

Minutes of a meeting of the West Yorkshire Pension Fund Pension Board held on Tuesday, 23 June 2020 in

Commenced 11.15 am
Concluded 12.05 pm

Present –

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

Apologies: Councillor Martyn Johnson and Gary Nesbitt

Councillor Lal in the Chair

1. DISCLOSURES OF INTEREST

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

Action: City Solicitor

2. INSPECTION OF REPORTS AND BACKGROUND PAPERS

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

3. IMPACT OF COVID-19 ON WYPF PENSIONS ADMINISTRATION

The report of the Director, West Yorkshire Pension Fund (**Document “A”**) informed Members of the impact of COVID-19 on West Yorkshire Pension Fund’s (WYPF) pension’s administration.

It was explained that following the advice from Government on 23 March 2020 that everyone should stay at home the Fund’s business continuity plan had been put into operation to ensure that there was no disruption to service for the 400,000 members and that all pensions were paid.

WYPF had made the decision that staff were key workers and they were asked to attend work if they were unable to work from home. Negotiations with Bradford Council’s IT service had ensured that within a couple of weeks the majority of staff were working remotely.

Arrangements had been made to ensure that staff only occasionally had to visit the office and, for example, one person would do printing or other office based duties for their colleagues working from home.

The report revealed that, in line with The Pension Regulator's advice, the focus of service delivery was on payment of benefits; employer contributions; minimising the risk of scams and supporting good decision making.

Payroll systems were tested to ensure they could be operated remotely and a decision was made that daily payments would be moved to a weekly payroll system. No issues appeared to have been experienced by beneficiaries.

Contact centre operators were fully briefed on current operations and were able to advise members accordingly.

It was explained that The Pension Regulator had extended the deadline for the receipt of Annual Benefit Statements and the Fund was confident that they would not breach that requirement.

A frequently asked questions sheet for LGPS administrators on COVID-19 had been prepared and was appended to the report for information.

Following a very detailed presentation it was questioned if being furloughed would be a detriment to members and would they lose contributions. In response it was explained that it had been stipulated that employees of Local Government, as a public body, would not furloughed. Other employees would receive their pensions based on the contributions of their employer. There had been some requests from employers to defer their payments but these had been very few.

It was questioned if, due to changes in investment markets, AVC valuations would be honoured. In response it was believed that valuations were not guaranteed for a specific time period but it was agreed to investigate and report back on that issue.

A Member questioned the long term implications of staff working from home and he was advised that a survey was being prepared to ascertain the thoughts and feelings of staff on their current working arrangements. As some presence was required in the office it was not believed that the level of remote working would be maintained in its totality, however, the benefits of working from home were acknowledged and it was believed that some element of remote working would be continued.

Resolved –

That the report be noted.

ACTION: Director, West Yorkshire Pension Fund

4. **FUNDING STRATEGY STATEMENT CONSULTATION**

The report of the Director, West Yorkshire Pension Fund, (**Document “B”**) updated Members on the recent consultation on the Funding Strategy to incorporate the Fund’s approach to the refund of exit credits and to allow new employer admissions to be on a pass through basis.

It was confirmed that the consultation, which had been shared with the Pension Board, had closed at the end of May. A copy of the draft Funding Strategy Statement was appended to the report. Additional comments were requested at the meeting or could be provided to officers.

Members were advised that the Joint Advisory Group would consider the draft amendments to the FSS and responses to the consultation at its meeting in July 2020.

Resolved –

That the report be noted.

ACTION: Director, West Yorkshire Pension Fund

5. **REGISTER OF BREACHES OF LAW**

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

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

1. A legal duty relating to the administration of the scheme had not been or was not being complied with, and
2. The failure to comply was likely to be of material significance to The Pensions Regulator in the exercise of any of its functions.

A register of any Breaches of Law was, therefore, maintained in accordance with the Pensions Regulator’s requirements and WYPF Breaches Procedure.

The report revealed that the entries on the Register related to the late payment of contributions and Annual Benefit Statements which had not been issued by 31 August 2019.

It was confirmed 99.6% of Annual Benefit Statements had been issued on time.

The majority of outstanding payments from employers had been due to operational issues i.e. the officer had been absent from work and not able to pay. Payments had been chased up and all had been received. Assurances were provided that employers were closely monitored. Records of each employer who

failed to make payments were maintained along with details of the number of late payments.

It was explained that some requests to delay deficit payments had been received but these were very few and were not felt to be a major issue.

Resolved –

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

ACTION: Director, West Yorkshire Pension Fund

6. LOCAL GOVERNMENT PENSION SCHEME UPDATES AND OVERRIDING PENSIONS LEGISLATION

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

Members were reminded that since the Local Government Pension Scheme (LGPS) was introduced there had been a number of consultations on proposed changes to the LGPS following which amendment regulations had been issued.

The report provided an update on the following:-

- Consultation on Fair Deal – strengthening pension protection;
- Consultation on the Local Valuation cycle and the management of employer risk;
- The Local Government Pension Scheme (Amendment) Regulations 2020;
- McCloud and variation guidance;
- Consultation on restricting exit payments;
- Scheme Advisory Board Good Governance Report;
- Third Tier employers;
- LGPS Annual Report 2019.

Other issues discussed included updates to the Money and Pensions Service dashboard; the reintroduction of the Pensions Schemes Bill and changes to tapered annual allowances and lifetime allowances following the Spring Budget in March 2020.

Resolved –

That the report be noted.

ACTION: Director, West Yorkshire Pension Fund

7. SERVICE BUDGETS

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

It was confirmed that the cost of services reported would be charged to WYPF accounts. The budgets outlined in the report 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. The fund supported over 800 active employers. The same resource would be used to manage over £13bn WYPF investment assets.

It was reported that in order to maintain WYPF’s cost performance a number of cost savings activities, to manage cost down to £43 per member, had been considered. The outcome of that work was detailed in Document “E” and had resulted in the budget of £14.85m which was presented to the WYPF Joint Advisory Group. Savings activities had reduced printing costs and increased the use of digital technology to increase capacity, service efficiency and reduce costs.

The report revealed that the latest government data for 2018/19 showed WYPF as having the lowest total cost at £34.46. The 2nd lowest LGPS fund was Nottinghamshire at £65.91. The latest WYPF project cost per member of £41.40 would still be £24 below Nottinghamshire (39% cheaper than Nottinghamshire). Based on that analysis WYPF would likely retain the 1st spot in 2019/20 and 2020/21.

It was explained that key cost pressures included the need to revise investment strategies and the expansion of shared services to provide additional resources. Investments in digital services had been made to prepare for the future and had included enhanced technology to facilitate mobile and agile work practices. It was predicted that cost pressures would increase and confirmed that they would be reviewed shortly.

Resolved -

1. That the total service budget of £14.85m approved for 2020/21 by the Joint Advisory Group in January 2020 be noted.
2. 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

8. TRAINING, CONFERENCES AND SEMINARS

Members were reminded that training to understand their responsibilities and the issues they would deal with was a very high priority. The report of the Director, West Yorkshire Pension Fund, (**Document “F”**) detailed a number of training

courses, conferences and seminars which may be of assistance.

Concerns were raised about the about the benefits of the Pensions Regulator Toolkit online training course. A Member explained that he had found other training resources, including face to face sessions and seminars, very useful but felt that the Toolkit, with multiple choice questions, did not help him identify his personal competences and areas for improvement. He had completed the course online which did not allow discussions with others which he felt enhanced knowledge and understanding.

Assurances were provided that support was always available from WYPF officers who were happy to assist and courses and seminars would be facilitated. It was agreed that the Toolkit could be useful to provide an indication of the Pension Regulator's knowledge requirements which could be enhanced through additional training methods.

No resolution was passed on this item.

9. EXCLUSION OF THE PUBLIC

Resolved –

That the public be excluded from the meeting during consideration of the Not for Publication Appendix to Document "G" relating to the notes of a West Yorkshire Pension Fund Investment Advisory Panel briefing meeting held on 30 April 2020 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.

10. NOTES OF A BRIEFING MEETING OF THE WEST YORKSHIRE PENSION FUND INVESTMENT ADVISORY PANEL ON 30 APRIL 2020

The report of the Director, West Yorkshire Pension Fund, (**Document "G – containing a Not Publication Appendix**) reminded Members that the role of the Pension Board, as defined by sections 5(1) and (2) of the Public Service Pensions Act 2013 was to assist the Council as Scheme Manager in ensuring the effective and efficient governance and administration of the Local Government Pension Scheme (LGPS) including securing compliance with the LGPS regulations and any other legislation relating to the governance and administration of the LGPS; securing compliance with the requirements imposed in relation to the LGPS by the Pensions Regulator; and any other such matters as the LGPS regulations may specify.

Members were advised that the Investment Advisory Panel (IAP) scheduled for

21 April 2020 had been cancelled due to COVID-19. An informal meeting had been held and was attended by the Chair and Deputy Chair. The **Not for Publication** notes of that meeting were appended to Document "G". The notes were submitted to the Pension Board to enable the Board to ensure effective and efficient governance and administration of the LGPS.

Resolved –

- 1. That it be noted that the Investment Advisory Panel meeting of 21 April 2020 was cancelled.**
- 2. That the Not for Publication notes of a briefing meeting attended by the Chair and Deputy Chair of the Investment Advisory Panel on 30 April 2020, appended to Document "G", be noted.**

ACTION: Director, West Yorkshire Pension Fund

11. CHAIR'S NOTE

It was noted that this was the last meeting of the Unite Member Representative Mark Morris.

Mark was thanked for his very valuable contribution to the Pension Board and wished well for the future.

Chair

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

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