

Minutes of a meeting of the West Yorkshire Pension Fund Pension Board adjourned on 13 September 2022 and reconvened on Tuesday, 18 October 2022 at 10.00 am in Aldermanbury House, Godwin Street, Bradford

Commenced 10.05 am
Concluded 11.45 am

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 Lisa Martin, Andy Jones and Philip Charlton

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: Director of Legal and Governance

MINUTES

Resolved –

That the minutes of the meeting held on 28 June 2022 be signed as a correct record.

2. INSPECTION OF REPORTS AND BACKGROUND PAPERS

There were no appeals made to view restricted documents.

3. DRAFT JAG MINUTES FROM THE MEETING HELD ON 28 JULY 2022

The report of the Director, West Yorkshire Pension Fund, (**Document “J”**) 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 Draft minutes of meeting of WYPF Joint Advisory Group were submitted to the Pension Board to enable the Board to ensure effective and efficient governance and administration of the LGPS.

Resolved –

That the draft minutes of the West Yorkshire Pension Fund Joint Advisory Group on 28 July 2022 be noted.

Action: Director, West Yorkshire Pension Fund

4. McCLOUD - EFFECTS ON LOCAL GOVERNMENT

The report of the Director, West Yorkshire Pension Fund (**Document “K”**) was submitted to the Board to provide details of the work undertaken in anticipation of the regulations being made in light of the McCloud remedy.

This follows the release, in July 2020 of the government’s consultation on applying the remedy to address the age discrimination inherent in the transitional protections that were adopted by the public service scheme in 2014.

A PowerPoint presentation was shared to provide Members with contextual information relating to changes in pensions and an overview of what the McCloud remedy was, how it originated, the implications, a timeline of publications in relation to the consultation, HM Treasury’s preferred choice of remedy and who the LGPS protections applied to. A list of key tasks to be completed in 2022 and beyond was also shared with Members so they could have a better understanding of what needed to happen and the work and potential costs involved for the fund. Plans to implement the remedy were already underway and included development of software automation, data gathering, partnership working and enhanced communications with scheme members via its online portal with additional screens showing personal McCloud data.

Officers stated that 70,000 members could possibly be affected and the implications on resources and costs. Information gathering from employers represented a significant task as only one third had responded to requests to date. Issues arose from instances where payroll providers had changed etc. and presented just one of

a number of barriers to overcome. Guidance had been sought from LGA on how to proceed if data was not made available.

Members were then given the opportunity to comment and ask questions, the details of which and the responses given are as below.

Members asked whether the fund's management team were confident that there was sufficient capacity to get the work done and were advised that work was already underway and had been for the previous 2 years. Recruitment was already taking place as well as adding resources and investment in systems automation.

The Fire Service had lodged a challenge and members asked for details of why and were advised that it held the position that pension members should not bear any costs but this would make administration more complicated.

Resolved – That the report be noted.

Action: Director, West Yorkshire Pension Fund

5. FROZEN REFUNDS

The report of the Director, West Yorkshire Pension Fund (**Document "L"**) was presented to provide an update on action undertaken by WYPF to deal with members who have left the pension scheme with an entitlement to a refund that they had not claimed, referred to as a frozen refund.

The report revealed that West Yorkshire Pension Fund (WYPF) ran individual traces using an automated tracing basis within 12 months of the payment deadline and it was questioned if additional communication methods were utilised. In response the difficulty in contacting people who did not keep in touch with the fund was discussed. It was confirmed that searches were repeated and that all communications made with current members encouraged them to register for the portal so that electronic methods of communication could be utilised.

It was explained that the frozen refunds were typically for small amounts as they related to only short periods of service. It was hoped that the introduction of the Pensions Dashboard may remind people of their previous service and instigate additional enquiries.

It was questioned if contact could be made with current employers in the fund to trace people but explained that the frozen refunds referred to members who had left the scheme and would no longer be with those employers.

Resolved –

That the report be noted.

Action: Director, West Yorkshire Pension Fund

6. WYPF FINANCE REPORT

The report of the Director, West Yorkshire Pension Fund (**Document “M”**) was submitted to the Board and presented the WYPF 2021/22 financial outturn, financial and service performance and the draft 2021/22 annual report and accounts (WYPF accounts) in accordance with The Local Government Pension Scheme Regulations 2013. Regulation 57 specified that an annual report must be prepared each year ending 31 March and must be published by 1st December following the year end.

The WYPF accounts formed part of the City of Bradford Metropolitan District Council (CBMDC) accounts, and was audited by the Council Auditor “Mazars LLP” and signed by Mazars as part of the City of Bradford accounts bundle.

The audited WYPF accounts were also required by all West Yorkshire employers that were employer members of WYPF for their annual audit in accordance with Regulation 56 of the LGPS 2013. There were also a number of audit regulations requiring employers’ auditors to gain assurance on pension liabilities and assets, by auditing WYPF records.

The funds’ outturn for 2021/22 was £10.46m against a budget of £12.65m, with an underspend of £2.19m, a major underspend on employee costs of £0.42m, and investment transaction cost underspend of £1.28m. The fund delivered top quartile services performance using efficient and continuous improvement processes. The cost per member for 2020/21 was £33.93, 2021/22 was £33.97, thus WYPF remained the lowest in the LGPS whilst maintaining service quality.

The net asset value of the Fund as at 31 March 2022 was £17.91 billion, an increase of £1.58 billion (9.67%) compared to the 31 March 2021 figure of £16.33 billion.

Officers confirmed that WYPF had completed its financial audit and the final account was presented at the Governance and Audit Committee meeting. It would not be signed off until the Council accounts were also signed off. A brief account of positive adjustments was summarised for Members with the value of the funds’ assets increasing. An explanation of the underspend was explained to Members and Officers assured Members that KPI’s were still being met despite ongoing unfilled staff posts.

Net cash flow was still in a positive position and was forecast to be so for the following 10 years and it was likely that pensions would go up due to inflation but costs would remain consistent. WYPF still continued to be the lowest cost LGPS fund and compared favourably with the private sector. Charges to member employers for services were passed on at cost. Officers stated that staff retention and support from CBMDC was still a challenge.

Members were then given the opportunity to comment and ask questions, the details of which and the responses given are as below:

A Member asked if anything could be done to speed up the Council’s final account and was informed that work needing to be done on the accounts caused delays and WYPF accounts had to be published with CBMDC accounts. There were ongoing capacity issues in HR, IT and procurement etc. and the fund wanted its

own separate resources in these areas. Engagement with the auditors as preparation for the audit plan (both internal and external auditors).

A Member asked about the competition to attract staff and asked if consideration was being given to offer increased salaries to attract and retain more staff. Officers advised that the grading was correct but the roles were specialised. The Council was finding it difficult to understand that pay needed to be competitive. Pension workers' salaries were more competitive and public sector salaries had not kept up with the private sector.

Resolved –

1. **That the annual report and account be noted.**
2. **That West Yorkshire Pension Fund's financial and service performance be noted**

Action: Director, West Yorkshire Pension Fund

7. WYPF INTERNAL AUDIT PLAN 2022/23 AND FIVE-YEAR PLAN 2022/23 - 2026/27

The report of the Director, West Yorkshire Pension Fund (**Document "N"**) was submitted and presented the latest five-year internal audit plan for WYPF. Members were advised that the plan was reviewed annually between West Yorkshire Pension Fund (WYPF) and City of Bradford Metropolitan District Council (CBMDC) internal audit by carrying out a detailed assessment of WYPF business activities, pensions and investment regulatory compliance environments, service developments and risk management. Annual planning sessions with the Internal Audit Team allowed for the planning of a work programme for the coming year and reviewed the previous year's performance.

It was reported that all reports reviewed by the internal audit team were provided to the external auditors to be utilised in their final audit. As the internal audit was funded by the WYYPF a Member questioned the independence in that process. In response it was confirmed that the process did not reduce the external auditors work but did ensure that all areas were covered. Internal and external auditors supported each other's efforts and provided an additional service. If the work of internal auditors was not up to standard the fund would be paying much to external auditors.

It was reported that lobbying had been conducted by the Local Government Association to separate Pension Fund accounts from Local Authority accounts for the previous seven years although they were advised that legislation to allow that separation would be required.

Resolved –

That the report be noted.

Action: Director, West Yorkshire Pension Fund

8. WYPF PRODUCTION OF ANNUAL BENEFIT STATEMENTS (ABS) FOR MEMBERS IN 2022

The report of the Director, West Yorkshire Pension Fund (**Document “O”**) was submitted to the Board and presented an update for Members on the production project of Annual Benefit Statements (ABS) for all members entitled to receive one. In accordance with LGPS Regulations 2013, pension funds were required to provide ABS to active, deferred, deferred pensioners and credit members within 5 months of the fund's scheme year end (31 March). The fund's management confirmed that WYPF had complied with the regulations relating to ABS.

Pension fund members were encouraged to move to using the online portal to reduce the quantity of paper statements etc. and in turn reduce the fund's carbon footprint.

Officers stated that it had performed well in carrying out this annual requirement and was a credit to the staff involved. Almost 100% of statements had been produced and Officers provided some statistics on shortfalls with explanations, emphasising the rigorous, mainly automated processes involved.

There were no Member questions or comments.

Resolved –

That the report be noted.

Action: Director, West Yorkshire Pension Fund

9. LOCAL GOVERNMENT PENSION SCHEME REGULATIONS UPDATE

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

Members were advised that since the production of the report a response on Fair Deal – strengthening pension protection – had been received revealing and further consultation would be undertaken on timescales.

As had been reported earlier in the meeting draft regulations were expected on McCloud and it was hoped that these would be available by the end of the month.

Publication of the Scheme Annual Report revealed that scheme membership continued to grow and assets increased. The report revealed that there had been a drop in life expectancy since the COVID pandemic and that would impact on future valuation.

It was reported that the Government's Actuary Guarantee, which provided that should an academy close outstanding balances would not revert to the LGPS fund, was continuing but would be regularly reviewed to ensure it remained affordable.

Resolved –

That the report be noted.

Action: Director, West Yorkshire Pension Fund

10. WYPF DATA IMPROVEMENT PLAN

The report of the Director, West Yorkshire Pension Fund (**Document "Q"**) was submitted to the Board following the Code of Practice 14 by The Pensions Regulator (TPR) in 2018 and The Public Service Pensions (record Keeping and Miscellaneous Amendments) Regulations 2014 requiring public sector pension funds to maintain comprehensive and accurate data on their members and member's pension funds.

The data improvement plan document was included as an appendix to the main report and provided details of key objectives, outcomes and information relating to data cleansing and the frequency of data quality reports. WYPF welcomed monthly contribution postings several years ago with the aim of simplification, systems integration, increased data accuracy and complete up to date member records. The benefits include ensuring that employee's contributions, member's personal details, and financial records are up to date, accurate and complete.

Officers advised that key data for the pensions dashboard would be targeted for completion by February 2023 subject to data scrutiny and match keys.

There were no Member questions or comments.

Resolved –

That the report be noted.

Action: Director, West Yorkshire Pension Fund

11. PENSIONS DASHBOARD

The Director, West Yorkshire Pension Fund, presented a report (**Document "R"**) providing an update on the progress and regulatory responsibilities required for the introduction of the Pensions Dashboard.

The aim of Pensions Dashboard is to change the way people engage with and prepare for retirement by enabling people to see all their pensions information in one place online, including their state pension, allowing individuals to make better informed decisions about their retirement. It would also reunite lost and forgotten pensions pots with their owners.

The summary to the report revealed that the Department of Work and Pensions (DWP) had published their response to their consultation on the secondary legislation that underpinned Pensions Dashboard and how pensions providers would establish and operate, including responsibilities of pensions providers Boards.

The report revealed that parliamentary time was still required for the legislation to be finalised but were informed that it did include a tight deadline for the dashboard to be in place by September 2024.

It was stressed that the process was the beginning of the procedure for the Department for Work and Pensions (DWP) to manage how funds looked after pensions.

It was explained that an online Government portal would be developed into which funds would details of all pensions so that people could manage their own retirement funds in one place. The Monetary Advice Service would monitor, in real time, all traffic to all pension providers. Data would continue to be subject to GDPR regulation and the fund must be confident that data was correct.

It was confirmed that the WYPF was confident that it was clear about regulatory requirements and in a good place to meet the September 2024 deadlines.

The report revealed that the Pensions Dashboard would require the use of online banking systems and a Member questioned security measures.

Members were assured that the Pension Dashboard Programme had been established in 2017 and security services had been tested. The pensions service was the last industry to go on line; the Government had operated online banking services for some time and learning from those systems would be utilised in the Pension Dashboard programme. Whilst it was a massive move for the pensions industry to move to the digital mode external help and assures were available. Members were advised that existing on line banking systems had been operated successfully across Europe. The Pensions Dashboard would be operated on existing online banking principles.

In response to questions it was confirmed that the state pension would be included in the Pensions Dashboard.

It was questioned if penalties would be imposed on employers not meeting Pension Dashboard timescales and it was confirmed that they would incur stringent penalties.

Resolved –

That the report be noted.

Action: Director, West Yorkshire Pension Fund

12. WYPF PENSIONS ADMINISTRATION

The report of the Director, West Yorkshire Pension Fund (**Document “S”**) was submitted to the Board as WYPF provided pensions administration for WYPF scheme members, a full administration service to Lincolnshire Pension Fund, the London Borough of Hounslow and more recently the London Borough of Barnet plus twenty-three Fire Authorities. This 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.

The report submitted presented updates on activities undertaken in the previous quarter. Officers explained the services provided stating that despite high work volumes, KPI's were good overall. They shared details of underperformance with the reasons why both included in the written report and verbally. There had been a lot of employer activity as it was valuation year and performance should improve with completion of staff training and automation of systems.

Officers advised that the results of a recent survey conducted online showed a 96.3% satisfaction rating from members. They also stated that the fund holds ISO 9001 accreditation and ISO 7001 certification relating to information security which showed no non-conformance. Staffing was challenging in pensions sectors but the fund was recruiting with 21 new starters and 14 leavers with 6 vacancies remaining.

A Member suggested that KPI's could be better presented using the RAG (red, amber, green) system to make them clearer.

Members were reminded about the importance of training and were urged to complete the online training package as soon as possible, especially around pension scams. A tailored training package would be sent to each Member and a questionnaire would be going out to identify training needs and to compose a training package.

Resolved –

That the report be noted.

Action: Director, West Yorkshire Pension Fund

13. REGISTER OF BREACHES OF LAW

The Director, West Yorkshire Pension Fund, presented a report (**Document “T”**) to provide Members with details of entries on the Register of Breaches of Law and the actions taken in accordance with the Public Service Pensions Act 2013, that from April 2015 all Public Service Pension Schemes were under the remit of the Pensions Regulator.

Members were advised that the report being discussed was for the 2021/22 municipal year and that a new register for any breaches from April 2022 was being produced.

It was confirmed that there were no additional entries since the register had last been discussed, however, the late payments by employers list had been extended.

Attention was drawn to a late payment outstanding from October 2021. It was confirmed that payments from that employer had been received for all subsequent months and action was being taken to recover the payment for October 2021.

Resolved –

That the entries and action taken on the Register of Breaches be noted.

Action: Director, West Yorkshire Pension Fund

14. EXCLUSION OF THE PUBLIC

Resolved –

That the public be excluded from the meeting during consideration of the Not for Publication Appendix to Document “U” relating to the minutes of a West Yorkshire Pension Fund Investment Advisory Panel meeting held on 28 July 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.

15. MINUTES OF THE WEST YORKSHIRE PENSION FUND INVESTMENT ADVISORY PANEL (IAP) MEETING HELD ON 28 JULY 2022

The report of the Director, West Yorkshire Pension Fund, (**Document “U”** – 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 –

That the Not for Publication minutes of the West Yorkshire Pension Fund Investment Advisory Panel meeting held on 28 July 2022, appended to Document “U”, 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.

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