F1	183	187
Standard Chartered	A+ / F1	183	94
Helaba	A+ / F1+	102	23
Sumitomo Mitsui BCE	A- / F1	122	0
Local Authorities	-	239	1,075
		1,776	2,083

The Fund held liquid cash in a UK and an Overseas Short Term Investment Fund during 2023/24, the average investment balances for these funds were

£38m and £7m respectively (£25m and £4m in 2022/2). The Fund received interest of £852k on these funds in 2023/24 (£735k 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 2024 the value of illiquid assets was £533m (31 March 2023, £377m).

All liabilities at 31 March 2024 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 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 taxpayer from an employer defaulting on its pension obligations

At the 2022 Valuation the aim was to achieve 100% solvency over a period of 18 years from April 2023 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 2023/24 the common rate (determined at the 2022 Valuation) is 17.3% of pensionable pay.

Individual employers' rates will vary from the common contribution rate depending on the demographic and actuarial factors particular to each employer. Full details of the contribution rates payable can be found in the 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 IAS26 based Triennial Funding Valuation for the Fund, the Actuary also undertakes a valuation of pension fund liabilities on an IAS19 basis every year on behalf of Employers, 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

Debtors	31st March	31st March
	2023	2024
	£000	£000
Investment Debtors		
Accrued Dividends	0	0
Withholding Taxes Recoverable	787	1,327
Amount receivable for sales of investments	0	15,000
	787	16,327
Other Debtors		
Contributions due from Scheduled (Government) Bodies	11,708	12,071
Contributions due from Admitted Bodies	0	0
Pensions Rechargeable	1,031	994
Other	557	387
	13,296	13,452
Cash		
	1,776	2,083
	15,859	31,862

22. Current Liabilities

Creditors	31st March 2023	31st March 2024
	£000	£000
Sundry Other Creditors	2,189	2,404
	2,189	2,404

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 2024 was £17.5m (£15.9m as at 31 March 2023). Contributions paid directly to Prudential during the year 2023/24 were £3.6m (£2.6m in 2022/23).

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 £2.1m (£1.9m in 2022/23) 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 £60.4m to the Fund in 2023/24 (£65.2m in 2022/23).

The Fund's cash holdings for cashflow purposes are invested with banks and other institutions by the treasury management operations of NYC, through a service level agreement. During the year to 31 March 2024 the Fund had an average investment balance of £3.6m (£11.2m during 2022/23) and received interest of £194k (£181.7k received in 2022/23) on these funds.

Governance

At 31 March 2024 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 the same basis as for all other members of the Fund.

Key Management Personnel

The section 151 Officer, linked to the Fund is directly employed by North Yorkshire Council and the costs to the Fund are included within recharges to the Fund. The remuneration disclosure required by The Accounts and Audit (England) Regulations can be found in the main accounts of NYC.

Members

North Yorkshire Council appoint a number of elected members to the Pension Fund Committee and Audit Committee. Two of these members are in receipt of pension benefits from the Fund.

There have been no material transactions between any Member or their families and the Pension Fund.

Employers

Employers are related parties in so far as they pay contributions to the fund in accordance with the appropriate Local Government Pension Scheme (LGPS) Regulations. Contributions owed by employers in respect of March 2024 payroll total £12.07m and are included within the non-investment debtors figures in Note 17

26. Contractual Commitments

Outstanding capital commitments (investments) at 31 March 2024 were £515.5m (31 March 2023 £508.6m). 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.

Statement of the Actuary

**North Yorkshire Pension Fund
Statement of the Actuary for the year ended 31 March 2024**

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 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: [North Yorkshire Pension Fund 2022 valuation report FINAL \(nypf.org.uk\)](https://www.nypf.org.uk/valuation-report-FINAL)

Aon Solutions UK Limited
June 2024



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

Contents

Introduction	32
IAS 26 disclosures	33
Appendix A: Explanation of actuarial methods used	37
Appendix B: Compliance and disclaimer	39

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.

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 ^{(1) (2)}	3.00%	2.20%
Salary increases ⁽³⁾	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
Males		
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
Females		
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.

Part 4 – Investments and Funding

4.1. 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). This document describes how it links to the Funding Strategy Statement (see Part 7).

4.2. Investment Management arrangements

As at 31 March 2024 the following investment management arrangements were in place:

- BCCP managed a UK Equities portfolio through a pooled vehicle against the FTSE All Share Index.
- BCCP managed a global equities portfolio in the form of a pooled vehicle against the MSCI All Countries World Index.
- BCCP managed a Listed Alternatives portfolio through a pooled vehicle with an objective to outperform MSCI All Countries World Index.
- BCCP managed a private debt portfolio through a pooled vehicle that has the objective to outperform against a long-term absolute benchmark.
- BCCP 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.
- BCCP managed a Multi Asset Credit portfolio through a pooled vehicle with an objective to outperform a long term absolute benchmark.
- BCCP managed an active UK corporate bonds portfolio through a pooled vehicle against the iBoxx Sterling Non-Gilts Index.
- BCCP managed an active Gilts portfolio through a pooled vehicle against the FTSE UK Index Linked Gilts over 15 Years Index.
- 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. This investment is being held outside of BCCP as no equivalent fund is available.
- Hermes managed an active UK Property portfolio through a pooled fund with the objective of outperforming the IPD Other Balanced Property Funds index. This investment is being held outside of BCCP as no equivalent fund is available.

- 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. These investments are being held outside of BCPP as no equivalent fund is available.
- 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. As these funds come to the end of their lives, cash will be recycled into BCPP.
- Leadenhall managed residual balances for three pooled Insurance Linked Security portfolios, which are in the process of being wound up.
- The Fund held cash investments with Northern Trust.
- The Fund held cash investments with the Council's Treasury Management operations.

The asset class structure for the investment portfolio as at 31 March 2024 was as follows:

	Target Allocation %
Equities	50
Infrastructure	10
Property	7.5
Private Credit	5
Multi Asset Credit	5
Corporate Bonds	7.5
Government Bonds	15

4.3 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.

4.4 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 10.5% compared to the benchmark return of 9.8%.

Performance for the NYPF compared with the benchmark for 1 and 5 years is shown below.

Periodic Performance	1 Year	5 Years (p.a.)
North Yorkshire Pension Fund	10.5%	5.5%
Benchmark	9.8%	5.2%
Performance against benchmark	0.7%	0.3%

The performance of the Fund as a whole and of the individual fund managers for the year to 31 March 2024 compared with their defined benchmarks is shown in the following table:

Fund Manager	Benchmark	Share of Fund		Target Allocation	Fund Performance	Customised Benchmark	+/-
		£m	%	%	%	%	%
Border to Coast Pension Partnership:							
BCPP - Global Equity Alpha	FTSE All Share	1,372,719	29.6	28.0	18.4	20.6	(2.2)
BCPP - UK Equities	MSCI ACWI	180,383	3.9	4.0	5.1	8.4	(3.3)
BCPP - Listed Alternatives	MSCI ACWI	266,380	5.8	-	11.4	20.6	(9.2)
BCPP - Multi Asset Credit	SONIA+3.5%	241,000	5.2	5.0	9.4	8.6	0.8
BCPP - Investment Grade Credit	iboxx Sterling Non-Gilts	338,075	7.3	7.5	7.5	6.1	1.4
BCPP - Index Linked Gilts	FTSE UK ILG>15 Years	576,649	12.5	15.0	(11.4)	(11.9)	0.5
BCPP - Infrastructure	8%pa	307,980	6.6	10.0	4.0	8.0	(4.0)
BCPP - Private Credit	6%pa	149,049	3.2	5.0	8.2	6.0	2.2
BCPP - Climate Opportunities	8%pa	40,787	0.4	-	-	-	-
		3,473,022	74.5	74.5			
Other Managers:							
Baillie Gifford LTGG	FTSE All World	660,785	14.3	18.0	27.0	21.0	6.0
Threadneedle	All-Balanced Property Funds	199,636	4.3	7.5	0.7	(0.7)	1.4
Legal & General	All-Balanced Property Funds	44,487	1.0		0.8	(0.7)	1.5
Hermes	IPD Other Balanced Property Funds	16,726	0.4		(2.7)	(0.4)	(2.3)
Permira	6%pa	9,428	0.2	-	5.5	6.0	(0.5)
Arcmont	6%pa	26,097	0.6	-	2.5	6.0	(3.5)
Leadenhall	-	6,419	0.2	-	-	-	-
Cash (Northern Trust and NYC) and debtors	-	208,115	4.5	-	-	-	-
		1,158,009	25.5	25.5			

Listed Alternatives is a temporary investment, used as a proxy for BCPP Infrastructure and Private Credit, until those allocations reach their target levels. An allocation to Climate Opportunities will be determined as part of the 2024/25 review of the investment strategy. Investments with Permira

and Arcmont will soon come to an end and the money will be transferred to BCPP Private Credit. The Leadenhall investments are being sold.

4.5 Investments in the above table in the UK were:

Investment	Pooled	Not Pooled	Total
	£m	£m	£m
Global Equities	126		126
UK Equities	177		177
Listed Alternatives	67		67
Investment Grade Credit	19		19
Index Linked Gilts	493		493
Infrastructure	62		62
Property		261	261
Total	944	261	1,205

£1.2m represents approximately 26% of NYPF's assets.

4.6 Responsible Investment

The Fund's approach to responsible investment which covers environmental, social and governance matters are set out in the [Responsible Investment Policy](#).

The Fund's pooling company BCPP, which manages around three quarters of the investments has its own Responsible Investment Policy, Climate Change Policy and Corporate Governance and Voting Guidelines document on [its website](#). The site includes extensive information on voting and engagement including through quarterly active ownership reports and stewardship reports, annual climate change reports and other resources.

4.7 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 £60bn. 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 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 150 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.

	Cumulative Costs to 2022/23	Costs incurred in 2023/24	Cumulative costs to 2023/24
	£m	£m	£m
Set-up and operating costs	3.2	0.4	3.6
Transition costs	1.2	0	1.2
Total costs	4.4	0.4	4.8

During 2023/24, 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 2023/24. The table below compares costs within and outside of the pool:

	Asset Pool	Non-asset Pool	Fund Total
	£000	£000	£000
Management fees			
- Ad valorem	12,371	7,252	19,623
- Performance	1,261	2,875	4,136
Transaction costs	4,297	2,775	7,072
Total Management Fees	17,929	12,902	30,830

All of the Fund's investment managers have provided fee and cost information in accordance with the Code of Transparency.

Part 5 - Administration

5.1 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.

5.2 Summary of key activities undertaken in 2023/24 include:

- Continued promotion of online member self-service, encouraging members to check their online Annual Benefit Statement, paying particular attention to their Career Average benefits
- Encouraging members to plan for their retirement by promoting the use of the benefit calculators available online via member self-service
- Developing 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
- Providing a dedicated newsletter for retired members

- Continued roll out of the online employer portal, i-Connect for monthly data collection
- Development and delivery of a new website for the Fund, including a rebrand to refresh the look and feel.
- Completed the data collection phase of the McCloud remedy and started phase 2, the assessment phase.

5.3 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 employers 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.

Benefit calculations carried out by the administration team are peer reviewed before they are issued, to ensure that the information being provided is correct.

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.

5.4 Support for Members and Employers

The NYPF covers the largest geographical area in England and Wales and the varied communication methods used aim to overcome

the challenges when communicating with both Scheme members and employers. A dedicated NYPF team continues to provide all employers with support and guidance to ensure they are confident in meeting their obligations under the Scheme. Employers are encouraged to use the dedicated employers' area on the NYPF website.

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

Scheme members have access to a dedicated telephone helpline and email address and their online pension record (see My Pension Online).

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.

Members can also drop into County Hall and speak to one of the team during office hours.

5.5 My Pension Online

This is a web-based self-service facility which allows members to update their contact details, carry out their own pension benefit estimates. Members can also access their annual benefit statements and once retired, they can access their payslips and P60s.

This facility has also been used to allow electronic communication with members for the retirement and estimates processes.

5.6 NYPF Website

All essential information and guides are held on the website at 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.

5.7 Fund 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.

5.8 Cyber Security and Confidentiality

The Fund processes data and shares information in accordance with the UK General Data Protection Regulation and the Data Protection Act 2018.

The legislation states that data controllers are responsible for compliance with the six data protection principles and must be able to demonstrate compliance to data subjects and regulatory bodies. The Fund's governance policy framework demonstrates compliance with the six principles.

The council understands the importance of maintaining excellent information security standards and has adopted the information security standards specification issued by the International Organisation for Standardisation, this is known as ISO:27001.

Whilst the Fund does not maintain ISO:27001 certification, the council ensures that all policies and procedures reflect the expected ISO specification.

5.9 Key Performance Indicators

The following tables measure the performance of the Fund in providing an effective administrative service for both members and employers. These tables

demonstrate how the Fund is performing in key areas of administration including, data management, best practice and data quality improvements.

Casework activity numbers

Casework Type	Total number of cases open as at 31 March 2023	Total number of new cases created in the year	Total number of cases completed in year	Total % of cases completed in year	Total number of cases completed in previous year	Total % of cases completed in previous year
Deaths of members	139	1,916	1,925	93.67%	1,548	92.14%
New dependent benefits	2	383	382	99.22%	306	100.00%
Member retirements	538	3,237	3,533	93.59%	3,240	70.40%
Deferred benefits	2,273	9,610	10,806	90.94%	4,420	97.56%
Transfers in	180	1,567	1,484	84.95%	942	64.48%
Transfers out	213	1,936	1,864	86.74%	1,349	70.26%
Refunds	11	1,266	1,119	87.63%	1,176	99.49%
Divorce quotations	3	142	144	99.31%	243	91.77%
Actual divorce cases	1	3	3	75.00%	5	80.00%
Member estimates	4	2,814	2,747	97.48%	3,199	92.41%
New joiner notifications	0	10,131	10,131	100.00%	10,465	100.00%
Aggregation cases	12	878	838	94.16%	3,897	99.69%
Opt outs received after 3 months membership	0	25	21	84.00%	26	82.66%

Casework activity numbers

Casework Type	Fund target	% completed	Total number of cases completed in year
Communication issued acknowledging the death of a member	5 days	81.84%	83.24%
Communication issued confirming the amount of dependents pension	5 days	81.84%	83.24%
Communication issued to deferred members with pension and lump sum options (quote)	10 days	96.54%	99.43%
Communication issued to active members with pension and lump sum options (quote)	10 days	96.54%	99.43%
Communication issued to deferred members confirming pension and lump sum options (actual)	5 days	85.93%	98.04%
Communication issued to active members confirming pension and lump sum options (actual)	5 days	85.93%	98.04%
Payment of retirement lump sum	5 days	85.93%	97.59%
Communication issued with deferred benefit options	10 days	87.56%	92.71%
Communication issued after completion of transfer in	10 days	74.68%	91.27%
Communication issued after completion of transfer out	10 days	78.48%	86.08%
Payment of refund	5 days	98.84%	97.22%
Divorce quotation	10 days	96.32%	98.78%
Communication issued following actual divorce proceedings	10 days	33.33%	100.00%
Communication issued to new starters	40 days	100.00%	100.00%
Member estimates	10 days	99.10%	98.74%

5.10 Communications and Engagement

The Fund's Communication Policy sets out the strategy for communicating with members, members' representatives, prospective members and employers, and for the promotion of the Scheme to prospective members and their employers.

All new members receive a starter pack on their online pension record which contains basic scheme information and signposts to other resources. An email or letter (where the email address is not held) is issued to notify the member that the starter pack is available.

We use various methods of communication to ensure we provide an inclusive service, such as email, website and paper. All documents

are available in large print, braille, audio or another language, upon request.

Active and deferred Scheme members can view their Annual Benefit Statements online. The majority, representing 99.91% of all statements, are delivered in this way with only 1,425 being posted to members in 2023/24.

This facility has also been used to allow electronic communication with members for the retirement and estimates processes. As of 31 March 2024, there were 46,888 registered users.

Engagement with online portals		Percentage at 31 March 2024
% of active members registered		57.56%
% of deferred member registered		43.52%
% of pensioner and survivor members		50.11%
% total of all scheme members registered for self-service		46.00%
Number of registered users by age	Age	Number
	0 - 10	1
	11 - 20	208
	21 - 30	2,194
	31 - 40	5,639
	41 - 50	8,341
	51 - 60	16,543
	61 - 70	14,739
	71 - 80	3,410
	81 - 90	306
	91 - 100	34
	101 - 110	2
% of all registered users that have logged onto the service in the last 12 months		21.75%
Communication		
Total number of telephone calls received in year		14,691
Number of scheme member events held in year (total of in-person and online)		0
Number of employer engagement events held in year (in-person and online)		0
Number of active members who received a one-to-one (in-person and online)		11
Number of times a communication (i.e. newsletter) issued to:		
a) Active members		1
b) Deferred members		1
c) Pensioners		2

5.11 Resources and Value for Money

Resources	
Total number of all administration staff (FTE)	38.19
Average service length of all administration staff	11 years
Staff vacancy rate as %	0
Ratio of all administration staff to total number of scheme members (all staff including management)	2,814:1
Ratio of administration staff (excluding management) to total number of scheme members	3,338:1

The Fund has a net operating cost of £22.31 per member whilst the average operating cost for all authorities was £36.38 as calculated by the annual CIPFA benchmarking exercise.

5.12 Data Quality

Annual Benefit Statements	
Percentage of annual benefit statements issued as at 31 August 2023	98.71%
Short commentary if less than 100%	Statements are withheld if data queries are present. Statements are issued as the queries are resolved.
Data category	
Common data score This data 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.	97.89%
Scheme specific data score This data is defined as additional detailed data required for the administration of a pension scheme. 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.	88.81%
Percentage of active, deferred and pensioner members recorded as 'gone away' with no home address held, or address is known to be out of date.	2.68%
Percentage of active, deferred and pensioner members with an email address held on file.	64.04%
Employer performance	
Percentage of employers set up to make monthly data submissions.	81.48%
Percentage of employers who submitted monthly data on time during the reporting year.	84.89%

The performance and activity reflect the efforts the pension administration team goes to in providing a first class service to the Fund membership.

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.

5.13 Fund Members and Employers

Fund Members

Membership Type	31 March 2020	31 March 2021	31 March 2022	31 March 2023	31 March 2024
Current contributors	33,403	33,640	32,155	30,948	30,881
Deferred pensions	38,848	38,836	38,672	40,160	40,014
Pensioners receiving benefits	24,181	25,419	27,206	28,702	30,893
Undecided leavers	1,959	3,813	6,479	2,667	1,565

Fund Employers

On 31 March 2024 there were 118 contributing employer organisations within NYPF including the Council. Full details of all employers can be found in the Statement of Accounts (see Part 3)

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	88	9	79
Admitted Body	43	4	39
Total	131	13	118

79 Scheduled Bodies including 43 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
Easingwold Town Council	Richmond Town Council
Filey Town Council	Ripon City Council
Foss 2008 Internal Drainage Board	Scarborough Sixth Form College
Fulford Parish Council	Skipton Town Council
Glusburn Parish Council	Sutton in Craven Parish Council
Great Ayton Parish Council	Tadcaster Town Council
Haxby Town Council	Vale of Pickering Internal Drainage Board
Hunmanby Parish Council	Whitby Town Council
Knaresborough Town Council	York and North Yorkshire Combined Authority
Malton Town Council	York College
North York Moors National Park Authority	Yorkshire Dales National Park Authority
North Yorkshire Council	

Academy Trusts	
Areté Learning Trust - Northallerton School & Sixth Form College	Northern Star Academies Trust
Areté Learning Trust - Richmond School & Sixth Form College	Outwood Academy Easingwold
Areté Learning Trust - Stokesley Academy	Outwood Academy Ripon
Areté Learning Trust - Mill Hill Primary School	Outwood Primary Academy Alne
Bishop Konstant Catholic Academy Trust	Outwood Primary Academy Greystone
Bishop Wheeler Catholic Academy Trust	Pathfinder Multi Academy Trust
Coast and Vale Learning Trust	Red Kite Learning Trust
Dales Academies Trust	Rodillian Multi Academy Trust – Brayton Academy
David Ross Education Trust - Thomas Hinderwell Primary Academy	Ryedale Learning Trust
Ebor Academy Trust	Selby Educational Trust
Elevate Multi Academy Trust	South Bank Multi Academy Trust
Enquire Learning Trust - East Whitby Primary Academy	South Craven Academy Trust - South Craven Academy
Enquire Learning Trust - Roseberry Primary Academy	South York Multi Academy Trust
Enquire Learning Trust - Stakesby Primary Academy	STAR Multi Academy Trust
Enquire Learning Trust - Stokesley Primary Academy	St Cuthbert's Roman Catholic Academy Trust
Hope Sentamu Learning Trust	The Education Alliance – Naburn CoE Primary School
Horizons Specialist Academy Trust – The Woodlands Academy	Venn Academy Trust
Leeds Diocesan Learning Trust	Wellspring Academy Trust
Lingfield Education Trust	Yorkshire Causeway Schools Trust
Moorlands Learning Trust – Nidderdale High School	Yorkshire Collaborative Academy Trust
Moorlands Learning Trust –Skipton Academy	Yorkshire Endeavour Academy Trust
Nicholas Postgate Catholic Academy Trust	

39 Admitted Bodies

ABM Catering Ltd	Independent Cleaning Services Ltd
Align Property Services Ltd	ISS Mediclean Ltd
Aramark Ltd	Lark T/A Betterclean Services
Aspens Services Ltd	Make It York
Barnsley Norse Ltd	Mellors Catering Services Ltd
Beyond Housing Ltd	NY Highways Ltd
Bulloughs Cleaning Services Ltd	RCCN Ltd
Cater Link Ltd	Richmondshire Leisure Trust
CH & Co Catering Group Ltd	SBFM Ltd
Churchill Contract Services Ltd	Springfield Home Care Services Ltd
City of York Trading Ltd	Taylor Shaw Ltd
Compass Contract Services (U.K) Ltd	University of Hull (Scarborough)
Dolce Ltd	Urbaser Ltd
Everyone Active (SLM Scarborough)	Veritau Ltd
Explore York Libraries and Archives	Wigan Leisure and Culture Trust (Inspiring Healthy Lifestyles)
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
Hutchinson Catering Ltd	

5.14 Dispute Resolution

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 teams' 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 2023/24 eight cases were received via the IDRP process (nine in 2022/23), the vast majority of these (five), related to the award of ill health benefits. These were referred back to the employers for reconsideration.

The IDRP cases represent less than 0.01% of total work processed in the year. None of the cases in 2023/24 were referred to the Pensions Ombudsman. A further seven formal complaints were received and resolved outside of the IDRP process.

For the year ending 31 March 2024, 97% of customers surveyed ranked the service provided by the NYPF as good or excellent.

Part 6 - External Audit Opinion

Part 7 - Additional Information

7.1 Glossary

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.

8.2 Contact Information**North Yorkshire Pension Fund**

County Hall
Northallerton
North Yorkshire
DL7 8AL

Telephone: **01609 536335**

Email: pensions@northyorks.gov.uk

Website: www.nypf.org.uk

MoneyHelper

Telephone: **0800 0113797**

Website: www.moneyhelper.org.uk

Contact us

Online: northyorks.gov.uk/contactus

By telephone: call **0300 131 2 131** and say '**Pension fund Annual Report**' when prompted.

North Yorkshire Council, County Hall, Northallerton, North Yorkshire, DL7 8AD

You can request this information in another language or format at northyorks.gov.uk/accessibility