



West Yorkshire Pension Fund

Lincolnshire  
Pension Fund



London Borough  
of Hounslow

# Pension

AUTUMN 2018 • PENSIONER WYPF MEMBER NEWSLETTER



- 🕒 2018 annual meeting
- 🕒 2018 fund report
- 🕒 Investment Advisory Panel update

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communication

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# A n n u a M e e t i

## Book now

We are now taking bookings for our 2018 annual meeting in Bradford.  
Book your place online now at [www.wypf.org.uk/meeting](http://www.wypf.org.uk/meeting)  
Places are limited and for members only

## When

Wednesday 31 October 2018 • 2.00pm–3.30pm (doors open 1.30pm)

## Where

City Hall (Banqueting Suite), Bradford.



**Book your place online**  
at [www.wyppf.org.uk/meeting](http://www.wyppf.org.uk/meeting)  
Or phone 01274 434999  
(please have your WYPF  
member number or  
NI number handy when  
you phone). Once you've  
booked we'll send you  
more information. For  
building access details visit  
[www.disabledgo.com](http://www.disabledgo.com)

## The programme

- 1.30pm Doors open for registration and tea or coffee
- 2.00 pm Introduction by Councillor Andrew Thornton, Chair of the WYPF Joint Advisory Group
- 2.10 pm WYPF update by director Rodney Barton
- 2.30 pm General Economic and Market Investments and WYPF Investments by our external investment advisers
- 3.10pm Questions and answers
- 3.30pm Meeting ends

# 2018 update on the WYPF Investment Advisory Panel's work

Final report by Stuart Imeson, retired member representative on the WYPF Investment Advisory Panel

As normal, the Investment Advisory Panel (IAP) met on a quarterly basis in November 2017 through to April 2018. A working group of the Panel also met twice with fund managers to review West Yorkshire Pension Fund's investments in private equity funds, infrastructure funds and hedge funds. These working group meetings are important in ensuring the fund managers know their performance is being monitored.

Due to the strength of equity markets in recent years, the Fund's weighting in equities had risen well above the fund specific benchmark for equities. As a consequence of this, the Panel agreed that significant sales of equities be undertaken. The proceeds from the sales were then to be invested in short-dated Government bonds which would provide capital protection and give a modest investment yield. If a major

downward correction in equity markets should subsequently occur, thus bringing equities within the fund specific benchmark, the bonds could then be sold and re-invested in equities at lower prices.

The Panel also agreed to the sale of a substantial part of the Fund's investments in hedge funds, with the proceeds re-invested in other Alternative Investments. Although hedge funds have produced reasonable returns over recent years, it was felt that other Alternative Investments, particularly private equity, would produce superior returns going forward.

The Panel continued to receive updates on the progress of pooling within the Northern Pool (NP). As required by the Government to enter into a pooling arrangement, the WYPF has come together with the Greater Manchester Pension

## Could you represent our retired members?

See over the page for details



Fund and Merseyside Pension Fund to form the NP. Individual funds will retain their current role of asset allocation and investment policy and will delegate the implementation of that policy to a Joint Committee of the NP. The Joint Committee will comprise of representatives from each of the three funds, and will be chaired by Ian Greenwood who is currently Deputy Chair of WYPF's IAP. The main long-term vision for the NP is for it to provide access to collective investment by the three funds in Alternative Investments (e.g. private equity and infrastructure) at a reduced cost to these funds.

WYPF continues to build a diversified portfolio of direct UK property assets both in terms of sector and geographical location following the Panel's decision a few years ago for WYPF to invest directly in individual properties.

On non-investment issues, the Panel noted the net income received from WYPF's stock lending activities which for the year ended 31 March 2018 amounted to £3.5million. The Panel also received quarterly reports on the activities of the Local Authority Pension Fund Forum (LAPFF) of which WYPF is a member along with over 70 other local authority pension funds. LAPFF continues to engage with companies on behalf of the pension funds on current issues such as climate risk, cybersecurity risk, and employment and remuneration practices.

Please note that this update covers only three quarterly IAP meetings, as my period of office as the retired member representative on the Panel came to a close after the April 2018 meeting.

More detailed information is available on [www.wypf.org.uk](http://www.wypf.org.uk)

# Could you represent our retired members?

**Would you like to represent retired pension fund members on our Investment Advisory Panel or our Joint Advisory Group?**

We are looking for new applicants to become WYPF pensioner member representatives. Our current representatives are now coming to the end of their three-year period of office. We'd like to hear from you if you're interested in becoming a representative yourself.

We have two committees: our Investment Advisory Panel oversees the way our investments are managed, and the Joint Advisory Group considers pensions issues both locally and nationally. Both committees include an active and a pensioner member representative.

If you'd like us to consider you for the pensioner member representative position on either committee, please write to Yunus Gajra – Business Development Manager at WYPF, PO Box 67, Bradford BD1 1UP or email [yunus.gajra@wypf.org.uk](mailto:yunus.gajra@wypf.org.uk)

We'll send you information about the role, including how much of your time you will need to give and the personal qualities we're looking for.

The pensioner representative posts are open to Local Government Pension Scheme pensioners only. If your main pension comes from the Teachers' Pension Scheme you're not eligible to apply.

**The closing date is 15 October 2018**

## **London Borough of Hounslow Pension Fund joins WYPF**

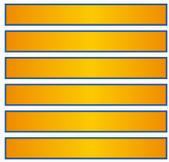
We're very pleased to welcome members of the London Borough of Hounslow Pension Fund, which has joined our shared-service arrangement from 1 August 2018. We look forward to offering Hounslow's members the high-quality service already enjoyed by West Yorkshire and Lincolnshire members.



**London Borough  
of Hounslow**

Looking at opening a savings or bank account for yourself or maybe a grandchild?  
Want to borrow money at competitive rates?

## Why not join a Credit Union?



# Credit Union

## BRADFORD DISTRICT

An ethical, not-for-profit savings & loan company

With 6,500 members and loans totalling millions of pounds to local people, here at Bradford District Credit Union we've been helping people throughout the district save and borrow for 25 years.

We are delighted to open up our range of services to all WYPF's retired members with the convenience of deductions taken straight from your monthly WYPF pension.

Email [credit.union@bdcu.co.uk](mailto:credit.union@bdcu.co.uk)

Phone 01274 434100

CELEBRATING  
**25**  
YEARS

To mark our 25th anniversary, the Lord Mayor of Bradford hosted a special celebration dinner in City Hall.



Find out more at [www.bdcu.co.uk](http://www.bdcu.co.uk)

Try our new mobile app!

# 2018 fund report

## Introduction by Rodney Barton, Director of WYPF

Following a substantial increase in value of more than 22% in 2016/17, the fund decreased slightly in 2017/18 by 0.48% (£65.6m) to £13.56 billion, mainly due to a substantial sum paid to transfer First Group West Yorkshire's liabilities to Greater Manchester Pension Fund. The government requires LGPS funds to pool assets in order to achieve cost efficiencies on investments, though as the fund with the lowest investment cost of all LGPS funds, we will benefit less than the average fund from the process. We continue to work with our pooling partners – Greater Manchester Pension Fund and Merseyside Pension Fund – to develop the Northern Pool, and we have already achieved lower costs in some areas without compromising anticipated returns.

Our pension administration teams deliver a high-quality service at very low cost through system efficiencies mostly developed in-house. Other schemes recognise our quality and value and as a result our shared-service administration provision has grown. Last year we provided administration for Lincolnshire Pension Fund and eight fire authorities. This has now risen to thirteen, and in 2018 the London Borough of Hounslow joined our shared-service arrangements.

I would like to thank members of the Joint Advisory Group, the Investment Advisory Panel and our external advisers, as well as the administration and investment staff, for all their efforts and commitment.

This summary gives a flavour of our draft Report and Accounts, which we have published on [www.wypf.org.uk](http://www.wypf.org.uk)

## Environmental, social and governance obligations

WYPF takes environmental, social and governance investment obligations seriously, and is a leader in the engagement with companies on the necessary transition to a low-carbon emission future, which has included sponsoring the 'Aiming for A' resolutions passed in the 2016 AGM season.

In addition WYPF makes a positive contribution towards the transition to a low-carbon future by investment in alternative energy and green technology. Over a number of years particular effort has been made to support the generation and storage of sustainable sources of energy.

## Fund account

<b>Opening assets of the fund at 1 April 2017</b>	<b>£13,632m</b>
<b>Investment return and income</b>	
Return on investments	£75m
Investment income	£388m
<b>Dealing with members</b>	
Benefits paid (including bulk transfer paid of £450m and administrative expenses of £10m)	-£977m
Contributions (including transfers received of £42m)	£449m
<b>Closing net assets of the fund at 31 March 2018</b>	<b>£13,567m</b>
Closing net assets made up of:	
Market value of fund investment portfolio	£13,806m
Net current assets (debtors, overdraft and creditors)	-£239m
<b>Total (closing assets of WYPF fund at 31 March 2018)</b>	<b>£13,567m</b>

As can be seen above, the fund had a negative cashflow of £65m, mainly due to a large one-off bulk transfer of assets (£450m) for First Group West Yorkshire.

## Performance

Our positive investment return of 3.3% for 2017/18 placed us in the third quartile, which is disappointing though we remain above median over three years. Our asset strategy, with a relatively high commitment to equities and underweighting of other assets, is very different to the average LGPS fund. In the past reporting period (2017/18) this would have had a positive impact on the fund's performance relative to its peers because returns on equities were considerably ahead of bonds.

The latest (2016/17) results reveal that our total cost per member of £38.03 was the lowest compared to a national average of £214.87.

Cost per member 2016/17	Position	West Yorkshire Pension Fund	LGPS Lowest	LGPS Highest
Admin cost per member	7th	£14.35	£10.92	£86.43
Investment cost per member	1st	£20.58	£20.58	£476.36
Oversight & Governance	9th	£3.10	£0.00	£78.62
<b>Total cost per member</b>	<b>1st</b>	<b>£38.03</b>	<b>£38.03</b>	<b>£531.84</b>

# Investments

Investments held at 31 March 2018 by asset classification

	Book Cost	Book cost %	Market value	Market value	No. of holdings
	£m	%	£m	%	
Government bonds	814.25	9.59%	872.14	6.32%	57
Corporate bonds	466.57	5.49%	502.63	3.64%	119
Equity – basic materials	139.98	1.65%	238.57	1.73%	65
Equity – consumer goods	505.45	5.95%	1,445.02	10.47%	155
Equity – consumer services	460.17	5.42%	863.75	6.26%	160
Equity – financial	1,501.11	17.99%	2,241.79	16.44%	292
Equity – health care	329.11	3.87%	768.58	5.57%	76
Equity – industrial	712.47	8.39%	1,417.79	10.27%	246
Equity – oil and gas	398.02	4.69%	687.87	4.99%	74
Equity – technology	214.80	2.53%	438.61	3.18%	63
Equity – telecommunications	224.94	2.65%	276.24	2.00%	41
Equity – utilities	148.91	1.75%	256.09	1.86%	49
Convertible bonds	2.91	0.03%	2.38	0.02%	2
Private equities	764.63	9.00%	1,183.00	8.57%	116
Listed alternatives	216.71	2.55%	210.12	1.52%	27
Index linked bonds	511.21	6.02%	659.87	4.78%	30
Pool properties	418.81	4.93%	606.44	4.40%	33
Unit trusts and OEICS	40.89	0.48%	185.90	1.35%	12
Hedge funds	326.52	3.84%	644.16	4.67%	41
Direct properties	6.41	0.08%	7.25	0.05%	1
Cash deposits	263.63	3.10%	263.63	1.91%	38
<b>Totals</b>	<b>8,467.50</b>	<b>100.00%</b>	<b>13,771.84</b>	<b>100.00%</b>	<b>1,697</b>



# Membership trends

There were 286,471 members and beneficiaries from 443 employers in the fund at 31 March 2018

Membership	At 31 March 2018	At 31 March 2017
Active members	102,017	101,881
Pensioners	75,363	74,630
Beneficiaries	11,504	11,704
Deferred members	87,414	83,763
Undecided leavers	2,623	5,768
Frozen refunds	7,550	7,074
<b>Total membership</b>	<b>286,471</b>	<b>284,820</b>

Joiners	2017/18	2016/17
Employees joining with no previous membership	21,692	19,366
Employees with transfers from:		
Other local government funds	25	26
Other pension schemes	329	143
<b>Total joiners</b>	<b>22,046</b>	<b>19,535</b>

Leavers	2017/18	2016/17
Members awarded immediate retirement benefits	2,865	2,897
Benefits awarded on 'death in service'	88	105
Members leaving with entitlement to deferred benefits, pension transfer rights, or a refund	9,192	6,206
<b>Total leavers</b>	<b>12,145</b>	<b>9,208</b>

## Useful to know

### New bank account?

If you change the account we pay your pension into, please tell us at least three weeks before payday to avoid delays to your pension.

### Which tax office deals with my pension?

Please contact HMRC if you have a query about tax on your pension. Phone 0300 200 3300 and quote your National Insurance number and tax office reference 072/W6. Their address is

Pay As You Earn  
HM Revenue and Customs  
BX9 1AS

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The information in this newsletter relates to pensioner members only and can't be treated as a statement of law. Please contact us if you would like this newsletter in large type, Braille, in an audio format or in another language.

**Don't forget to tell us if you change your address!**

## National Fraud Initiative

We take part in the Cabinet Office's National Fraud Initiative (NFI), a data matching exercise that helps prevent and detect fraud. We regularly provide data to the Minister for the Cabinet Office. See <https://www.gov.uk/government/collections/national-fraud-initiative> for more about this. The NFI compares information held by and between organisations like councils, police, hospitals and private sector companies. Under the General Data Protection Regulations we have to tell you that your data will be processed in this way.

### Privacy and your data

You can read in full how we use the data we hold about you in our privacy notice at [www.wypf.org.uk/privacy](http://www.wypf.org.uk/privacy)