

Minutes of a meeting of the West Yorkshire Pension Fund Pension Board held on Tuesday, 14 September 2021 in Aldermanbury House, 4 Godwin St, Bradford, BD1 2ST

Commenced 10.35 am
Concluded 11.40 am

Present – Members of the Board

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

10. 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

11. INSPECTION OF REPORTS AND BACKGROUND PAPERS

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

12. WEST YORKSHIRE PENSION FUND (WYPF) UNAUDITED REPORT AND ACCOUNTS FOR 31 MARCH 2021

The report of the Director, West Yorkshire Pension Fund (**Document “F”**) was submitted to the Board to provide the details of financial activities and financial performance for the year 2020/21 as well as key financial activities during the year in the form of an unaudited report.

In order to comply with statutory accounting requirements for Local Government and Local Government Pension Schemes, WYPF must prepare an annual

audited report and accounts. The 2020/21 Reports and Accounts was presented to the Joint Advisory Group to note, before being presented to Bradford Council Governance and Audit Committee later in the year for approval.

Deadlines for publication of WYPF audited accounts were specified within the report as these had been subject to statutory changes. Audited accounts were due to be published by 30 September 2021, a version of which would form part of Bradford Council's accounts.

Despite the impact of home working and the COVID pandemic, Officers were still confident that the deadlines would be met.

The report included details of member and employer numbers, and the performance against KPI's plus the breakdown of costs per member which placed WYPF favourably when compared with other similar schemes.

The report also indicated that the value of the fund had recovered what had been wiped off as a result of the COVID pandemic, an increase of £3,112.9m (23.6%) from £13,214.3m to £16,327.2m.

Officers further advised that Bradford Council's accounts would possibly be delayed until October 2021 but that the auditors, Mazars, were making good progress towards the amended target date.

The scheme was funded to 108% and would be cash positive for the next ten years so there would be no need to sell assets to pay pensions.

Resolved –

That the report (Document "F") be reviewed and noted.

Action: Director, West Yorkshire Pension Fund

13. WEST YORKSHIRE PENSION FUND FIVE-YEAR INTERNAL AUDIT PLAN 2021/22 TO 2025/26

The report of the Director, West Yorkshire Pension Fund, (**Document "G"**) presented the latest five-year internal audit plan for West Yorkshire Pension Fund (WYPF). Members were made aware that the plan was reviewed annually between WYPF finance team and CBMDC internal audit by carrying out a detailed assessment of WYPF business risks, pensions and investment regulatory compliance environments, and service developments.

The report revealed that the latest plan had been reworked to take account of Covid-19 impact on services and operations. It is also anticipated that internal audit resources may be moved at short notice to support high risk areas. In order to manage audit work plan, address emerging risks and maintain sector intelligence there was a regular monthly meeting between CBMDC Internal Audit Manager, in attendance at the meeting, and WYPF Financial Controller; and a quarterly meeting with the Director of WYPF.

It was confirmed that all internal audit recommendations in 2020/21 were

delivered within agreed timescales. It was explained that automated processes required to address discretionary arrangements with employers for flexible retirement were not yet implemented but a number of reports had been produced and measures had been taken to update member records in the interim.

Resolved –

That the report (Document “G”) be reviewed and noted.

Action: Director, West Yorkshire Pension Fund

14. WEST YORKSHIRE PENSION FUND (WYPF) PRODUCTION OF ANNUAL BENEFIT STATEMENTS FOR MEMBERS 2021.

The report of the Director, West Yorkshire Pension Fund (**Document “H”**) was submitted to the Board in order to update Members on the Annual Benefit Statement (ABS) Production project to provide all eligible members with an annual statement. LGPS funds were required by legislation (regulation 89 of LGPS Regulations 2013) to provide statements to active, deferred, deferred pensioners and credit members within 5 months of year end (March 2021). The IPR also required LGPS funds to meet the August deadline and any significant breach of the deadline would be self-reported alongside an action plan to remedy the situation.

Members were encouraged to register to access statements online as part of the aim to reduce WYPF carbon footprint.

The performance report indicated that 99.99% of ABS statement target had been met. An explanation of the other 1% was provided as a break down, which did not constitute a breach reportable to the IPR.

Officers further advised that Barnet, a recent addition to the customer base was now up to 98% on time but had joined without good pension records.

The report also included details of how data was maintained and the template used for ABS which resulted in less enquiries for estimates as more information on pension amounts and lump sum payments was included.

Resolved –

That the report (Document “H”) be considered and noted.

Action: Director, West Yorkshire Pension Fund

15. LOCAL GOVERNMENT PENSION SCHEME REGULATIONS UPDATE

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

With regard to McCloud and valuation guidance Document “I” reported that on 19 July 2021, H M Treasury had formally introduced to Parliament the Public Service

Pensions and Judicial Offices Bill, which made provision to rectify the unlawful age discrimination identified by the McCloud judgment.

For the Local Government Pension Scheme that guidance confirmed which members would be in scope and what service was 'remediable'. Enabling legislation would allow for scheme regulations to be changed to implement the McCloud remedy. The second reading of the Bill was in the House of Lords on 7 September 2021.

Alongside publication of the McCloud consultation, HM Treasury had 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.

An update on the Money and Pensions Service - Pensions dashboard reported that on 27 May 2021, the Pensions Dashboard Programme (PDP) had launched a call for input on staging. The purpose of the call for input was to gather feedback and insight from pension schemes that would inform Government policy on staging. The PDP was recommending that all public service pension schemes should be on board in the initial wave – a two-year period starting from April 2023. It was expected that the public sector would be towards the end of the staging process.

It was reported that the Pensions Regulator (TPR) had published the results from the Public Service Pension Scheme Governance and Administration Survey 2020-21 on 1 July 2021. The survey found little change since 2019 for the key processes that TPR monitored as indicators of performance. Two-thirds of LGPS administering authorities who responded to the survey had all six processes in place. The six key processes were outlined in Document I.

The results also revealed improvements in risk management processes, cyber controls and the proportion of members receiving their annual benefit statement on time. Governance had generally stood up well given the unique challenges the last year had presented.

Resolved –

That the report be noted

Action: Director, West Yorkshire Pension Fund

16. WEST YORKSHIRE PENSION FUND DATA IMPROVEMENT PLAN

The report of the Director, West Yorkshire Pension Fund (**Document "J"**) was submitted to the Board to provide Members with an update on how WYPF managed and maintained accurate data in accordance with The Pension Regulator's (TPR) Code of Practice 14 and The Public Service Pensions (Record Keeping & Miscellaneous Amendments) Regulations 2014.

The report detailed what the requirements were and an explanation of the types of data collected and assessed for accuracy, including the key objectives and desired outcomes. The report also gave details of additional responsibilities that

rested with Officers and employers. The report was submitted along with two appendices which showed the details of the Data Improvement Plan and a breakdown of errors including their type.

There were a number of ongoing checks and mechanisms to prevent duplication and errors:

- LGPS national insurance database – data sharing to prevent duplicate payment of death grants
- ‘Tell us once’ Service – this allows the Department of Work and Pensions(DWP) to pass on information to other Government and Council services when a death is registered
- National Fraud Initiative – a service that matches data between public and private sector bodies to detect and prevent fraud
- Mortality Screening and Tracing service – WYPF would engage with a Tracing Bureau for both monthly mortality screening and to obtain addresses for members if we do not have one
- Annual Benefits Statements checks – checks for accuracy of data for active accounts before statements are produced
- Deferred Pensions increase - As part of the annual deferred pensions increase process certain data errors are identified and pensions increase is blocked until they are resolved
- Annual Deferred Benefits Statements checks – data error checking that prevents potentially inaccurate statements being issued

Data Quality reports would be produced each quarter to measure data quality scores and identify areas where further action may be required.

Resolved –

That Document “J” and the WYPF Data Improvement Plan, appended to that Document, be noted.

Action: Director, West Yorkshire Pension Fund

17. REGISTER OF BREACHES OF LAW

The Director, West Yorkshire Pension Fund, presented a report (**Document “K”**) which informed Members that, in accordance with the Public Service Pensions Act 2013, from April 2015, all Public Service Pension Schemes now 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 was reasonably practicable where that person had reasonable cause 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 the Pensions Code of Practice was maintained in

accordance with the WYPF Breaches Procedure. The Register of Breaches 2021/22 was appended to Document “K”. Members were advised that the register for 2021/22 contained issues with Prudential discussed at the previous meeting (22 June 2021) and a list of employees that had failed to pay employee contributions by the deadline of the 21st of each month. It was confirmed that all monies had now been received.

Resolved –

That the report and entries on the Register of Breaches of Law, contained in the appendix to Document “K”, be noted.

Action: Director, West Yorkshire Pension Fund

18. WEST YORKSHIRE PENSION FUND PENSIONS ADMINISTRATION

The report of the Director, West Yorkshire Pension Fund (**Document “L”**) was submitted to the Pension Board to provide an update on the administration activities undertaken in the previous six months.

In addition to providing pensions administration for WYPF scheme members, WYPF provides a full administration service to Lincolnshire Pension Fund, the London Boroughs of Hounslow and Barnet plus twenty one Fire Authorities. This service includes pensioner payroll (except for the London Borough of Hounslow), all member and scheme level events, reporting to statutory bodies, provision of data to external bodies and local authorities for the production of the scheme accounts.

The report included a variety of statistics that detailed performance against a number of key performance indicators (KPI's) and explanation was given for underperformance against a number of these. The work being undertaken was also broken down into types and showed work in progress and work pending which provided a clear picture of where the volume of work was and what type of tasks were included.

The bulk of work in terms of volume consisted of the following categories:

Current Member – changes to member records, changes to AVC's, queries from monthly postings

Early Leavers – calculation of refunds, calculation of deferred benefits, contribution postings, queries

Linkings – multiple employments where members can link those employments

Misc – All other types of work i.e. phone calls to return, general enquiries.

Retirements - Retirement quotes and actuals, deferred benefits into payment (quote and actual)

Transfers – Transfers in and out (quote and actual), AVC transfers, Divorce.

The report also stated that membership was 470,031 across the various schemes and a breakdown was provided in a document appendix.

The latest information on complaints, praise, training and internal conflict resolution procedures was reported. WYPF operated a two-stage procedure for resolving issues of conflict with stage 1 managed by employer adjudicators or the Director of WYPF in cases involving the administering authority (Bradford). Stage 2 appeals were considered by the Chief Executive of Bradford City Council.

Annual Benefit statements and Deferred Benefit statements were being issued electronically. Members were encouraged to register online but hard copies were still available if any Members preferred paper copies. The percentage of ABS/DBS statements issued on time stood in excess of 99%.

Some additional information was provided as an update for Members including details of recent audits with their outcomes, the latest information regarding recruitment, the numbers and percentages of member registration on the portal and confirmation that WYPF had been shortlisted for three awards;

DB Scheme of the Year
Pension Scheme Communication Award
Pension Administration Award

Unfortunately, none of the awards were won by WYPF but it was significant recognition in relation to the calibre of the competition from both the public and private sector providers.

The report concluded that WYPF continued to provide an efficient and cost effective service of a high standard to both members and employers.

Officers further advised that the member survey taken had received positive feedback with the only complaint relating to the difficult process when transferring out (part of measures to combat pension fraud). The audit on transfers in had an excellent outcome with no recommendations for improvement. Quality audits for ISO 9001 were still carried out and the report provided details of the types undertaken along with confirmation that no recommendations for improvement were made.

There was only one question from Members in relation to the administration function to clarify that when monitoring responses and time taken to resolve issues that if the pension fund is waiting for documents that this is excluded from the period recorded.

Resolved –

That the report be noted.

Action: Director, West Yorkshire Pension Fund

19. McCLOUD - EFFECTS ON LOCAL GOVERNMENT PENSION SCHEME (LGPS)

The report of the Director, West Yorkshire Pension Fund (**Document “M”**) provided an update on the effects on the Local Government Pension Scheme (LGPS) of a long awaited consultation on applying the remedy to address the age discrimination inherent with the transitional protections that were adopted by the public service scheme in 2014.

Members were aware that further draft LGPS regulations were expected by the end of 2021. This would enable progress to be made on upgrading administration systems to allow for the changes as well as help administering authorities plan their communication and rectification programmes.

Preparatory arrangements to allow the Fund to prepare for the considerable amount of work which would be required were reported including the appointment of new staff and provision of training to allow the fund to address the substantial work required alongside the normal activities once the LGPS regulations were announced.

In response to questions it was explained that the McCloud judgement would affect all those in the scheme in 2021 and 2014. Pensions would be checked and all would receive whichever was the better of the CARE or final pension scheme. From 1 April 2022 all new members would be placed in the correct scheme.

Resolved –

That the report be noted.

Action: Director, West Yorkshire Pension Fund

20. PENSIONS DASHBOARD

The report of the Director, West Yorkshire Pension Fund (**Document “N”**) was submitted to the Pension Board to provide an update on the progress relating to the Pensions Dashboard.

In 2019, the Government established the Money and Pensions Service (MaPS) to bring together the Money Advice Service, Pension Wise and Pensions Advisory Service. These government backed bodies were created to raise awareness of pension options and regulations. The Pensions Dashboard was launched in 2020 and was still in progress.

The aims of the Dashboard would be as follows:

- Connect individuals with their pension assets under one account
- Plain English will replace industry jargon
- Create a dashboard to show estimated retirement income for individual pension pots, including the state pension
- Improve access to impartial guidance/regulated advice
- Present pension information in a simple, easy to understand format
- Increase awareness and confidence in the sector
- Encourage empowerment and informed pension choices
- Positive contribution to the overall financial well-being of individuals

MaPS would develop a dashboard to help people access information and guidance but other organisations would also develop dashboards.

The task was very large as it involved 52 million adults using 43,000 providers and much work was needed to ensure security of access and key data points which would underpin dashboards to provide common language for pensions. All providers would provide consistently adequate information up to a common standard. Data collection and input would need to start in order to meet the rollout deadline in 2023.

Due to the complexity of systems and providers in the UK pensions market the task of integration would be considerable and 'onboarding' of providers would need to be staged. The report set out what would need to be achieved before this could take place with an indicative timeline of milestone events. Providers would connect in stages due to the very large numbers of those involved.

The report concluded that the Pensions Dashboard Programme (PDP) would put pressure on providers to ensure that data gaps are addressed so that the right information of the necessary quality could be added to the dashboards, that the McCloud remedy and GMP equalisation would bring additional pressure and that legislation compelled providers to make pensions information available via dashboards.

Members were then given the opportunity to ask questions or comment. The details of which and the responses received are below:

A Member asked who would be paying for the impact of the McCloud remedy and was advised that it would be the pension fund, employers would effectively be paying for it. Officers also stated that the dashboard system would need to be funded as well.

Resolved –

That the report be noted.

Action: Director, West Yorkshire Pension Fund

21. TRAINING, CONFERENCES AND SEMINARS INCLUDING DETAILS OF WEST YORKSHIRE PENSION FUND ANNUAL MEETINGS.

Members were reminded that training to understand their responsibilities and the issues they will be dealing with was a very high priority and that they had a legal requirement to keep their pensions knowledge up to date. Pension Board Members were also requested to note the requirement to complete the Pension Regulators toolkit training.

The report of the Director, West Yorkshire Pension Fund, (**Document "O"**) informed Members of training courses, conferences and seminars which may be of assistance. Details of the WYPF annual meetings were also included in the report.

The Local Government Fundamentals training was particularly recommended for

new Members and to those wishing to refresh their knowledge. This was a bespoke three-day training course aimed at elected members and others who attend pension committees/panels and local pension boards. Attending all three days would assist delegates in meeting the relevant requirement for knowledge, skills and understanding either required in statute or encouraged by relevant guidance. In response to concerns about the availability of Members it was confirmed that the sessions could be attended in person or virtually and Members could attend all, or a mixture, of the three days arranged.

It was explained that with the fund's valuation approaching a valuation training session would be arranged for both the Pension Board and Joint Advisory Group in January 2022 and efforts would be made to hold that session virtually.

The report detailed the Pension Regulators toolkit training which should be completed by all. Once completed a copy of the completion certificate should be given to the Head of Employer Services and Compliance.

The Trustee toolkit was a free, online learning programme aimed at trustees of occupational pension schemes. It included a series of online learning modules and downloadable resources developed to help you meet the minimum required level of knowledge and understanding introduced in the Pensions Act 2004. Links to the toolkit and other online training from Aberdeen Standard Investments Learning Gateway were provided.

The Pensions Regulator would be reviewing codes of conduct and Members would be sent a link to access training on that topic.

Details of the Members and Employer annual meetings were provided and Members were encouraged to attend the virtual sessions.

Following discussions about divestment of investments a Member reported how useful previous training on ethical investment training was and how it had helped them to understand their obligations. It was suggested that the training be repeated.

Members were advised that all training and development costs would be met by the Fund and they were requested to contact Caroline Blackburn to book on any of the sessions or for any further information required.

Resolved –

Members were asked that consideration was given to attendance at the events in Section 1 of Document “O” and to note the requirement to complete the Pension Regulators toolkit training.

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