



Minutes of a meeting of the West Yorkshire Pension Fund Pension Board held on Tuesday, 28 June 2022 at 10.00 am in WYPF, Aldermanbury House, Godwin Street, Bradford

Commenced 10.05 am
Concluded 1.00 pm

Present – Members of the Committee

Employer Representatives	Member Representatives
Councillor S Lal (Chair) – Bradford Councillor L Martin – Leeds Mr Ben Petty – employer rep	Isaac Dziya – Unison Mick Binks - Unison

Councillor Lal in the Chair

Apologies: Cllr Lorna Malkin, Philip Charlton and Andy Jones

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, with the amendment of the staging date for the Pensions Dashboard from November 2023 to April 2024 in Minute 40 the minutes of the meetings held on 14 December 2021 (adjourned and reconvened on 22 March 2022 at 1000 hours) and 22 March 2022 at 1030 hours be signed as a correct record.

Action: City Solicitor

3. INSPECTION OF REPORTS AND BACKGROUND PAPERS

There were no appeals made to view restricted 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 now come under the remit of the Pensions Regulator (TPR).

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 legal duty relating to the administration of the scheme had not been or was not being complied with, and
- The failure to comply was 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 “A”.

Members were advised that in addition to the register being a requirement of the TPR it also allowed the fund to determine trends and reduce future risks.

The entries on the Register of Breaches for 2021/2022 related to:

- Delays with Prudential updating members’ accounts with contributions, which had also delayed the payment of some retirement benefits. That breach had previously been considered to be of material significance due to the number of members involved and the continuing and prolonged rectification of this issue. As a result, the issue had been reported to the Pensions Regulator.
- Contributions being paid late by employers and therefore not being received by the fund until after the Pension regulators deadline of the 21st day of the following month.
- An outgoing Transfer Value which was paid after the 3 month guarantee date.
- The non-issue of Annual Benefit Statements by the 31 August 2021 for a small number of active members.

In response to those breaches it was explained that the issue with Prudential had been resolved but was still closely monitored.

There had been only one late payment of contributions made and the strict deadline had been breached by two days.

Annual Benefit Statements had been despatched by 31 August 2021 for 99.9% of members but that very small breach must still be recorded.

All four breaches had been assessed as not of material significance and had not been to the TPR.

Members were asked to note a late payment in October 2021 which it was thought was due to an administration error and believed to have been resolved. Assurances were provided that all payments would be made before or within seven days of the payment date.

In response to a Member's question it was explained that only breaches which were deemed to be of material significance were required to be reported to TPR. Those breaches were likely to be if there were repeat offences or if the employers were not engaging with the fund and they were closely monitored.

It was explained that employers were charged for late payments and the vast majority paid on time. The fund had seen a high employer staff turnover throughout the pandemic and support was provided.

Members were assured that all benefits would be paid correctly to members even if their contributions had not been received.

Resolved –

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

Action: Director, West Yorkshire Pension Fund

5. LOCAL GOVERNMENT PENSION SCHEME REGULATIONS UPDATE

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

The report revealed, amongst other updates, that the consultation had closed on the Consultation on Fair Deal – Strengthening pension protection and on Local Valuation Cycle and the Management of Employer Risk to which responses were awaited.

An update on McCloud reported that the Department for Levelling Up, Housing and Communities (DLUHC) were expected to issue a full response to consultation and had been expected to publish draft regulations in the spring. As the overriding

legislation was in place the Fund could commence the necessary preparations and software suppliers could begin to update systems.

A Member questioned why the response to the McCloud remedy had not been received in Spring, as has been expected, and it was explained that Fund's had not yet been consulted. People were protected until 1 April 2022 but it was not intended to have regulations in place until October 2023.

It was queried if software suppliers could build their systems without the regulations being in place and explained that this had never been done in the past because of the risk if systems were built before requirements were confirmed.

More recently suppliers had liaised with the Local Government Association to get an understanding of the likely requirements and impact.

With regard to the Money and Pensions Service – Pensions Dashboard update, Members were informed that the Fund was waiting for TPR to published a new code of conduct and more detailed information would be provided in future reports.

A Member requested clarity on the McCloud remedy. It was explained that when public sector pension schemes were amended, in 2014, members within 10 years of retirement were given protection via an uplift in benefits if they were deemed to be disadvantaged by the changes. The uplift had since been deemed unfair on younger staff and anyone in the scheme was now entitled to the same protection. The remedy would have a big impact on the fund in terms of the work generated as information must be gathered over an eight-year period. Some employers may no longer exist or have outsourced pension administration. There were up to 80,000 members affected some of which would have retired or died and their benefits must be assessed.

The impact on the fund and the delay in receipt of regulations was questioned. It was confirmed that there was no delay in payments as members had already been paid, however, benefits must be assessed and recalculated. Provisions for the payment of interest were already in the regulations but there could be lots of issues with income tax.

It was reported that the number of members who had been impacted detrimentally would be low. Some members were expecting windfalls but this was unlikely as the provisions of the amended were more favourable.

It was explained that the fund had factored a value of 0.9% within liability costs for the McCloud remedy. The cost of the software systems required to administer the remedy would be £1.4 – £2 million for all funds supported.

Resolved -

That the report be noted.

Action: Director, West Yorkshire Pension Fund

6. PENSIONS ADMINISTRATION

The report of the Director, West Yorkshire Pension Fund (**Document “C”**) provided an update on West Yorkshire Pension Fund’s (WYPF) pensions administration activities for the period 1 January 2022 to 31 March 2022.

The report revealed that as well as providing pensions administration for WYPF scheme members, WYPF provided a full administration service to Lincolnshire Pension Fund, the London Borough of Hounslow and more recently the London Borough of Barnet and to twenty-three Fire Authorities. That included 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 such as actuaries, and local authorities for the production of the scheme accounts.

Performance and Benchmarking figures revealed performance against key areas of work for the period 1 January 2022 to 31 March 2022. The majority of performance indicators had been met or exceeded and the rationale for any underperformance was provided.

The report presented work in progress; scheme information; praise and complaints; internal dispute resolution procedures; administration and staffing updates; employer training; figures depicting member using the Member Portal and categories where the fund had been shortlisted for awards.

A Member questioned the use of acronyms and requested clarification on AVC. In response it was explained that members had the option to pay Additional Voluntary Contributions (AVC) to the fund or from two independent AVC providers, Prudential and Scottish Widows, to accrued benefits outside of the Local Government Pension Scheme.

Monthly posting performance figures contained in the report were questioned and it was explained that, some years previously, the fund had moved from posting annual returns to producing monthly returns on members’ records. This had been to prevent data cleansing issues required on outdated information. The Finance Team were currently helping the Contact Centre answer high call volumes following the distribution of P60s and letters to pensioners regarding My Pension registration. Those arrangements had been necessary following a decision to move staff to areas with more critical issues. It was acknowledged to an employer representative that Bradford University had been part of a pilot scheme to test the monthly returns process and confirmed that performance had improved significantly since that pilot.

Engagement in employer training was questioned and it was confirmed that involvement had been good with most employers. The provision of webinars had increased that engagement with many training videos accessed via the fund’s website.

Disaster recovery plans were queried and it was explained that these had been unofficially tested during COVID when all staff had suddenly to work from home. Measures had to be in place to ensure that all payments were made. It was

explained that the fund had a backup data centre and all systems were tested. It was explained that if, for any reason, the payroll process could not be operated banks would be instructed to make payments as in the previous month. The likelihood of cyber-attacks was of greater concern with increased remote working. Training for Members on that issue had been provided at a previous meeting.

Resolved -

That the report be noted.

Action: Director, West Yorkshire Pension Fund

7. WYPF 2021/22 BUDGET OUTTURN AND 2022/23 BUDGET ESTIMATES

The Director, West Yorkshire Pension Fund (WYPF) presented a report, (**Document “D”**) which reported the latest WYPF spend for 2021/22 and forecasts for 2022/23.

A summary of the report revealed that Budget and expenditure monitoring was a routine monthly activity within WYPF and underpinned financial control, financial planning and financial risk management. Detailed service activity analysis of expenditure, contracts, commitments, identified service risks, regulatory changes and service best practice was used on a monthly basis to produce budget monitoring reports for decision making and management information. That detailed process was also known as zero base budget management and provided the most effective financial control. Summarised results of the budget monitoring and review process were provided in the report for 2021/22 and 2022/23.

The report also contained detail of the WYPF 2021/22 budget outturn; the WYPF 2022/23 budget; WYPF 2021/22 and 2022/23 cost performance and investment costs of management.

The report detailed an underspend on salaries (£0.42m) and it was questioned if salaries were competitive. In response it was explained that challenges were being experienced in staff recruitment. It was confirmed that recruitment to senior and specialist roles had been particularly difficult on the legal and investment side of the fund. The fund struggled to compete with the private sector which provided higher rates of pay.

Members were assured that investment was made in apprenticeships to develop the fund's specialists staff internally. The age profile of the workforce was discussed and challenges with staff preferring to work in London or Manchester were reported.

It was explained that a Local Government survey on recruitment and retention had confirmed that the fund's pay was comparable with other pension funds and was why it had not lost staff to other pension funds in the public sector. The issue was with a limited talent pool and the ability to work remotely resulting in specialist staff

being able to work in various parts of the country without having to relocate. In addition, the fund was tied to local authority pay scales and could not compete with large finance houses and pension pools. The Council's Human Resources officers were considering market supplements to entice staff, however, these were not guaranteed or permanent.

It was questioned if market supplements had been agreed with the trade unions and it was explained that the provision was not new but HR were reluctant to implement. Market supplements could be removed so may not entice personnel from firms paying higher salaries and bonus payments.

It was stressed that it was critical that investment was made in employing specialist staff within the organisation as the alternative cost of employing specialist firms to carry out that work would be significantly high.

A Member questioned if staff working remotely were compensated for utility costs. In response it was confirmed that offices remained open and maintained so now costs were saved through remote working. The costs of laptops; masks, hand sanitiser etc. had also been significant. Officers were able to claim some costs from the government and did save on transportation, parking and time when working from home. The majority of staff felt that they had benefited from working remotely.

Resolved –

- 1. That the WYPF total net expenditure forecast of £10.46m for 2021/22 be noted.**
- 2. That the net expenditure budget of £14.7 and forecast of £14.75m for 2022/23 be noted.**
- 3. That the WYPF total cost per member of £33.63, supported by strong service performance and quality and as the lowest Local Government Pension Scheme cost per member, be noted.**

Action: Director, West Yorkshire Pension Fund

8. TRAINING STRATEGY

The report of the Director, West Yorkshire Pension Fund, (**Document “E”**) 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 training of Pension Board members to understand their responsibilities and the issues they were dealing with was a very high priority. To be able to assist the

Scheme Manager and meet the requirements of the Public Service Pensions Act 2013, Pension Board Members must be able to demonstrate suitable knowledge and skills relating to the LGPS to effectively scrutinise the decisions made by officers.

The proposed West Yorkshire Pension Fund Knowledge and Skills Training Strategy was appended to the report and Members were asked to adopt that strategy as the formal commitment to meeting the requirement to demonstrate their knowledge and skills of the Local Government Pension Scheme.

The appendix to that report set out the rationale of the strategy; its application and purpose and a summary of its objectives. The delivery of training and training plans were reported and included external events. Continuing development; recording of progress and achievements and resources and materials were also contained in the document.

It was proposed that all Members complete two training modules from the online TPR Public Sector Took Kit and two modules from the Hyman Robertson's online Learning Academy, before each Pension Board meeting. It was envisaged that the timing would result in all Members being fully trained and compliant with legislation within 12 months. It was stressed that if the strategy were adopted the 12-month timescale commenced immediately. If Members could inform the report contact of their completion of the modules he would maintain a record of achievements.

It was reported that links to the TRP Public Sector tool kit had been sent to Members and could be resent on request. All Members had been registered for the Hyman Robertson's training and would receive links directly.

Members acknowledged and welcomed the training opportunities and appreciated the ability to access training on line. In response they were advised that physical attendance at events could be facilitated, if requested, to allow them the opportunity to network and learn from others.

A Member suggested completing the Fundamentals Training as it provided an introduction to the modules to be completed.

Members were reminded to complete the Pension Scam module and provide learning certificates to the report contact to enable him to confirm that the module had been undertaken.

Resolved –

That the West Yorkshire Pension Fund Knowledge and Skills Training Strategy, appended to Document “E”, be adopted as the formal commitment to meeting the requirement to demonstrate the knowledge and skills of the LGPS and to assist the scheme manager as defined by the Public Services Pensions Act 2013.

Action: Director, West Yorkshire Pension Fund

9. TRAINING - EVENTS AND OPPORTUNITIES

The Director, West Yorkshire Pension Fund (WYPF), presented a report, (**Document “F”**) providing details of training courses, conferences and seminars to assist Pension Board Members.

A training session was provided including an overview of the Local Government Pension Scheme. A plan of training topics to June 2023 and events throughout the year was also presented.

The comprehensive session included a history of the scheme; eligibility; contributions; real costs; benefit examples; defined benefit schemes; final salary schemes; career average CARE schemes; protected benefits; death benefits; retirement details; lump sums and conversions; workload volumes; payroll benefit values paid and fund activities.

Resolved -

1. **That The Pension’s Regulator (TPR) Toolkit online training and the Hymans Robertson online Learning Academy Training will be undertaken and it be acknowledged that in doing the requirements defined by the Public Service Pensions Act 2013 will be met.**
2. **That Members be encouraged to attend external training events provided by PLSA, LGA & actuaries and consideration be given to the West Yorkshire Pension Fund’s representation at various national events such as the PLSA Conference and LGA Governance conference.**

Action: Director, West Yorkshire Pension Fund

10. WEST YORKSHIRE PENSION FUND DATA IMPROVEMENT PLAN

The report of the Director, West Yorkshire Pension Fund (**Document “G”**) informed Members that The Pension Regulator’s (TPR) Code of Practice 14 and The Public Service Pensions (Record Keeping & Miscellaneous Amendments) Regulations 2014 set out the requirements for public sector pension funds to maintain comprehensive and accurate data on their members and their member’s pension contributions.

The report revealed that there were two types of data that should be measured which was Common Data and Scheme Specific Data. It was explained that Common Data was used to identify scheme members and included name, address, national insurance number and date of birth. Scheme Specific Data (also known as Conditional Data) was essential to calculate benefits entitlement such as pensionable pay and service history. It also encompassed data relating to events that occurred during and individual’s membership, for example transfers.

The West Yorkshire Pension Fund Data Improvement Plan was appended to the report.

Resolved –

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

Action: Director, West Yorkshire Pension Fund

11. TRIVIAL COMMUTATION - UPDATE

The Director, West Yorkshire Pension Fund, (WYPF) presented a report (**Document “H”**) which updated Members on the work currently done by WYPF in making trivial commutation payments to its members and plans for the future. It was explained that trivial commutation was an option where Members or dependants were able to elect to take a one off lump sum in exchange for a pension under certain circumstances.

Resolved -

That the report be noted.

Action: Director, West Yorkshire Pension Fund

12. EXCLUSION OF THE PUBLIC

Resolved –

That the public be excluded from the meeting during consideration of the Not for Publication Appendix to Document “I” relating to the minutes of a West Yorkshire Pension Fund Investment Advisory Panel meeting held on 28 April 2022 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 is considered that, in all the circumstances, the public interest in maintaining this exemption outweighs the public interest in disclosing this information as it is in the overriding interest of proper administration that Members are made aware of the financial implications of any decision without prejudicing the financial position of the West Yorkshire Pension Fund.

13. MINUTES OF THE WEST YORKSHIRE PENSION FUND INVESTMENT ADVISORY PANEL 28 APRIL 2022

The report of the Director, West Yorkshire Pension Fund, (**Document “I – 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 the meeting of the 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 –

1. That the minutes of the West Yorkshire Pension Fund Investment Advisory Panel, 28 April 2022, be noted.
2. That the concerns raised at the meeting by Members regarding recruitment and succession planning be communicated by the Chair to the host authority’s (Bradford Council) Chief Executive and Leader of Council.
3. That Members representing Trade Unions on the local Pension Board be kept informed of progress made in managing significant risks of losing key personnel from the West Yorkshire Pension Fund.

ACTION: Director, West Yorkshire Pension Fund / Chair WYPF Pension Board

Chair

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

THIS AGENDA AND ACCOMPANYING DOCUMENTS HAVE BEEN PRODUCED, WHEREVER POSSIBLE, ON RECYCLED PAPER