

Minutes of a meeting of the West Yorkshire Pension Fund Pension Board held on Wednesday, 19 April 2017 at Aldermanbury House, Godwin Street, Bradford BD1 2ST

Commenced 10.00 am
Concluded 11.15 am

Members of the Committee

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

Apologies: Mick Binks, Councillor Margaret Isherwood and Gary Nesbitt (GMB)

Councillor M Slater in the Chair

15. 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*

16. MINUTES

That the minutes of the meeting held on 8 October 2015 and 9 November 2016 be signed as a correct record.

17. INSPECTION OF REPORTS AND BACKGROUND PAPERS

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



18. REVIEW OF PENSION BOARD POLICIES

Under the Public Service Pensions Act 2013 and the guidance that followed the Pension Board is required to produce and maintain a number of key policy documents. Those policy documents are brought to the Board every two years and the last review of those policies was in September 2015. The report of the Director, West Yorkshire Pension Fund (Document “J”) presented the latest version of those policies for them to be formally endorsed by the Board.

In relation to the Terms of Reference for the Board it was noted that upon initial establishment of the Board, to ensure that some of the expertise developed by the new members was retained, 50% of the membership, comprising of two member representatives and two employer representatives, shall be appointed for a term of two years only. That two year membership would end before the next Board meeting and those members, John Morrison, Councillor Isherwood, Colin Sykes and Mark Morris, were asked to inform Caroline Blackburn if they intended to stand again. Those nominations would be for a four year term to ensure there was a rolling programme of membership as those members initially appointed for a four year programme would be reselected in two years time. Following discussions it was noted that John Morrison, Employer Representative would be retiring before the next appointments.

Members attention was drawn to Appendix D to Document “J” and members were asked to be aware of CIPFA’s requirements that members be aware of that framework.

Members questioned the numbering of paragraphs in the Terms of Reference contained in Appendix A and it was acknowledged that the numbering sequence was distorted and the document would be amended and recirculated. The document referred to the appointment of Employer Representatives and it was confirmed that the appointments were at the discretion of Bradford Council as the administering authority although an election would be held.

Resolved –

That the policies contained in Appendices A, B, C and D to Document “J” be agreed and that the report be noted.

ACTION: Director, West Yorkshire Pension Fund

19. WEST YORKSHIRE PENSION FUND (WYPF) JOINT ADVISORY GROUP MINUTES 26 JANUARY 2017

A summary of the minutes presented by the Director, West Yorkshire Pension Fund, reminded members that the estimates reported in Minute 22 confirmed that the fund remained one of the best administrating authorities and as it was 94% funded it was expected that it would be in a very good position nationally.



Progress on investment pooling was reported and included that 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.

In response to a request for members to attend a Joint Advisory Group members confirmed that they had found those visits, and the opportunity to see how the WYPF Joint Advisory Group worked in practice, very useful.

Members requested that CIPFA benchmarking reports be circulated and it was agreed that, as the majority of the documents, were publicly available, they would be circulated.

The report of the Director, West Yorkshire Pension Fund, (**Document “K”**) reminds 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.

Resolved –

That the minutes of the meeting of the West Yorkshire Pension Fund Joint Advisory Group meeting held on 26 January 2017 be noted.

ACTION: Director, West Yorkshire Pension Fund

20. PENSIONS REGULATOR'S CODE OF PRACTICE AND REGISTER OF BREACHES OF THE LAW

The Director, West Yorkshire Pension Fund, presented **Document “L”** 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.

The Pension Regulator had issued Code of Practice No. 14 – Governance and administration of public service pension schemes in April 2015. An initial review of WYPF compliance with the Pensions Regulator code of practice was undertaken by the Funds actuary, Aon Hewitt, in 2016.



A requirement of the Pension Regulator was that each pension fund should have a Breaches Procedure. In accordance with WYPF's Breaches Procedure a Register of Breaches was maintained. That register was contained at Appendix C to Document "L"

There were two entries in that register Since April 2016 related to failure to issue 100% of annual benefit statements by 31 August 2016 and late payment of employer contributions which were due to be paid to WYPF by the 19th day of the following month.

In relation to the annual benefits statement issue it was explained that the requirements were very specific and it would not be possible to achieve 100% compliance for the distribution of Annual Benefit Statements by 31 August 2017 due to members not advising the fund of all changes in personal circumstances by that date. It was noted, however, that 99.2% of those statements had been distributed.

The procedure to deal with employers late payments was outlined and it was reported that figure was reducing. None of the late payments were deemed to be of material significance and were therefore not reported to the Pension Regulator. A suggestion that a "three strike" policy be implemented for those employers whose payments were late within 3 days in a 12 month period be reported to the Pension Regulator, employers who were more than one week late but less than two weeks late be given a two strikes policy and any payments over two weeks be reported immediately was noted. It was acknowledged that employers be allowed a settling in period and that from April 2018 the policy be implemented.

It was acknowledged that the work of officers had been effective in reducing late payments and agreed that the new "three strikes" policy be communicated to all employers. In response it was confirmed that all employers had been consulted on the administration strategy and the 19th day as the payment day had been stipulated in that communication. The WYPF did have regular communications with employers and members were assured that the new policy would be included in those communications.

Resolved –

- 1. That the summary of results of WYPF compliance against the Pensions Regulator's Code of Practice, contained in Document "L" be noted.**
- 2. That all entries and actions taken as shown on the Register of Breaches contained in Document "L" be noted**

ACTION: Director, West Yorkshire Pension Fund



21. ACTUARIAL VALUATION 2016

The report of the Director, West Yorkshire Pension Fund, (**Document “M”**) advised Members that the triennial actuarial valuation of the West Yorkshire Pension Fund (WYPF) had been prepared based on the situation at 31 March 2016, and had determined the level of employers’ contributions for the period 1 April 2017 to 31 March 2020.

The results of the valuation were that WYPF was 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 17/18).

The report revealed that the current Actuarial contract with Aon was due to end on 30 June 2017 and the appointed contractor would be known by mid June 2017. In response to questions it was confirmed that Mercers had been the contractor previous to Aon.

It was questioned if the Fund utilised Aon or their own assumptions and it was explained that an approach would be agreed jointly and required the approval of the external auditors.

The WYPF was thanked by the employer representative from Wakefield District Housing who believed that it had taken a reasonable and long term approach to the valuation.

Resolved –

That the report be noted.

ACTION: Director, West Yorkshire Pension Fund

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

The report of the Director, West Yorkshire Pension Fund, (**Document “N”**) advised Members that the Guaranteed Minimum Pension (GMP) Reconciliation Exercise, was to wind up the contracted out element link between the LGPS (Local Government Pension Scheme) and the SERPs (State Earnings Related Pension Scheme) which affected members with service between 6 April 1978 and 5 April 1997.

The reconciliation process was designed to allocate all GMP liabilities to the correct Fund before the deadline in 2018, after which, the relevant Fund that held the record would be liable for pension inflation increases.



The amount of the GMP would contribute towards the calculation of the members' benefits in the New State Pension system and this had begun on 6 April 2016.

It was confirmed that officers had begun to build up the match criteria against their records and the results were a positive match of 83.9% of the fund membership.

Resolved –

That the update in Document “N” be noted and the potential additional workloads anticipated from this exercise be acknowledged.

ACTION: Director, West Yorkshire Pension Fund

23. WEST YORKSHIRE PENSION FUND FIVE YEAR INTERNAL AUDIT PLAN 2017/18 to 2021/22

The report of the Director, West Yorkshire Pension Fund (WYPF) (**Document “O”**) presented the WYPF five year internal audit plan 2017/18 to 2021/22. The internal audit plan was updated annually, using a five year planning horizon. Regular meetings were held with CBMDC Internal Audit Team to plan every year. Officers also met before each audit to review audit scope, business and operational risks, and post audit to agree internal audit recommendations, and provide updates on implementation of recommendations.

Resolved –

That the five year internal audit plan be noted by the Local Pension Board.

ACTION: Director, West Yorkshire Pension Fund

24. TRAINING, CONFERENCES AND SEMINARS

The Director, West Yorkshire Pension Fund, presented a report (Document “P”) which informed Members that their training to understand their responsibilities and the issues they would be dealing with was a very high priority. Details of training courses, conferences and seminars listed could assist Board Members.

In addition to external training available members requested that internal training be provided by the WYPF every six months.

To aid members understanding of how the fund operated future topics for those sessions were suggested on Life certificates/oversees pensioners; Internal Dispute Resolution procedure and Risk Management.

It was agreed that those sessions would be held in summer 2017 and discussions would be held following implementation to monitor the success and usefulness of those events.



The Pension Director, WYPF, recommended attendance at the LGA Fundamentals training in Leeds. It was agreed to circulate information on that training and members were asked to contact Caroline Blackburn if they wished to attend.

The timetable for future WYPF Pension Board meetings was agreed as October/November 2017 and April 2018.

Resolved –

That the introduction of twice yearly Member training sessions be approved and additional training events, contained in Document “P” be noted.

ACTION: Director, West Yorkshire Pension Fund

25. 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 3 November 2016 and 26 January 2017 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 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.

26. MINUTES OF THE WEST YORKSHIRE PENSION FUND (WYPF) INVESTMENT ADVISORY PANEL HELD ON 3 NOVEMBER 2016 AND 26 JANUARY 2017

Resolved –

That the Not for Publication minutes appended to NFP Document “Q” be noted.

ACTION: Director, West Yorkshire Pension Fund

Chair

Note: These minutes are subject to approval as a correct record at the next meeting of the West Yorkshire Pension Fund Pension Board.

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

