

Minutes of a meeting of the West Yorkshire Pension Fund Pension Board held remotely on Tuesday, 23 March 2021 at 10.00 am

Commenced 10.00 am
Concluded 11.35 am

Present – 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 H Mitchell Wakefield | Mr C Sykes – Unison |
| Ms R Manning - Employer | Mr A Jones – Unite the Union |

Councillor Lal in the Chair

34. DISCLOSURES OF INTEREST

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

35. MINUTES

Resolved –

That the minutes of the meetings held on 22 September and 15 December 2020 be signed as a correct record.

36. INSPECTION OF REPORTS AND BACKGROUND PAPERS

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

37. MINUTES OF THE WYPF JOINT ADVISORY GROUP 28 JANUARY 2021

Resolved –

That the minutes of the West Yorkshire Pension Fund Joint Advisory Group on 28 January 2021 be noted.

Action: Director, West Yorkshire Pension Fund

38. FUNDING STRATEGY STATEMENT (FSS)

The Director, West Yorkshire Pension Fund presented a report (**Document “Y”**) to the Board to provide the latest adjustments to the Funding Strategy Scheme.

Ministry of Housing, Communities and Local Government (MHCLG) laid regulations LGPS (Amendment) (No2) Regulations 2020 on employer contributions and exit payment flexibility on 23 September 2020.

This requires the FSS to be updated to cater for the following:

- Regulation 64A: revision of rates and adjustments certificate – **Revisions to scheme employer contributions between valuations**
- Regulation 64B: Revision of actuarial certificates – **Spreading of exit payments**
- Regulation 64: Special circumstances where revised actuarial valuations and certificates must be obtained – **Deferred Debt Arrangements**

In August 2020 the Government published a partial response to the 2019 LGPS consultation, the Review of employer contributions and flexibility on exit payments which led to amendments in the LGPS regulations 2020. This was implemented as employers had been facing significant difficulties when exiting the scheme.

These new amendment regulations allowed for certain employer flexibilities. These were:

- Regulation 64A: revision of rates and adjustments certificate – **Revisions to scheme employer contributions between valuations**

The FSS has been updated to detail when an employer can request a review is undertaken.

- Regulation 64B: Revision of actuarial certificates – **Spreading of exit payments**

This now allowed employers to spread any exit payment, which was due when the last active member left the scheme and an exit valuation was calculated by the Fund’s Actuary. Payments could be made over a period of time as agreed with, and at the discretion of, the Administering Authority, to avoid exposing other employers in the fund to additional risk. It also addressed the issue of the “too expensive to stay in and too expensive to get out”. This would help the fund manage unaffordable debt where a single exit payment was not possible.

- Regulation 64: Special circumstances where revised actuarial valuations and certificates must be obtained – **Deferred Debt Arrangements**

This allowed fund administrators to defer the triggering exit payments and allowed deferred employers to continue to pay contributions.

New statutory draft guidance has been published by MHCLG to assist administering authorities. The Scheme Advisory Board (SAB) has also issued practical guidance to assist authorities and employers to implement the new flexibilities.

The Funding Strategy Statement, or FSS (principally the Policy on New Employers and Exit Valuations appended to the FSS) was circulated to Members with the proposed changes highlighted to facilitate an easy review.

In accordance with the LGPS Regulations 2013, a full consultation would be undertaken once both sets of guidance on employer flexibilities were published.

Members were then given the opportunity to ask questions, the details of which and the responses given are below:

- In relation to schemes being revised between valuations, is there a list of circumstances available to clarify this?
 - In response, it was advised that there would need to be a significant change or changes in the ability of an employer to pay contributions, which as a notifiable event would be looked at. A list of circumstances was supplied to members in an appendix document to the report (Document “Y”)
- Did the review have to take place every three years, or could it be reviewed more frequently, taking into account issues such as COVID and climate change?
 - It was advised that the review is undertaken at a minimum of three years but IAP took careful note at the quarterly meetings and the economic environment was discussed at every meeting

Resolved –

That the draft amendments to the Funding Strategy statement (Appendix A of Document “Y”) be noted.

Action: Director, West Yorkshire Pension Fund

39. PENSIONS ADMINISTRATION STRATEGY 2021/2022

The report of the Director, West Yorkshire Pension Fund, (**Document “Z”**) reminded Members 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 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 was sent to JAG each year to review and approve, particularly if there were any new regulations and revisions to working practices.

Members were advised that the Pensions Administration Strategy had been updated to reflect new employer flexibilities which came into force in September 2020 and a copy of that strategy with tracked changes was appended to the report.

A Member suggested that an online declaration scheme for employers could be beneficial and reduce onerous communication of all notable events and it was

agreed that this would be considered.

Concerns were raised that registration details posted to members to access the member portal could be insecure and it was confirmed that the registration process would also require personal details and authentication to gain access.

Resolved –

That the Pensions Administration Strategy (Appendix to Document “Z”) be noted

Action: Director, West Yorkshire Pension Fund

40. COMMUNICATIONS STRATEGY

The Director, West Yorkshire Pension Fund presented a report (**Document “AA”**) which represented part compliance under regulation 61 of the LGPS Regulations 2013 that required authorities to publish their policies, as appropriate, in relation to their procedures for liaison and communication with scheme employers and the levels of performance which the employers and WYPF were expected to achieve.

The Communications Policy was sent to JAG yearly and had been updated to reflect activities planned for 2021-22. The Policy included key objectives and the methodology to be used to ensure that stakeholder expectations were being met. The policy document also included development plans and communication events for LGPS active members, active firefighter members, Councillors and employing authorities.

Officers advised that communications initiatives were updated every year and in addition to electronic communications with employers, plans were underway to send pension statements, manage member accounts and bulk mailing all being carried out online.

Resolved –

That the Communications Strategy (Appendix to Document “AA”) be noted.

Action: Director, West Yorkshire Pension Fund

41. REGISTER OF BREACHES OF LAW

The Director, West Yorkshire Pension Fund, presented a report (**Document “AB”**) which 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) imposes a requirement to report a matter to The Pensions Regulator as soon as it was reasonably practicable where that person had reasonable cause to believe that:

- (a) A legal duty relating to the administration of the scheme has not been or is

- not being complied with, and
- (b) The failure to comply is likely to be of material significance to The Pensions Regulator in the exercise of any of its functions.

A register of any breaches of the Pensions Code of Practice was maintained in accordance with the WYPF Breaches Procedure. The Register of Breaches 2020/21 was appended to Document “AB”.

Members were assured that all late contributions reported had now been received.

Resolved –

That the report and entries of the Register of Breaches of Law contained in document “AB” and Appendix A to that document be noted.

Action: Director, West Yorkshire Pension Fund

42. LGPS SCHEME UPDATES AND OVERRIDING LEGISLATION

The Director, West Yorkshire Pension Fund presented a report (**Document “AC”**) which provided Members with an update on changes to the Local Government Pension Scheme (LGPS) 2014 regulations and associated matters. Since the introduction of the new LGPS, there were a number of consultations on proposed changes, following which amendment regulations were issued. The report detailed those consultations and other associated matters.

Consultations updated in the report included the Fair Deal – Strengthening pension protection that closed on 4 April 2019, the Local valuation cycle and the management of employer risk consultation which closed on 31 July 2019, Revocation of Restriction of Public Sector Exit Payments Regulations 2020 and links to the McCloud remedy consultations which closed on 8 October 2020.

Officers further advised that there was no additional information in relation to the Fair Deal consultation and that they were still waiting for guidance in relation to McCloud.

Resolved –

That the report (Document “AC”) be noted.

Action: Director, West Yorkshire Pension Fund

43. WYPF DATA IMPROVEMENT PLAN

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

The West Yorkshire Pension Fund Data Improvement Plan 2020/21 was appended to the report and identified a number of improvements.

Resolved –

That Document “AD” and the WYPF Data Improvement Plan, appended to that Document, be noted.

Action: Director, West Yorkshire Pension Fund

44. WYPF PENSIONS ADMINISTRATION REPORT

The Director, West Yorkshire Pension Fund presented a report (**Document “AE”**) which provided an update on the administrative work carried out during the previous six months.

As well as providing pensions administration for WYPF scheme members, WYPF provided a full administration service to Lincolnshire Pension Fund, the London Borough of Hounslow and more recently the London Borough of Barnet and to nineteen Fire Authorities. This included pensioner payroll (except for the London Borough of Hounslow), all member and scheme level events, reporting to statutory bodies, provision of data to external bodies such as actuaries, and local authorities for the production of the scheme accounts.

The report included performance against key areas of work for July to December 2020. As at January 2021, membership for all schemes administered was 465,047 and the report appendix provided Members with a breakdown between the different funds and schemes.

As part of the administration update, the report also stated that employee remote working would stay in place for the foreseeable future.

Officers further confirmed that productivity and performance were very good with numerous cases completed and good KPI figures. Targets for transfer out figures had not been met but Officers explained that these were often complex and had been further impacted by employees working from home.

Extra requirements were being placed on pension funds to tackle the increasing number of pension scams which entailed taking extra steps in its processes which would potentially need to be refined to address this issue.

Information was provided in the report into the large amount of work being undertaken as WYPF was a large pensions administrator.

Feedback from surveys was addressed and training was being delivered online. Members were also provided with details of upcoming webcasts.

No significant issues had arisen as a result of home working and returns to TPR had been completed by the deadline. Ninety percent of pension statements had been sent out on time and WYPF had also been re-certified for ISO 9001 for the following three years. The two security breaches had been isolated as due to

human error, therefore no further action was required. Staff sickness remained lower than that of Bradford Council and details on the ongoing recruitment exercise would follow. It was also advised that five more fire authorities were being considered and would be included by July.

Issues with administration procedures at Prudential had been identified as their migration over to a new admin platform had not gone as planned but Members were assured that pension members would not be adversely affected.

There would be no need to report to TPR provided that Prudential delivered on its promises to rectify the situation satisfactorily.

The lack of good communications was briefly discussed, but action would not be taken until after 1st April, if still necessary.

Resolved –

That the report be noted.

Action: Director, West Yorkshire Pension Fund

45. RISK REGISTER

The report of the Director, West Yorkshire Pension Fund (**Document “AF”**) identified the risks associated with the overall management of the Pension Funds administered by WYPF and plotted those risks on a risk register and put steps in place to mitigate those risks.

Included in the risk management report were details of the required management action/control needed to address each of the 23 most important risks identified. Members were advised of two additions to the report as follows:-

- It had been identified that there were insufficient resources to deal with the McCloud ruling which would require the recalculation of thousands of benefits for members and retired members.
- Loss of shared service contracts.

Members were assured that included in the risk management report were details of the required management action/control needed to address each of the 23 most important risk identified. Risk in overall terms was regularly monitored to ensure the report was up to-date and relevant in identifying risks in respect of both the current and future operational practices of the WYPF.

A Member referred to the risk of Reduction in Proportion of Active Members as he was aware of significant reductions in the work force of a neighbouring authority. In response it was reported that at the current time there were no significant job reductions planned and it was believed that the risk category was correct at the current time. The risk would be monitored quarterly as a minimum and it would be reclassified if necessary.

Resolved –

That the Risk Management Report appended to Document “AF” be noted.

Action: Director, West Yorkshire Pension Fund

46. TRAINING, CONFERENCES AND SEMINARS

The Director, West Yorkshire Pension Fund presented a report (**Document “AG”**) which provided Members with details of training courses, conferences and seminars in order that Members understood their responsibilities and the issues they deal with, which were high priority.

Information and links were included in the report and Officers offered the option of 1-2-1 training either virtually or face to face, observing social distancing rules. Members were also advised that the LGA website contained numerous bulletins and circulations which could be of benefit to them in their role on the Board.

No resolution was passed on this item.

47. EXCLUSION OF THE PUBLIC

Resolved –

That the public be excluded from the meeting during consideration of the Not for Publication Appendix to Document “AH” relating to the minutes of the West Yorkshire Pension Fund Investment Advisory Panel held on 29 October 2020 and 28 January 2021 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.

48. MINUTES OF WEST YORKSHIRE PENSION FUND (WYPF) INVESTMENT ADVISORY PANEL HELD ON 29 OCTOBER 2020 AND 28 JANUARY 2021

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

The Minutes of meeting of WYPF Investment Advisory Panel were submitted to

the Pension Board to enable the Board to ensure effective and efficient governance and administration of the LGPS.

Resolved –

That the Not for Publication minutes of the Investment Advisory Panel on 29 October 2020 and 28 January 2021 appended to Document “AH” be noted.

ACTION: Director, West Yorkshire Pension Fund

49. EXCLUSION OF THE PUBLIC

Resolved –

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.

50. CYBER SECURITY

The report of the Director, West Yorkshire Pension Fund, (**NOT FOR PUBLICATION Document “AI”**) informed 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 identified the impact of cyber-attacks on Bradford systems and actions undertaken to support essential services.

Resolved –

That the report be noted.

ACTION: Director, West Yorkshire Pension Fund

Chair

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

THIS AGENDA AND ACCOMPANYING DOCUMENTS HAVE BEEN PRODUCED, WHEREVER POSSIBLE, ON RECYCLED PAPER