

Minutes of a meeting of the West Yorkshire Pension Fund Pension Board held on Wednesday, 9 November 2016 at 10.10 am in Aldermanbury House, 4 Godwin Street, Bradford BD1 2ST

Commenced 10.10

Concluded 11.15

PRESENT

Employer Representatives	Member Representatives
Councillor M Slater (Chair) - Bradford Mr J Morrison - Employer	Mr G Nesbitt – GMB Mr M Binks – Unison Mr C Sykes – Unison Mr M Morris - Unite

Councillor Slater 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 business under consideration.

Action: *City Solicitor/Director, West Yorkshire Pension Fund*

2. MINUTES

Resolved –

That the minutes of the meeting held on 16 March 2016 be signed as a correct record (previously circulated).

(Jane Lythgow – 01274 432270)

3. INSPECTION OF REPORTS AND BACKGROUND PAPERS

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

4. NEW BOARD MEMBERS TERMS OF OFFICE

The Chair reported the names of new members of the West Yorkshire Pension Board and asked Members to agree the terms of office for those new members.



Resolved –

That in accordance with the Terms of Reference Councillor M Isherwood be appointed to the Board until April 2017 and Councillor G Hyde be appointed to the Board until April 2019.

ACTION: Director, West Yorkshire Pension Fund

5. INVESTMENT REFORM CRITERIA AND GUIDANCE - INVESTMENT POOLING

The Director, West Yorkshire Pension Fund, presented a report, (**Document “A”**) which explained that, in the July Budget 2015, the Chancellor had announced the Government’s intention to work with Local Government Pension Scheme (LGPS) administering authorities to ensure that they pooled investments to significantly reduce costs while maintaining overall investment performance. On 25 November the Investment Reform Criteria and Guidance were issued, which set out the criteria to be applied to the pooling of LGPS assets. Authorities were invited to submit their initial proposals for pooling by 19 February 2016. West Yorkshire Pension Fund (WYPF) together with Greater Manchester and Merseyside duly submitted its proposals by the deadline. The submission and the Minister’s response were contained on the WYPF website. A more comprehensive proposal had been submitted to the Government on 15 July 2016. That submission would be assessed against the criteria in Document “A”.

The Merseyside Local Pensions Board (LPB) considered pooling arrangements at its meeting in April, and had requested that its resolution be considered by the Local Pension Boards of the other two members of the Northern Pool. The resolution was attached as Appendix F to Document “A”.

The level of the Merseyside Local Pensions Board’s involvement in the pooling process was questioned and it was explained that, like all other pension boards, that board was a scrutiny, not decision making body. Members were advised that each Pension Fund must establish a local Pension Board comprising of 50% employee and 50% member representatives. The only difference between Bradford and Merseyside was that their Pension Board was chaired by an independent person. It was agreed that details of the officers at each fund, who were responsible for arranging pension board meetings, could be provided so if boards wished to meet they could do so.

Resolved –

- 1. That the submission to the Government, contained in Document “A”, and the continued development of pooling arrangements, subject to the Government response, be noted.**
- 2. That the Merseyside LPB resolution, contained in Document “A” be supported.**

ACTION: Director, West Yorkshire Pension Fund



6. THE LOCAL GOVERNMENT PENSION SCHEME (MANAGEMENT AND INVESTMENT OF FUNDS) REGULATIONS 2016

The Director, West Yorkshire Pension Fund, presented **Document “B”** which advised Members that the Department for Communities and Local Government (DCLG) had laid the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016, which enabled the pooling of investments.

The new regulations, in summary, made three changes:-

- The introduction of an Investment Strategy Statement (replacing the Statement of Investment Principles) and the removal of the prudential limits.
- The requirement for funds to pool their assets.
- The introduction of the power for the Secretary of State to intervene where an Investment Strategy is deemed not acceptable, a fund does not make satisfactory pooling arrangements, or a fund does not make suitable arrangements to make investments determined by the Secretary of State.

It was reported that there had been over 23,000 responses to consultation and that the majority of those responses had been in objection to the powers of the Secretary of State to intervene. Despite those representations the regulations had not been amended and had come into force from 1 November 2016.

Resolved –

That it be noted that the Regulations do not cause any concerns on the matters pertaining directly to investments, but that there have been no restrictions applied to the power of the Secretary of State to intervene in local authorities investment decisions, which does not support the policy objective of making local authorities clearly accountable for their decisions by removing the schedule of investment limits.

ACTION: Director, West Yorkshire Pension Fund

7. ACTUARIAL VALUATION 2016

The report of the Director, West Yorkshire Pension Fund, (**Document “C”**) advised Members that the triennial actuarial valuation of the West Yorkshire Pension Fund (WYPF) was being prepared based on the situation at 31 March 2016, and would determine the level of employers' contributions from April 2017 onwards.

It was explained that a meeting between the Funds Actuary and the Joint Advisory Sub Group made up of the Chair, Deputy Chair and Union Representative had been held in October 2016 to agree the assumptions to be



used in valuing the fund. No assumptions had yet been agreed but it was hoped to be in a position to let employers know the contribution rates shortly.

Concern was raised that the actuaries position appeared to be hardening towards admitted body employers as their viability was less certain. The employers, previously allowed scheduled body rates, would be severely affected. The benefit to the fund of those organisations, which were admitting new members, was raised. In response it was explained that auto enrolment had increased the membership of scheduled bodies.

The notification of potential increases two months prior to implementation was acknowledged as a matter for concern. Members questioned if there was a limit on potential increases and it was explained that the pension regulations required the fund to try to set stable contribution rates, however there were no restrictions placed on the actuary.

The sanction on bodies that may not pay increased contributions was queried and it was explained that bodies were liable to pay the level of contributions set by the actuary.

The effect on increases on employee contributions was questioned and it was explained that those contributions were not affected by the process.

It was stressed that no decision had yet been made not to underwrite the admitted bodies and that for the previous six years a sensible approach had been taken by the actuary.

Resolved –

That the report be noted.

ACTION: Director, West Yorkshire Pension Fund

8. REGISTER OF BREACHES OF THE PENSIONS REGULATOR'S CODE OF PRACTICE

The Director, West Yorkshire Pension Fund, presented **Document “D”** which reported 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) a legal duty relating to the administration of the scheme had not been or was not being complied with, and
- (b) the failure to comply was likely to be of material significance to The Pensions Regulator in the exercise of any of its functions.



A register of any breaches of the Pensions Regulator's Code of Practice was maintained in accordance with the WYPF Breaches procedure.

The Register of Breaches 2016 and the Late Payment of Contributions April 2016 were appended to Document "D". It was revealed that the only breach had been that some employers had made late payments. The steps taken to notify employers of their requirements and measures to ensure the breaches were not repeated were discussed.

In response to a suggestion that employers be 'named and shamed' members were advised that the register could be made available on the WYPF web site.

Assurances were provided that the Pensions Regulator was mainly concerned with material failures and the breaches identified were not in that category.

Resolved –

That the entries on the Register of Breaches of the Pensions Regulator's Code of Practice, all of which relate to late payment of contributions by employers, and that the action taken in each case is noted as part of the entry, be noted.

ACTION: Director, West Yorkshire Pension Fund

9. CONSULTATION ON AMENDMENTS TO THE LOCAL GOVERNMENT PENSION SCHEME 2014

The report of the Director, West Yorkshire Pension Fund, (**Document "E"**) updated Members on changes and proposed changes to the Local Government Pension Scheme (LGPS) 2014 to implement the Fair Deal for staff transferring out of the public sector, freedom of choice access to Additional Voluntary Contribution pots and a number of technical amendments required for efficient administration.

Document "E" revealed that on 27 May 2016 the Department for Community and Local Government had issued a further consultation which included draft amendment Regulations. The consultation had closed on 20 August 2016 and a copy of WYPF's response was appended to the report.

Members requested that they be informed when changes to the LGPS were implemented and it was agreed to add Pension Board members to the register of employer alerts.

Resolved –

That the report be noted.

ACTION: Director, West Yorkshire Pension Fund



10. UPDATE ON THE GUARANTEED MINIMUM PENSION (GMP) RECONCILIATION EXERCISE.

The report of the Director, West Yorkshire Pension Fund, (**Document “F”**) provided an update on the Guaranteed Minimum Pension (GMP) Reconciliation Exercise.

The report explained that the exercise was to wind up the contracted out element link between the LGPS (Local Government Pension Scheme) and the SERP's (State Earnings Related Pension Scheme) which affected members with service between 6 April 1978 and 5 April 1997, and is planned to begin in January 2017.

Members were advised of the additional workload required and of software issues which had been experienced by all funds. The work had been delayed but was now scheduled to commence in January 2017 which was within the timescale required. It was agreed that a progress report would be provided at the next meeting.

Resolved –

That the report be noted and the potential additional workloads anticipated from the exercise be noted.

ACTION: Director, West Yorkshire Pension Fund

11. WEST YORKSHIRE PENSION FUND JOINT ADVISORY GROUP MINUTES 28 JULY 2016

The report of the Director, West Yorkshire Pension Fund, (**Document “G”**) 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 Joint Advisory Group were submitted to the Pension Board to enable the Board to ensure effective and efficient governance and administration of the LGPS.

The Review of Additional Voluntary Contributions Providers (minute 11) and that concern had been raised that Prudential were more expensive was discussed. A Member reported his experience with that organisation and his belief that they were more user friendly than some providers. In response it was confirmed that officers had met with that company that they were reviewing their charges.

A member commented that Scottish Widows did not provide cash or deposit funds, however, it was confirmed that this was not the case.



Resolved –

That the minutes of the West Yorkshire Pension Fund Joint Advisory Group, meeting held on 28 July 2016, be noted.

ACTION: Director, West Yorkshire Pension Fund

12. TRAINING, CONFERENCES AND SEMINARS

The Director, West Yorkshire Pension Fund, presented a report (**Document “H”**) which informed Members that their training to understand the responsibilities and issues which they would be dealing with was a very high priority. The date of the next meeting was also reported.

Details of training courses, conferences and seminars were provided and Members were encouraged to attend. The Chair advised that he had found the LGPS “Trustee” Training Fundamentals event useful.

It was also suggested that if Members required any specific training through one to one meetings with the in house team that could be arranged.

Assurances were provided that the new Pension Board members had been informed of the training available to them.

Resolved –

That the date of the next meeting on 19 April 2016 be noted.

ACTION: Director, West Yorkshire Pension Fund

13. EXCLUSION OF THE PUBLIC

Resolved –

That the public be excluded from the meeting during the consideration of the item relating to minutes of the West Yorkshire Pension Fund Investment Advisory Panel meetings held on 28 April 2016 and 28 July 2016 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.



14. MINUTES OF THE WEST YORKSHIRE PENSION FUND (WYPF) INVESTMENT ADVISORY PANEL HELD ON 28 APRIL 2016 AND 28 JULY 2016

The report of the Director, West Yorkshire Pension Fund, (**Document “I”**) reminded Members that the role of the West Yorkshire Pension Fund 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 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 Not for Publication minutes appended to Document “I” 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 Committee.

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

