

# Minutes of a meeting of the West Yorkshire Pension Fund Pension Board held on Wednesday, 26 July 2023 in Almondbury House, Godwin Street, Bradford

Commenced 10.00 am  
Concluded 12.10 pm

Employer Representatives	Member Representatives
Councillor Shakeela Lal, Bradford Council David Butcher, Leeds Trinity	Isaac Dziya, Unison Mick Binks, Unison Mark Morris, Unite the Union Philip Charlton, GMB

## Councillor Lal in the Chair

### 1. 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:** Director of Legal and Governance

### 2. MINUTES

That the minutes of the adjourned meeting of 13 December 2022 reconvened on 21 March 2023 and the scheduled meeting held on 21 March 2023 be signed as a correct record.

### 3. INSPECTION OF REPORTS AND BACKGROUND PAPERS

There were no appeals made to view restricted documents.

### 4. REGISTER OF BREACHES OF LAW

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

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

- A 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 any breaches of the Pensions Code of Practice was maintained in accordance with the WYPF Breaches Procedure. Appended to the report were the Register of Breaches for 2022/23 and 2023/24.

It was explained that the register revealed some non-payment of contributions by employers which were should be paid by the 19<sup>th</sup> of the following month. Members were advised that the fund engaged with employers to ascertain reasons for late payment and assist to prevent the situation recurring.

It was felt that the small number of late payments was not of material significance and had not been reported to The Pensions Regulator (TRP), however, following discussions it had been agreed that payments should be reported if they were more than 90 days late and that it should be considered if members ought to be informed.

Assurances were provided that late payments by employers did not affect members; they would still accrue benefits and there would be no breaks in payment recorded.

It was confirmed that regular engagement and training was provided to ensure contributions were received on time. Changes in personnel and HR issues were often the cause of late payments and impacted smaller employers the most.

An additional breach recorded was the distribution of Annual Benefit Statements (ASB) which had failed to be issued by 31 August each year. The majority of ASB's had been despatched by the deadline and the report revealed that only 1.6% of active eligible members did not receive their ABS within prescribed time limits.

A Member queried why Bradford Council appeared on the breaches list as he had never seen that before and was advised that there had been some personnel issues and a vacant post for the Head of Payroll and Pensions.

The number of contracted services appearing on the register was raised and it was questioned if when admitted body status was conferred if there was any training provided for those bodies to understand their responsibilities. In response it was clarified that the fund engaged with employers to make them aware of their responsibilities.

The length of time late payments could be without further action was discussed and it was agreed that the fund would convey to employers that they were strengthening processes and would impose charges after 90 days. Difficulties arose as all Local Government Pension Funds (LGPS) operated differently and issues with employers joining the fund appearing to be six months late with payments on the date agreements were signed were discussed.

Following questions about the proportion of late payments it was confirmed that

this was only a tiny proportion of employers, probably only 1% and that large employers paid on time.

**Resolved –**

**That the entries and actions taken on the Register of Breaches of Law contained in the appendices to Document “A” be noted.**

***ACTION: Managing Director, West Yorkshire Pension Fund***

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

The report of the Managing Director of West Yorkshire Pension Fund (**Document “B”**) was submitted to the Board and provided Members with details of changes to the Local Government Pension Scheme (LGPS) 2014 and information on associated matters.

The report revealed an increase in management fees and it was questioned if this was consistent across Local Government Pension Schemes. It was explained that this was consistent and due to large performance fees paid to private equity firms following a good year for private equity.

The report revealed a local authority return on investment over 2021/22 was 8.1 per cent and a discrepancy with a 10.1% interest rate was queried. It was explained that the 8.1% was over the scheme year. The Fund used the September CPI figure so that discrepancy was due to timing. Long term expectations provided from actuaries predicted inflation rates would return to 2% and 8.1% was still felt to be good.

**Resolved –**

**That the report be noted.**

***ACTION: Managing Director, West Yorkshire Pension Fund***

## **6. PENSION ADMINISTRATION UPDATE REPORT**

The report of the Managing Director, West Yorkshire Pension Fund (**Document “C”**) provided an update on West Yorkshire Pension Fund’s (WYPF) pensions administration activities for the period 1 January 2023 to 30 June 2023.

The report revealed A number of recruitment exercises were ongoing to fill vacancies and also for new posts created as a result of increasing workloads and it was questioned if training or apprenticeships would be offered to entice young people to work for the fund. It was confirmed that apprenticeship posts were being developed in the finance and service centre teams. A recent graduate programme had seen two posts created in the Investment Teams and two in the Pension Administration department. It as acknowledged there was a need to promote the fund and to advise young people that there were many roles in the Fund including IT, communications, finance and governance and to understand the Fund was not just about calculating pensions and could provide a progressive

career.

Members were also assured that the Fund invested heavily in training and development of existing personnel.

A Member queried if, acknowledging that the Government provided funding for apprentice posts, that surplus young people could be recruited to allow for some of those young people not remaining with the Fund. In response it was confirmed that that was the approach that was taken although it was hoped that apprentices would continue in the Fund once their apprenticeship had ended. Following questions about links with universities it was explained that the Fund attended career events to promote the Fund and the careers available in the pensions sector.

**Resolved –**

**That the report be noted.**

***ACTION: Managing Director, West Yorkshire Pension Fund***

## **7. WYPF 2022/23 FINAL SPEND & 2023/24 BUDGET ESTIMATES**

The report of the Managing Director of West Yorkshire Pension Fund (**Document “D”**) presented the latest financial update for 2022/23, budget proposal for 2023/24 and update on the 2021/22 annual report and accounts (WYPF accounts). The Local Government Pension Scheme Regulations 2013 (LGPS Reg. 2013), Regulation 57 specified that:

- Using best practice an annual report must be prepared each year ending 31 March.
- The audited annual report must be published by 1st December following the year-end.

Following a detailed presentation, a Member questioned the underspend reported in Human Resources and queried if an HR person were involved with Pension Boards. It was explained that the majority of vacancies carried by the Fund were on the Investment Team. The minutes of the Investment Advisory Panel being discussed later in the meeting would explain the issues faced in more detail. New appointments to senior roles were reported and efforts required to make the fund more attractive to people in more junior roles were acknowledged.

The Council's pay structure made it difficult to attract and retain investment personnel who could earn more competitive salaries elsewhere. Options to outsource investment management would incur significant costs and could impact on performance. Regular meetings had taken place with the Bradford Council's Director Human Resources and the Fund's Chief Investment Officer had taken place and, whilst there was much to do, it was felt that some progress had been made.

A Trade Union representative raised concerns that outsourcing could exploit

people and that insourcing was the action of responsible employers. The Managing Director, WYPF, confirmed that he was in favour of good jobs being provided in Bradford and that outsourcing could see jobs being provided in London or New York.

The report revealed that WYPF accounts formed part of the City of Bradford Metropolitan District Council account, the WYPF accounts had been audited by the Council Auditor “Mazars LLP” and was waiting to be signed by Mazars as part of the City of Bradford accounts bundle. Members queried if they should be concerned about the accounts waiting to be signed off. It was explained that there had been an issue with the Bradford accounts bundle with work required to look at the triannual valuation. That work had now been concluded and it was expected the accounts would be signed by September 2023.

It was questioned if, to aid recruitment and retention, it was possible to pay more competitive wages whilst retaining the Fund’s lowest cost per member status. It was explained that the Fund’s salary structure was tied to Bradford Council’s pay structure and increases could result in equal pay claims from other departments. A report was produced in 2018 by AON which compared the Fund to other funds but this was not fully accepted by Bradford Council. Work was ongoing with Bradford Council’s Director of Human Resources and there was now a recognition that the Pension Fund was different to Council services and salaries need to reflect the pensions market.

#### **Resolved –**

- 1. That the WYPF total net expenditure actual spend of £13.61m for 2022/23 be noted.**
- 2. That the WYPF approved net expenditure budget of £16.61m for 2023/24 be noted.**
- 3. That the latest Government statistics “Sf3” showed WYPF total cost per member of £34.06 for 2021/22, as the lowest LGPS cost per member be noted.**

#### ***ACTION: Managing Director, West Yorkshire Pension Fund***

#### **8. BUSINESS PLAN 2023-2028**

The report of the Managing Director, West Yorkshire Pension Fund, (**Document “E”**) presented information relating to the five-year business plan and highlighted objectives for the Fund and documented the priorities and improvement to be implemented to help achieve those objectives.

A Member expressed his gratitude for the training opportunities provided and reported how beneficial a rent CIPFA Conference in Birmingham had been. He suggested that with so many events and training available Members receive some guidance as to the most appropriate training to attend. That request was acknowledged and Members advised that more event were planned to organised by the Fund.

The potential impact of automation and robotics on the Fund was queried with concerns that customer service could be impacted raised. In response it was explained that automation was intended to reduce routine work and that work which added value would still be provided by officers. Work would be piloted and be undertaken with the Service Centre managers to ensure there was no decline in customer service.

Members discussed the importance of added value and requested that changes be consulted on with all stakeholders. It was confirmed that consultation was undertaken and if any of the automated process were found unsatisfactory would be changed.

**Resolved –**

**That the progress on key objectives within the Business Plan be noted.**

***ACTION: Managing Director, West Yorkshire Pension Fund***

## **9. PENSIONS DASHBOARD UPDATE**

The report of the Managing Director, West Yorkshire Pension Fund (**Document “F”**) will be submitted to provide an update on the progress of the introduction of the Pensions Dashboard.

The report revealed that the Department for Work and Pensions (DWP) had announced a resetting of the Pensions Dashboard Programme to allow more time for the connection of pension providers and schemes to facilitate the successful connection of a wide range of different IT systems to the dashboards digital architecture. The WYPF had taken part in consultation with DWP and it was expected that options would be provided in autumn 2023. The DWP, The Pensions Regulator (TPR) and 40 other pension providers were meeting regularly to discuss how the scheme will develop over the next couple of years.

Members were advised that the Fund was working to plan and an ITT provider had been sourced providing good value for money.

Members questioned why an ITT process had been completed at the current stage and were informed that DWP had provided specific dates and told to work towards September 2024 until told differently. All other Local Government Pension Schemes (LGPS) were in the same position and some providers had already built IT solutions. No external costs were being incurred currently.

The possibility of pooling resources with other LGPS or private providers was queried and it was explained that this would not be possible due to differing IT requirements and differing operational arrangements. It was explained that, potentially, there could be hundreds of differing dash-boards but the ultimate result would be the same.

**Resolved –**

**That the report be noted.**

***ACTION: Managing Director, West Yorkshire Pension Fund***

**10. RISK MANAGEMENT POLICY AND STRATEGY**

The report of the Managing Director, West Yorkshire Pension Fund (**Document “G”**) presented West Yorkshire Pension Fund’s Risk Policy and Strategy.

The Risk Register was appended to the report and categorised into different risks. All those rated amber had management action plans attached. Members were assured that the register would be provided regularly to make them aware of any new risks or risk profile changes.

A Member questioned if the risk profile on page 148 of the report were gross or residual risk and it was explained that these were rated after management action plans were put in place and were residual.

In response to questions it was confirmed that risks rated amber were above the risk profile but had management action plans in place. The fund was not satisfied until those risks were rated green and they were regularly monitored.

**Resolved –**

**That the report be noted.**

***ACTION: Managing Director, West Yorkshire Pension Fund***

**11. THE PENSIONS REGULATOR CYBER LETTER TO WYPF**

The report of the Managing Director, West Yorkshire Pension Fund (**Document “H”**) was submitted to the Board following a cyber-incident at Capita. It was reported that The Pension Regulator had written to all pension scheme administrators reminding them of the key role they played in the safety and security of pension scheme member data. It was felt that the incident had provided an opportunity for the fund to look at how members were protected.

Members were advised that a tool installed last year was to allow technology teams to understand what was normal traffic on the databases and infrastructure to enable spikes or differences to be identified. Automatic alerts were sent to the teams 24 hours per day and 365 days per year.

An internal mock ransom day was being planned, with the use of external companies, to find fault with the systems and identify ways to improve.

Members questioned if the mock ransom day would affect customer service and were advised that the programme would have no impact on operational systems and the Fund had no idea what scenarios would be undertaken in the test.

In response to questions about what had been learnt from other countries it was confirmed that the Fund had signed up to daily cyber alerts and an American equivalent alert system.

**Resolved –**

**That the importance of having robust cyber controls in place be noted and the need for Members to attend the relevant training, to be scheduled, be agreed.**

***ACTION: Managing Director, West Yorkshire Pension Fund***

## **12. EXCLUSION OF THE PUBLIC**

Members were asked to consider if the **Not for Publication** Appendix to **Document “I”** relating to the West Yorkshire Pension Fund supervisory engagement exercise with TPR.

**Resolved –**

**That the public be excluded from the meeting during consideration of the Not for Publication Appendix to Document “I” relating to the supervisory engagement exercise 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 financial implications of any decision without prejudicing the financial position of the West Yorkshire Pension Fund**

## **13. THE PENSIONS REGULATOR (TPR) SUPERVISORY ENGAGEMENT**

The report of the Managing Director, West Yorkshire Pension Fund (**Document “I”**), along with the NFP TPR appendix document, provided Members with details of the supervisory engagement exercise with the TPR and nine other selected LGPS funds in England and Wales.

**Resolved –**

**That Document “I”, and the proposed next steps contained in that document, be noted.**

***ACTION: Managing Director, West Yorkshire Pension Fund***



**14. EXCLUSION OF THE PUBLIC**

**Members were asked to consider if the Not for Publication Appendix to Document “J” relating to the West Yorkshire Pension Fund Investment Advisory Panel should be considered in the absence of the public and, if so, approve the following recommendation:**

**Resolved –**

**That the public be excluded from the meeting during consideration of the Not for Publication Appendix to Document “J” relating to the minutes of a West Yorkshire Pension Fund Investment Advisory Panel meeting held on 28 April 2022 because information would be disclosed which is considered to be exempt information within paragraph 3 (Financial or Business Affairs) of Schedule 12A of the Local Government Act 1972 (as amended).**

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

**15. MINUTES OF WYPF IAP MEETING OF 27 APRIL 2023**

The report of the Director, West Yorkshire Pension Fund, (**Document “J” – containing a Not For Publication Appendix**) 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 the meeting of the WYPF Investment Advisory Panel were submitted to the Pension Board to enable the Board to ensure effective and efficient governance and administration of the LGPS.

**Resolved –**

**That the minutes of the Not for Publication minutes of the Investment Advisory Panel on 27 April 2023 be noted.**

***ACTION: Managing Director, West Yorkshire Pension Fund***

**16. EXCLUSION OF THE PUBLIC**

Members were asked to consider if **Not for Publication Document “K”** relating to the West Yorkshire Pension Fund Governance Review should be considered in the absence of the public and, if so, to approve the following recommendation:

**Resolved –**

**That the public be excluded from the meeting during consideration of the Not for Publication Document “K” relating to the Governance Review of West Yorkshire Pension Fund 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 financial implications of any decision without prejudicing the financial position of the West Yorkshire Pension Fund.**

#### **17. WYPF GOVERNANCE REVIEW**

The report of the Managing Director, West Yorkshire Pension Fund (**Document “K”**) was submitted to the Board to advise members of the proposal at recent meetings of the Investment Advisory Panel (‘IAP’) and Joint Advisory Group (‘JAG’) that a review of the effectiveness, roles and responsibilities of the IAP, JAG and the Local Pension Board (‘LPB’) be undertaken. Members were advised that the proposal was subsequently approved at a meeting of the Bradford Council Governance & Audit Committee.

**Resolved –**

**That Not for Publication Document “K”, and the verbal updates provided at the meeting, be noted.**

***ACTION: Managing Director, West Yorkshire Pension Fund***

**18. CHAIR'S NOTES**

The Chair expressed her thanks and the pride she had felt when she had attended a recent national conference where officers from WYPF were facilitating very popular and informative sessions. She also congratulated officers on the Fund's two recent nominations/shortlisting in the LAPF Investment Awards.

The Chair and Board sent their deepest condolences to Caroline Blackburn on the sad loss of her father.

Ola Ajala was wished, by all, a very speedy recovery after a recent accident.

***ACTION: Managing 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