

Minutes of a meeting of the West Yorkshire Pension Fund Pension Board held on Wednesday, 13 December 2023 in Aldermanbury House, Godwin St, Bradford

Commenced 10.00 am
Concluded 12.30 pm

Present – Members

| Employer Representatives | Member Representatives |
|---|------------------------------|
| Councillor Shakeela Lal, Bradford Council | Mick Binks, Unison |
| David Butcher, Leeds Trinity | Mark Morris, Unite the Union |
| Cllr D Pickersgill, Wakefield Council | Philip Charlton, GMB |

Councillor Lal in the Chair

37. DISCLOSURES OF INTEREST

Members were advised that, following advice from The Pensions Regulator a revised Conflict of Interest Policy would be circulated.

All those present who were members or beneficiaries of the West Yorkshire Pension Fund disclosed, in the interests of transparency, an interest in all relevant business under consideration.

Action: Director of Legal and Governance

38. MINUTES

Resolved –

That the minutes of the meeting of 13 September 2023 be signed as a correct record.

39. INSPECTION OF REPORTS AND BACKGROUND PAPERS

There were no appeals made to view restricted documents.

40. WYPF INVESTMENTS TRAINING PRESENTATION

Board Members were aware that to be able to assist the Scheme Manager and meet the requirements of the Public Service Pensions Act 2013, Pension Board Members must be able to demonstrate suitable knowledge and skills of the LGPS to effectively scrutinise the decisions made by officers.

To enhance Members' understanding the Chief Investment Officer, West Yorkshire Pension Board, provided a presentation on West Yorkshire Pension Fund Investments.

Members were advised of the Chief Investment Officer's (CIO) extensive previous experience and of his (CIO) role within WYPF. A detailed PowerPoint presentation was provided including strategic asset allocation; stakeholder management, investment strategy and staffing developments throughout 2023; alignment of the investment strategy and the belief and execution of those investments.

Resolved –

That the West Yorkshire Pension Fund's Chief Investment Officer be thanked for the production of an interesting and informative presentation.

ACTION: Managing Director, West Yorkshire Pension Fund

41. RISK MANAGEMENT

The Managing Director, West Yorkshire Pension Fund (WYPF) submitted a report (**Document "Y"**) which presented WYPF's Risk Policy and Strategy.

Board Members were advised that the purpose of the Policy and Strategy was to effectively mitigate risks which may otherwise impact on WYPF meeting its statutory responsibilities and strategic objectives. That was achieved by the development and maintenance of a comprehensive risk register. For each risk identified its likelihood of occurrence and materiality was considered and actions were identified in order to mitigate the risk.

It was explained that the Risk Policy and Strategy was subject to regular review by the WYPF Investment Advisory Panel (IAP) and Joint Advisory Group (JAG) and would be reported to each Pension Board meeting.

A Member queried how dynamic the register was and questioned if it evolved and changed. In response it was confirmed that amendments had not been made since it was last presented and if they had those changes would have been highlighted. Consideration had been given to downgrading the severity of risks around recruitment, but the Investment Advisory Panel had wanted to retain the red status.

The risk to the fund should a number of employers issue S114 notices, a notice indicating that a council's forecast income was insufficient to meet its forecasted expenditure, was discussed. Members were assured that there would be no financial impact on the fund and contributions would continue to be paid by employers. Increased workload to deal with pension enquiries from members who may be facing redundancy about pension calculations would have an impact on staff workloads. Discussions had been held with colleagues involved in pension calculations for authorities which had issued those notices to plan for the increases in workloads. The impact on the cost per member was queried and it

was explained that there would have to be a significant reduction in members for any material effect to be felt.

A Member suggested it would be useful to see the residual level of risk in the register following mitigating actions and it was agreed that the next version of the risk register would be updated to reflect that request.

The confidence of the fund to mitigate risks of cyber-attacks was questioned and it was explained that this was covered in the Pensions Administration report being presented later in the meeting.

Resolved –

- 1. That the report be noted.**
- 2. That risks be rated before and after management actions or controls are in place.**

ACTION: Managing Director, West Yorkshire Pension Fund

42. REGISTER OF BREACHES OF LAW

The Managing Director, West Yorkshire Pension Fund, presented a report (**Document “Z”**) which informed Members that, in accordance with the Public Service Pensions Act 2013, from April 2015, all Public Service Pension Schemes fall under the remit of the Pensions Regulator.

Section 70 of the Pensions Act 2004 (the Act) imposed a requirement to report a matter to The Pensions Regulator as soon as it was reasonably practicable where that person had reasonable cause to believe that:

- a) A legal duty relating to the administration of the scheme has not been or is not being complied with, and
- b) The failure to comply is likely to be of material significance to The Pensions Regulator in the exercise of any of its functions.

A register of any breaches of the Pensions Code of Practice was maintained in accordance with the WYPF Breaches Procedure. The Register of Breaches 2023/24 was appended to Document “Z”.

Members were informed that the breaches on the register for 2023/2024 related to contributions being paid late by employers and not being received by the fund until after the deadline of the 21st day of the following month and the non-issue of Annual Benefit Statements by 31 August 2023 for a small number of active members.

It was explained that the proportion of Annual Benefit Statements not being received by the target date was very small at 99.4%. Since the report had been drafted the figure had risen to 99.5%. The regulations stipulated that should the 100% target not be met it must be reported to TPR if it was felt that the breach was of material significance. It was believed it would be very difficult for any

pension fund to meet the 100% target due, in part, to a small number of members not advising the fund of changes to contact details.

Members were advised of a new process developed to deal with late payments and that alerts would be raised should an employer be 60 days late with payments to ensure warning letters could be issued. If payments were not received within 90 days, the employer would be reported to The Pensions Regulator.

It was questioned if members employed by any late paying employer were informed of the situation. In response it was explained that discussions were being held with The Pensions Regulator on that point, TPR wanted funds to do so, however, the fund did not want to alarm members unnecessarily. It was confirmed that there would be no direct impact on members from late payment of contributions as their benefits were protected.

It was questioned if late payments incurred interest charges and it was reported that interest was charged. It was explained that all late payments were pursued although some could be innocent mistakes due to new personnel who were unfamiliar with processes. For employers with a culture of persistent non-payment more forceful pursuits would be made going forward. As part of the valuation process all employers were assessed to determine affordability of contributions and the fund monitored those who may be struggling.

The action taken by The Pensions Regulator when reports were received was questioned. A recent example of an employer who had been reported was discussed and Members were advised that the TPR had communicated with that business and asked them to resolve the situation. It was unclear what action would be taken for repeated reports.

It was questioned if the Fund would cease to work with persistent late paying employers and it was explained that some employers had a statutory right or requirement under employment law to be in the Fund and could not be removed. It was explained that the Fund had a responsibility, under the regulations to admit all employers that met the eligibility criteria and removing employers from the Fund would likely have a negative impact on members. It was stressed that the engagement of the Employer Relations Team resulted in very few late payments occurring.

A Board Member supported TRP's view that members should be made aware of any non-payments by their employer. In response he was signposted to the TPR enforcement policy on the website and advised that the fund was required to inform members if wilful non-compliance was reported to TPR.

Resolved –

- 1. That the entries and actions taken on the Register of Breaches of Law contained in the appendix to Document “Z” be noted.**
- 2. That the Board support that members of employers who failed to**

make payments by the due date be advised of those incidents.

ACTION: Managing Director, West Yorkshire Pension Fund

43. LOCAL GOVERNMENT PENSION SCHEME REGULATIONS UPDATE

The report of the Managing Director, West Yorkshire Pension Fund, (**Document “AA”**) updated the Pension Board on changes to the Local Government Pension Scheme (LGPS) 2014 and provided information on associated matters.

Board Members’ attention was drawn to the Government’s response to consultation on investment reforms and the Local Government Pension Scheme statistics for 2022/23.

In relation to The Pensions Regulator’s consultation on a new code of conduct it was explained that this had been expected before Christmas but was now likely to be available mid to late spring 2024.

The report revealed that on 18 October 2023 the Office for National Statistics announced the Consumer Price Index (CPI) rate of inflation for September was 6.7 per cent. Government policy in recent years had been to base increases under the Pensions (Increase) Act 1971 and revaluation of pension accounts under section 9 of the Public Service Pensions Act 2013 on the rate of CPI in September of the previous year. Confirmation was awaited from Government that the revaluation and pensions increase that would apply to LGPS active pension accounts deferred pensions and pensions in payment in April would be 6.7 per cent.

It was explained that a more detailed response to the McCloud remedy would be presented later in the meeting.

Resolved –

That the report be noted.

ACTION: Managing Director, West Yorkshire Pension Fund

44. PENSIONS ADMINISTRATION UPDATE

The report of the Managing Director, West Yorkshire Pension Fund (**Document “AB”**) provided an update on West Yorkshire Pension Fund’s (WYPF) pensions administration activities for the period 1 July 2023 to 30 September 2023.

The report outlined performance and benchmarking statistics; scheme information including a full breakdown of membership between the different funds and schemes which WYPF administered; praise and the process of resolution of internal disputes. Details of the Pension Awareness Week and Employer Engagement were also provided.

Board Members were also advised of an Incident Response (IR) test which had

been conducted with the City of Bradford Metropolitan Council (CBMDC). The exercise had focused on challenging the IT and management team's response to multiple cyber incidents, offering an opportunity to review plans, rehearse situations and to learn if improvements could be made. A positive report of the exercise had been received revealing that good decisions were made on the day and officers were aware of what they should be doing. Lessons learned from that exercise included that, in the absence of key officers, all actions should be documented.

In addition, the fund had operated, for one week and without prior notice to staff, from its secondary recovery site, with no noticeable difference being reported.

In response to questions, it was confirmed that all officers completed mandatory training sessions on information security.

Details of the annual meetings for Employers and Members, held on 26 October 2023, were also provided together with staffing headcount statistics and registrations on the fund's member portal.

A Member referred to a previous suggestion that the retirement packs issued could be simplified and questioned if any progress had been made. In response it was acknowledged that retirement was a complex issue and it was agreed to check if any progress had been made to make them easier to understand. It was also agreed to report on any changes made to working practices as a result of comments or suggestions from members through the customer surveys.

It was requested that performance and benchmarking be reported with graphic images to show progress and it was agreed that this could be actioned in future reports. The impact on workload since September 2023 with potential increases in requests for pension estimates was queried. It was explained that, when workloads were high, deferred estimates were not treated with the same urgency as those which were due for payment. It was expected that an increase in those tasks would be seen in the next report. Board Members were advised that fund members could calculate their own estimates using the online portal.

In response to concerns that estimates may be required quickly Members were assured that the Fund had the ability to move staffing resources into areas requiring priority.

Resolved –

That the report be noted.

ACTION: Managing Director, West Yorkshire Pension Fund

45. MCCLOUD REMEDY

The Managing Director, West Yorkshire Pension Fund (WYPF) presented a report (**Document "AC"**) including the Governments response, issued on 8 September 2023, to the consultation 'McCloud' remedy in the Local Government Pension Scheme (LGPS) – supplementary issues and scheme regulations' which closed

on 30 June 2023.

On 8 September 2023 the final LGPS regulations, which enabled the McCloud remedy to be implemented, were also laid in parliament and came into force on 1 October 2023.

It was explained that the Fund was working with the software provider, Civica, to provide updates to allow calculations arising from the remedy to be conducted.

The regulations issued included retrospective actions required from 1 April 2023 so there was a lot of work to be revisited. Whilst the regulations had been issued a large amount of statutory and non-statutory guidance was still outstanding. Regular internal project meetings were being conducted; a newsletter would be issued before Christmas and the website had been updated.

Resolved –

That the report be noted.

ACTION: Managing Director, West Yorkshire Pension Fund

46. EXCLUSION OF THE PUBLIC

It was reported that information contained in the report would no longer be prejudicial to the Council's case in any future legal proceedings that may be initiated, and no resolution was taken to exclude the public.

47. PENSIONS DASHBOARD

The Managing Director, West Yorkshire Pension Board, presented Document "AD" which provided an update on the progress of the introduction of the Pensions Dashboard. The report had initially been published as a Not for Publication document which it had since been deemed could be discussed, without prejudice, in public.

Members were advised that work was required in readiness for the commencement of the dashboard to ensure that information held by the Fund was up to date and accurate. The dashboard comprised of a complex technical eco system, however, officers were confident about the processes required. It was questioned if the system would add complexity for members and Board Members were assured that the system should simplify and make it easier for members to view their pensions.

Resolved –

That the report be noted.

ACTION: Managing Director, West Yorkshire Pension Fund

48. EMPLOYER ROLES AND RESPONSIBILITIES - TRAINING PRESENTATION

Board Members were aware that to be able to assist the Scheme Manager and meet the requirements of the Public Service Pensions Act 2013, Pension Board Members must be able to demonstrate suitable knowledge and skills of the LGPS to effectively scrutinise the decisions made by officers.

To enhance Members' understanding the Managing Director, West Yorkshire Pension Board, provided a report (**Document AE**) and the Employer Service Manager delivered a presentation on Employer Roles and Responsibilities. For information copies of the presentation would be provided to Members following the meeting.

A detailed PowerPoint was provided including details of the employers in the West Yorkshire Pension Fund, the employer's responsibility to the Fund, the employer responsibility to the scheme member and how the Fund worked, via the Employer Relations Team, with those employers.

It was questioned whether all shared service partners were treated the same way, and it was confirmed that as part of their contracts with the Fund regular reports were made to their Pension Boards. Efforts were made to ensure there were parallel arrangements with all partners, however, the London Borough of Hounslow conducted their own payroll.

Resolved –

That the presentation on Employer Roles and Responsibilities be noted.

ACTION: Managing Director, West Yorkshire Pension Fund

49. WEST YORKSHIRE PENSION FUND TRAINING STRATEGY

Board Members were aware that to be able to assist the Scheme Manager and meet the requirements of the Public Service Pensions Act 2013, Pension Board Members must be able to demonstrate suitable knowledge and skills of the LGPS to effectively scrutinise the decisions made by officers.

The training of Pension Board members to understand their responsibilities and the issues they are dealing with was a very high priority.

The Managing Director, West Yorkshire Pension Fund (WYPF) provided a report (**Document "AF"**) which presented the WYPF Training Strategy and provided details of training courses, conferences and seminars available to assist Board Members.

It was explained that the Training Strategy was being reintroduced and set out the training requirements expected of Board Members. The requirements of the strategy must be completed within six months of them joining the board or by 31 March 2024.

To comply with TPR request for progress, Board Members were asked to send details to the Head of Governance and Business Development (Matt Mott) or Senior Governance and Business Development Officer (Sukhjot Kaur) of the

completed TRP Public Service Toolkit or, if not completed, to complete that as a matter of urgency.

Board Members were asked to consider the Knowledge and Skills Training Strategy, contained at Appendix A to Document “AF” along with the Pension Board attendance and training record 2023 at Appendix B. The training records would be utilised to plan future training.

A Board Member explained that he could not download the certificate of completion of the TPR Public Service Toolkit, and it was agreed that he would take a screen shot of that certificate and forward for inclusion on his personal training record.

Following discussion about the annual LGA Fundamentals training programme it was confirmed that Board Members were encouraged to complete the training as often as they wished and should advise the Fund if they would like that training to be booked. For those Members who did not want to repeat the Fundamentals programme training it was confirmed that that it was not a requirement for them to repeat the training annually. A Member who had conducted that training many times reported that his training record did not include that programme and it was agreed to update his record.

Resolved -

- 1. That Members would complete TPR Public Sector Toolkit online training, including the Scam module, by 31 March 2024 and the relaunched Hymans Robertson online LGPS Learning Academy Training and meet the expectations of TPR and the requirements defined by the Public Service Pensions Act 2013.**
- 2. That Board Members would attend external training events provided by PLSA, LGA & Actuarial firms. Consideration should also be given to Local Pension Board Member representation at various national events such as the PLSA Conference and LGA Governance conference.**

ACTION: Managing Director, West Yorkshire Pension Fund

50. EXCLUSION OF THE PUBLIC

Resolved –

That the public be excluded from the meeting during consideration of the Not for Publication Appendix to Document “AG” containing the minutes of the West Yorkshire Pension Fund Investment Advisory Panel meeting held on 26 October 2023 because information would be disclosed which is considered to be exempt information within paragraph 3 (Financial or Business Affairs) of Schedule 12A of the Local Government Act 1972 (as amended).

It is considered that, in all the circumstances, the public interest in maintaining this exemption outweighs the public interest in disclosing this information as it is in the overriding interest of proper administration that

Members are made aware of the financial implications of any decision without prejudicing the financial position of the West Yorkshire Pension Fund

**51. WEST YORKSHIRE PENSION FUND INVESTMENT ADVISORY PANEL
MINUTES 26 OCTOBER 2023**

Members were reminded that the role of The Pension Board, as defined by sections 5(1) and (2) of the Public Service Pensions Act 2013 was to assist the Council as Scheme Manager in ensuring the effective and efficient governance and administration of the Local Government Pension Scheme (LGPS) including securing compliance with the LGPS regulations and any other legislation relating to the governance and administration of the LGPS; securing compliance with the requirements imposed in relation to the LGPS by the Pensions Regulator; and any other such matters as the LGPS regulations may specify.

Appended to the report of the Managing Director, West Yorkshire Pension Fund, **Document “AG”** were the minutes of the meeting of WYPF Investment Advisory Panel, 26 October 2023, and were submitted to the Pension Board to enable the Board to ensure effective and efficient governance and administration of the LGPS.

Resolved –

That the minutes of the West Yorkshire Pension Fund, Investment Advisory Panel 26 October 2023, be noted.

ACTION: Managing Director, West Yorkshire Pension Fund

52. CHAIR'S NOTE

A Board Member was leaving the Board to take up a new position as an officer of West Yorkshire Pension Fund and the Chair, on behalf of the Board, thanked the Unite the Union representative Mark Morris, for his valuable contribution. Mark was wished well, by all, in his new role.

Chair

Note: These minutes are subject to approval as a correct record at the next meeting of the West Yorkshire Pension Fund Pension Board.

THESE MINUTES HAVE BEEN PRODUCED, WHEREVER POSSIBLE, ON RECYCLED PAPER