

## Minutes of a meeting of the West Yorkshire Pension Fund Pension Board held on Tuesday, 22 March 2022 in Aldermanbury House, 4 Godwin St, Bradford BD1 2ST

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Commenced 10.30 am  
Concluded 1.00 pm

### Present – Members of the Committee

Employer Representatives	Member Representatives
Councillor S Lal (Chair) – Bradford Councillor L Malkin - Wakefield	Mr G Nesbitt – GMB Mr C Sykes – Unison Mr A Jones – Unite the Union

Apologies: Mick Binks, Cllr Lisa Martin and Ben Petty

### Councillor Lal in the Chair

#### 29. 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**

#### 30. INSPECTION OF REPORTS AND BACKGROUND PAPERS

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

#### 31. MINUTES OF THE WYPF JOINT ADVISORY GROUP LGPS

Officers stated that the audited report and accounts were submitted late as a consequence of Bradford Council's accounts not being submitted on time.

The budget had been approved with the main point that WYPF continued to be a low cost provider.

Accommodation costs had risen due to investment in buildings and other costs such as fuel for heating etc. Work was underway to 'go green' and achieve further savings.

Officers clarified the recruitment statistics as casual staff had been factored in. Despite the impact of vacancies on delivery to clients, the service continued to be good with KPI's being largely met. A figure of £5.09 million outturn against a budget of £5.41 million budget illustrated a good underspend.

WYPF JAG had been advised of the business plan and the work being done and would be taken to JAG when it was completed.

Officers were asked if new clients were actively sought and advised that new members came as a result of successful tender bids or approaches, particularly from fire brigades. Officers also provided details of meetings and governance arrangements for fire authorities. A suggestion will be made to see if the fire brigade would want a union rep to attend their meetings that were being held remotely.

Officers also advised that a section in the business plan relating to investments would be presented at the September Pension board meeting.

**Resolved –**

**That the minutes of the West Yorkshire Pension Fund Joint Advisory Group on 27 January 2022 be noted.**

**Action: Director, West Yorkshire Pension Fund**

**32. REGISTER OF BREACHES OF LAW**

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

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

- a legal duty relating to the administration of the scheme had not been or was not being complied with, and
- 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 Breaches of Law was therefore maintained in accordance with the Pensions Regulator's requirements and WYPF Breaches procedure.

The register was appended to Document “V” and revealed that breaches entered for 2021/22 related to:

- Delays with Prudential updating members' accounts with contributions, which have also delayed the payment of some retirement benefits. This breach is considered to be of material significance due to the number of

members involved and the continuing and prolonged rectification of this issue. As a result, this issue has been reported to the Pensions Regulator.

- Contributions being paid late by employers and therefore not being received by the fund until after the Pension regulators deadline of the 21<sup>st</sup> day of the following month.
- An outgoing Transfer Value which was paid after the 3 month guarantee date.
- the non-issue of Annual Benefit Statements by the 31 August 2021 for a small number of active members.

Members were advised that the delays with Prudential updating members' accounts had been ongoing for a while and had been reported to The Pensions Regulator.

Late contributions being paid by employers were reducing and demonstrated that measures undertaken by the Fund were having an impact.

The outgoing transfer value issue had been resolved quickly; the member had been kept informed and suffered no detriment.

The none-issue of Annual Benefit Statements by the 31 August deadline was only 0.01% and due to the fund not being informed of changes in address.

**Resolved –**

**That the entries on the Register of Breaches of Law, contained in Document “V”, be noted.**

**Action: Director, West Yorkshire Pension Fund**

### **33. LOCAL GOVERNMENT PENSION SCHEME REGULATIONS UPDATE**

The report of the Director of West Yorkshire Pension Fund (**Document “W”**) was submitted to the Board to provide Members with the updates to the Local Government Pension scheme (LGPS) 2014 and information on associated matters.

Officers provided some further information around the consultation by DLUHC that included changes to the LGPS Local Valuation Cycle and employers required to offer LGPS membership, for which a response was still to be published.

The Section 13 report, published in December provided a good summary of the fund's position with some further recommendations. GAD's recommendations were looking for improvements in consistency as not all actuaries were using the same methodologies etc making comparisons difficult.

In relation to the Dashboard, consultations regarding staging dates were underway but timescales would be tight.

It was noted that there was a review of the state pension retirement age underway.

**Resolved –**

**That the report be noted.**

**Action: Director, West Yorkshire Pension Fund**

#### **34. PENSION BOARD TRAINING**

The report of the Director, West Yorkshire Pension Fund (**Document “X”**) reminded Members that the role of The Pension Board, as defined by sections 5(1) and (2) of the Public Service Pensions Act 2013 was to assist the Council as Scheme Manager in ensuring the effective and efficient governance and administration of the Local Government Pension Scheme (LGPS) including securing compliance with the LGPS regulations and any other legislation relating to the governance and administration of the LGPS; securing compliance with the requirements imposed in relation to the LGPS by the Pensions Regulator; and any other such matters as the LGPS regulations may specify.

To be able to assist the Scheme Manager and meet the requirements of the Public Service Pensions Act 2013, Pension Board Members must be able to demonstrate suitable knowledge and skills of the LGPS to effectively scrutinise the decisions made by officers.

To assist Pension Board Members with their knowledge and skills a training presentation was provided regarding Freedoms & Choice, Scams and Transfers.

The presentation revealed that from April 2015 members of a defined contribution pension scheme could access all their pension pots at age 55. Whilst WYPF was a defined benefit scheme and only 25% could be paid as a cash lump-sum a member could transfer to a defined contribution scheme and then access all their pension pot.

A very detailed presentation explaining the legislation; the pitfalls of the legislation including the potential for members to encounter Deliberate Deprivation Rules preventing them accessing future benefits they may require; the potential to fall victim to fraud and scams and the difficulties for the fund as they were unable to give financial advice when it was known that transferring the funds was to the detriment of the Member.

Amendments to the scheme regulations in November 2021 had increased the risk and responsibilities of Pension Funds and included a requirement to warn members of the risks of scams; monitor and report suspicious activity and conduct due diligence.

Following the presentation a Member queried why any person would wish to transfer their pensions from reputable schemes. In response it was acknowledged that it would be very difficult for any high street provider to meet the standards and performance of the WYPF whose benefits were as guaranteed as any could be and not at the mercy of stock markets. There were some very

limited exceptions and an examples of that included a single person without anyone to leave their funds to with a life limiting illness who wished to enjoy their funds whilst they remained well.

It was explained that a member had to identify the reason they wished to move funds to a defined pension scheme although it was understood that the lure of the transfer of large sums of money and ability to access funds prior to retirement age was the rationale. The large figures involved attracted fraud and scams and even without that risk people could find, with expensive transfer costs, they could receive less than 50% of what their funds were worth.

It was reported that the Government took the risk of fraud and scams so seriously there were television adverts placed to make people aware.

The potential impact on the fund if large numbers of members transferred their pensions was questioned and it was explained that potentially very large numbers could impact on investments and employer contributions.

The Occupational and Personal Pension Scheme (Conditions for transfer) Regulations 2021 allowed funds to pause or prevent transfers under certain criteria and it was questioned how many transfers had been stopped. In response it was explained that the regulations had only been in place since November 2021 and nine transfers had been paused for additional information to be provided. It was explained that officers had witnessed a number of transfers that they would have paused prior to November if the regulations had been in place at that time. It was agreed to provide additional information on the numbers after the meeting.

Difficulties experienced were that even with genuine transfers there were delays incurred following the due diligence which had to be applied. In addition, administrators did not have the investment expertise required if transfers were not straightforward. Some funds were utilising a pool of experts or employed internal lawyers.

The presentation revealed that people transferring over £30,000 must receive financial advice and in response to questions it was confirmed that this must be from a person registered to provide pensions advice.

Members were asked if they would like to receive training sessions on individual topics at future Pension Board meetings and it was acknowledged that it would be useful and would allow for a quick response to new legislation. Potential topics suggested included an overview of the LGPS; a reminder of the McCloud journey over the previous four years and, as 45% of complaints received were about ill health retirement it felt it would be good for Members to more fully understand the IDR process. Members were asked to contact officers with additional topics they would like to be covered to supplement other training formats available to them and to enable them to demonstrate their knowledge and skills.

In conclusion Members were advised that for the Fund to consider the TPR transfer pledge it must demonstrate that Members had completed the scams module on the TRP training tool kit. Members were urged to complete that module and forward the completion certificate to officers before the end of April

2022.

**Resolved –**

**That the training presentation be noted.**

**Action: Director, West Yorkshire Pension Fund**

### **35. COMMUNICATIONS POLICY**

The report of the Director, West Yorkshire Pension Fund (**Document “Y”**) was submitted to the Board as part compliance with the LGPS Regulations 2013. As such, WYPF prepared a written statement of the authority’s policies in relation to such matters as it considered appropriate in relation to procedures for liaison and communication with scheme employers and the levels of performance which the employers and WYPF were expected to achieve.

The Communications Policy was brought before JAG each year to review and approve and following the January meeting, remained largely unchanged.

Officers advised that Communications were moving over to being online to improve engagement, participation and be more efficient. P60s were to be sent out to pensioners electronically, unless it was specified otherwise by the member. A communications exercise was underway to make this move.

Annual Benefit Statements were going out electronically which it was hoped, would reduce the amount of out of date contact information.

The Communications Policy has been updated to reflect activities planned for 2022-23

**Resolved –**

**That the Communications Policy, contained in Document Y”, be noted.**

**Action: Director, West Yorkshire Pension Fund**

### **36. PENSIONS ADMINISTRATION STRATEGY 2022/23**

The report of the Director, West Yorkshire Pension Fund (**Document “Z”**) was submitted to the Board as part compliance with the LGPS Regulations 2013 that WYPF prepare a written statement of the authority’s policies in relation to such matters considered appropriate in relation to procedures for liaison and communication with scheme employers and the levels of performance which the employers and WYPF were expected to achieve.

The Pensions Administration Strategy was brought before WYPF Joint Advisory Group (JAG) each year to review and approve, particularly if there were any new regulations and revisions to working practices. It was confirmed that the strategy had been presented to the JAG at the January meeting.

Members were advised that the strategy outlined the processes and procedures

to allow WYPF and employers to work together in a cost-effective way to administer the Local Government Pension Scheme (LGPS) whilst maintaining an excellent level of service to members and employers.

It was explained that the Pensions Administration Strategy had been updated to reflect new employer flexibilities which came into force in September 2021.

**Resolved –**

**That the Pensions Administration Strategy, contained in Document “Z”, be noted.**

**Action: Director, West Yorkshire Pension Fund**

### **37. RISK REGISTER**

The report of the Director, West Yorkshire Pension Fund (**Document “AA”**) was submitted to the Board to provide details of the identified risks associated with the overall management of the Pension Funds administered by WYPF. The report and risk register were submitted to the Investment Advisory Panel and Joint Advisory Group who both approved it in January 2022.

Officers provided an overview of the combined risk register noting 48 risks, 30 of which were above the acceptable tolerance levels and 18 were below. Any areas flagged as amber or red had a management action plan in place to mitigate them.

Officers and Members briefly discussed the issues around market forces and training opportunities which were on offer throughout the year to address staff turnover in employer members. There was also a brief discussion around salaries which were aligned to Bradford Council's.

**Resolved –**

**That the report be noted.**

**Action: Director, West Yorkshire Pension Fund**

### **38. 2022 ACTUARIAL VALUATION**

The report of the Director, West Yorkshire Pension Board (**Document “AB”**) was presented to inform Members that the next triennial actuarial valuation of the Fund would be prepared based on the situation at 31 March 2022, and would determine the level of employers' contributions from April 2023 onwards.

It was explained that main aims of carrying out an actuarial valuation of the Fund were to:

- Review the financial position of the fund,
- Determine the employer's contribution rates; and
- Ensure that the legal requirements in relation to the actuarial valuation are met.

The Fund's actuary had provided a training session on 8 February 2022 for all Joint Advisory Group, Investment Advisory Panel and Pension Board Members as part of the preparation for the 2022 valuation. A recording of that training session was available should any Member wish to view again or if they had been unable to attend the session.

It was explained that a 'white flag' referred to in paragraph 5.5 of the report, and in relation to the Government Actuary (GAD), asset shock matrix related to the size of the fund's assets and the potential impact on local Councils. Assurances were provided that it did not require any action. This was a general issue and would have attracted an 'amber' flag if there had been broader concerns.

**Resolved –**

**That the report be noted.**

**Action: Director, West Yorkshire Pension Fund**

### **39. FUNDING STRATEGY STATEMENT (FSS)**

The report of the Director, West Yorkshire Pension Fund (**Document "AC"**) was submitted to the Board to update Members as changes to the Funding Strategy Statement follow a review of how liabilities are calculated for non tax-raising bodies whose liabilities become 'orphan' on exit. The FSS was approved at the January meeting of the Joint Advisory Group.

Officers advised that there was a change in calculation of the orphan exit position following advice from the actuary. A meeting had taken place in December with the actuary and those affected to go through the changes. The consultation had gone on for 5 weeks and feedback from employers suggested that they would prefer a longer consultation period. There were no standard periods defined for consultations and those affected did mainly attend. Officers stated that of the 450 employers, only a small number responded to say that the consultation period was not long enough. It could not be avoided as the FSS needed to go to JAG in January, otherwise there would have been a delay in implementation, which could have been detrimental to employers if they left between meetings.

Officers advised that there was only a very small number of 'orphans' when asked by Members about the possible impact which was estimated to be minimal.

A Member raised the subject of Section 188 notice and was advised that big changes in an employers' workforce should be passed onto the fund for information. The guarantor would be the scheme employer.

**Resolved –**

**That the changes to the Funding Strategy Statement, contained in Document "AC", be noted.**

**Action: Director, West Yorkshire Pension Fund**

### **40. PENSIONS DASHBOARD**



The report of the Director, West Yorkshire Pension Fund (**Document “AD”**) was presented to provide an update on the progress of the introduction of the Pensions Dashboard.

The report revealed the objectives of the Pensions Dashboard; proposed legislation (which was in two parts) and the proposed regulatory framework.

It was explained that the Fund was going through preparatory steps in readiness for regulations to be issued later in the year and for the date by which a pension scheme was required to join the Money and Pensions Service (MaPS) pensions dashboard. That date was set out in the proposed secondary legislation. It was known as the staging date and was no later than November 2023

Members were advised that the dashboard would connect 53 million citizens with their pension providers. This would require the establishment of secure technical systems providing an eco-system connecting members to the fund but would not hold data in itself. The Fund was at an early stage of preparation in what would be a large project of work. In response to questions it was confirmed that the Fund were beginning to sort the infrastructure required. It was explained that the administration needed would be challenging but preparations were as up to date as was possible.

**Resolved –**

**That the report be noted.**

**Action: Director, West Yorkshire Pension Fund**

#### **41. TRAINING, CONFERENCES AND SEMINARS**

The report of the Director, West Yorkshire Pension Fund (**Document “AE”**) was submitted to the Board to address the growing need for LGPS funds to demonstrate that their Committee and Board Members possessed the knowledge to carry out their roles effectively. The upcoming introduction of a refreshed CIPFA Knowledge & Skills Framework, the Scheme Advisory Board’s Good Governance project (England and Wales), and increasing scrutiny from The Pensions Regulator put expectations on funds on an ever greater level.

The training was compulsory for Members to complete and Officers provided an overview of the training being offered via the link sent to all.

The Pensions Regulation Toolkit training included a section on scams which Officers urged Members to complete to comply with the pledge.

Details of training coming up in June would be re-circulated to Members.

**Resolved –**

**That the requirement to ensure Pension Board Members’ knowledge and understanding is up to the required standard be noted.**

**Action: Director, West Yorkshire Pension Fund**

**42. EXCLUSION OF THE PUBLIC**

**Resolved –**

**That the public be excluded from the meeting during consideration of the Not for Publication report, Document “AF” relating to CEM Benchmarking because information would be disclosed which was considered to be exempt information within paragraph 3 (Financial or Business Affairs) of Schedule 12A of the Local Government Act 1972 (as amended).**

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

***Action: Director, West Yorkshire Pension Fund***

**43. CEM BENCHMARKING**

**The report of the Director, West Yorkshire Pension Fund presented a report (Document AF) which compared WYPF’s pension administration costs and member service with a peer group of other schemes, from both public and private sector, for the year to 31 March 2021.**

**Resolved –**

**That the Not for Publication report (Document “AF”) be noted.**

**Action: Director, West Yorkshire Pension Fund**

**44. EXCLUSION OF THE PUBLIC**

**Resolved –**

**That the public be excluded from the meeting during consideration of the Not for Publication Appendix to Document “AG” relating to the minutes of the West Yorkshire Pension Fund Investment Advisory Panel held on 27 January 2022 because information would be disclosed which was considered to be exempt information within paragraph 3 (Financial or Business Affairs) of Schedule 12A of the Local Government Act 1972 (as amended).**

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

## **Fund**

***Action: Director, West Yorkshire Pension Fund***

### **45. MINUTES OF WEST YORKSHIRE PENSION FUND (WYPF) INVESTMENT ADVISORY PANEL HELD ON 27 JANUARY 2022**

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

The Minutes of meeting of WYPF Investment Advisory Panel, appended to Document “AG” were submitted to the Pension Board to enable the Board to ensure effective and efficient governance and administration of the LGPS.

#### **Resolved –**

**That the Minutes of the WYPF Investment Advisory Panel on 27 January 2022, contained in the Not for Publication appendix to Document “AG”, 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.**

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