

## 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 WYPF's 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 exceeded. 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.**