



Minutes of a meeting of the West Yorkshire Pension Fund Pension Board held on Tuesday, 22 June 2021 in Aldermanbury House, 4 Godwin Street, Bradford, BD1 4ST

Commenced 10.20 am
 Concluded 10.35 am

Present – Members of the Committee

Employer representatives	Member Representatives
Councillor S Lal (Chair) – Bradford Councillor L Martin – Leeds Ms R Manning – Employer	Mr G Nesbitt – GMB Mr M Binks – Unison Mr C Sykes - Unison

Apologies: Andy Jones and Councillor Hilary Mitchell

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: City Solicitor

2. MINUTES

Resolved –

That the minutes of the meeting held on 23 March 2021 be signed as a correct record.

Action: City Solicitor

3. INSPECTION OF REPORTS AND BACKGROUND PAPERS

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

4. REGISTER OF BREACHES OF LAW

The 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 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 it is reasonably practicable where that person had reason to believe that:

- (a) A legal duty relating to the administration of the scheme has not been or is not being complied with, and
- (b) The failure to comply is likely to be of material significance to The Pensions Regulator in the exercise of any of its functions.

A register of any Breaches of Law was, therefore, maintained in accordance with the Pensions Regulators requirements and WYPF Breaches Procedure.

It was confirmed that the Register of Breaches 2020/21, appended to the report, had been completed and all breaches were recorded and closed.

The entries on the Register of Breaches for 2021/222, also appended to the report, reported delays with Prudential updating members accounts with contributions which had delayed the payment of some retirement benefits. Meetings had been held with the Prudential and an action plan produced to rectify the issue. The plan resulted in some action being taken but it was felt that it was not as timely or comprehensive as necessary. The breach was considered to be of material significance due to the number of members involved and the ongoing and prolonged rectification of the issue. As a result, it had been reported to the Pensions Regulator and a copy of that report was attached to the report as Appendix C. The number of delayed payments stated in that report was the situation at the end of July 2021 and it was confirmed that those numbers had now reduced and the situation was being monitored.

Resolved –

That the entries on the Register of Breaches of Law be noted.

ACTION: Director, West Yorkshire Pension Fund

5. TRAINING, CONFERENCES, SEMINARS AND PENSION BOARD TRAINING PLANS

The report of the Director, West Yorkshire Pension Fund, (**Document “B”**) reminded Members that to understand their responsibilities and the issues they were dealing with was a very high priority. It was agreed that as the agenda being considered at the rise of the meeting contained a more current account of the training courses, conferences and seminars available the issue would be considered at that time.

Resolved –

That consideration was given to attendance by Board Members at the events in Section 1 (Document “B”) and that members note the requirement to complete the Pension Regulators toolkit training.

ACTION: Director, West Yorkshire Pension Fund

6. WYPF 2020/21 REVISED ESTIMATES AND 2021/22 ORIGINAL ESTIMATES

The Director, West Yorkshire Pension Fund, presented **Document “C”** which advised Members that, in accordance with Local Government Pension Scheme Regulations, costs of managing LGPS pension funds must be charged to the pension fund accounts and not to local authorities’ general fund accounts.

It was explained that the budget proposals reported would deliver pension administration services to both LGPS and fire services pension scheme members and employers across the UK and would be used to manage over £16bn WYPF investment assets. WYPF service strategy was to maintain service quality and cost performance, not necessarily the lowest cost in all areas, but a balance of cost and performance.

The report revealed the latest spend forecast for 2020/21 was £12.24m against a budget of £14.85m, net underspend of £2.61m. Whilst, the underspend was welcomed, as expected Covid-19 had impacted on all activities. The business continuity plan was tested to the limit, it was reported, however, that the Fund was able to rapidly move staff out of offices to work from home, with full home and mobile working equipment. As a result, IT cost went up, but office running costs had reduced. It was confirmed that during the ongoing pandemic all services were managed and delivered and some services were expanded.

Cost per member for 2020/21 was to be £33.53 (latest government data 2019/20 £41.94). Compared to 2019/20 the largest cost savings were: a reduction in investment custody charges, unused provision for backdated pay awards and stalled recruitment activities due to Covid-19. The 2nd lowest LGPS fund, Nottinghamshire, was £60.93. The 2020/21 WYPF cost per member of £33.53 was £27.40 (43%) below Nottinghamshire, therefore WYPF should maintain the lowest LGPS cost.

It was reported that the proposed budget for 2021/22 was based on zero base cost analysis, the base budget, before income was £15.42m. Projected shared services income was £2.5m and miscellaneous income £0.23m. Net charge to WYPF was £12.69m. Budget pressures in 2021/22 were McCloud, home working, digital services, cyber security and pension scams. The budget would support over £16 billion pension fund asset, 494,000 members, 900 employers and 22 pension administration services across the UK

Resolved –

That the projected outturn of £12.68m against budget of £14.85m for 2020/21 be noted.

That a budget of £15.42m for 2021/22 be noted.

That the Government SF3 data - total pension cost per member of £41.94 for 2019/20 making WYPF the lowest cost LGPS scheme for 2019/20 be noted.

Action: Director, West Yorkshire Pension Fund

7. LGPS SCHEME UPDATES AND OVERRIDING PENSIONS LEGISLATION

The report of the Director, West Yorkshire Pension Fund, (**Document “D”**) updated the Local Pension Board on changes to the Local Government Pension Scheme (LGPS) 2014 and provided information on associated matters including:

Consultation on Fair Deal – Strengthening pension protection

A response to the Ministry of Housing, Communities and Local Government (MHCLG) on Fair Deal – Strengthening pension protection was still awaited.

McCloud and valuation guidance

Luke Hall, the Local Government Minister had made a written statement on McCloud and the Local Government Pension Scheme (LGPS). The statement confirmed the key changes to scheme regulations that would be made to remove age discrimination from the LGPS. The statement confirmed that:

- The age requirement for underpin protection will be removed
- A member will not need to leave with an immediate entitlement to benefits to qualify for underpin protection
- The remedy period will end on 31 March 2022
- The underpin calculation will be based on final pay at the underpin date, even if this is after 31 March 2022
- There will be two stages to the underpin calculation: the first is the date of leaving, or age 65 if earlier, the second when the benefits are paid
- The regulations will be retrospective to 1 April 2014.

MHCLG were expected to issue a full response to the consultation and to publish draft regulations later this year. Alongside publication of the McCloud consultation, HM Treasury announced that the pause of the cost control mechanism would be lifted and the process would be completed “next year”. The Scheme Advisory Board (SAB) would also be re-examining its results from its cost management process.

It had also been announced that there would be a review of the cost management process, however this would not affect the calculations completed in 2016 or 2020.

Annual Report for the Local Government Pension Scheme

The report for the year ending 31 March 2020 had been published on 28 April 2021 and key highlights contained in that report were:

- The total membership of the LGPS grew by 261,000 (4.2%) to 6.1m

members in 2020 from 5.9m in 2019.

- The total assets of the LGPS decreased to £276bn (a change of -4.9%). These assets were invested in pooled investment vehicles (68%), public equities (14%), bonds (6%), direct property (3%), as well as other asset classes (9%).
- The Local Authority return on investment over 2019/2020 was -4.8%. This was reflective of the market conditions during the year and set against the UK Return of -28.3%.
- The scheme maintained a positive cash-flow position overall, including investment income.
- Over 1.8m pensioners were paid over the year.

Resolved –

That the report be noted.

Action: Director, West Yorkshire Pension Fund

8. EXCLUSION OF THE PUBLIC

Resolved –

That the public be excluded from the meeting during consideration of the Not for Publication Appendix to Document “E” relating to the minutes of a West Yorkshire Pension Fund Investment Advisory Panel meeting held on 29 April 2021 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 this 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.

Action: Director, West Yorkshire Pension Fund.

9. MINUTES OF THE WYPF INVESTMENT ADVISORY PANEL 29 APRIL 2021

The report of the Director, West Yorkshire Pension Fund, (**Document “E” – containing a Not 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 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 of the Investment Advisory Panel on 29 April 2021 appended to Document “E” 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