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City of BRADFORD METROPOLITAN DISTRICT COUNCIL

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

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**

Notes:

- Please note that, under the current circumstances we are unable to produce paper copies. A webcast of the meeting will be available to view live on the Council's website at https://bradford.public-i.tv/core/portal/home and later as a recording

- Any non-member Councillors or members of the public who wish to make a contribution at the meeting are asked to email jane.lythgow@bradford.gov.uk by **10.30am on Friday 19 March 2021** and request to do so. In advance of the meeting those requesting to participate will be advised if their proposed contribution can be facilitated and those participants that can be will be provided with details how to electronically access the meeting. Councillors and members of the public with queries regarding making representations to the meeting please email Jane Lythgow.

- Approximately 15 minutes before the start time of the meeting the Governance Officer will set up the electronic conference arrangements initially in private and bring into the conference facility the Director, West Yorkshire Pension Fund and Members so that any issues can be raised before the start of the meeting. The officers presenting the reports at the meeting will have been advised by the Governance Officer of their participation and will be brought into the electronic meeting at the appropriate time.

From:
Parveen Akhtar
City Solicitor
Agenda Contact: Jane Lythgow /Susan Booth
Phone: 01274 432270/07814 073884
E-Mail: jane.lythgow@bradford.gov.uk
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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 1 - 14

Recommended –

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

(Jane Lythgow/Su Booth – 01274 432270/07814 073884)

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/Su Booth - 01274 432270/07814 073884)

B. BUSINESS ITEMS

4. MINUTES OF THE WYPF JOINT ADVISORY GROUP 28 JANUARY 2021 15 - 28

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.

Members are asked to review the minutes of the West Yorkshire Pension Fund Joint Advisory Group on 28 January 2021.

(Rodney Barton – 01274 432317)

5. FUNDING STRATEGY STATEMENT (FSS) 29 - 92

The report of the Director, West Yorkshire Pension Fund (WYPF) (**Document "Y**) advises Members that the 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.

As a result, WYPF's current Funding Strategy Statement requires updating to cater for:

- 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**

The Scheme Advisory Board (SAB) and MHCLG have issued draft guidance on the operational and practical assistance to administering authorities and scheme employers in implementing these flexibilities.

Recommended –

That the draft amendments to the Funding Strategy statement be noted.

(Caroline Blackburn – 01274 434523)

6. PENSIONS ADMINISTRATION STRATEGY 2021/2022 93 - 108

The report of the Director, West Yorkshire Pension Fund, (**Document "Z**") reminds 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 are expected to achieve.

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

The Pensions Administration Strategy has been updated to reflect new employer flexibilities which came into force in September.

Recommended –

That the report be noted.

(Yunus Gajra – 01274 432343)

7. COMMUNICATIONS STRATEGY 109 - 118

The Director, West Yorkshire Pension Fund (WYFP) will present a report, (**Document "AA**") which reminds 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 are expected to achieve.

The Communications Policy is sent to JAG each year to review and approve, particularly if there are any new regulations and revisions to working practices.

The Communications Policy has been updated to reflect activities planned for 2021-22.

Recommended –

That the report be noted.

(Yunus Gajra – 01273 432343)

8. REGISTER OF BREACHES OF LAW 119 - 126

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 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 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 any breaches of the Pensions Code of Practice is maintained in accordance with the WYPF Breaches Procedure. The Register of Breaches 2020/21 is appended to Document "AB".

Recommended –

That the report and entries on the Register of Breaches of Law, contained in Document "AB", be noted.

(Caroline Blackburn – 01274 434523)

9. LGPS SCHEME UPDATES AND OVERRIDING LEGISLATION 127 - 134

The report of the Director, West Yorkshire Pension Scheme **(Document "AC")** updates the Pension Board on changes to the Local Government Pension Scheme (LGPS) 2014 and provides information on associated matters.

Recommended –

That the report be noted.

(Tracy Weaver – 01274 433571)

10. WYPF DATA IMPROVEMENT PLAN 135 - 150

The report of the Director, West Yorkshire Pension Fund (**Document "AD**") 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 member's pension contributions.

The West Yorkshire Pension Fund Data Improvement Plan 2020/21 is appended to the report.

Recommended –

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

(Caroline Blackburn – 01274 434523)

11. WYPF PENSIONS ADMINISTRATION REPORT 151 - 176

The Director, West Yorkshire Pension Fund will present a report **(Document "AE")** which provides an update on West Yorkshire Pension Fund's (WYPF) pensions administration activities over the last six months.

Recommended –

That the report be noted.

(Yunus Gajra – 01274 432343)

12. RISK REGISTER 177 - 216

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

Recommended –

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

(Yunus Gajra – 01274 432343)

13. TRAINING, CONFERENCES AND SEMINARS 217 - 218

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

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

Members are asked that consideration is given to attendance by Board Members at the events in Section 1 of Document "AG" and to note the requirement to complete the Pension Regulators toolkit training.

(Caroline Blackburn – 01274 434523)

14. EXCLUSION OF THE PUBLIC

Members are asked to consider if the **Not for Publication Appendix** to **Document "AH**" relating to the West Yorkshire Pension Fund Investment Advisory Panel 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 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.

15. 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)** 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 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 Panel on 29 October 2020 and 28 January 2021 appended to Document "AH".

(Rodney Barton – 01274 432317)

16. EXCLUSION OF THE PUBLIC

Members are asked to consider if the item relating to Cyber Security (**NOT FOR PUBLICATION Document "AI**") 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.

17. CYBER SECURITY

The report of the Director, West Yorkshire Pension Fund, (**NOT FOR PUBLICATION Document "AI**") 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)

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City of BRADFORD METROPOLITAN DISTRICT COUNCIL

Minutes of a meeting of the West Yorkshire Pension Fund Pension Board reconvened from 22 September 2020 and held remotely on Tuesday, 15 December 2020 at 10am.

Commenced 10.00 am
Concluded 10.50 am

Present –

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**

Councillor Lal in the Chair

12. DISCLOSURES OF INTEREST

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

13. MINUTES

Resolved –

That the minutes of the meetings held on 24 March and 23 June 2020 be signed as a correct record.

14. INSPECTION OF REPORTS AND BACKGROUND PAPERS

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

15. WEST YORKSHIRE PENSION FUND FIVE-YEAR INTERNAL AUDIT PLAN 2020/21 TO 2024/25

The report of the Director, West Yorkshire Pension Fund, (**Document "I")** presented the latest five-year internal audit plan for West Yorkshire Pension Fund (WYPF). The report revealed that the plan was reviewed annually between WYPF finance team and CBMDC internal audit by carrying out a detailed assessment of WYPF business risks, pensions and investment regulatory compliance

environments, and service developments.

The latest plan had been reworked to take account of Covid-19 impact on services and operations. It was also anticipated that internal audit resources may be moved at short notice to support high risk areas. In order to manage audit work plan, address emerging risks and maintain sector intelligence there was a regular monthly meeting CBMDC Internal Audit Manager and WYPF Financial Controller; and a quarterly meeting with the Director of WYPF.

A summary of the plan was provided and Members were assured that all audits had been completed and rated as good or excellent.

Resolved –

That the report be noted.

ACTION: Director, West Yorkshire Pension Fund

16. WEST YORKSHIRE PENSION FUND (WYPF) UNAUDITED REPORT AND ACCOUNTS FOR 31 MARCH 2020.

The report of the Director, West Yorkshire Pension Fund (**Document "H**") presented the unaudited report on West Yorkshire Pension Fund financial activities and financial performance for the year 2019/20.

Members were advised that since the publication of the original agenda for the meeting the audit had been completed. Key points to note were that the value of assets had fallen at the end of March 2020, however, since that time the market had rallied and that loss had been eradicated. The Fund still maintained a significant cash flow and it was predicted that there would be a positive cash flow for the next ten years. The Fund remained a low cost and high quality organisation with many employers approaching it to provide services for their organisations.

It was explained that due to Covid-19 the Secretary of State for Housing, Communities and Local Government (MHCLG) had extended the publication of final accounts for local authorities from 31 July 2020 to 30 November 2020. Work on the preparation of the account had been impacted by Covid-19 but it was confirmed that the audit had been completed and signed off recently.

In response to questions about climate change it was clarified the report and accounts being considered did not present the Investment Strategy. The Investment Advisory Panel considered that strategy and how the fund addressed Climate Change. It was clarified that the fund was fully committed to managing assets in a way that addressed those issues.

A Member referred to problems with their own organisations ability to sign off accounts/pension liabilities due to uncertainty about the value of certain asset classes. With regard to the accounts which the Fund presented in September it was questioned what conclusions the Fund had drawn from discussions, presuming conversations had taken place, about the certainty of the valuation of

certain asset classes.

In response it was confirmed that there had been a lot of discussions regarding the level of certainty which surrounded unquoted assets and the value of property.

Members were reminded that there had been a significant shift in the value of commercial assets especially retail property, transportation and hotels. Auditors had considered if the valuations of those assets at the end of March were robust and could be relied upon for auditors and users of financial statements. Because of the changing circumstances in March, April May and June no one could do that. That situation had now changed and valuations were issued with certainty although that did not remove the uncertainties of assets valued in March.

It was reported that a statement had been included in the accounts to say that there was a certain level of uncertainty attached to those valuations. It was felt that with the level of testing and additional work conducted it was known that the statement provides a true and clear view. Asset managers had been contacted; their cash flow; audited accounts and results at December 2019 and also the activities between January and March had been considered. Much more detailed work had been carried out on each of those assets and properties owned by the Fund to be satisfied that the valuation could be relied upon by the fund managers. It was felt that because of that additional work officers had learnt a lot and understood much more about the flow of cash from assets.

Resolved –

That the unaudited report and accounts for 2019/20 be noted.

ACTION: Director, West Yorkshire Pension Fund

17. WEST YORKSHIRE PENSION FUND (WYPF) PRODUCTION OF ANNUAL BENEFIT STATEMENTS FOR MEMBERS 2020.

The Director, West Yorkshire Pension Fund, presented a report (**Document J**") which updated the Local Pension Board on WYPF annual benefit statement (ABS) production project 2020 for all members entitled to receive an ABS for the calendar year 2020. The report explained that local government pension schemes (LGPS) funds were required to provide active, deferred, deferred pensioners and credit members with an annual benefit statement, within five months of the fund's scheme year end of 31 March, therefore a deadline of 31 August. 2020. Specific legislative requirement is provided by Regulation 89 of the LGPS Regulations 2013

It was confirmed that WYPF had complied with LGPS Regulations 2013 on ABS.

The report revealed that despite the impact of the pandemic 99.99% of statements were issued by the deadline of 31 August 2020. Those statements which had not been issued were as a result of the Fund not receiving the correct data from employers or employers' payroll.

It was explained that the Fund led the sector in the production of ABS and was able to do so because of the quality of data kept and monthly data process undertaken since 2014. It was proposed that there may be a refresh of the process but the level of performance would be maintained.

It was questioned if revenue from the provision of administrative services to other organisations would be reinvested in the Fund and it was explained that no profit was made from administrative services, however, the more organisations joining the Fund would reduce the cost to all. Costs per Member had reduced by approximately £5 to £6 per year and improvements developed for one partner would be shared by all. The benefits of sharing operations were shared experiences, shared cost and quality of service.

Resolved –

That the report be noted.

ACTION: Director, West Yorkshire Pension Fund

18. LOCAL GOVERNMENT PENSION SCHEME REGULATIONS UPDATE

The report of the Director, West Yorkshire Pension Fund (**Document "K**") updated Members on changes to the Local Government Pension Scheme (LGPS) 2014 and provided information on associated matters. As the issue was to be discussed at the meeting scheduled to be held at the rise of the meeting, and to provide the most up to date presentation, it was agreed that the update be provided at that meeting.

Resolved –

That the report be noted.

ACTION: Director, West Yorkshire Pension Fund

19. WYPF DATA IMPROVEMENT PLAN

The report of the Director, West Yorkshire Pension Fund,
(**Document "L**") 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 Pensions Regulator (tPR) required that the 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.

The report revealed that there were two types of data which should be measured

and provided a definition of ‘common’ and ‘scheme specific’ data. As a result of measuring the data a score was calculated. A data score was the percentage of members in the scheme that had been assessed as having complete and accurate common or scheme specific data.

Members were informed that WYPF had developed a Data Improvement Plan which identified and prioritised actions to be taken to improve the data. A copy of WYPFs Data Improvement Plan was appended to the report together with work planned to deal with data errors identified.

A mistake in Appendix A was corrected and Members informed that the figure reported was not a large increase but an error in the report.

Resolved –

That the report be noted.

ACTION: Director, West Yorkshire Pension Fund

20. REGISTER OF BREACHES OF LAW

The Director, West Yorkshire Pension Fund, presented a report (**Document “M**”) 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.

As the issue was to be discussed at the meeting scheduled to be held at the rise of the meeting, and to provide the most up to date presentation, it was agreed that the updated report be discussed at that meeting.

Resolved –

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

ACTION: Director, West Yorkshire Pension Fund

21. PENSIONS ADMINISTRATION

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

The background to the report reminded Members that 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 to sixteen Fire Authorities. Those services 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.

Performance and benchmarking against key areas of work for the period 1

January 2020 to 30 June 2020. It revealed that the majority of targets had been met or exceed. For the three targets which had not been achieved reasons for under-performance were provided. This included that Death in Service the Fund had encountered delays in receiving documents and that setting up a new spouse pension required locating pensions mainly from lost causes. The third target discussed was regarding transfer out quotes and had required additional checks to be undertaken to comply with The Pension Regulator guidance in relation to pension scams.

It was reported that for all schemes administered at June 2020 membership had increased and a full breakdown was appended to the report.

Members were advised that as part of the commitment to improving services random surveys of customers were conducted and the responses were also appended to the report.

Internal Dispute Resolution Procedures were reported and revealed the Pensions Ombudsman determination of two cases.
An administration update reported measures taken to ensure staff could work from home during the lockdown and that staff had been fully set up within two weeks. The Pension Regulator's (tPR) had been to focus on payment of benefits; employer contributions; minimising the risk of scams and supporting good decision making. Members were assured that remote working was working well.

Staffing issues were reported including that WYPF had a full time equivalent staff of 154 with an average age of 47. Sickness absence figures were presented and compared favourably with Bradford Council average.

New business awarded to WYPF was provided together with details of the Best Administration Award presented by Pension Age Magazine in February 2020. It was felt that the award and level of new business demonstrated the fund's ability to deliver high quality services at low cost.

Resolved –

That the report be noted.

ACTION: Director, West Yorkshire Pension Fund

22. MCCLOUD - EFFECTS ON LOCAL GOVERNMENT PENSION SCHEME (LGPS)

The Director, West Yorkshire Pension Fund, presented a report, (**Document "O**") which advised Members of the implications following the release, in July 2020, of the government's long awaited consultation on applying the remedy to address the age discrimination inherent with the transitional protections that were adopted by the public service scheme in 2014.

As the issue was to be discussed at the meeting following shortly it was agreed that the updated report be discussed at that meeting.

Resolved –

That the report be noted.

ACTION: Director, West Yorkshire Pension Fund

23. WEST YORKSHIRE PENSION FUND RISK REGISTER

The report of the Director, West Yorkshire Pension Fund (**Document "P")** presented the fund's latest risk management report. Members were aware that this was a regular item presented to make them aware of risks identified and plotted against the risk register. The report revealed a total of 44 risks 21 of which were categorised s needing management action.

Since publication of the agenda the report had been updated and would be presented in due course. It was confirmed that COVID-19 had been an additional risk included in the updated report.

Resolved –

That the Risk Management Register report be noted.

ACTION: Director, West Yorkshire Pension Fund

24. TRAINING, CONFERENCES AND SEMINARS

Members were 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 "Q**") informed Members of training courses, conferences and seminars which may be of assistance. As the issue had been updated for the meeting to be held at 11am it was agreed to discuss the issue in detail at that time.

NO RESOLUTION WAS PASSED ON THIS ITEM.

Chair

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

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City of BRADFORD
METROPOLITAN DISTRICT COUNCIL

Minutes of a meeting of the West Yorkshire Pension Fund Pension Board held remotely on Tuesday, 15 December 2020 at 11.00 am

Commenced 11.00 am
Concluded 11.55 am

Present -

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**

Councillor Lal in the Chair

25. DISCLOSURES OF INTEREST

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

26. INSPECTION OF REPORTS AND BACKGROUND PAPERS

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

27. MINUTES OF THE WEST YORKSHIRE PENSION FUND 30 JULY 2020

The Director, WYPF presented the minutes **(Document "R")** for Members to review from the West Yorkshire Pension Fund Joint Advisory Group meeting held on 30 July 2020 and clarified some points in the report.

A brief question and answer session then followed, details of which are set out below:

- A Member raised the issue of the WYPF Risk Management Report in which Members were reluctant to note the Risk Register and asked what progress had been made on this matter. In response the Director stated there were concerns raised regarding the Investment Portfolio which had been referred to the Investment Advisory Panel who were working on the matter.

- A question was also asked around the increased cost per member of administration costs and whether this was due to the increase in working from home since the report was written in March. Whilst the increase was partially due to procurement of equipment to enable home working, it would not contribute to the scheme costs.

- Was there a timescale when looking at AVC's? The Director advised that this would be reported on at the January 2021 meeting.

Resolved –

That the minutes of the West Yorkshire Pension Fund Joint Advisory Group on 30 July 2020 be noted.

ACTION: Director, West Yorkshire Pension Fund

28. LOCAL GOVERNMENT PENSION SCHEME REGULATIONS UPDATE

The Director of West Yorkshire Pension Fund presented a report **(Document "S")** to update members on changes to the Local Government Pension Scheme (LGPS) 2014 and provided information on associated matters. Since the introduction of the career average LGPS, a number of consultations on proposed changes have taken place, following which amendment regulations have been issued. The report detailed the consultations and other associated matters.

Updates in the report included the Consultations on Fair Deal – Strengthening pension protection and Local valuation cycle and the management of employer risk around flexibility to determine exit payments for employers leaving the scheme and the outcome of the McCloud case, on which Members also received a separate update.

Resolved –

That the report be noted.

ACTION: Director, West Yorkshire Pension Fund

29. McCLOUD - EFFECTS ON LOCAL GOVERNMENT PENSION SCHEMES (LGPS)

The report of the Director, West Yorkshire Pension Fund **(Document "T")** was presented to the Board following the Government consultation relating to applying the remedy to address the age discrimination inherent in the transitional protections that were adopted by the public service scheme in 2014 which disadvantaged younger members.

The consultation has been closed and amendments to the scheme would be backdated to 2014. Additional information would be required from employers in light of regulation changes which would be requested once the regulations are laid. Software used to make entitlement calculations would need to be updated. Of the seventy thousand members who were eligible, benefit underpinning checks

would need to be carried out on thirty thousand.

The regulations were due to come into force in 2022 which would give time for the necessary work to be carried out. It was anticipated that only a small number of payments would be required once re-calculations were completed.

- A Member commented that she had already completed training in relation to the changes in relation to such a substantial piece of work. Was there confidence that sufficient resources were available to meet demand to carry out the work around re-calculations?
    - In response, it was advised that recruitment to meet the additional needs to resource the work was already underway and training of existing staff was underway.

- Was there any indication of penalty regime at this time and how difficult it could be to obtain records from employers?
    - Consideration of what action to take if information was missing would be needed with a consistent process followed. It was expected that guidance would be provided by Scheme Advisory Board. Also, Members expectations would need to be managed once letters to say a recalculation is being made. Spreadsheets would be going out to employers in order to gather in missing data in preparation for the change in legislation.

- Officers were also able to clarify the increase cost per member and clarified that the main reason for the increase was due to the cost of investments. Assurances were provided that the scheme still offered the best value for money.

- Do new members affect the cost per member?
    - In response, Officers advised that costs per member were impacted but again, stated that costs would remain low.

- A union representative asked whether local authority employees who faced or had been made redundant would be treated preferentially in recruitment to fill the Pension Officers posts which were anticipated?
    - It was advised that posts were advertised internally and were not 'ringfenced' between West Yorkshire local authorities. Due to posts left vacant and the increase in the client base, recruitment of Pension Officers (approximately 11) plus a number of senior posts would be needed.

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 "U")** was presented to Members to provide an update on the Breaches of law register. The report included details of the percentage of statements sent which was still just under 100%. No issues had been reported to the pensions regulator and the outstanding monies were no longer outstanding.

Members asked the following questions:

- There was a late payment showing and members asked what discussions took place when payment was not received on time.
    - Officers advised that conversations were taking place but that some organisations were struggling due to COVID-19.

- Were government guarantee clients separated out as part of risk management or were they managed in the same way as others?
    - Officers advised that clients were all managed in the same way.

- Was action taken if payments were not made?
    - Officers advised that there were late payment penalty charges and a statutory interest charge was imposed if payments were a month late so that the fund was not subsidising non-paying clients. Non-payments of this kind were also reported to the pensions regulator.

Resolved –

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

ACTION: Director, West Yorkshire Pension Fund

31. TRAINING, CONFERENCES AND SEMINARS

The report of the Director, West Yorkshire Pension Fund **(Document "V")** was presented to inform Members of available training events as this remained a priority for Board Members to be able to understand and exercise their responsibilities. The highlights of events coming up were shared from the report.

Details for an upcoming Spring seminar would be circulated to Members outside of the meeting.

Members asked the following questions:

- Was there a skills profile to look at?
- Officers responded that there was no profile available at the moment but following a re-structure a new post to look after Governance and Training would be needed.

NO RESOLUTION WAS PASSED ON THIS ITEM.

32. EXCLUSION OF THE PUBLIC

Resolved –

That the public be excluded from the meeting during consideration of the Not for Publication Appendix to Document "W" relating to the minutes of the West Yorkshire Pension Fund Investment Advisory Panel held on 30 July 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.

33. Minutes of West Yorkshire Pension Fund (WYPF) Investment Advisory Panel held on 30 July 2020.

Resolved –

That the Not for Publication minutes of the Investment Advisory Panel on 30 July 2020 appended to Document "W" 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.

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City of BRADFORD METROPOLITAN DISTRICT COUNCIL

Report of the Director, West Yorkshire Pension Fund, to the meeting of West Yorkshire Pension Fund Pension Board to be held on 23 March 2021.

X

Subject: Minutes of West Yorkshire Pension Fund (WYPF) Joint Advisory Group held on 28 January 2021.

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

Overview & Scrutiny Area:

1. Appendix

Appendix A – Minutes of Joint Advisory Group held on 28 January 2021.

City of BRADFORD
METROPOLITAN DISTRICT COUNCIL

Minutes of a meeting of the West Yorkshire Pension Fund Joint Advisory Group held remotely on Thursday, 28 January 2021

Commenced 1.00 pm
Concluded 3.20 pm

Present – Members of the Committee

Bradford Members Councillors: Thornton Winnard	**Calderdale Members** Councillors: Baines Lynn
Kirklees Members Councillors: Firth Murgatroyd	**Leeds Members** Councillors: Dawson Scopes
Wakefield Members Councillors: Graham Speight	**Trades Union Members** Ms L Bailey (UNISON)
Scheme Members Mr M Morris	

Apologies: Councillor Asif, Councillor Harrand, Mr T Chard and Mr A Goring.

Councillor Thornton in the Chair

18. 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

19. MINUTES

Resolved –

That the minutes of the meeting held on 30 July 2020 be signed as a correct record.

20. INSPECTION OF REPORTS AND BACKGROUND PAPERS

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

21. WYPF AUDITED REPORTS AND ACCOUNTS FOR 31 MARCH 2020

The Director, West Yorkshire Pension Fund, (WYPF) presented **Document "M"** which detailed the latest report and accounts for West Yorkshire Pension Fund, summarising financial activities and financial performance for the year 2019/20. Members were advised that the audited report was available on the WYPF website and links to that page were provided.

Members were reminded that the unaudited report and accounts had been considered at the meeting in July 2020 when a number of comments had been received and noted.

It was explained that the Government had provided an extended deadline for signature of the accounts of 30 November 2020. Delays encountered because of the current pandemic had resulted in the accounts being signed on11 December. The slight delay had been reported to the Ministry of Housing, Communities and Local Government (MHCLG) without issue.

Members were informed that the work on the report and accounts had provided a valuable opportunity to work with the auditor in light of the change in values and the need to examine the various investment values. The work was extensive and it was confirmed that the report and accounts had been signed without any major issues or concerns.

The report revealed a reduction in value in the last year, however, it was reported that since the account was published the value of assets had increased to over £14 billion and the reduction published had been recouped.

It was confirmed that the Fund was 101% funded; that figure did not take account of the £14.5billion new valuation and, in light of the pandemic, it was felt that was good news.

The only new addition since the report had been considered in July 2020 was that the Government returns on cost per member for all LGPS had been received and it had been confirmed that WYPF presented the lowest cost for last year. When the return had been sent to government the Fund was mid audit and the figure in the accounts was slightly lower than that sent to government by approximately 50p which made no significant difference.

A Member questioned the impact of COVID-19 on the funding position and whilst noting the sadness of the situation it was speculated that there would have been increased deaths which would have impacted the fund. In response it was explained that the accounts did provide a point of emphasis on the pandemic and the impact on assets. Reference was made to the asset being depressed and the uncertainty around the valuation of assets.

In terms of the liability valuations, as the accounts were prepared for the end of March 2020 it could not be amended to include additional impacts. Auditors did work with the Actuary and there was a point of emphasis in the accounts and also in one of the notes to the accounts regarding COVID. Efforts had been made to illuminate the impact of COVID, and the 2021 report from the Actuary would include more on the impact of the pandemic. That topic would be addressed further in the net valuation at the end of March 2021.

A Member noted that the minutes of the meeting held on 30 July 2020 (Minute 7) referred to the lively debate which had ensued whilst discussing climate change and investment in fossil fuels. Whilst acknowledging that the foreword to the Audited Report and Accounts under discussion had been provided by the Chair it was suggested that more reference to that debate could have been included.

Resolved –

That the audited report and accounts for 2019/20 be noted.

ACTION: Director, West Yorkshire Pension Fund

22. WYPF 2020/21 REVISED ESTIMATES AND 2021/22 ORIGINAL ESTIMATES

The report of the Director, West Yorkshire Pension Fund **(Document "N")** was presented to the Board in accordance with Local Government Pension Scheme Regulations which stipulates that the costs related to managing LGPS pension funds must be charged to pension fund accounts and not to Local Authority general fund accounts.

It was reported that the latest forecast for expenditure plus the cost of managing the fund was £12.6 million against a target of £14.8 million representing an underspend of £2.7million. Unfilled vacancies within WYPF remained a key issue and impacted on the figures, however recruitment was progressing.

The cost per member was forecast to be £34 and plans for services had been put in place which were not delivered due to the COVID pandemic but would be brought back on line with the same base budget being proposed for the following year.

A key point from the report indicated that moving from HSBC to Northern Trust would achieve a saving, investment was needed for more IT as well as providing more services and to increase the digital offering to clients. Officers were confident that the service remained cost effective versus other LGPS and the private sector.

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

- Officers were asked whether the COVID pandemic had affected services provided.
    - It was confirmed that services continued to be provided including payments, servicing memberships both in and out of the scheme and were fully compliant with submitting returns. Employers were

supported with issues and guidance throughout. Only face to face meetings were unavailable and the contact centre was available via telephone and email. They also stated that staff had moved to working from home and had worked hard and shown flexibility. Whilst there had been operational savings, equipment was provided to facilitate this.

- Services had continued to be provided to partners and pension fund members throughout the pandemic and Officers were asked how this had been possible, especially in light of unfilled vacancies.
    - In response, it was advised that staff had undertaken extra hours and extra work and that the vacancies that existed did so before the pandemic and were as a result of a proposed re-structure and continuation of the existing service was the priority.

- A Member proposed that a report be commissioned into divestment in fossil fuel companies and requested that funds be made available in the budget to facilitate this. During the discussion it was confirmed that a review of investment strategy was already underway and that it was not appropriate to make such a proposal as it was not within the remit of this Board to do so. It was also confirmed that funds were available to undertake the review and provide a separate report if required. Following a vote amongst Members a resolution on the matter was reached (please see resolution 4 below)

- A Member raised a concern that the budget was due to be increased next year and asked whether the saving from this year would be rolled forward.
    - Officers advised that savings were due to unfilled vacancies as the team was under resourced. The new staff structure needed to be implemented and the appropriate staff needed to be recruited. There was no risk of a 'double budget' and only what is spent is charged to the account.

Resolved –

1. **That the projected outturn of £12.68m against budget of £14.85m be noted for 2020/21.**

2. **That budget of £15.38m be approved for 2021/22.**

3. **That the Government SF3 data - total pension cost per member of £41.94 for 2019/20, making WYPF the lowest cost LGPS scheme for 2019/20, be noted.**

4. **That additional funding of up to £50,000 be made available in the budget to the Investment Advisory Panel to commission a report on divestment in fossil fuel companies should the Investment Advisory Panel deem that it is required.**

Action: Director, West Yorkshire Pension Fund

23. FUNDING STRATEGY STATEMENT (FSS)

The report of the Director, West Yorkshire Pension Fund (WYPF) (**Document "O**) advised Members that the 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.

As a result, WYPF's current Funding Strategy Statement (FSS) required updating to cater for:

- 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**

The Scheme Advisory Board (SAB) and MHCLG had issued draft guidance on the operational and practical assistance to administering authorities and scheme employers in implementing these flexibilities.

The impact of the regulations and measures for implementation were outlined in Document "O". Members were asked to approve the changes to the FSS subject to there not being any material changes to the guidance to be issued by MHCLG and the Scheme Advisory Board (SAB) and the results of the consultation exercise with stakeholders not indicating any concerns or issues.

A Member reported that he was not comfortable with the wording regarding climate change in Section 7.22 of the strategy and suggested amendments to that paragraph and that a bespoke study to map out of fossil fuel investments be commissioned.

Some Members disagreed with those suggestions maintaining that they were being asked to approve amendments to FSS as a result of new regulations and that investment strategy was the remit of the Investment Advisory Panel.

There was some disagreement to that statement as others believed that the addition of the sentences suggested would strengthen the strategy. Those Members felt that the FSS was an important communication to others and should be amended as suggested.

The Member proposing the amendments referred to discussions at the meeting in July 2020 when the FSS had not been approved because of the issues in the same paragraph. He explained that his amendments were in an endeavour to get the strategy approved. In response some concern was expressed that the amendments were in an attempt to influence the Investment Strategy of the fund. It was understood that this was beyond the remit of the Joint Advisory Group and that it should not dictate Investment Strategy.

The Director, WYPF, advised Members that the wording on climate change in the FSS was intentionally limited as those issues were covered in the Investment Strategy Statement. It was suggested the Members could propose wording to highlight potential risks and liability but it was not for the group to decide that a route map out of particular holdings be developed.

It was reported that a review of the Investment Strategy was currently being conducted. It was expected that there would be significant changes as a result of that review and those amendments would be reflected in that strategy.

Members in opposition to that view believed that the Investment Strategy and FSS were intertwined and amendments to reflect their views on climate change should be incorporated into the FSS.

Resolved –

That subject to there not being any material changes to the guidance to be issued by the Ministry of Housing, Communities and Local Government (MHCLG) and Scheme Advisory Board (SAB) and the results of the consultation exercise with stakeholders does not indicate any concerns or issues, the changes to the Funding Strategy Statement outlined in Document "O" be approved.

ACTION: Director, West Yorkshire Pension Fund

24. WYPF PENSIONS ADMINISTRATION REPORT

The report of the Director, West Yorkshire Pension Fund **(Document "P")** was presented to the Board to provide an update on the administrative work carried out during the previous six months.

In addition to providing pensions administration to West Yorkshire scheme members, it also provided a service to a number of other Local Authorities and Fire Services. These included payroll for all except one Local Authority and reporting to statutory bodies, data provision to external bodies and local authorities for production of scheme accounts.

The report included performance data against key performance indicators (KPI's) and the variety and volume of work associated therein. Extra steps were being taken to ensure members made the right choices, especially in light of the increase risk of pension scams.

The report also included details of training provided to employers the form of which had changed to webinars with new webcasts due to become available from the following month. Details of internal dispute resolutions were provided and broken down by quantity, type, stage and outcomes.

Officers informed the Board that WYPF had passed ISO 9001 re-certification and it had very nearly hit the target of 100% of deferred benefit statements being issued. Staffing numbers equated to 152 full time posts and details were provided in the report on the breakdown of these and recruitment to boost staffing levels.

Members then had the opportunity to ask questions. The details of these and the responses given are as follows:

- The number of online Members who were using the portal was low, were steps being taken to increase the level of usage.
    - Officers stated that it was lower than they wanted but that P60's and annual benefit statements would be available on line and members would be asked to register in order to access them, but would still be available in hard copy format.

- A Member wanted to check that recruitment was underway and also asked about staff sickness absence rates and whether staff been affected by illness due to COVID-19
    - Officers advised that there had been some positive tests and even when self-isolating, employees continued to work and so it was anticipated that it would not have any major impact. Phased recruitment was underway for 12 new Pensions Officers as well as a new Client Relationship Post which reflected the new client base and offered potential for further business.

- A Member noted that the sickness absence rate was half of that for Bradford Council and wanted to know why that was.
    - Officers advised that they had given support to employees (just like Bradford Council) and encouraged employees to share any issues. Work flow was controlled and employees had also been given flexibility on working hours to accommodate home circumstances such as caring for children who would normally be in school.

- Officers were asked if it was easy to find the right candidates for Pension Officer posts from local candidates in view of experience needed.
    - In response, Officers advised that no previous experience was needed for the Pensions Officer posts as internal training would be provided and had a good response to the vacancies advertised. The Customer Relationship Manager roles required experience and so would be remunerated at a higher scale, interest for this post had not been as good.

Resolved –

1) That the Board wishes to thank West Yorkshire Pension Fund Officers for their hard work over the last six months.

2) That Document "P" be noted.

Action: Director, West Yorkshire Pension Fund

25. SHARED SERVICE PARTNERSHIP UPDATE

The Director, West Yorkshire Pension Fund presented **Document "Q**" which reported on current administration issues and performance for West Yorkshire Pension Fund's shared service partnerships.

The report revealed that WYPF provided shared service pension administration to Lincolnshire Pension Fund; London Borough of Hounslow; London Borough of Barnet and nineteen Fire Authorities. An update on each of the services was appended to the report.

It was reported that WYPF provided an efficient and cost effective shared service to both the Local Government and Fire Scheme partners. In particular, the fund 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.

Resolved –

That the report be noted.

ACTION: Director, West Yorkshire Pension Fund

26. LOCAL GOVERNMENT SCHEME REGULATION UPDATES

The report of the Director, West Yorkshire Pension Fund **(Document "R")** was presented to the Board to provide an update on changes to the Local Government Pension Scheme 2014 (LGPS) and information on associated matters.

The report gave the latest information on three consultations including an update and link to the McCloud remedy following public sector pension scheme changes in 2015 which were judged as unlawfully discriminatory.

Officers stated that the biggest issue was coming from one area, that being the introduction of exit payments caps which were in conflict with local government pension regulations. Hearings were scheduled for March 2021 in the High Court to hear this review.

The report also included an update on the progress made in relation to the Scheme Advisory Board's Good Governance Report which consisted of three phases. A link to the reports for phase one and two were included and the main aims from phase three were specified. The final report was due to be presented by the end of February 2021.

A Member asked whether an exit payment example could be provided but were advised by Officers that calculations were complicated and varied, therefore it would not be useful or particularly indicative.

Resolved –

That the report (Document "R") be noted.

Action: Director, West Yorkshire Pension Fund

27. REGISTER OF BREACHES OF LAW

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

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

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

A register of any breaches of the Pensions Code of Practice was, therefore, maintained in accordance with the WYPF Breaches Procedure. The Register of Breaches 2020/21 was appended to Document "S" and revealed that the entries on the Register for 2020/21 related to the late payment of employees' contributions by employers and the non-issue of Annual Benefit Statements by the 31 August to a small number of active members.

Members were made aware that to comply with the target for the ABS 100% of statements must be despatched by the deadline. The figure achieved was 99.74% and it was acknowledged that with constant changes to Member details the target would be very difficult to achieve.

The employers making late payments of contributions were revealed and Members were advised that all breaches had been considered and it had been deemed that they were not of material significance and had, therefore, not been reported to the Pensions Regulator.

Resolved –

That the report and entries on the Register of Breaches of Law, contained in Document "S", be noted.

ACTION: Director, West Yorkshire Pension Fund

28. PENSIONS ADMINISTRATION STRATEGY AND COMMUNICATIONS POLICY 2021/22

The report of the Director, West Yorkshire Pension Fund **(Document "T")** was presented to the Board in part compliance with LGPS Regulations 2013. The written statement of the authority's policies included procedures which were considered as being appropriate in relation to liaison and communication with scheme employers and the service levels that employers and WYPF were expected to achieve.

The Joint Advisory Group receives the Pensions Administration Strategy and Communications Policy each year to review and approve, especially in light of

any changes or introduction of new regulations. New employer flexibilities came into force in September 2020 and the Pensions Administration Strategy was updated to reflect these. Members were provided with the latest Pensions Administration Strategy and Communications Policy which was also updated to reflect activities planned for 2021/22.

Resolved –

That the Pension Administration Strategy and the Communications Policy 2021/22 (Document "T") be noted.

Action: Director, West Yorkshire Pension Fund

29. TRAINING CONFERENCES AND SEMINARS

The report of the Director, West Yorkshire Pension Fund, (**Document "U**") 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 and Members were asked to contact the fund to arrange their participation. The benefits which would be gained from their attendance was discussed and Members were assured that WYPF would meet all costs.

Resolved –

That the report be noted.

ACTION: Director, West Yorkshire Pension Fund

30. REVIEW OF ADDITIONAL VOLUNTARY CONTRIBUTION PROVIDERS

Members were informed that West Yorkshire Pension Fund had three Additional Voluntary Contribution Providers, namely:

- Utmost Life and Pensions (previously Equitable Life),
- Scottish Widows, and
- Prudential.

The contributions paid during the year, fund values and membership information at 31 March 2020 were provided.

Annually the West Yorkshire Pension Fund asked Aon's AVC Team to review the performance of the Additional Voluntary Contribution Providers in terms of investment performance, financial strength, investment capabilities, charging structure and administration.

The report of the Director, West Yorkshire Pension Fund (**Document "V")** was a follow report to the information provided to the meeting on 30 July 2020.

As Scottish Widows and Utmost Life and Pensions had not provided the necessary information for the July meeting, the report provided an update following completion of the 2020 review by Aon's AVC Team. It also included Aon's views on a replacement of the Prudential International Fund and appointing a new or alternative provider.

It was explained that Aon continued to view Scottish Widows and Prudential as appropriate providers and had no concerns over the suitability of Utmost Life and Pensions as a legacy AVC provider at the current time.

At the meeting in July 2020 it was ascertained that AON's AVC team considered only current providers in the review. At that time Members were advised that due to the complexity of LGPS regulations many providers were reluctant to engage in LGPS business but, at Members' request, it was agreed that contact would be made with the advisors Review Team to ascertain if additional comparisons could be included in the review. It was confirmed that following that request there had been little interest in offering provision in the local government sphere.

A Member, who declared that she had been impacted adversely by an AVC provider many years ago, questioned the liability of WYPF in terms of voluntary contributions. It was explained that those contributions were completely separate to the fund although it did monitor those providers.

Resolved –

1. **That the removal of the Invesco High Income Fund from the Scottish Widows approved funds be approved and that further advice be obtained from Aon on a replacement fund.**

2. **That the removal of the ASI Global Absolute Return Strategies Fund from the Scottish Widows approved funds be agreed and that a communication be sent to members regarding the alternative funds available to them.**

3. **That a full review of the Scottish Widows Lifestyle strategy be approved.**

4. **That the removal of the Prudential International Fund from the approved funds be agreed.**

ACTION: Director, West Yorkshire Pension Fund

31. EXCLUSION OF THE PUBLIC

Resolved –

That the public be excluded from the meeting during consideration of Document "W" containing Not for Publication Appendices 1, 2 & 3, relating to the Northern LGPS (NLGPS), 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.

ACTION: City Solicitor

32. NORTHERN LGPS (NLGPS)

The Director, West Yorkshire Pension Fund, presented a report (**Document "W" containing Not for Publication Appendices 1, 2 & 3**) which reminded Members that, in accordance with the guidance from Government, West Yorkshire Pension Fund (WYPF) together with Greater Manchester (GMPF) and Merseyside (MPF) Local Government Pension Funds had established an investment pool, Northern LGPS (NLGPS).

Members were provided with an update on the activities of the Northern LGPS.

Resolved –

That the report, together with Not for Publication Appendices 1, 2 & 3, 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

City of BRADFORD METROPOLITAN DISTRICT COUNCIL

Report of the Director, West Yorkshire Pension Fund to the meeting of West Yorkshire Pension Fund Pension Board to be held on 23 March 2021.

Y

Subject: Funding Strategy Statement (FSS)

Summary statement:

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.

As a result WYPF's current Funding Strategy Statement requires updating to cater for:

- 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**

The Scheme Advisory Board (SAB) and MHCLG have issued draft guidance on the operational and practical assistance to administering authorities and scheme employers in implementing these flexibilities.

Recommendation

It is recommended the Pension Board note the draft amendments to the Funding Startegy statement.

Rodney Barton
Director WYPF

Portfolio:

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

Overview & Scrutiny Area:

1. Background

1.1 On the 26th August 2020 Government published a partial response to the Local Government Pension Scheme 2019 consultation: Review of employer contributions and flexibility on exit payments, and subsequently amended the LGPS Regulations 2020, which came into force on 23 September 2020.

1.2 For some employers in the Fund the cost of exiting the scheme has been a significant issue. Before the new Regulations were issued in September 2020 the LGPS Regulations 2013 required the payment of a lump sum exit payment when the last active member left the scheme.

2. Changes to the Regulations

2.1 These new amendment regulations allow for certain employer flexibilities. These are:

- 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**

2.2 Revisions to scheme employer contributions between valuations

This regulation allows for a contribution review to be available when an employer sees a significant change in its liabilities or covenant. The FSS has been updated to detail when an employer can request a review is undertaken**.**

2.3 Spreading of Exit Payments

Exit payments allow employers to spread any exit payment, which is due when the last active member leaves the scheme and an exit valuation is calculated by the Fund's Actuary. Payments may 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 addresses the issue of the "too expensive to stay in and too expensive to get out" problem that many employers face. This change in regulations will help the fund manage the employers with unaffordable exit debts and help employers where it is simply impossible to pay off these debts as a single payment**.**

2.4 Deferred Debt arrangement

The introduction of deferred employer status will allow administering authorities to defer triggering an exit payment for certain employers who have a sufficiently strong covenant. This arrangement will allow deferred employers to continue paying contributions to the Fund, as revised from time to time following an actuarial valuation.

3. SAB and MHCLG Guidance

3.1 In support of the new flexibilities, MHCLG has issued draft statutory guidance for administering authorities, working with the Scheme Advisory Board (SAB) and CIPFA. In addition, the Scheme Advisory Board is also developing practical guidance to assist administering authorities and employers in the implementation of the employer flexibilities, and it is intended that this will be published alongside the statutory guidance, in due course.

3.2 The Fund has worked with the Fund's Actuary to draft changes to the FSS in anticipation of SAB and MHCLG's published guidance being issued. It is anticipated that there will be not be any material changes to the final versions when these are issued.

4 Revised FSS

4.1 We have considered the regulatory changes, sought advice, and developed an approach which we believe achieves the Government's objectives and very clearly protects the interests of members and all employers of the West Yorkshire Pension Fund. Our proposed approach is set out in the attached Funding Strategy Statement, or FSS (principally the Policy on New Employers and Exit Valuations appended to the FSS). The proposed changes are highlighted to make it easier to review.

5. Consultation exercise

5.1 The LGPS Regulations 2013 require that:

- An administering authority must, after consultation with such persons it considers appropriate, prepare, maintain and publish a written statement setting out its funding strategy.

- The authority must keep the statement under review and, after consultation with such persons as it considers appropriate, make such revisions as are appropriate following a material change in its policy set out in the statement, and if revisions are made, publish the statement as revised.

5.2 Once both sets of guidance on employer flexibilities have been published a full consultation exercise will be undertaken with all stakeholders.

6. Recommendation

6.1 It is recommended the Pension Board note the draft amendments to the Funding Strategy Statement.

7. Appendix

Appendix A – Draft FSS - January 2021

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WYPF
Funding Strategy Statement

January 2021 (for 23 March Pension Board)

1. Introduction

1.1 The Local Government Pension Scheme Regulations 2013 provide the statutory framework under which the Administering Authority is required to prepare a Funding Strategy Statement (FSS). The key requirements for preparing the FSS can be summarised as follows:

After consultation with all such persons as it considers appropriate, including officers and elected members and other employer representatives, the Administering Authority will prepare, maintain and publish their funding strategy;

In preparing the FSS, the Administering Authority must have regard to:-

- the statutory guidance issued by CIPFA for this purpose;
- the supplementary statutory guidance issued by MHCLG: Guidance on Preparing and Maintaining Policies on Review of Employer Contributions, Employer Exit Payments and Deferred Debt Agreements and
- the Investment Strategy Statement (ISS) published under Regulation 7 of the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016 (as amended) ("The Investment Regulations").

The Administering Authority has also considered the Scheme Advisory Board's Guide to Employer Flexibilities for Administering Authorities and Employers in developing the FSS and associated policies at Appendix 2 and Appendix 3.

The FSS must be revised and published in accordance with Regulation 58 of the Local Government Pension Scheme Regulations 2013 (as amended), whenever there is a material change in either the policy on the matters set out in the FSS, or ISS.

1.2 Benefits payable under the Local Government Pension Scheme (LGPS) are guaranteed by statute and thereby the pension promise is secure. The FSS addresses the issue of managing the need to fund those benefits over the long term, whilst at the same time facilitating scrutiny and accountability through improved transparency and disclosure.

1.3 The LGPS is a defined benefit scheme under which the benefits are specified in the governing legislation, currently the Local Government Pension Scheme Regulations 2013 (as amended) ("the Regulations").

1.4 Employer contributions are determined in accordance with the Regulations which require that an actuarial valuation be completed every three years by the actuary, to include a rates and adjustments certificate. The primary rate of employers' contributions to the Fund should be set so as to "secure its solvency". The actuary must have regard to the desirability of maintaining as nearly constant a primary rate of employer contribution 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 FSS in carrying out the valuation.

2. Purpose of Funding Strategy Statement (FSS)

2.1 Funding is the making of advance provision to meet the cost of accruing benefit promises. Decisions taken regarding the approach to funding will, therefore, determine the rate or pace at which this advance provision is made. Although the regulations specify the fundamental principles on which funding contributions should be assessed, the implementation of the funding strategy is the responsibility of the Administering Authority, acting on professional advice provided by the actuary.

2.2 The purpose of this FSS is to set out the processes by which the Administering Authority:

- 2.2.1 establishes a clear and transparent fund-specific strategy which will identify how employers' pension liabilities are best met going forward;
- 2.2.2 supports the regulatory requirement that it is desirable to maintain as far as possible stable primary employer contribution rates;

- 2.2.3 ensures that the regulatory requirements to set contributions so as to ensure the solvency and long-term cost efficiency of the Fund are met;
- 2.2.4 takes a prudent longer-term view of funding the liabilities
- 2.2.5 makes use of the provisions of Regulation 64(7A), 64A,and 64B

2.3 It should be stressed at the outset that, supplementary to the regulatory requirement to consider the desirability of maintaining a constant primary employer contribution rate as referred to in 2.2.2 above, a key priority for the Administering Authority is to bring stability to employers' total contributions through gradual increases (or decreases) phased in over a number of years. Views will be taken on what is reasonable and appropriate for employer contributions and, therefore, the degree of risk inherent within the funding targets and associated periods for recovery of deficits or return of surpluses.

2.4 The intention is for this strategy to be both cohesive and comprehensive for the Fund as a whole, recognising that there will be conflicting objectives which need to be balanced and reconciled. Whilst the position of all employers will be referred to in the FSS, its focus should at all times be on those actions which are in the best long-term interests of the Fund. Consequently, the FSS must remain a single strategy for the Administering Authority to implement and maintain.

3. Aims and Purpose of the Pension Fund

3.1 The aims of the Fund are to:

- 3.1.1 enable primary employer contribution rates to be kept as constant as possible and (subject to the Administering Authority not taking undue risks) at reasonable cost to the taxpayers, scheduled, designating, and admission bodies,
- 3.1.2 enable overall employer contributions to be kept as constant as possible and (subject to the Administering Authority not taking undue risks) at reasonable cost to the taxpayers, scheduled, designating, and admission bodies whilst achieving and maintaining the solvency of the Fund, which should be assessed in light of the risk profile of the Fund and the risk appetite of the Administering Authority and employers alike;
- 3.1.3 manage employers' liabilities effectively and ensure that sufficient resources are available to meet all liabilities as they fall due. The Fund has a

significant positive cash flow in terms of income received, including investment income, offset by monies payable; and

- 3.1.4 maximise the returns from investments within reasonable risk parameters.

3.2 The purpose of the Fund is to:

- 3.2.1 receive monies in respect of contributions from employers and employees, transfer values and investment income; and

- 3.2.2 pay out monies in respect of Scheme benefits, transfer values, costs, charges and expenses as defined in the LGPS Regulations and as required in the Investment regulations.

4. Responsibilities of Key Parties

4.1 The sound management of the Fund relies on all interested parties exercising their duties and responsibilities conscientiously and diligently. The key parties in this statement are the Administering Authority, Scheme employers and the actuary.

4.2 **The Administering Authority should:-**

- 4.2.1 operate a pension fund;

- 4.2.2 collect employee and employer contributions, investment income and other amounts due to the pension fund;

- 4.2.3 invest all monies held in accordance with the ISS;

- 4.2.4 maintain adequate records for each Scheme member;

- 4.2.5 exercise discretions within the regulatory framework, taking into account the cost of decisions;

- 4.2.6 take measures as set out in the regulations to safeguard the fund against the consequences of employer default;

- 4.2.7 ensure sufficient cash is available to meet liabilities as they fall due;

- 4.2.8 pay from the pension fund the relevant entitlements as stipulated in the Regulations;
- 4.2.9 provide membership records and financial information to the actuary promptly when required and information required by the Government Actuary's Department in relation to Section 13 of the Public Service Pensions Act 2013;
- 4.2.10 prepare and maintain a Funding Strategy Statement and Investment Strategy Statement in proper consultation with interested parties;
- 4.2.11 monitor all aspects of the Fund's performance and funding and amend the FSS/ISS accordingly;
- 4.2.12 manage the valuation process in consultation with the actuary;
- 4.2.13 effectively manage any potential conflicts of interest arising from its dual role as both fund administrator and Scheme employer;
- 4.2.14 enable the Local Pension Board to review the valuation process as set out in their terms of reference;
- 4.2.15 ensure consistent use of policies relating to revising employer contributions between formal valuations, entering into deferred debt arrangements and spreading exit payments; and
- 4.2.16 ensure the process of applying those policies is clear and transparent to all fund employers

4.**3 Each individual employer should**:

- 4.3.1 deduct contributions from employees' pay correctly;
- 4.3.2 pay all ongoing contributions, including their own as determined by the actuary, and any additional contributions promptly by the due date (including contributions due under a Deferred Debt Agreement);
- 4.3.3 develop a policy on certain discretions and exercise those discretions as permitted within the regulatory framework, taking into account the cost of decisions;

- 4.3.4 make additional contributions in accordance with agreed arrangements in respect of, for example, award of additional pension and early retirement strain;
- 4.3.5 provide adequate membership records to the Administering Authority promptly as required;
- 4.3.6 notify the Administering Authority promptly of all changes or proposed changes to membership which affect future funding;
- 4.3.7 notify the Administering Authority promptly of possible or intended changes that could affect the basis of participation in the Fund which affect future funding;
- 4.3.8 be aware that responsibility for compensatory added years, which the Administering Authority pays on behalf of the employer as a paying agent, lies with the employer which awards and is recharged for the cost of compensatory added years and
- 4.3.9 pay any exit payments required in the event of their ceasing participation in the Fund.

4.4 **The Fund Actuary should:**

- 4.4.1 prepare triennial valuations including the setting of employers' contribution rates at a level to ensure fund solvency and long-term cost efficiency after agreeing assumptions with the Administering Authority and having regard to the FSS and the Regulations;
- 4.4.2 prepare advice and calculations in connection with bulk transfers and individual benefit-related matters such as pension strain costs, ill health retirement costs, etc;
- 4.4.3 provide advice and valuations on the exiting of employers from the Fund.
- 4.4.4 provide advice to the Administering Authority on bonds or other forms of security to mitigate against the financial effect on the fund of employer default;
- 4.4.5 assist the Administering Authority in assessing whether employer contributions need to be revised between valuations as permitted or required

by the regulations, in particular in relation to any review of contributions between triennial valuations under Regulation 64A;

- 4.4.6 provide views in relation to any decision by the Administering Authority to put in place a Deferred Debt Agreement under Regulation 64(7B) or spread an exit payment under Regulation 64B; and

- 4.4.7 ensure that the Administering Authority is aware of any professional guidance or other professional requirements which may be of relevance to his or her role in advising the Fund.

5. Solvency Issues, Target Funding Levels and Long-term Cost Efficiency

Risk Based Approach

5.1 The Fund adopts a risk based approach to funding strategy. In particular the discount rate (for the secure scheduled bodies) has been set on the basis of the assessed likelihood of meeting the funding objectives. The Administering Authority has considered 3 key decisions in setting the discount rate:

- 5.1.1 the long-term Solvency Target (i.e. the funding objective - where the Administering Authority wants the Fund to get to);

- 5.1.2 the Trajectory Period (how quickly the Administering Authority wants the Fund to get there), and

- 5.1.3 the Probability of Funding Success (how likely the Administering Authority wants it to be now that the Fund will actually achieve the Solvency Target by the end of the Trajectory Period).

5.2 These three choices, supported by complex (stochastic) risk modelling carried out by the Fund Actuary, define the discount rate (investment return assumption) to be adopted and, by extension, the appropriate employer contributions payable. Together they measure the riskiness (and hence also the degree of prudence) of the funding strategy. These are considered in more detail below.

Solvency Target

5.3 The Administering Authority's primary aim is the long-term solvency of the Fund. Accordingly, employers' contributions will be set to ensure that 100% of the liabilities can be met over the long term using appropriate actuarial assumptions.

5.4 The Fund is deemed to be solvent when the assets held are equal to or greater than the value of the Fund's liabilities assessed using appropriate actuarial methods and assumptions. The Administering Authority believes that its funding strategy will ensure the solvency of the Fund because employers collectively have the financial capacity to increase employer contributions should future circumstances require, in order to continue to target a funding level of 100%.

5.5 For secure Scheduled Bodies and Admission Bodies where a Scheme Employer of sound covenant has agreed to subsume its assets and liabilities following cessation, or in the case of community admission bodies, where a suitable guarantee is in place, the Solvency Target is set:

5.5.1 at a level advised by the Fund Actuary as a prudent long-term funding objective for the Fund to achieve at the end of the Trajectory Period,

5.5.2 based on continued investment in a mix of growth and matching assets intended to deliver a return above the rate of increases to pensions and pensions accounts (Consumer Price Index (CPI)).

As at 31 March 2019 the long-term rate of CPI is assumed to be 2% p.a. and a prudent long-term investment return of 2% above CPI is assumed.

As at 31 March 2019 the solvency discount rate is therefore of 4% p.a.

5.6 For Admission Bodies whose liabilities are expected to be orphaned following exit, other than those community admission bodies where a suitable guarantee is in place, a more prudent approach will be taken. The Solvency Target will be set by considering the valuation basis which would be adopted should the body leave the Fund. For most such bodies, the Solvency Target will be set commensurate with assumed investment in Government bonds after exit.

5.7 For scheduled bodies with no guarantee from local or central government and Admission Bodies where there is no subsumption commitment but which continue to admit new members to the Fund and are considered by the Administering Authority to be sufficiently financially secure, the Solvency Target will take into

account the fact that the employer's exit is not expected to take place for a considerable period of time.

5.8 For deferred employers it is expected that the Solvency Target will be set by considering the valuation basis which would be adopted once the Deferred Debt Agreement DDA) ends. For most such bodies, the Solvency Target will be set commensurate with assumed investment in Government bonds at the end of the period of the deferred debt agreement.

Probability of Funding Success

5.9 The Administering Authority considers funding success to have been achieved if the Fund, at the end of the Trajectory Period, has achieved the Solvency Target. The Probability of Funding Success is the assessed chance of this happening based on asset-liability modelling carried out by the Fund Actuary.

5.10 With effect from 31 March 2019 the discount rate, and hence the overall required level of employer contributions, has been set such that the Fund Actuary estimates there is a 75% chance that the Fund would reach or exceed its Solvency Target after 25 years (the Trajectory Period).

Funding Target

5.11 The Funding Target is the amount of assets which the Fund needs to hold at the valuation date to pay the liabilities at that date as indicated by the chosen valuation method and assumptions and the valuation data. The valuation calculations, including future service contributions and any adjustment for surplus or shortfall, set the level of contributions payable and dictate the chance of achieving the Solvency Target at the end of the Trajectory Period (defined above). The key assumptions used for assessing the Funding Target at the 2019 Valuation are summarised in Appendix 1.

5.12 Consistent with the aim of enabling the primary rate of employers' contributions to be kept as nearly constant as possible, contributions are set by use of the Projected Unit valuation method for most employers. The Projected Unit method is used in the actuarial valuation to determine the cost of benefits accruing to the Fund for employers who continue to admit new members. This means that the future service contribution rate is derived as the cost of benefits accruing to employee members over the year following the valuation date expressed as a

percentage of members' pensionable pay over that period. The future service rate will be stable if the profile of the membership (age, gender etc) is stable.

5.13 For employers who no longer admit new members, the Attained Age valuation method is normally used. This means that the contribution rate is derived as the average cost of benefits accruing to members over the period until they die, leave the Fund or retire. This approach should lead to more stable employer contribution rates than adoption of the Projected Unit method for closed employers.

Funding Targets and assumptions regarding future investment strategy

5.14 For Scheduled Bodies whose participation in the Fund is considered by the Administering Authority to be indefinite, Admission Bodies with a subsumption commitment from such Scheduled Bodies, and community admission bodies, where a suitable guarantee is in place the Administering Authority assumes indefinite investment in a broad range of assets of higher risk than risk free assets. This is known as the scheduled and subsumption body funding target.

5.15 For other Scheduled Bodies the Administering Authority may without limitation, take into account the following factors when setting the funding target for such bodies:

- 5.15.1 the type/group of the employer;
- 5.15.2 the business plans of the employer;
- 5.15.3 an assessment of the financial covenant of the employer;
- 5.15.4 any contingent security available to the Fund or offered by the employer such as a guarantor or bond arrangements, charge over assets, etc.;
- 5.15.5 whether the employer has set up a subsidiary company which does not (fully) participate in the LGPS

  At the 2019 valuation by virtue of having taken account of some of the above factors, the Administering Authority has adopted a less risky (more prudent) funding target than the scheduled and subsumption body funding target for

scheduled bodies in the HE/FE sector. This is the intermediate funding target and the precise target depends upon the employer's assessed level of risk.

5.16 For Admission Bodies where there is no subsumption commitment but which continue to admit new members to the Fund and are considered by the Administering Authority to be sufficiently financially secure, the Administering Authority may assume continued investment in a broad range of assets of higher risk than risk free assets despite the approach taken on exit. This is known as the intermediate funding target and the precise target depends upon the employer's assessed level of risk. At the 2019 valuation this applies to admission bodies in the housing and HE/FE sectors.

5.17 For all other Admission Bodies whose liabilities are expected to be orphaned on exit, other than those community admission bodies where a suitable guarantee is in place, the Administering Authority will have regards to the potential timing of such exit and any likely change in the notional or actual investment strategy as regards the assets held in respect of the body's liabilities at the date of exit. This is known as the ongoing orphan admission bodies funding target. It is not the same as the exit basis.

5.18 For deferred employers where a deferred debt agreement is in place the funding target will take into account any likely change in the notional or actual investment strategy as regards the assets held in respect of the body's liabilities at the date the deferred debt agreement is expected to end and any other factors considered to be relevant by the Administering Authority on the advice of the Actuary, which may include, without limitation:

- 5.18.1 the agreed period of the deferred debt agreement;
- 5.18.2 the type/group of the employer;
- 5.18.3 the business plans of the employer;
- 5.18.4 an assessment of the financial covenant of the employer;
- 5.18.5 any contingent security available to the Fund or offered by the employer such as a guarantor or bond arrangements, charge over assets, etc.

5.19 The Fund is deemed to be fully funded when the assets are equal to or greater than 100% of the Funding Target, where the funding target is assessed

based on the sum of the appropriate funding targets across all the employers/groups of employers.

Recovery Periods

5.20 Where a valuation reveals that the Fund is in surplus or deficit relative to the Funding Target, subject to any smoothing of contribution changes employers' contributions will be adjusted to target 100% funding over the Recovery Period. The Fund has a target of achieving the Funding Target within a maximum period of 22 years. Whilst this is longer than the expected average future period of membership of active members, the Administering Authority considers this is reasonable in the context of the LGPS as a statutory scheme and it is a prudent approach when the Fund's assets are greater than the liabilities (sum of the employers' funding targets). The recovery period is also based on the assumption that the Scheme (and the majority of the employers) will continue for the foreseeable future, and that favourable investment performance can play a valuable role in achieving adequate funding over the long term.

5.21 If the assets of the scheme relating to an employer are less than the Funding Target at the date of any actuarial valuation, a recovery plan will be put in place, which is expected to require additional contributions from the employer to meet the deficit. Each employer will be informed of its deficit to enable it to make the necessary allowance in their business and financial plans. The Recovery Period in relation to an employer or group of employers is the period over which any adjustment to the level of contributions in respect of a surplus or deficit relative to the Funding Target for that employer or group of employers is payable.

5.22 Additional contributions to meet any shortfall will be expressed as a monetary amount, and will increase annually in line with the assumption for pay growth used for the valuation unless a different increase rate is agreed between the employer and Administering Authority. The recovery period for which the additional contributions are payable will normally be subject to the following limits:-

- 5.22.1 scheduled bodies whose participation is deemed to be indefinite, designating and open admission bodies with subsumption commitments or suitable guarantees from such bodies - 22 years

- 5.22.2 open admission bodies without a subsumption commitment or suitable guarantee and no fixed or known term of participation and scheduled bodies with no local or central government guarantee - 22 years, although the

Administering Authority reserves the right to adopt a shorter period if it has concerns about the employer's strength of covenant

- 5.22.3 admission bodies with a fixed or known term of participation - remaining period of participation (including those with a subsumption commitment)
- 5.22.4 other admission bodies (i.e. those closed to new entrants) – average future working life of current active members (or period to contract end date if shorter)
- 5.22.5 deferred employers – remaining period of the deferred debt agreement

5.23In determining the Recovery Period to apply for any particular employer, the Administering Authority may take into account, without limitation, the following factors:

- 5.23.1 the type/group of the employer
- 5.23.2 the size of the funding shortfall or surplus;
- 5.23.3 the business plans of the employer;
- 5.23.4 the assessment of the financial covenant of the employer;
- 5.23.5 any contingent security available to the Fund or offered by the employer such as a guarantor or bond arrangements, charge over assets, etc.
- 5.23.6 the views of the subsuming employer where the funding target adopted is dependent upon another employer subsuming the assets and liabilities post- exit.

Employer Contributions

5.24 As part of each valuation separate employer contribution rates are assessed by the actuary for each participating employer or group of employers. The Administering Authority also monitors the position and may amend contributions between valuations as permitted by Regulations 64 and 64A. Further details of the Administering Authority's policy in relation to Regulation 64A is set out in Appendix 3 Amending Employer Contributions between Valuations.

5.25 Employer contributions required to meet the cost of future accrual of benefits for members after the valuation date (the “primary contribution rate”) are assessed based on each employer or group of employers’ membership, funding target and appropriate funding methodology.

5.26 The primary rates may be reduced if the employer or group’s notional share of the Fund (its assets compared to its funding target) is calculated to be in surplus. Alternatively, additional employer contributions may be required to rectify a shortfall of assets below the funding target. These past service (“secondary”) contributions are assessed taking into account the experience and circumstances of each employer, following a principle of no cross-subsidy, between the various employers in the Fund, except in relation to death in service and (with effect from 1 April 2014) tier 1 and 2 ill health retirement experience where experience is shared across all active employers. In attributing the overall investment performance achieved on the assets of the Fund to each employer a pro-rata principle has been adopted.

5.27 It is not envisaged that any deferred employers will be in surplus relative to the relevant funding target. If there were a surplus on the exit basis then, as required by Regulation 64(7E)(e), the deferred debt agreement would terminate and an exit valuation would be carried out.

5.28 The method and assumptions for assessing employer contributions at the 2019 Valuation are set out in Appendix 1.

5.29 The Administering Authority, following consultation with the participating employers, has adopted the following constraints for setting individual employer contribution rates:

- 5.29.1 a maximum Recovery Period of 22 years. Employers will have the freedom to adopt a recovery plan on the basis of a shorter period if they so wish where their notional share of the Fund is in deficit. A shorter period may be applied in respect of particular employers where the Administering Authority considers this to be warranted.

- 5.29.2 where changes in employer contribution rates are required following completion of the actuarial valuation, the increase or decrease may be implemented in steps as long as the regulatory objectives of solvency and long-term cost efficiency are met.

- 5.29.3 on the exit of an employing authority's participation in the Scheme, the Fund Actuary will be asked to complete an exit valuation. Any deficit in the Fund in respect of the employer will be due to the Fund as a termination contribution unless it is agreed by the Administering Authority and the other parties involved that:

- the assets and liabilities relating to the employer will transfer within the Scheme to another participating employer.

- the employer and Administering Authority will enter into a deferred debt agreement or,

- the exit payment can be spread over a reasonable period as permitted by Regulation 64B

Details of the approach to be adopted for such an assessment on exit, including how any exit credit may be determined and the conditions in which the Administering Authority will consider agreeing to enter into a deferred debt agreement or to permit spreading of any exit payments are set out in the Policy on New Employers and Exit Valuations document at Appendix 2.

5.30 With regard to the funding for early retirement costs, all employers are required to make capital payments to the Fund to cover the costs of early retirements. This excludes the costs involved with deaths in service and ill health retirements which are built into the employer's contribution rate. For deaths in service and tier 1 and tier 2 ill health retirements the experience will be spread across all active employers.

5.31 Two key principles making up the funding strategy and to be adopted for the 2019 actuarial valuation are to:

- 5.31.provide stability in primary employer contribution rates and secondary employer contribution amounts where possible, avoiding wide fluctuations year on year. To achieve this stability and ensure gradual movements in employers' contribution levels, the practice of phasing any increases or decreases in employers' contribution requirements up to 6 years from 1 April 2020 will be adopted where appropriate and required;

- 5.31.2 retain a maximum 22 year recovery period for meeting any deficit (or using up any surplus) as adopted at previous valuations.

5.32 It may not be possible to adopt the two principles outlined in paragraph 5.31 for some or all of the employers identified in paragraphs 5.22.2, 5.22.3 and 5.22.4, although wherever possible they will be applied. Individual decisions may have to be taken for each employer featuring in these three groups with regard to an appropriate recovery period and whether the phasing of increases or decreases in contribution rates is feasible. Decisions on these issues will have regard to the Administering Authority's views on the strength of an employer's covenant, to its membership profile, and to its anticipated future period of participation in the Fund.

5.33 The strategic aim of the Fund is to operate within a funding range of 90% to 110%. Whenever the Fund as a whole is operating within this range of funding then for the majority of 'high covenant' employers it is anticipated that their contribution rates will remain stable as long as the requirement for contributions to be set so as the ensure the solvency and long-term cost efficiency of the Fund are still met. For other employers the Administering Authority will have regard to the potential for participation to cease, and require changes in contribution rates accordingly.

Long-term cost efficiency

5.34 The Administering Authority believes that measures taken to maintain stability of employer contributions are not inconsistent with the statutory objective for employer contributions to be set so as to ensure the long-term cost efficiency of the Fund. In particular, retention of a 22 year recovery period for the majority of employers ensures any surplus is not used up too quickly (through certifying contributions below the primary contribution rate).

Smoothing of Contribution rates for admission bodies

5.35 The Administering Authority recognises that a balance needs to be struck as regards the financial demands made of admission bodies. On the one hand, the Administering Authority requires all admission bodies to be fully self-funding, such that other employers in the Fund are not subject to expense as a consequence of the participation of those admission bodies. On the other hand, requiring achievement of full funding over a short time horizon may precipitate failure of the body in question, leading to costs for other participating employers.

5.36 Where the Administering Authority considers it necessary to relax the requirement that the contribution rate targets full funding for admission bodies

temporarily, the Administering Authority will engage with the largest employers in the Fund with a view to seeking agreement to this approach.

5.37 The implication of this is that, where justified on affordability grounds, contribution rates for admission bodies subject to the ongoing orphan funding target may be relaxed i.e. set at a level lower than full funding would require. However, where contribution requirements have been relaxed, the bodies should be aware that, all things being equal, this will lead to a higher contribution requirement in future. It is expected such bodies should pay contributions equal to the cost of benefits accruing for their members calculated on the ongoing funding target plus a contribution towards any shortfall. Should an employer exit the Fund during the period when contribution rates have been relaxed, the full value of the employer's liabilities in the Fund will be taken into account in the exit valuation, i.e. the employer will, in effect, be required to make up any additional underfunding by virtue of contributions having been relaxed.

Notional sub-funds (unitisation)

5.38 In order to establish contribution rates for individual employers or groups of employers the Fund Actuary notionally subdivides the Fund assets between the employers, as if each employer had its own notional sub fund within the Fund.

5.39 This subdivision is for funding purposes only. It is purely notional in nature and does not imply any formal subdivision of assets, nor ownership of any particular assets or groups of assets by any individual employer or group.

5.40 With effect from 1 April 2016 a unitised approach has been taken to track the notional employer sub-funds. The unitisation model will use the notional sub-funds as at 31 March 2016 (the date of the last actuarial valuation) as its starting point and allocates all Fund cashflows between employers on a monthly basis as agreed with the Administering Authority. The Administering Authority believes this results in a more accurate and transparent allocation of assets to employers and reduces the likelihood of unintended cross-subsidies between employers than other approaches. Further information on the model and how it operates is available on request.

Former Participating Bodies

5.41 Where an employer ceases to participate in the Fund, the Administering Authority will obtain an exit valuation from the actuary on the assumption that,

unless a subsumption arrangement is in place, the assets will be assumed to be invested in low risk investments and this will be sufficient to meet the liabilities. This approach reduces the risk that a deficit could arise on these liabilities in future which would incur a cost for the other employers in the Fund. In certain circumstances it may be agreed to enter into a deferred debt agreement rather than require an immediate exit payment. In that case, the employer would remain a participating body as a deferred employer. Further details of the Administering Authority's policy for exit valuations and deferred debt agreements are set out in Appendix 2.

5.42 Liabilities in the Fund which are already orphaned will be assumed to be 100% funded on the appropriate funding target at each valuation. This will be achieved by notionally re-allocating assets within the Fund as required.

6. Link to investment policy set out in the Investment Strategy Statement (ISS)

6.1 In assessing the value of the Fund's liabilities in the valuation, allowance has been made for future investment returns, as described in Appendix 1, which takes into account the investment strategy adopted by the Fund, as set out in the ISS.

6.2 It is possible to construct a portfolio that represents a lower risk investment position and one which closely matches the liabilities should there be no employers to fund the liabilities in future. Such a portfolio would consist of a mixture of long-term index-linked and fixed interest gilts.

6.3 Investment of the Fund's assets in line with the least risk portfolio would minimise fluctuations in the value of the Fund's assets between successive actuarial valuations. However, if, at the valuation date, the Fund had been invested in this portfolio, then in carrying out the valuation it would not be appropriate to set the discount rate by considering the returns on growth assets such as equities. On this basis the discount rate would be lower, the assessed value of the Fund's liabilities valuation would be significantly higher, and the declared funding level would be correspondingly reduced

6.4 Departure from a least risk investment strategy, in particular to include a significant element of Equity investment, gives the prospect that out-performance by the assets will, over time, reduce the employers' contribution requirements. The

funding target might in practice therefore be achieved by a range of combinations of funding plan, investment strategy and investment performance.

6.5 The Fund's current benchmark investment strategy, as set out in its ISS, is that the biggest proportion of the Fund's investments will be in Equities. This type of investment bias is intended to maximise growth in the value of assets over the long term. The expected rate of return and the target set for investment returns in the ISS are reviewed annually as a matter of course, and the relationship with the requirements of the FSS are considered at the same time.

7. Identification of risks and counter-measures

7.1 Whilst the activity of managing the Fund exposes the Administering Authority to a wide range of risks, those most likely to impact on the funding strategy are investment risk, liability risk, liquidity/maturity risk, regulatory/compliance risk, employer risk and governance risk.

Investment risk

7.2 This covers items such as the performance of financial markets and the Fund's (pool) investment managers, asset reallocation in volatile markets, leading to the risk of investments not performing (income) or increasing in value (growth) as forecast. Examples of specific risks would be:

- 7.2.1 assets not delivering the required return (for whatever reason, including manager underperformance)
- 7.2.2 systemic risk with the possibility of interlinked and simultaneous financial market volatility
- 7.2.3 insufficient funds to meet liabilities as they fall due
- 7.2.4 inadequate, inappropriate or incomplete investment and actuarial advice is taken and acted upon
- 7.2.5 counterparty failure

7.3 The specific risks associated with assets and asset classes are:

- 7.3.1 equities – industry, country, size and stock risks
- 7.3.2 fixed income - yield curve, credit risks, duration risks and market risks

- 7.3.3 alternative assets – liquidity risks, property risk, alpha risk
- 7.3.4 money market – credit risk and liquidity risk
- 7.3.5 currency risk
- 7.3.6 macroeconomic risks

7.4 The Fund mitigates these risks through diversification, investing in a wide variety of markets and assets, and through the use of specialist managers with differing mandates in addition to the internal investment management team, which has a wide variety of experience within its members.

7.5 The performance of both markets and managers is reviewed regularly by the Investment Advisory Panel, which has the appropriate skills and training required to undertake this task.

Liability risk

7.6 The main risks include discount rates, pay and price inflation, changing retirement patterns, mortality and other demographic risks. Some of these risks will affect the *amount* of benefit payments; others will affect the *value* of benefit payments, i.e. level of assets deemed to be required to meet those benefit payments (the funding target).

7.7 The Administering Authority will ensure that the Fund Actuary investigates demographic experience at each valuation and reports on developments. The demographic assumptions are intended to be best estimate, informed by Fund experience and wider evidence where needed e.g. the mortality assumptions are informed by a postcode analysis carried out by the Fund Actuary's specialist longevity team and the projections model released by the Continuous Mortality Investigations of the Institute and Faculty of Actuaries. If the Administering Authority becomes aware of any material changes in population mortality which may also be reflected in the Fund's experience it will ask the Fund Actuary to report on the effect on the funding position and employer contributions.

7.8 The Fund Actuary will also provide quarterly funding updates to assist the Administering Authority in its monitoring of the financial liability risks. The Administering Authority will, as far as practical, monitor changes in the age profile of the Fund membership early retirements, redundancies and ill health early retirements in the Fund, and, if any changes are considered to be material, ask the

Fund Actuary to report on their effect on the funding position and employer contributions.

7.9 If significant changes in the value of the liabilities become apparent between valuations, the Administering Authority will notify the affected participating employers of the anticipated impact on costs that will emerge at the next valuation and consider whether to require a review of the bonds that are in place for Admission Bodies. It will also consider the extent to which such changes can or should be allowed for in exit valuations, taking advice from the Fund Actuary.

7.10 Where it appears likely to the administering authority that the amount of the liabilities arising or likely to arise has changed significantly since the last valuation the Administering Authority may consider revising an employer's contributions as permitted by Regulation 64A. Details of the Administering Authority's policy in this area are set out in Appendix 3.

Liquidity and Maturity risk

7.11 This is the risk of a reduction in cash flows into the Fund, or an increase in cash flows out of the Fund, or both, which can be linked to changes in the membership and, in particular, a shift in the balance from contributing members to members drawing their pensions and employer activity where an employer consolidates its LGPS membership in another fund, leading to a transfer out of the Fund. Changes in the funding position and hence (secondary) employer contributions can also affect the cashflow position since it is not always possible to deliver complete stability of contributions. Changes within the public sector and to the LGPS itself may affect the maturity profile of the LGPS and have potential cash flow implications. For example,

- 7.11.1 budget cuts and headcount reductions could reduce the active (contributing) membership and increase the number of pensioners through early retirements;

- 7.11.2 an increased emphasis on outsourcing and other alternative models for service delivery may result in falling active membership (e.g. where new admissions are closed or scheduled employers establish wholly owned companies which do not fully participate in the LGPS),

- 7.11.3 public sector reorganisations may lead to a transfer of responsibility between different public sector bodies, (e.g. to bodies which do not participate in the LGPS or in the Fund),

- 7.11.4 scheme changes and lower member contributions, which may be agreed as part of the Scheme Advisory Board cost management process will lead to lower member contributions which may not be immediately matched by higher employer contributions;

- 7.11.5 an increase in the take up of the 50/50 option (whether on affordability grounds or to avoid tax charges) will reduce member contributions to the Fund.

7.12 The Administering Authority seeks to maintain regular contact with employers to mitigate against the risk of unexpected or unforeseen changes in maturity or other changes leading to cashflow or liquidity issues.

Regulatory and compliance risk

7.13 Regulatory risks to the scheme arise from changes to general and LGPS specific regulations, taxation, national changes to pension requirements, or employment law. There are a number of uncertainties associated with the benefit structure at the current time including:

- 7.13.1 How Government will address the issues of GMP indexation and equalisation beyond expiry of the current interim solution from 6 April 2021

- 7.13.2 The timing of any final regulations in relation to the McCloud/Sargeant cases which ruled that the transitional protections implemented in the Firefighters' and Judges' Pension Schemes are illegal age discrimination.

- 7.13.3 The outcome of the cost management process as at 31 March 2016 and 31 March 2020, noting the agreement reached in relation to the 2016 Scheme Advisory Board (SAB) process for member contributions to be reduced and benefits enhanced to achieve an additional cost of 0.9% of pay, before the process was paused due to the McCloud judgement

- 7.13.4 The Goodwin case in which an Employment Tribunal ruled (in relation to the Teachers' Pension Scheme) that the less favourable provisions for survivor's benefits of a female member in an opposite sex marriage

compared to a female in a same sex marriage or civil partnership amounts to direct discrimination on grounds of sexual orientation. Following a written ministerial statement by the chief secretary to the Treasury on 20 July 2020 it is expected that changes will be made to the LGPS Regulations to reflect the ruling, but no changes have yet been proposed.

- 7.13.5 Redundancy early retirement provisions - with effect from 4 November 2020 a cap on exit payments made by public sector employers came into effect, including the cost of early payment of LGPS pensions for those over aged 55. These new Regulations have since been revoked but Government is expected to come forward with new proposals and it is not yet clear what the final provision will be for the LGPS.

7.14 Consultations which have been published but not yet taken forward by Government include changes relating to new Fair Deal arrangements, changes to the valuation cycle (although the Administering Authority understands that the 2022 valuation is going ahead as planned) and changes to the status of HE/FE sector employers.

7.15 The Administering Authority will keep abreast of all the changes to the LGPS, both proposed and confirmed and discuss any proposals which may affect funding with the Fund Actuary as required. The Administering Authority will normally respond to consultations on these matters where they have an impact on the Fund, and it would encourage employers, who frequently have a greater interest in proposed changes, to respond independently.

Employer risk

7.16 These risks arise from the ever-changing mix of employers, from short-term and ceasing employers, and the potential for a shortfall in payments and/or orphaned liabilities where employers are unable to meet their obligations to the Scheme. The response to the COVID-19 pandemic may have adverse consequences in relation to employer finances and their ability to make contributions. The Administering Authority monitors employer payments and expects employers in financial difficulty to engage with the Fund, noting that contributions can be reviewed between formal valuations if the conditions in Regulation 64A and the terms of the Administering Authority's policy, as set out in Appendix 3, are met.

7.17 The Administering Authority maintains a knowledge base on its employers, their basis of participation and their legal status (e.g., charities, companies limited by guarantee, group/subsidiary arrangements) and uses this information to inform the FSS. It has also developed a framework for analysing the risk posed by the larger Tier 3 employers and introduced additional funding targets at the 2019 valuation to reduce the risk of employers failing and exiting the Fund with a material shortfall relative to the exit liabilities. It does not consider it appropriate (or affordable for the employers concerned) to eliminate the risk of an unmet exit deficit and will ask the Fund Actuary to review the funding position and level of risk of the short term and Tier 3 employers between triennial valuations where it believes this is appropriate. In due course it will also ask the Fund Actuary to review the funding position of any deferred employers on a regular basis between triennial valuations, noting that the Regulations specifically provide for a deferred debt agreement to end when the Actuary assesses that the deferred employer has paid sufficient secondary contributions to cover the exit payment that would have been due if the employer had become an exiting employer on the calculation (review) date.

Governance risk

7.18 Governance risk is essentially one of communication between employer and the Fund, where, for example, an employer fails to inform the Fund of major changes, such as the letting of a contract involving the transfer of significant numbers of staff to another employer, including a wholly owned company which does not participate in the Fund, or only participates for some employees, or an admission body closing the scheme to new entrants.

7.19 The Fund seeks to maintain regular contact with employers to mitigate this risk, and has Pension Fund Representatives for this purpose. The Fund would also advise employers to pay past service deficit payments as lump sums, rather than as a percentage of payroll, to avoid an under payment accruing as a result of a reduction of the payroll.

7.20 To protect the Fund on the admission of a new employer, the existing scheme employer (which should liaise with the Fund) or the Fund if there is no existing scheme employer, will undertake a risk assessment and determine the requirement for a bond or indemnity, which should be reviewed annually. The Fund will commission triennial reviews of any bonds as part of its risk management.

7.21 The Fund will monitor employers with a declining membership, and may introduce a more conservative funding strategy for such employers. It may also carry out a risk assessment in relation to employers subject to the intermediate funding target between valuations, which will offer the opportunity for further engagement with employers and a better understanding of their future financial plans.

Climate Change

7.22 The systemic risk posed by climate change and the policies implemented to tackle them will fundamentally change economic, political and social systems and the global financial system. They will impact every asset class, sector, industry and market in varying ways and at different times, creating both risks and opportunities to investors. The Fund's policy in relation to how it takes climate change into account in relation to its investments is set out in its Investment Strategy Statement and Statement of compliance with the UK stewardship code for institutional investors. In relation to the funding implications, the Administering Authority and Investment Advisory Panel keeps the effect of climate change on future returns under review and will commission modelling or advice from the Fund's Actuary on the potential effect on funding as required.

8. Monitoring and Review

8.1 The Administering Authority has taken advice from the Fund Actuary in preparing this Statement, and will consult with senior officials of all the Fund's participating employers.

8.2 A full review of this Statement will occur no less frequently than every three years, to coincide with completion of a full valuation. Any review will take account of the current economic conditions and will also reflect any legislative changes.

8.3 The Administering Authority will monitor the progress of the funding strategy between full actuarial valuations. If considered appropriate, the funding strategy will be reviewed (other than as part of the triennial valuation process), for example:

- 8.3.1 if there has been a significant change in market conditions, and/or deviation in the progress of the funding strategy.
- 8.3.2 if there have been significant changes to the Scheme membership, or LGPS benefits.

- 8.3.3 if there have been changes to the circumstances of any of the employing authorities to such an extent that they impact on or warrant a change in the funding strategy
- 8.3.4 if there have been any significant special contributions paid into the Fund.

APPENDIX 1

Actuarial Valuation as at 31 March 2019

Method and assumptions used in calculating the funding target

1. The actuarial method to be used is the Projected Unit method, under which member benefits are projected to increase in line with the salary increases and revaluation of pension accounts (as appropriate) until that member is assumed to leave active service by death, retirement or withdrawal from service.

2, Principal assumptions

2,1 Investment return (discount rate)

The discount rates adopted vary according to the solvency target as set out in section 5.

For the 2019 valuation the discount rate is 4.35% p.a (the scheduled and subsumption body funding target), with the exception of:

- Admission Bodies without a subsumption commitment or suitable guarantee, where the discount rate is 3.3% in service (equivalent to the yield on long-dated fixed interest gilts at a duration appropriate for the Fund's liabilities plus an asset out-performance assumption of 2.0%) and 1.6 % (left service), which is intended to be equivalent to the yield on long-dated fixed interest gilts at the valuation date but which has, in the interests of affordability and stability of employer contributions, been increased by 0.3 % in light of the market expectations of future increase in gilt yields. This is the ongoing orphan admission body funding target.

- Housing associations, universities and colleges, where a risk assessment has been carried out and the employer has been allocated to one of the intermediate funding targets, and admission bodies with a subsumption commitment from such employers.

2.2 Inflation (Retail Prices Index (RPI) and Consumer Prices Index (CPI) inflation)

The RPI inflation assumption is taken to be the Capital Market Assumption at the valuation date as produced by Aon Solutions UK Limited. In formulating the Capital Market Assumption, both consensus forecasts and the inflation risk premium are considered.

The CPI inflation assumption at the valuation date is set as RPI inflation less 1.1%.p.a. The deduction has been set having regard to the estimated difference between RPI and CPI arising from the difference in the calculation approach between the two indices. This estimate (and hence the assumed difference between CPI and RPI) will vary from time to time.

2.2.1 Salary increases

The assumption for real salary increases (salary increases in excess of consumer price inflation) will be determined by an allowance of 1.25% p.a. over the consumer price inflation assumption as described above.

2.2.2 Pension increases

Increases to pensions are assumed to be in line with the inflation (CPI) assumption as determined above. This is modified appropriately to reflect any benefits which are not fully indexed in line with the CPI (e.g. Guaranteed Minimum Pensions in respect of service prior to April 1997).

3 Post-retirement Mortality

3.1Base Rates

Normal Health: Standard SAPS S2N Normal Health tables, year of birth base rates, adjusted by a scaling factor as set based on Fund experience.

Ill-health: Standard SAPS S2 Ill-health tables, year of birth base rates adjusted by a scaling factor as set based on Fund experience.

3.2 Future improvement to base rates

An allowance for improvements in line with CMI_2018 for men or women as appropriate, with a long term rate of improvement of 1.50% p.a, sk of 7.5 and parameter A of 0.0.

4. Other Demographic Assumptions

Allowance is made for withdrawals from service, death on service and retirements due to ill health.

5. McCloud/Cost Cap

0.9% of pay has been added to employer contributions based on Fund-specific calculations carried out by the Fund Actuary. This figure has been calculated across the Fund as a whole on the scheduled and subsumption body funding target assuming the following remedy:

- Compensation will apply to members who joined before 1 April 2014 (see below)
- Benefits will be the better of those accrued in the 2014 Scheme or those accrued in the 2008 Scheme, backdated to 1 April 2014 (i.e. an 'underpin' approach).
- Compensation will apply to members who retire from active service with immediate pension benefits, through normal health or ill health retirement (this is because transitional protections only applied to member retiring from active service with immediate pension)
- The remedy will not apply to spouses' or dependants' benefits. This is because transitional protections only applied to members' benefits.

The cost is split 0.2% of pay in respect of past service and 0.7% of pay in respect of future service where the past service cost has been spread over a recovery period of 22 years.

6. Method and assumptions used in calculating the cost of future accrual

The cost of future accrual (primary contribution rate) will be calculated using the same actuarial method and assumptions as used to calculate the funding target.

7. Funding method

For most employers, the actuarial method to be used is the Projected Unit method with a one year control period. For employers who do not permit new employees to join the Fund, the actuarial method to be used is the Attained Age method. Under both funding methods member benefits are protected to increase in line with revaluation of pension accounts until that member is assumed to leave active service by death, retirement or withdrawal from service.

8. Assumptions used in calculating contributions payable under the Recovery Plan

The contributions payable under the Recovery Plan are calculated using the same assumptions as those used to calculate the funding target

Summary of key whole Fund principal financial assumptions used for calculating funding target and cost of future accrual (the “primary contribution rate”) for the 2019 actuarial valuation

Discount rate (in service)	4.35% for Secure Scheduled bodies 4.1% Intermediate (low risk Scheduled Bodies) 3.95% Intermediate (low risk Admission Bodies and medium risk Scheduled Bodies) 3.8% Intermediate (medium risk Admission Bodies and higher risk Scheduled Bodies) 3.3% Ongoing Orphan Admission Bodies Orphan Admission Bodies and Intermediate funding target (see paragraph 5.15)
Discount rate (left service)	4.35% Secure Scheduled Bodies 4.1% Intermediate (low risk Scheduled Bodies) 3.95% Intermediate (low risk Admission Bodies and medium risk Scheduled Bodies) 3.8% Intermediate (medium risk Admission Bodies and higher risk Scheduled Bodies) 1.6% Ongoing Orphan Admission Bodies
Rate of general pay increases	3.35%
Rate of price inflation (RPI)	3.2%
Rate of price inflation (CPI)	2.1 %
Rate of pension increases (on	2.1%

benefits in excess of GMPs)	
Rate of pension increases on post-88 GMPs	1.9%
Rate of deferred pension increases	2.1%
Rate of GMP increases in deferment	3.35%

APPENDIX 2: Policy on New Employers, Exit Valuations and Employer Flexibilities

1. Background

1.1 This Document explains the policies and procedures of the West Yorkshire Pension Fund ("the Fund"), administered by City of Bradford Metropolitan District Council ("the Administering Authority"), in the treatment of employers including:

considerations in respect of the participation of employers, including Admission Bodies on commencement or admission,

the methodology for assessment of an exit payment on the exit of employers from the Fund; and

the Administering Authority's policy in relation to Deferred Debt Agreements and spreading of exit payments as permitted by Regulation 64 and 64B.

1.2 This Policy supplements the general funding policy as set out in the Funding Strategy Statement and should be read in conjunction with that statement. It is intended to provide transparency and consistency for employers in relation to the calculation of assets and liabilities on admission and exit as well as use of the flexibilities within Regulation 64 and 64B.

It should be noted that this statement is not exhaustive and individual circumstances may be taken into consideration where appropriate.

Where the information relates to a particular type of employer, this will be explained. If no type of employer is indicated the information relates to all employers in the Fund.

1.3 The Administering Authority's aim is to minimise risk to the Fund by ensuring that the employers participating in the Fund are managed in a way that ensures they are able to adequately fund the liabilities attributable to them and, in particular to pay any deficit due when leaving the Fund.

1.4 The Administering Authority has an obligation to pursue all liabilities owed so any shortfall from an individual employer does not fall back on other employers.

2. New Employers

Types of Admission Body

2.1 The following bodies are types of potential admission body -

(a) a body which provides a public service in the United Kingdom which operates otherwise than for the purposes of gain and has sufficient links with a Scheme employer for the body and the Scheme employer to be regarded as having a community of interest (whether because the operations of the body are dependent on the operations of the Scheme employer or otherwise);

(b) a body, to the funds of which a Scheme employer contributes;

(c) a body representative of-

(i) any Scheme employers, or

(ii) local authorities or officers of local authorities;

(d) a body that is providing or will provide a service or assets in connection with the exercise of a function of a Scheme employer as a result of-

(i) the transfer of the service or assets by means of a contract or other arrangement,

(ii) a direction made under section 15 of the Local Government Act 1999 (Secretary of State's powers),

(iii) directions made under section 497A of the Education Act 1996;

(e) a body which provides a public service in the United Kingdom and is approved in writing by the Secretary of State for the purpose of admission to the Scheme.

2.2 An employer who wishes to join the Fund may apply to the Administering Authority for admission. If admitted, that employer becomes an Admission Body and specified categories of its employees can participate as members of the Fund.

2.3 The Administering Authority is responsible for deciding whether an application from an employer to become an Admission Body within the Fund should be declined or accepted. The employer must meet the requirements set out in Part 3 of Schedule 2 to the LGPS Regulations, and, where appropriate, the additional requirements set out by the Administering Authority.

2.4 The Administering Authority will generally only consider admission if the body in question is based wholly or mainly in West Yorkshire or has clear links to an existing Scheme employer of the Fund, the body has a sound financial standing and appropriate security is in place (see section on bonds, indemnities and guarantees below). The Administering Authority's preference is for a Scheme employer to provide a subsumption commitment in respect of any new admission bodies wishing to join the Fund. Where a subsumption commitment is in place, the funding target for the admission body will generally be the same as that appropriate to the subsuming employer, unless the circumstances dictate otherwise. Where such a commitment is not available, the orphan body funding target will generally be adopted, for the new admission to protect the Fund as set out in paragraph 5.6 of the Funding Strategy Statement and explained further below. In the extreme, the Administering Authority may exercise its discretion to refuse admission to the Scheme for any admission bodies with no subsumption commitment if this is considered appropriate to protect the interests of the Fund. However, for paragraph 1(d) admissions where the body undertakes to meet the requirements of the regulations the Administering Authority must admit the eligible employees of that body to the Fund.

2.5 With effect from 1 April 2020 the Administering Authority is also prepared to admit new contractors on a "pooled pass through" basis which means that for funding and contribution rate purposes the admission body will be grouped (or pooled) with the Scheme employer. It will operate as follows:

- There will be no notional allocation of assets from the Scheme employer to the admission body on commencement of the contract

- On admission the contractor will pay the contribution rate payable by the Scheme employer (with any monetary secondary contributions converted to a % of pay as appropriate

- Contributions will be set at each triennial valuation (and any other time as appropriate) based on the combined funding position and primary contribution rate for the group/pool (i.e. there will be no separate calculation of funding position or employer contributions for the admission body)

- There will be no payment due from or to the contractor on exit, with responsibility for funding its liabilities assumed to remain with the Scheme employer unless there is a transfer to another employer.

2.6 The contractor will be assumed to be liable for any strain costs or other payments due to the Fund where it grants additional pension under Regulation 31 and strain costs. All other experience will be shared between the members of the Scheme employer group/pool.

2.7 Should there be any need to provide a notional asset value for the contractor, e.g. for accounting under FRS102/IAS19, this will be on a pro rata basis, i.e. the group/pool's notional asset share will be allocated to the employers in the pool in proportion to their liabilities calculated on assumptions appropriate to the group's funding target.

2.8 A pooled pass through arrangement will be the default option for all new admissions under paragraph1(d) where the initial contract length is less than 5 years and there are fewer than 100 members transferring to the new admission body.

2.9 The Admission Body is required to have an "admission agreement" with the Fund, which sets out (in conjunction with the Regulations) the conditions of participation and which employees (or categories of employees) are eligible to be members of the Fund. The Administering Authority has a template admission agreement which it will generally expect to be entered into without amendment. This will include specific provisions relating to pass through as outlined above. Details are available on request.

2.10 Employers should be aware that advisory and other costs incurred by the Administering Authority in relation to a new employer, whether an admission body or otherwise, will be re-charged to the employer. These costs will include, where appropriate, the cost of actuarial advice relating to any risk assessment required under the Regulations (see next section).

3. Bonds, Indemnities and Guarantees

3.1 The Administering Authority will seek to minimise the risks that a new Admission Body might create for the Fund and the other employers in the Fund. These risks will be taken into account by the Administering Authority in considering the application for admission, and the Administering Authority may put in place conditions on any approval of admission to the Fund to minimise these risks, such as a satisfactory guarantee, indemnity or bond and a satisfactory risk assessment. An indemnity / bond is a way of insuring against the potential cost of

the Admission Body failing by reason of insolvency, winding up or liquidation and hence being unable to meet its obligations to the Fund.

3.2 Admission bodies under paragraph 1(d)(i) of Part 3 of Schedule 2 to the 2013 Regulations (generally admissions as a result of a Best Value transfer), are required to carry out an assessment of the level of risk arising on premature termination of the provision of service or assets by reason of insolvency, winding up, or liquidation of the admission body. This assessment has to be to the satisfaction of the Scheme employer (i.e. the employer letting the contract) and the Administering Authority. Where the Administering Authority is satisfied as to the strength of covenant of the Scheme employer, it will not usually require a minimum level of cover in order to be "satisfied" with the risk assessment, as the risk on premature termination will fall on the Scheme employer. the Administering Authority's policy is to seek actuarial advice in the form of a “risk assessment report” provided by the Fund’s Actuary which can be shared with the Scheme employer on the understanding that the Fund Actuary cannot provide advice to the Scheme employer. Based on this assessment, the Scheme employer and the Administering Authority should decide whether or not to require the admission body to enter into an indemnity or bond and if so at what level. The risk must be kept under review throughout the period of the admission and assessed at regular intervals and otherwise as required by the Administering Authority.

3.3 Where, for any reason, it is not desirable for a 1(d)(i) admission body to enter into an indemnity or bond the admission body must secure a guarantee from the Scheme employer. In the event of unfunded liabilities on the termination of the admission, the Scheme employer’s contribution rate to the Fund would be revised accordingly. In most cases it is expected that the Scheme employer will provide a subsumption commitment whereby the assets and liabilities of the outgoing admission body post-exit are "subsumed" into the Scheme employer's liabilities and notional pool of Fund assets.

3.4 Where the liabilities cannot be fully met by a guarantor or insurer, the Regulations provide that:

- the letting employer will be liable in an outsourcing situation; and
- in all other cases the liabilities will fall on all the other employing authorities within the Fund.

3.5 Other admission bodies are required to carry out an assessment of the level of risk arising on premature termination of the provision of service or assets by

reason of insolvency, winding up, or liquidation of the admission body. This assessment has to be to the satisfaction of the Administering Authority. The Administering Authority's policy is to seek actuarial advice in the form of a “risk assessment report” provided by the Fund’s Actuary. Based on this assessment, the Administering Authority will decide whether or not to require the admission body to enter into an indemnity or bond and if so at what level. Where, for any reason, it is not desirable for an admission body to enter into an indemnity or body the admission body must secure a guarantee from:

a) a person who funds the admission body in whole or in part;

b) a person who-

(i) owns, or

(ii) controls the exercise of the functions of, the admission body; or

c) the Secretary of State in the case of an admission body-

(i) which is established by or under any enactment, and

(ii) where that enactment enables the Secretary of State to make financial provision for that admission body, or

(iii) which is a provider of probation services under section 3 of the Offender Management Act 2007 (power to make arrangements for the provision of probation services) or a person with whom such a provider has made arrangements under subsection (3)(c) of that section.

Ultimately, an indemnity or bond or guarantee is designed to protect the Fund in the event that unfunded liabilities are present after the termination of an admission body.

3.6 When an admission agreement comes to its end, or is prematurely terminated for any reason, employees may transfer to another employer, either within the Fund or elsewhere. If this is not the case the employees will retain pension rights within the Fund, either deferred benefits or immediate retirement benefits. Early retirements can, in particular, create a strain on the Fund and so give rise to unfunded liabilities.

3.7 In the event that unfunded liabilities arise that cannot be recovered from the admission body, the indemnity or bond provider or guarantor these will normally

fall to be met by the Scheme employer in the case of paragraph 1(d) admission bodies or the Fund as a whole (i.e. all employers) in the case of other admission bodies. In this latter case the shortfall would normally fall on the employers pro-rata to their liabilities in the Fund. Unless the shortfall amount were material, the allocation of the shortfall to all employers in the Fund would be carried out at the next formal actuarial valuation. Alternatively, if the guarantor for the outgoing admission body was also a participant in the Fund, the outgoing admission body's assets, liabilities and the funding deficit could be subsumed by the guarantor within the Fund.

4. Funding Target

4.1 The funding target for a new employer depends upon what will happen to the liabilities in respect of the employees of the employer on exit of that employer.

4.2 Subsumed liabilities

Where an admission body ceases its participation in the Fund such that it will no longer have any contributing members, it is possible that another employer in the Fund agrees to provide a source of future funding in respect of any emerging deficiencies in respect of those liabilities.

In such circumstances the liabilities are known as subsumed liabilities (in that responsibility for them is subsumed by the accepting employer). For such liabilities the Administering Authority will assume that the investments held in respect of those liabilities will be the same as those held for the rest of the liabilities of the accepting employer. Generally, if the subsuming employer is considered to be of sufficiently sound covenant and likely to participate in the Fund indefinitely, e.g. being one of the 5 main Councils, this will mean assuming continued investment in more risky investments than Government bonds.

4.3 Scheduled Bodies

New academies are currently considered to qualify as indefinite participants in the Fund with full taxpayers backing, as they have a guarantee from the Department for Education. However, this guarantee is subject to review and where the Administering Authority believes the guarantee is no longer sufficient to cover the risks posed by the number of academies in the Fund, the Administering Authority will review the approach taken to the Funding Target for new academies and any admission bodies for which an academy provides a subsumption commitment and

also the default approach taken to the notional assets transferred to academies upon conversion.

For any new scheduled bodies joining the Fund, the Administering Authority may, without limitation, take into account the following factors when setting the funding target for such bodies:

- the type/group of the employer
- the business plans of the employer;
- an assessment of the financial covenant of the employer;
- whether the employer is a part 1 Schedule 2 or Part 2 Schedule 2 employer and if the latter. The likelihood of new members joining the Fund
- any contingent security available to the Fund or offered by the employer such as guarantor or bond arrangements, charge over assets, etc.

Employers should be aware that advisory and other costs incurred by the Administering Authority in relation to a scheduled body joining the Fund will be re-charged to the employer.

4.4 Orphan liabilities

4.41 Where an employer ceases its participation in the Fund such that it will no longer have any contributing members, or a Deferred Debt Agreement ends, unless any residual liabilities are to become subsumed liabilities, the Administering Authority will act on the basis that it will have no further access for funding from that employer once any exit valuation, carried out in accordance with Regulation 64, has been completed and any sums due have been paid. Residual liabilities of employers from whom no further funding can be obtained are known as orphan liabilities.

4.4.2 The Administering Authority will seek to minimise the risk to other employers in the Fund that any deficiency arises on the orphan liabilities such that this creates a cost for those other employers to make good the deficiency. To give effect to this, the Administering Authority will seek funding from the outgoing employer sufficient to enable it to match the liabilities with low risk investments, generally Government bonds.

4.4.3 To the extent that the Administering Authority decides not to match these liabilities with Government bonds of appropriate term, the returns achieved on the Fund's assets will be allowed for when calculating the employer's notional assets

for the purpose of the tracking of any future surplus or deficit in relation to the orphan liabilities.

4.4.4 The Administering Authority ensures that it has sufficient investment in Government bonds to cover the orphan liabilities and at each triennial valuation the Fund Actuary notionally allocates assets to ensure the orphan liabilities are met in full, where those liabilities are measured by reference to the yield on gilts.

4.4.5 Ongoing calculations for deferred employers (i.e. those where a Deferred Debt Agreement has been put in place), and employers subject to the ongoing orphan funding target will be carried out using assumptions which are intended to broadly target the eventual exit position.

5. Initial notional asset transfer

5.1 When a new employer commences in the Fund, and members transfer from another employer in the Fund, a notional transfer of assets may be needed from the original employer to the new employer.

5.2 Unless a pass through approach applies, when a new admission body starts in the Fund, they will usually start as fully funded. This means that any past service surplus or deficit for the members who are transferring to the new employer remains with the original employer and does not transfer to the new employer.

5.3 Another option for the initial notional asset transfer (where required) is to allow for the funding level of the original employer, and therefore to transfer any past service surplus or deficit in respect of the transferring membership to the new employer. For new admission bodies the Administering Authority will only agree to a deficit transferring to the new admission where a subsumption commitment is in place from a long-term secure scheduled body or other appropriate security is in place. This share of Fund approach would normally apply to new scheduled bodies where members are transferring from another employer in the Fund, such as new academies upon conversion to Academy status.

5.4 Unless specific instruction is received in relation to a new academy and the agreement is reflected in the Commercial Transfer Agreement, the Administering Authority's policy is that an unadjusted share of Fund approach is adopted by the Actuary in notionally re-allocating assets from the Local Education Authority to the academy on conversion in respect of the transferring liabilities subject to a maximum transfer of assets equal to the transferring liabilities. This unadjusted share of the Fund approach means there is no prior allocation of assets to fully

fund any deferred and pensioner liabilities. The policy has been discussed and agreed with the 5 main Councils in the Fund which have education responsibilities.

5.5 Where the new employer will participate in a pool of employers, for example where a multi-academy trust has requested that its academies be treated as a single employer, the notional asset transfer would be to the relevant pool of employers.

5.6 In calculating the notional assets to transfer to a new employer the Actuary will consider the liabilities based on the confirmed benefits of the LGPS at the date of joining. However, for new employers joining after 31 March 2019 it may be necessary for the asset transfer to be revisited once the current uncertainties relating to the benefit structure of the LGPS from 1 April 2019 (see paragraph 7.13 above) are resolved.

6. Employer Contribution Rate

6.1 Initial Rate

6.1.1 When a new employer joins the Fund, unless a pass through approach is in place when the employer will pay the same contribution rate as the Scheme employer, the Fund's Actuary determines the initial employer contribution rate payable.

6.1.2 An interim contribution rate may be set pending a more accurate calculation by the Fund Actuary of the employer contribution rate payable. Currently the interim contribution rate is 20% of pay. The Administering Authority will change these interim contribution rates following each triennial Actuarial Valuation and at any other time at its discretion.

6.1.3 When a new academy joins a multi–academy trust (MAT) where a single contribution rate applies, it will pay a minimum of the employer's contribution rate applicable to the MAT until the next triennial Actuarial Valuation at which time the contributions for the MAT will be reviewed. Where the new academy is material relative to the MAT, the contributions for the MAT may be reviewed under Regulation 64A. Where the new academy is not material, the MAT may elect to increase the contributions for all employers in the MAT before the next triennial Actuarial Valuation where the addition of a new academy is likely to lead to an increase as advised by the Fund’s actuary. In other cases, the Fund's actuary will

calculate an individual contribution rate for the new employer to be paid from commencement.

6.1.4 The employer contribution rate will be set in accordance with the Funding Strategy Statement, taking into consideration elements such as:

- Any past service or transferred liabilities
- Whether the new employer is open or closed to new entrants
- The funding target that applies to the employer
- The funding level on commencement and, where there is a surplus or deficit, whether the admission agreement is fixed term or not, whether open or closed and the period of any fixed term contract period or average future working lifetime of the employee membership (as appropriate)
- Other relevant circumstances as determined by the Administering Authority on the advice of the Fund Actuary and following discussion with the ceding employer as appropriate.

6.2 Review of Employer Contribution Rates

6.2.1 The Regulations require a triennial Actuarial Valuation of the Fund. As part of each Actuarial Valuation the contributions paid by each employer in the Fund are reviewed and may be increased or reduced.

6.2.2 The employer contributions payable by employers may also be reviewed outside of the triennial Actuarial Valuations where:

(i) it appears likely to the administering authority that the amount of the liabilities arising or likely to arise has changed significantly since the last valuation;

(ii) it appears likely to the administering authority that there has been a significant change in the ability of the Scheme employer or employers to meet the obligations of employers in the Scheme; or

(iii) a Scheme employer or employers have requested a review of Scheme employer contributions and have undertaken to meet the costs of that review.

Details of the Fund's policy on reviewing employer contributions under these provisions are set out in Appendix 3.

6.2.3 The Administering Authority monitors the active membership of closed admission bodies and will commission a valuation from the Actuary under

Regulation 64(4) where it has reason to believe that the admission body may become an exiting employer before the next triennial Actuarial Valuation.

In addition, in exceptional circumstances contributions may be reviewed between valuations where this is indicated in the Rates and Adjustments Certificate.

7.Cessation of participation, Deferred Debt Agreements and Exit Payments

7.1 An employer can cease participation in the following circumstances:

- an active employer ceases to be a Scheme employer (including ceasing to be an admission body participating in the Fund), or has no active members contributing to the Fund and does not enter into a Deferred Debt Agreement,
- a deferred employer ceases to participate where the Deferred Debt Agreement ends.

7.2 Where participation ceases, an exit valuation will be carried out in accordance with Regulation 64. That valuation will take account of any activity as a consequence of cessation of participation regarding any existing contributing members (for example any bulk transfer payments due) and the status of any liabilities that will remain in the Fund. When employees do not transfer to another employer they will retain pension rights within the Fund, i.e. either as a deferred pensioner or immediately taking retirement benefits.

7.3 The assumptions adopted to value the departing employer's liabilities for the exit valuation (including on termination of any Deferred Debt Agreement) will depend upon the circumstances. In particular, the cessation valuation will distinguish between residual liabilities which will become orphan liabilities, and liabilities which will be subsumed by other employers. For orphan liabilities the Funding Target on exit will anticipate investment in low risk investments such as Government bonds. This is to protect the other employers in the Fund, as upon exit, the employer's liabilities will become "orphan" liabilities within the Fund, and there is no recourse to that (former) employer if a shortfall emerges in relation to these liabilities after the exit date.

7.4 For subsumed liabilities the exit valuation will generally anticipate continued investment in assets similar to those held in respect of the subsuming employer's

liabilities, i.e. if the outgoing employer has a subsumption commitment from another employer in the Fund, the Administering Authority's policy is that the funding target for assessing the liabilities on exit is the ongoing funding target appropriate to the subsuming body, updated for financial conditions at the exit date.

7.5 In exceptional circumstances the funding target for subsumed liabilities may be varied if deemed appropriate by the Administering Authority, on the advice of the Fund Actuary.

7.6 Where any of the liabilities are transferring to a successor body, e.g. on a contract being re-let, the funding target of that successor body will not influence the assumptions adopted for the exit valuation. Any shortfall between the value of the liabilities assessed on the appropriate exit basis and the funding target for the successor body (e.g. if this is being set up fully funding on an orphan admission body funding target) will generally be assumed to be met by the letting authority unless otherwise agreed between the parties, to the satisfaction of the Administering Authority.

7.7 For exits where the calculations are carried out on or after 1 January 2021, the following refinements will be made to the approach at the 2019 funding valuation:

- allowance will be made for the proposed McCloud remedy as set out in MHCLG's consultation on draft Regulations[1]
- allowance will be made for the expected changes to GMP indexation and equalisation as set out in Government's response to the consultation[2], i.e. extension of the interim solution of paying full pension increases from the Fund.

7.8 Regardless of whether the residual liabilities are orphan liabilities or subsumed liabilities, the departing employer will be expected to make good the funding position disclosed by the exit valuation. In other words, the fact that liabilities may become subsumed liabilities does not remove the possibility of an exit payment being required from the outgoing employer.

7.9 However, where agreed between the parties the deficit (or any exit credit) may be transferred to the subsuming employer or guarantor, in which case it may be

possible to simply transfer the former admission body's members and assets to the subsuming body, without needing to crystallise any deficit or pay an exit credit. Where the guarantee only covers the exit deficit, i.e. it does not extend to subsumption of the exiting employer's assets and liabilities, it is assumed that the departing employer's liabilities will still become orphaned within the Fund.

7.10If there are liabilities which cannot be recovered from the exiting employer or any bond/indemnity. These will fall to be met by the Fund as a whole (i.e. all other employers) unless there is a guarantor or successor body within the Fund.

7.11At successive triennial Actuarial Valuations the Actuary will allocate assets within the Fund equal to the value of the orphan liabilities so that these liabilities are fully funded. This may require a notional reallocation of assets from the ongoing employers in the Fund.

7.12Employers should be aware that advisory and other costs incurred by the Administering Authority in relation to the exit of an employer from the Fund will be re-charged to the exiting employer.

8. Exit payments

8.1 Any deficit would normally be levied on the departing employer as a single capital payment although, the Administering Authority may, allow phased payments as permitted under Regulation 64B. The Administering Authority's policy in relation to the spreading of exit payments under Regulation 64B is set out below.

It is envisaged that spreading of exit payments will only be considered at the request of an employer. The Administering Authority will then engage/consult with the employer to consider its application and determine whether or not spreading the exit payment is appropriate and the terms which should apply

8.2 In determining whether or not to permit an exit payment to be spread, the Administering Authority will consider factors including, but not limited to:

- the ability of the employer to make a single capital payment;
- whether any security is in place, including a charge over assets, bond, guarantee or other indemnity;
- whether the overall recovery to the Fund is likely to be higher if spreading the exit payment is permitted.

8.3 In determining the employer's ability to make a single payment the Administering Authority will seek actuarial, covenant or legal advice as required. Where the Administering Authority considers that the employer is financially able to make a single capital payment it will not normally be appropriate for the exit payment to be spread.

8.4 The employer will be required to provide details of its financial position, business plans and financial forecasts and such other information as required by the Administering Authority in order for it to make a decision on whether or not to permit the exit payment to be spread. This information must be provided within 2 months of request.

8.5 In determining the appropriate length of time for an exit payment to be spread, the Administering Authority will consider the affordability of the instalments using different spreading periods for the employer. The default spreading period will be three years but longer periods of up to ten years will be considered where the Administering Authority is satisfied that this doesn't pose undue risk to the Fund in relation to the employer's ability to continue to make payments over the period.

8.6 Whilst the Administering Authority's preference would be for an employer to request spreading of any exit payment in advance of the exit date, it is acknowledged that a final decision by the employer (and the Administering Authority) on whether this will be financially beneficial/appropriate may not be possible until the employer has exited. Exiting employers will be advised of the exit deficit and the spreading of any payment will only be considered at the request of the employer. Where there is a guarantor, the guarantor will also be consulted and any agreement to spread the exit deficit may be conditional on the guarantee continuing in force during the spreading period.

8.7 The amount of the instalments due under an exit deficit spreading agreement will generally be calculated as level quarterly amounts allowing for interest over the spreading period in line with the discount rate used to calculate the exit liabilities. Where the exit amount is significant, monthly payments may be required or the Administering Authority may require a higher initial payment with lower annual payments thereafter to reduce the risk to the Fund. Alternative payment arrangements may be made in exceptional circumstances as long as the Administering Authority is satisfied that they don't materially increase the risk to the Fund.

8.8 Where it has been agreed to spread an exit payment the Administering Authority will advise the employer in writing of the arrangement, including the spreading period; the annual payments due; interest rates applicable; other costs payable* and the responsibilities of the employer during the spreading period. Where a request to spread an exit payment has been denied the Administering Authority will advise the employer in writing and provide a brief explanation of the rationale for the decision.

*Employers will be asked to pay all advisory costs associated with the spreading agreement as well as calculation of the exit deficit (these costs will not be spread).

8.9 The Administering Authority will generally review spreading agreements as part of its preparation for each triennial valuation and will take actuarial, covenant, legal and other advice as considered necessary. In addition, employers will be expected to engage with the Administering Authority during the spreading period and adhere to the notifiable events framework as set out in the Pensions Administration Strategy. If the Administering Authority has reason to believe the employer's circumstances have changed such that a review of the spreading period (and hence the payment amounts) is appropriate, it will consult with the employer and a revised payment schedule may be implemented. Whilst this review may also consider the frequency of payments, it should be noted that it is not envisaged that any review will consider changes to the original exit amount nor interest rate applicable. An employer will be able to discharge its obligations under the spreading arrangement by paying off all future instalments at its discretion. The Administering Authority will seek actuarial advice in relation to whether or not there should be a discount for early payment given interest will have been added in line with the discount rate used for the exit valuation.

9. Exit Credits

9.1 Where an exit valuation discloses that there is a surplus in the Fund in respect of the exiting employer, and an exit credit is due to be paid to the exiting employer, the Administering Authority will, unless otherwise agreed with the employer, pay the exit credit to the employer within 6 months the exit date. Where the employer has not provided all the necessary information required by the Administering Authority to enable the Fund Actuary to calculate the final liabilities on exit within 2

months of the exit date, the employer will be deemed to have agreed that the 6 month period should run from the date all the necessary data has been provided. In determining the amount of any exit credit payable the Administering Authority will take the following factors into consideration:

(a) the extent to which there is an excess of assets in the Fund relating to that employer over the liabilities (i.e. a surplus)

(b) the proportion of the surplus which has arisen because of the value of the employer's contributions

(c) any representations made by the exiting employer and, where that employer participates in the scheme by virtue of an admission agreement, any body listed in paragraphs (8)(a) to (d)(iii) of Part 3 to Schedule 2 of the 2013 Regulations, and

(d) any other relevant factors, which include any legal, actuarial or other costs incurred by the Administering Authority in relation to the exit, the circumstances in which any subsumption commitment was granted, and any risk sharing arrangements in place.

9.2 For exits where there is a subsumption commitment and hence the ongoing funding target appropriate to the subsuming employer is adopted on exit, the Administering Authority's default approach will be to pay an exit credit which is the lower of the surplus amount and the amount of contributions paid by the exiting employer.

9.3 For exits where there is no subsumption commitment and hence the orphan (i.e. gilts-based) funding target will apply, the Administering Authority's default approach will be to pay an exit credit equal to the amount of the surplus on exit less any costs incurred by the Administering Authority in relation to the exit.

10 Multi-academy trusts

10.1 Where an employer within a multi-academy trust (MAT) fails, unless that academy is an employer in its own right there is no power within the Regulations for the Administering Authority to commission an exit valuation under Regulation 64, unless it considers that the MAT itself may become an exiting employer and so a valuation under Regulation 64(4) is appropriate. In that case, where an employer within the MAT has failed, irrespective of whether or not the Department for Education guarantee applies, the liabilities of the exiting academy will fall to be funded by the remaining employers within the MAT rather than becoming

orphaned liabilities. The Administering Authority may direct the Fund Actuary to carry out a valuation of the liabilities of the exiting academy in the fund at the date of exit in order to assess the effect of its failure on the remaining employers within the MAT, and ensure the remaining MAT employers (and any new employers joining the MAT) are aware to the extent of these liabilities. The Administering Authority may direct the Fund Actuary to take this failure into account and adjust the contributions payable by the remaining employers within the MAT at the next triennial Actuarial Valuation, or earlier if considered material and the circumstances meet the criteria for a review of contributions under Regulation 64A - see Appendix 3 for details of the Administering Authority's policy in this area.

10.2 Where employers within a MAT are individual scheme employers for the purpose of the Regulations, and an academy within the MAT leaves or fails, an exit valuation will be carried out as at the date of exit. Where there is no successor body and the Department for Education guarantee does not make good any shortfall on exit, the Administering Authority would seek to recover any unpaid deficit from the remaining employers within the MAT where those employers participate in the Fund. Rather than requiring a lump sum payment, the Administering Authority may instead act on the assumption that the remaining MAT employers have provided a subsumption commitment, which includes subsumption of the unpaid deficit which would then fall to be recovered from ongoing contributions. In that case the Administering Authority will instruct the Fund Actuary to allocate the assets and liabilities of the outgoing academy across the remaining employers in the MAT.

10.3 Where academies move between multi-academy trusts, for example where a MAT winds up and its academies transfer into different MATs (whether existing MATs within the Fund or newly-established MATs), the Administering Authority may direct the Fund Actuary to carry out a valuation of the liabilities of any academy moving between MATs and of all academies within the exiting MAT. Where the exiting MAT is the scheme employer, and hence an individual funding position has not been maintained for the constituent academies, the assets notionally allocated to each of its academies will be derived by assuming each has the same funding level as the MAT as a whole. The calculation of the assets and liabilities in these circumstances is to ensure that both the former and new MAT are aware of the value of the assets and liabilities transferring and to ensure that the residual position of the exiting MAT (if any of its liabilities are not transferring to a new academy or MAT) is correctly assessed for the purpose of invoking the Department for Education guarantee.

11. Suspension notices

11.1Regulation 64(2A) permits the suspension of an employer's liability to make an exit payment for up to 3 years where the Administering Authority believes that the employer is likely to have one or more active members contributing to the Fund within the period specified in the suspension notice. The Administering Authority considers that it is appropriate to exercise that discretion in relation to Town and Parish Councils where there is a reasonable expectation that a member will join in the near future (e.g. before the next triennial Actuarial Valuation). In that case, the Fund will advise the employer of the exit amount calculated by the Actuary and serve a written suspension notice on the employer. Whilst under such a suspension notice, the employer must continue to pay any deficit payments certified to the Fund as if it were an ongoing employer and the actuary will recalculate any deficit and contributions due at the next Actuarial Valuation. If there are no new members by the time the suspension notice expires the Fund Actuary will carry out an exit valuation as at the date the suspension notice expires.

12. Deferred Debt Agreements (DDAs)

12.1 Regulation 64(7A) permits the Administering Authority to enter into a written agreement with an exiting Scheme employer for that employer to defer their obligation to make an exit payment and continue to make contributions at the secondary rate ("a deferred debt agreement").

12.2 The Administering Authority's policy in relation to the spreading of exit payments under Regulation 64(7A) is set out below.

In determining whether or not to enter into a DDA with an employer the Administering Authority will take into account the following factors, including but not limited to:

- the materiality of the employer and any exit deficit in terms of the Fund as a whole;
- the risk to the Fund of entering into a DDA, in terms of the likelihood of the employer failing before the DDA has ended, based on information supplied by the employer and supported by a financial risk assessment or more detailed covenant review carried out by the Fund Actuary or other covenant adviser

- the rationale for the employer requesting a DDA, particularly if the Administering Authority believes it would be able to make an immediate payment to cover the exit deficit; and
- whether an up front payment will be made towards the deficit, and/or any security is, or can be put, in place, including a charge over assets, bond, guarantee or other indemnity, to reduce the risk to other employers.

12.3 Where it is expected that the employer's covenant may materially weaken over time the Administering Authority is very unlikely to consider entering into a DDA with that employer. Further, where an employer can demonstrably meet the exit payment in a single instalment, the Administering Authority would be unlikely to enter into a DDA unless it was clear that this wouldn't increase risk to the Fund, e.g. if the employer was fully taxpayer-backed and sufficient assurance was in place that all contributions due, including any residual deficit at the end of the DDA, would be met in full.

It is envisaged that DDAs will only be entered into at the request of an employer. In any case the Administering Authority will engage/consult with the employer to consider the application and determine whether or not a DDA is appropriate and the terms which should apply.As part of its application for a DDA the Administering Authority will require information from the employer to enable the Administering Authority to take a view on the employer's strength of covenant. Information will also be required on an ongoing basis to enable the employer's financial strength/covenant to be monitored. It is expected that DDAs will be monitored on an annual basis unless circumstances dictate otherwise. Monitoring may be more frequent as the end of the period of the DDA approaches

12.4 Employers should be aware that all advisory fees incurred by the Fund associated with a request for a DDA, whether or not this results in an agreement being entered into, and its ongoing monitoring, will be recharged to the employer.

12.5 The Administering Authority has a template agreement for DDAs, which it will require employers (and any guarantors) to sign up to. The matters which the Administering Authority will reflect in the DDA, include:

- an undertaking by the employer to meet all requirements on Scheme employers, including payment of the secondary rate of contributions, but excluding the requirement to pay the primary rate of contributions;

- a provision for the DDA to remain in force for a specified period, which may be varied by agreement of the Administering Authority and the deferred employer;

- a provision that the DDA will terminate on the first date on which one of the following events occurs-

  (a) the deferred employer enrols new active members;

  (b) the period specified, or as varied, elapses;

  (c) the take-over, amalgamation, insolvency, winding up or liquidation of the deferred employer;

  (d) the Administering Authority serves a notice on the deferred employer that it is reasonably satisfied that the deferred employer's ability to meet the contributions payable under the deferred debt arrangement has weakened materially or is likely to weaken materially in the next 12 months; or

  (e) the Fund Actuary assesses that the deferred employer has paid sufficient secondary contributions to cover the exit payment that would have been due if the employer had become an exiting employer on the calculation date.

- the responsibilities of the deferred employer

- the circumstances triggering a cessation of the arrangement leading to an exit payment (or credit) becoming payable, in addition to those set out in Regulation 64 (7E) and above.

It is expected that the consultation process with the employer will include discussions on the precise details of the DDA, although the purpose of developing a template agreement is to make the process easier, quicker and cheaper and therefore it is not envisaged that there will be material changes to the Administering Authority's template.

12.6 The Administering Authority will monitor the funding position and risk/covenant associated with deferred employers on a regular basis. This will be at least triennially and most likely annually, but the frequency will depend on

factors such as the size of the employer and any deficit and the materiality of movements in market conditions or the employer's membership.

12.7 The circumstances in which the Administering Authority may consider seeking to agree a variation to the length of the agreement under regulation 64(7D) include:

- where the exit deficit has reduced (increased) such that it is reasonable to reduce (extend) the length of the recovery period and associated period of the DDA assuming that, in the case of the latter, this does not materially increase the risk to the other employers/Fund

- where the deferred employer's business plans, staffing levels, finances or projected finances have changed significantly, but, in the case of a deterioration, the Administering Authority, having taken legal, actuarial, covenant or other advice as appropriate, does not consider that there is sufficient evidence that deferred employer's ability to meet the contributions payable under the DDA has weakened materially, or is likely to weaken materially in the next 12 months

- where the level of security available to the Fund has changed in relation to the DDA, as determined by the Administering Authority, taking legal, actuarial or other advice as appropriate

12.8 At each triennial valuation, or more frequently as required, the Administering Authority will carry out an analysis of the financial risk or covenant of the deferred employer, considering actuarial, covenant, legal and other advice as necessary. Where supported by the analysis and considered necessary to protect the interests of all employers, the Administering Authority will serve notice on the deferred employer that the DDA will terminate on the grounds that it is reasonably satisfied that the deferred employer's ability to meet the contributions payable under the deferred debt arrangement has weakened materially, or is likely to weaken materially in the next 12 months, as set out under regulation 64(7E)(d).

12.9 Employers should be aware that all advisory fees incurred by the Fund associated with consideration of a DDA for an exiting employer, whether or not this results in a DDA being entered into, will be recharged to the employer. This

will include actuarial, legal, covenant and other advice and the costs of monitoring the arrangement as well as the initial set up. Estimated costs can be provided on request. All fees must be paid up front and cannot be added to any secondary contributions payable under the DDA.

12.10 It is expected that employers will make a request to consider a DDA before they would otherwise have exited the Fund under Regulation 64(1) and that a DDA should be entered into within 3 months of that date. The employer should continue to make secondary contributions at the prevailing rate whilst the DDA is being considered unless the Administering Authority, having taken actuarial and other advice as appropriate, determines that increased contributions should be payable. In exceptional circumstances, e.g. where there has been a justifiable delay due to circumstances outside of the employer's control, and at the sole discretion of the Administering Authority, a DDA may be entered into more than 3 months after the exit date.

12.11 Deferred employers will be expected to engage with the Administering Authority during the period of the DDA and adhere to the notifiable events framework as set out in the Pensions Administration Strategy as well as providing financial and other information on a regular basis. This will be necessary to support the effective monitoring of the arrangement and will be a requirement of the DDA.

13. Responsibilities of employers in the Fund

13.1Individual employers, whether active or deferred, Multi Academy Trusts or the Department for Education will pay for any legal and actuarial costs incurred by the Fund on their behalf.

13.2 Employers should have regard to the Administering Authority's administration strategy and their responsibilities as set out in the Funding Strategy Statement at all times.

13.3 All employers need to inform the Administering Authority of any changes to their organisation that will impact on their participation in the Fund. This includes changes of name or constitution or mergers with other organisations or other decisions which will or may materially affect the employer's Fund membership, including but not limited to:

- an admission body closing to new entrants

- a scheduled body setting up a wholly owned company to employ new staff, regardless of whether or not that company will participate in the Fund
- merging with another organization, whether a participant in the Fund or not (e.g. colleges merging under the Area Review process or housing companies merging)
- an application by a 6th form college to become a 16-19 academy, including whether successful or not
- a material change in the funding of the organization including a reduction in grants from local or central government or a shift in the balance of funding
- a large scale redundancy exercise which could materially reduce the employer's active membership
- any intervention by, or voluntary undertaking provided to, the appropriate regulator

13.4 Employers considering outsourcing any services should have regard to and adhere to the requirements of the Fair Deal Policy/Best Value direction. They should also advise the Administering Authority at the earliest opportunity and before any transfer of staff so that the necessary paperwork and calculations can be completed.

APPENDIX 3: Policy on reviewing Employer Contributions between Triennial Valuations

1. Background

1.1 This Document explains the policies and procedures of the West Yorkshire Pension Fund ("the Fund"), administered by City of Bradford Metropolitan District Council ("the Administering Authority"), in relation to any amendment of employer contributions between formal valuations as permitted by Regulation 64A.

1.2This Policy supplements the general funding policy as set out in the Funding Strategy Statement and should be read in conjunction with that statement. It is intended to provide transparency and consistency for employers in use of the flexibilities within the Regulations.

1.3 The Administering Authority will consider reviewing employer contributions between formal valuations in the following circumstances:

- it appears likely to the Administering Authority that the amount of the liabilities arising or likely to arise has changed significantly since the last valuation;
- it appears likely to the Administering Authority that there has been a significant change in the ability of the Scheme employer or employers to meet the obligations of employers in the Scheme; or
- Scheme employer or employers have requested a review of Scheme employer contributions and have undertaken to meet the costs of that review.

For the avoidance of doubt, the Administering Authority will not consider a review of contributions purely on the grounds of a change in market conditions affecting the value of assets and/or liabilities.

2. Factors used to determine when a review is appropriate

2.1 In determining whether or not a review should take place, the Administering Authority will consider the following factors (noting that this is not an exhaustive list):

- the circumstances leading to the change in liabilities arising or likely to arise, for example whether this is the result of a decision by the employer, such as the restructuring of a Multi-Academy Trust, a significant outsourcing or transfer

of staff, closure to new entrants, material redundancies or significant pay awards, or other factors such as ill-health retirements, voluntary withdrawals or the loss of a significant contract

- the materiality of any change in the employer's membership or liabilities, taking account of the Actuary's view of how this might affect its funding position, primary or secondary contribution rate
- whether, having taken advice from the Actuary, the Administering Authority believes a change in ongoing funding target or deficit recovery period would be justified, e.g. on provision or removal of any security, subsumption commitment, bond, guarantee, or other form of indemnity in relation to the employer's liabilities in the Fund

- the materiality of any change in the employer's financial strength or longer-term financial outlook, based on information supplied by the employer and supported by a financial risk assessment or more detailed covenant review carried out by the Fund Actuary or other covenant adviser to the Fund

- the general level of engagement from the employer and its adherence to its legal obligations as set out in the Pensions Administration Strategy Statement and elsewhere, including the nature and frequency of any breaches such as failure to pay contributions on time and data quality issues due to failure to provide new starter or leaver forms

3. Assessment of the risk/impact on other employers

3.1 In determining whether or not a review should take place, the Administering Authority will generally focus on the materiality of any potential changes in the context of the employer concerned; its financial position and current contribution levels. As a matter of principle, the Administering Authority does not consider that a review is not justified just because an employer is small in the context of the Fund as a whole, noting that failure to act could make discussions at the next formal valuation more difficult and compound the risk to the Fund. However, in determining the extent and speed of any changes to the employer's contributions the Administering Authority will consider the effect on the overall funding position of the Fund, i.e. other Fund employers.

3.2 Where contributions are being reviewed for an employer with links to another Fund employer, particularly where this is a formal organisational or contractual link, e.g. there is a tripartite admission agreement, an ownership relationship or a formal guarantee or subsumption commitment is in place, the Administering Authority will consider the potential risk/impact of the contribution review on those other employer(s), taking advice from the Fund Actuary as required.

4. Employer involvement and consultation

4.1 It is expected that in most cases the employer will be aware of the proposed review of their contributions since this will be triggered by an employer's action and employers should be aware of the need to engage with the Fund in relation to any activity which could materially affect their liabilities or ability to meet those liabilities.

The requirements on employers to inform the Fund of certain events are set out in the Pensions Administration Strategy.

4.2 In other cases information will be required from the employer, e.g. in relation to its financial position and business plans which could be the catalyst for informing the employer that a review is being proposed. In all cases the Administering Authority will advise the employer that a review is being carried out and share the results of the review and any risk or covenant assessment as appropriate. It should be noted that the fact of a review being carried out does not automatically mean that contributions will be amended (up or down) since that will depend upon the materiality of the changes and other factors such as the outcome of discussions with the employer and any related/linked employer in the Fund and the proximity to the next formal valuation.

4.3 Where, following representations from the employer, the Administering Authority is considering not increasing the employer's contributions following a review, despite there being good reason to do so from a funding and actuarial perspective, e.g. if it would precipitate the failure of the employer or otherwise seriously impair the employer's ability to deliver its organisational objectives or it is expected that the employer's financial position will improve significantly in the near-term, the Administering Authority will consult with any related/linked employers (including ant guarantor or employer providing a subsumption commitment) and, where appropriate, the largest employers in the Fund with a view to seeking their agreement to this approach.

5. Process for requesting a review

5.1 Before requesting a review, employers should consider the regulatory requirements and the Fund's policy as set out above and satisfy themselves that there has been a relevant change in the expected amount of liabilities or their ability to meet those liabilities. The employer should contact Technical Services Manager and complete the necessary information requirements for submission to the Administering Authority in support of their application.

5.2 The Administering Authority will consider the employer's request and may ask for further information or supporting documentation/evidence as required. If the Administering Authority, having taken actuarial advice as required, is of the opinion that a review is justified, it will advise the employer and provide an indicative cost. Employers should be aware that all advisory fees incurred by the Fund associated with a contribution review request, whether or not this results in contributions being amended, will be recharged to the employer.

6. Other considerations

6.1 The Administering Authority will carry out an annual assessment of the risk for Tier 3 employers and any others as considered appropriate. This will help identify whether a contribution review is required and is expected to be carried out as at 30 September with any contribution changes effective from the following 1 April.

6.2 More generally, the Administering Authority may carry out a review at any time during the valuation cycle where it becomes aware that a review is required. In such cases the employer will be expected to provide the requested information within one month of request and the review will be completed within 6 weeks of the provision of all requested information, or completion of the risk/covenant assessment if later.

6.3 The Administering Authority will consult with the employer on the timing of any contribution changes and there will be a minimum of 4 weeks' notice given of any contribution increases. In determining whether, and when, any contribution changes are to take effect the Administering Authority will also take into account the timing of contribution changes flowing from the next formal valuation. As a result, contribution reviews are unlikely to be carried out during the 12 month period from the valuation date although if there were any material changes to the expected liabilities arising or the ability of the employer to meet those liabilities

during that period, this should be taken into account when finalising the Rates and Adjustments Certificate flowing from the valuation.

6.4 Any appeal against the administering authority's decision must be made in writing to WYPF Director within 6 months of being notified of the decision.

An appeal will require the employer to evidence one of the following:

- a deviation from the published policy or process by the administering authority, or
- Any further information (or interpretation of information provided) which could influence the outcome, noting new evidence to be considered at the discretion of the Administering Authority.

City of BRADFORD METROPOLITAN DISTRICT COUNCIL

Report of the Director, West Yorkshire Pension Fund to the meeting of West Yorkshire Pension Fund Pension Board to be held on 23 March 2021.

Z

Subject:

Pensions Administration Strategy 2021/22

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 procedures for liaison and communication with scheme employers and the levels of performance which the employers and WYPF are expected to achieve.

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

The Pensions Administration Strategy has been updated to reflect new employer flexibilities which came into force in September.

Appendix A – Pensions Administration Strategy

Recommendations:

It is recommended that the Pension Administration Strategy 2021/22 be noted.

Rodney Barton
Director

Portfolio:

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Overview & Scrutiny Area:

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Pension Administration Strategy

Contents

Regulatory framework and purpose

1. The regulations

Commented [SD1]: Added Barnet in this section

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), Hounslow Pension Fund (HPF) and Barnet Pension Fund (BPF) employers have been consulted on the strategy, and a copy has been sent to the secretary of state.

1.1 Purpose

Commented [SD2]: Added Barnet in this section

This strategy covers West Yorkshire Pension Fund, Lincolnshire Pension Fund, Hounslow Pension Fund and Barnet 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, BPF 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 fund 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 an 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.

The administrator 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 services 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 andguidance
- 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
Ad hoc training	As and when required	Face-to-face
Update sessions	Up to 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 as and when required	Wordpress blog and gov.direct bulk mail
Social media	Constant	Web
Ad hoc meetings	As and when required	Face-to-face
Employer webcasts~~Workshops~~	1 per week ~~10 per year~~	Cloud hosted live webinar~~Face-to-face~~
~~Bite size workshops~~	~~2 per month on a trial basis~~	~~Cloud hosted live webinar~~

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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
Retirement notifications	Web form		10 days before the member is due to retire unless the reason for retirement is ill health or redundancy	90% compliance
Death in service notifications	Web form		Within 3 days of the date of notification	100% compliance

4.1.2 Notifiable events

Employers should also provide information on any circumstances which might affect their future participation in the Fund or their ability to make contributions to the Fund "notifiable events". These include the following:

- **A decision which will restrict the employer's active membership in the Fund in future**
  Examples include: ceasing to admit new members under an admission agreement; ceasing to designate a material proportion of posts for membership; setting up a wholly owned company whose staff will not all be eligible for Fund membership; outsourcing a service which will lead to a transfer of staff

- **Any restructuring or other event which could materially affect the employer's membership**
  Examples include: a Multi-Academy Trust re-structuring so there is change in constituent academies, the employer merging with another employer (regardless of whether or not that employer participates in the Fund), a material redundancy exercise, significant salary awards being granted, a material number of ill health retirements, large number of employees leaving voluntarily before retirement or the loss of a significant contract or income stream

- **A change in the employer's legal status or constitution which may jeopardise its participation in the Fund**
  Examples include the employer ceasing business (whether on insolvency, winding up, receivership or liquidation), loss of charitable status, loss of contracts or other change which means the employer no longer qualifies as an employer in the Fund

- **If the employer has been judged to have been involved in wrongful trading**

- **If any senior personnel, e.g. directors, owners or senior officers have been convicted for an offence involving dishonesty, particularly where related to the employer's business**

- **Where the employer has, or expects to be, in breach of its banking covenant**

- **Details of any improvement notice (or equivalent) served by the appropriate regulator, e.g. Education Funding and Skills Agency, Office for Students, Charity Commission, Regulator for Social Housing etc, or S114 notice for local authorities**

Employers should provide this information in advance of the event occurring (where possible) ~~and~~ or as soon as practicable thereafter.

Commented [SD3]: New section added for 2021

4.2 Responsibilities

Employers are responsible for ensuring that member and employer contributions are deducted at the correct rate, including any additional contributions. Organisations with third-party providers can't delegate responsibility for this even if day- to-day tasks are carried out by that provider.

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. A copy of these discretions should be sent to the administrator.

4.4 Member contribution bands

Employers are responsible for assessing and reassessing the contribution band that is allocated to a member at least once a year in April or more frequently if required in their policy. 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 the relevant pension fund and/or its additional voluntary contribution (AVC) providers (Prudential/Scottish Widows/Standard Life) as appropriate.

5.2 Paying contributions

Member and employer contributions can be paid over at any time and should be accompanied by a monthly postings submission must be paid to the relevant fund by the 19th day of the month following the month in which the deductions were made. The monthly posting submission should be uploaded to the administrator by the same deadline and the data should reconcile to the payment made to the relevant fund.

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 receive late in accordance with theregulator's code of practice. If a matching monthly posting submission is not provided with a contribution payment by the deadline this will also be recorded as a late payment because the relevant pension fund will not be able to correctly allocate the payment received.

5.5 Payment method

Employers should pay the full early retirement cost in one instalment. WYPF employers may request to or 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.

5.6 Early retirement costs.

Employers should pay the full amount of the cost of any early retirements.

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WYPF employers must pay this within the 30-day payment term stated on the invoice. Depending on the ability to pay, WYPF may agree to payment by monthly instalments over a maximum period of 12 months. Interest will be charged at Bank of England base rate plus 1% if this option is agreed.

LPF and HPF will invoice their respective funds' employers and will have their own payment terms that should be discussed with them if the need arises.

5.7 Interest on late payment

In accordance with the LGPS regulations, interest may 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 any secondary 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~~ training sessions 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 where appropriate
- 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~~Employer training webcasts (replacing workshops)
- Bite size training ~~webinars~~videos

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 relevant fund ~~actuary~~ so that the~~yi~~r actuary can determine the assets and liabilities for each employer

6.2.6 Communicate the results of the actuarial valuation for WYPF to the relevant employers. The ~~adminstrator~~administrator has a responsibil~~i~~ity to support ~~HPF and LPF~~the other shared service pension funds, who are in turn responsible for communicating the results to their employers.

6.2.7 ~~3.2.7~~ Pr~~ovide~~oduce a benefit statement each year for 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~~6.2.8 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~~6.2.9 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 administering authorities with support from 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 with the same arrangements for the London Borough of Barnet.

WYPF will nominate an adjudicator to deal with appeals at stage one and stage two of the IDRP where the appeal is against

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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	85%
2. Update personal records	10	85%
3. Posting monthly contributions to member records	10	95%
4. Calculate and action incoming transfer values	35	85%
5. Deferred benefits – payment of lump sums	3	90%
6. Provide details of deferred benefit entitlement	10	85%
7. Refund of contributions – notification of entitlement	5	85%
8. Refund of contributions – payment	5	90%
9. Pay transfers out on receipt of acceptance	35	85%
10. Provide estimate of retirement benefits	10	75%
11. Retirement benefits – payment of lump sum	3	90%
12. Retirement benefits – recalculation of pension/lump sum	10	85%
13. Calculation and payment death benefits on receipt of all necessary information	5	90%
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~~ administrator targets will be measured on a quarterly basis using the Civica document management system. Administrator performance levels will be published on a monthly basis to the shared service pension funds and fire authorities. Overall administrator performance will be published by the funds in their Report and Accounts.

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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

Commented [SD4]: Final version needs new form adding (minor version change)

Main contact registration form

West Yorkshire Pension Fund | Lincolnshire Pension Fund | London Borough of Hounslow

main contact registration oct 2018

Main contact registration form

Employer name and location code	
Employer address	

Important: please read the guidance note on **Managing your WYPF contacts** before you complete this form.

Strategic contact

Name	Address if different from above
Job title	
Phone	Specimen signature
Email	

Administration contact

Name	Address if different from above
Job title	
Phone	Specimen signature
Email	

Finance contact

Name	Address if different from above
Job title	
Phone	Specimen signature
Email	

Contact at third-party payroll provider (if applicable and not listed above)

Name	Company name and address
Job title	
Phone	Specimen signature
Email	

Date signatures valid from	**Signed (by current authorised signatory)**

Authorised user list

Commented [SD5]: Needs new form on final version

authorised payroll user list oct 2018

West Yorkshire Pension Fund | Lincolnshire Pension Fund | London Borough of Hounslow

Employer name

Authorised payroll user list

Please give the full name, phone number and email address of the additional people you authorise to submit information for you. We will give them a secure administration account.

Full name	Phone number	Email address
Date authorised users valid from		
Signed (by current authorised signatory)		

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).
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.	Number of days late interest charged at base rate plus 1%.
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.	Failure to provide appropriate information, resulting in significant work will result in admin charge (at Senior Pensions Officers level II).
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).
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).
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).
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).
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).
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).
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).
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).

Performance areas	Reason for charge	Basis of charge
12. Pension sharing order	For pension sharing order work, each party will be charged according to the instruction in the court order.	The charge is £350 + VAT for this work.
Miscellaneous items: o Benefit recalculation o Member file search and record prints o 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. Where the member has more than one known record, the charge is for each record.

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. Any part or all of these charges may be waived at head of service discretion.

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

City of BRADFORD METROPOLITAN DISTRICT COUNCIL

Report of the Director, West Yorkshire Pension Fund to the meeting of West Yorkshire Pension Fund Pension Board to be held on 23 March 2021.

AA

Subject:

Communications Policy 2021/22

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 procedures for liaison and communication with scheme employers and the levels of performance which the employers and WYPF are expected to achieve.

The Communications Policy is sent to JAG each year to review and approve, particularly if there are any new regulations and revisions to working practices.

The Communications Policy has been updated to reflect activities planned for 2021-22.

Appendix A – Communications Policy

Recommendations:

It is recommended that the Communications Policy 2021/22 be noted.

Rodney Barton
Director

Portfolio:

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Overview & Scrutiny Area:

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Communications Policy

Communications Policy 2021

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), Hounslow Pension Fund (HPF) and Barnet Pension Fund entered into collaboration agreements for shared service in April 2015 (LPF), August 2018 (HPF) and October 2020 (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 have 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 2021 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
- third-party employer service providers

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 convenient, up to date and timely information to stakeholders
- Engage with our stakeholders face-to-face when possible and 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 compliments and complaints, and
- customer surveys.

To ensure continuous development we plan to:

- further develop member self service with Civica's MyPension platform
- broaden our use of digital platforms to engage stakeholders
- improve the web provision for firefighters, and
- increase the information we give to employing authorities when they join the scheme or change main contacts.

Communications events 2021/22 – 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 becoming more frequent and modular as electronic communications increase	Mail
	Annual meeting	1 per year	Meeting (WYPF/HPF}
	Annual benefit statement	1 per year	E-mail
	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	Virtual
	WYPFContact centre LPF satellite	8.45 to 4.30 Monday to Friday	Face-to-face/ phone/e-mail
	office		
	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 becoming more frequent and modular as electronic communications increase	Web
	Annual benefit statement	1 per year	E-mail
	Annual meeting	1 per year	Meeting (WYPF/HPF)
	www.wypf.org.uk	Constant	Web
	WYPF Contact centre LPF satellite	8.45 to 4.30 Monday to Friday	Face-to-face/phone/e-mail
	office		
	Social media	Constant	Web
LGPS pensioner members (including representatives of retired members)	Newsletter	2 per year	Mail
	Annual meeting	1 per year	Meeting (WYPF/HPF)
	www.wypf.org.uk	Constant	Web
	WYPF Contact centre LPF satellite	8.45 to 4.30 Monday to Friday	Face-to-face/phone/e-mail
	office		
	Pension advice	As and when net pension varies by 25p or more	Mail
	P60	1 per year	Web
	Social media	Constant	Web

Communications events 2021/22 – firefighters

Communication	Format	Frequency	Method of distribution
Firefighter active members (including representatives of active members and prospective members)		Newsletter At least 1 per year becoming more frequent and modular as electronic communications increase	Mail
	Annual benefit statement	1 per year	Web
	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 becoming more frequent and modular as electronic communications increase	E-mail
	www.wypf.org.uk	Constant	Web
	WYPF Contact centre LPF satellite office	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
	WYPF Contact centre LPF satellite office	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	Web

Communications events 2021/22 – councillors

Communication	Format	Frequency	Method of distribution
Councillor members (including representatives of members)	Newsletter	1 per year becoming more frequent and modular as electronic communications increase	Web
	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
	WYPF Contact centre LPF satellite office	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/virtual
	Update sessions	Up to 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 gov. delivery bulk email
	Social media	Constant	Web
	Ad hoc meetings	When required	Face-to-face
	Workshops	1 per week	Cloud hosted webcasts
	Bite size videos	Ad hoc	MP4 hosted on our website

Member contacts

Phone (01274) 434999

Email pensions@wypf.org.uk

Postal address

WYPF
PO Box 67
Bradford
BD1 1UP

WYPF Contact centre

Aldermanbury
House 4 Godwin
Street Bradford BD1
2ST

LPF satellite office

County Offices
Newland
Lincoln LN1 1YL

Employer contacts

Stuart Duncombe (Head of Communications) 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 Head of Governance and Business Development

Grace Kitchen Head of Member Services

Ola Ajala Head of Finance

Caroline Blackburn Head of Technical and Employer Services

Lincolnshire Pension Fund Management

Jo Ray Head of Pensions
Claire Machej Accounting, Investment and Governance Manager

Hounslow Pension Fund Management

Hitesh Sharma Strategic Pensions Manager

Barnet Pension Fund Management

Mark Fox Pensions Manager

Fire and Rescue Pension Scheme Clients

Buckinghamshire & Milton Keynes Fire Authority
County Durham and Darlington Fire and Rescue Service
Derbyshire Fire & Rescue Service
Devon & Somerset Fire & Rescue Service
Dorset & Wiltshire Fire & Rescue Service
East Sussex Fire and Rescue Service
Hereford & Worcester Fire & Rescue Service
Humberside Fire & Rescue Service
Leicestershire Fire & Rescue Service
Lincolnshire Fire & Rescue Service
Norfolk Fire and Rescue Service Northumberland Fire & Rescue Service
North Yorkshire Fire & Rescue Service
Nottinghamshire Fire & Rescue Service
Royal Berkshire Fire and Rescue Service
South Yorkshire Fire & Rescue
Tyne & Wear Fire & Rescue Service West Yorkshire Fire & Rescue Service

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City of BRADFORD METROPOLITAN DISTRICT COUNCIL

Report of the Director, West Yorkshire Pension Fund, to the meeting of West Yorkshire Pension Fund Pension Board to be held on 23 March 2021

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 Regulator's 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 is also be shared with the Pension Board.

4 Breaches from April 2020

The entries on the Register of Breaches for 2020/21 relate to the late payment of contributions or Annual Benefit Statements not sent out by the deadline of 31 August 2020. None are considered material, and therefore no report has been made to the Regulator.

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 2020/21

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Appendix A

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
April 20	**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
Sept 20	**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 20 99.74% of statements had been sent out (95137/95382)	0.26% 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

WYPF Breaches of the Law 2020 -2021

Employers who failed to pay make pay over employees contributions by the appropriate date - April 2020 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 20	St Anne's Community Services	19/05/20	10/06/20	196,707.53	0	0
	Feversham Primary Academy	19/05/20	02/06/20	5,370.79	0	0
	APCOA	19/05/20	03/06/20	969.76	0	0
May 20	Ilkley Grammar school	19/06/20	23/06/20	34,062.36	0	0
	Dixons Central Services	19/06/20	26/06/20	28,180.25	0	0
	Dixons Allerton Academy	19/06/20	26/06/20	20,798.08	0	0
	Dixons City Academy	19/06/20	26/06/20	19,863.25	0	0
	Dixons Kings Academy	19/06/20	26/06/20	9,851.26	0	0
	Dixons McMillan Primary	19/06/20	26/06/20	8,731.34	0	0
	Dixons Manningham Primary	19/06/20	26/06/20	5,703.28	0	0
	Dixons Marchbank Academy	19/06/20	26/06/20	8.791.34	0	0
	Dixons Chapletown Primary	19/06/20	26/06/20	5,438.27	0	0
	Dixons Music Primary	19/06/20	26/06/20	4,415.10	0	0
	Dixons Trinity Academy	19/06/20	26/06/20	9,766.53	0	0
	Dixons Unity	19/06/20	26/06/20	5,438.27	0	0
	Dixons Cottingley	19/06/20	26/06/20	11,100.93	0	0
	Mellors Cavendish Primary School	19/06/20	22/06/20	383.62	2	2
June 20	South Hiendley Parish Council	19/07/20	29/07/20	132.55	0	0
July 20	Community Accord	19/08/20	26/08/20	371.58	0	1
Sept 20	South Hiendley Parish Council	19/09/20	02/10//20	138.60	1	1

WYPF Breaches of the Law 2020 -2021

Oct t 20	Bradford College	19/10/20	20/11//20	133,431.39	0	0
	Leeds College of Music	19/10/20	20/11/20	91,165.41	0	0
	South Hiendley Parish Council	19/10/20	23/10/20	154.41	2	2
	Leeds City College	19/10/20	19/11/20	313,744.43	0	0
	Crescent Purchasing	19/10/20	26/10/20	12,425.30	0	0
	Consultant Cleaners Ltd (Wesborough High School)	19/10/20	26/10/20	388.96	1	2
	Mellors Cavendish Primary school	10/10/20	22/10/20	439.16	5	5

Nov 20	South Hiendley Parish Council	19/11/20	24/11/20	138.19	3	3
	Rhyhill Parish Council	19/11/20	24/11/20	119.58	0	0
	Horsforth Town Council	19/11/20	08/12/20	650.54	0	0

Dec 20	St Annes Community Services	19/12/20	22/12/20	186,573.49	0	1
	Castleford Academy	19/12/20	22/12/20	13,970.86	0	0
	Mellors Cavendish Primary School	19/12/20	22/12/20	543.86	6	6

Jan 21	BID Services	19/01/21	29/01/21	448.29	0	0
	Ripon Diocesan C of E Council	19/01/21	09/02/21	7111.67	0	0
	Ripon House	10/01/21	09/02/21	5871.34	0	0

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City of BRADFORD METROPOLITAN DISTRICT COUNCIL

Report of the Director of West Yorkshire Pension Fund to the meeting of West Yorkshire Pension Fund Pension Board to be held on 23 March 2021

AC

Subject: Local Government Pension Scheme Regulations update

Summary statement:

This report updates the Pension Board on changes to the Local Government Pension Scheme (LGPS) 2014 and provides information on associated matters.

Recommendation:

It is recommended that Members note this report.

Rodney Barton
Director

Portfolio:

Report Contact: Tracy Weaver
Phone: (01274) 433571
E-mail: tracy.weaver@wypf.org.uk

Overview & Scrutiny Area:

1 Background

1.1 The career average Local Government Pension Scheme (LGPS) was introduced on 1 April 2014.

1.2 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.

2 Consultation on Fair Deal – Strengthening pension protection

2.1 On 10 January 2019 Ministry of Housing, Communities and Local Government (MHCLG) issued a consultation on Fair Deal – Strengthening pension protection.

2.2 The consultation closed on 4 April 2019, and we are still waiting for MHCLG to publish its response.

3 Consultation: Local valuation cycle and the management of employer risk

3.1 On 8 May 2019 MHCLG issued a 12 week policy consultation called 'LGPS: Changes to the local valuation cycle and the management of employer risk'.

3.2 The consultation closed on 31 July 2019.

3.3 Included in this consultation were propsals to address issues that had arisen following changes made to the LGPS Regulations to allow a surplus to be refunded to an exiting employer. To address these issues the LGPS (Amendment) Regulations 2020 were laid before Parliament on 27 February 2020 and came into force on 20 March 2020 but have effect from 14 May 2018.

3.4 These regulations provide administering authorities with a discretion to determine the amount of exit credit which should be payable to an employer leaving the LGPS with a surplus.

3.5 On 26 August 2020 a second partial response was published. The response confirms that the LGPS Regulations 2013 would be amended to allow greater flexibility on employer exit payments and the ability to review employer contributions between valuations.

3.6 The LGPS (Amendment) (No.2) Regulations 2020 provide for the changes and were laid in Parliament on 27 August 2020 and came into effect from 23 September 2020.

3.7 On 2 December 2020, Bob Holloway emailed pensions managers for comment on a draft guide to employer flexibilities. The purpose of the guide is to provide operational and practical assistance to administering authorities and employers when implementing employer flexibilities introduced by the LGPS (Amendment) (No. 2) Regulations 2020. Comments on the draft guidance had to be submitted by 9 January 2021.

3.78 MHCLG has yet to publish its response to the other matters contained in the consultation, which included changes to the LGPS Local Valuation Cycle, and employers required to offer LGPS membership.

4 Other LGPS matters

4.1 McCloud and valuation guidance

It was reported on 21 December 2018 that the Court of Appeal determined the transitional protections that protected older judges and firefighters from the public sector pension scheme changes in 2015, were unlawfully discriminatory. This case is known as the 'McCloud case'. Following the judgment, on 30 January 2019 the Government published a written statement that paused the HMT cost management process for public service pension schemes, pending the outcome of the application to appeal the McCloud case to the Supreme Court. On 8 February 2019, LGPS England & Wales Scheme Advisory Board (SAB) confirmed it had no option but to pause its own cost management process pending the outcome of McCloud.

On 27 June 2019 the Supreme Court denied the Government's request for an appeal in the McCloud case in respect of age discrimination and pension protection.

The SAB set up two working groups to work with MHCLG in developing and implementing the LGPS McCloud remedy.

On 16 July 2020 both HMT and MHCLG published consultations on the McCloud remedy. The consultations can be viewed at:

https://www.gov.uk/government/consultations/public-service-pension-schemes-consultation-changes-to-the-transitional-arrangements-to-the-2015-schemes

and

https://www.gov.uk/government/consultations/local-government-pension-scheme-amendments-to-the-statutory-underpin

The MHCLG consultation proposes that a two-part revised underpin will apply to all members who meet the criteria for protection regardless of their age in 2012. The revised underpin will also apply to early leavers and will take account of early/late retirement adjustments. Membership up to the earlier of leaving, 2008 NPA or 31 March 2022 will be included in the calculation of the revised underpin.

The consultation closed on 8 October 2020, and we are waiting for MHCLG to publish its response.

Alongside publication of the McCloud consultation, HMT announced that the pause of the cost control mechanism will be lifted and the process will be completed "next year". The SAB will also be re-examining its results from its cost management process.

It has also been announced that there will be a review of the cost management process, however this will not effect the calculations completed in 2016 or 2020.

4.2 Revoccation of Restriction of Public Sector Exit Payments Regulations 2020

On 10 April 2019 HM Treasury (HMT) opened a 12 week consultation called 'Restricting exit payments in the public sector: consultation on implementation of regulations'.

On 21 July 2020 the Government published its response to this consultation, in which it confirmed its intention to proceed with this. Following which the Restriction of Public Sector Exit Payments Regulations 2020 were made on 14 October 2020 and came into force on 4 November 2020. On 29 October 2020 HM Treasury published guidance on the application of these regulations.

MHCLG published a consultation on 7 September 2020 outlinining the options that will be available to Local Government employees. The consultation closed on 9 November 2020.

As the Restriction of Public Sector Exit Payments Regulations 2020 came into force before the LGPS Regulations had been amended there was a conflict between these regulations and the LGPS regulations if the cap is breached when an LGPS member age 55 or over exits as the LGPS regulations requires member to take payment of an unreduced pension, but the exit cap regulations prevented the employer from paying the full strain cost where the total of all payments exceeded £95,000.

In November a legal challenge was filed against these regulations by representative bodies, Lawyers in Local Government and the Association of Local Authority Chief Executives. This challenge was approved by the High Court with a hearing scheduled for March. The review was to be heard alongside two separate challenges from Unison and from fellow unions Unite and GMB.

However, as a result of the judicial review proceedings being underway, the Government carried out a review of the public sector exit payment cap and on 12 February 2021, it announced that the legislation would be revoked. It stated: "After extensive review of the application of the Cap, the Government has concluded that the Cap may have had unintended consequences and the Regulations should be revoked. HMT Directions have been published that disapply the Cap until the Regulations have been revoked."

On 25 February 2021, the Restriction of Public Sector Exit Payments (Revocation) Regulations 2021 were made and laid before parliament. They will come into force on 19 March 2021.

HM Treasury have confirmed that it intends to bring forward proposals at pace to tackle unjustified exit payments and we are also waiting for further information from MHCLG regarding the affect this will have on its consultation on reforming local government exit pay.

4.3 Scheme Advisory Board's Good Governance Report

In 2019 SAB commissioned Hymans Robertson to prepare a report on the

effectiveness of current LGPS governance models and to consider alternatives or enhancements to existing governance models which can strengthen the LGPS going forward.
On 31 July 2019 SAB published this report. The phase two report from the Working Groups to SAB was published in November 2019.

When it met on the 8th February 2021 the SAB agreed that the Good Governance – Final Report should be published and for the Chair to submit the Board's Action Plan to the Local Government Minister for consideration. The report can be viewed at:

https://www.lgpsboard.org/images/Other/Good_Governance_Final_Report_February_2021.pdf

The report contains the following proposals:

- MHCLG will produce statutory guidance to establish new governance requirements for funds to effectively implement the proposals below. ("the Guidance").

- Each administering authority must have a single named officer who is responsible for the delivery of all LGPS related activity for that fund. ("the LGPS senior officer").

- Each administering authority must publish an annual governance compliance statement that sets out how they comply with the governance requirements LGPS funds as set out in the Guidance. This statement must be co-signed by the LGPS senior officer and the S151 officer.

- Each fund must produce and publish a conflicts of interest policy which includes details of how actual, potential and perceived conflicts are addressed within the governance of the fund, with specific reference to key conflicts identified in the Guidance.

- The Guidance should refer all those involved in the management of the LGPS, and in particular those on decision making committees, to the guide on statutory and fiduciary duty which will be produced by the SAB.

- Each fund must produce and publish a policy on the representation of scheme members and non-administering authority employers on its committees, explaining its approach to voting rights for each party.

- Introduce a requirement in the Guidance for key individuals within the LGPS, including LGPS officers and pensions committees, to have the appropriate level of knowledge and understanding to carry out their duties effectively.

- Introduce a requirement in the Guidance for key individuals within the LGPS, including LGPS knowledge and understanding to carry out their duties effectively.

- Introduce a requirement for s151 officers to carry out LGPS relevant training

as part of CPD requirements to ensure good levels of knowledge and understanding.

- Administering authorities must publish a policy setting out their approach to the delivery, assessment and recording of training plans to meet these requirements.

- CIPFA should be asked to produce appropriate guidance and training modules for s151 officers.

- Each administering authority must document key roles and responsibilities relating to the LGPS and publish a roles and responsibilities matrix setting out how key decisions are reached. The matrix should reflect the host authority's scheme of delegation and constitution and be consistent with role descriptions and business processes.

- Each administering authority must publish an administration strategy.

- Each administering authority must report the fund's performance against an agreed set of indicators designed to measure standards of service.

- Each administering authority must ensure their committee is included in the business planning process. Both the committee and LGPS senior officer must be satisfied with the resource and budget allocated to deliver the LGPS service over the next financial year.

- Each administering authority must undergo a biennial Independent Governance Review (IGR) and, if applicable, produce the required improvement plan to address any issues identified. IGR reports to be assessed by a SAB panel of experts.

- LGA to consider establishing a peer review process for LGPS Funds.

.4.4 Third Tier employers

In June 2018 Aon presented members of SAB with a summary of the final draft of its report to review the current issues in relation to third tier employers participating in the LGPS.

The report did not make any recommendations, instead it outlined a range of issues raised by stakeholders and how they envisage these concerns being resolved. A working group has been set up by SAB but work has been put on hold due to competing priorities, in particular, work on the Board's cost cap arrangement.

4.5 2021/22 Employee Contribution Bands

Below are the employee contribution bands, which will be effective from 1 April 2021. They are calculated by increasing the 2020/21 employee contribution bands by the September 2020 CPI figure of 0.5 per cent and then rounding down

the result to the nearest £100.

Band	Actual pensionable pay for an employment	Main section contribution rate for that employment	50/50 section contribution rate for that employment
1	Up to £14,600	5.50%	2.75%
2	£14,601 to £22,900	5.80%	2.90%
3	£22,901 to £37,200	6.50%	3.25%
4	£37,201 to £47,100	6.80%	3.40%
5	£47,101 to £65,900	8.50%	4.25%
6	£65,901 to £93,400	9.90%	4.95%
7	£93,401 to £110,000	10.50%	5.25%
8	£110,001 to £165,000	11.40%	5.70%
9	£165,001 or more	12.50%	6.25%

5 Other matters

5.1 Pension Schemes Act 2021

Following completion of passage through Parliament of the Pensions Bill, on 11 February 2021 the Pension Schemes Act 2021 became law. However, the majority of provisions are not currently in force and regulations are needed to bring them into force and to provide detail about how they will work. The Act:

- Increases the number of criminal offences that the Pensions Regulator will be able to pursue for breaches of pension leglislation.
- Amends the Scheme Specific Funding regime contained in the Pensions Act 2004.
- Amends the statutory transfer regime in a number of ways to address the risk of pension liberation and scams
- Sets out the government's intention to introduce a "qualifying pensions dashboard service"
- Sets out requirements for pension scheme trustees to assess, manage and report on climate related risks in line with the recommendations of the task force on climate related financial disclosures.
- Introduction of leglislation allowing new Collective Money Purchase schemes to be set up and providing an authorisation and supervision framework.

5.2 Money and Pensions Service - Pensions dashboard update

On 8 April 2020, the Money and Pensions Service (MaPS) published Pensions Dashboard Programme (PDP) – Progress Update Report. The MaPs also published two further papers in April 2020, the Pensions Dashboards Data Definitions - Working Paper and the Pensions Dashboards Data Scope - Working Paper.

On 6 July 2020 a call for input was published on data standards required for pension dashboards.

On 28 October 2020 the PDP published its second progress report which sets out a time line for the development of dashboards. The next stage of the process is to build technology which will enable the public to view all their pensions via their chosen dashboard.

On 15 December 2020 the PDP published its data standards usage guide, which provides the basis for data interpability across the dashboards ecosystem. Following on from this PDP issued a call for input from data providers on digital indenties. The call for input closes on 19 March 2021.

5.3 Government confirms intention to increase minimum pension age

In an answer to a parliamentary question on 3 September 2020, the Government confirmed that it still plans to increase the minimum pension age from 55 to 57 in 2028 and will legislate in due course.

On 12 February 2021 HM Treasury published an open consultation, which reconfirms the fact that the normal minimum pension age will increase from the age of 55 to 57 by April 2028. The consultation is also requesting views on the proposed protection regime, which will ensure that certain scheme members retain their current rights. This consultation closes on 22 April 2021.

7 Recommendation

It is recommended that the Pension Board note the report.

City of BRADFORD
METROPOLITAN DISTRICT COUNCIL

Report of the Director, West Yorkshire Pension Fund, to the meeting of West Yorkshire Pension Fund Pension Board to be held on 23 March 2021

AD

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.and WYPF Data Improvement Plan.

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 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 2020/21

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 2020/21

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 on-going 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

The outcomes of any 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 and members awareness 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

	Dec 20	March 21	June 21	Sept 21
TPR Score – Common	95.84 %			
TPR score - Conditional	88.83 %			

Breakdown of activities	Dec 20			
Count of Missing, Bad or Temp NI Number	428			
Count of Forename(s) Missing	1			
Count of Bad Date of Birth	6			
Count of Address Missing	10586			
Count of Postcode Missing	136			
Count of Folder Status/ Status History Mismatch	28			
Count of Multi FolderStatHist Entries on Same Day	180			
Count of Missing or Bad Expected Retirement Date	1230			
Count of No Folder Scheme History	25			
Count of Missing Date Joined Employer	1			
Count of Missing Earnings	706			
Count of Invalid Part Time Service Present	2			
Count of Missing CARE Benefit	246			
Count of Missing CARE Revaluation Rate	30			
Count of Invalid Contracted Out Date	29			
Count of Missing Initial Pension (Def)	49			
Count of Invalid Deferred Payment Date	60			
Count of Missing Initial Care Pension (Def)	175			
Count of Missing CARE Initial Pension	42			
Count of start data inconsistency	2610			
Count of invalid transfer in present	592			
Count of no NI Contributions or GMP	7658			
Count of No Date of Leaving	4			
Count of Missing Benefit Crystallisation	4			
Count of Missing Benefit Crystallisation details	6991			
Count of Invalid AVC Data for Member	2			
Count of Missing Current Pension	3977			
Count of Missing Annual Allowance Calculation	1581			
Count of Deferred – No Total Exit GMP	17542			
Count of No Post 88 Exit GMP	8399			
Count of missing marital status	1			
Count of No retirement details	1			

1

Appendix B at November 19

Data Category	**Category**	**Priority**	**Resolution required**	**Responsibility**	**Progress/ Notes**	**Deadline**
Missing Ni Number	Common	Low	Ni number to be identified where possible	Service centre	Ongoing	Ongoing
Bad Date of birth	Common	Medium	Interrogate records	Service Centre		Nov 22
Missing Address	Common	Medium	Actives – Contact employer Deferred and preserved refunds use tracing service	Service Centre	Ongoing	Ongoing
Missing postcode	Common		Actives – Contact employer Deferred and preserved refunds use tracing service	Service Centre	Ongoing	Ongoing
Missing or bad expected retirement date	Common	Medium	ICT to review if bulk update can be completed	ICT		Nov 22
Multifolder status history on the same day	Common	low	Review each record as they may have 2 entries on the same day in error	Service Centre and Pensioners Services		Nov 23
Folder status/ Status history mismatch	Common	Medium,	Review each case as it may be as a result of an change due to monthly postings	Finance		Nov 23

No folder scheme history	Scheme Specific	Medium	Interrogate records	Service centre/Pensioner services		Nov22
No NI contribution or GMP	Scheme Specific	Medium	ICT to review the report as data is on the records	ICT		Nov 22
Missing Benefit Crystallisation record	Scheme Specific	Low	Interrogate records - All Pensioner records	SC5		Nov 23
Missing Benefit crystallisation details	Scheme specific	Medium	ICT to consider bulk update	Ict		Nov 22
Missing date joined employer	Scheme Specific	Low	Majority of cases awaiting leaver / pensioner benefits calculating in the service Centre	Service Centre	Completed	Work dealt with in accordance with KPIs
Missing earnings	Scheme Specific	Low	Interrogate records			Nov 23
Missing marital status	Scheme specific	Low	Interrogate record or default to married	Service Centre		Nov 23
Invalid transfer in present	Scheme Specific	Low	Interrogate records	Service Centre		Nov 23
Invalid AVC Data for member	Scheme Specific	Low	Interrogate records	Service Centre		Nov 23
Invalid part time service present	Scheme Specific	Low	Interrogate record	Service Centre		Nov 23

Missing CARE benefits	Scheme Specific	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	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	Low	Interrogate records	Service Centre		Nov 23
Missing Current Pension	Scheme Specific	medium	ICT to refine report	ICT		Nov 22
Missing Initial Pension (def)	Scheme Specific	High	As per KN – Historic cases which are updated on an annual basis via a report. KN to review	Service Centre		Nov 21
Invalid deferred payment date	Scheme Specific	Low	Team early leaver to investigate	Service Centre		Nov 23
Missing Initial CARE pension (def)	Scheme specific	Low	Team early leavers to investigate ICT may need to amend report to not include cases where member joined right at the end of the year and no care benefits	Service Centre ICT		Nov 23
No date of leaving	Scheme specific	Low	Interrogate record	Pensioner services		Nov 23
Missing CARE Initial Pension	Scheme Specific	Low	Interrogate records	Pensioner services		Nov 23
Missing SPA date (def)	Scheme Specific	Low	Interrogate record	Service Centre	Completed	Nov 23

Missing Annual Allowance Calculation	Scheme Specific	Low	ICT to consider if bulk update can be done	ICT		Nov 23
Start date inconsistent	Scheme Specific	Low	ICT to consider if bulk update can be done	ICT		Nov 23
Deferred – No total Exit GMP	Scheme Specific	Low	ICT to review report	ICT		Nov 23
No post 88 Exit GMP	Scheme Specific	Low	ICT to review report	ICT		Nov 23

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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City of BRADFORD METROPOLITAN DISTRICT COUNCIL

Report of the Director, West Yorkshire Pension Fund to the meeting of West Yorkshire Pension Fund Pension Board to be held on 23 March 2021.

AE

Subject:

Pensions Administration

Summary statement:

This report gives an update on West Yorkshire Pension Fund's (WYPF) pensions administration activities over the last six months.

Recommendation:

That the report be noted.

Mr Rodney Barton
Director

Portfolio:

Report Contact: Yunus Gajra
Head of Governance and Business Development
Phone: (01274) 432343
E-mail: Yunus.gajra@bradford.gov.uk

Overview & Scrutiny Area:

1.0 Background

1.1 As well as providing pensions administration for WYPF scheme members, WYPF provides 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 includes 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.

2.0 Performance and Benchmarking

2.1 The table below shows the performance against key areas of work for the period 1 July 20 to 31 December 20.

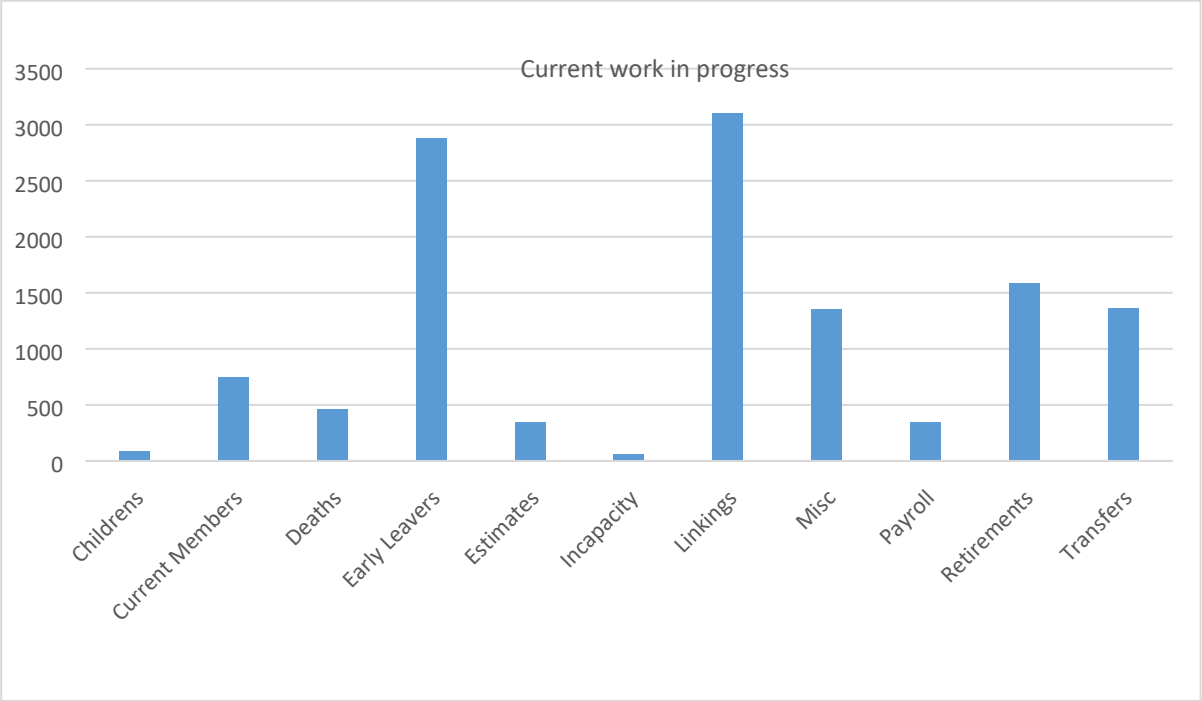
KPI's for the Period 1.7.20 to 31.12.20					
WORKTYPE	TOTAL CASES	TARGET DAYS FOR EACH CASE	TARGET MET CASES	MINIUM TARGET PERCENT	TARGET MET PERCENT
Transfer In Quote	519	35	519	85	100
Transfer In Actual	336	35	321	85	95.54
Divorce Settlement Pension Sharing order Implemented	11	80	11	100	100
Deferred Benefits Set Up on Leaving	4968	10	4757	85	95.75
Refund Quote	1946	35	1926	85	98.97
Refund Actual	1279	10	1261	95	98.59
Transfer Out Payment	140	35	127	85	90.71
Pension Estimate	3817	10	3659	75	95.86
Retirement Actual	2067	3	1878	90	90.86
Deferred Benefits Into Payment Actual	3011	5	2895	90	96.15
AVC In-house (General)	522	10	511	85	97.89
Deferred Benefits Into Payment Quote	3547	35	3461	85	97.58
Transfer Out Quote	986	20	708	85	71.81
Monthly Posting	4376	10	4254	95	97.21
Set Up New Spouse Pension	632	5	522	85	82.59
Divorce Quote	359	20	310	85	86.35
Change of Address	2559	5	2399	85	93.75
Change of Bank Details	815	Next Pension	815	85	100
General Payroll Changes	1003	Next Pension	1003	85	100
Age 55 Increase to Pension	5	Next Pension	5	85	100
NI adjustment to Pension at State Pension Age	92	Next Pension	92	85	100
WORKTYPE	TOTAL	TARGET DAYS	TARGET	MINIUM	TARGET

	CASES	FOR EACH CASE	MET CASES	TARGET PERCENT	MET PERCENT
Enquiry	61	5	59	85	96.72
DWP request for Information	67	10	59	85	88.06
Life Certificate Received	98	10	87	85	88.78
Death Grant Nomination Form Received	7538	20	7518	85	99.73
Spouse Potential	93	20	88	85	94.62
Death Grant to Set Up	389	5	363	85	93.32
Initial letter Death in Retirement	1655	5	1596	85	96.44
Death In Retirement	1655	5	1535	85	92.75
Initial Letter Death in Service	50	5	48	85	96
Death In Service	50	5	46	85	92
Initial letter Death on Deferred	82	5	70	85	85.37
Death on Deferred	82	5	76	85	92.68
Test Comms	1	10	1	85	100
Estimates for Deferred Benefits into Payment	54	10	41	90	75.93
Update Member Details	6688	20	6666	100	99.67
Pension Saving Statement	29	20	29	100	100
Payment of Spouses _Child Benefits	632	10	583	90	92.25

Reasons for underperforming KPI's:

Worktype	**Reason**
Transfer out quote	Extra checks undertaken as a result of TPR guidance in relation to pension scams. The process will be updated to reflect the requirements.
Set up new Spouse pension	Locating pensioners mainly from lost contact cases.
Estimates for Deferred Benefits into Payment	Prioritised in date order of benefits due

2.2 Work in progress



The above graph shows the total volume of work in progress categorized into work groups. Work volumes will fluctuate depending on how much work comes in and how much work is completed. Some of the larger volume work cover:

Current Member – changes to member records, changes to AVC's, queries from monthly postings

Early Leavers – calculation of refunds, calculation of deferred benefits, contribution postings queries

Linkings – multiple employments where member can link those employments

Misc – All other types of work i.e. phones calls to return, general enquiries.

Retirements - Retirement quotes and actuals, deferred benefits into payment (quote and actual)

Transfers – Transfers in and out (quote and actual), AVC transfers, Divorce

3.0 Scheme Information

3.1 Membership for all schemes administered as at January 21 was 465,047. A full breakdown between the different Funds and Schemes is shown at Appendix 1.

3.2 Number of Employers in the West Yorkshire Pension Fund

	Actives	**Ceased**	**Total**
Scheduled bodies	288	13	301
Admitted bodies	163	7	170
Total	**451**	**20**	**471**

4.0 Praise and Complaints

4.1 As part of our commitment to improving our services we carry out a random survey of customers who have been in contact with us regarding their pension benefits. We also have an online survey which any member can complete at any time. An analysis of the responses received for the quarter July to September is shown:

Appendix 2 - WYPF

4.2 Employer Training

Training has now moved to online with WYPF setting up a number of webinars to be delivered every Tuesday. Topics covered were:

- Overview of the LGPS,
- Using the employer portal,
- Understanding final pay,
- Understanding CPP,
- Understanding APP,
- The ill health process, Final Pay – The deep dive,
- Understanding employer costs,
- managing absence in the LGPS,
- Understanding pay protection in the LGPS and APCs.

The sessions finished on 24 November and in total over that period we ran 46 live employer training webcasts.

New webcasts are currently being worked on to run from next month.

5.0 Internal Disputes Resolution Procedures

5.1 All occupational pension schemes are required to operate an IDRP. The LGPS has a 2-stage procedure. Stage 1 appeals, which relate to employer decisions or actions, are considered by a person specified by each employer to review decisions (the 'Adjudicator'). Stage 1 appeals relating to appeals against administering authority decisions or actions are considered the Director of WYPF. Stage 2 appeals are considered by the Chief Executive of the City of Bradford MDC.

A summary of the IDRP decisions for the period 1.7.20 to 31.12.20 is shown below:

	Number of Determinations	Outcomes	Type
STAGE 1	10		
		10 Turned down	4 Distribution of death grant 1 Recovery of overpaid child's pension 1 Incorrect deferred benefit statement 1 Not entitled to cohabiting partner's pension 1 Amounts of pension and death benefits paid 1 Wrongly permitted a transfer out. 1 Requirement for death grant to be paid into trustee accounts (minors).
STAGE 2	8		
AGAINST EMPLOYER	3	1 Turned down	1 Tier of ill health pension benefits awarded
		2 Referred back to employer to reconsider	1 Tier of ill health pension benefits awarded 1 Not awarded early payment of deferred benefits
AGAINST WYPF	5	5 Partly upheld (Awarded payments due to maladministration)	2 Tax charges incurred due to treatment of reduction in pay protection. 2 Incorrect deferred benefit statements 1 Incorrect linking of previous membership quote.

6.0 Administration Update

6.1 Remote Working

The arrangements for staff working remotely are working well with staff being able to do their normal work without any major issues. In line with Government advice, the arrangements are set to continue for the foreseeable future.

6.2 TPR 2019/20 Scheme return

The annual TPR scheme return has been submitted before the deadline of 15th December.

6.3 ISO 9001:2015

The 3 yearly recertification audit for WYPF's Quality Management System has recently been undertaken. The audit was successful with no non conformities identified. This means that we have been re-accredited for the next 3 years. We will still have an annual quality surveillance.

6.4 Deferred Benefit Statements (DBS)

The number of Deferred Benefit Statements produced for WYPF members by 31 August was 83,511, which represents 99.9% of members eligible to receive one.

6.5 Annual Benefit Statements (ABS)
The number of Annual Benefit Statements produced for WYPF members by 31 August was 90,895, which represents 99.7% of members eligible to receive one.

6.6 Security Breaches
During this period two Security Breaches were logged which were reported to the Council's Data Protection Officer. These were all deemed to be isolated incidents due to human error and were not reported to the ICO.

6.7 Data Scores
Pension schemes are required by the TPR to report their common and scheme specific data scores in the annual scheme returns in November.

6.8 The current Data Scores for WYPF are:

Common	95.84%
Scheme Specific	88.83%

6.9 A data Improvement Plan is in place which 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.

6.10 Audits undertaken by Bradford Councils Internal Audit:

a) Transfers Out

It is audit's opinion that the standard of control of identified risks in the system is **excellent.**

The audit review has determined that the identified risks are being effectively managed. The control environment is as expected and supports the achievement of key business objectives.

b) Pensioner Payroll

It is audit's opinion that the standard of control of identified risks in the system is **excellent.**

The audit review has determined that the identified risks are being effectively managed. The control environment is as expected and supports the achievement of key business objectives.

7.0 Staffing

7.1 WYPF headcount is 152 Full time equivalent staff with an average age of 47.4, compared to the Council's average age of 46.8 (see Appendix 3).

7.2 For the year ending 1 April 2020 the average number of days absence due to sickness is 6.05 per staff member. This compares with the Council average of 12.96 days (see Appendix 4).

7.3 There was one new starter during the last 12 months (see Appendix 5)

7.4 There were 8 leavers during the last 12 months, 5 of which were due to retirement (see Appendix 6).

7.5 Work has started on recruiting to a number of vacancies and new posts resulting from the recent restructure which has now been implemented.

8.0 Member Portal

8.1 Web Registrations

The number of members registered for online member web are:

Membership Type	Number	Percentage
Active	16,455	16.44%
Deferred	10,294	11.94%
Pensioner	17,013	17.31%

9.0 Conclusion

WYPF continue to provide a high level efficient cost effective service to members and Employers within the Fund.

Appendices

These are listed below and attached at the back of the report	
Appendix 1	Membership Numbers
Appendix 2	Customer Feedback - WYPF
Appendix 3	Workforce Headcount
Appendix 4	Absence Performance
Appendix 5	New Starters
Appendix 6	Leavers

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Membership Numbers

SCHEME NAME	ACTIVES	DEFS	PENS	BENS	PRESERVED REFUND	LEAVERS OPTIONS PENDING	Total
Councillors	0	92	144	14	0	0	250
Gratuity Payments	0	0	14	1	0	0	15
West Yorkshire Pension Fund	100147	86249	87092	11177	11572	1757	297994
Teachers Compensation	0	0	1212	257	0	0	1469
West Yorkshire Fire (1992 Scheme)	44	95	2054	318	0	1	2512
West Yorkshire Fire (2006 Scheme)	2	91	8	4	2	1	108
West Yorkshire Fire (2006/RDS Scheme)	14	16	35	0	0	0	65
West Yorkshire Fire (2015 Scheme)	907	102	3	1	0	2	1015
West Yorkshire Fire (2015/RDS Scheme)	12	0	0	0	0	0	12
South Yorkshire Fire (1992 Scheme)	37	47	1120	185	9	0	1398
South Yorkshire Fire (2006 Scheme)	0	34	2	1	1	0	38
South Yorkshire Fire (2006/RDS Scheme)	4	2	11	0	0	0	17
South Yorkshire Fire (2015 Scheme)	549	64	3	1	0	2	619
South Yorkshire Fire (2015/RDS Scheme)	3	1	0	0	0	0	4
North Yorkshire Fire (1992 Scheme)	31	28	445	81	0	0	585
North Yorkshire Fire (2006 Scheme)	7	147	19	1	0	0	174
North Yorkshire Fire (2006/RDS Scheme)	13	27	52	2	0	0	94
North Yorkshire Fire (2015 Scheme)	540	196	11	3	0	1	751
North Yorkshire Fire (2015/RDS Scheme)	28	2	0	0	0	0	30
Humberside Fire (1992 Scheme)	38	45	832	143	0	0	1058
Humberside Fire (2006 Scheme)	6	111	11	6	2	0	136
Humberside Fire (2006/RDS Scheme)	29	8	67	0	0	0	104
Humberside Fire (2015 Scheme)	601	114	7	0	0	2	724
Humberside Fire (2015/RDS Scheme)	27	1	0	0	0	1	29
Lincolnshire Councillors	0	32	47	3	0	0	82
Lincolnshire LGPS	22789	26306	21898	2426	2561	649	76629
Lincolnshire Fire (1992 Scheme)	17	21	241	51	1	0	331
Lincolnshire Fire (2006 Scheme)	16	325	25	6	21	1	394
Lincolnshire Fire (2006/RDS Scheme)	14	11	39	0	0	0	64

Lincolnshire Fire (2015 Scheme)	519	274	3	1	3	24	824
Lincolnshire Fire (2015/RDS Scheme)	13	0	0	0	0	0	13
Royal Berks Fire (2015/RDS Scheme)	6	1	0	0	0	0	7
Royal Berks Fire (1992 Scheme)	17	61	415	53	1	2	549
Royal Berks Fire (2006 Scheme)	1	62	10	0	0	0	73
Royal Berks Fire (2006/RDS Scheme)	2	10	27	2	0	0	41
Royal Berks Fire (2015 Scheme)	381	85	1	0	0	0	467
Bucks and MK Fire (1992 Scheme)	21	38	361	71	2	0	493
Bucks and MK Fire (2006 Scheme)	2	161	16	11	2	0	192
Bucks and MK Fire (2006/RDS Scheme)	1	15	21	0	0	0	37
Bucks and MK Fire (2015 Scheme)	328	138	7	0	1	7	481
Bucks and MK Fire (2015/RDS Scheme)	2	0	0	0	0	1	3
Devon and Somerset Fire (1992 Scheme)	55	59	921	158	1	0	1194
Devon and Somerset Fire (2006 Scheme)	27	417	215	13	9	2	683
Devon and Somerset Fire (2006/RDS Scheme)	41	82	92	3	0	0	218
Devon and Somerset Fire (2015 Scheme)	1403	477	18	12	4	8	1922
Devon and Somerset Fire (2015/RDS Scheme)	45	4	1	0	0	4	54
Dorset and Wiltshire Fire (1992 Scheme)	39	61	658	91	3	0	852
Dorset and Wiltshire Fire (2006 Scheme)	12	272	29	13	3	11	340
Dorset and Wiltshire Fire (2006/RDS Scheme)	52	51	132	0	0	1	236
Dorset and Wiltshire Fire (2015 Scheme)	798	259	11	0	0	52	1120
Dorset and Wiltshire Fire (2015/RDS Scheme)	56	3	0	0	0	0	59
Unknown Modified Scheme	0	0	2	0	0	0	2
Tyne and Wear Fire (1992 Scheme)	47	72	1229	190	0	0	1538
Tyne and Wear Fire (2006 Scheme)	4	25	3	0	0	0	32
Tyne and Wear Fire (2006/RDS Scheme)	1	0	1	0	0	0	2
Tyne and Wear Fire (2015 Scheme)	486	22	0	0	0	6	514
Northumberland Fire (1992 Scheme)	13	18	280	51	0	0	362
Northumberland Fire (2006 Scheme)	7	87	8	4	3	0	109
Northumberland Fire (2006/RDS Scheme)	6	13	31	1	0	0	51
Northumberland Fire (2015 Scheme)	218	92	1	0	0	5	316
Northumberland Fire (2015/RDS Scheme)	3	3	2	0	0	0	8
Norfolk Fire (1992 Scheme)	22	46	383	75	0	0	526

Norfolk Fire (2006 Scheme)	11	106	15	12	0	0	144
Norfolk Fire (2006/RDS Scheme)	8	8	64	0	0	0	80
Norfolk Fire (2015 Scheme)	600	140	7	5	1	17	770
Norfolk Fire (2015/RDS Scheme)	14	0	0	0	0	0	14
Staffordshire Fire (1992 Scheme)	20	27	562	109	0	0	718
Staffordshire Fire (2006 Scheme)	11	315	21	5	0	2	354
Staffordshire Fire (2006/RDS Scheme)	16	37	80	0	0	0	133
Staffordshire Fire (2015 Scheme)	506	263	8	4	0	3	784
Staffordshire Fire (2015/RDS Scheme)	21	3	0	0	0	0	24
LB Hounslow LGPS	6460	7737	6500	845	1360	348	23250
LB Hounslow Teachers Compensation	0	0	153	40	0	0	193
Hereford and Worcester (1992 Scheme)	17	39	389	62	0	0	507
Hereford and Worcester (2006 Scheme)	16	128	25	6	0	0	175
Hereford and Worcester (2006/RDS Scheme)	18	11	38	0	0	0	67
Hereford and Worcester (2015 Scheme)	511	168	7	0	0	13	699
Hereford and Worcester (2015/RDS Scheme)	11	2	0	0	0	1	14
Durham and Darlington (1992 Scheme)	14	30	486	90	0	0	620
Durham and Darlington (2006 Scheme)	3	74	11	0	0	0	88
Durham and Darlington (2006/RDS Scheme)	7	10	25	0	0	0	42
Durham and Darlington (2015 Scheme)	419	113	4	0	0	0	536
Durham and Darlington (2015/RDS Scheme)	6	2	0	0	0	0	8
East Sussex (1992 Scheme)	30	62	503	98	1	0	694
East Sussex (2006 Scheme)	11	128	2	5	3	0	149
East Sussex (2006/RDS Scheme)	1	17	43	0	0	0	61
East Sussex (2015 Scheme)	502	157	3	0	0	4	666
East Sussex (2015/RDS Scheme)	10	4	0	0	0	0	14
LB Barnet Councillors	0	14	16	1	0	0	31
LB Barnet LGPS	9362	10195	7122	943	967	208	28797
LB Barnet Teachers Compensation	0	0	343	29	0	0	372
Derbyshire (1992 Scheme)	17	34	602	94	0	0	747
Derbyshire (2006 Scheme)	5	165	0	10	5	0	185
Derbyshire (2015 Scheme)	579	166	7	0	8	2	762
Leicestershire (1992 Scheme)	37	37	532	80	2	0	688

Leicestershire (2006 Scheme)	6	167	2	4	10	0	189
Leicestershire (2015 Scheme)	469	116	9	0	1	4	599
Nottinghamshire (1992 Scheme)	39	42	711	111	1	0	904
Nottinghamshire (2006 Scheme)	8	202	0	9	6	0	225
Nottinghamshire (2015 Scheme)	566	148	11	0	0	0	725
							465047

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Customer Survey Results – WYPF Members
(1st July to 30th September 2020)

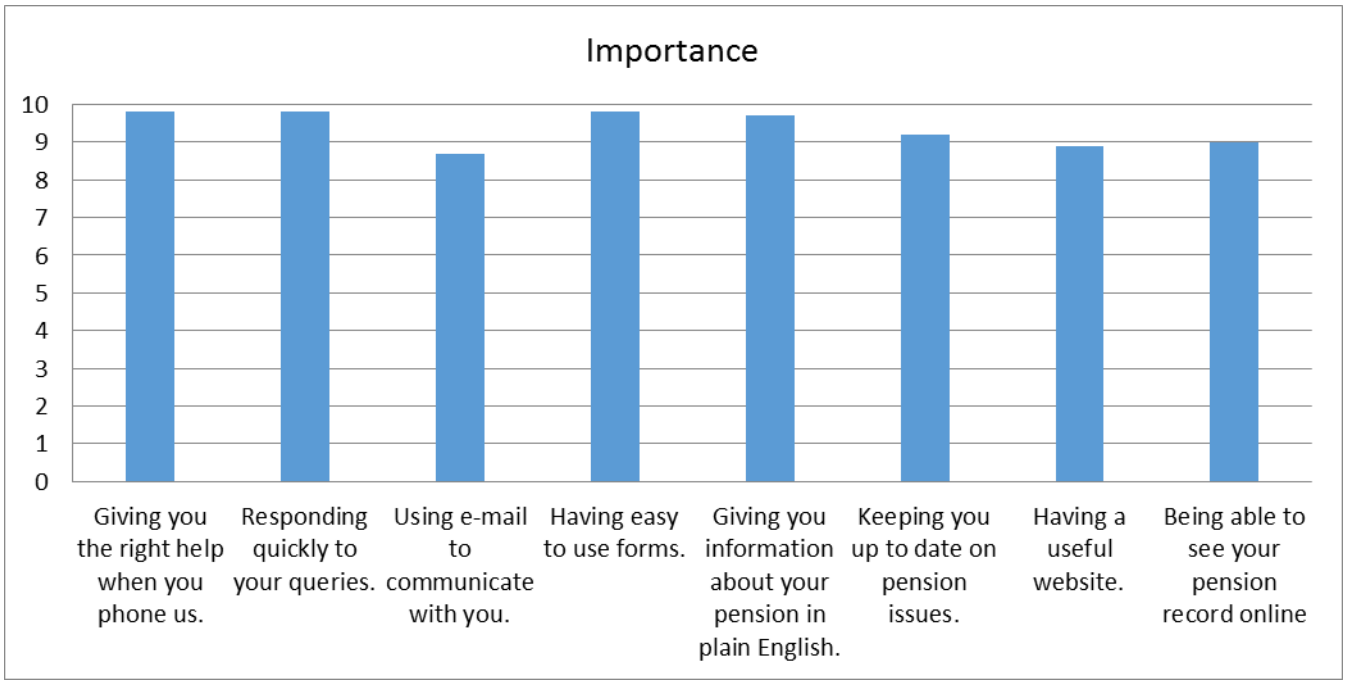
Over the quarter July to September, we received **0** online customer responses.

Over the quarter July to September **420** sample survey letters were sent out and **99 (23.6%)** returned:

Overall Customer Satisfaction Score:

July to September 2019	October to December 2019	January to March 2020	April to June 2020	July to September 2020
87.1%	89.5%	90.8%	93.2%	84.6%

The charts below give a picture of the customers overall views about our services;



Sample of positive comments:

Member Name /Number	Comments
Email	Good morning, I was contacted by xx last week to organise my mother in laws pensions. She was extremely professionally and was able to assist me to deal with the claim promptly while maintaining confidentiality. Due to her actions I was able to complete the forms with my mother in law and email them in so the claim could be processed with minimal stress to myself. I am very grateful xx called me.
1165085	I can sum up in a word excellent. Had a log in issue, spoke to xx on telephone who looked on issue and sorted problem. Thanks to xx.
345454	Service was great. Specially like to thank xx for all her help and support.
395979	Dealt very professionally after dealing with xx. The service I received from you was very good. Very well organised and paid in my account very quickly.
1047826	Excellent service helpful and friendly staff. I have always received an excellent service from WYPF. I considered myself very lucky to be a part of this.

Complaints/Suggestions:

Member Number	Comments	Summary of Acknowledgement Letter Sent to Member
1045940	Hard to use, needs to be more digital. Trying to close account for years, process really hard. Eventually got some progress, this time but had to do with paper forms (not pre paid so had to go to post office when I am isolating). Also tried to do online and the form failed.	The delay in paying the refund was due to the late leavers notification. We are unable to send prepaid envelopes currently due to contingency arrangements as a result of covid-19 (letters/forms are sent electronically direct to the printers with no option to add envelopes).

Council Workforce

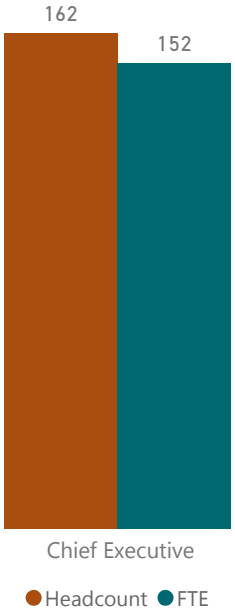
4 January 2021

Select a Department or Service to filter the information shown

Dept: Chief Executive

Service: West Yorkshire Pension Fund

Council Headcount & True FTE

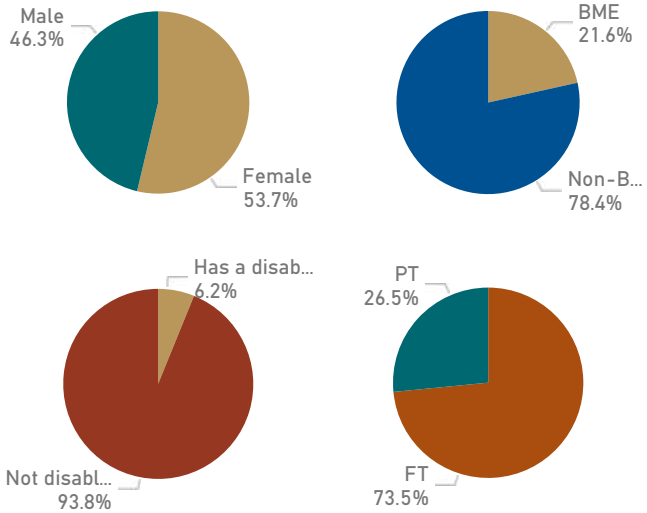


160
Established Employees

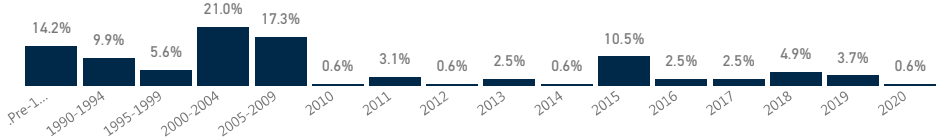
2
Temporary Employees

15
Casual Workers

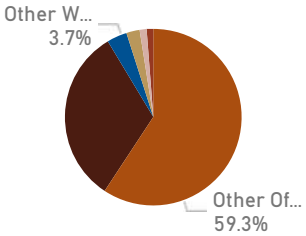
Protected Characteristics



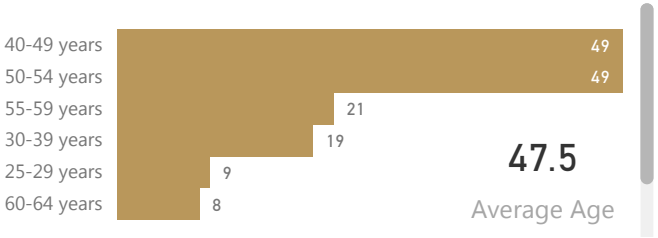
Current Employee Start Year



Job Types



Age Bands



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Absence Performance

Council staff in 12 month period to 1 April 2020

Select a Department or Category to filter the information shown:

Department: West Yorkshire Pension F...

Sickness Category: All

Department BV12 Sickness Outturns	2017	2018	2019	2020
Chief Exec's & Office of the Chief Exec	4.60	7.71	5.36	4.87
Children's Services	13.72	13.62	14.03	14.98
Corporate Resources	10.02	10.65	10.32	11.35
Health & Wellbeing	14.74	14.68	15.60	13.37
Place	11.22	13.01	14.06	13.58
West Yorkshire Pension Fund	9.27	6.79	6.14	6.05
Council Total (excluding Schools)	11.85	12.57	13.00	12.96

Total Sickness 2019/20

957

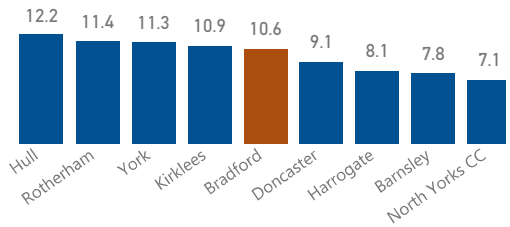
Total FTE Days Lost

Total Sickness 2019/20

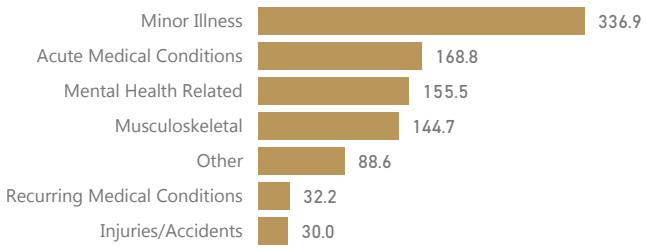
£119.6K

Total Sick Pay Cost

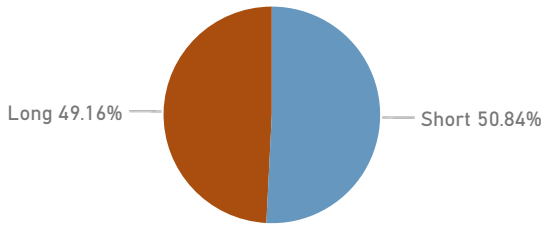
BV12 Local Authority Comparison 2018/1 (incl schools)



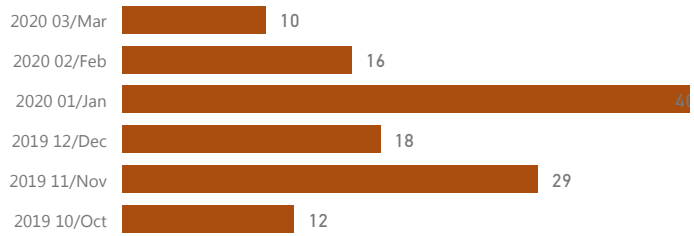
Sickness Category (FTE days) 2019/20



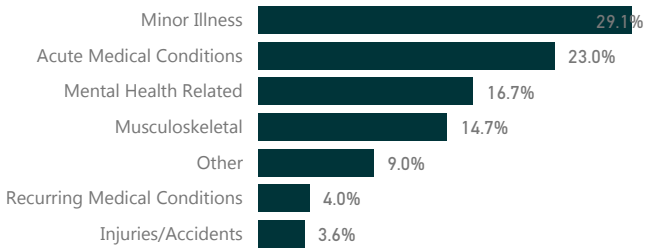
FTE Days by Term 2019/20



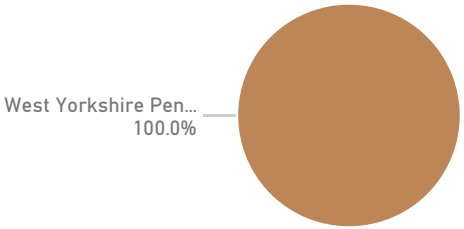
Sickness Spells Commenced per Month



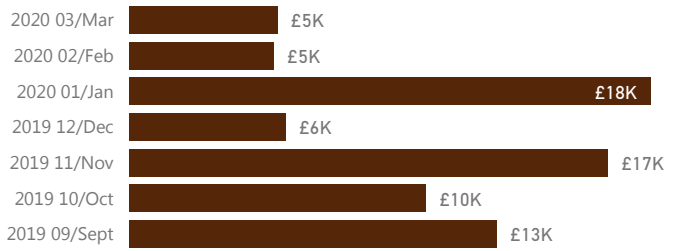
Sick Pay by Category (£) 2019/20



Sick Pay Costs Split 2019/20



Sick Pay Cost by Month Commenced (£)



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Starters

4 January 20...

Start Date

01/01/2020 31/12/2020

Select a Department or Service to filter the information shown

Dept: Chief Executive

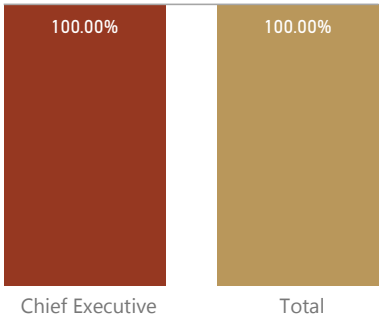
Service: West Yorkshire Pension Fund

Select an Employee type to filter the information shown (press CTRL key to make multiple selections from a single dropdown)

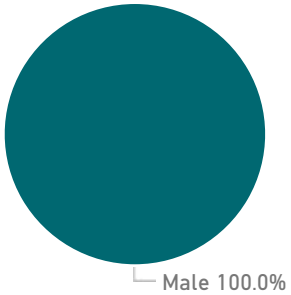
Age Band	BME	Disability	Employee Group	Gender	Payscale
All	All	All	All	All	All

Number of Starters

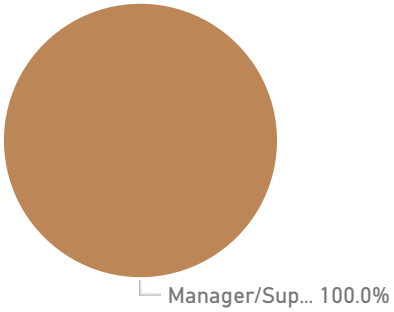
Percentage of Starters



Starter Gender



Starter Job Types



Starter Pay Band

Starters Over Time

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Leavers

4 January 2...

Leaving Date

01/01/2020 31/12/2020

Select a Department or Service to filter the information shown

Dept: Chief Executive

Service: West Yorkshire Pension Fund

Select an Employee type to filter the information shown (press CTRL key for multiple selections from a single dropdown)

Age Band: All

BME: All

Disability: All

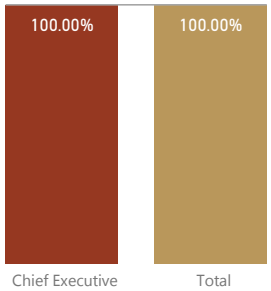
Employee Group: All

Gender: All

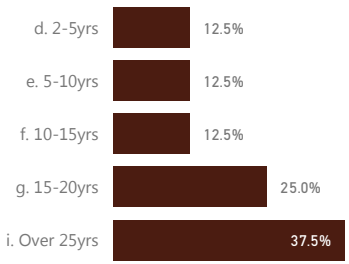
Payscale: All

Number of Leavers

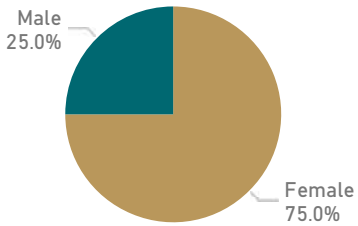
Percentage of Leavers



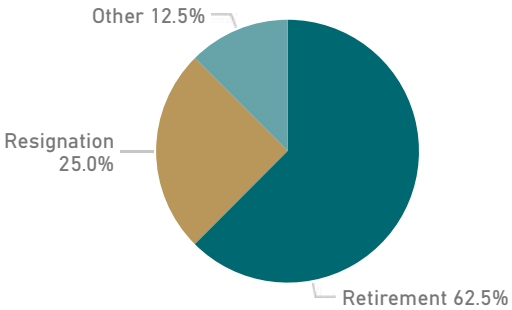
Leaver Length of Service



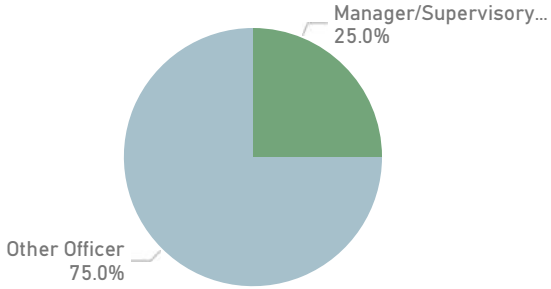
Leaver Gender



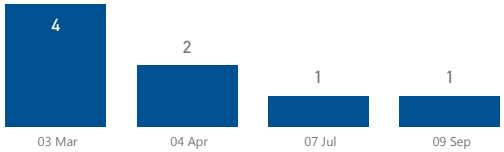
Leaving Reasons



Leaver Job Types



Leavers Over Time



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City of BRADFORD METROPOLITAN DISTRICT COUNCIL

Report of the Director, West Yorkshire Pension Fund to the meeting of West Yorkshire Pension Fund Pension Board to be held on 23 March 2021.

AF

Subject: Risk Register

Summary statement:

The report identifies the risks associated with the overall management of the Pension Funds administered by WYPF and plot those risks on a risk register and put steps in place to mitigate those risks.

RECOMMENDATIONS

That the Pensions Board note the risk management report

Rodney Barton
Director WYPF

Portfolio:

Report Contact: Yunus Gajra
Head of Governance and Business Development
Phone: (01274) 432343
E-mail: yunus.gajra@bradford.gov.uk

Overview & Scrutiny Area:

1. SUMMARY

WYPF has 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.

2. BACKGROUND

2.1 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 effects 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.

2.2 The attached report sets out 45 risks associated with the operation of the WYPF, under the headings of Economic, Political, Technological, Legislative/Regulatory, Managerial/Professional, Finance, Physical, Competitive, Customer/Citizen, Social and Partnership/Contractual.

The structure of the attached report is as follows:

2.2.1 Categorisation of Risks	Pages 4 to 10
2.2.2 The 23 most important risks requiring continuing scrutiny	Pages 11 to 20
2.2.3 The future review and revision of risks	Page 21
2.2.3 The full list of identified active risks (inc. 20 in 2.2.2 above)	Pages 22 to 35

2.3 Included in the risk management report are details of the required management action/control needed to address each of the 23 most important risk identified.

2.4 Risk in overall terms will be regularly monitored to ensure the report is up to-date and relevant in identifying risks in respect of both the current and future operational practices of the WYPF.

3. RECOMMENDATIONS

That the Pensions Board note the risk management report

4. APPENDICES

Appendix 1 – Risk Management Report

WYPF Departmental Risk Management and Opportunities Report

Introduction

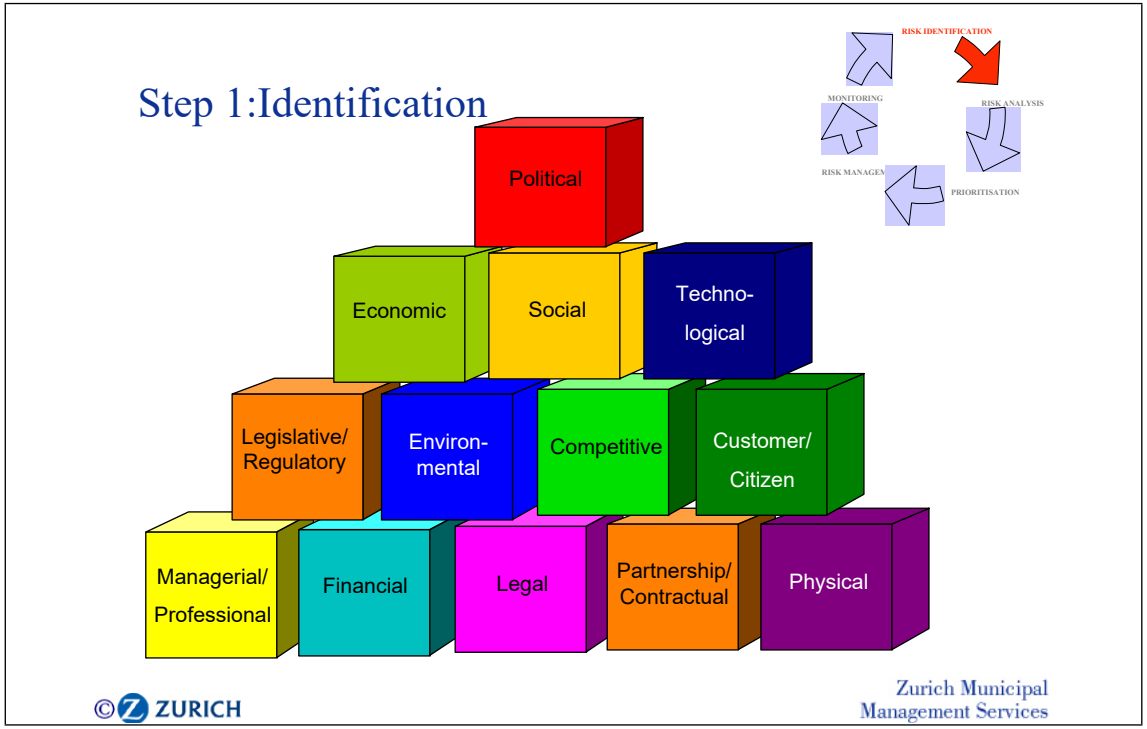
WYPF's Risk Management Plan establishes the process for implementing proactive risk management as part of the overall management of the pension fund. The purpose of risk management is to identify potential problems before they occur, so that risk handling activities may be planned and invoked as needed 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
64	LGPS regulation changes as a result of McCloud ruling

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

Financial

Scenario	Short name
24	Finance aren't always involved in other sections' decision making processes
31(a) 31(b) 31(c)	External fraud – Life Certificates External fraud – Returned payments/payslips 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
65	Loss of shared service contracts

Physical

Scenario	Short name

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 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
64	LGPS regulation changes as a result of McCloud ruling
65	Loss of shared service contracts

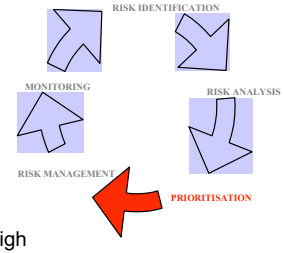
To determine the section's appetite to risk, each of the squares on the matrix are considered to decide if WYPF are prepared to live with a risk in that box or if it needs to be actively managed. This set a theoretical tolerance line. Those risks above the line requiring further scrutiny and those below 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, 46 risks have been identified and framed into scenarios. The risks identified have been rated, 23 of these above their acceptable tolerance level, 23 below the tolerance line. The results are shown on the following risk profile.

WYPF Risk profile – January 2021

Likelihood	IV	III	II	I
A				
B		9, 19,	55	
C		1, 24,	2, 4, 6, 12, 13, 21, 22, 41,45, 64,65	
D		7, 8, 17, 31(c), 40, 42, 46, 50,61	10, 31(b), 43, 44, 48,,49, 60,62	53, 57, 63
E	27	15,	3, 5,, 16, 31(a), 36, 47, 51	
F			35	

Impact →



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	If the Fund is in deficit employer contributions could increase which could leasd to employers defaulting on their liabilities. Triennial Valuation undertaken on the Fund using a range of financial assumptions as agreed with the Fund Actuary. If the financial assumptions are not borne out in practice, because of a range of reasons not least : • Falls in expected investment returns • Fall in markets values • Rising inflation • members living longer the funding position of the fund could deteriorate	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 Due to potentially decreasing payroll deficit amounts are set as -monetary amounts at the valuation Recovery period for deficit amounts assessed at each valuation to eliminate deficit within 22 years Monitoring of closed employers Quarterly funding updates provided by Funds Actuary	Deteriorating funding positions could results in an increased employers deficit contributions to eliminate deficit Growth is built into the medium financial plan, stepped increases for low to medium risk employers as per the FSS	Director WYPF JAG	Funding position to remain within 90 to 110%	triennial	Every three years - 31 March 2022	

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 as detailed in the Funds Communication Policy. Introduction of Auto Enrolment has increased 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	• Fund continues to show as positive cashflow • The ISS is regularly reviewed to ensure its consistent with maturity profile of the Fund	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
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: • 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

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
12	C2	Too much information is supplied by employers on paper medium.	Enhancements to UPM2 are continuing. Monthly Returns expanded to increase the information supplied electronically	Develop employers web site	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 communicati on.
13	C2	Disaster recovery	Disaster recovery plan in place with Bradford Council for pensions and investments systems (refer to Business Continuity Plan).	Staff enabled to work from home with access to all systems.	Yunus Gajra	Full disaster recovery plan in place which enables business as usual	Annual	Ongoing	
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 Restructure of WYPF to be completed by September 2020	Man Rev	Motivated and responsive staff Minimal staff turn over No breaches of time limits or maladministratio n issues	6 monthly	Ongoing	Carry out a periodical review of salaries and grades.

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
31(b)	D2	External Fraud	Generally adequate but any future opportunities will be investigated 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. Accurate Data engaged to support the work to find addresses of lost contact DB s	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 –.

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. Communication strategy reviewed each year	Yunus Gajra JAG	Reduction in complaints Reduction in IDRP 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 3rd 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		

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
64	C2	Not enough resources to deal with Compliance with the McCloud ruling	Identify members potentially impacted by the ruling and: 1) engage with Civica for calculations to be amended 2) amend in house processes and work instructions 3) recalculate DB's, retirements, transfers out, aggregations, trivial commutations and death benefits since 1 April 2014.	Respond to McCloud consultation to ensure enough notice to changes if given Analyse membership to identify those affected Planning of resources to address additional work in the Service Centre	Technical and Development Manager WYPF IT Service Centre Manager	Identifying members in scope. Civica calculations updated Recalculating pension benefits and payment of any arrears or balances to members/beneficiaries/3rd parties..	On-going	Oct 20 and then when regs issued. (1 April 2022)	

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
65	C2	Loss of shared service contracts	Contract requirements are fulfilled	Maintain a healthy working relationship with each client by: • Having regular client meetings • Providing monthly client reports • Involve clients in major decisions • Managing admin costs efficiently • Meet KPI's and other contractual obligations • Ensure value for money for clients and WYPF	Yunus Gajra	Contracts are renewed	On-going	Contract end dates	Bid for new contracts to replace any that we might lose

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	• 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)	• 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)	Understanding of issues at high officer and Member level. Clear risk, return and contribution objectives Consistent FSS and ISS documents in place The purpose of the FSS is : to establish a clear and transparent fund-specific strategy which will identify how employers' pension liabilities 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.	Un-coordinated operation caused by lack of understanding	• 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	• 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	• 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	• 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	• 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	Possible regionalisation of pension funds Could be asked to compete against other LG Funds or the private sector	Becomes Government policy	• 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	• 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.	• 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	• 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-	Minor incident occurs	• Can't back up the data

No	Rating	Cluster	Short name	Vulnerability	Trigger	Consequence
				mail system and the main council systems and 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	• 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.	• 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	• 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	• 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	• 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	• 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	• 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	• 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	Don't develop PI's within an overall performance framework	• Can't manage performance effectively • Fail to meet explicit objective

No	Rating	Cluster	Short name	Vulnerability	Trigger	Consequence
				every authority is struggling to define PIs. Link with 8		
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	• 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	• 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		• 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	• 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

No	Rating	Cluster	Short name	Vulnerability	Trigger	Consequence
					fund managers (ongoing)	• Changes to assumptions mid stream • 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	• 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	• 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	• 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	• 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	• 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
					by the Fund itself (i.e. all employers)	
47	E2	Technological	Loss of sensitive personal data	Data on laptops/USB devices and data sent by email is encrypted	Loss of data	• 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	• 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	• 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	• 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	• 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	• 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

No	Rating	Cluster	Short name	Vulnerability	Trigger	Consequence
						• Bad publicity • Loss of income
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	• 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	• 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	• 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.	• 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	• Vulnerable to extortion • Damage to WYPF reputation • Impact on service delivery • Bad publicity • Fines by tPR

No	Rating	Cluster	Short name	Vulnerability	Trigger	Consequence
63	D1	Legislative /Regulatory	Compliance with GDPR requirements	Documents and processes are not updated with requirements.	A breach of GDPR	• Massive fines by the ICO • Damage to WYPF reputation • Bad publicity • Loss of contracts
64	C2	Legislative	LGPS regulation changes due to McCloud ruling	Benefits paid to member (or in respect of) are incorrect (underpaid)	Regulation changes	• Large volume of recalculations • Underpayment of pension benefits • Recalculations not done in a timely manner

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City of BRADFORD METROPOLITAN DISTRICT COUNCIL

Report of the Director, West Yorkshire Pension Fund, to the meeting of West Yorkshire Pension Fund Pension Board to be held on 23 March 2021

AG

Subject: Training

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

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

Portfolio:

[Insert where appropriate]

Overview & Scrutiny Area:

[Insert where appropriate]

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 event..

Barnett Waddingham presents training via live interactive webinars for LGPS Committee & Local Pension Board Members and for LGPS Officers on 26 April 2021. Please email Alison Hall if interested alison.hall@wypf.org.uk

Members can also make use of the LGA website where circulars, bulletins and updates are published on a regular basis.

http://www.lgpsregs.org/index.php

Members can also make use of web based training.

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/

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.