

Minutes of a meeting of the West Yorkshire Pension Fund Pension Board held on Tuesday, 13 August 2019 in Aldermanbury House, Godwin Street, Bradford

Commenced 10.00 am
Concluded 11.25 am

Employer Representatives	Member Representatives
Councillor S Lal (Chair) – Bradford	Mr G Nesbitt – GMB
Councillor D Jenkins– Leeds	Mr M Binks – Unison
Councillor M Johnson – Wakefield	Mr C Sykes – Unison
Ms R Manning - Employer	Mr M Morris - Unite

Councillor Lal in the Chair

1. DISCLOSURES OF INTEREST

Ms G Kitchen, West Yorkshire Pension Fund Service Centre Group Manager, disclosed in the interest of transparency, that she was a personal friend of Councillor Johnson.

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: City Solicitor

2. MINUTES

Resolved –

That the minutes of the meeting held on 26 March 2019 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. WYPF DATA IMPROVEMENT PLAN

The report of the Director, West Yorkshire Pension Fund (WYPF),

Document “A”, informed members 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 members’ pension contributions.

The report revealed that from 2018, and for the first time, Local Government Pension Funds were required to report on the quality of common and scheme-specific data in their Pension Regulator scheme returns.

Guidance issued by the Pensions Regulator (tPR) at that time was outlined in Document “A”. The guidance included that a continuous review of data was required; a data review be carried out annually and where a review of data identified poor or missing data an improvement plan should be put in place to address those issues. Members were advised that there were two types of data which should be measured and that was Common Data and Scheme Specific Data. As a definition of Scheme Specific Data was not completed until July 2109 Pension Funds were advised to assess what they thought was scheme specific and to use that for their 2018 tPR return.

The WYPF Data Improvement Plan 2018/19 was appended to Document “A”. It was explained that the scheme specific data in that plan was under the definition of WYPF and that it would change following a definition of scheme specific data which had now been provided from the Local Government Association.

During discussions about actions to improve the data it was acknowledged that the fund had over 100,000 active members and 291,000 deferred members and that there was only a small percentage of incomplete or incorrect data. The majority of incomplete data was due to deferred members moving address and not informing the fund of their contact details. Members were advised that systems were in place to trace those members and that annual deferred member statements were issued and reminded members to update their personal information.

In response to questions about the start up system used for new members it was confirmed that employers provided monthly returns for their employees and any missing information would be requested from the employer at that time.

It was queried how data was disposed of and it was clarified that all records were kept to provided a full audit trail and historic information for each member.

In response to questions about measures to ensure that data from employers was accurate it was confirmed that employers provided a detailed record on payments to HMRC each month. The amounts paid were checked against member records and queries were picked up from the payroll or Human Resources sections and corrected within one month. It was confirmed that pensionable pay and employer contributions were checked. Measures were undertaken to educate and train employers in the production of accurate data and it was confirmed that there were no issues with the largest employers. It was believed that the provision of Member Benefit Statements containing salary details would also allow members to alert the fund to any discrepancies.

Inconsistency in start date information was discussed. It was explained that this could be due to employees changing working hours/patterns and new starter forms being produced in error by employers. It was agreed to check the rationale for that data further.

Members questioned if there was a central or Government tracing system which could be used and it was confirmed that there was not one definitive service available. The Department for Works and Pensions were contacted as part of the fund's tracing activities.

Resolved –

That the report be noted.

ACTION: Director, West Yorkshire Pension Fund

5. LOCAL GOVERNMENT PENSION SCHEME REGULATIONS UPDATE

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

The report included consultation on a number of proposals from the Ministry of Housing, Communities and Local Government (MHCLG). Those consultations were on Fair Deal – strengthening pension protection; Revised Late Retirement Factors; Local Valuation Cycle and the management of employer risk. WYPF's responses to those consultations were appended to the report.

The effect of those proposals were reported and it was explained that the greatest impact would be from changes to the valuation cycle. Members were reminded that WYPF's three yearly valuation was out of kilter with other public sector pension schemes and the proposals were to move to a four yearly (quadrennial) cycle. It was explained that as this was a policy consultation if it was decided to proceed there would be further consultation on the changes.

Document B advised Members of the impact of the case known as the McCloud judgement and that the government not been granted leave to appeal against a judgement that changes made by the government to the pensions of Judges and Firefighters were discriminatory on the grounds of age, race and equal pay. It was expected that the case would be considered by an employment tribunal but that the case would take significant time to be concluded.

An Employer Representative explained that auditors had stated that they could not guarantee that a full valuation would not be required from employers. The cost of that valuation would be substantial but rather than risking the need to make late adjustments it had been decided to go ahead with that valuation. She was concerned that other smaller employers may be in the same situation and concern was expressed that employers may commence a full valuation and the courts come to a different conclusion on the case.

In response it was explained that employers should take advice from their actuaries who would make a professional judgement.

It was questioned if the judgement could effect payments already being made and it was confirmed that recalculations of the payments to retired members would be required.

A Member questioned if the fund gave consideration to climate change issues when investments were considered. He was advised that there had been discussions by the Pension Board on that topic in the past. WYPF, at the Investment Advisory Panel, considered the climate change programme each autumn and had been instigators of motions to Shell; BP and other large companies to ensure they produced business plans in line with the Paris Agreement. WYPF was part of the Pension Fund Forum and worked with Church Commissioners and others as part of the Climate 10C. This involved all the largest investors influencing the biggest 100 employers across the world. It was reported that there would be information included on the Fund's website this autumn and agreed to circulate briefing notes for Members on the Climate Change Programme and Fossil Fuels.

Resolved –

That the report be noted.

ACTION: Director, West Yorkshire Pension Fund

6. REGISTER OF BREACHES OF LAW

Director, West Yorkshire Pension Fund, presented a report (**Document “C”**) which informed Members that, in accordance with the Public Service Pensions Act 2013, all Public Service Pension Schemes now came 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 reason to believe that:

- (a) A legal duty relating to the administration of the scheme had not been or was not being complied with, and
- (b) The failure to comply was 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 2018/19 and 2019/20 were appended to Document “C”. Those documents revealed that that since April 2019 there had been only one late payment. In September 2018 one employer had been reported to the Pensions Regulator (tPR) for late payments. That employer had now ceased all contracts in the fund and outstanding payments had been received.

With the exception of the issue reported to the tPR it was reported that all entries on the register were not felt to be of material significant but the views of Members were requested.

The requirement for all annual benefits statements to be provided to each active member by 31 August was discussed. The report revealed that 99.6% of statements had been despatched by that deadline. It would not be possible to meet the target of 100% because of continual changes to member contact details.

Measures taken to ensure members were aware of pension procedures were raised and in response to questions it was clarified that each employer would have a staff member who was responsible for pension fund issues. WYPF's contact centre was also able to assist. A pension information pack was also circulated to all retiring members; all information was provided in plain English and a pensions newsletter was regularly circulated. The procedure for dealing with members who became incapacitated was also explained.

It was questioned if Annual Benefit Statements were processed in alphabetical order and it was clarified that they were despatched in fund order.

Lessons learned following an employer being reported to tPR were questioned and it was asked if steps could be made to exclude those employers from the fund. In response it was explained that WYPF could not prevent employers who were entitled from joining the fund. Questions were asked of firms letting contracts to ascertain if there had been any issues with government regulation and issues should come to the attention of the fund at that time. It was confirmed that fines were imposed on employers making late payments.

A Trade Union representative enquired as to how long it would take for an employer to join the Fund. He was advised that the timescale would vary as it was the responsibility of an employer letting a contract to ensure a new provider sought Admission Body Status and to inform WYPF. Once the information was received a risk assessment was conducted which, depending on scheme employers, could be conducted within a week. It was stressed that the employer was a guarantor of payment in such cases. It was agreed that Trade Union Representatives could be advised if an application for Admission Body Status had been commenced.

The requirement to provide a bond was questioned and it was explained that most bodies which were letting contracts would be required to provide a bond.

The rationale for two late payments appearing on the register from a large employer were questioned. It was confirmed that this was not a problematic employer and could be down to staff absence or holiday. It was agreed to check that issue. It was reiterated that charges would be made for late payments and that statutory penalties were incurred for delays of more than one month. It was explained that the latest payment date was stated as 19th but if using BACS payments could be made by the 22nd of the month. The situation was constantly monitored and missed payments were picked up on the day. Employers would be contacted after three days and again after two weeks. If payment was not made for the month statutory interest would be charged and a record placed on the Register of Breaches of Law. In response to questions it was confirmed that the interest was charged at the Bank of England base rate and that the charge did cover the costs incurred by WYPF.

It was confirmed that charges were in line with scales of charges in administration guidelines; that they must be reasonable and proportionate; be published and be approved by the Ministry of Housing, Communities and Local Government (MHCGL). The late payment would also be publicised to Members of the Pension Board and Joint Advisory Group.

Resolved –

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

ACTION: Director, West Yorkshire Pension Fund

7. TRAINING, CONFERENCES, SEMINARS

Members were reminded that training to understand their responsibilities and the issues they would be dealing with was a very high priority. The report of the Director, West Yorkshire Pension Fund, (**Document “D”**) contained details of training courses, conferences and seminars to assist Pension Board Members.

Members were requested to give consideration to attendance at the events contained in Section 1 of Document “D” and note the requirement to complete the Pension Regulator’s toolkit.

Particular attention was drawn to the LSPF Fundamentals Training taking place in Leeds over three separate days in October, November and December 2019. It was recommended that Members considered attending that training.

A Member questioned if he would be able to receive training papers for a particular day he could not attend the three day Fundamentals event. He was advised that investigations would be made into that request. It was also explained that the course was paid for by the day and if he was not able to attend one of the sessions he could attend the session he would miss at a later date.

A Member who had previously attended the Fundamentals training requested she be allowed to repeat those sessions and it was agreed that arrangements would be made.

The ability to gain Continuing Professional Development (CPD) accreditation from the training on offer was questioned and it was confirmed that it could be used as a record of experience and learning.

The Schroders Trustee Training was discussed and Members advised that this would be more private sector focused.

It was explained that in-house courses or specific one to one training could also be provided.

It was stressed that WYPF would meet all the training expenses and that cost should not be a consideration in selecting learning requirements.

It was questioned if WYPF staff had access to apprentice level training and it was confirmed that the fund made good use of the apprentice scheme.

Members were requested to complete the Pension Regulators toolkit training appended to the report to enable an analysis of their training requirements to be undertaken.

No resolution was passed on this item.

8. MINUTES OF THE WEST YORKSHIRE PENSION FUND INVESTMENT ADVISORY PANEL 25 APRIL 2019

The report of the Director, West Yorkshire Pension Fund, **Document “E” (which contained Not for Publication Appendix 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 meeting of WYPF Investment Group were submitted to the Pension Board to enable the Board to ensure effective and efficient governance and administration of the LGPS.

Resolved –

That the Not for Publication minutes of the West Yorkshire Pension Fund Investment Advisory Group 25 April 2019 appended to Document “E” 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