

Minutes of a meeting of the West Yorkshire Pension Fund Pension Board held on Tuesday, 21 March 2023 at 11.00 am in Aldermanbury House, Godwin Street, Bradford

Commenced 11.00 am
Concluded 1.00 pm

Present – Members

Employer Representatives	Member Representatives
Councillor S Lal (Chair) – Bradford Councillor L Malkin - Wakefield Ben Petty - Employer	Mr P Charlton – GMB Mr M Binks – Unison Mr I Dziya – Unison Mr M Morris – Unite the Union

Councillor Lal in the Chair

40. 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

41. INSPECTION OF REPORTS AND BACKGROUND PAPERS

There were no appeals made to view restricted documents.

42. DRAFT MINUTES OF THE WEST YORKSHIRE PENSION FUND (WYPF) JOINT ADVISORY GROUP HELD ON 26 JANUARY 2023

Members were aware that the Council's Financial Regulations required the minutes of meeting of the WYPF Joint Advisory Group (JAG) to be submitted to this committee.

The report of the Managing Director, West Yorkshire Pension Fund, (**Document "AC"**) presented the draft minutes of the JAG meeting held on 26 January 2023 to enable the Board to ensure effective and efficient governance and administration of the LGPS.

The Managing Director, WYPF, provided an update on issues discussed at the JAG meeting which were not being considered later in the meeting.

The minutes revealed that the proposed budget for 2023/24 was approved and that the fund was expected to be the lowest cost LGPS fund.

The Funding Strategy Statement had been noted and was to be reported to the Governance and Audit Committee on 23 March 2023 with a recommendation for approval. Members of the JAG had requested that the fund divested in investments in fossil fuels. As it had not been appropriate to amend the statement at the meeting, as the consultation period had ended, the comments made had been noted.

In response to questions Members were advised that the JAG had been involved in the consultation process on the Funding Strategy Statement (FSS) at the appropriate time. The FSS had also been discussed at the Investment Advisory Panel prior to the JAG meeting and no issues had been raised.

The amount of funds invested in fossil fuels were queried and, whilst it was difficult to report an exact amount at the meeting an indication of those investments was provided. It was explained that the fund did have substantial holdings in green energy and was a partner in GLIL which offered investors exposure to assets in a range of sectors covering greenfield sites.

It was explained that the Strategic Assets Strategy would be reviewed over the summer months and presented to the Investment Advisory Panel in July. Following Member questions, it was confirmed that Members would be consulted on the revised investment strategy and would have the opportunity to provide feedback at that time.

The CEM Pensions Administration Benchmarking Survey (PABS) was discussed and it was reported that WYPF compared favourably with other large funds.

It was confirmed that all funds were required to have an Additional Voluntary Contributions scheme and that the scheme was reviewed annually. JAG had considered a request to replace WYPF's bespoke Lifestyle Strategy with its Adventurous Pension Approach Strategy Targeting Lump Sum. The request was made to better represent what members did on retirement.

A Member questioned if previous issues with an AVC provider had been rectified and it was explained that the issues had been resolved and regular meetings were held with that company.

A deterioration in performance from another provider was discussed which had been due to the introduction of a new IT system. Members were assured that business was now back to normal.

A Member reported he had had been unaware of the change of business name of Equitable Life to Utmost Life and Pensions and was concerned that if others were unaware there may be payment delays. It was reported that the name change had occurred in 2020 and the Fund were unaware of any issues that may have been caused.

Resolved –

That the minutes of the WYPF Joint Advisory Group held on 26 January 2023 be noted.

Action: Managing Director, West Yorkshire Pension Fund

43. REGISTER OF BREACHES

The Managing Director, West Yorkshire Pension Fund, presented a report (**Document “AD”**) which informed Members that, in accordance with the Public Service Pensions Act 2013, from April 2015, all Public Service Pension Schemes were 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 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 2022/23 was appended to Document “AD”.

Problems experienced with Enviroserve were explained as confusion had arisen when that employer had joined the fund. All employee contributions had been received by the fund on 15 February 2023 and outstanding employer contributions were to be paid in monthly instalments.

An issue with a staff absence by the member of staff responsible for payments at Ryhill Parish Council and which affected other parish or town councils would be resolved shortly as alternative staffing arrangements had been made.

Members were advised that the reporting procedure at the Fund had been enhanced and the register now contained more entries. This was not a matter for concern but just an increase in efficiency providing a more robust reporting system. Members were assured that officers worked with employers to obtain all outstanding payments.

In response to questions it was confirmed that late or non-payment of employer contributions would not impact on benefits paid.

It was confirmed that none of the entries on the register had been thought to be of material significance and had not been reported to The Pension Regulator (TPR). It was queried when that would occur and Members were advised that a judgement was made by the Fund. If employers were engaging with the Fund and the reasons for non-payment, such as staff absence or a change in operating

systems were understood, most payments would be received within weeks and reporting to the TPR was not deemed necessary.

If an employer failed to engage with the Fund their financial status would be monitored and all leverage would be used to ensure contributions were received.

It was questioned if non-payment by Enviroserve was a significant issue. It was explained that they were a big payroll provider and officers had monitored to identify trends which had not been found. There had been some admission contractual issues resulting in missed payments. The situation could not be pursued until the admission issue had been resolved. As of last week significant payments had been received for member contributions although employer payments were still outstanding. The situation would be monitored and it was hoped would be resolved in the next report.

In response to questions it was confirmed that administration fees were imposed on employers who failed to pay or provide data by the due date. Those charge were usually applied when the funds were not received one month after the due date. Often the threat of those charges was enough to rectify the issue.

Members questioned the amounts of charges imposed and it was agreed to provide that information at a future meeting.

It was confirmed that late or failed payments did not have a detrimental impact on the fund and it was reiterated that the Fund worked closely with employers and provided support.

Resolved –

That the entries and actions taken on the Register of Breaches of Law contained in the appendix to Document “AD” be noted.

Action: Managing Director, West Yorkshire Pension Fund

44. LOCAL GOVERNMENT PENSION SCHEME UPDATE

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

As an update since the production of the report Members were advised that the Fund were still waiting for draft regulations on the McCloud remedy.

The report revealed that the Fire Brigades Union and the British Medical Association had been given permission to judicially review the Government’s decision to include the McCloud remedy costs in the 2016 cost control valuations. Members questioned the percentage of the cost management fee and requested that the judgement be shared with them.

In response it was confirmed that local government unions had not been involved in the judicial review. It was agreed to send Members a link to that judgement.

Resolved –

That the report be noted.

Action: Managing Director, West Yorkshire Pension Fund

45. COMMUNICATIONS POLICY AND PENSION ADMINISTRATION STRATEGY

The Managing Director, West Yorkshire Pension Fund, presented **Document “AF”** which explained that, in compliance with the LGPS Regulations 2013, WYPF prepared a written statement of the authority’s policies in relation to such matters as it considered appropriate in relation to procedures for liaison and communication with scheme employers and the levels of performance which the employers and WYPF were expected to achieve.

Members were advised that the Pensions Administration Strategy had not required any update. The Communications Policy had been updated to reflect actions, including on line activities, planned for 2023.

It was explained that members were encouraged to sign up to the online portal which the Fund wished to develop into the normal method of communication. Telephone and written communications would remain for those that wished. The online portal enabled members to produce their own pensions forecast.

It was confirmed that the Pensions Administration Strategy and Communications Policy were approved by JAG at their last meeting in January 2023.

Resolved –

That the Pension Administration Strategy and the Communications Policy 2023 be noted.

Action: Managing Director, West Yorkshire Pension Fund

46. PENSION ADMINISTRATION REPORT

The Managing Director, West Yorkshire Pension Fund, presented a report (**Document “AG”**) which provided an update on West Yorkshire Pension Fund’s (WYPF) pensions administration activities for the period 1 October 2022 to 31 December 2022.

The report included performance and benchmarking statistics and reported the rationale for any targets not met.

The volume of work in progress was reported together with current scheme information including membership numbers.

Praise and complaints were reported and included details of, and a summary of responses to, surveys undertaken with all members who had received a service

from the fund.

Internal dispute resolution was reported and it was confirmed that there had been no increases in that area.

The report revealed recruitment being undertaken and included the appointment of a Member Service Manager post as the previous post holder had been promoted internally. A Senior Pensions Officer had also been promoted and appointment to that post would be required. The Universal Pension's Management team were also being enhanced to carry out the automation project. Current staffing levels were reported.

Members were advised that the Fund had won the Good Governance Award at the LAPF Investment Awards in December 2022. The Fund had also been shortlisted for DB Pension Scheme of the Year; Pension Scheme Communication Award and Pensions Administration Award. The winners of those categories would be announced at a meeting in London later in the day.

A Member questioned, within the KPI indicators, why requests for pension estimates for 'those with future dates' had not been accurately reported. It was explained that requests were regularly received from members who would retire well into the future. The priority was to provide estimates for members who were closer to retirement and that was why more accurate figures could be provided for those members. The online portal also allowed members to produce their own pension forecast and should ease the volume of speculative requests received. The online facility would have a bigger launch soon.

It was suggested that KPI's be split into categories reflecting the volume of work required for those approaching retirement. It was agreed that could be considered as could the impact of members calculating their own forecasts.

The report revealed that the Fund continued to chase employers who did not hold a discretions policy and whilst policies were being received there were still 300 outstanding. A Member suggested that the discretions policy be placed on the Register of Breaches.

It was explained that the Employer Relations Team had been working with a number of employers to obtain those policies. It was believed that some employers may have the policies but had not provided them, as was required, to the Fund. It was agreed that an entry on the breaches register would be an additional way to monitor that policy.

A Member questioned the use of acronyms within the report and was advised that UPM stood for Universal Pensions Management.

Resolved –

That the report be noted.

Action: Managing Director, West Yorkshire Pension Fund

47. RISK MANAGEMENT

The report of the Managing Director, West Yorkshire Pension Board (**Document “AH”**) presented West Yorkshire Pension Fund’s Risk Policy and Strategy.

Members were advised that the purpose of the policy and strategy was to effectively mitigate risks which may otherwise impact on WYPF meeting its statutory responsibilities and strategic objectives. This was achieved by the development and maintenance of a comprehensive risk register. For each risk identified its likelihood of occurrence and materiality was considered and actions were identified in order to mitigate the risk.

It was confirmed that the Risk Policy and Strategy was subject to regular review by the WYPF Investment Advisory Panel (IAP) and Joint Advisory Group (JAG).

It was revealed that a major IT outage had been encountered recently and, in response to questions, assurances were provided that it had not been a cyber-attack and was a hardware failure. The report revealed that IT services to the Fund were provided by Bradford Council and that regular discussions were held with the head of IT service. The Council recognised that the Pension Fund was a key department and resilience was built into the system to cater for that Fund

Resolved –

That the report be noted.

Action: Managing Director, West Yorkshire Pension Fund

48. ACTUARIAL VALUATION 2022

The Managing Director, West Yorkshire Pension Fund presented (**Document “AI”**) which reported that the triennial actuarial valuation of the West Yorkshire Pension Fund (WYPF) was being prepared based on the position at 31 March 2022, and would determine the level of employers’ contributions for the period 1 April 2023 to 31 March 2026.

It was reported that, subject to the draft Funding Strategy Statement being approved, the indications were that WYPF would be 108.5% funded, compared to the situation at 31 March 2019 when it was 106% funded.

As a result, each of the five district councils would see a slight reduction in their employer contributions. The principal reasons that had improved the funding position since 2019 were reported and it was confirmed that employers had been notified of contribution rates.

The summary of assumptions contained in the report was discussed. It was questioned if the assumption of 2.3% CPI pension increase would impact on the valuation ratio in future years. In response it was explained that loading had been included in the valuation as it was known that inflation would not be maintained at 2.3%.

Resolved –

That the report be noted.

Action: Managing Director, West Yorkshire Pension Fund

49. FUNDING STRATEGY STATEMENT

The report of the Managing Director, West Yorkshire Pension Fund, (**Document “AJ”**) reported that WYPF must maintain a Funding Strategy Statement (FSS) in accordance with the Local Government Pension Scheme Regulations 2013. It must keep the statement under review and, after consultation with such persons as it considered appropriate, must make such revisions as are appropriate following a material change in its policy

The Administering Authority undertook a consultation exercise with all stakeholders on updates to the Funding Strategy Statement which reflected the principles and approaches it intended to take as part of the 2022 valuation exercise. It was confirmed that the Funding Strategy Statement was being considered by the Governance and Audit Committee on 23 March 2023 with a recommendation for approval.

Resolved –

That the report be noted.

Action: Managing Director, West Yorkshire Pension Fund

50. PENSIONS DASHBOARD

The report of The Director, West Yorkshire Pension Fund (**Document “AK”**) was presented to provide an update on the progress of the introduction of the Pensions Dashboard. Members were advised that this was a Government initiative designed to get people to engage with their pensions savings and prepare for retirement.

The work required in preparation for the Pensions Dashboard was set out in the report and whilst this could generate a lot of work for the Fund it was hoped that this would provide an enhanced service to Members.

Members were advised that work was continuing and officers were confident that the Fund were prepared.

Resolved –

That the report be noted.

Action: Managing Director, West Yorkshire Pension Fund

51. LGPS ONLINE LEARNING ACADEMY AND TRAINING UPDATES

Members were aware that there was a growing need for LGPS funds to demonstrate that pension committees and local pension board members ('Members') had an adequate level of knowledge to carry out their roles effectively. With the introduction of a refreshed CIPFA Knowledge & Skills Framework, the Scheme Advisory Board's Good Governance project (England and Wales), and increasing scrutiny from The Pensions Regulator (TPR), the expectation on funds had never been greater.

The Managing Director, West Yorkshire Pension Fund, provided a report, **(Document "AL")** which detailed training and conferences to assist Members in meeting their training requirements.

Members of the Joint Advisory Group, Investment Advisory Panel and Local Pensions Board recently completed Hymans Robertson's LGPS National Knowledge Assessment (NKA), which were designed to highlight potential gaps in Members' knowledge and help LGPS funds construct effective training plans. WYPF's NKA report was attached as Appendix A to Document AL.

A Member raised issues he had encountered when trying to enrol on The Pension Regulator training toolkit. He was advised of a work around to that problem and details of that solution would be sent to Members.

Concern was expressed about the inability to rewind videos on the Hymans Robertson's training. It was explained that the issue had been reported to the Hymans Robertson's team. There would be a full relaunch of the training shortly and Members currently undertaking that training were advised to stop and wait for the full relaunch.

At the conclusion of discussions on training Members were provided with a detailed PowerPoint presentation relating to the 'CARE' revaluation training. A copy of that presentation were available from the WYPF's Governance and Business Director, Matthew Mott.

Resolved –

- 1. That the TPR Toolkit online training and the Hymans Robertson online Learning Academy training be undertaken to allow Members to meet the requirements defined by the Public Service Pensions Act 2013.**
- 2. That consideration would be given to attending external training events and conferences provided by PLSA, LGA and actuaries and other specialist organisations.**

Action: Managing Director, West Yorkshire Pension Fund

The report of the Managing Director, West Yorkshire Pension Board (**Document “AM”**) informed Members of the significant damage to organisations that store financial information and personal identifiable information about individuals from cyber-attacks and of measures taken by the fund to become cyber ready to prevent, contain and respond to evolving threats in the digital environment.

Members questioned if working from home had increased the likelihood of cyber-attacks and were informed that strict policies and guidelines were in place. Officers were not able to add hard drives or USB's to laptops and all data was kept securely on the network.

Members were advised that they would receive Cyber training shortly.

Resolved –

That the report be noted.

Action: Managing Director, West Yorkshire Pension Fund

53. GOVERNANCE REVIEW

The report of the Managing Director, West Yorkshire Pension Fund, (**Document “AN”**) set out at a high level, a proposed process for undertaking a WYPF governance review and initial feedback was sought from Pension Board Members.

It was reported that a similar report had recently been presented to JAG and IAP and would be discussed at the forthcoming meeting of the Bradford Council Governance & Audit Committee.

Members were informed that following the appointment of a new Managing Director and Chief Investment Officer it had been considered a good time to conduct the review. It was also confirmed that the Chief Executive of Bradford Council was supportive.

It was reported that, in addition, the Government and the Scheme Advisory Board (SAB) were expected to implement in the near future the recommendations of the SAB's Good Governance Project, providing further clarity on the requirements and best practice expected of LGPS administering authorities.

The WYPF review would consider the scheme of delegation from Bradford Council and how investment decisions were made. It was proposed to procure professional support to conduct the review.

A Member raised concern about the cost of procuring professional support prior to the outcome of the SAB review. In response it was confirmed that the outcomes of that review were known but statutory guidance had not yet released.

The exact costs of consultancy support were not yet known but it was felt that, for a fund the size of WYPF, value for money would be provided by seeking

professional expertise, drawing on best practice from other LGPS administering authorities and the wider pensions and investment community. Potential conflicts of interest would also be minimised with the use of external providers.

Resolved –

That the report be noted.

Action: Managing Director, West Yorkshire Pension Fund

54. EXCLUSION OF THE PUBLIC

Resolved –

That the public be excluded from the meeting during consideration of the Not for Publication Appendix to Document “AO” relating to the minutes of a West Yorkshire Pension Fund Investment Advisory Panel meeting held on 27 October 2022 and 26 January 2023 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.

55. MINUTES OF THE WEST YORKSHIRE PENSION FUND (WYPF) INVESTMENT ADVISORY PANEL HELD ON 27 OCTOBER 2022 AND 26 JANUARY 2023

The report of the Director, West Yorkshire Pension Fund (**Document “AO”**) containing **Not for Publication appendices 1 & 2** was submitted to the Board and 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/notes of the WYPF IAP meetings held on 27 October 2022 and 26 January 2023, appended to Document “AO” be noted.

Action: Managing 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