

## Minutes of a meeting of the WYPF Joint Advisory Group held on Thursday, 26 January 2017 at Aldermanbury House, Godwin Street, Bradford BD1 2ST

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Commenced  
1300  
Concluded 1420

**Present –**

<p><b><u>Bradford Members</u></b> Councillors: Miller Thornton Lal</p>	<p><b><u>Calderdale Members</u></b> Councillors: Lynn Metcalf</p>
<p><b><u>Kirklees Members</u></b> Councillors: Richards</p>	<p><b><u>Leeds Members</u></b> Councillors: Davey Dawson Harrand</p>
<p><b><u>Wakefield Members</u></b> Councillors: Jones Speight</p>	<p><b><u>Trades Union Members</u></b> Mr Greenwood (UNISON) Mr Chard (GMB)</p>
<p><b><u>Scheme Members</u></b> Mr Sutcliffe Ms W Robinson</p>	

Apologies: Liz Bailey, Councillor S Baines, Councillor F Fadia, Councillor E Firth and Councillor R Forster

**Councillor Thornton in the Chair**

**19. DISCLOSURES OF INTEREST**

All those present who were members or beneficiaries of the West Yorkshire Pension Fund disclosed, in the interests of transparency, an interest in all relevant business under consideration.

**Action:**      *City Solicitor*



**20. MINUTES**

**Resolved –**

**That the minutes of the meeting held on 28 July 2016 be signed as a correct record.**

**21. INSPECTION OF REPORTS AND BACKGROUND PAPERS**

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

**22. REVISED ESTIMATES 2016/17 AND ORIGINAL ESTIMATES 2017/18**

The Director, West Yorkshire Pension Fund, provided a report (**Document “N”**) which presented the revised estimates 2016/17 and original estimates 2017/18.

The report included a summary of combined Pensions Administration and Investment Management budgets, showing variances against the original estimates for 2016/17 and 2017/18 variances against the revised estimates for 2016/17.

It was noted that WYPF was significantly cheaper than other funds. Members questioned why the budget estimate for the full staffing structure remained when there were less than that number presently employed. It was explained that the budget had been retained to enable the fund to react to the need for additional specialist staff which may be required for investment pooling and to provide the capacity for future shared services. Assurances were provided that staffing proposals would be scrutinised to ensure the filling of posts was justified.

The report revealed that the Civic contract was to be extended in 2017; the new contract would be more expensive and negotiations were ongoing. It was queried if the new contract would be significantly more expensive and if a tender process had been applied. In response it was explained that negotiations were ongoing when the report was written and were being undertaken to ensure value for money was received. A move had previously been made, via a tender process, to Civica from a previous supplier and large savings had been made. The system was flexible and the support was good. It was felt that if the contract went to tender the price would be much higher. Some market testing would, however, be carried out to confirm if that was the right course of action.

**Resolved –**

**That the revised budget estimate for 2016/17 of £9.01m and original estimate for 2017/18 of £10.19m be approved.**

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



## 23. 2016 ACTUARIAL VALUATION

The report of the Director, West Yorkshire Pension Fund, (**Document “O”**) informed Members that the triennial actuarial valuation of the West Yorkshire Pension Fund was being prepared based on the situation at 31 March 2016 and would determine the level of employers’ contributions for the period 1 April 2017 to 31 March 2020.

The report indicated that WYPF was likely to be 94% funded compared to the situation at 31 March 2013 when it was 96% funded. As a result each of the five District Councils would see an increase in the total of their primary and secondary (deficit) contributions of less than 2% based on the theoretical contributions (2017/18)

A Member acknowledged that three years ago assumptions would have been amended to prevent increases to employers contributions. New government regulations had reduced the funds control. He explained that, as a result of those regulations, increased contributions were inevitable.

Assumptions used in calculating contributions reported in Appendix A to Document “O” were questioned and it was suggested that 3.25% seemed a high rate for general pay increases. In response it was explained that the assumptions were made for a 20 year period. It was known that a period of correction followed a lower pay phase. It was felt that 1.25% above the inflation rate was conservative and would have a very small impact.

Document “O” revealed a number of significant events including the result of the Referendum on the UK’s membership of the EU on 23 June and the US presidential election on 8 November 2016. In part due to the depreciation in the value of sterling the returns achieved on the Fund since the valuation had been very strong; the Administering Authority had asked the Fund Actuary to take that into account when setting the contributions for 2017/18. A view that the impact of those factors would be temporary was raised and it was explained that there was the ability to amend in the next year. All financial directors were aware of the requirement to rebalance the expected return should the fund be devalued.

**Resolved –**

**(1) That the report be noted.**

**(2) That, subject to consultation with all stakeholders, the draft Funding Strategy Statement, contained in Document “O” be approved.**

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

## 24. INVESTMENT REFORM CRITERIA AND GUIDANCE - INVESTMENT POOLING

The Director, West Yorkshire Pension Fund, presented a report (**Document “P”**) which advised Members of progress on the Government’s work



with Local Government Pension Schemes (LGPS) administering authorities to ensure that they pool investments to reduce costs significantly while maintaining overall investment performance.

The report revealed that representatives of the Pool had met with the Minister on 19 December. The Minister had welcomed the commitment to investment in infrastructure and the intention for the GLIL joint venture to become regulated to allow other pools to join in. (GLIL is a £1.3 billion infrastructure joint venture between Northern Pool participants and one other partner. There was limited questioning on other aspects of the presentation. A formal response had been received in January 17 and was tabled for information.

**Resolved –**

**That the continued development of pooling arrangements, subject to the Governments response, be noted.**

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

## **25. DEVELOPMENTS WITHIN THE WEST YORKSHIRE PENSION FUND**

The Director, West Yorkshire Pension Fund, presented a report (**Document “Q”**) which set out developments within the Fund in the last year covering changes in employers, membership, Performance and Benchmarking, Employer and Customer Service Surveys, Internal Dispute Resolution Procedure Cases and External Business.

A Member commented that some information had been replicated in different tables in two tables within the report. In response it was explained that there had been some formatting issues when the report had been produced. It was also explained that work was being undertaken on KPIs as it was acknowledged that an 85% target was not appropriate for all work types. Some work streams would require a higher priority and the KPIs would be amended to reflect priority,

**Resolved –**

**That the report be noted.**

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

## **26. PENSIONS REGULATOR'S CODE OF PRACTICE AND REGISTER OF BREACHES OF THE LAW**

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

Appended to the report was a copy of the Pensions Regulator Code of Practice 14; the Pensions Regulator Code of Practice and WYPF compliance 2017 and



the Register of Breaches 2016. Members were asked to note the WYPF's response to the Pension Regulator's requirements

Document "R" was presented in two sections and explained that from April 2015 all Public Service Pension Schemes came under the remit of the Pensions Regulator. Compliance with the Pension Regulators Code of Practice was discussed.

The second element of the report was concerned with the Breaches Register which the Fund was required to have in place. Appended C to Document "R" contained the register of breaches in 2016/17 and identified that there were only two breaches:-

- Employers must pay by 19th the contributions deducted from Members. Procedures were in place to assist employers including the setting up of Standing Orders to ensure contributions were paid at the appropriate time.
- A 100% target was set for the production of Annual Benefit Statements. Members were advised that this would always be impossible to achieve as, inevitably, there would be contact detail changes of which the Fund were not informed. It was explained that efforts towards that target continued and, as of the meeting date, a 99.1% target had been achieved.

In response to discussions about payments of Member contributions by employers concern was expressed that changes to education funding allowing trusts to sub contract services could exacerbate that issue.

In response it was explained that staff were aware and all contributions were paid before the next due date. The issue was targeted on two levels. Employers must produce payroll records and this was acted upon immediately. If they failed to supply payment after two 'strikes' they were charged regulatory interest and performance fee. Employers were also advised that they would be reported to the Pensions Regulator.

The charge incurred from late payment was questioned and Members were advised that this was the Bank of England base rate plus 1%. An administration charge was also applied for any additional work required by the WYPF. The implementation of charges had resulted in a significant improvement. It was agreed to provide Members with additional information about the regulatory interest and the performance fees charged.

A suggestion was made that bench marks against other authorities be published, however, it was reported that each Pension Authority had different payroll methods and comparisons would be difficult.

There had been a previous discussion about uploading the Risk Register to the WYPF website and it had been agreed not to 'name and shame' employers. Members were assured that the Risk Register would be discussed at each meeting.



A Member suggested that small companies operating in other authorities could benefit from intelligence sharing in the future. It was confirmed that WPYF did share intelligence as part of a group which met four times per year with other Metropolitan Authorities.

**Resolved –**

**(1) That the summary of results of WYPF compliance against the Pensions Regulators Code of Practice be noted.**

**(2) That all entries and actions contained in the Breaches Register be noted.**

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

## **27. SHARED SERVICE PARTNERSHIP WITH LINCOLNSHIRE PENSION FUND**

West Yorkshire Pension Fund's (WYPF) shared service partnership to provide a pensions administration service for Lincolnshire Pension Fund (LPF) commenced from 1 April 2015.

The report of the Director, West Yorkshire Pension Fund, (**Document "S"**) provided an update on the partnership to date.

An administration update explained that Lincolnshire Pension Fund had been brought into line with service standards. Statistics revealing the performance against key areas of work for the period April 2016 to December 2016 were included in the report.

The response to Life Certificates and Death Grant Nominations were reported together with the savings received following the implementation of the National Fraud Initiative. Membership numbers were provided and revealed an increase of 700; the cost per member had reduced and complimentary feedback had been received from members and employers. Nominations received in the LCG Investment Awards; the Pensions Age Awards and the National Framework for Third Party Administration were also reported.

It was explained that the Death Grant Nomination exercise had been rolled out to pensioner members and to date 40% had been returned.

**Resolved -**

**That the report be noted.**

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



**28. PENSIONS ADMINISTRATION STRATEGY AND COMMUNICATIONS POLICY 2017/18**

The report of the Director, West Yorkshire Pension Fund, (**Document “T”**) advised Members that, as part of the Local Government Pension Scheme (LGPS) Regulations 2013, West Yorkshire Pension Fund (WYPF) prepared a written statement of the authority’s policies in relation to such matters as it considered appropriate in relation to procedures for liaison and communication with scheme employers and the levels of performance which the employers and WYPF were expected to achieve.

The Pensions Administration Strategy and Communications Policy was produced last year and approved by the WYPF Joint Advisory Group (JAG). The strategy would be brought before WYPF JAG each year to review and approve, particularly if there were any new regulations and revisions to working practices.

It was confirmed that there were no changes to the Pensions Administration Strategy. The Communications Policy had been updated to reflect activities planned for 2017-18 which included implementation of member self service for which a pilot had already commenced.

**Resolved -**

**That the Pension Administration Strategy and the Communications Policy 2017/18, contained in Document “T”, be approved.**

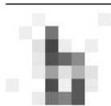
***ACTION: Director, West Yorkshire Pension Fund***

**29. EXTERNAL BUSINESS - PENSIONS ADMINISTRATION FOR THE FIREFIGHTERS PENSION SCHEMES**

Members were aware that West Yorkshire Pension Fund (WYPF) provided a shared service partnership to provide a pensions administration service for seven Fire Authorities.

The report of the Director, West Yorkshire Pension Fund, (**Document “U”**) provided an update on the business to date. The report provided information on performance against key areas of work for the period 1 April 2016 to 31 December 2016 and membership numbers. It was explained that this was a complex area to administer but WYPF had an experienced fire authority team and it was hoped that the shared partnership would increase from the current seven fire authorities.

Document “U” revealed that all the Fire Authorities had moved to a shared service arrangement which meant that the cost of administration was shared equally between the WYPF and each Fire Authority and they all paid the same amount of a cost per member basis. The annual income generated from the partnership was reported as £171, 901.



In response to questions it was confirmed that the Ambulance Service was included in the National Health Service Pension scheme.

**Resolved –**

**That the report be noted.**

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

### **30. CIPFA BENCHMARKING REPORTS**

West Yorkshire Pension Fund had taken part in the CIPFA Benchmarking Club for Pensions Administration. The report of the Director, West Yorkshire Pension Fund, (Document “V”) provided information about the costs of the Fund’s pensions administration service and compared those costs with other LGPS funds who were part of the CIPFA Benchmarking Club.

Document “V” reported that 38 LGPS funds had reported their administration costs, membership details, workload and staff movements to CIPFA who analysed and reported on the data in comparative tables and graphs. The benchmarking related to the membership administration function of the Fund and did not cover investments. Officers from the Fund also met with representatives from the other metropolitan funds to exchange information, share best practice and develop next year’s survey.

The summary results detailed in Appendix 1 to Document “V” compared WYPF with all members of the benchmarking club. The Fund had the fifth lowest annual cost per member. Appendix 2 compared WYPF to other large funds. The Fund had the third lowest annual cost per member amongst larger funds (over 100,000 members).

Key points of interest in the report included comparisons with costs per member; staff per member; IT; payroll; communications; sickness; staff turnover and experience and historical performance.

It was questioned if sickness absence statistics considered the ratio of staff per member and suggested that such statistics could demotivate staff and place them under greater strain. In response it was acknowledged that the pensions industry was an environment where performance was measured. Assurances were provided that staff were fully appraised to ensure they were able to carry out their roles and their good performance was acknowledged. Efforts were made to ensure that although the work was stressful the work place was pleasant and a fun place to be. The sickness figures compared had been distorted due to some long term absence issues.

During discussions about electronic communication a Member asked that the fact that not all Members would have email be considered.



**Resolved –**

**That the report be noted.**

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

**31. TRAINING, CONFERENCES AND SEMINARS**

Members were aware that the training of Joint Advisory Group Members to understand their responsibilities and the issues they would be dealing with was a very high priority.

The Director, West Yorkshire Pension Fund submitted a report (**Document “W”**) providing details of training courses, conferences and seminars which may assist Members. Full details of each event were available at the meeting.

Members gave consideration to attending the training courses, conferences and seminars set out in Document “W”.

**No resolution was passed on this item.**

Chair

**Note: These minutes are subject to approval as a correct record at the next meeting of the WYPF Joint Advisory Group.**

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

