

Agenda for a meeting of the West Yorkshire Pension Fund Pension Board to be held on Tuesday, 24 March 2020 at 10.00 am in Aldermanbury House, 4 Godwin Street, Bradford BD1 2ST

Members of the Committee

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

Notes:

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- The taking of photographs, filming and sound recording of the meeting is allowed except if Councillors vote to exclude the public to discuss confidential matters covered by Schedule 12A of the Local Government Act 1972. Recording activity should be respectful to the conduct of the meeting and behaviour that disrupts the meeting (such as oral commentary) will not be permitted. Anyone attending the meeting who wishes to record or film the meeting's proceedings is advised to liaise with the Agenda Contact who will provide guidance and ensure that any necessary arrangements are in place. Those present who are invited to make spoken contributions to the meeting should be aware that they may be filmed or sound recorded.
- If any further information is required about any item on this agenda, please contact the officer named at the foot of that agenda item.

From:

Parveen Akhtar
City Solicitor
Agenda Contact: Jane Lythgow
Phone: 01274 4322700/1274 432280
E-Mail: jane.lythgow@bradford.gov.uk

To:

A. PROCEDURAL ITEMS

1. DISCLOSURES OF INTEREST

(Members Code of Conduct - Part 4A of the Constitution)

To receive disclosures of interests from members and co-opted members on matters to be considered at the meeting. The disclosure must include the nature of the interest.

An interest must also be disclosed in the meeting when it becomes apparent to the member during the meeting.

Notes:

- (1) *Members may remain in the meeting and take part fully in discussion and voting unless the interest is a disclosable pecuniary interest or an interest which the Member feels would call into question their compliance with the wider principles set out in the Code of Conduct. Disclosable pecuniary interests relate to the Member concerned or their spouse/partner.*
- (2) *Members in arrears of Council Tax by more than two months must not vote in decisions on, or which might affect, budget calculations, and must disclose at the meeting that this restriction applies to them. A failure to comply with these requirements is a criminal offence under section 106 of the Local Government Finance Act 1992.*
- (3) *Members are also welcome to disclose interests which are not disclosable pecuniary interests but which they consider should be made in the interest of clarity.*
- (4) *Officers must disclose interests in accordance with Council Standing Order 44.*

2. MINUTES

Recommended –

That the minutes of the meeting held on 17 December 2019 be signed as a correct record (previously circulated).

(Jane Lythgow – 01274 432270)

3. INSPECTION OF REPORTS AND BACKGROUND PAPERS

(Access to Information Procedure Rules – Part 3B of the Constitution)

Reports and background papers for agenda items may be inspected by contacting the person shown after each agenda item. Certain reports and background papers may be restricted.

Any request to remove the restriction on a report or background paper should be made to the relevant Strategic Director or Assistant Director whose name is shown on the front page of the report.

If that request is refused, there is a right of appeal to this meeting.

Please contact the officer shown below in advance of the meeting if you wish to appeal.

(Jane Lythgow - 01274 432270)

B. BUSINESS ITEMS

4. MINUTES OF THE WEST YORKSHIRE PENSION FUND JOINT ADVISORY GROUP (JAG) 30 JANUARY 2020 1 - 14

The report of the Director, West Yorkshire Pension Fund, (**Document “X”**) reminds Members that the role of The Pension Board, as defined by sections 5(1) and (2) of the Public Service Pensions Act 2013 is 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 Joint Advisory Group are submitted to the Pension Board to enable the Board to ensure effective and efficient governance and administration of the LGPS.

Recommended –

Members are requested to review the minutes of the WYPF JAG meeting held on 30 January 2020.

(Rodney Barton - 1274 432317)

5. 2019 ACTUARIAL VALUATION AND CONSULTATION ON THE FUNDING STRATEGY STATEMENT 15 - 20

The report of the Director, West Yorkshire Pension Fund (**Document “Y”**) explains that the next triennial actuarial valuation of the Fund is being prepared based on the situation at 31 March 2019, and will determine the level of employers’ contributions from 1 April 2020 to 31 March 2023.

The indications are that WYPF will be 106% funded compared to the situation at 31 March 2016 when it was 94% funded. As a result each of the five district councils will see a slight reduction in their employer contributions..

Recommended –

That the report be noted.

(Caroline Blackburn – 01274 432317)

6. PENSIONS ADMINISTRATION STRATEGY 2020/21

21 - 36

The report of the Director, West Yorkshire Pension Fund, (**Document “Z”**) explains that, as part compliance with the LGPS Regulations 2013, WYPF prepare a written statement of the authority’s policies in relation to such matters as it considers appropriate in relation to the levels of performance which the employers and WYPF are expected to achieve.

The Pension Administration Strategy is reviewed each year particularly if there are any new regulations and revisions to working practices.

The Pensions Administration Strategy is appended to Document “Z”.

Recommended –

That the report be noted.

(Yunus Gajra – 01274 434343)

7. COMMUNICATIONS POLICY 2020/21

37 - 44

The Director, West Yorkshire Pension Fund, will present **Document “AA”** which reports that as part compliance with the LGPS Regulations 2013 WYPF prepare, maintain and publish a written statement setting out its policy concerning communications with:-

- a) Members
- b) Representatives of Members
- c) Prospective Members
- d) Scheme Employers

WYPF’s Communication Policy is updated each year to reflect the engagement planned with the various stakeholders and the forma of that engagement.

The Communications Policy is appended to Document “AA”.

Recommended –

That the Pension Communication Policy, appended to Document “AA” be noted.

(Yunus Gajra – 01274 434343)

8. REGISTER OF BREACHES OF LAW

45 - 52

The Director, West Yorkshire Pension Fund, will present a report (**Document “AB”**) which informs Members that, in accordance with the Public Service Pensions Act 2013, from April 2015 all Public Service Pension Schemes come under the remit of the Pensions Regulator.

Section 70 of the Pensions Act 2004 (the Act) imposes a requirement to report a matter to the Pensions Regulator as soon as it is reasonably practicable where that person has reason 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 Law is, therefore, maintained in accordance with the Pensions Regulators requirements and WYPF Breaches Procedure.

Recommended –

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

(Caroline Blackburn – 01274 434523)

9. WYPF DATA IMPROVEMENT PLAN

53 - 68

The report of the Director, West Yorkshire Pension Fund (WYPF), **Document AC”**, informs 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.

Recommended –

That the report be noted.

(Caroline Blackburn – 01274 434523)

10. WEST YORKSHIRE PENSION FUND RISK REGISTER

69 - 104

The report of the Director, West Yorkshire Pension Fund (**Document “AD”**) informs members that West Yorkshire Pension Fund maintains a Risk Register which contains 44 risks that have been identified and framed into scenarios. The risks have been rated and 21 of these are above their acceptable tolerance level and 23 are below the tolerance line.

A presentation on five risks from the 21 above their tolerance level identified in Document “AD” will be provided so that members can ensure that adequate Management Action Plans are in place to monitor those risks.

Recommended –

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

(Yunus Gajra – 01274 432343)

11. WYPF PENSION BOARD WORK PLAN

105 -
108

The report of the Director, West Yorkshire Pension Fund, (**Document “AE”**) reminds Members that the role of the Pension Board, as defined by sections 5(1) and (2) of the Public Service Pensions Act 2013 is 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.

A Work Plan of the regular reports presented to the Pension Board has been produced and is appended to Document “AE”.

Additional reports can be requested by the Pension Board in addition to the regular items. Additional reports can be requested by Members of the Pension Board at a preceding meeting or can be requested to be included on the agenda at the next meeting by contacting the Technical and Development Manager.

Recommended –

That the work plan of regular reports, appended to Document “AE”, be approved.

(Caroline Blackburn – 01274 434523)

12. TRAINING, CONFERENCES AND SEMINARS

109 -
110

Members are reminded that training to understand their responsibilities and the issues they will be dealing with is a very high priority.

The report of the Director, West Yorkshire Pension Fund, (**Document “AF”**) informs Members of training courses, conferences and seminars which may be of assistance.

Recommended -

That consideration is given by Board Members at the events in Section 1 of Document “AF” and Members note the requirement to complete the Pension Regulators toolkit training.

(Caroline Blackburn – 01274 434523)

13. EXCLUSION OF THE PUBLIC

Members are asked to consider if the item relating to the West Yorkshire Pension Fund Investment Advisory Panel (**NOT FOR PUBLICATION Document AG**) should be considered in the absence of the public and, if so, to approve the following recommendation:-

Recommended –

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 7 November 2019 and 30 January 2020 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.

14. MINUTES OF THE WEST YORKSHIRE PENSION FUND INVESTMENT ADVISORY PANEL 7 NOVEMBER 2019 AND 30 JANUARY 2020

111 -
120

The report of the Director, West Yorkshire Pension Fund, (**NOT FOR PUBLICATION Document “AG”**) reminds Members that the role of the Pension Board, as defined by sections 5(1) and (2) of the Public Service Pensions Act 2013 is 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 Investment Advisory Panel are submitted to the Pension Board to enable the Board to ensure effective and efficient governance and administration of the LGPS.

Members are requested to review the Not for Publication minutes of the Investment Advisory Panels held on 7 November 2019 and 30 January 2020 appended to NOT FOR PUBLICATION Document “AG”.

(Rodney Barton – 01274 432317)

15. EXCLUSION OF THE PUBLIC

Members are asked to consider if the item relating to Cyber Security (**NOT FOR PUBLICATION Document “AH”**) should be considered in the absence of the public and, if so, to approve the following recommendation:-

Recommended –

That the public be excluded from the meeting during consideration of the item relating to Cyber Security 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 business implications of any decision without prejudicing the business position of the West Yorkshire Pension Fund.

16. CYBER SECURITY

121 -
122

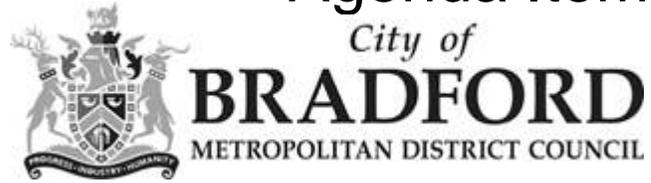
The report of the Director, West Yorkshire Pension Fund, (**NOT FOR PUBLICATION Document “AH”**) informs Members of the impact of cyber attacks on organisations that store financial information and personal identifiable information about individuals as is the case for WYPF.

The report identifies the impact of cyber attacks on Bradford systems and actions undertaken to support essential services.

Recommended –

That the report be noted.

(Yunus Gajra – 01274 432343)



Report of the Director, West Yorkshire Pension Fund, to the meeting of West Yorkshire Pension Fund Pension Board to be held on 24 March 2020.

X

Subject: Minutes of West Yorkshire Pension Fund (WYPF) Joint Advisory Group held on 30 January 2020.

Summary statement:

The role of The Pension Board, as defined by sections 5(1) and (2) of the Public Service Pensions Act 2013 is 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 Joint Advisory Group are submitted to the Pension Board to enable the Board to ensure effective and efficient governance and administration of the LGPS.

Recommendation

It is recommended that the Board review the minutes from the meeting.

Rodney Barton
Director

Portfolio:

Phone: (01274) 432317
E-mail: [Rodney Barton@bradford.gov.uk](mailto:Rodney.Barton@bradford.gov.uk)

Overview & Scrutiny Area:

1. Appendix

Appendix A – Minutes of Joint Advisory Group held on 30 January 2020.

Minutes of a meeting of the West Yorkshire Pension Fund Joint Advisory Group held on Thursday, 30 January 2020 in Ernest Saville Room - City Hall, Bradford

Commenced 1.00 pm
Concluded 2.50 pm

Present –

<u>Bradford Members</u> Councillors: Thornton Winnard	<u>Calderdale Members</u> Councillors: Baines Lynn
<u>Kirklees Members</u> Councillors: Murgatroyd	<u>Leeds Members</u> Councillors: Dawson Scopes
<u>Wakefield Members</u> Councillors: Speight	<u>Trades Union Members</u> Ms L Bailey (UNISON) Mr Chard (GMB) Mr A Goring (UNISON)

Apologies: Councillor Peter Harrand, Councillor Gulfam Asif, Councillor Masood Ahmed, Councillor Michael Graham, Councillor B Metcalfe, Councillor Les Shaw and Councillor Taj Salam

Councillor Thornton in the Chair

20. 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 relevant business under consideration.

Action: City Solicitor

21. MINUTES

Resolved –

That the minutes of the meeting held on 25 July 2019 be signed as a correct record.

22. INSPECTION OF REPORTS AND BACKGROUND PAPERS

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

23. WEST YORKSHIRE PENSION FUND AUDITED REPORT AND ACCOUNTS FOR 31 MARCH 2019

The Director, WYPF, presented **Document “O”** which reported that, in order to comply with statutory accounting requirements for Local Government and Local Government Pension Schemes, West Yorkshire Pension Fund (WYPF) prepared an annual audited Report and Accounts.

The Reports and Accounts provided a summary of WYPF's financial position for the year ended 31 March 2019. The audited accounts had been prepared in accordance with:-

- CIPFA Code of Practice on Local Authority Accounting in the United Kingdom 2018/19.
- CIPFA Guidance on Accounting for Local Government Pension Scheme Management Costs
- Pensions Statement of Recommended Practice 2007
- International Financial Reporting Standards (IFRS) as amended for the UK public sector.

Members were reminded that the draft report and account was presented to the meeting held on 25 July 2019 shortly before the 2018/19 final audited report and account was approved by CBMDC's Governance and Audit Committee. It was reported that the final 2018/19 audited accounts and report were available on the West Yorkshire Pension Fund's website.

The report revealed, amongst other things, increases in the value of assets; favourable investment returns and low costs per member; administration; investment management and oversight and governance.

Key performance indicators, for 2018/19 in 20 key work areas, reflected the commitment of officers and managers in delivering services to all clients.

The fund continued to have a positive net cash flow and favourable investment returns which had exceeded benchmarks.

Resolved –

That the audited report and accounts for 2018/19 be noted.

ACTION: Director, West Yorkshire Pension Fund

24. WEST YORKSHIRE PENSION FUND 2019/20 REVISED ESTIMATES AND 2020/21 ORIGINAL ESTIMATES

The Director, West Yorkshire Pension Fund, presented **Document “P”** which reported that in accordance with Local Government Pension Scheme Regulations, costs of managing LGPS pension funds must be charged to pension fund accounts and not to local authorities’ general fund accounts.

Document “P” revealed that the cost of services reported would be charged to the pension fund in the shared service partnership. The budget proposals in Document “P” would deliver pension administration services to over 430,000 pension scheme members, made up of 293,000 WYPF and 126,000 shared service partner members. WYPF supported over 800 active employers and the same resource would be used to manage over £15bn WYPF investment assets.

It was explained that the number of partners in the pension shared cost service continued to grow and had increased from 7 two years ago to 19 (WYPF, Lincolnshire, Hounslow LGPS and 16 fire services). More planned to join in 2020/21. The service strategy was to maintain service quality and cost performance, not necessarily the lowest cost in all areas, but a balance of cost and performance, as the quality of service is important to both employers and individual members.

A Member questioned the inclusion of a contingency of £378,000 in a summary of the 2020/21 revenue account. He was advised that Pension Funds were facing increasing statutory demands from regulators. The contingency had been allocated to meet the potential demands from forthcoming regulations. Demand was difficult to judge and the contingency would be closely monitored and regularly assessed. In response to questions about approval for the contingency it was confirmed that tight control would be exercised over any expenditure to be met from the contingency and would be included in reports to the Joint Advisory Group.

Resolved –

- 1. That the projected outturn of £14.51m against budget of £14.61m be noted for 2019/20.**
- 2. That a budget of £14.85m be approved for 2020/21.**
- 3. That the total pension cost per member of £34.46 for 2018/19 (2017/18 £36.45) making WYPF the lowest cost LGPS scheme for 2018/19 be noted.**

ACTION: Director, West Yorkshire Pension Fund

25. ACTUARIAL VALUATION 2019 AND CONSULTATION ON THE DRAFT FUNDING STRATEGY STATEMENT

The report of the Director, West Yorkshire Pension Fund (WYPF), (**Document “Q”**) advised Members that the next triennial actuarial valuation of the West Yorkshire Pension Fund was being prepared based on the situation at 31 March 2019 and would determine the level of employers’ contributions from 1 April 2020 to 31 March 2023.

Document “Q” revealed that, based on the situation at 31 March 2019, the fund was in surplus and that the five large Councils within the fund would receive a slight reduction in contributions.

The Draft Funding Strategy Statement (with tracked changes) was appended to the report together with a summary of comments received from the draft Funding Strategy Statement (FSS) consultation process.

A Member referred to previous concerns about initial rates and was assured that agreement had now been reached.

That Member continued to refer to a statement contained in the identification of risks and counter-measures in the FSS regarding climate change and a previous decision of the Investment Advisory Panel. He suggested that the Joint Advisory Group (JAG) should ask the Investment Advisory Panel (IAP) to develop a policy to deal with climate change. An additional Member agreed with that suggestion and felt that the issues about climate change were not adequately addressed in the FSS. She felt that JAG’s role was to oversee such issues and requested that climate change be the subject of a future report.

The Chair reminded those Members that that the Investment Strategy was not under discussion and of the remit of the Joint Advisory Group.

A view that the FSS did not address potential risks regarding the viability of fossil fuel companies was expressed. In response assurances were provided that the Investment Advisory Panel kept the effects of climate change under review and that Investment Officers monitored all potential risks to investments.

A Member questioned pay growth assumptions contained in Document “Q” as high pay awards had not been awarded in the local government sector. In response it was explained that the assumptions were based on a forecast for the next 22 years.

Resolved –

- 1. That the report be noted.**
- 2. That the draft Funding Strategy Statement be approved.**

ACTION: *Director, West Yorkshire Pension Fund*

26. WEST YORKSHIRE PENSION FUND AUDIT STRATEGY MEMORANDUM

The report of the Director, West Yorkshire Pension Fund, (**Document “R”**) set out the plan for the external audit of the West Yorkshire Pension Fund for the year ended 31 March 2020.

The report was presented in draft for Members’ information and would be submitted to the Governance and Audit Committee at the meeting on 26 March 2020 for approval.

In accordance with Standing Order 38.2 of the Council’s Constitution the Director, West Yorkshire Pension Fund, explained that the report had not been available for public inspection five days before the meeting because the timing of publication did not allow for sufficient information to be received and made available to Members by that deadline. The item had not been deferred until the next scheduled meeting to allow the presentation of the draft Audit Strategy Memorandum to Members prior to its presentation to the Governance and Audit Committee, for approval, in March 2020.

Resolved –

That the report be noted.

ACTION: Director, West Yorkshire Pension Fund

27. WYPF PENSIONS ADMINISTRATION REPORT

The report of the Director, West Yorkshire Pension Fund (WYPF) (**Document “S”**) provided an update on WYPF’s pensions administration activities over the last six months.

The report provided a very comprehensive account of administration activities including Performance and Benchmarking; Scheme Information; Praise and Complaints; Internal Dispute Resolution Procedures and Administration Updates. Document “S” revealed that, with limited and justifiable exceptions, minimum targets had been met and consideration was being given to raising minimum standards.

During discussions about increased volumes of work due to ‘linkings’ it was revealed that members with multiple jobs could link those employments. The fund had developed software which other funds had not established. It was questioned if those systems could be used to generate income. It was explained that only ten other pension providers used the same systems. The systems which had been developed internally had been sold back to the software providers.

In response to questions Members were advised of a number of categories for which the fund had been nominated for awards and it had been the recipient of three awards in the previous year.

Resolved –

That the report be noted.

ACTION: *Director, West Yorkshire Pension Fund*

28. SHARED SERVICE PARTNERSHIP UPDATE

The Director, West Yorkshire Pension Fund presented **Document “T”** which reported on current administration issues and performance for West Yorkshire Pension Fund’s shared service partnerships.

The background to the report explained that WYPF provided shared service pensions administration to:

- Lincolnshire Pension Fund
- London Borough of Hounslow Pension Fund
- Sixteen Fire Authorities

An update on each of the three services was appended to the report and concluded that WYPF provided an efficient and cost effective shared service to both the Local Government and Fire Scheme partners. In particular, WYPF was recognised for the high standards of service not only to the members of the schemes but also to the administrators who valued the expert knowledge and guidance provided to them. WYPF was regularly approached for discussion and engagement on possible additional business.

In response to questions about differing levels of scheme specific data outlined in the report it was explained that the other partners’ data had previously been managed by third party administrators and was not complete for every member. Elements of that data was in paper form and not structured. Improvements on those data scores would, therefore, be over the longer term as WYPF reviewed each record. The timeliness of the receipt of data was no longer an issue and was the reason this was not referred to in the report.

Resolved –

That the report be noted.

ACTION: *Director, West Yorkshire Pension Fund*

29. LOCAL GOVERNMENT SCHEME REGULATION UPDATES

This report of the Director, West Yorkshire Pension Fund (WYPF), **Document “U”**, discussed changes to the Local Government Pension Scheme (LGPS) 2014 and provided information on associated matters.

Members were aware that the career average Local Government Pension Scheme (LGPS) was introduced on 1 April 2014. Since the introduction of the new LGPS there have been a number of consultations on proposed changes to the LGPS, following which amendment regulations have been issued.

LGPS (Amendment) Regulations 2019 were laid before Parliament on 5 November 2019. Those Regulations were effective from 31 December 2019 and introduced survivor benefits payable under earlier regulations for opposite sex civil partnerships. A person who was the surviving opposite sex civil partner of a deceased member would be provided with a survivor pension calculated on the basis that the survivor was a widow or widower depending on their gender.

Following a consultation on the local valuation cycle and the management of employer risk MHCLG had reported it had received around 280 responses. A response or amendment regulations had been expected in autumn 2019 however this had not been issued to date.

The report revealed that a consultation on restricting exit payments had closed on 3 July 2019. Her Majesty's Treasury (HMT) had not yet published its response to the consultation, however, it was understood that HMT would not be introducing the exit cap before 1 April 2020.

Members were advised that it was not yet known when the 'McCloud case' would be resolved. The impact of that outcome on the LGPS was questioned. In response it was explained that members of the 2014 scheme had some benefit protection if they were within 10 years of retirement and their benefits in the old scheme were more favourable than the new. It was expected that the protection would be extended to all scheme Members.

Resolved –

That the report be noted.

ACTION: Director, West Yorkshire Pension Fund

30. REGISTER OF BREACHES OF LAW

The report of the Director, West Yorkshire Pension Fund, (**Document "V"**) informed Members that, in accordance with the Public Service Pensions Act 2013, from April 2015, all Public Service Pension Schemes now come 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 is 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 2019/20 was appended to Document "V".

Members were advised that the entries on the Register of Breaches for 2019/20 related to either the late payment of employees' pension contributions by employers, or non-issue of Annual Benefit Statements by the 31 August 2019 to a small number of active members.

A member raised concerns about an employer which had made late payments over a four month period and he was assured that any late payments of contributions would not affect Members' benefits. It was explained that the fund worked with employers to resolve any issues they faced and if necessary fines were imposed.

Resolved –

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

ACTION: Director, West Yorkshire Pension Fund

31. PENSIONS ADMINISTRATION STRATEGY AND COMMUNICATIONS POLICY 2020/21

The Director, West Yorkshire Pension Fund presented **Document “W”** which advised Members that, to comply with the Local Government Pension Scheme (LGPS) Regulations 2013 WYPF prepare a written statement of the authority's policies in relation to such matters as it considers appropriate in relation to procedures for liaison and communication with scheme employers and the levels of performance which the employers and WYPF were expected to achieve.

The Pensions Administration Strategy and Communications Policy were appended to Document “W” with tracked changes highlighted.

Members were reminded that the documents were brought before JAG each year to review and approve, particularly if there were any new regulations and revisions to working practices. It was reported that there were no changes to the Pensions Administration Strategy. The Communications Policy had been updated to reflect activities planned for 2020-21 including increased electronic communications.

Resolved –

That the Pension Administration Strategy and the Communications Policy 2020/21 be approved.

ACTION: Director, West Yorkshire Pension Fund

32. THE PENSIONS REGULATOR - GOVERNANCE AND ADMINISTRATION 'DEEP DIVE' ENGAGEMENT REPORT

The report of the Director, West Yorkshire Pension Fund, (**Document "X"**) introduced the Pension's Regulator's Governance and Administration Risks in Public Service Pension Schemes Engagement Report, a deep dive into the administration and governance of 10 LGPS funds.

The report revealed that in the Autumn of 2018, The Pensions Regulator (TPR) announced plans to conduct engagement sessions with 10 LGPS funds. That action was as a result of TPR identifying a slowdown in improvements across LGPS funds and wanted to gain a better understanding of the reasons for this.

The engagement took place between October 2018 and July 2019, following the results of TPR's annual governance and administration survey, in which it was identified that improvements being made across the Local Government Pension Scheme (LGPS) had slowed down. TPR carried out the review at a high level, based on meetings with scheme managers to understand the challenges they face. The meetings were supplemented by a review of fund documentation and examples of communications sent to members, prospective members and beneficiaries.

Members were advised that this was not a comprehensive evaluation of the funds' operations and was not intended to replace audit requirements, nor was it to be considered as regulatory assurance or an endorsement of the fund by TPR.

The Pensions Regulator – Public Service Governance and Administration Survey 2018 – Research Report was appended to Document "X" together with key recommendations taken from the Hymans Robertson 60 Second Summary.

The key recommendations reported included a number of measures to be taken and issues to be overseen by the Pension Board. A Member questioned if the Pension Board enhanced the efficiency of the Fund. In response it was explained that the establishment of a Pension Board had been a requirement of the Public Pension Act. The Board scrutinised the Joint Advisory Group but did not have decision making status. Members were assured that it did query and question the decisions of the Joint Advisory Group and that Members had been invited to attend the Joint Advisory Group as observers. Pension Board Members were legally required to carry out training to undertake their roles and it was challenged why that was not the case for Members of the Joint Advisory Group.

A Member reported that Leeds City Council was Public Services Network (PSN) certified and it was confirmed that Bradford Metropolitan District Council also had that status. A recent potential cyber attack was discussed and Members were advised that systems were not penetrated.

Resolved –

That the Pension Regulator’s findings, contained in Document X be noted.

ACTION: Director, West Yorkshire Pension Fund

33. TRAINING CONFERENCES AND SEMINARS

The report of the Director, West Yorkshire Pension Fund, (**Document “Y”**) reminded Members that the training of Joint Advisory Group Members to understand their responsibilities and the issues they were dealing with was a very high priority. Details of training courses, conferences and seminars were provided. Members were advised of the benefits they would gain from their attendance and assured that WYPF would meet all costs.

A Member referred to her second attendance at the Fundamentals training and all Members were encouraged to attend that event.

No resolution was passed on this item.

34. EXCLUSION OF THE PUBLIC - CIPFA BENCHMARKING CLUB

Resolved –

That the public be excluded from the meeting during consideration of Document “Z” containing Not for Publication Appendix 2 (CIPFA Benchmarking Club) because information would be disclosed which was considered to be exempt information within paragraph 3 (Financial or Business Affairs) of Schedule 12A of the Local Government Act 1972 (as amended).

It was considered that, in all the circumstances, the public interest in maintaining this exemption outweighed the public interest in disclosing the information as it was in the overriding interest of proper administration that Members were made aware of the financial implications of any decision without prejudicing the financial position of the West Yorkshire Pension Fund.

35. CIPFA BENCHMARKING CLUB

The Director, West Yorkshire Pension Fund (WYPF), presented **Document “Z” which contained Not for Publication Appendix 2**, which reported that WYPF had taken part in the CIPFA Benchmarking Club for Pensions Administration.

The report provided information about the costs of WYPF’s pensions administration service and compared those costs with other Local Government Pension Schemes funds who were part of the CIPFA Benchmarking Club and that was the reason for the restrictions to the publication of the appendix to the report.

Document “Z” concluded that WYPF’s unit costs were one of the lowest across all pension funds. Member surveys revealed good levels of satisfaction from different categories of members. The Fund continued to win awards over the years for quality of service and best administration. Overall the administration service was considered effective and low cost, however, the Fund would continue to seek efficiencies and savings to squeeze costs further.

The levels of experience and qualifications revealed in the report was commended and favourable comparisons between the level of staff turnover and costs of the Fund were welcomed. In relation to levels of pay revealed in the report it was requested that a progress report on the WYPF Revised Budgets 2018/19, discussed at the meeting on 1 November 2018, be provided.

Resolved –

1. That the report be noted.
2. That the Director, West Yorkshire Pension Fund, be asked to provide a progress report on the request to undertake detailed work to implement the recommendation contained in Paragraph 4.1 of Not for Publication Document “O” (2018/19) made at the meeting on 1 November 2018.

ACTION: *Director, West Yorkshire Pension Fund*

36. EXCLUSION OF THE PUBLIC - NORTHERN LGPS (NLGPS)

Resolved –

That the public be excluded from the meeting during consideration of Document “AA” containing Not for Publication Appendices 1 & 2, relating to the Northern Pool, because information would be disclosed which was considered to be exempt information within paragraph 3 (Financial or Business Affairs) of Schedule 12A of the Local Government Act 1972 (as amended).

It was considered that, in all the circumstances, the public interest in maintaining the exemption outweighed the public interest in disclosing the information as it was in the overriding interest of proper administration that Members were made aware of the financial implications of any decision without prejudicing the financial position of the West Yorkshire Pension Fund

37. NORTHERN LGPS

The report of the Director, West Yorkshire Pension Fund, (**Document “AA”**) set out progress in establishing the Northern LGPS (formerly the Northern Pool), covering:-

- Drafting the Northern LGPS Operating Agreement, including the Terms of Reference for the Joint Committee
- Procuring a joint custodian for all the assets of NLGPS
- Developing the GLIL infrastructure vehicle (including FCA regulation to facilitate it becoming the national LGPS vehicle for infrastructure investment)
- Developing a joint private equity vehicle.

Resolved –

That progress to date, contained in Document “AA” 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 Joint Advisory Group.

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



Report of the Director, West Yorkshire Pension Fund, to the meeting of West Yorkshire Pension Fund Pension Board to be held on 24 March 2020

Y

Subject: 2019 Actuarial Valuation and consultation on the Funding Strategy Statement

Summary statement:

The triennial actuarial valuation of the West Yorkshire Pension Fund (WYPF) is being prepared based on the position at 31 March 2019, and will determine the level of employers' contributions for the period 1 April 2020 to 31 March 2023.

The indications are that WYPF will be 106% funded, compared to the situation at 31 March 2016 when it was 94% funded.

As a result each of the five district councils will see a slight reduction in their employer contributions.

Recommendations

- That this report be noted.

Rodney Barton
Director

Portfolio:

Report Contact: Caroline Blackburn
Director
Phone: (01274) 432317
E-mail: Rodney.barton@bradford.gov.uk

Overview & Scrutiny Area:

1. Background

- 1.1 In accordance with the Local Government Pension Scheme Regulations the Fund is subject to an actuarial valuation by its consulting actuary as at 31 March 2019.
- 1.2 Employer contributions and funding levels are determined as part of the actuarial valuation. The primary rate of employer's contributions to the fund should be set so as to secure its solvency. The actuary must have regard to the desirability of maintain as nearly as constant a primary rate of employers contributions as possible in addition to the requirement to secure the solvency of the pension fund and the long term cost efficiency of the scheme, so far as relating to the pension fund. The actuary must also have regard to the Funding Strategy Statement.

2. Position at previous valuation (2016)

- 2.1 WYPF was 94% funded as at 31 March 2016, as determined by the consulting actuary, Aon, based on the assumptions agreed by the Fund.
- 2.2 The common contribution rate at 31 March 2016 was set at 16.2% of payroll. This is the contribution rate required together with employee contributions, to cover the cost of service being accrued by active members. In addition to this amount some employers also had accrued a deficit. In order to recover the deficit an additional monetary amounts were certified using a 22 year recovery period.
- 2.3 The contribution rates set for the five District Councils at the last valuation were:-

Council	2017/18		2018/19		2019/20	
	Contribution Rate	Deficit Payment	Contribution Rate	Deficit Payment	Contribution Rate	Deficit Payment
Bradford	17.5%	145,000	17.5%	149,700	17.5%	154,600
Leeds	15.6%	Nil	15.9%	Nil	16.2%	Nil
Calderdale	17.5%	Nil	17.5%	Nil	17.5%	Nil
Kirklees	16.1%	Nil	16.1%	Nil	16.1%	Nil
Wakefield	17.4%	962,00	17.4%	982,900	17.4%	1,014,900

3. 2019 Valuation

- 3.1 The provisional results of the actuarial valuation as at 31 March 2019 indicate that the Fund is 106% funded, compared with 94% as at 31 March 2016.
- 3.2 The market value approach has been adopted, and the provisional figures provided by the consulting actuary, Aon, are as follows:-

	2016 valuation £m	2019 valuation £m
Value of past service benefits		
Active Members	4,626.5	5,180.7
Deferred Members	1,803.4	2,050.7
Pensioners	5,536.0	6,264.8
Value of Liabilities	11,965.9	13,496.2
Assets	11,211.5	14,363.0
Past Service Surplus/ (Deficit)	(754.4)	866.8
Funding Ratio	94%	106%

4. Reasons for changes in the past service position

- 4.1 The initial valuation results using the 2019 basis show that the shortfall of £754.4M in the Fund at the previous valuation has become a surplus of £866.8M at this valuation.
- 4.2 The principal reasons for the change in the funding position are as follows:

- Investment returns above the discount rate adopted at the 2016 valuation
- Lower than assumed pay growth on pre 2014 benefits in the period
- A reduction in the real pay growth assumptions
- Changes to the demographic assumptions, particularly longevity

These have been partially offset by the following main factors, which have reduced the funding position:

- The change in the financial assumptions (principally the fall in the discount rate) relative to inflation (the discount rate is the expected future return on investments).
- Pension increases and revaluation on pension accounts being higher than assumed.

- Membership experience

5. Summary of Key Assumptions

	2016 valuation	2019 valuation
Probability of Funding Success	69%	75%
Discount Rate – scheduled bodies	4.7%	4.35%
Discount Rate – orphan bodies		
In service	4.1%	3.3%
Left service	2.5%	1.6%
Discount rate - intermediate	n/a	4.1%,3.95%,3.8%
CPI pension increase	2%	2.1%
Pay growth	3.25%	3.35%

6. Primary contribution rate (future service cost)

6.1 The cost of future benefits has increased significantly (as a percentage of pensionable pay since the previous valuation).

The main reasons for this are:

- The changes in the financial assumptions, principally the fall in the discount rate relative to inflation, and
- An allowance has been made for the outcome of cost cap/McCloud

These have been partially offset by the changes in the demographic assumptions

6.2 The Primary contribution rate at 2016 was 16.2% and at 2019 is 18.6% of payroll.

7. Employer contributions

7.1 At the 2016 valuation the Funds funding strategy was to broadly achieve a position of 100% funding over 22 years. In practice the deficit recovery contributions were set based on each employer's or group of employers' underlying position using a recovery period appropriate to the employer.

7.2 As the Fund/main employers are now in surplus the Fund will maintain a recovery period of 22 years rather than amortising surplus over a shorter period.

7.3 For employers which are still in deficit additional employer contributions will be required to eliminate the deficit at 31 March 2019.

8. Employers' Contribution Rates

The proposed employer contribution rates for the five district councils for 2020/21 to 2022/23 will be:

	Primary contributions %		
	2020/21	2021/22	2022/23
Bradford	17.1%	17.1%	17.1%
Leeds	15.9%	15.9%	15.9%
Calderdale	17.1%	17.1%	17.1%
Kirklees	15.9%	15.9%	15.9%
Wakefield	17.5%	17.5%	17.5%

However with economic conditions being so uncertain, the Fund needs to take care that it does not find itself in a materially worse position at the 2022 valuation. The five councils have therefore agreed that the Funds Actuary will be asked to review the funding position annually. If necessary, should the Actuary identify that the funding position has deteriorated an increase in the contributions may be required.

9. Funding Strategy Statement

- 9.1 The Local Government Pension Scheme Regulations 2013 provide the statutory framework under which the Administering Authority is required to prepare a Funding Strategy Statement, and consult interested parties on its contents.
- 9.2 The draft Funding Strategy Statement was consulted on with all stakeholders with a closing date of the 10 January. The draft Funding Strategy statement was then approved by the Joint Advisory Group at the meeting on 30 January 2020.

10. Section 13 Review

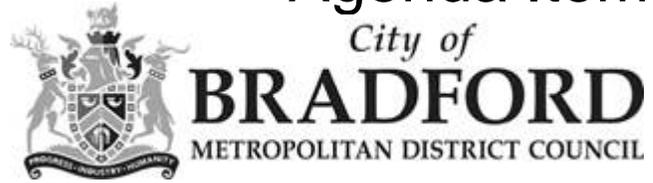
- 10.1 The Government Actuary has been appointed by MHCLG to report under section 13 of the Public Service Pensions Act 2013 in connection with actuarial valuations of the 91 funds in the LGPS.
- 10.2 Section 13 requires the Government Actuary to report on whether the following aims are achieved in each of the Funds valuations – Compliance, consistency, solvency long term cost efficiency
- 10.3 GAD require certain information to be submitted by each Fund and/or its Actuary. A copy of the Data Extracts used by the Funds actuary for the valuations process have already been supplied to GAD. A further spreadsheet regarding information about each employer in the Fund will be sent in the next couple of weeks, well within the deadline line. Details of additional outputs, some of which are to be included in the formal valuation report will be submitted by the Funds actuary before the end of April.

11. Conclusion

- 11.1 At 106% funded, WYPF is in a sound financial position, and will be in a better funding position than most local authority pension funds at the 2019 valuation.
- 11.2 The Funding Strategy Statement has been consulted on and approved by Joint Advisory Group
- 11.3 The Fund's Actuary is currently preparing the Rates and Adjustments Certificate which will be issued before the deadline of 31 March 2020.
- 11.4 The data required by GAD for the Section 13 review have either already been supplied or will be supplied by the relevant deadlines.

12 Recommendations

- That this report be noted.



Report of the Director, West Yorkshire Pension Fund, to the meeting of West Yorkshire Pension Fund Pension Board to be held on 24 March 2020

Z

Subject: Pensions Administration Strategy 2020/21

Summary statement:

As part compliance with the LGPS Regulations 2013 WYPF prepare a written statement of the authority's policies in relation to such matters as it considers appropriate in relation to the levels of performance which the employers and WYPF are expected to achieve.

The Pensions Administration Strategy is reviewed each year, particularly if there are any new regulations and revisions to working practices.

Appendix A – Pensions Administration Strategy.

Recommendations:

It is recommended that the Pension Administration Strategy Policy 2020/21 be noted.

Rodney Barton
Director

Portfolio

Report Contact Yunus Gajra
Phone: (01274) 434343
Email: Yunus.gajra@bradford.gov.uk

Overview & Scrutiny Area

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West Yorkshire Pension Fund

Pension Administration Strategy

Contents

1. Regulatory framework and purpose
2. Review of the strategy
3. Liaison and communication
4. Employer duties and responsibilities
5. Payments and charges
6. Administering authority duties and responsibilities
7. Unsatisfactory performance
8. Appendices
 - a. Authorised contacts form
 - b. Schedule of charges
 - c. Charging levels

Regulatory framework and purpose

1. The regulations

This strategy is made under Regulation 59 of The Local Government Pension Scheme Regulations (LGPS) 2013.

In line with these regulations West Yorkshire Pension Fund (WYPF), Lincolnshire Pension Fund (LPF) and Hounslow Pension Fund (HPF) employers have been consulted on the strategy, and a copy has been sent to the Secretary of State.

1.1 Purpose

This strategy covers both West Yorkshire Pension Fund, Lincolnshire Pension Fund and Hounslow Pension Fund, administered under a collaboration agreement. Within this document the shared service administration, based in Bradford (with a satellite office in Lincoln), will be referred to as 'the administrator'.

This strategy outlines the processes and procedures to allow WYPF, LPF, HPF and employers to work together in a cost-effective way to administer the LGPS whilst maintaining an excellent level of service to members. It recognises that working co-operatively and collaboratively will be key to achieving these aims.

Each of the Funds that make up WYPF's shared service arrangement also manage and maintain separate stand-alone policies which are available under the relevant fund's 'policies' area on the shared service website.

2. Review of the strategy

This strategy will be reviewed as soon as reasonably possible following any changes to the regulations, processes or procedures that affect the strategy or on a tri-annual basis if this occurs sooner.

Changes to this strategy will be made following consultation with employers and a copy of the updated strategy will be sent to the Secretary of State.

WYPF will constantly seek to improve communications between itself and the employers.

Employers are welcome to discuss any aspect of this strategy with the administrator at any time and may make suggestions for improvement to the strategy.

3. Liaison and communication

3.1 Authorised contacts for employers

Each employer will nominate a contact to administer the three main areas of the LGPS:

- a strategic contact for valuation, scheme consultation, discretionary statements and IDRPs
- an administration contact for the day-to-day administration of the scheme, completing forms and responding to queries, and
- a finance contact for completion and submission of monthly postings and co-ordination of exception

reports. If they wish, employers may also nominate additional contacts by completing an authorised user

list. If a third-party organisation provides service for the employer they too can be added as an authorised contact.

All contacts will receive a login name and password that allows them to access the Civica employer portal for online administration and the combined remittance and monthly return.

When registering, each contact should complete a **Main contact registration** form and **Authorised user list** form, and sign the administrator's user agreement for the secure administration facility.

The three main contacts are responsible for ensuring that contacts are maintained by notifying the administrator when one leaves and registering new contacts where necessary.

3.2 Liaison and communication with employers

The administrator will provide the following contact information for employers and their members:

- A named Pension Fund Representative for regulatory or administration queries, training, advice and guidance.
- A named finance business partner to assist with the monthly returns process
- A dedicated contact centre for member queries

In addition to this, the administrator takes a multi-channel approach to communication with its employers.

Format of communication	Frequency	Method of distribution
Pension Fund Representatives	8.30am to 4.30pm Monday to Friday	Face-to-face/telephone/e-mail
Website	Constant	Web
Fact card	1 per year	Mail
Fact sheets	Constant	Web
Employer guide	Constant	Web/electronic document
<i>Ad hoc</i> training	As and when required	Face-to-face
Update sessions	2 per year	Meeting
Annual meeting	1 per year	Meeting
Manuals/toolkits	Constant	Web/electronic document
<i>Pension Matters</i> and <i>round-up</i>	12 per year and as and when required	Wordpress blog and e-mail
Social media	Constant	Web
<i>Ad hoc</i> meetings	As and when required	Face-to-face
Workshops	15 per year	Face-to-face
Bitesize workshops	2 per month on a trial basis	Cloud hosted live webinar

4. Employer duties and responsibilities

When carrying out their functions employers must have regard to the current version of this strategy.

4.1 Events for notification

Event	Preferred method of notification	Other methods available	Target	Acceptable performance
Monthly postings (submitted via secure portal)	Approved spreadsheet	None	19th day of the month following the month in which contributions were deducted	100% compliance of returns received in target
New starters	Monthly return		Notified via the monthly return, the administrator will process the data within 2 weeks following monthly return submission	90% compliance or better

Event	Preferred method of notification	Other methods available	Target	Acceptable performance
Change of hours, name, payroll number, or job title	Monthly return (exception report)	Web form	Notified via monthly returns, the administrator will process the data within 2 weeks following monthly return submission For exception report output from the monthly return, change data response must be provided to the administrator within 2 weeks of receipt of the exception report	90% compliance or better
			If the employer is not using monthly return, then information is due within 6 weeks of change event	
50/50 & main scheme elections	Monthly return		Notified by the employer via monthly return, the administrator will process the data within 2 weeks following monthly data submission	90% compliance or better
Service breaks/absence		Web form	Within 6 weeks of the date of the absence commencing	90% compliance or better
Under 3 month opt-outs	Monthly return		Notified by the employer via monthly return, the administrator will process the data within 2 weeks following monthly data submission	90% compliance or better
Leavers	Monthly return Web form Monthly returns (exception reports)		Notified by the employer via monthly return, the administrator will process the data within 2 weeks following monthly data submission, else within 6 weeks of leaving For exception reports leaver forms must be provided within 2 months of receipt of the exception report	90% compliance or better
			10 days before the member is due to retire unless the reason for retirement is ill health or redundancy	90% compliance
Retirement notifications	Web form			
Death in service notifications	Web form date		Within 3 days of the of notification	100% compliance

4.2 Responsibilities

Employers are responsible for ensuring that member and employer contributions are deducted at the correct rate, including any additional contributions.

The administrator is not responsible for verifying the accuracy of any information provided by the employer for the purpose of calculating benefits under the provisions of the Local Government Pension Scheme. That responsibility rests with the employer.

Any over-payment as a result of inaccurate information being supplied by the employer shall be recovered from that employer.

In the event of the administrator being fined by The Pensions Regulator, this fine will be passed on to the relevant employer where that employer's actions or inaction caused the fine.

4.3 Discretionary powers

The employer is responsible for exercising the discretionary powers given to employers by the regulations. The employer is also responsible for compiling, reviewing and publishing its policy to employees in respect of the key discretions as required by the regulations.

4.4 Member contribution bands

Employers are responsible for assessing and reassessing the contribution band that is allocated to a member. The employer must also inform the member of the band that they have been allocated on joining the scheme and when they have been reallocated to a different band.

4.5 Internal dispute resolution procedure (IDRP)

Employers must nominate an adjudicator to deal with appeals at stage one of the IDRP where the dispute is against a decision the employer has made or is responsible for making. Employers are responsible for providing details of the IDRP and the adjudicator in writing to members when informing them of decisions they have made.

5. Payments and charges

5.1 Payments by employing authorities

Employing authorities will make all payments required under the LGPS regulations, and any related legislations, promptly to WYPF and /or its Additional voluntary contribution (AVC) providers (Prudential/Scottish Widows) as appropriate.

5.2 Paying contributions

Member and employer contributions can be paid over at any time and must be accompanied by a monthly postings submission, the latest date contributions can be paid is the 19th day of the month following the month in which the deductions were made.

Where the 19th falls on a weekend or bank holiday, the due date becomes the last working day prior to the 19th.

5.3 AVC deductions

Employers will pay AVCs to the relevant provider within one week of them being deducted.

5.4 Late payment

The employer is reported to The Pensions Regulator where contributions are received late in accordance with the regulator's code of practice.

5.5 Payment method

Contributions (but not AVCs) should be paid by BACS payment direct to WYPF, LPF or HPF's bank account.

5.6 Early retirement and augmentation costs

Employers should pay the full early retirement cost in one instalment. WYPF employers may request to pay by instalments over 5 years. Interest is charged if the option to pay by instalments is requested and agreed to, and the annual interest used is the Bank of England Base Rate + 1%.

All augmentation cost must be paid in full in one payment.

5.7 Interest on late payment

In accordance with the LGPS regulations, interest will be charged on any amount overdue from an employing authority by more than one month.

5.8 Employer contributions

Employers' contributions rates are not fixed and employers are required to pay whatever is necessary to ensure that the portion of the fund relating to their organisation is sufficiently funded to meet its liabilities.

5.9 Actuarial valuation

An actuarial valuation of the fund is undertaken every three years by the fund actuary. The actuary balances the fund's assets and liabilities in respect of each employer and assesses the appropriate contribution rate and deficit payment if appropriate for each employer for the subsequent three years.

5.10 Administration charges

The cost of running the administrator is charged directly to the shared service partners; the actuary takes these costs into account in assessing employers' contribution rates.

6. Administering authority duties and responsibilities

When carrying out their functions the administrator will have regard to the current version of the strategy.

6.1 Scheme administration

The administrator will ensure that workshops and annual meetings are held on a regular basis and actively seek to promote the Local Government Pension Scheme via the following events.

- Employer annual meeting
- Member annual meeting
- Pre retirement courses
- New starters induction courses
- Complete guide to administration workshop
- Your responsibilities workshop
- Monthly contributions workshop
- Ill Health retirement workshop
- Pensionable Pay workshop
- Bitesize training webinars

6.2 Responsibilities

The administrator will ensure the following functions are carried out.

- 6.2.1 Provide a helpdesk facility for enquiries, available during normal office hours, providing a single point of access for information relating to the schemes being administered
- 6.2.2 Create a member record for all new starters admitted to the scheme
- 6.2.3 Collect and reconcile employer and employee contributions
- 6.2.4 Maintain and update members' records for any changes received by the administrator
- 6.2.5 At each actuarial valuation the administrator will forward the required data in respect of each member and provide statistical information over the valuation period to the fund actuary so that they can determine the assets and liabilities for each employer
- 6.2.6 Communicate the results of the actuarial valuation of the fund to each employer in
- 3.2.7 Provide every active, deferred and pension credit member with a benefit statement each year
- 6.2.8 Provide estimate of retirement benefits on request by the Employer
- 6.2.9 Calculate and pay retirement benefits, deferred benefits and death in service benefits in accordance with LGPS rules, members' options and statutory limits.
- 6.2.10 Comply with HMRC legislation

6.3 Decisions

The administrator will ensure that members are notified of any decisions made under the scheme regulations in relation to their benefits within 10 working days of the decision being made and will ensure the member is informed of their right of appeal.

6.4 Discretionary powers

The administrator will ensure the appropriate policies are formulated, reviewed and publicised in accordance with the scheme regulations.

6.5 Internal dispute resolution procedure (IDRP)

The administrator will deal with employer appeals at stage two of the IDRP for WYPF and LPF. A nominated officer of the London Borough of Hounslow will undertake this role for HPF.

The administrator will nominate an adjudicator to deal with appeals at stage one and stage two of the IDRP where the appeal is against a decision the administrator has made or is responsible for making.

6.6 Fund performance levels

The minimum performance targets are shown below.

Service	Days	Minimum target
1. New member records created	10	75%
2. Update personal records	10	75%
3. Posting monthly contributions to member records	10	90%
4. Calculate and action incoming transfer values	2 months	100%
5. Deferred benefits – payment of lump sums	3	75%
6. Provide details of deferred benefit entitlement	10	75%
7. Refund of contributions – notification of entitlement	5	75%
8. Refund of contributions – payment	5	75%

Service	Days	Minimum target
9. Action agreed transfers out on receipt of acceptance	10	75%
10. Provide estimate of retirement benefits	10	75%
11. Retirement benefits – payment of lump sum	3	75%
12. Retirement benefits – recalculation of pension/lump sum	10	75%
13. Calculation and payment death benefits on receipt of all necessary information	5	75%
14. Make death grant payment to the member's nomination (provided all relevant information is received)	1 month	100%
15. Percentage of telephone calls answered within 20 seconds		90%
16. Annual benefit statements issued to deferred members by		31 May
17. Annual benefit statements issued to active members by		31 August
18. Make payment of pensions on the due date		100%
19. Issue P60s to pensioners within statutory deadlines		100%
20. Provide information on request in respect of pension share on divorce within legislative timescales		100%
21. Implement Pension Share Orders within legislative timescales		100%
22. Undertake annual reviews to establish continuing entitlements to pensions for children over the age of 17		100%
23. Implement changes in pensioner circumstances for the next available pensioner payroll		100%

7. Unsatisfactory performance

7.1 Measuring performance

Both employer and WYPF targets will be measured on a quarterly basis using the Civica document management system. Employers will be notified of their performance level each quarter.

WYPF performance levels will be published on a quarterly basis in the employer newsletter.

Overall employer and WYPF performance will be published by WYPF in the Report and

Accounts.

7.2 Unsatisfactory performance

Where an employer materially fails to operate in accordance with the standards described in this strategy, and this leads to extra costs being incurred by the administering authority, the administering authority may issue a written notice to the employer requiring that these extra costs be met by the employer. A schedule of charges is detailed in Appendix B.

Appendix A – Main contact registration and authorised user list

Main contact registration form

Appendix B – Schedule of charges

Performance areas	Reason for charge	Basis of charge
1. Any overpayment made to a member due to inaccurate information provided by an employer will be recovered from employer, if the total overpaid is more than £50.	If the overpaid amount is the result of the employer's error, and the amount is over £50, then as such it will be recharged to the employer, plus costs of resolving and recovering the overpayment. If the overpayment is recovered from the member, then the amount recovered will be passed back to the employer, less any cost of overpayment recovery actions.	Actual amount overpaid + admin charge (admin charge will be based on managerial input at level III), minimum half day charge of £110 + VAT + cost of recovery actions (court and legal fees). Any part or all of this charge may be waived at head of service discretion. Number of days late interest charged at base rate plus 1%.
2. Contributions to be paid anytime but latest date by 19th of month (weekends and bank holidays on the last working day before 19th)	Due by 19th month – late receipt of funds, plus cost of additional time spent chasing payment.	Failure to provide appropriate information, resulting in significant work will result in admin charge (at Senior Pensions Officers level II) at £136 + VAT a day. This may be waived at head of service discretion.
3. Monthly return due anytime but latest by 19th month, errors on return, i.e. employer/employee rate deducted incorrectly, exception reporting errors to be resolved within two months.	Due by 19th month, any additional work caused by late receipt of information incorrect information, incorrect contributions.	
4. Change in member detail	If submitted via monthly data, the administrator will process data within 2 weeks following monthly data submission. For exception reports output from monthly returns, change data response must be provided to the administrator within 2 weeks of receipt of the exception report.	Failure to provide appropriate information, resulting in significant work will result in admin charge (at Pensions Officer level I) at £96 + VAT a day. This may be waived at head of service discretion.
5. Early leavers information	If submitted via monthly data, the administrator will process data within 2 weeks following monthly data submission, else within 6 weeks of date of leaving. For exception reports leaver forms provided to WYPF within two months of receipt of the exception report.	Failure to provide appropriate information, resulting in significant work will result in admin charge (at pension officers level I) at £96 + VAT a day. This may be waived at head of service discretion.
6. Retirement notifications	Due 10 working days before last day of employment unless the reason for retirement is ill health or redundancy – additional work caused by late receipt of information.	Failure to provide appropriate information, resulting in significant work will result in admin charge (at senior pension officers level II) at £136 + VAT a day. This may be waived at head of service discretion.
7. Death in membership	Due within 3 working days of the notification – additional work caused by late receipt of information.	Failure to provide appropriate information, resulting in significant work will result in admin charge (at pension manager level III) at £220 + VAT a day. This may be waived at head of service discretion.
8. AVC deducted from pay to be paid anytime but latest date by 19th month. (weekends and bank holidays on the last working day before 19th)	Additional investigative work caused through lack of compliance by employer.	Failure to comply by employer, causing additional work for WYPF will result in admin charge (at pension officers level I) at £96 + VAT a day. This may be waived at head of service discretion.
9. Re-issue of invoices	Charge based on number of request.	Additional work caused by reproducing invoices will result in admin charge (at pension officer level I) at £96 + VAT a day. This may be waived at head of service discretion.

Performance areas	Reason for charge	Basis of charge
10. Authorised officers list not updated – Pension Liaison Officers, monthly contributions responsible officers	Costs of additional work resulting from employer's failure to notify the administrator of change in authorised officers list.	Failure to comply by employer, causing additional work for WYPF will result in admin charge (at Pensions Officer level I) at £96 + VAT a day. This may be waived at head of service discretion.
11. Security breach on system re data protection	Recharge employers any fines imposed on us in this event	Actual amount fine imposed + admin charge (admin charge will be based on managerial input at level III) at £220 + VAT a day. This charge may be waived at head of service discretion.
12. Member requests estimate	The first estimate provided in each financial year is free, then subsequent estimates are chargeable.	1st request in each financial year is free. Additional request is charged at a notional charge of £50 + VAT is made. This charge is for each member's record folder reference.
13. Pension sharing order	For pension sharing order work, each party will be charged according to the instruction in the court order.	The charge is £250 + VAT for this work.
Miscellaneous items: <ul style="list-style-type: none"> • Benefit recalculation • Member file search and record prints • Supplementary information requests 	Where information is requested by members that is in addition to routine information.	A notional charge of £50 + VAT will be levied. This charge is for each members record folder reference.

Appendix C – Charging Levels

Charges will be made on half a day basis, but for less than a quarter day no charge will be made and for more than half a day a full-day charge will be made.

Charge levels	I	II	III
Daily charge	£96	£136	£220
Half day charge	£48	£68	£110

- Level I – work at Pensions Officer level
- Level II – work at Senior Pensions Officer level
- Level III – work at Pensions Manager level



Report of the Director, West Yorkshire Pension Fund, to the meeting of West Yorkshire Pension Fund Pension Board to be held on 24 March 2020

AA

Subject: Communications Policy 2020/21

Summary statement:

As part compliance with the LGPS Regulations 2013 WYPF prepare, maintain and publish a written statement setting out its policy concerning communications with:

- (a) members;
- (b) representatives of members;
- (c) prospective members; and
- (d) Scheme employers.

WYPF's Communication Policy is updated each year to reflect the engagement planned with the various stakeholders and the forma of that engagement.

Appendix A – Communications Policy

Recommendations:

It is recommended that the Pension Communication Policy 2020/21 be noted.

Rodney Barton
Director

Portfolio

Report Contact Yunus Gajra
Phone: (01274) 434343
Email: Yunus.gajra@bradford.gov.uk

Overview & Scrutiny Area

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West Yorkshire Pension Fund

Communications Policy

Communications Policy 2020

This policy is published as a requirement under regulation 61 of the Local Government Pension Scheme Regulations 2013.

Introduction

West Yorkshire Pension Fund (WYPF), Lincolnshire Pension Fund (LPF) and Hounslow Pension Fund (HPF) entered into a collaboration agreement for shared services from April 2015 (LPF) and August 2018 (HPF). The funds are administered jointly by WYPF, referred to in this policy as ‘the administrator’.

This policy has been prepared to meet our objectives about how we communicate with key stakeholders. The administrator currently administers the Local Government Pension Scheme (LGPS) for over 700 employers and has over 100,000 active members in the LGPS. We also administer the Councillor Pension Scheme and the Firefighters’ Pension Schemes both old and new for a number of fire authorities. This policy is effective from January 2020 and will be reviewed annually.

Our stakeholders

For all of the schemes that we administer, our stakeholders include:

- members
- representatives of members
- prospective members
- employing authorities.

Key objectives

- Communicate the scheme regulations and procedures in a clear and easy to understand style
- Use plain English for all our communications with stakeholders
- Identify and use the most appropriate communication method to take account of stakeholders’ different needs
- Use technologies to provide up to date and timely information to stakeholders
- Engage with our stakeholders face-to-face when appropriate

Evaluation and continuous development

To ensure we are meeting the expectations of our stakeholders and to evaluate the effectiveness of our communications we will use the following methods:

- feedback questionnaires
- monitoring comments, compliments and complaints, and
- customer surveys.

To ensure continuous development we plan to:

- re-launch member self service with the new version of MyPension.
- broaden our use of digital platforms to engage stakeholders
- continue to develop web provision for firefighters, and
- increase the information we give to employing authorities when they join the scheme or change main contacts.

Communications events 2020/21 – Local Government Pension Scheme (LGPS)

Communication	Format	Frequency	Method of distribution
LGPS active members (including representatives of active members and prospective members)	Newsletter	2/3 per year	Mail/electronically via MyPension
	Annual meeting	1 per year	Meeting
	Annual benefit statement	1 per year	Mail/ electronically via MyPension
	www.wypf.org.uk	Constant	Web
	Member fact card	On request/constant	Print/web
	Member fact sheets	On request/constant	Print/web
	Introduction to WYPF	On employer request	Presentation
	Your pension explained	On employer request	Presentation
	Pre-retirement	On employer request	Presentation
	Pension surgeries/drop ins	On employer request	Face-to-face
	Contact centre	8.45 to 4.30 Monday to Friday	Face-to-face/ phone/e-mail
	Scheme booklet	Constant	Web
	New member pack	On joining	Mail
	Social media	Constant	Web
LGPS deferred members (including representatives of deferred members)	Newsletter	1 per year	Mail/ electronically via MyPension
	Annual benefit statement	1 per year	Mail/ electronically via MyPension
	Annual meeting	1 per year	Meeting
	www.wypf.org.uk	Constant	Web
	Contact centre	8.45 to 4.30 Monday to Friday	Face-to-face/phone/e-mail
	Social media	Constant	Web
LGPS pensioner members (including representatives of retired members)	Newsletter	2 per year	Mail/ electronically via MyPension
	Annual meeting	1 per year	Meeting
	www.wypf.org.uk	Constant	Web
	Contact centre	8.45 to 4.30 Monday to Friday	Face-to-face/phone/e-mail
	Pension advice	As and when net pension varies by 25p or more	Mail
	P60	1 per year	Mail
	Social media	Constant	Web

Communications events 2020/21 – firefighters

Communication	Format	Frequency	Method of distribution
Firefighter active members (including representatives of active members and prospective members)	Newsletter	At least 1 per year	Mail/ electronically via MyPension
	Annual benefit statement	1 per year	Mail/ electronically via MyPension
	www.wypf.org.uk	Constant	Web
	Introduction to WYPF	On employer request	Presentation
	Your pension explained	On employer request	Presentation
	Pre-retirement	On employer request	Presentation
	Pension surgeries/drop-ins	On employer request	Face to face
	Contact centre	8.45 to 4.30 Monday to Friday	Face-to-face/phone/e-mail
	Scheme booklet	Constant	Web
Firefighter deferred members (including representatives of deferred members)	Annual benefit statement	1 per year	Mail/ electronically via MyPension
	www.wypf.org.uk	Constant	Web
	Contact centre	8.45 to 4.30 Monday to Friday	Face-to-face/phone/e-mail
Firefighter – pensioner members (including representatives of pensioner members)	www.wypf.org.uk	Constant	Web
	Contact centre	8.45 to 4.30 Monday to Friday	Face-to-face/phone/e-mail
	Pension advice	As and when net pension varies by 25p or more	Mail
	P60	1 per year	Mail

Communications events 2020/21 – councillors

Communication	Format	Frequency	Method of distribution
Councillor members (including representatives of members)	Newsletter	1 per year	Mail/ electronically via MyPension
	Annual meeting	1 per year	Meeting
	Annual Benefit Statement	1 per year	E-mail
	www.wypf.org.uk	Constant	Web
	Ad hoc meetings	When required	Meeting/face-to-face
	Contact centre	8.45 to 4.30 Monday to Friday	Face-to-face/phone/e-mail
	Social media	Constant	Web

Communications events 2020/21 – employing authorities

Communication	Format	Frequency	Method of distribution
Employing authorities	Pension Fund Representatives	8.30 to 4.30 Monday to Friday	Face-to-face/phone/e-mail
	Website	Constant	Web
	Fact card	1 per year	Mail
	Fact sheets	Constant	Web
	Employer guide	Constant	Web/electronic document
	Ad hoc training	When required	Face-to-face
	Update sessions	2 per year	Meeting
	Annual meeting	1 per year	Meeting
	Manuals/toolkits	Constant	Web/electronic document
	Pension Matters and round-up	12 per year and when required	Wordpress blog and e-mail
	Social media	Constant	Web
	Ad hoc meetings	When required	Face-to-face
	Workshops	15 per year	Face-to-face in each fund's location
	Bitesize workshops	2/3 per month as a trial	Cloud hosted live webinar

Member contacts

Contact centre

Phone (01274) 434999

Email wypf@bradford.gov.uk

Postal address

WYPF

PO Box 67

Bradfor

d BD1

1UP

Employer contacts

Stuart Duncombe (Team Manager – Business Relations) 01274 432763

Pension Fund

Representatives David

Parrington 01274

433840

Sheryl Clapham 01274 432541

Lisa Darvill 01274 432540

Kaele Pilcher 01274 432739

Anisa Patel 01274 433788

WYPF Management

Rodney Barton Director – WYPF

Yunus Gajra Business Development

Manager **Grace Kitchen** Service Centre

Group Manager **Ola Ajala** Financial

Controller

Caroline Blackburn Technical and Development Manager



Report of the Director, West Yorkshire Pension Fund, to the meeting of West Yorkshire Pension Fund Pension Board to be held on 24 March 2020

AB

Subject: Register of Breaches of Law

Summary statement:

In accordance with the Public Service Pensions Act 2013, from April 2015 all Public Service Pension Schemes come under the remit of the Pensions Regulator.

Section 70 of the Pensions Act 2004 (the Act) imposes a requirement to report a matter to The Pensions Regulator as soon as is reasonably practicable where that person has 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 Breaches of Law is therefore maintained in accordance with the Pensions Regulators requirements and WYPF Breaches procedure.

Recommendation

It is recommended that the Local Pension Board note the entries on the Register of Breaches of Law.

Rodney Barton
Director

Portfolio

Report Contact Caroline Blackburn
Phone: (01274) 434523
Email: caroline.blackburn@bradford.gov.uk

Overview & Scrutiny Area

1. **Background**

1.1 Section 70 of the Pensions Act 2004 (the Act) imposes a requirement to report a matter to the Pensions Regulator as soon as reasonably practicable where a person has 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.

1.1 This requirement applies to:

- a trustee or manager of an occupational or personal pension scheme;
- a member of the pension board of a public service pension scheme;
- a person who is otherwise involved in the administration of an occupational or personal pension scheme;
- the employer in relation to an occupational pension scheme;
- a professional adviser in relation to such a scheme; and
- a person who is otherwise involved in advising the trustees or managers of an occupational or personal pension scheme in relation to the scheme.

1.2 The Act states that a person can be subject to a civil penalty if he or she fails to comply with this requirement without a reasonable excuse. The duty to report breaches under the Act overrides any other duties the individuals listed above may have. However the duty to report does not override 'legal privilege'. This means that, generally, communications between a professional legal adviser and their client, or a person representing their client, in connection with legal advice being given to the client, do not have to be disclosed.

2. **Reporting Breaches Procedure**

2.1 A record of past breaches may be relevant in deciding whether to report a breach (for example it may reveal a systemic issue). WYPF maintains a record of all reported or unreported breaches.

2.2 The Register of Breaches of Law (reported or otherwise) is provided to each Joint Advisory Group meeting, and this will also be shared with the Pension Board.

4 Breaches from April 2019

4.1 The entries on the Register of Breaches for 2019/20 relate

- to the late payment of contributions, and
- Annual Benefit Statements not all issued by 31 August 2019 (99.6% were issued on time).

5 Recommendations

It is recommended that the Local Pension Board note the entries and action taken on the Register of Breaches.

6 Appendix

- Appendix A – Register of Breaches 2019/20

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WYPF Breaches of the Law 2019 -2020

Date	Category (eg administration, contributions, funding , investments)	Pensions Regulator code of practice	Description and cause of breach	Possible effect of breach and wider implications	Reaction of relevant parties to breach	Reported/Not reported	Outcome of report and or investigations	Outstanding Actions
Sept 19	Administration Issue of Annual Benefit Statements (ABS)	189	Scheme regulations require an ABS be provided to each active member by the 31 August each year At the 31 August 18 99.6% of statements had been sent out (91686/91973)	0.4% of active members will not have received their ABS within prescribed time limits	Only accurate ABS are sent out. Work is continuing to release ABS to be sent out as soon as the “block” has been cleared.	Not reported	Due to the improvement in the performance and the relative low numbers this breach is not regarded as of material significance	Outstanding ABS continue to be issues as soon as the ABS block has been resolved
April 19	Administration Maintaining contributions	147	Employee’s pension contributions must be paid to the manager of the scheme by the 19th day of the month following deduction or by 22nd day if paid electronically. Please see schedule below for details of employers who failed to make payment by the appropriate date.	Contributions not received by the scheme within the prescribed timescales	Immediate action: All employers have a designated business partner who contact each employer to make them aware of any late payment. Subsequent late payments incur an admin fee and are notified that further late payments may be reported to the Pensions Regulator. Continuing Action: Employers are closely monitored. Records of each employer who fail to make payment each month are maintained along with details of the number of late payment occasions.	Not reported	All outstanding payments are chased up and all payments received	None

WYPF Breaches of the Law 2019 -2020

Employers who failed to pay make pay over employees contributions by the appropriate date - April 2019 onwards

Month	Employer	Date contributions due	Date paid	Value of late contributions	No of times late in last 6 months prior to this month	No of times late in last 12 months prior to this month
April 19	Basketball England	17/05/19	05/07/19	924.76	0	0
	Pool Parish Council	17/05/19	14/06/19	291.34	0	0
	Carroll Cleaning (Whetley)	17/05/19	11/06/19	73.67	0	0
	Carroll Cleaning (Wakefield)	17/05/19	11/06/19	27.32	0	0
	Carroll Cleaning (Holy Trinity)	17/05/19	11/06/19	51.72	0	0
	Carroll Cleaning (Birkenshaw Primary)	17/05/19	11/06/19	41.77	0	0
	Carroll Cleaning (Lee Mount)	17/05/19	11/06/19	16.59	3	6
	Carroll Cleaning (Thornbury)	17/05/19	11/06/19	28.43	0	0
	Carroll Cleaning (Frizinghall)	17/05/19	11/06/19	39.47	0	0
	Carroll Cleaning Lepage Primary)	17/05/19	11/06/19	56.86	0	0
	Carroll Cleaning (Nessfield)	17/05/19	11/06/19	207.92	0	0
	Carroll Cleaning	17/05/19	11/06/19	397.14	0	0
	Enviroserve (Calder High)	17/05/19	02/07/19	970.94	6	9

May 19	Basketball England	19/06/19	05/07/19	924.76	2	2
	Community Accord	19/06/19	11/09/19	264.69	3	4
	Leeds Housing	19/06/19	26/06/19	887.34	0	0
	Aspens Services Ltd Featherstone	19/06/19	05/07/19	478.09	1	1
	Mellors (was Aspens Oasis)	19/06/19	05/07/19	881.12	1	1
	Mellors (was Aspens Appleton)	19/06/19	05/07/19	1413.20	1	1

June 19	Community Accord	19/07/19	11/09/19	264.69	4	5
	Fleet factors Ltd	19/07/19	24/07/19	201.77	2	3
	Aspens services Ltd Featherstone	19/07/19	23/07/19	533.42	2	2

WYPF Breaches of the Law 2019 -2020

	SPIE LTD	19/07/19	22/07/19	1166.69		
	Mellors (was Aspens Oasis)	19/07/19	23/07/19	904.99	2	2
	Mellors (was Aspens Appleton)	19/07/19	23/07/19	1369.24	2	2
	Arcadis (UK) Ltd	19/07/19	06/08/19	6565.56	0	0
	Carlton Bolling	19/07/19	23/08/19	37551.71	0	0

July 19	Groundwork Leeds	19/08/19	23/08/19	1541.91	0	0
	Community Accord	19/08/19	11/09/19	264.69	5	6
	Aspens services Ltd Featherstone	19/08/19	06/09/19	537.14	3	3
	Consultant Cleaners Ltd WY Fire	19/08/19	28/08/19	102.47	0	0
	Mellors (was Aspens Oasis)	19/08/19	06/09/19	881.12	3	3
	Mellors (was Aspens Appleton)	19/08/19	06/09/19	1366.88	3	3
	Consultant Cleaners LTD (Westborough high school)	19/08/19	28/08/19	374.57	0	0
	Carlton Bolling	19/08/19	23/08/19	29615.69	1	1

August 19	Basketball England	19/09/19	01/10/19	924.75	1	1
	Aspens Services Ltd Featherstone	19/09/19	03/10/19	177.61	4	4
	Mellors (was Aspens Oasis)	19/09/19	03/10/19	193.34	4	4
	Mellors (was Aspens Appleton)	19/09/19	03/10/19	1363.01	4	4

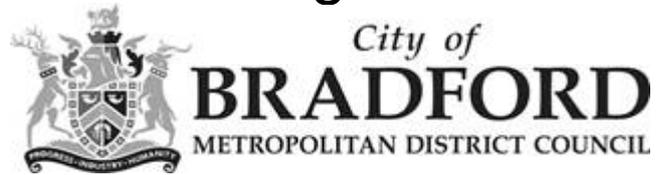
Sept 19	Leeds Society for the Deaf and Blind	19/10/19	21/10/19	398.59	1	1
	Innovate Services Ltd (Crossflats)	19/10/19	22/10/19	547.10	2	1

Oct 19	Pool Parish Council	19/11/19	22/11/19	291.34	0	1
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Nov 19	Bishop Wheeler	19/12/19	23/12/19	46748.80	0	0
	Mountain Healthcare Ltd	19/12/19	06/01/20	308.23	0	0

WYPF Breaches of the Law 2019 -2020

Dec 19	Interaction & Com	19/01/20	24/01/20	20435.22	0	0
January 20	No Late employers contributions					



Report of the Director, West Yorkshire Pension Fund, to the meeting of West Yorkshire Pension Fund Pension Board to be held on 24 March 2020

AC

Subject: WYPF Data Improvement Plan

Summary statement:

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.

Recommendation

It is recommended that the Local Pension Board note this report.

Rodney Barton
Director

Portfolio:

Report Contact: Caroline Blackburn
Phone: (01274) 434523
E-mail:
caroline.blackburn@bradford.gov.uk

Overview & Scrutiny Area:

1. SUMMARY

- 1.1 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.

2. BACKGROUND

- 2.1 In 2018, 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.
- 2.2 The Pensions Regulators (tPR) guidance requires that scheme should:
- Continually review their data and carry out a data review exercise at least annually
 - Where a review of scheme's data identifies poor or missing data, a data improvement plan should be put in place to address these issues.
- 2.3 There are two types of data that should be measured: common data and scheme specific data.
- **Common data** – used to identify scheme members and includes name, address, national insurance number and date of birth.
 - **Scheme specific data** (also known as conditional data) – essential to calculate benefits entitlement such as pensionable pay and service history. It also encompasses data relating to events that occur during and individual's member ship, for example transfers.
- 2.4 As a result of measuring the data a data score is calculated. A data score is the percentage of members in the scheme that have been assessed as having complete and accurate common or scheme specific data.
- 2.5 In 2018 the Local Government Association started a project to develop list of scheme specific data for the LGPS. Unfortunately this work was not completed until July 2019. As a result Funds were advised to assess what they thought were scheme specific data, and use this for 2018 tPR scheme return.
- 2.6 Work has now been completed by the LGA and a final list of scheme specific data to be used was launched on 8 July 2019. The reports to calculate the Data quality score have now been amended to take into account the new scheme specific requirements.

The results from October / November 2019 are therefore reporting the data scores on the amended list of scheme specific data.

2.7 WYPF has developed a Data Improvement Plan which identifies and prioritises actions to be taken to improve the Data. A copy of WYPFs Data improvement Plan can be found at Appendix A.

3. APPENDIX

- Appendix A – WYPF Data Improvement Plan 2019/20

RECOMMENDATION

It is recommended that the Local Pension Board note this report and WYPF Data Improvement Plan.

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West Yorkshire Pension Fund

Data Improvement Plan 2019/20

1. Introduction

- 1.1 This document defines the data improvement plan of the Pension Administration section of West Yorkshire Pension Fund (the Fund).
- 1.2 The Fund collects and holds large amounts of digital and paper based data and is heavily reliant on the timely receipt of quality data from employers, in order to effectively administer the Local Government Pension Scheme (LGPS).
- 1.3 Fundamentally, the purpose of the LGPS is to pay the correct pension benefits to its members when they become due. It is therefore imperative that the Fund achieves and maintains the highest possible data quality standards, to comply with its core functions and to ensure the cost effective use of resources.
- 1.4 The LGPS continues to face ongoing legislative change with oversight of administration and governance now falling under the remit of the Pension Regulator, with a heightened responsibility on scheme managers and local pension boards to ensure data is readily available and fit for purpose at all times.
- 1.5 The legal requirements relating to scheme record keeping are set out in the Public Service Pensions (Record Keeping and Miscellaneous Amendments) Regulations 2014.
- 1.6 The Pension Regulators guidance requires that schemes should:
 - Continually review their data and carry out a data review exercise at least annually
 - Where a review of the scheme's data identifies poor or missing data a data improvement plan should be put in place to address these issues

2. The Pension Regulator Annual Scheme Return

- 2.1 Annually the Pensions Regulator (tPR) issues a scheme return which should be completed and returned. From 2018 each Pension Fund is required to include in the return a Data Quality Score which has two types of data:
 - **Common data** – used to identify scheme members and includes name, address, national insurance number and date of birth.
 - **Scheme-specific data** – essential to calculate benefit entitlement such as pensionable pay and service history. It also encompasses data relating to events that occur during an individual's membership, for example transfers etc.
- 2.2 tPR has issued a quick guide on measuring scheme data which states that one piece of missing data, such as a current address on a deferred member's record should be reported to them as a failed record.

2.3 In summer 2019 the Local Government Association issued a revised list of Scheme-specific data that LGPS Funds should use to check their data against. Changes to WYPF data reconciliation reports were implemented in November 2019 and as result the data quality scores shown on the 2018/19 Data Improvement Plan and the score shown on the 2019/20 Data Improvement Plan are not comparable.

3 Key Objectives

The key objectives of this plan are to:

- Ensure member, pensioner, deferred and beneficiary records are maintained as accurately as possible to ensure benefits are paid correctly on time, members receive a high standard of service and the fund is able to meet legal obligations.
- Ensure Investment and Administration costs are reliable/correct.
- Ensure data supplied to the Fund's actuary for the valuation is as accurate as possible so the correct liabilities can be calculated.
- Ensure the Fund complies with tPR's Code of Practice.

4 Outcomes

Outcomes of an improvement in the data held by the Fund are:

- Improvement of tPR data score for Common and Scheme Specific (also known as conditional) data.
- Increase in the number of Annual Benefit Statements (ABS) issued by 31 August each year./members aware of the value of their benefits.
- Reduction in the number of Internal Dispute Resolutions (IDRPs) received for incorrect calculation of benefits or delays in paying benefits.
- Reduction in the number of queries from the Fund's Actuary at valuation time.
- Reduction in the number of queries received when ABS are sent out.
- Reduction in administration costs due to increased efficiency.
- Reduces the likelihood of the Government Actuary Department rejecting data for the scheme valuation.
- Improves accuracy for IAS19 valuations.
- Reduction in delays for calculating and paying retirement benefits, death benefits, transfers out.

- Reduction in the queries between WYPF and Employers
- Reduction of breaches recorded on the Breaches Register (e.g. due to ABS being issued late).

5 Additional general responsibilities relating to Data Improvement as follows:

5.1 Fund Officers

- Fund officers continually review and ensure data collected is fit-for-purpose and processes are in place to monitor accuracy and timeliness. All processes have working instructions in place to assist with staff training, understanding and compliance.
- Team Managers are responsible for ensuring that staff have the appropriate level of UPM access to fulfil their duties and access is withdrawn upon the member of staff leaving WYPF. This minimises the risk of accidental loss, errors and unauthorised activity.

5.2 Scheme Employers

- The Fund is reliant upon the accuracy, completeness and timeliness of data submitted by scheme employers and any third party agencies that they may utilise e.g. outsourced payroll providers.
- The Fund will work with scheme employers throughout the year to support the provision of data to the required standard.
- Details of the information employers are required to provide and the financial penalties should they fail to do so are detailed in the Fund's Pensions Administration Strategy.

6 Ongoing Data Cleansing

6.1 Monthly Returns data quality checks

WYPF embraced monthly contribution postings several years ago with the aim of simplification, systems integration, increased data accuracy and complete up to date member records. The benefits include ensuring that employee's contributions, member's personal details, and financial records are up to date, accurate and complete.

6.2 LGPS National Insurance Database

Administered by South Yorkshire Pension Fund Authority on behalf of the Local Government Association (LGA), the secure National Insurance Database was developed for Local Government Pension Scheme (LGPS) administering authorities to share data to prevent duplicate payment of death grants. This follows changes to Scheme Regulations in 2014 where payment of a death grant in respect of a member with entitlement across

multiple membership categories is restricted to an aggregate payment value in relation to any active or pensioner/deferred membership. When processing the death of a scheme member, officers will check the LGPS National Insurance Database for the existence of membership at other LGPS Funds. (Please note not all LGPS administrators are part of this database).

6.3 'Tell Us Once' Service

The secure LGPS National Insurance Database also facilitates the integration of the Fund's membership profile into the Department of Work and Pensions (DWP) 'Tell Us Once' service (TUO). The service allows a person registering a death to request that the DWP pass on the deceased's information to other government services and council services. If the deceased is a member of the Fund, as determined by the LGPS National Insurance Database, an email notification is received informing the designated officers that a copy of the death certificate is accessible on the secure government gateway.

6.4 National Fraud Initiative

The National Fraud Initiative (NFI) matches electronic data within and between public and private sector bodies to prevent and detect fraud. These bodies include police authorities, local probation boards, fire and rescue authorities as well as local councils and a number of private sector bodies. WYPF submit data to National Fraud Initiative on a regular basis to identify deceased members and members who are no longer entitled to receive a pension.

6.5 Mortality screening and tracing service

WYPF engage with a Tracing Bureau for both monthly mortality screening and for members we don't have a current address for. For deferred members, where a current address for a lost contact cannot be found by the Tracing Bureau, a more detailed check is carried out 3 months before payment of pension is due.

6.6 Annual Benefits Statement (ABS) checks

Before producing an ABS each year certain checks are applied to active records to ensure accurate data is used in the production of the ABS. These checks include:

- Ensuring contributions are received for every month during the year,
- Checks to make sure there are no spikes in care pensionable pay,
- Checks to ensure the final pay has not increased by 20% or decreased by 10%,
- Checks to ensure there aren't any outstanding processes,
- Address check to compare the address held on the record and that supplied on the monthly return,

- Identifying casual workers.

If these checks identify further information is required from an employer the ABS production for this case will be blocked and a query will be referred back to the employer. Upon receipt of the appropriate information the record will be updated and the ABS will be released for production.

6.7 Deferred pensions increase

As part of the annual deferred pensions increase process certain data errors are identified and pensions increase is blocked until they are resolved. These errors include:

- Incorrect elements present,
- Spouse elements that don't match member elements,
- Incorrect dates for the first entry after the member is deferred,
- Data errors are corrected to allow deferred pensions increase to run on to individual deferred folders.

6.8 Annual deferred benefit statements

Before producing the annual deferred benefit statements data errors that would result in potentially incorrect statements being produced are identified. These include:

- Deferred pensions increase not updated
- Multiple 'normal payment' dates being held on the deferred folder
- Multiple entries for the same date shown on the pension history screen
- Initial entries on the pension history missing
- Service start date mismatches

Once these errors are resolved and the records is updated the deferred ABS will be released for production.

7 Data errors

When tackling data errors the following considerations will be used when making the decision on the priority of errors to be resolved:

- Priority identified on the error report
- Data improvement plans objectives

8. Frequency

Data Quality reports will be run on a quarterly basis to measure the data quality scores and identify any further action that may be required.

9 Appendices

- Appendix A details the Data Quality scores and errors
- Appendix B details to work planned to deal with the data errors identified.

Appendix A WYPF results

	Nov 19	Feb 20	May 20	Sept 20
TPR Score – Common	95.88%			
TPR score - Conditional	8528%			

Breakdown of activities	Nov 19	Feb 20	May 20	Sept 20
Count of Missing, Bad or Temp NI Number	431			
Count of Surname Missing	4			
Count of Forename(s) Missing	5			
Count of Sex Missing	79			
Count of Bad Date of Birth	8			
Count of Address Missing	10178			
Count of Postcode Missing	144			
Count of No Date Joined Scheme	2			
Count of No Folder Status History	5			
Count of Folder Status/ Status History Mismatch	82			
Count of Multi FolderStatHist Entries on Same Day	168			
Count of Missing or Bad Expected Retirement Date	1283			
Count of No Folder Scheme History	26			
Count of Missing Date Joined Employer	53			
Count of Missing Earnings	998			
Count of Invalid Part Time Service Present	1			
Count of Missing CARE Benefit	202			
Count of Missing CARE Revaluation Rate	7			
Count of Invalid Contracted Out Date	31			
Count of Missing Initial Pension (Def)	50			
Count of Invalid Deferred Payment Date	101			
Count of Missing Initial Care Pension (Def)	187			
Count of Missing SPA Date (Def)	3			
Count of Missing CARE Initial Pension	36			
Count of start data inconsistency	2792			
Count of invalid transfer in present	680			
Count of no NI Contributions or GMP	11577			
Count of No Date of Leaving	4			
Count of Missing Benefit Crystallisation	4			
Count of Missing Benefit Crystallisation details	6792			
Count of Invalid AVC Data for Member	3			
Count of Missing Current Pension	4022			
Count of Missing Annual Allowance Calculation	7959			
Count of Deferred – No Total Exit GMP	17041			
Count of Total GMO Less than Post 88 GMP	1			
Count of No Post 88 Exit GMP	8040			

Appendix B at November 19

Data Category	Category	Issue at November 2019	Priority	Resolution required	Responsibility	Progress/ Notes	Deadline
Missing Ni Number	Common	431 records	Low	Ni number to be identified where possible	Service centre	Ongoing	Ongoing
Missing surname or Forename	Common	9 records	Low	Interrogate record and Identify full name where possible	Development team		Nov 22
Gender missing	Common	79 records	Low	Interrogate record	Service Centre		Nov 22
Bad Date of birth	Common	8 records	Medium	Interrogate records	Service Centre		Nov 21
Missing Address	Common	10178 records	Medium	Actives – Contact employer Deferred and preserved refunds use tracing service	Service Centre	Ongoing	Ongoing
Missing postcode	Common	144 records		Actives – Contact employer Deferred and preserved refunds use tracing service	Service Centre	Ongoing	Ongoing
Missing or bad expected retirement date	Common	1283 records	Medium	ICT to review if bulk update can be completed	ICT		Nov 21
Multifolder status history on the same day	Common	168 records	low	Review each record as they may have 2 entries on the same day in error	Service Centre and Pensioners Services		Nov 22
No date joined scheme	Common	2 records	Medium	Interrogate record	Service Centre		Nov 21

No folder status history	Common	5 records	Low	Interrogate records	Service Centre		Nov 22
Folder status/ Status history mismatch	Common	82 records	Medium,	Review each case as it may be as a result of an change due to monthly postings	Finance		Nov 21
No folder scheme history	Scheme Specific	26 records	Medium	Interrogate records	Service centre/Pensioner services		Nov21
No NI contribution or GMP	Scheme Specific	11577 record	Medium	ICT to review the report as data is on the records	ICT		Nov 20
Missing Benefit Crystallisation record	Scheme Specific	4 record	Low	Interrogate records - All Pensioner records	SC5		Nov 21
Missing Benefit crystallisation details	Scheme specific	6792 records	Medium	ICT to consider bulk update	Ict		Nov 20
Missing date joined employer	Scheme Specific	53 records	Low	Majority of cases awaiting leaver / pensioner benefits calculating in the service Centre	Service Centre		Work dealt with in accordance with KPIs
Missing earnings	Scheme Specific	998 records	Low	Interrogate records			Nov 22
Invalid transfer in present	Scheme Specific	680 records	Low	Interrogate records	Service Centre		Nov 22

Invalid AVC Data for member	Scheme Specific	3 records	Low	Interrogate records	Service Centre		Nov 22
Invalid part time service present	Scheme Specific	1 record	Low	Interrogate record	Service Centre		Nov 22
Missing CARE benefits	Scheme Specific	202 Records	High	Majority of cases awaiting leaver/ pensioner benefits calculating in the Service Centre	Service Centre		Work to be dealt with in accordance with KPI
Missing CARE revaluation rate	Scheme Specific	7 records	Low	Majority of cases awaiting leaver/ pensioner benefits calculating in the Service Centre	Service Centre		Work to be dealt with in accordance with KPI
Invalid Contracted out date	Scheme Specific	31 records	Low	Interrogate records	Service Centre		Nov 22
Missing Current Pension	Scheme Specific	4022 records	medium	ICT to refine report	ICT		Nov 20
Missing Initial Pension (def)	Scheme Specific	50 records	High	As per KN – Historic cases which are updated on an annual basis via a report. KN to review	Service Centre		Nov 20
Invalid deferred payment date	Scheme Specific	101 records	Low	Team early leaver to investigate	Service Centre		Nov 21
Missing Initial CARE pension	Scheme specific	187 records	Low	Team early leavers to investigate ICT may need to amend report to not include	Service Centre ICT		Nov 21

(def)				cases where member joined right at the end of the year and no care benefits			
No date of leaving	Scheme specific	4 records	Low	Interrogate record	Pensioner services		Low 22
Missing CARE Initial Pension	Scheme Specific	36 records	Low	Interrogate records	Pensioner services		Nov 220
Missing SPA date (def)	Scheme Specific	3 records	Low	Interrogate record	Service Centre		Nov 22
Missing Annual Allowance Calculation	Scheme Specific	7959 records	Low	ICT to consider if bulk update can be done	ICT		Nov 22
Start date inconsistent	Scheme Specific	2792 records	Low	ICT to consider if bulk update can be done	ICT		Nov 22
Deferred – No total Exit GMP	Scheme Specific	17041 records	Low	ICT to review report	ICT		Nov 20
No post 88 Exit GMP	Scheme Specific	8040	Low	ICT to review report	ICT		Nov 20
Total GMP Less than post 88 GMP	Scheme Specific	1	Low	Interrogate record	Service Centre		Nov 22

This improvement plan primarily aims to address the key issues identified from the Funds Data Quality review and data quality score and details the plans in place to improve the data we hold.

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Report of the Director, West Yorkshire Pension Fund, to the meeting of West Yorkshire Pension Fund Pension Board to be held on 24 March 2020.

AD

Subject: Risk Register

Summary statement:

WYPF maintains a Risk Register which contains 44 risks that have been identified and framed into scenarios. The risks have been rated, 21 of these are above their acceptable tolerance level, 23 below the tolerance line.

A presentation on 5 risks from the 21 above their tolerance levels identified in this report will be given, so that the Pensions Board can ensure adequate Management Action Plans are in place to monitor those risks.

Recommendation

It is recommended that the 5 risks and action plans to manage and mitigate them are noted.

Rodney Barton
Director

Portfolio

Report Contact Yunus Gajra
Phone: (01274) 432343
Email: Yunus.gajra@wypf.org.uk

Overview & Scrutiny Area

1. Background

- 1.1 WYPF's Risk Management Plan establishes the process for implementing proactive risk management as part of the overall management of the pension fund. The purpose of risk management is to identify potential problems before they occur, so that risk handling activities may be planned and invoked as needed to mitigate adverse impacts on achieving objectives. Risk management is a continuous, forward looking process that addresses issues that could endanger the achievement of critical objectives and includes the early risk identification through the collaboration and involvement of relevant stakeholders.
- 1.2 WYPF have identified risks which have been rated and plotted on a matrix and a risk tolerance line agreed in order to prioritise the risks. The risk matrix measures each risk for its likelihood and impact in terms of its potential for affecting the ability of WYPF to achieve its objectives.
- 1.3 As part of a regular review by the Senior Management Team, 44 risks have been identified and framed into scenarios. The risks identified have been rated, 21 of these above their acceptable tolerance level, 23 below the tolerance line.
- 1.4 Management Action Plans (MAPs) are agreed for the risks above the tolerance levels which include target and critical success factors to allow the risks to be monitored.

2. Top Risks

- 2.1 The Pensions Board will receive a presentation on 5 risks from the 21 above their tolerance levels at each of their meetings so that they can ensure that adequate management Action Plans are in place to monitor all risks over time.
- 2.2 The risks to be covered at this meeting are:-

Risk 48	Prompt payment of pension
Risk 49	Key staff on long term absence
Risk 53	Fire Authority Shared Service
Risk 57	Lincolnshire and LB of Hounslow Pension Fund Shared Service
Risk 63	Compliance with GDPR requirements

3 Risk Register

- 3.1 The full Risk Register can be found at Appendix A.

4 Recommendations

It is recommended that the 5 risks and action plans to manage and mitigate them are noted.

5 Appendix

Appendix A – Risk Register

WYPF Departmental Risk Management and Opportunities Report

Introduction

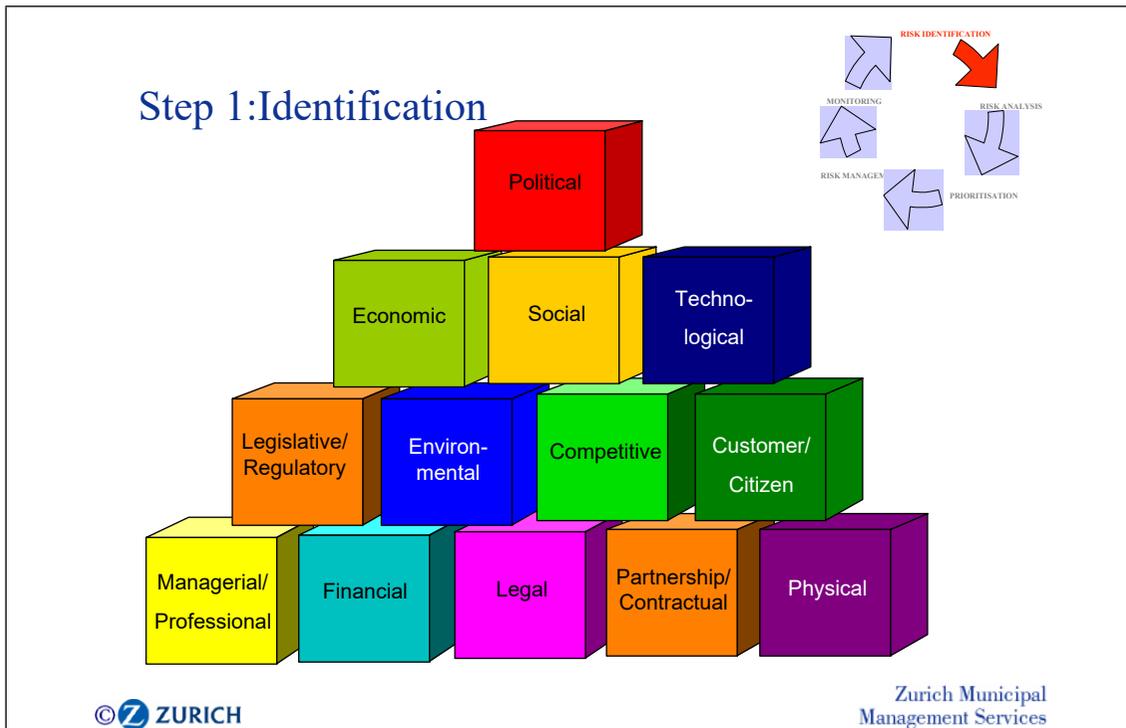
WYPF's Risk Management Plan establishes the process for implementing proactive risk management as part of the overall management of the pension fund. The purpose of risk management is to identify potential problems before they occur, so that risk handling activities may be planned and invoked as needed to mitigate adverse impacts on achieving objectives. Risk management is a continuous, forward looking process that addresses issues that could endanger the achievement of critical objectives and includes the early risk identification through the collaboration and involvement of relevant stakeholders.

WYPF have identified risks which have been rated and plotted on a matrix and a risk tolerance line agreed in order to prioritise the risks. The risk matrix measures each risk for its likelihood and impact in terms of its potential for affecting the ability of WYPF to achieve its objectives.

The process

Risk identification

The first of five stages of the risk management cycle requires risk identification. This has been achieved through discussion with senior Managers and covers 13 categories of risk as shown below.



Identified risks

Economic

Scenario	Short name
1	Demographic changes
2	Valuation continues to register a deficit in the pension fund
3	Governance (Strategic)
4	Reduction in proportion of active members
46	Admissions and Guarantors
51	Obtaining ISAE 3402 reports
61	Employers no longer able to meet its liabilities to the Fund

Political

Scenario	Short name
3	Governance (Strategic)
5	Service has a good, well respected status among members – this could change
6	Council elections could bring about a change in change of Investment Panel, JAG and Pension Board members
7	Bradford initiatives
8	Central Government regionalisation agenda
9	Central Government Pensions policy
40	Governance (Operational)
45	Industrial Action
55	Impact of Central Government Budget cuts

Technological

Scenario	Short name
10	Improved Pensions and Investments systems are not developed and adopted
12	Lack of information sharing with employers
13	Disaster Recovery
15	Current software providers pulls out of the market or are taken over.
16	Internal Fraud
17	Loss of ICT staff
44	Payroll failure
47	Loss of sensitive/personal data
50	Unauthorised access to personal/sensitive data
62	Cyber Crime

Legislative/Regulatory

Scenario	Short name
19	Legislative/regulatory change with no resource given to implement
35	Administration of the LGPS
58	Investment Pooling
63	Compliance with requirements of GDPR

Managerial/Professional

Scenario	Short name
21	Greater level of support expected by district councils than other employers
22	Recruitment and retention of experienced staff

49	Key staff on long term absence
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Finance

Scenario	Short name
24	Finance aren't always involved in other sections' decision making processes
31(a)	External fraud – Life Certificates
31(b)	External fraud – Returned payments/payslips
31(c)	External fraud – Children in full time education
36	Maximise Council surplus balances
40	Governance (Operational)
41	Pressure on General Fund
42	Admin costs
48	Prompt payment of pension

Physical

Scenario	Short name
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Competitive

Scenario	Short name
27	Lack of PI's and overall performance management framework

Customer / Citizen

Scenario	Short name
43	Customer Satisfaction

Social

Scenario	Short name
4	Reduction in proportion of active members

Partnership / Contractual

Scenario	Short name
53	Shared Service with South Yorkshire Fire, Humberside Fire, West Yorkshire Fire, North Yorkshire Fire, Lincolnshire Fire, Royal Berkshire Fire, Buckinghamshire & Milton Keynes Fire, Northumberland Fire, Devon and Somerset Fire, Dorset and Wiltshire Fire and Tyne and Wear Fire Authorities.
57	Lincolnshire Pension Fund and LB of Hounslow Shared Service

Risk analysis, profile and tolerance

The risks are assessed for impact and likelihood and plotted onto a matrix. The impact is measured as being negligible, marginal, critical or catastrophic. The likelihood is measured as being almost impossible, very low, low, significant, high or very high.

Appendix 1 shows all the risks that are rated on the profile.

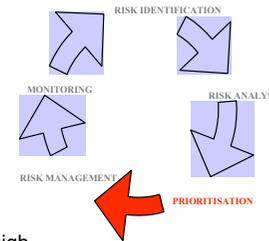
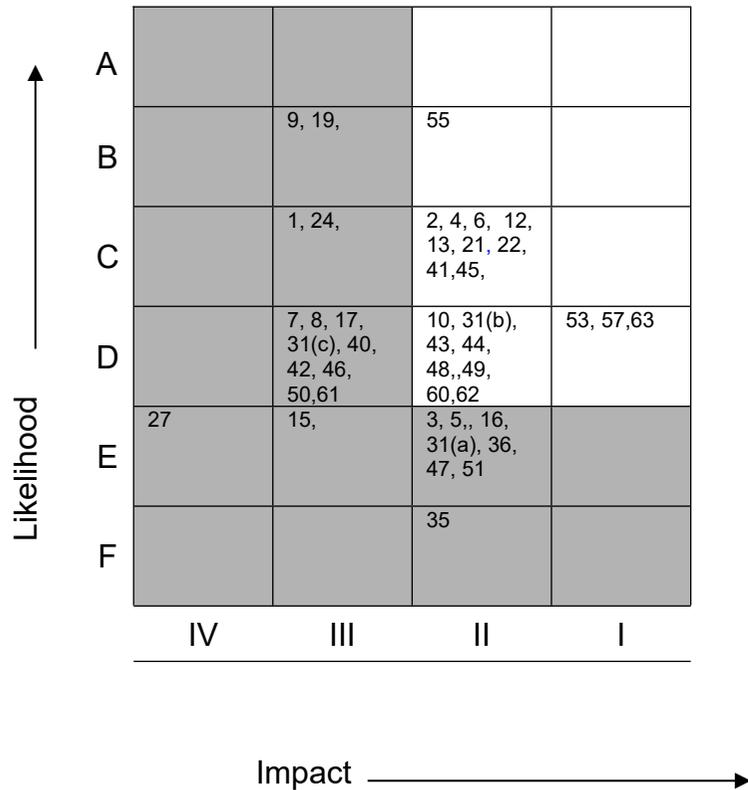
The top risks facing WYPF are identified as:

Scenario	Short name
2	Valuation continues to register a deficit in the pension fund
4	Reduction in proportion of active members
6	Council elections could lead to change in Investment Panel and JAG and Pension Board members
10	Improved Pensions and Investments systems are not developed
12	Lack of information sharing with employers
13	Disaster recovery
21	Greater level of support expected by District Councils than other Employers
22	Recruitment and retention of experienced staff
31(b)	External fraud – Returned payments/payslips
41	Pressure on General Fund
43	Customer Satisfaction
44	Payroll failure
45	Industrial Action
48	Prompt payment of pension
49	Key staff on long term absence
53	Fire Authority Shared Service
55	Impact of Central Government Budget cuts
57	Lincolnshire Pension Fund and LB of Hounslow Shared Service
58	Investment Pooling
62	Cyber Crime
63	Compliance with requirements of GDPR

To determine the section's appetite to risk, each of the squares on the matrix are considered to decide if WYPF are prepared to live with a risk in that box or if it needs to be actively managed. This set a theoretical tolerance line. Those risks above the line requiring further scrutiny and those below the line having sufficient control in place. The tolerance line is agreed at risks with a low or greater likelihood and a critical impact.

As part of a regular review, 44 risks have been identified and framed into scenarios. The risks identified have been rated, 21 of these above their acceptable tolerance level, 23 below the tolerance line. The results are shown on the following risk profile.

WYPF Risk profile – May 2017



Likelihood:

- A Very high
- B High
- C Significant
- D Low
- E Very low
- F Almost impossible

Impact:

- I Catastrophic
- II Critical
- III Marginal
- IV Negligible

Risk management and monitoring

Management Action Plans (MAPs) frame the risk management actions that are required. They map out the target for each risk i.e. to reduce the likelihood, impact or both. They also include targets and critical success factors to allow the risk management action to be monitored.

The risk assessment identified that significant levels of activity are required to manage the risks. Many of the key risks require immediate attention and it is important that having identified risks that could have critical impact, that the required action is undertaken.

MAP's were then agreed for those risks above the tolerance line and are specified below:

No	Rating	Risk description and Action / Controls already in place	Adequacy of action/control to address risk	Required management action/ control	Responsibility for action	Critical success factors & KPI's	Review frequency	Key dates	Opportunity
2	C2	<p>Fund is in deficit therefore employer contributions to rise / employers default on their liabilities.</p> <p>Triennial Valuation undertaken on the Fund using a range of Financial assumption as agreed with the Fund Actuary. If the financial assumptions are not borne out in practice, because of a range of reasons not least :</p> <ul style="list-style-type: none"> • Falls in expected investment returns • Fall in markets values • Rising inflation • members living longer <p>the funding position of the fund could deteriorate</p>	<p>Training for Joint Advisory, Panel and Board members provided by the Actuary at the beginning of the Triennial Valuation exercise to aid assumption decision making</p> <p>Due to potentially decreasing payroll deficit amounts are set as monetary amounts at the valuation</p> <p>Recovery period for deficit amounts assessed at each valuation to eliminate deficit within 22 years</p> <p>Monitoring of closed employers</p> <p>Quarterly funding updates provided by Funds Actuary</p>	<p>Deteriorating funding positions could results in Increased employers deficit contributions to eliminate deficit</p> <p>Growth is built into the medium financial plan, stepped increases for low to medium risk employers as per the FSS</p>	Director WYPF JAG	Funding position to remain within 90 to 110%	triennial	Every three years - 31 March 2019	

No	Rating	Risk description and Action / Controls already in place	Adequacy of action/control to address risk	Required management action/ control	Responsibility for action	Critical success factors & KPI's	Review frequency	Key dates	Opportunity
4	C2	Reduction in proportion of active members	Publicise the scheme and the benefits of membership in regular newsletters, website, ABS's, annual meetings. Introduction of Auto Enrolment will increase membership.	Fund becomes more mature due to ageing and reduction in active members by outsourcing. Client base nationwide – employers 400+ including 5 district councils.	Yunus Gajra	<ul style="list-style-type: none"> • Fund stop showing net inflows of cash • Investment strategy no longer consistent with maturity profile • FSS and Iss become out of date Less time to make up any deficits so more unstable contribution rates	Annually	Ongoing	Increase membership by publicising the scheme and the benefits of membership in regular newsletters, website, ABS's, annual meetings.
6	C2	Council elections could bring about a change to Investment Panel, JAG and Pension Board members	Training plans for new members to be drawn up. Seek views from District Councils to nominate members for 3 years to ensure consistency	Establish working relationships with the constituent Members as soon as possible. Be prepared to provide relevant training to political groups.	Rodney Barton	Member satisfaction Continuing support for officers	Panel and JAG meetings		Establish a standard training plan for new members

No	Rating	Risk description and Action / Controls already in place	Adequacy of action/control to address risk	Required management action/ control	Responsibility for action	Critical success factors & KPI's	Review frequency	Key dates	Opportunity
10	D2	Civica Pensions Admin System will not lead to improvements, efficiency and cost savings, or developments do not meet WYPF requirements.	Regular account meetings with Civica Senior Management. Representation on various user groups: <ul style="list-style-type: none"> • Civica user group • LGPS group • Payroll user group 	Ensure regular attendance and report back from the User Groups/Meetings as necessary. Assessment of Current State sub project is intended to ensure benefits are realised.	Yunus Gajra	Improved systems , costs savings, better reporting, employer internet, member internet facilities available. Develop product that meets WYPF requirements	Quarterly	Ongoing	Regular market testing to see if better systems on the market
12	C2	Too much information is supplied by employers on paper medium.	Enhancements to UPM2 are continuing.	Develop employers web site Introduction of Monthly returns.	Yunus Gajra/Ola Ajala	Increase in electronic medium of info sharing Improvements in KPI's 1, 4a, 4b, 6 and 8	Annual	Ongoing	Develop Employers' website to use that as the main medium for communication.
13	C2	Disaster recovery	Disaster recovery plan in place with Bradford Council for pensions and investments systems.	Recent disaster recovery test highlighted problems concerning Bradford network. Further investigation required. Resilience of internal hardware is being improved.	Yunus Gajra	Full disaster recovery plan in place	Annual	Ongoing	

No	Rating	Risk description and Action / Controls already in place	Adequacy of action/control to address risk	Required management action/ control	Responsibility for action	Critical success factors & KPI's	Review frequency	Key dates	Opportunity
21	C2	Greater level of support required/expected by some employers	Employer Training courses available or charge for the additional work	Monitor number and type of requests for support	Yunus Gajra	Reduce the number of non standard requests	Monthly	Ongoing	Provide more online training.
22	C2	Recruitment and retention of experienced staff in Pensions Administration,	Career grades in place for majority of staff to encourage professional training. Training Plans in place for all staff. Regular review of structure.	Monitor salaries in both public and private sector. Increase flexible working to retain staff	Man Rev	Motivated and responsive staff Minimal staff turn over No breaches of time limits or maladministration issues	6 monthly	Ongoing	Carry out a periodical review of salaries and grades.
31(b)	D2	External Fraud Participation in NFI. Life Certificates to high risk pensioners annually. Life certificates to low risk categories sent out every 7 years as a minimum. Returned payments or pay advices, records are immediately suspended. Close working relationship with Internal Audit.	Generally adequate but any future opportunities will be investigated	Increased communications with pensioners to ensure contact with members is maintained. Participation in NFI every 2 years, use of death screen facility to track deaths	Grace Kitchen	No cases of fraud or earlier discovery Establish tighter controls in system for production of data for NFI exercise	Annual		Carry out regular data cleansing exercises – (recently engaged Accurate Data to find addresses for 12.000 lost contact DB cases).

No	Rating	Risk description and Action / Controls already in place	Adequacy of action/control to address risk	Required management action/ control	Responsibility for action	Critical success factors & KPI's	Review frequency	Key dates	Opportunity
41	C2	Pressure on General Fund due to fluctuations in funding levels	Dependent on markets and mortality rates	Discussion of volatility reduction in investment returns. Varying actuarial assumptions and recovery periods for deficits. Asset and liability study being done.	Investments Committee In house Investments team	Stable and affordable contribution rates	Ongoing		

No	Rating	Risk description and Action / Controls already in place	Adequacy of action/control to address risk	Required management action/ control	Responsibility for action	Critical success factors & KPI's	Review frequency	Key dates	Opportunity
43	D2	Customer satisfaction drops below acceptable levels	Newsletters issued regularly to members, Monthly info. update to employers ABS's to current and deferred members Member Annual meeting Employer Annual meeting Large employer group meeting Seminars for employers Leaver questionnaires Employer satisfaction questionnaires Complaints procedures Web site Published ISS Published FSS Contact Centre Member of Plain English Campaign 'Pensions Administration Strategy' document issued to each employing authority participating in the Fund. Governance policy statement and Communications policy published.	Revise ISS each year Produce a Pensions Administration Strategy, Governance reviewed, Compliance statement produced.	Yunus Gajra JAG	Reduction in complaints Reduction in IDRPs cases. Attract new bodies to the Fund More timely info from employers, Improved employer satisfaction KPI 8	Annual	Annually	Attract new business to the Fund
44	D2	Payroll failure	Payroll contingency plan in place Disaster Recovery plan in place	Review plans	Yunus Gajra/Grace Kitchen	No effect on service provision	As required	Ongoing review	Able to run payrolls for other Funds

No	Rating	Risk description and Action / Controls already in place	Adequacy of action/ control to address risk	Required management action/ control	Responsibility for action	Critical success factors & KPI's	Review frequency	Key dates	Opportunity
45	C2	Industrial Action	Contingency plans in place	Review plans if required	Management Review	Minimal impact on customers. No delays to developments	As required		Flexible working available to a number of staff.
48	D2	Prompt payment of pension	Timetable published in advance of pay dates	Ensure timetable is followed	Grace Kitchen	Pensions are paid on the due date	As required		Able to run payrolls for other Funds
49	D2	Key staff on long term absence	Document all procedures to ensure cover is available from other staff	Monitor absences and take action at key dates	Senior Managers	No effect on service provision	As required	As required	A register of casual staff is maintained to provide cover at short notice.
53	D1	Fire Authority Shared Service	Adequate	Regular meetings with the Fire Authorities	Yunus Gajra	Business as usual with no impact on WYPF membership and service	Quarterly	Ongoing	Provide service for other FA's/
55	B2	Impact of Central Government Budget cuts	Impact on workloads and membership numbers	Monitor workloads and LGPS membership numbers	Management Review	Meet KPI targets and membership levels	Ongoing	Ongoing	Increase staffing numbers – benefit for local economy.
57	D1	Lincolnshire and LB of Hounslow Pension Fund Shared Service	Governance arrangements in place (regular client meetings, Collaboration Board, attendance at Pensions Committee).	Regular senior management review meetings internally and Collaboration Board meetings with LPF and LB of Hounslow	Yunus Gajra	Business as usual with no impact on WYPF membership and service	Monthly	Ongoing	Provide service for other LA Funds

No	Rating	Risk description and Action / Controls already in place	Adequacy of action/control to address risk	Required management action/ control	Responsibility for action	Critical success factors & KPI's	Review frequency	Key dates	Opportunity
62	D2	Threat of cyber crime	Adequate	Regular review by Bradford ICT of Firewalls, anti-virus programs to identify latest threats. WYPF also carry out penetration testing on the Fund's website and secure portal.,	Yunus Gajra	Business as usual with no impact on data or services	Ongoing	Ongoing	Safeguard and protect WYPF data and systems.
63	D1	Compliance with GDPR requirements	Review letters/internal processes and procedures, Privacy statements, data share agreements, contracts with 3 rd parties, Security breach process, website. Use of Galaxkey for secure emails, Use of secure portals to share information with key stakeholders, mandatory data protection training for staff.	Security policies in place, Mandatory Training for Staff	Yunus Gajra	A reduction in security breaches	Ongoing		

The risks identified but below their acceptable tolerance level require no further action at this time.

Future review and revision of risks

It is important that this work is monitored and measured and that management action plans are reassessed regularly to ensure that progress is being made and the targets can be met. In addition each risk is owned where possible by one member of the management team to ensure that there is high level support, understanding and monitoring of the work that is required as part of the plans.

The management team have agreed that the timescale for re-visiting these risks in order to assess if they are still relevant and to identify new scenarios should be quarterly at Management Review.

Appendix 1

Risks register

No	Rating	Cluster	Short name	Vulnerability	Trigger	Consequence
1	C3	Economic	Demographic changes	Demographic changes are happening but are not always built into financial and resource planning. (Customer base nationwide – current members 98,400, deferred members 63,500, frozen refunds/undecided leavers 6,850, pensioners 79,778. Total 248,528 as at 15-07-11)	Demographics not built into future planning	<ul style="list-style-type: none"> • Budget doesn't meet demand • Criticised for not providing a good service • Bad publicity
2	C2	Economic	Valuation continues to register a deficit in the pension fund	Rise in contribution rates to eliminate deficit. Growth is built into the medium term financial plan, stepped increases for low to medium risk employers as per FSS	Investment returns < actuarial and FSS assumptions Rise in longevity (Funding level remains the main comparator)	<ul style="list-style-type: none"> • Contribution rate rises • Budget cuts and/or council tax increases • Bad publicity for employers • Bad publicity for WYPF • Bad publicity for LGPS • Increased Central Government pressure for changes to LGPS • Admitted bodies review provision of LGPS to employees • Admitted bodies to WYPF seek reduced rates with other LGPS providers • Political impact • Customer complaints about 'pension pay-offs'

No	Rating	Cluster	Short name	Vulnerability	Trigger	Consequence
3	E2	Political/Economic	Governance (Strategic)	<p>Understanding of issues at high officer and Member level. Clear risk, return and contribution objectives Consistent FSS and ISS documents in place</p> <p>The purpose of the FSS is : to establish a clear and transparent fund-specific strategy which will identify how employers' pension liabs are best met and must be consistent with the published Investment Strategy Statement and the Fund's actuarial assumptions. It should support the aim of maintaining as nearly constant employer contribution rates as possible, taking into account risks in both the liability profile and volatility of asset returns.</p>	Un-coordinated operation caused by lack of understanding	<ul style="list-style-type: none"> • The organisation does not exercise proper strategic control over the management of its pension fund at the highest strategic level • Lack of knowledge and understanding of Members leading to too much reliance on officers and external advisors and do not challenge advice • panel composition not representative of all bodied in the Fund • Overall investment objectives do not represent what members of panels consider necessary to meet the Fund's liabilities given their understanding of contributions likely to be received from employers and employees and do not take account of their attitude to risk • Unstable contribution rates • Too much reliance put on benchmarking with other funds, without considering the specific circumstances of WYPF

No	Rating	Cluster	Short name	Vulnerability	Trigger	Consequence
4	C2	Social/Economic	Reduction in proportion of active members	Fund becomes more mature due to ageing and reduction in active members by outsourcing. Client base nationwide – employers 190 including 5 district councils.	Reducing take up of admitted body status Continuing outsourcing	<ul style="list-style-type: none"> • Fund stop showing net inflows of cash • Investment strategy no longer consistent with maturity profile • FSS and ISS become out of date • Less time to make up any deficits so more unstable contribution rates
5	E2	Political	Service has a good, well respected status among members – this could change	The service has a good professional status. It is well respected by members and therefore the budget isn't affected.	Service loses it's status/reputation	<ul style="list-style-type: none"> • Budget cut • Actively look at outsourcing/partnership • Look at alternatives • Project process unmanageable • Lack of trust in information provided • Closer scrutiny of pension fund activities
6	C2	Political	Council elections could bring about a change to Investment Panel ,JAG and Pension Board members	Panel members and Chair are very effective and knowledgeable and give good support to the service. There is a good relationship.	Major changes to composition of panels	<ul style="list-style-type: none"> • Loss of effective support • Learning curve

No	Rating	Cluster	Short name	Vulnerability	Trigger	Consequence
7	D3	Political	Bradford initiatives	The fund is not autonomous and decision taken at a high level in Bradford and for Bradford could risk the efficiency of our business. the imposition of what we perceive to be unsuitable regimes upon WYPF by CBMDC can undermine the performance of the section and forcibly distract WYPF management from their prime responsibilities for long periods. Partnerships entered into on WYPF's behalf by CBMDC may not be suitable for WYPF's needs. Initiatives divert management time from core activities	WYPF as a financial service provider and not a LG service provider not recognised or considered	<ul style="list-style-type: none"> • Loss of control over budget spend • Imposition of "Bradford" systems inappropriate to WYPF • Politicises JAG and Investment Panel • Service delivery reduced • Diversion from core activity
8	D3	Political	Central Government regionalisation agenda	<p>Possible regionalisation of pension funds</p> <p>Could be asked to compete against other LG Funds or the private sector</p>	Becomes Government policy	<ul style="list-style-type: none"> • Admin costs rise to unacceptable levels • Culture change • Cost pressure • Fail to become provider for Yorkshire region • Staff relocation • Staff redundancies • Bad publicity for Bradford • Become provider for Yorkshire • Increased resource requirement • Good publicity

No	Rating	Cluster	Short name	Vulnerability	Trigger	Consequence
9	B3	Political	Central Government Pensions policy	Independent Commission on Public Service Pensions set up to look at reforms to public sector pension schemes.	Increased complexity	<ul style="list-style-type: none"> • Risk of non-compliance – bad publicity and fines • Dilutes development of systems • Increased admin costs • Increased communications costs
10	C2	Technological	Improved Pensions and Investments systems are not developed and adopted	Increased WYPF and Civica resources required to develop and adopt system.	Major parts of the system do not work efficiently or accurately.	<ul style="list-style-type: none"> • E-government cannot be supported • Increased time and support needed for number crunching • Less added value support
12	C2	Technological	Lack of information sharing with employers	Most information from employers is still paper based no direct feeds from their payroll and HR to the UPM system. Requires Pensions to work closely with employers and the Bfd-I partnership to ensure contribution returns are both correct and received on time to enable details to be provided to the Actuary for the Valuation and for Annual Benefit Statements.	Don't progress direct input or do but on a piecemeal basis Deadlines not met	<ul style="list-style-type: none"> • People can't access vital information in a timely manner • Sustainability issues • Transcription errors • Delays • Invalid employer contribution rates set • Invalid ABS's sent to members • ABS's not sent to members • Non compliance • Bad publicity • Key objective not met
13	C2	Technological	Disaster recovery	Pension and Investments systems are supported by a disaster recovery plan but some systems aren't including the e-mail system and the main council systems and	Minor incident occurs	<ul style="list-style-type: none"> • Can't back up the data

No	Rating	Cluster	Short name	Vulnerability	Trigger	Consequence
				communication links ICT – risk of loss of service because of physical disaster, system failure or deliberate attack. An offsite backup regime is in place for Pensions. Onsite backups are kept in a fire proof safe. System failure – protected by service and maintenance contracts WYPF is dependent on CBMDC for virus protection and firewalls etc. Link with 35	Major incident occurs	<ul style="list-style-type: none"> • Loss of service • Permanent data loss • Loss of income • Inability to pay pensioners
15	E3	Technological	Current software providers pull out of the market or are taken over	Current providers –Civica	Civica not that well established in LG pensions sector but are starting to win LG business.	<ul style="list-style-type: none"> • other systems available but enforced change time consuming • pressure on staff
16	E2	Technological	Internal Fraud	Risk of fraud by illicit alterations to our data security is in place using passwords, change logs etc. but there remains a residual risk. WYPF is dependant on CBMDC's firewall to prevent attacks on its servers from outside the council.	fraud	<ul style="list-style-type: none"> • Loss of data • Corrupt data • Incorrect payments • Breach of DP Act

No	Rating	Cluster	Short name	Vulnerability	Trigger	Consequence
17	D3	Technological	Loss of IT staff	More attractive salaries in the private sector may attract experienced IT staff	Impact of Bradford-i	<ul style="list-style-type: none"> • Learning curve • Pressure on remaining staff • Reduction in service delivery • Delays in development work
19	B3	Legislative/ Regulatory	Lots of legislative /regulatory change with no resource given to implement it	Lots of legislative/regulatory change resulting in additional work with no resource given to implement them. Changes to Regs must be made aware to members, employers and staff. The service endeavours to respond but is balancing resources. The unit has given a high commitment to professional training to its staff which may not be maintainable	Insufficient resources to respond to legislative/ regulatory changes adequately	<ul style="list-style-type: none"> • Benchmarking costs rise • Increased pressure on staff • Don't adopt legislation • Service criticised • Duties and responsibilities not fully adopted • Ombudsman cases • Incorrect payment of benefits • Growing complexity of administration • Risk of non compliance • Key objective not met • studies not completed • general pensions knowledge declines • give ill advice • pressure on staff • staff don't have up to date, consistent knowledge and understanding
21	C2	Managerial/ Professional	Greater level of support expected by district councils than other employers	Bradford council and to a lesser extent the other 4 councils, request information from Pensions which should be available from their own HR department.	Resources diverted from other employers	<ul style="list-style-type: none"> • Staff frustrated • Reduced level of service to other employers

No	Rating	Cluster	Short name	Vulnerability	Trigger	Consequence
22	C2	Managerial/ Professional	Recruitment and retention of experienced staff in Pensions Administration	Problems with recruitment and retention – the need to train people up, the need for continual process re-engineering. Managers of similar age Difficulties in attracting staff to Bradford	Recruitment and retention of staff does not improve	<ul style="list-style-type: none"> • Pressures on existing staff • Activities are ineffectively carried out • Difficulties in succession planning • Pressure to offer more lucrative packages • Reliance on agency/temporary staff • Escalating staff costs • Gaps appear in structures • Adverse impact on service delivery • Loss of experienced staff • Stagnation • Carrying vacancies
24	C3	Finance	Finance aren't always involved in other sections' decision making processes	Sections powers v financial responsibility. Sections act independently and don't always ask for advice, increase in delegated powers. Finance section isn't always involved in the decision making process.	Finance is unaware of structures/ approaches	<ul style="list-style-type: none"> • Act 'ultra vires' • Promises made that can't be met
27	E4	Competitive	Lack of PIs and overall performance management framework	Local Best Value PI's in Pensions. There are LGPC PI's but they are not adequate to monitor overall performance and a new system needs to be introduced with monitoring as part of service planning. There are competing priorities and every authority is struggling to define PIs. Link with 8	Don't develop PI's within an overall performance framework	<ul style="list-style-type: none"> • Can't manage performance effectively • Fail to meet explicit objective

No	Rating	Cluster	Short name	Vulnerability	Trigger	Consequence
31(a)(b)(c)	D2 E2 D3	Finance	External Fraud	To introduce further measures which may reduce the number of overpaid pensions and potential fraud cases, particularly in the case of un-notified deaths	Further measures not introduced	<ul style="list-style-type: none"> • overpaid pensions • court cases • time commitment • key objective not met
35	F2	Legislative /Regulatory	Administration of the LGPS	Administer WYPF so as to provide occupational pensions for employees of the participating employers in accordance with statutory requirements Link with 13	Unable to provide service	<ul style="list-style-type: none"> • key objective not met
36	E2	Finance	Maximise Council surplus balances	Maximise the returns from external investment of any surplus cash balances of the Council		<ul style="list-style-type: none"> • loss of income • key objective not met
40	D3	Finance	Governance (Operational)	Expectation clearly set out for all advisors – Fund Managers, Advisors, Custodian, and Actuary	Accounts now have coordinated statements for panel, advisors, performance expectations of dept and the long term funding strategy statement , strategic asset allocation etc. Targets / statements all clear, consistent and in place. WM to measure performance quarterly. In house targets for Q analyses for individual fund managers (ongoing)	<ul style="list-style-type: none"> • Panels, fund managers, advisors operate in an un-coordinated way or set their own parameters for performance • Individuals performance not gauged and remedied where necessary • Sub-optimal performance of investments • Poor long term investment performance • Missing assets • Disputes over title • Late reports • Changes to assumptions mid stream

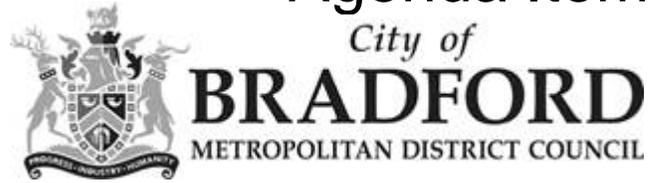
No	Rating	Cluster	Short name	Vulnerability	Trigger	Consequence
						<ul style="list-style-type: none"> • Targets not set • Timescales not set
41	C2	Finance	Pressure on General Fund	Funding level is a fundamental guide to the solvency of the Fund Maturity of the scheme influences the investment strategy adopted Employer contribution rate	Funding level falls to unacceptable level	<ul style="list-style-type: none"> • Low funding level will raise ER's contribution rate • ER's contribution rate unsustainable pressure on LGPS from Central Govt. • Employers cease admitting new members • Employers stop joining the Fund • Then becomes risk 4

No	Rating	Cluster	Short name	Vulnerability	Trigger	Consequence
42	D3	Finance	Admin costs	Costs / all Fund members SF3 and Cipfa	Poor benchmarking returns	<ul style="list-style-type: none"> • Review in-house provision • Budget cuts • Service cuts • Partnership arrangements • Bad publicity
43	D2	Customer/Citizen	Customer Satisfaction	Level of complaints received Consultation with all stakeholders: What WYPF provides How good is the provision	Unacceptable level of complaints Not seen to act on consultation	<ul style="list-style-type: none"> • Fines • Bad publicity • Shrinking user base
44	D2	Technological	Payroll failure	Contingency plans in place	BACS failure UPM system failure Hardware failure	Worst case scenario, around 70,000 53,287 pensions not paid on time
45	C2	Political	Industrial Action	Possible industrial action over reforms to LGPS	Ballot in favour of action and no Government intervention	<ul style="list-style-type: none"> • Pensions not paid • Backlog of work on return • Delayed SAP implementation • Additional admin work to input strike breaks
46	D3	Economic	Admissions and Guarantors	In the past WYPF has had a fairly relaxed policy on admissions which has resulted in bodies being admitted without guarantees if the body was believed to be financially sound	Admitted body with no guarantor or bond – admission agreement comes to its end or is prematurely terminated then the costs of unfunded liabilities met by the Fund itself (i.e. all employers)	<ul style="list-style-type: none"> • Increase in employer contribution rate across the Fund • Increase in liabilities across the Fund Possible bad publicity

No	Rating	Cluster	Short name	Vulnerability	Trigger	Consequence
47	E2	Technological	Loss of sensitive personal data	Data on laptops/USB devices and data sent by email is encrypted	Loss of data	<ul style="list-style-type: none"> • Data falls in the wrong hands and used for criminal purposes • Bad publicity • Loss of trust and confidence in WYPF
48	D2	Finance	Prompt payment of pensions on the due date.	An annual timetable is prepared showing key dates when stages of payroll have to be done by to ensure payment is made on pay date	BACS Failure Problems encountered at key stages delaying follow on stages	<ul style="list-style-type: none"> • Pensioners not getting paid on time • Cause financial hardship • Damage to WYPF reputation • Increase in number of complaints. Callers/Visitors
49	D2	Managerial/Professional	Key staff on long term absence	The absence of key staff who specialise in a particular role and there is no immediate deputy to cover in their absence	Absence Management	<ul style="list-style-type: none"> • Impact on service provision (Staff, Employers, Scheme Members etc) • Crucial tasks are not performed
50	D3	Managerial/Professional	Access to sensitive/personal data by staff	All new staff undergo a DBS check, Access to certain records is restricted	Where DBS checks reveal a relevant conviction	<ul style="list-style-type: none"> • Information could be passed on • Records updated inappropriately • Contravene DP Act
51	E2	Financial	Failure to obtain ISAE 3402 reports from Hedge Fund and Currency Fund Managers	Wouldn't know what risks are being taken and what controls they have in place	Failure to obtain reports	<ul style="list-style-type: none"> • Funds might go bust resulting in losses for the Fund
53	E3	Partnership/Contractual	Fire Pension Scheme Administration	WYPF administers the Fireman's Pensions Scheme on behalf of 11 Fire Authorities	Lose contracts	<ul style="list-style-type: none"> • Will not be able to provide a pensions administration service to the FA's • Will not be able to pay pensions or process work • ICT systems not available • Damage to WYPF Reputation • Bad publicity • Loss of income

No	Rating	Cluster	Short name	Vulnerability	Trigger	Consequence
55	B2	Political	Impact of Government Budget cuts	Cuts in Local Authority budgets will lead to a reduction in workforce.	Increase in member contribution rate	<ul style="list-style-type: none"> • Increase in opt outs from the scheme • Reduction in public sector workforce leading to reduction in pension scheme membership • Possible strike action
56	D2	Financial	Monthly Contribution Returns	This has replaced annual returns and will lead to greater efficiencies.	The LGPS 2014 and the move to a career average scheme	<ul style="list-style-type: none"> • Salary details will not be posted to members records • Benefits will not be able to be calculated accurately • IT systems will not be action the returns from Employers • Timescales not met
57	D1	Partnership/Contractual	Lincolnshire and LB of Hounslow Pension Fund Shared Service	To provide a pensions administration Shared Service from 1 April 15 (LPF) and 1 August 18 (LB of Hounslow)	Collaborative working with other Pension Funds	<ul style="list-style-type: none"> • Will not be able to provide a pensions administration service to LPF or LB of Hounslow • Will not be able to pay pensions or process work • ICT systems not available • Damage to WYPF Reputation • Bad publicity • Loss of income
61	D3	Financial	Employers deficits	Managed through assumptions used at valuation. Employers monitored at regular intervals for membership changes.	Employer's deficits/liabilities are an amount they are not able to meet upon exiting the Fund.	<ul style="list-style-type: none"> • The liabilities at exit which are not meet by the employer will be passed on to all the other employers in the fund through the next triennial valuation.
62	D2	Technological	Cyber Crime	A cyber attack will put data at risk and data may fall in the wrong hands.	A successful cyber attack	<ul style="list-style-type: none"> • Vulnerable to extortion • Damage to WYPF reputation • Impact on service delivery • Bad publicity • Fines by tPR
63	D1	Legislative /Regulatory	Compliance with GDPR requirements	Documents and processes are not updated with requirements.	A breach of GDPR	<ul style="list-style-type: none"> • Massive fines by the ICO • Damage to WYPF reputation

No	Rating	Cluster	Short name	Vulnerability	Trigger	Consequence
						<ul style="list-style-type: none">• Bad publicity• Loss of contracts



Report of the Director, West Yorkshire Pension Fund, to the meeting of West Yorkshire Pension Fund Pension Board to be held on 24 March 2020

AE

Subject: WYPF Pension Board Work Plan

Summary statement:

The role of The Pension Board, as defined by sections 5(1) and (2) of the Public Service Pensions Act 2013 is 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.

A Work Plan of the regular reports presented to the Pension Board has been produced.

Additional reports can be requested by the Pension Board in addition to these regular items. Additional items can be requested by members of the Pension Board at a preceding meeting or can be requested to be include on the agenda at the next meeting by contacting the Technical and Development Manager.

Recommendation

The Work Plan of regular reports is approved by the Pension Board.

Rodney Barton
Director

Portfolio:

Report contact: Caroline Blackburn
Phone: (01274) 434523
E-mail: caroline.blackburn@wypf.gov.uk

Overview & Scrutiny Area:

1. Work Plan

- 1.1 A Work plan of the regular reports presented to the Pension Board has been produced and is shown at Appendix A
- 1.2 Additional reports can be requested by the Pension Board in addition to these regular items. Additional items can be requested by members of the Pension Board at a preceding meeting or can be requested to be include on the agenda at the next meeting by contacting the Technical and Development Manager.

2. Recommendations

The Pension Board approve the Work Plan

3. Appendix

Appendix A – WYPF Work Plan

WYPF Pension Board Workplan

Regular reports	March	June	September	December
Minutes of Investment Advisory Panel	√	√	√	√
LGPS Scheme updates and Overriding Pensions legislation	√	√	√	√
Register of Breaches of Law	√	√	√	√
Training Conferences	√	√	√	√
Minutes of Joint Advisory Group	√		√	
Data Improvement plans	√		√	
WYPF Risk Register	√		√	
Cyber risks	√			
Communication Policy	√			
Pensions Admin Strategy	√			
Service budget		√		
Report and Accounts			√	
Audit Plan			√	
WYPF Pensions Administration report			√	
TPF Scheme return				√

TPR Public Sector Survey				√
SF3 data				√
CIPFA Benchmarking				√
WYPF Pensions Administration report	√			
Communication Policy	√			
Every 2 years				
Review of Pension Board policy documents	√			
Every 3 years				
Valuation	√		√	
Adhoc				
Funding Strategy Statement	As part of consultation and report following consultation			



Report of the Director, West Yorkshire Pension Fund, to the meeting of West Yorkshire Pension Fund Pension Board to be held on 24 March 2020

AF

Subject: Training, Conferences, Seminars

Summary statement:

The training of Pension Board members to understand their responsibilities and the issues they are dealing with is a very high priority. Details of training courses, conferences and seminars listed may assist Board Members.

Recommendation

Consideration is given to attendance by Board Members at the events in Section 1 and members note the requirement to complete the Pension Regulators toolkit training.

Rodney Barton
Director

Portfolio:

Report contact: Caroline Blackburn
Phone: (01274) 434523
E-mail: caroline.blackburn@wypf.gov.uk

Overview & Scrutiny Area:

1. Training Events

- 1.1 If any Pension Board member would like any specific training through one to one meetings with the in-house team, then this can be arranged.
- 1.2 Pension Board members should consider the following events.

PLSA Local Authority Conference
18-20 May 2020 De Vere Cotswold Water Park Hotel, Lake 6, Spine Road East,
South Cerney, GL7 5FP

LGC Investment & Pensions Summit
9 -11 September 2020 The Royal Armouries Museum, Leeds

PLSA Conference
14-16 October 2020, ACC Liverpool

LAPFF conference
2-4 December 2020

If you would like to attend any of these events or any other event you become aware of please let the Technical and Development Manager (Caroline Blackburn) know so arrangements can be made to book a place.

Members can also make use of the web based training provided by:

1.3 Pensions Regulator toolkit

It is the intention that all Pension Board members carry out the Pension Regulators toolkit training. Once completed a copy of the completion certificate should be given to the Technical and Development Manager.

The Trustee toolkit is a free, online learning programme aimed at trustees of occupational pension schemes.

The Trustee toolkit includes a series of online learning modules and downloadable resources developed to help you meet the minimum level of knowledge and understanding introduced in the Pensions Act 2004.

<https://trusteetoolkit.thepensionsregulator.gov.uk/>

- 1.4 Other online training is available at **Aberdeen Standard Life Learning Gateway**
Web based training provided by Aberdeen Standard Life
<https://www.aberdeenstandard.com/en/uk/adviser/investment-tools/learning-gateway>

2. Recommendations

Consideration is given to attendance by Board Members at the event in Section 1

Pension Board Members note the requirement to complete the Pension Regulators toolkit training.