

Minutes of a meeting of the West Yorkshire Pension Fund Pension Board held on Wednesday, 17 October 2018 in Aldermanbury House, Godwin Street, Bradford

Commenced 10.00 am
Concluded 12.10 pm

Present – Councillors

Employer Representatives	Member Representatives
Councillor M Slater (Chair) – Bradford Councillor G Burton – Wakefield Ms R Manning - Employer	Mr M Binks – Unison Mr C Sykes – Unison

Apologies: Councillor James Lewis, Mark Morris and Gary Nesbitt

Councillor Slater in the Chair

1. DISCLOSURES OF INTEREST

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

2. MINUTES

The Director, West Yorkshire Pension Fund, provided an update on the Guaranteed Minimum Pension (GMP) Reconciliation Exercise to wind up the contracted out element link between the Local Government Pension Scheme (LGPS) and the State Earnings Related Pension Scheme (SERP's) for members with service between 6 April 1978 and 5 April 1997.

Resolved –

That the minutes of the meeting held on 28 March 2018 be signed as a correct record.

3. INSPECTION OF REPORTS AND BACKGROUND PAPERS

There were no appeals submitted by the public to review decisions to restrict documents.

4. WEST YORKSHIRE PENSION FUND AUDITED REPORT AND ACCOUNTS

FOR 31 MARCH 2018

The report of the Director, West Yorkshire Pension Fund (**Document “B”**) provided a summary of West Yorkshire Pension Fund’s financial position for the year ended 31 March 2018.

Members questioned the charges per member and it was agreed that they would be provided with a table of charges.

The commencement of the common custodian bank, Northern Trust, was discussed and it was explained that meetings were continuing.

Members queried how the key performance indicators compared against other Pension Funds and it was explained that although there were no national benchmarks available, from seeing other funds’ accounts and discussions with other funds, it was felt that comparisons were favourable.

The acquisition of new business confirmed the fund’s reputation and whilst administering that business it was evident that WYPF provided better response times and accuracy of calculations than previous providers.

Resolved –

That the report be noted.

ACTION: Director, West Yorkshire Pension Fund

5. MINUTES OF THE WYPF JOINT ADVISORY GROUP (JAG) 26 JULY 2018

The report of the Director, West Yorkshire Pension Fund, (**Document “A”**) reminded Members 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.

The minutes of the meeting of WYPF Joint Advisory Group, 26 July 2018 were submitted to the Pension Board to enable the Board to ensure effective and efficient governance and administration of the LGPS.

A Member questioned the message he should be communicating regarding the information required from employers for the Actuarial Valuation 2019. He was advised that it should be stressed to all employers that they are required to provide accurate information by 31 March 2019. For any outstanding leaver forms for employees who had left employment the actuary will assume that they were still in service up until 31 March 2019..



Finance Directors for the five councils and fire authorities will be meeting with the Fund's Actuary on 1 November 2018 to discuss the annual review of their employer contribution rates. They will also have the opportunity to discuss any issues they may have in anticipation to the run up to the next valuation. It was questioned if that advice would also be available to all employers. It was explained that the actuary will be presenting an item at the annual meeting on the afternoon of 1 November 2018 and employers can raise questions/discuss any issues. Members were also assured that WYPF officers engaged with employers on a regular basis.

Resolved –

That the minutes of the meeting held on 26 July 2018 be noted.

6. WEST YORKSHIRE PENSION FUND - FIVE YEAR INTERNAL AUDIT PLAN 2018/19 TO 2022/23

The report of the Director, West Yorkshire Pension Fund, (**Document “C”**) presented the latest five year internal audit plan for West Yorkshire Pension Fund (WYPF). Members were advised that the plan was reviewed annually between WYPF finance team and City of Bradford Metropolitan District Council (CBMDC) Internal Auditors by carrying out a detailed assessment of WYPF business risks, pensions and investment regulatory compliance environments, and service developments.

Document “C” revealed that the latest plan delivered an increase in internal audit resource to cover increased operational activities from shared services and investment pooling activities in Northern Pool. Meetings were held monthly to allow issues to be identified in a timely fashion. It was explained that 11 internal audits had been completed in 2017/18 with no major risks identified. During 2018 two audits had so far been completed and no issues had been discovered. There were four audits currently in progress two of which were at an advanced stage and again no issues had been found.

Members were advised that additional work to support the custodial procurement and transfer of custodial arrangements for the Northern Pool and the transfer of data from the London Borough of Hounslow was on continuing.

A Member questioned if the five yearly audit of deferred pensions, last completed in December 2017, had been completed and it was confirmed that this had been concluded in March 2018. Recommendations arising from that work had reduced from five in 2012 to two in 2018.

Resolved –



That the report be noted.

ACTION: Director, West Yorkshire Pension Fund

7. REGISTER OF BREACHES OF LAW

The Director, West Yorkshire Pension Fund, presented **Document “D”** which reported that Section 70 of the Pensions Act 2004 (the Act) imposed a requirement to report a matter to the Pensions Regulator (tPR) as soon as reasonably practicable where a 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.

The Breaches of Law Register was appended to Document “D” and outlined the value of late contributions and actions taken. It was revealed that the only breaches were those of employers who had failed to pay employee contributions by the appropriate date. One notable employer had failed to make contributions each month and had been reported to The Pensions Regulator. A copy of the report to tPR was also appended to Document “D”.

The actions taken on the breaches were discussed and Members were assured that benefits to employees were guaranteed and would not be affected by employer late payments.

Resolved –

That the entries on the Register of Breaches of Law be noted.

ACTION: Director, West Yorkshire Pension Fund

8. LOCAL GOVERNMENT PENSION SCHEME

The Director, West Yorkshire Pension Fund, presented a report, **Document “E”** which updated Members on changes affecting the Local Government Pension Scheme.

Document “E” reported that, in addition to making the technical amendments which had previously been consulted on, the main changes made by the Amendment Regulations were:

- For members who left the Local Government Pension Scheme before 1 April 2014 to elect to receive payment of their deferred benefits from age 55, with reductions, without having to obtain the consent of their former employer.
- Changes to options available to members with a pre-2014 Additional



Voluntary Contribution “pot”.

- The requirement to refund any surplus on a Scheme employer ceasing its participation in the Local Government Pension Scheme.

A Member questioned the likelihood of the life time allowance being reduced to below £1 million and, in response, it was explained that no information had been received and this was most likely a rumour.

The report explained that the Pensions Regulator (tPR) had published a report on the findings of the governance and administration survey (undertaken in November and December 2017) of public service pension schemes. The Pension Regulator’s report set out how tPR had interpreted the findings including, their expectations of those involved in running the schemes and what they would be doing over the next year to address the issues identified in the report.

A Member referred to the commentary in the report which highlighted that 34% of LGPS administering authorities held fewer than four pension board meetings a year. In tPR’s view that provided inadequate opportunity for pension boards to carry out their role effectively and it was questioned if WYPF Pension Fund’s meetings should be increased.

The Director, West Yorkshire Pension Fund, in response, explained that many funds did not have the level of scrutiny which was undertaken in West Yorkshire. It was acknowledged that although the Pension Fund Board had only two formal meetings per year there were a number of training events held to ensure Members had the skills and knowledge to hold the Fund to account. The Fund had a good relationship with the Pension Fund Regulator and the quality of governance was kept under review. The Unison representative reported that the issue had been discussed by the union and its view was that the Pension Fund should meet four times per year.

Resolved –

That the report be noted.

ACTION: Director, West Yorkshire Pension Fund

9. DATA QUALITY

The report of the Director, West Yorkshire Pension Fund (**Document “F”**) explains that The Pension Regulator’s (tPR) Code of Practice 14 and The Public Service Pensions (Record Keeping & Miscellaneous Amendments) Regulations 2014 set out the requirements for public sector pension funds to maintain comprehensive and accurate data on their members and their member’s pension contributions.

This year, for the first time, LGPS funds were required to report on the quality of common and scheme-specific data in their scheme returns. Funds must have plans in place to review data annually and, where necessary, put in place a data improvement plan setting out the steps taken to address any issues.



It was explained that there were two types of data which should be measured, common data and key scheme specific (conditional) data. It was reported that common data was basic data items which were used to identify scheme members and would include names, addresses, national insurance numbers, date of birth etc.

Conditional data was other data held in respect of members and their participation in the scheme and was data that was essential to calculate benefit entitlements.

It was explained that the Local Government Association (LGA) had been working over the summer on the details of what should be included in the list of conditional data for LGPS Funds. They undertook a consultation exercise which raised a number of questions and as a result they felt they didn't have the time or resources to formulate an agreed approach that was acceptable to all stakeholder before the scheme returns were to be submitted.

LGA had been in discussion with the Pensions Regulator (tPR), and it had been accepted that in the first year, data scoring on conditional data would be regarded as work-in progress and as a means to identify any issues and obstacles to scoring conditional data. Administering Authorities had, therefore, been advised to adopt their own approach to the details of conditional data to be measure this year in order to meet the Pension Regulators survey requirements. The LGA would recommence work in the next 12 months to re-open discussions about formulating a standardised basis for scoring conditional data for 2018/19 and beyond.

A Member questioned if the results would be published for each scheme and it was explained that scores would be shared for comparison purposes.

A particular data issue was reported as that of deferred members who failed to tell the WYPF that they had changed address. A data plan had been produced to address that issue and a tracing bureau engaged. A secure member portal was being developed to allow Members to update their data more easily.

Members were advised that a report would be provided at the next scheduled meeting with details of the data score and plans to improve performance.

Resolved –

That the report be noted.

ACTION: Director, West Yorkshire Pension Fund

10. RISK REGISTER



WYPF maintain a Risk register which contains 45 risks that had been identified and framed into scenarios. The risks had been rated, 22 of these above their acceptable tolerance level, 23 below the tolerance line.

The report of the Director, West Yorkshire Pension Fund, (**Document “G”**) informed Members of five risks from the 22 above their tolerance levels so that the Pensions Board could ensure adequate Management Action Plans were in place to monitor those risks. The risks, together with action taken to manage and mitigate those risks, were reported as follows:-

- Impact of Central Government Budget cuts
- Valuation continues to register a deficit in the pension fund
- Reduction in proportion of active members
- Lack of information sharing with employers
- Disaster recovery

The full Risk Register was appended to Document “G”.

A representative from CBMDC Internal Audit team confirmed that the risks were considered and well managed.

It was confirmed that a further five risks and action plans to manage and mitigate them would be provided at the next meeting.

Resolved –

That the five risks and action plans to manage and mitigate those risks contained in Document “G” be noted.

ACTION: Director, West Yorkshire Pension Fund

11. TRAINING, CONFERENCES, SEMINARS AND EVENTS

The report of the Director, West Yorkshire Pension Fund, (**Document “H”**) confirmed that the training of Pension Board members to understand their responsibilities and the issues they would deal with was a very high priority. The report listed a number of training courses, conferences, seminars and events which may assist them in their roles.

A summary of the training undertaken by Pension Board members during 2017/18 and 2018/19 was appended to the report together with a training needs analysis for members to complete annually to enable progress and knowledge to be recorded and to allow any training issues to be identified and addressed.

Resolved –



(1) That all Pension Board members complete the training needs analysis, appended to Document “H”, on an annual basis so gaps in pension knowledge can be identified.

(2) That the events listed in Section 2 of Document “H” and the date of the next meeting on 26 March 2019 be noted.

ACTION: Director, West Yorkshire Pension Fund

12. EXCLUSION OF THE PUBLIC

Members were asked to consider if the item relating to the West Yorkshire Pension Fund Investment Advisory Panel (**Document “I”**) should be considered in the absence of the public.

Resolved –

That the public be excluded from the meeting during consideration of the item relating to minutes of the West Yorkshire Pension Fund Investment Advisory Panel meetings held on 26 April 2018 and 26 July 2018 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.

13. MINUTES OF THE WEST YORKSHIRE PENSION FUND INVESTMENT ADVISORY PANEL HELD ON 26 APRIL AND 26 JULY 2018

The report of the Director, West Yorkshire Pension Fund, (**Document “I”**) reminded Members 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

The minutes of meeting of WYPF Investment Advisory Panel were submitted to the Pension Board to enable the Board to ensure effective and efficient governance and administration of the LGPS.

Members were requested to review the Not for Publication minutes of the



Investment Advisory Panel on 26 April and 26 July 2018 appended to Document “I”.

Resolved –

That the Not for Publication minutes of the Investment Advisory Panel on 26 April and 26 July 2018, appended to Document “I”, be noted.

ACTION: Director, West Yorkshire Pension Fund

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

