

## Agenda for a meeting of the West Yorkshire Pension Fund Pension Board to be held on Tuesday, 22 June 2021 at 10.00 am in Aldermanbury House, 4 Godwin Street, Bradford, BD1 4ST

### Members of the Committee

Employer Representatives	Member Representatives
Councillor S Lal (Chair) – Bradford	Mr G Nesbitt – GMB
Vacancy – Leeds	Mr M Binks – Unison
Vacancy - Wakefield	Mr C Sykes – Unison
Ms R Manning - Employer	Mr A Jones – Unite the Union

### Notes:

- The taking of photographs, filming and sound recording of the meeting is allowed except if Councillors vote to exclude the public to discuss confidential matters covered by Schedule 12A of the Local Government Act 1972. Recording activity should be respectful to the conduct of the meeting and behaviour that disrupts the meeting (such as oral commentary) will not be permitted. Anyone attending the meeting who wishes to record or film the meeting's proceedings is advised to liaise with the Agenda Contact who will provide guidance and ensure that any necessary arrangements are in place. Those present who are invited to make spoken contributions to the meeting should be aware that they may be filmed or sound recorded.
- If any further information is required about any item on this agenda, please contact the officer named at the foot of that agenda item.
- Please note that under the current circumstances only Members on the Committee will receive paper copies of the agenda, however the agenda and reports can be viewed on the Councils agenda and minutes website five clear working days in advance of the meeting.
- **Given the restrictions on room capacity, anyone wishing to speak to any of the business items on the agenda MUST REGISTER IN ORDER TO SPEAK BY EMAILING the Governance Officers [jane.lythgow@bradford.gov.uk](mailto:jane.lythgow@bradford.gov.uk)/ [susan.booth2@bradford.gov.uk](mailto:susan.booth2@bradford.gov.uk) by midday on Monday 21 June 2021. Please provide a name and telephone contact number for the person who will be speaking. You will then be advised on how you can participate in the meeting. Access to the meeting cannot be guaranteed if those wishing to attend don't register given the Council must comply with Covid regulations and guidance.**

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### From:

Parveen Akhtar  
City Solicitor

Agenda Contact: Jane Lythgow/Su Booth

Phone: 01274 432280/07814 073884

E-Mail: [jane.lythgow@bradford.gov.uk](mailto:jane.lythgow@bradford.gov.uk)/[susan.booth2@bradford.gov.uk](mailto:susan.booth2@bradford.gov.uk)

### 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

**Recommended –**

**That the minutes of the meeting held on 23 March 2021 be signed as a correct record (previously circulated).**

(Jane Lythgow – 01274 432270)

### 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 - 01274 432270)

## **B. BUSINESS ITEMS**

### **4. REGISTER OF BREACHES OF LAW**

1 - 18

The Director, West Yorkshire Pension Fund, will present a report (**Document "A"**) which informs Members that, 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 it is reasonably practicable where that person has reason 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 Law is, therefore, maintained in accordance with the Pensions Regulators requirements and WYPF Breaches Procedure.

**Recommended –**

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

(Caroline Blackburn – 01274 434523)

### **5. TRAINING, CONFERENCES, SEMINARS AND PENSION BOARD TRAINING PLANS**

19 - 32

The report of the Director, West Yorkshire Pension Fund, (**Document "B"**) reminds Members that 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.

**Recommended -**

**That consideration is given to attendance by Board Members at the events in Section 1 and that members note the requirement to complete**

the Pension Regulators toolkit training.

(Caroline Blackburn – 01274 434523)

**6. WYPF 2020/21 REVISED ESTIMATES AND 2021/22 ORIGINAL ESTIMATES** 33 - 38

The Director, West Yorkshire Pension Fund, will present **Document “C”** which advises Members that, in accordance with Local Government Pension Scheme Regulations, costs of managing LGPS pension funds must be charged to the pension fund accounts and not to local authorities’ general fund accounts. The cost of services reported in Document “C” will be charged to WYPF accounts. The budget proposals in the report will deliver pension administration services to both LGPS and fire services pension scheme members and employers across the UK and will be used to manage over £16bn WYPF investment assets. WYPF service strategy is to maintain service quality and cost performance, not necessarily the lowest cost in all areas, but a balance of cost and performance.

**Recommended –**

- 1. That the projected outturn of £12.68m against budget of £14.85m for 2020/21 be noted.**
- 2. That a budget of £15.42m for 2021/22 be noted.**
- 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.**

(Ola Ajala - (01274) 434 534)

**7. LGPS SCHEME UPDATES AND OVERRIDING PENSIONS LEGISLATION** 39 - 44

The report of the Director, West Yorkshire Pension Fund, (**Document “D”**) updates the Local 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)

**8. EXCLUSION OF THE PUBLIC**

Members are asked to consider if the **Not for Publication** Appendix to **Document “E”** 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 “E” relating to the**

minutes of a West Yorkshire Pension Fund Investment Advisory Panel meeting held on 29 April 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.

9. **MINUTES OF THE WYPF INVESTMENT ADVISORY PANEL 29  
APRIL 2021**

45 - 46

The report of the Director, West Yorkshire Pension Fund, (**Document “E – containing a Not Publication Appendix**) 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.

**Recommended –**

**Members are requested to review the Not for Publication minutes of the Investment Advisory Panel on 29 April 2021 appended to Document “E”.**

(Rodney Barton – 01274 432317)

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## **Report of the Director, West Yorkshire Pension Fund, to the meeting of West Yorkshire Pension Fund Pension Board to be held on 22 June 2021**

**A**

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**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.

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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.

## 3 **Breaches**

The entries on the Register of Breaches for 2020/21 relate to:

- the late payment of contributions,
- Annual Benefit Statements not sent out by the deadline of 31 August 2020.
- Divorce implementation order not actioned within 4 months

None of these breaches were considered material, and therefore no report has been made to the Regulator.

The entries on the Register of Breaches for 2021/222 relate 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 ongoing and prolonged rectification of this issue. As a result, this issue has been reported to the Pensions Regulator. Appendix C is a copy of the report submitted to the Pension 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
- Appendix B – Register of Breaches 2021/22
- Appendix C – Report to the Pensions Regulator

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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 2020	<b><u>Administration</u></b> <b>Maintaining contributions</b>	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.  <b>Please see schedule below for details of employers who failed to make payment by the appropriate date.</b>	Contributions not received by the scheme within the prescribed timescales	<b>Immediate action:</b> 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.  <b>Continuing Action:</b> 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 2020	<b><u>Administration</u></b> <b>Issue of Annual Benefit Statements (ABS)</b>	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
March 2021	<b><u>Administration</u></b> <b>Divorce Implementation order not</b>	N/A	Pension sharing order was not implemented with 4 months. The order should have been implemented by	N/a	Member was aware of the delay but was insistent that we had to use the correct pay details instead of an assumed /estimated amount.	Not reported	Information supplied as soon as information from employer was available	None

## WYPF Breaches of the Law 2020 -2021

	<p><b>implemented within 4 months (Welfare and Pensions Act 1999 - Paragraph 34)</b></p>		<p>10/12/2020 but it wasn't completed until 18/03/2021.</p> <p>The delay was as a result of the employer not supplying correct pay details for the calculation until 10/03/2021.</p>					
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### Employers who failed to pay make pay over employees contributions by the appropriate date - April 2020 onwards

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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

## WYPF Breaches of the Law 2020 -2021

	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

<b>June 20</b>	South Hiendley Parish Council	19/07/20	29/07/20	132.55	0	0
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<b>July 20</b>	Community Accord	19/08/20	26/08/20	371.58	0	1
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<b>Sept 20</b>	South Hiendley Parish Council	19/09/20	02/10//20	138.60	1	1
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Page 7	<b>Oct 20</b>	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	19/10/20	22/10/20	439.16	5	5

<b>Nov 20</b>	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

<b>Dec 20</b>	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

## WYPF Breaches of the Law 2020 -2021

<b>Jan 21</b>	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

<b>Feb 21</b>	Leeds Housing Concern	19/02/21	26/02/21	835.02	0	0
	Halifax Opportunities Trust (Calderdale)	19/02/21	22/02/21	3647.77	1	1
	Servest (BBG Academy)	19/02/21	22/02/21	424.50	0	0
	Consultant Cleaners LTD (Westborough High School)	19/02/21	22/02/21	388.96	1	2

<b>March 21</b>	TNS Catering (SPTA)	19/03/21	06/04/2021	482.99	0	0
	Consultant Cleaners LTD (Westborough High School)	19/03/21	22/03/2021	388.96	2	3

**Appendix B**

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
May 2021	<b><u>Administration</u></b> <b>AVC contributions - Prudential.</b>		<p>WYPF has an agreement with Prudential to provide an AVC arrangement for its members as part of the Local Government Pension Scheme Regulations.</p> <p>Over the last few months we have received a number of complaints from members to say that their AVC contributions have not been allocated to their AVC accounts.</p>	<p>Delays in Settlement amounts paid to the Fund when members have retired, This has impacted on the Funds ability to pay pension benefits in a timely manner.</p>	<p><b><u>Prudential</u></b></p> <p>Prudential have informed us ‘The processing delays have been caused in part by the implementation of a new system that has taken additional time to embed within our processes. This has had an impact on applying contributions to members’ policies therefore delaying claims. The impact of COVID and the majority of colleagues working from home following the latest lockdown has also affected our productivity and recovery plans’.</p> <p>Prudential had informed us that it had a recovery plan in place and were on target to clear all outstanding cash and claims by the middle of April however by the end of May and the issues had not been resolved satisfactorily.</p> <p>Prudential informed us they still have cases in backlog and whilst they have not met the initial target date for recovery they are making good progress in clearing the outstanding claims and have introduced a number of measures to get back on track. Key measures</p>	Reported	<p><b>What are the time scale for completion?</b></p> <p>According to Prudential they are hoping to ‘stabilise’ by the end of June.</p> <p><b>Additional information</b></p> <p>Prudential have said member’s will not lose out on investment returns because of the delays and where appropriate they will pay compensation however this does not compensate WYPF for the additional time and work undertaken due to the delays caused by Prudential.</p> <p>WYPF Regularly contact Prudential to chase up urgent cases, by e-mail and phone.</p>	

## WYPF Breaches of the Law 2021 -2022

				<p>introduced include:  Weekend and overtime working  Recruitment of 50 full time colleagues into the service function, the majority of whom are focussed on claims. These were added over a month ago and are having a material impact on the work queue positions  Recruitment of 79 full time colleagues into the voice area to deal with the unprecedented increases we have seen in call volumes. We are on track to have recruited these by the end of April 2021, train them and deploy them into the area by the end of May. We expect call wait time and abandonment rates to stabilise towards the end of June 2021’.</p> <p><b><u>WYPF</u></b>  WYPF have made advanced payments of member’s retirement lump sums so they do not encounter undue hardship. Their monthly pensions have not been paid to avoid any additional tax implications if they crystallise their benefits.</p>		<p>Looking to arrange a meeting with Prudential.</p>	
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# The Pensions Regulator

## Breaches of Law (All other breaches)

Your scheme details:
LGPS - West Yorkshire Pension Fund

## 1. Introduction

The details on the following pages are taken from the Breach of Law: All other breaches submitted on 24 May 2021 at 11:44 AM.

These details were submitted by Miss Tracy Weaver.

## 2. Scheme details

Scheme details	
Scheme name	LGPS - West Yorkshire Pension Fund
PSR number	10041078
Benefit type	Defined benefit
Address	The Director West Yorkshire Pension Fund Po Box 67 Bradford BD1 1UP United Kingdom

### 3. Breach of law details

<b>Breach of law details</b>	
<b>Breach details</b>	
Breach date	24/05/2021
Details of the breach	<p>WYPF has an agreement with Prudential to provide an AVC arrangement for its members as part of the Local Government Pension Scheme Regulations.</p> <p>Over the last few months we have received a number of complaints from members to say that their AVC contributions have not been allocated to their AVC accounts. We have also experienced delays in getting Settlement amounts paid to us where members have retired, thus impacting on our ability to pay pension benefits in a timely manner. We have raised the issues directly with Prudential who have told us 'The processing delays have been caused in part by the implementation of a new system that has taken additional time to embed within our processes. This has had an impact on applying contributions to members policies therefore delaying claims. The impact of COVID and the majority of colleagues working from home following the latest lockdown has also affected our productivity and recovery plans'.</p> <p>Prudential had informed us that it had a recovery plan in place and were on target to clear all outstanding cash and claims by the middle of April. We are now at the end of May and the issues have still not been resolved satisfactorily. Prudential have recently informed us that they still have cases in backlog and whilst they have not met the initial target date for recovery they are making good progress in clearing the outstanding claims and have introduced a number of measures to get back on track. Key measures introduced include:</p> <ul style="list-style-type: none"> <li>• 'Weekend and overtime working</li> <li>• Recruitment of 50 full time colleagues into the service function, the majority of whom are focussed on claims. These were added over a month ago and are having a material impact on the work queue positions</li> <li>• Recruitment of 79 full time colleagues into the voice area to deal with the unprecedented increases we have seen in call volumes. We are on track to have recruited these by the end of April 2021, train them and deploy them into the area by the end of May. We expect call wait time and abandonment rates to stabilise towards the end of June 2021'.</li> </ul> <p>I am aware that this is an issue experienced by All LGPS Funds that have Prudential as their AVC provider and find this situation totally unacceptable. I have not experienced any significant improvements and see no alternative but to report to TPR for your involvement in coming to a satisfactory solution.</p> <p>However WYPF still have 26 members that retired on or before 31 March 2021 that Prudential have not provided the final settlement amounts.</p>
<b>Rectifying the breach</b>	
Has this breach been rectified?	No
What steps are being taken to rectify the breach?	WYPF have made advanced payments of member's retirement lump sums so they do not encounter undue hardship. Their monthly pensions have not been paid to avoid any additional tax implications if they crystallise their benefits.

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	Regularly contact Prudential to chase up urgent cases, by e-mail and phone. Looking to arrange a meeting with Prudential.
What are the timescales for completion?	According to Prudential they are hoping to 'stabilise' by the end of June.
<b>Additional breaches or any other information</b>	
Breach details or additional information	Prudential have said member's will not lose out on investment returns because of the delays and where appropriate they will pay compensation however this does not compensate WYPF for the additional time and work undertaken due to the delays caused by Prudential.

**4. Trustee/Scheme Manager details**

<b>Trustee/Scheme Manager details</b>	
Company name	West Yorkshire Pension Fund
Title	Miss
First name	Tracy
Surname	Weaver
Type of trustee	Other
Direct telephone number	01274 433571
Email address	tracy.weaver@wypf.org.uk
Address	W Y P F PO Box 67 BRADFORD West Yorkshire BD1 1UP United Kingdom

**5. Employer details**

<b>Employer details</b>	
Employer name	Leeds City Council
Employer trading status	Active
Companies house number	None
Registered charity number	None
Title	Miss
First name	Tracy
Surname	Weaver
Direct telephone number	01274 433571
Email address	tracy.weaver@wypf.org.uk
Address	W Y P F PO Box 67 BRADFORD West Yorkshire BD1 1UP United Kingdom

**6. Reporter(s) details**

<b>Reporter's details</b>	
Title	Miss
First name	Tracy
Surname	Weaver
Role in scheme	Scheme administrator
Role in scheme - further details	None
Direct telephone number	01274 433571
Email address	tracy.weaver@wypf.org.uk
Address	W Y P F PO Box 67 BRADFORD West Yorkshire BD1 1UP United Kingdom



## **Report of the Director, West Yorkshire Pension Fund, to the meeting of West Yorkshire Pension Fund Pension Board to be held on 22 June 2021**

**B**

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**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.

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Rodney Barton  
Director

**Portfolio:**

Report contact: Caroline Blackburn  
Phone: (01274) 434523  
E-mail: [caroline.blackburn@wypf.gov.uk](mailto:caroline.blackburn@wypf.gov.uk)

**Overview & Scrutiny Area:**

## 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 events.

- **Aon Training for Committee and Local Pension Board members**

Aon's training is specifically aimed at providing newly elected members with the knowledge and skills required to carry out their role in line with the (coming soon!) CIPFA knowledge and skills competencies. These sessions are also designed to be used by existing members as refresher training, and by pension officers.

Their summer 2021 training programme includes:

- **A 2 hour virtual and interactive general induction style** training session to be delivered in June/July 2021 to help new LGPS Committee and Local Pension Board members get up to speed on LGPS matters, followed by
- **6 virtual and interactive topic-based** sessions over the summer that would each be up to 2 hours in length and cover the CIPFA core competency areas, ensuring compliance with their requirements for those who attend. These sessions explore the detail of aspects such as governance, administration, funding and investment, so can be used to take those new members who have just done the induction session up to a good level of knowledge or as refresher for those who haven't had general training on these topics for some time.

Further details and dates of can be found on Appendix A – Aon Training Solutions for the LGPS

- **LGA Fundamentals training programme 2021**

Fundamentals is a bespoke three-day training course aimed at elected members and others who attend pension committees/panels and local pension boards. Past delegates include elected members, trade union representatives, member and employer representatives, as well as a variety of officers who attend/support committees and some private sector organisations who provide services to administering authorities. The course provides a scheme overview and covers current issues in relation to administration, investments and governance of the LGPS.

Attending all three days will assist delegates in meeting the relevant requirement for

knowledge, skills and understanding either required in statute or encouraged by relevant guidance.

Each day has a different theme and will include sessions delivered by experts in their field. The event also provides delegates with valuable networking opportunities. Each day's programme will start at 10am, with registration and coffee from 9:30am, and close by 4pm with refreshments and lunch provided. For full details see the Training programme at Appendix B.

As usual, the training will take place in three locations, London, Leeds and Cardiff. The London sessions will be hybrid, so delegates will have the choice of attending in person or virtually. The sessions in Leeds and Cardiff will be face to face only.

- **LGA Annual Governance Conference**

The annual conference retains its popular lunchtime to lunchtime format. It will start on Thursday 20 January and end on Friday 21 January 2022. It will take place at the Marriott Highcliffe Hotel in Bournemouth. The programme is currently being finalised.

- **LGA circulars and bulletins**

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>

- **Scheme Advisory Board website**

Members can find lots of useful information on the Scheme Advisory Boards website

<https://www.lgpsboard.org/>

Members can also make use of web based training.

## **Pensions Regulator toolkit**

All Pension Board members should complete 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** required level of knowledge and understanding introduced in the Pensions Act 2004.

<https://trusteetoolkit.thepensionsregulator.gov.uk/>

Other online training is available at **Aberdeen Standard Investments Learning Gateway**

Web based training provided by Aberdeen Standard Investments

<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.

# Training solutions for the LGPS

As a key adviser to LGPS administering authorities, Aon is committed to helping ensure those involved in the management of LGPS funds have the requisite knowledge and skills.



Our public sector team has been working with CIPFA to help them refresh the 2021 new Knowledge and Skills Framework and Code.



We have developed a cost-effective training offering specifically to support administering authorities in demonstrating compliance with the updated CIPFA requirements.



## Information

In this document we have set out our range of training solutions for the LGPS, designed to help your fund Officers, Pension Committee and Local Pension Board members obtain, maintain and demonstrate the required knowledge and skills to run your fund effectively.

# Summertime 2021 Pension Committee and Board training

## Induction training

For newly appointed Pension Committee and Local Pension Board members

A high level introduction to the management of the LGPS and the requirements of their new roles

**2 hour virtual and interactive general induction training session**

Delivered on **Thursday 1 July 2021**

Timed to help new Pension Committee and Local Pension Board members get up to speed on LGPS matters



## CIPFA knowledge and skills training

For all Pension Committee and Local Pension Board members

Covering all areas in the new CIPFA knowledge and skills competencies

**6 virtual, interactive topic-based sessions**

Each session up to 2 hours in length covering CIPFA's core competency areas

Six sessions, delivered **fortnightly, every Wednesday from 14 July to 22 September**

Timed to ensure new members comply with CIPFA's (and the Pensions Regulator's) requirements by end September 2021



**Contact us**

If you would like a quote for your training requirements

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# Other training and skills solutions

## Customised training



We can deliver the **induction and topic-based sessions** to individual administering authorities as part of meetings or other training events for Committee and Board members.

- Tailored to refer to **your fund circumstances**
- Virtual **cost-effective** sessions
- **Interactive** – live chat, Q&A, polls

We provide a more **bespoke solution** where preferred. These can be short sessions or delivered over full training days, and allow focus on fewer subject matters in more detail.

## Topical training



Throughout the year we will be providing online, interactive training sessions on key topical areas, to support members knowledge in **key issues in a timely manner**.

Topics will include:

- the upcoming triennial valuation (in England, Wales and Northern Ireland)
- TPR's New Code
- the exit cap (when the new proposals are released)

## Officer training



We deliver a wide range of training sessions for officers of the administering authority:

- **Induction – style** i.e. an introduction to the LGPS and benefits
- **Governance** of the LGPS, including the role of the Committee/Board and links with the Local Authority constitution
- **Administration focused** sessions including pensions tax (High Earners), transfers and aggregations

## Employer training



We deliver a wide range of training sessions for fund employers, from an introduction to the LGPS for new employers, to training on pensions tax and implications of the cap on exit payments.

We deliver **accounting training** for employers shortly after each key year-end i.e. 31 March, 31 July and 31 August.



### Knowledge and skills policy

We can help you develop or update your Policy, setting out **clear objectives, roles and responsibilities** for officers and members, ensuring it is fully aligned with the updated CIPFA Code and Framework as well as the anticipated outcomes of the TPR new Code and the Good Governance review.



### Training needs analysis

We can carry out an exercise which assesses individuals' knowledge and training requirements against each of the **CIPFA competencies** to identify knowledge gaps.

We can extend this to also look more broadly at the skills and/or diversity of the Committee or Board.



### Training records model

Our model allows you to record all training sessions attended by members and aligns these with each of the CIPFA competencies.

It **produces certificates** for members (individually or in bulk) at the touch of a button.

# Why use Aon for your training?



Our role in supporting the CIPFA Pensions Panel and Officers in developing the revised CIPFA Knowledge and Skills Code and CIPFA Knowledge and Skills Framework for Elected Members and LGPS Officers gives us a **strong understanding of what is required** to meet these requirements, and our training offering is designed with that in mind.



Our sessions are **interactive**, where members can **discuss** the material, participate in **polls**, and **ask questions** which we believe improves engagement and learning.



Our current offering (of a mix of induction and topic-based training) is designed to be **sufficient for all members to meet the CIPFA competency requirements**.



We believe our training will meet the requirements and recommendations also set out in the **Good Governance Review** and new **Pensions Regulator Code of Practice** (expected later this year).



A **recording of the sessions** can be provided to all that attend or register, ensuring those unable to make the live session can still undertake the training.



Our training is delivered by **subject matter experts** with many years of experience working in the LGPS.



**Formal certificates of attendance** will be provided for the attendees.



Administering authority officers will receive a **report confirming attendance** at the live sessions for recording in training records.

# Costs

- Our fees for the summer series for Committee and Board members are charged **per-individual** for the full series, but with a **cap per fund** if you have a large number of individuals attending.

We hope this will encourage individuals to attend all sessions and therefore obtain the knowledge and skills set out in the CIPFA competencies.

- However, if you have a situation where existing members or officers prefer to pick up a smaller number of sessions as a refresher these can be attended at a lower per person cost for each of those sessions.
- This package can be expanded to include our Knowledge and Skills Policy, Training Needs Analysis or our Training Records Model.
- Our topical training sessions will also be charged on a competitive per-attendee basis, but with a maximum fee per fund.
- We can provide a fixed fee quotation upon request for any bespoke sessions required, and can offer package discounts if several sessions are required.



## Contact us

If you would like a quote for your training requirements

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Aon plc (NYSE:AON) is a leading global professional services firm providing a broad range of risk, retirement and health solutions. Our 50,000 colleagues in 120 countries empower results for clients by using proprietary data and analytics to deliver insights that reduce volatility and improve performance.

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## **Fundamentals - Day 1 – LEGAL FRAMEWORK OF THE LGPS**

- 9:30            **Registration and Coffee**
- 9:30            **Chair's introduction to the day**
- 10:00           **The Legal Landscape**
- The LGPS in its legal context
  - General local authority legal issues
  - LGPS specific duties and responsibilities
  - Wider duties and responsibilities
  - What happens when things go wrong?
- 11:15           **Break**
- 11:30           **Governance Framework**
- The Hutton report
  - The Public Service Pensions Act 2013
  - The law governing -
    - The responsible authority (MHCLG)
    - Scheme advisory board
    - Local pension board
    - Asset pools
- 12:45           **Lunch**
- 1:30            **Benefit Structure**
- The basis of the LGPS
  - Final salary v CARE schemes
  - A tour of the 2014 Scheme
  - Administering authority and scheme employer roles
- 2:15 to 4:00   **(Break at 2:45)**
- 3:00            **Investment Framework**
- The Management and Investment of Funds Regulations – a history
  - Statement of investment principles
  - Investment Strategy Statement (ISS)
  - ISS statutory guidance
  - Funding strategy statement
  - Annual reports and auditing
- 3:55            **Course Review and Further Information**
- 4:00            **Close**

## Fundamentals - Day 2 – LGPS INVESTMENTS

**9:30 Registration and refreshments**

**9:55 Introduction from the Chair**

**10:00 Investing strategically Part 1**

What is asset allocation and why it really drives return?

**10.40 Investing strategically Part 2**

What are the different asset classes and how do they work?

**11.20 Break**

**11.40 The climate challenge**

What are the options to minimise the risk of your portfolio to climate change and contribute to a low carbon world?

**12.40 Lunch**

**1.30 The stewardship challenge**

How to manage your managers and be an effective asset owner

**2.10 The impact challenge**

Taking account of the social impact of your investments and the opportunities to make a difference

**2.50 Break**

**3.10 The 'crystal ball' challenge**

The outlook for opportunities and risks over the medium and long term

**4:15 Close**

## Fundamentals - Day 3 – DUTIES AND RESPONSIBILITIES

- 9:30            **Registration and Coffee**
- 9:30            **Chair's introduction to the day**
- 10:00  
**members**            **Duties and responsibilities of Pension Committee and Board**
- The evolving requirements
  - Committee vs Board - delegation and representation
  - The governance budget
  - The Pension Regulator's involvement
  - Standing agenda items, breaches of law, knowledge and training
  - Bodies with oversight over the LGPS
- 11:00            **Break**
- 11:15            **Preparing and maintaining Scheme strategies and policies**
- Mandatory and desirable policies in the LGPS
  - How strategies and policies assist the scheme manager
- 12:00            **MHCLG – a view from the bridge**
- The role of the ministry
  - Issues on the radar
- 12:45            **Lunch**
- 1:30            **The Local Pension Board - a case study**
- How the local pension board can improve service delivery
  - Good practice, scrutiny and supporting the board
- 2:15 to 4:00    **(Break at 2:45)**
- 3:00            **Valuations, Exit Payments and Funding Valuation**
- The purpose of an actuarial valuation
  - Assets and liabilities
  - How do liability calculations work?
  - What assumptions are used?
- Funding**
- What is the importance of funding strategy?
  - Different employers – different characteristics and objectives
  - Employer covenants
- 3:55            **Course Review and Further Information**
- 4:00            **Close**

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## Report of the Director of West Yorkshire Pension Fund to the meeting of West Yorkshire Pension Fund Pension Board to be held on 22 June 2021.

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**Subject: WYPF 2020/21 revised estimates and 2021/22 original estimates.**

### **Summary statement:**

The latest spend forecast for 2020/21 is £12.24m against a budget of £14.85m, net underspend of £2.61m. Whilst, the underspend is welcome, as expected Covid-19 impacted on all activities. Our business continuity plan was tested to the limit. I am pleased to report that we were able to rapidly move staff out of our offices to work from home, with full home and mobile working equipment. As a result, our IT cost went up, but reduced our office running costs. I can report that during this ongoing pandemic we are managing to deliver all our services and to expand some services.

Our cost per member for 2020/21 is to be £33.53 (latest government data 2019/20 £41.94). Compared to 2019/20 the largest cost savings are: a reduction in investment custody charges, unused provision for backdated pay awards and stalled recruitment activities due to Covid-19. The 2<sup>nd</sup> lowest LGPS fund, Nottinghamshire, is £60.93. The 2020/21 WYPF cost per member of £33.53 is £27.40 (43%) below Nottinghamshire, therefore WYPF should maintain the lowest LGPS cost.

The proposed budget for 2021/22 is based on zero base cost analysis, the base budget, before income is £15.42m. Projected shared services income is £2.5m and miscellaneous income £0.23m. Net charge to WYPF is £12.69m. Budget pressures in 2021/22 are McCloud, home working, digital services, cyber security and pension scams. This budget will support over £16 billion pension fund asset, 494,000 members, 900 employers and 22 pension administration services across the UK.

### **Recommendation:**

1. That the projected outturn of £12.68m against budget of £14.85m for 2020/21 be noted.
  2. That a budget of £15.42m for 2021/22 be noted.
  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.
- 

Rodney Barton  
Director WYPF

**Portfolio:**

Report Contact: Ola Ajala  
Financial Controller WYPF  
Phone: (01274) 434 534

**Overview & Scrutiny Area:**

## SUMMARY

In accordance with Local Government Pension Scheme Regulations, costs of managing LGPS pension funds must be charged to the pension fund accounts and not to local authorities' general fund accounts. The cost of services reported in this report will be charged to WYPF accounts. The budget proposals in this report will deliver pension administration services to both LGPS and fire services pension scheme members and employers across the UK and will be used to manage over £16bn WYPF investment assets. Our service strategy is to maintain our service quality and cost performance, not necessarily the lowest cost in all areas, but a balance of cost and performance.

### 1. BACKGROUND

#### 2020/21 Revised Estimate

1.1 The latest spend forecast for 2020/21 is £12.24m, against a budget of £14.85m, resulting in underspend of £2.61m. Significant elements of this underspend are:

- a) £0.5m - Savings from investment custody charges, in early 2020 we moved our investment assets from HSBC to Northern Trust, this is a direct benefit of working with the Northern LGPS.
- b) £0.4m - In 2019/20 we made a provision for backdated pay award, the pay settlement was £0.4m lower than the provision.
- c) £1.3m - We were unable to fill a number of vacant post due to the pandemic.
- d) (£0.5m) - We spent £0.5m more on IT equipment and services due to the pandemic.

WYPF ALL SERVICES	2019/20 OUTTURN PD13 £000	2020/21 BUDGET £000	2020/21 OUTTURN PD13 £000	2020/21 VAR BGT - PD13 FAV (ADV) £000	2021/22 BUDGET £000
WYPF PENSION ADMIN	4,763	3,775	4,002	-227	4,199
WYPF INVEST MANAGEMENT	6,698	7,507	5,129	2,378	7,439
WYPF OVERSIGHT	845	1,082	871	211	1,047
<b>TOTAL CHARGED TO WYPF ACCOUNT</b>	<b>12,306</b>	<b>12,364</b>	<b>10,002</b>	<b>2,362</b>	<b>12,685</b>
CHARGE TO SHARED SERVICE	1,958	2,300	2,017	283	2,500
OTHER INCOME	309	186	224	-38	233
<b>TOTAL EXPENDITURE</b>	<b>14,573</b>	<b>14,850</b>	<b>12,243</b>	<b>2,607</b>	<b>15,418</b>

1.2 The total cost of managing Pension Administration Shared Service, WYPF Investment Management and WYPF Oversight and Governance cost is paid for by a charge to WYPF Fund Account and recharges to our three LGPS service partners and the Fire & Rescue services we administer. Shared cost service income latest estimate is £2.02m in 2020/21 and £2.5m in 2021/22.

- 1.3 We buy a number of services from CBMDC this is estimated at £0.46m for 2020/21 and 2021/22. In return we provide treasury support to CBMDC and for this we charge a small fee of £0.03m. We also provide dispute resolution to a number of pension funds across the UK, income from this is projected to be £0.08m.
- 1.4 The budget estimates in Table 1 were prepared using cost forecasts and calculations to project the likely outturn for both 2020/21 and 2021/22. The forecast for 2020/21 is based on current staffing costs and career progressions. For 2021/22 no pay award is provided, when approved we will look at contingency provisions to fund this. Other costs are based on detailed cost of services, contract prices and projected efficiency savings.

## 2021/22 Budget

- 1.5 A budget of £15.42m was approved for 2020/21, an increase of £0.57m on 2020/21 budget, this is largely funded from increased income of £0.48m. The Joint Advisory Group recommended an additional budget £50k for ESG work in 2021/22, this amount is included in this report. There are a number service pressure points as a result of government legislation, the largest cost impact is from the McCloud remedy. We are still working through the impact of Covid-19 and the resources needed to balance home working with a safe office environment, and support needed to keep staff and service users safe. The need to minimise personal contact and face to face services is also focusing management's attention on the urgency for improved digital service solutions for members, employers, our staff and shared service clients.
- 1.6 The 2021/22 budget is also scoped to maintain the current growth of pension administration shared service, investment pooling, increased service capacity, improved quality, strengthened regulatory compliance and improved data governance.

## 2. WYPF VALUE FOR MONEY

- 2.1 Total cost per member of £33.53 is projected for 2020/21 against a budget of £41.99, savings of £8.46 per member. This reflects a total net savings for WYPF of £2.53m.

WYPF COST PER MEMBER	2019/20 OUTTURN PD13	2020/21 BUDGET	2020/21 OUTTURN PD13	2020/21 VAR BGT - PD13 FAV (ADV)	2021/22 BUDGET
<b>MEMBER NUMBER</b>	<b>SF3</b>	<b>294,447</b>	<b>298,307</b>		<b>298,307</b>
WYPF PENSION ADMIN	16.23	12.82	13.42	-0.60	14.08
WYPF INVEST MANAGEMENT	22.83	25.50	17.19	8.30	24.94
WYPF OVERSIGHT	2.88	3.67	2.92	0.75	3.51
<b>TOTAL COST PER MEMBER</b>	<b>41.94</b>	<b>41.99</b>	<b>33.53</b>	<b>8.46</b>	<b>42.52</b>

- 2.2 The shared service pension administration cost per member for 2020/21 is £13.42. The significant drop in cost per member is due to increased shared service member numbers and partner organisations and backdated pay being lower than provisions made in the accounts. The total cost per member for 2020/21 is £33.53.

**WYPF total savings 5 years, 2016/17 to 2020/21 is £4.82m.**

<b>WYPF SAVINGS</b>	<b>Budget £000</b>	<b>Outturn £000</b>	<b>Savings £000</b>
2016/17	9,600	9,132	468
2017/18	12,051	12,007	44
2018/19	13,636	11,995	1,641
2019/20	14,633	14,573	60
2020/21	14,850	12,243	2,607
<b>5 years</b>	<b>64,770</b>	<b>59,950</b>	<b>4,820</b>

### Relative cost of service

- 2.3 Our performance within LGPS, using comparative data for local government pension schemes collected by MHCLG is shown below. The data shows that for 2019/20 WYPF total cost of £41.94 and is the lowest total cost within LGPS funds in England and Wales. The average cost for all funds went up by £23.14 from £222.27 to £245.41 between 2018/19 and 2019/20, our cost went up by £7.48 from £34.46 to £41.94.

<b>TABLE 3: Local Authority (RANK 1 TO 10) TOTAL NUMBER OF LGPS 86</b>	<b>2019/20</b>							
	<b>Insvt Exp per Mbr</b>	<b>Rank</b>	<b>Admin Exp per Mbr</b>	<b>Rank</b>	<b>O&amp;G Exp per Mbr</b>	<b>Rank</b>	<b>Tot Exp per Mbr</b>	<b>Rank</b>
West Yorkshire Pension Fund	<b>£22.83</b>	<b>2</b>	<b>£16.23</b>	<b>7</b>	<b>£2.88</b>	<b>5</b>	<b>£41.94</b>	<b>1</b>
Nottinghamshire	<b>£35.26</b>	<b>3</b>	<b>£15.36</b>	<b>6</b>	<b>£10.31</b>	<b>33</b>	<b>£60.93</b>	<b>2</b>
East Riding of Yorkshire UA	<b>£37.69</b>	<b>4</b>	<b>£19.89</b>	<b>21</b>	<b>£5.48</b>	<b>14</b>	<b>£63.07</b>	<b>3</b>
Tameside	<b>£71.58</b>	<b>7</b>	<b>£14.74</b>	<b>4</b>	<b>£4.10</b>	<b>11</b>	<b>£90.43</b>	<b>4</b>
Middlesbrough UA	<b>£20.68</b>	<b>1</b>	<b>£30.53</b>	<b>50</b>	<b>£52.64</b>	<b>86</b>	<b>£103.85</b>	<b>5</b>
Lambeth	<b>£47.25</b>	<b>5</b>	<b>£67.06</b>	<b>85</b>	<b>£0.00</b>	<b>1</b>	<b>£114.26</b>	<b>6</b>
Bedfordshire	<b>£88.63</b>	<b>8</b>	<b>£19.42</b>	<b>18</b>	<b>£13.16</b>	<b>44</b>	<b>£121.21</b>	<b>7</b>
Somerset	<b>£92.37</b>	<b>9</b>	<b>£19.06</b>	<b>14</b>	<b>£9.82</b>	<b>30</b>	<b>£121.25</b>	<b>8</b>
Surrey	<b>£95.49</b>	<b>11</b>	<b>£20.62</b>	<b>25</b>	<b>£17.43</b>	<b>61</b>	<b>£133.54</b>	<b>9</b>
Lewisham	<b>£93.55</b>	<b>10</b>	<b>£26.20</b>	<b>45</b>	<b>£15.13</b>	<b>53</b>	<b>£134.88</b>	<b>10</b>
<b>England &amp; Wales AVERAGE</b>	<b>£209.71</b>		<b>£23.50</b>		<b>£12.21</b>		<b>£245.41</b>	

**3. FINANCIAL PLAN FOR 2021/22**

- 3.1 In order to increase service capacity, we have increase staff resource across WYPF, however we need to keep this under review to maintain capacity and headroom of at least 5% for service improvements.
- 3.2 For invest to save activities a contingent provision of £120k is set aside for 2021/22 and earmarked for increased system automation, resolve pension auto calculation issues, additional facilities for MyPension and EmployerWeb.

**4. OTHER CONSIDERATIONS**

None

**5. FINANCIAL & RESOURCE APPRAISAL**

Expenditure and income summarised in this report will be charged to the WYPF pension fund account. This report is used to determine the financial resources available to the fund to deliver operational services for the 2020/21 and 2021/22 financial years. As the lowest cost LGPS fund, the level of resources requested will maintain value for money, service standards and quality.

**6. RISK MANAGEMENT AND GOVERNANCE ISSUES**

Budget monitoring is key element of our risk management and control, this report allows management to report financial activities, planned expenditure and income; and our overall strategy for cost control and performance to the Joint Advisory Group.

**7. LEGAL APPRAISAL**

There are no other legal issues.

**8. OTHER IMPLICATIONS**

None

**9. NOT FOR PUBLICATION DOCUMENTS**

None

**10. OPTIONS**

The Local Pension Board should note the budget for 2021/22, note the outturn for 2020/21, and may make recommendations to management on any part of the report.

## **11. RECOMMENDATIONS**

- 11.1 That the outturn of £12.24m against budget of £14.85m be noted for 2020/21.
- 11.2 That budget of £15.42m for 2021/22 be noted.
- 11.3 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.

## **12. APPENDICES**

None



## **Report of the Director of West Yorkshire Pension Fund to the meeting of West Yorkshire Pension Fund Pension Board to be held on 22 June 2021**

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**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](mailto: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 On 20 March 2020 the LGPS (Amendment) Regulations 2020 came into force. 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.
- 3.4 The LGPS (Amendment) (No.2) Regulations 2020 came into effect from 23 September 2020. These regulations provide for new flexibilities that allow employer contributions to be reviewed between valuations, an exiting employer to enter into a Deferred Debt Agreement and an exit deficit to be paid in instalments. Following a consultation WYPF’s Funding Strategy Statement has been updated to include policies on applying these new flexibilities.
- 3.5 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 MHCLG consultation closed on 8 October 2020.

On 13 May 2021 Luke Hall, the Local Government Minister made a written statement on McCloud and the LGPS. The statement confirms the key changes to scheme regulations that will be made to remove age discrimination from the LGPS. The statement confirms that:

- The age requirement for underpin protection will be removed
- A member will not need to leave with an immediate entitlement to benefits to qualify for underpin protection
- The remedy period will end on 31 March 2022
- The underpin calculation will be based on final pay at the underpin date, even if this is after 31 March 2022
- There will be two stages to the underpin calculation: the first is the date of leaving, or age 65 if earlier, the second when the benefits are paid
- The regulations will be retrospective to 1 April 2014.

MHCLG are expected to issue a full response to the consultation and to publish draft regulations later this year.

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 affect the calculations completed in 2016 or 2020.

#### **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 could 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. SAB has now published its action plan which comprises of:

1. Those matters that would fall to MHCLG to implement, either by amending scheme regulations or producing statutory guidance.
2. Those matters that would fall to the Board and other bodies to implement - subject to the actions in 1 being taken by MHCLG - and
3. Actions to identify and promote existing best practice that the Board can take forward regardless of the outcome of the above.

SAB are now waiting to see how MHCLG responds to its proposals.

#### **.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 Annual Report for the Local Government Pension Scheme**

On 28 April 2021 SAB published the Scheme report for year ending 31 March 2020. The key highlights in the report are:

- The total membership of the LGPS grew by 261,000 (4.2%) to 6.1m members in 2020 from 5.9m in 2019.
- The total assets of the LGPS decreased to £276bn (a change of -4.9%). These assets were invested in pooled investment vehicles (68%), public equities (14%), bonds (6%), direct property (3%), as well as other asset classes (9%).
- The Local Authority return on investment over 2019/2020 was -4.8%. This was reflective of the market conditions during the year and set against the UK Return of -28.3%.
- The scheme maintained a positive cash-flow position overall, including investment income.
- Over 1.8m pensioners were paid over the year.

## **5 Other matters**

### **5.1 Money and Pensions Service - Pensions dashboard update**

On 13 May 2021 the Pensions Dashboard Programme released further details on its timeline as part of its third progress report. The breakdown includes information on what will take place over the next six months and the expected timing of key milestones within the programme phases, so data providers can prepare to connect to dashboards.

## 5.2 **The Pensions Regulator Consultation on a new Code of Practice**

On 17 March 2021 the Pensions Regulator published a consultation a new code of practice. This consultation focuses on the draft content for the first phase of its new code of practice. The new code consists of 51 shorter, topic-based modules and will replace 10 of its existing codes of practice, which mainly deal with the governance and administration of pension schemes.

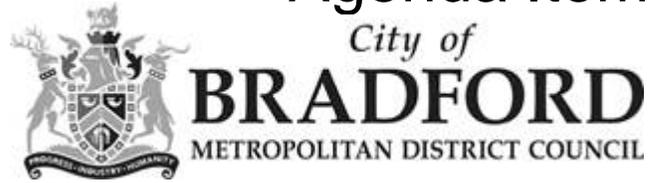
The consultation also incorporates changes introduced by the Occupational Pension Schemes (Governance) (Amendment) Regulations 2018. These relate to effective systems of governance and the own-risk assessment.

The consultation closed on 26 May 2021.

## 7 **Recommendation**

It is recommended that the Pension Board note the report.

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## **Report of the Director, West Yorkshire Pension Fund, to the meeting of West Yorkshire Pension Fund Pension Board to be held on 22 June 2021.**

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**The appendix to this report is a ‘NOT FOR PUBLICATION’ item as it falls within information relating to the financial and business affairs of the West Yorkshire Pension Fund as defined by Schedule 12A of the Local Government Act 1972 as amended**

**Subject: Minutes of West Yorkshire Pension Fund (WYPF) Investment Advisory Panel held on 29 April 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 Investment Advisory Panel 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 Local Pension Board review the minutes/notes from the meeting.

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Overview & Scrutiny Area:

## **1. Appendix**

- Appendix A – Not For Publication Notes of the meeting of 29 April 2021.