

Report of the Director West Yorkshire Pension Fund to the meeting of Joint Advisory Group to be held on 27 January 2022.

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Subject:

Business Plan 2022 - 2027

Summary statement:

WYPF is finalising a five year business plan which highlights objectives for the Fund and documents the priorities and improvement to be implemented to help achieve those objectives.

Recommendation:

It is recommended that the Joint Advisory note this report.

Mr Rodney Barton
Director

Portfolio:

Report Contact: Yunus Gajra
Assistant Director (Finance,
Administration and Governance)
Phone: (01274) 432343
E-mail: Yunus.gajra@bradford.gov.uk

Overview & Scrutiny Area:

1.0 Background

Purpose

- 1.1 WYPF are working with Aon to develop a five year business plan for the period 2022-2027 which will outline the Fund's goals and objectives over the medium term. Once completed, the business plan will be formally reviewed and agreed every year by JAG. It will also be monitored during the year and updated as required.
- 1.2 The purpose of this business plan is to:
 - explain the objectives for the management of the WYPF
 - document the priorities and improvements to be implemented by the WYPF team during the next five years to help achieve those objectives
 - enable progress and performance to be monitored in relation to those priorities
 - provide staff, partners and customers with a clear vision for the next five years.
- 1.3 The business plan is at an early stage of production but will be brought to JAG at the July meeting to review.

2.0 Business Plan 2022 – 2027

- 2.1 In the Business Plan 2022 – 2027 the Fund will set out a number of key objectives, categorised as governance, funding, investments, administration and communications.
- 2.2 Looking forward to 2022, the Fund is conscious of the continued drivers for change with pending regulatory change, increasing service demand, rising expectations for information and risk management, together with increased oversight and reporting. In conjunction with changing customer focus and needs, heightened awareness of the protection of members from pension scams, introduction of a carbon reduction target for investments and development of the Fund's responsible investment approach and the ongoing challenge to recruit and retain key skills all continue to be at the forefront of the Fund's evolving goals and ambitions.
- 2.3 Recent developments and changes impacting WYPF include:
 - A focus on the Fund's governance, including an internal review of the Fund's adherence to the Pensions Regulator's Code of Practice 14 which was completed in December 2017 and will be reviewed again next year.
 - A review of the Fund's operational structure and introduction of a revised structure with effect from September 2020.
 - Establishment of the Northern Pool.
 - Introduction of a carbon reduction target for investments and development of the Fund's responsible investment approach.
 - Expansion of our external customer base such that we now provide administration services to 3 other LGPS funds and 24 Fire authorities, as part of our objectives to deliver greater efficiencies and "future proof" the Fund
 - changes to how the pensions administration software is used, including enhancements to monthly employer data collection and online member and employer services

These and other areas of recent focus have put WYPF in a strong position to meet the challenges ahead.

2.4 As we set out our plan for 2022 – 2027 key areas of focus for the Fund over the next five years include:

- Implementing required amendments to the LGPS Regulations following the McCloud case
- Implement Pensions Dashboard solution
- Further enhance our member on-line self-service facility
- Implementing an employer on-line system, allowing more timely submission of data and in a more automated manner
- Understanding and complying with The Pension Regulator's new Single Modular Code
- Implementing any governance changes as a result of the Scheme Advisory Board's Good Governance review
- Further developing the Fund's Responsible Investment Policy, with a focus on both sustainable investment and stewardship of assets and complying with any new requirements on TCFD
- Implementing the Fund's investment strategy
- Continuing to work with the Fund's employers to reduce the risk of unmet ongoing contributions and/or exit deficits, including via the implementation of our recently introduced policy on employer flexibilities
- Working in partnership with the employers and the Fund's actuary to complete the 2022 valuation and implement revised employer contributions from 1 April 2023
- Manage the cost per member whilst providing a high quality service to attract and retain external business

These, and other priorities for the next five years, will articulated in more detail in this business plan.