

Appendix A - Explanation of business plan key tasks and actions

Information relating to key priorities

Work scheduled for 2023/24 to 2027/28 will be included in the relevant budgets for those years.

Governance key priorities

| Key Action/Task | 2022/23 | 2023/24 | | | | 2024/25 | 2025/26 | 2026/27 |
|--|---------|---------|----|----|----|---------|---------|---------|
| | | Q1 | Q2 | Q3 | Q4 | | | |
| G1. Review of constitution, committees, delegations | | ✓ | ✓ | | | | | |
| G2. New members on Governance and Audit Committee, Joint Advisory Group, Investment Advisory Panel and Pension Board | | | ✓ | | | | | |
| G3. Review Knowledge and Skills policy/delivery in light of updated CIPFA K&S requirements | | ✓ | ✓ | | | | | |
| G4. Review cybercrime risk to Fund | | | ✓ | | | ✓ | | |
| G5. Business Continuity | | | ✓ | ✓ | | | | |
| G6. Succession Planning | | | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| G7. Review and implementation of other governance related policies and strategies | | | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| G8. Assess the carbon footprint of WYPF Portfolio | | | ✓ | | | ✓ | ✓ | ✓ |
| G9. Review/development of risk register | | | ✓ | | | | | |
| G10. Review against new TPR Single Modular Code | | | ✓ | | | ✓ | | ✓ |
| G11. Implement changes from Scheme Advisory Board good governance review | | | | ✓ | | ✓ | | |
| G12. Procurement/Tenders | | | ✓ | | | ✓ | ✓ | ✓ |
| G13. Diversity, equality and Inclusion | | | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| G14. Employer Engagement | | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |

G1. Review of constitution, committees, delegations

| 2022/23 | 2023/24 | | | | 2024/25 | 2025/26 | 2026/27 |
|---------|---------|----|----|----|---------|---------|---------|
| | Q1 | Q2 | Q3 | Q4 | | | |
| | ✓ | ✓ | | | | | |

It has been recognised that the WYPF structure, constitutions and delegations all need to be reviewed and clearly defined. For example the Terms of Reference could be clearer or more prescriptive in a number of areas. It may be appropriate for an appendix to be added to the constitution to list delegations in order to better manage the Fund.

This is expected to start in January 2023.

In addition a wider WYPF governance review will be carried out during the first half of 2023.

It is expected that these tasks can be managed out of the existing budget and with no additional resource

G2. New members on Governance and Audit Committee Joint Advisory Group, Investment Advisory Panel and Pension Board

| 2022/23 | 2023/24 | | | | 2024/25 | 2025/26 | 2026/27 |
|---------|---------|----|----|----|---------|---------|---------|
| | Q1 | Q2 | Q3 | Q4 | | | |
| | | ✓ | | | | | |

There are some changes expected to the JAG, IAP and Governance and Audit Committee in 2023 due to a third of Councillors being up for re-election.

Any new members will need to be “onboarded” and provided with sufficient training and access to required information. WYPF is aware of the requirement in TPR’s draft new code of practice that new members undertake required training to carry out the role as soon as possible and within 6 months of appointment.

The Pension Board membership is due to be reviewed / renewed in 2023/24 and this will be an area covered by the Governance Review

G3. Review Knowledge and Skills policy / delivery in light of updated CIPFA K&S requirements

| 2022/23 | 2023/24 | | | | 2024/25 | 2025/26 | 2026/27 |
|---------|---------|----|----|----|---------|---------|---------|
| | Q1 | Q2 | Q3 | Q4 | | | |
| | ✓ | ✓ | | | | | |

In the Summer of 2021 CIPFA released its updated Knowledge and Skills framework and Code of Practice. The current training policy will be reviewed and updated to be in line with the new CIPFA framework and Code. The policy should also ensure it is appropriate for any new members appointed following the 2023 local elections.

Those involved in managing WYPF will undergo a knowledge and skills assessment based on the CIPFA competencies to inform training plans for future years – this will include who has done what training, including any skills training.

The policy relating to Pension Board members (who have legal requirements in relation to obtaining the required knowledge) will be extended to JAG and IAP members – in anticipation of new requirements in this area from the Good Governance review (expected in 2023)

It is expected that these tasks can be managed out of the existing budget and with no additional resource requirements. If external support is needed to develop the policy and/or training needs assessment and maintain a log of training activity, we estimate that the cost be anywhere between £5k and £25k plus VAT depending on what support is needed.

G4. Review cybercrime risk to Fund

| 2022/23 | 2023/24 | | | | 2024/25 | 2025/26 | 2026/27 |
|---------|---------|----|----|----|---------|---------|---------|
| | Q1 | Q2 | Q3 | Q4 | | | |
| | ✓ | ✓ | | | ✓ | | |

Cyber risk is considered a key risk to the Fund. In line with the Pensions Regulator's requirements, work will be carried out to better understand how that risk is being managed in relation to the Fund's member data, assets and other procedures.

WYPF will follow the Aon Seek, Shield, Solve, Review framework for developing Cyber resilience. This involves assessing the risks and how significant they are to allow prioritisation of activities to mitigate risks. We will ask our system providers and suppliers, including City of Bradford Metropolitan District Council to provide further information in relation to how they are managing cyber risk. After this initial work has been completed, a process will be put in place to ensure that ongoing checks are carried out.

Fund officers will review the areas for improvement identified by the Aon LGPS Cyber Scorecard – including a data and asset mapping exercise to identify and prioritise risks, establishing fund specific cyber incident response plans and cyber policy and cyber hygiene / roles and responsibilities document.

It is noted that the team are changing operating platforms (Windows to Linux) which could result in greater Cyber risk. WYPF officers will need to engage with Civica as regards their solutions for managing cyber risk, in particular in relation to Pensions Dashboards as that project develops.

WYPF will also need to consider how the required assurance in relation to cyber risk can be provided to other funds/schemes to which we provide third party administration services.

We also note that Regulator recognises that funds may need to access specialist advice in some areas (such as in assessments of providers) and we will investigate what support may be available through City of Bradford MDC or through external advisers.

Our budget includes an allowance of £50k per annum in the short term to improve our cyber resilience. We will also allocate dedicated resource of suitable seniority to take ownership of our cyber related activities.

G5. Business Continuity

| 2022/23 | 2023/24 | | | | 2024/25 | 2025/26 | 2026/27 |
|---------|---------|----|----|----|---------|---------|---------|
| | Q1 | Q2 | Q3 | Q4 | | | |
| | ✓ | ✓ | | | | | |

The Pension Regulator's draft Code of Practice which is expected to be published in 2023 includes a "best practice" module on Business Continuity.

Based on the expectations of the module, WYPF should have a fund specific resilient Business Continuity Plan which "sets out key actions in case of a range of events occur that impact the scheme's operations" and sets out key roles and responsibilities, including with any service providers.

The Assistant Director (Finance, Administration and Governance) will work with the senior managers to develop and maintain a plan which allows for potential changes to home / hybrid working, and dependencies including staff, systems and hardware, buildings and processes.

This work will be carried out using existing resource and budget.

G6. Succession Planning

| 2022/23 | 2023/24 | | | | 2024/25 | 2025/26 | 2026/27 |
|---------|---------|----|----|----|---------|---------|---------|
| | Q1 | Q2 | Q3 | Q4 | | | |
| | | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |

There are a number of key individuals in the WYPF Management Team who will be retiring in the next five years, in both the investment, and member services teams.

A comprehensive plan for the recruitment of new individuals and/ or providing sufficient mentoring, training and shadowing to those individuals who will take on the roles will be needed to avoid the consequences of the loss of the significant levels of experience and knowledge of those individuals.

The succession plan should be set out and agreed internally in 2022/23 and implemented in relation to the relevant individuals in each of the following 4 years.

This should not involve any additional budget or resource, but to recruit and develop the required replacements may incur some additional costs, so this will be kept under review.

G7. Review and implementation of other governance related policies and strategies

| 2022/23 | 2023/24 | | | | 2024/25 | 2025/26 | 2026/27 |
|---------|---------|----|----|----|---------|---------|---------|
| | Q1 | Q2 | Q3 | Q4 | | | |
| | | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |

- The Fund has several policies focusing on governance, all of which are subject to regular review, usually at least every three years. The policies due to be reviewed are:
- FSS – Triennial in line with the actuarial valuation cycle unless regulatory change requires sooner
- Communications - annual
- Administration - annual
- Conflicts of Interest Policy – annual
- Governance Policy and Compliance Statement – annual. These will be updated following completion of the 2023 Governance Review. In addition, the Good Governance review carried out by SAB will (when implemented) likely require changes to the statement.
- Discretions – A large (4 year) project to contact all employers to obtain their policies or set the Fund policy for the employer commenced in 2022. This includes the review of the Fund's policy and this action applies to all funds WYPF carry out services for.
- WYPF may also implement additional voluntary policies in line with best practice, such as data improvement, voluntary scheme pays, cyber risk management.
- In future JAG meetings the business planning will be reviewed at each meeting although only the changes will be brought to the JAG to consider.
- It is expected this work will be carried out using existing team resources with support from the Fund Actuary and advisor to the Governance Review as required.

G8. Assess the carbon footprint of WYPF

| 2022/23 | 2023/24 | | | | 2024/25 | 2025/26 | 2026/27 |
|--|---------|----|----|----|---------|---------|---------|
| | Q1 | Q2 | Q3 | Q4 | | | |
| | | ✓ | | | ✓ | ✓ | ✓ |
| <ul style="list-style-type: none"> WYPF as an organisation needs to set out its ambitious plans to reduce its carbon footprint and help support the action against climate change, then implement the plans and report against them. This will include the policy on energy usage, office space, printing in the office and for member communications, and how developments will be monitored and performance against any targets reported. This work will include the detail under Scope 1, Scope 2, and Scope 3 in relation to delivering services. This project will be managed within the existing WYPF team and budget. | | | | | | | |

G9. Review/development of risk register

| 2022/23 | 2023/24 | | | | 2024/25 | 2025/26 | 2026/27 |
|---|---------|----|----|----|---------|---------|---------|
| | Q1 | Q2 | Q3 | Q4 | | | |
| | | ✓ | | | | | |
| <p>The review will consider the following possible developments:</p> <ul style="list-style-type: none"> Adding / combining employer and funding risk Combining administration related and investment related registers Review of the level of detail provided in the reporting for the JAG, IAP and PB; we will consider whether the risk register reporting could be more focused and hence effective <p>This will be owned by the Assistant Director (Finance, Administration and Governance) – no additional resource or budget required.</p> | | | | | | | |

G10. Review against new TPR Single Modular Code

| 2022/23 | 2023/24 | | | | 2024/25 | 2025/26 | 2026/27 |
|---|---------|----|----|----|---------|---------|---------|
| | Q1 | Q2 | Q3 | Q4 | | | |
| | | ✓ | | | ✓ | | ✓ |
| <ul style="list-style-type: none"> The Pensions Regulator (TPR) recently consulted on a new Single Modular Code which will merge 10 of the existing 15 codes the Regulator has in place, including Code of Practice No.14 (the relevant Code for Public Service Pension Schemes). This will result in some changes to the requirements placed on the Fund. Work will be undertaken to review whether the Fund complies with the requirements within the new Code when it is released. After the initial review, ongoing compliance checks will be carried out on a regular basis (e.g. every 2 years). Additional resource/budget may be required for the initial review against the new Code (including the best practice modules and recommendations) but the initial intention is carry out the review internally, but seek external assurance. | | | | | | | |

G11. Implement changes from Scheme Advisory Board good governance review

| 2022 | 2023/24 | | | | 2024/25 | 2025/26 | 2026/27 |
|------|---------|----|----|----|---------|---------|---------|
| | Q1 | Q2 | Q3 | Q4 | | | |
| | | | ✓ | | ✓ | | |

The Local Government Pension Scheme Advisory Board (SAB) recently completed a project focusing on all elements of good governance. A number of recommendations have been made including ensuring appropriate conflicts of interest management, knowledge and skills and having a designated LGPS lead officer in each administering authority. Further work is being carried out by SAB and formal recommendations have been made to the Department for Levelling Up, Housing and Communities (DLUHC). The Fund follows best practice so intends to implement the recommendations in advance of any regulatory change, noting that SAB has recommended that DLUHC issues statutory guidance including a requirement for each administering authority to report on how they are complying with the new guidance.

Other than set out elsewhere on this business plan, the following actions are required:

- Develop a Fund-wide conflicts of interest policy
- Review/implement a Fund policy on the representation of scheme members and non-administering authority employers on its committees, explaining its approach to voting rights for each party.
- Formalise/update the knowledge and skills requirements for JAG/IAP members and Officers including S151 as well as the Local Pension Board in a policy on how to meet the requirements
- Document a roles and responsibilities matrix
- Implement regular reporting against a set of required administration KPIs
- Committee and Senior Officer sign off of business plan including budget and resources
- Independent Governance Review (see below)

It is expected that any required actions will be implemented internally but the independent review of governance may require support from external providers. An estimated cost depending on the scope of the project is £20k - £50k.

G12. Procurement/Tenders

| 2022/23 | 2023/24 | | | | 2024/25 | 2025/26 | 2026/27 |
|---------|---------|----|----|----|---------|---------|---------|
| | Q1 | Q2 | Q3 | Q4 | | | |
| | | ✓ | | | ✓ | ✓ | ✓ |

Several contracts are due to be retendered in the next 5 years covered by the business plan.

- A list of these is provided in the previous section (Business Plan key priorities)
- The procurement process will be managed within internal teams and with support from Bradford Council and no additional resource or budget is required to be set aside for these exercises.

G14. Diversity, Equity and Inclusion

| 2022/23 | 2023/24 | | | | 2024/25 | 2025/26 | 2026/27 |
|--|---------|----|----|----|---------|---------|---------|
| | Q1 | Q2 | Q3 | Q4 | | | |
| | | ✓ | | | | | |
| <ul style="list-style-type: none"> Review engagement with stakeholders, communications, approach to recruitment, etc to ensure sufficient attention is given to diversity and inclusion. Ensure appropriately considered as part of review of the communication policy and reflected in all media, including the Fund's website. Initially this is expected to be managed within the existing team and with no additional budget. | | | | | | | |

G15. Employer Engagement

| 2022/23 | 2023/24 | | | | 2024/25 | 2025/26 | 2026/27 |
|---|---------|----|----|----|---------|---------|---------|
| | Q1 | Q2 | Q3 | Q4 | | | |
| | ✓ | ✓ | ✓ | ✓ | | | |
| <ul style="list-style-type: none"> The WYPF management team would like to improve employer engagement and, in particular, attendance at the annual employer meeting. We will establish an initiative to develop virtual meetings and communication methods with employers to increase awareness and employers' understanding of the Fund's aims and requirements. This work may have some overlap with the review and updating of the Fund Communications Strategy, and the development of the Administration Guide and Factsheets and E-learning packages, along with the workshops and training and development of the employer website, which are currently on the WYPF Service Plan. It is not expected that this work will require additional resource requirements or budget for external support. | | | | | | | |

Funding and investment key priorities

| Key Action/Task | 2022/23 | 2023/24 | | | | 2024/25 | 2025/26 | 2026/27 |
|--|---------|---------|----|----|----|---------|---------|---------|
| | | Q1 | Q2 | Q3 | Q4 | | | |
| F1. Investment Strategy review / implementation | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| F2. Develop improved cash flow monitoring | ✓ | | ✓ | | | | | |
| F3. 2025 actuarial valuation and review of funding strategy | | | | | | | ✓ | |
| F4. TCFD Reporting and climate change | ✓ | ✓ | | | | | | |
| F5. Investment performance reporting and other best practice from Regulator's Code of Practice | ✓ | ✓ | | | | | | |
| F6. Review requirements for cost transparency collation/reporting | ✓ | ✓ | | | | | | |
| F7. GAD Section 13 valuation results/ engagement | ✓ | ✓ | | | | ✓ | | |
| F8. Other expected national changes in investment including responsible investment and pooling guidance* | ✓ | ✓ | | | | ✓ | | |
| F9.. Development of unitisation and data validation | ✓ | ✓ | | | | | | |

F1. Investment Strategy review / implementation

| 2022/23 | 2023/24 | | | | 2024/25 | 2025/26 | 2026/27 |
|---------|---------|----|----|----|---------|---------|---------|
| | Q1 | Q2 | Q3 | Q4 | | | |
| ✓ | ✓ | | | ✓ | ✓ | ✓ | |

- SAA review is ongoing following the 2022 valuation with proposals going to IAP in July 23 (and possible follow up in October 23) with a view to updating the allocation and benchmarking tables to be incorporated into an updated Investment Strategy Statement
- Impacts on requirements for investment office organisation will flow from SAA Review
- The upcoming governance review in H2 will further consider additional matters that are relevant to investment governance including delegation of powers

F2. Develop improved cashflow monitoring

| 2022/23 | 2023/24 | | | | 2024/25 | 2025/26 | 2026/27 |
|---------|---------|----|----|----|---------|---------|---------|
| | Q1 | Q2 | Q3 | Q4 | | | |
| | | | ✓ | ✓ | | | |

- A review of how cashflow monitoring is carried out is being undertaken to ensure this is robust, and ongoing monitoring is integrated into day to day business and links in with the Treasury Management Policy.
- This may include how investment team monitors income yields from the Fund's investments.
- The change in investment approach mentioned in F1 will result in less dividend income so it will be important to check the impact on cashflow.
- We will also allow for an updated projection of expected future benefit payments to be provided by the Actuary following the 2022 valuation.

This review is expected to be carried out within the existing teams and without the need for additional budget or resources. The cost of any additional support from the Actuary will depend on our precise needs but is expected to be of the order of £3K-£10K.

F3. 2025 actuarial valuation and review of funding strategy

| 2022/23 Period | 2023/24 | | | | 2024/25 | 2025/26 | 2026/27 |
|----------------|---------|----|----|----|---------|---------|---------|
| | Q1 | Q2 | Q3 | Q4 | | | |
| | | | | | | ✓ | |

A formal actuarial valuation of the Fund detailing the solvency position and other financial metrics must be carried out as at 31st March 2025. It is a legal requirement of the LGPS Regulations. It determines the contribution rates payable by the employers to fund the cost of benefits and make good any existing shortfalls as set out in the Funding Strategy Statement.

This is considered in conjunction with the strength of covenant for each employer participating in the Fund. The deadline for completion of the work is 31 March 2026.

Reviews of the Funding Strategy Statement may also be required outside of the actuarial valuation cycle; for example in order to make changes to the methodology for calculating exit payments/credits when employers exit the fund, or to reflect regulatory changes.

F4. TCFD Reporting

| 2022/23 | 2023/24 | | | | 2024/25 | 2025/26 | 2026/27 |
|---------|---------|----|----|----|---------|---------|---------|
| | Q1 | Q2 | Q3 | Q4 | | | |
| | | | | | | | |

Task Force for Climate-related Financial Disclosures (TCFD)

In January 2021 DWP launched a consultation on draft regulations requiring occupational pension schemes to implement improved governance and reporting relating to climate change as recommended by TCFD. Those new regulations will not apply to the LGPS but MHCLG consulted in autumn 2022 on the implementation of TCFD-aligned disclosures within the LGPS.

Once LGPS regulations are guidance are implemented there will be some initial work to make sure existing WYPF reporting is in line with the requirements and from that point the work will become Business – as – usual.

It is not expected that this will require additional resources or budget to implement.

F5. Investment performance reporting – and other best practice from the Regulator’s Code of Practice

| 2022/23 | 2023/24 | | | | 2024/25 | 2025/26 | 2026/27 |
|---------|---------|----|----|----|---------|---------|---------|
| | Q1 | Q2 | Q3 | Q4 | | | |
| ✓ | ✓ | | | | | | |

The Regulator’s new draft Code of Practice has a number of best practice modules which public sector schemes such as the LGPS are encouraged to follow. This includes a module on Investment monitoring. It is expected that the WYPF is already compliant with the majority of the recommendations but a review against the Regulator’s suggestions will be carried out when the new Code is published.

The review of compliance will consider content within the following best practice investment - related modules:

- Investment governance
- Investment monitoring
- Climate change
- Investment Strategy Statement

The “best practice” compliance review will be carried out by the existing investment team – no additional resource or budget required.

F6. Review requirements for cost transparency collation/reporting

| 2022/23 | 2023/24 | | | | 2024/25 | 2025/26 | 2026/27 |
|---------|---------|----|----|----|---------|---------|---------|
| | Q1 | Q2 | Q3 | Q4 | | | |
| ✓ | ✓ | | | | | | |

WYPF is not FCA regulated but is looking to broadly follow the requirements of MiFID II and the SAB Code of Transparency and new standardised disclosure template. The information and data provided should be ‘fair, clear and not misleading’ and there is now an online system put in place by SAB for submission of the information, including a check against the MiFID II total cost.

In the first year this is considered to be not Business as Usual (BAU) but in following years it should become BAU. One particular challenge is the benchmarking and reporting around private equity though this is largely resolved, and “best execution costs” are not currently reported, and the team will consider whether to do this as best practice, given the additional costs which may be incurred.

It is not currently expected that this work will result in additional budget requirements or resources.

F7. GAD Section 13 valuation results/ engagement

| 2022/23 | 2023/24 | | | | 2024/25 | 2025/26 | 2026/27 |
|---------|---------|----|----|----|---------|---------|---------|
| | Q1 | Q2 | Q3 | Q4 | | | |
| | | | | | ✓ | | |

Section 13 of the Public Service Pensions Act requires the Government Actuary to report on compliance, consistency, solvency and long-term cost efficiency in respect of the actuarial valuation of the LGPS as a whole. This is based on the individual actuarial valuations and data provided by each LGPS fund and their actuary. The review considers some key metrics to identify potential issues in relation to compliance, consistency, solvency and long-term cost efficiency and a short report will be provided to each LGPS fund and made publicly available which will highlight any concerns.

Based on the report issued in December 2021 report there is no expected action as a result of the review of the 2019 valuation, but there will be another exercise within the next 5 years for the 2022 valuation review.

It is not expected that this will result in additional budget or resource requirements, albeit there may be some of the Fund Actuary’s time to support the officers in any liaison and responses to GAD as well as to amend the Dashboard part of the 2022 valuation report, if required.

F8. Other expected national changes in investment including responsible investment and asset pooling guidance

| 2022/23 | 2023/24 | | | | 2024/25 | 2025/26 | 2026/27 |
|---------|---------|----|----|----|---------|---------|---------|
| | Q1 | Q2 | Q3 | Q4 | | | |
| | | ✓ | | | ✓ | | |

Responsible investment guidance

The LGPS SAB has been developing Responsible Investment Guidance which is expected to include:

- guidance to assist and help investment decision makers to identify the parameters of operation within scheme regulations, statutory guidance, fiduciary duty and the general public law and the scope for integrating ESG policies as part of investment strategy statements and
- a toolkit they can use to further integrate ESG policies as part of their investment strategy.

A consultation on TCFD reporting was issued by DLUHC in Autumn 2022, but final regulations and guidance are yet to be issued.

Asset pooling guidance

MHCLG (now DLUHC) undertook an informal consultation on new asset pooling guidance during early 2019 and confirmed its intention to carry out a formal consultation in due course. The actual timing of this consultation is not known.

WYPF will be working with our partners in Northern LGPS as appropriate to implement any required changes. At the time of writing it is not expected that there will need to be significant levels of additional resource or budget to deal with any changes.

A1. Implement McCloud / Sargeant remedy

| 2022/23 | 2023/24 | | | | 2024/25 | 2025/26 | 2026/27 |
|---------|---------|----|----|----|---------|---------|---------|
| | Q1 | Q2 | Q3 | Q4 | | | |
| | | | ✓ | | | | |

Court of Appeal judgements (McCloud and Sargeant) in 2018 found that transitional provisions in the CARE schemes for Firefighters and Judges in April 2015 gave rise to unlawful age discrimination. This impacts the LGPS as the new CARE scheme from April 2014 included a statutory underpin for older members. Remedies are being worked through by Government to remove the inequality in the schemes, which will result in changes to scheme benefits some of which will be retrospective.

A consultation on the Local Government Pension Scheme remedy took place in July 2020 and WYPF has established a project team to identify the affected members so their benefits can be amended once regulations are laid. Whilst it is a major exercise for many funds to gather updated employment (including part time hours) information from employers dating back to 2014, WYPF is well positioned as we continued to . This work has been allowed for in the 2022/23 budget (see Appendix B) but it is possible that additional resource and budget may be required depending on the final outcome of the consultation and regulations, including whether an additional team is required to carry out the rectification work and how much can be delivered through the administration system.

Changes for the Fire scheme are potentially more material given members are to be given the choice over what scheme will apply over the remedy period and we are already dealing with any immediate detriment cases. A project team has been set up to manage the changes for the Fire authorities we administer.

A2. Scams

| 2022/23 | 2023/24 | | | | 2024/25 | 2025/26 | 2026/27 |
|---------|---------|----|----|----|---------|---------|---------|
| | Q1 | Q2 | Q3 | Q4 | | | |
| | ✓ | ✓ | ✓ | ✓ | ✓ | | |

WYPF will update transfer value processes in line with new Pensions Act 2021 legislation allowing administering authorities to protect member interests by blocking transfers if they do not meet required criteria, i.e. suggesting the receiving scheme may be a scam arrangement.

WYPF will also follow the Pension Scams Industry Group's Code of Practice and guidance from the Regulator which is kept up to date on their website.

WYPF will also sign up to the pension scams pledge.

Processes will need to be kept under constant review to ensure they meet the various requirements as they evolve to combat new scamming techniques. It is not expected that this will require an additional budget.

A3. Implement employer self-service on-line functionality to all employers including updating employer guide

| 2022/23 | 2023/24 | | | | 2024/25 | 2025/26 | 2026/27 |
|---------|---------|----|----|----|---------|---------|---------|
| | Q1 | Q2 | Q3 | Q4 | | | |
| | | ✓ | | | | | |

WYPF has been working on new on-line functionality for all employers participating in the Fund. This will ultimately require all employers to upload pension information on a monthly basis to the Fund’s on-line employer self-service facility to ensure the Fund's pension records are up to date. As well as improving the integrity of the Fund's data, this will introduce increased efficiencies for all parties.

As a result of employer self-service being rolled out, the existing employer guide will also be updated to reflect the new requirement to provide data via this portal and a review will be undertaken of employer processes and forms.

WYPF is currently looking to move to a new version of the software which can better manage online submission of forms as currently around half of the forms are still submitted outside of the online self service approach. The new system will include functionality which moves data straight from these systems onto member records without individual staff member intervention, reducing the risk of errors.

This project is in its latter stages so is expected to be completed in 2022/3.

A4. Omni-channel member self-service on-line functionality

| 2022/23 | 2023/24 | | | | 2024/25 | 2025/26 | 2026/27 |
|---------|---------|----|----|----|---------|---------|---------|
| | Q1 | Q2 | Q3 | Q4 | | | |
| | | | ✓ | ✓ | ✓ | | |

Online member self-service does currently exist, but it needs development to optimise the member experience – for example members cannot currently carry out any calculations online, but some functionality is being tested i.e. retirement calculations. Once this is established then other calculations will be brought onto the system.

There will be an exercise to target new employees to attract new members to the system and encourage them to keep the details up to date.

There are no plans to remove current calculation approaches i.e. for the final retirement calculations within the next 5 years.

It is intended to bring the online system in house, allowing WYPF to be platform neutral i.e. it can implement the best in class software at any point or change suppliers without this affecting clients or scheme members. This will be costed and agreed prior to work commencing.

A5. Data improvement plan/procedures

| 2022/23 | 2023/24 | | | | 2024/25 | 2025/26 | 2026/27 |
|---------|---------|----|----|----|---------|---------|---------|
| | Q1 | Q2 | Q3 | Q4 | | | |
| | | ✓ | | | | | |

The Pensions Regulator expects all pension funds to assess the quality of their data and put in place a data improvement plan where there are errors or omissions, or where processes could be improved.

WYPF has several informal data improvement plans relating to individual projects, including Pension Dashboards, and these will be brought together in one data improvement plan which includes:

- any actions to improve common and scheme – specific data
- any projects to improve data omissions i.e. tracing exercises
- any projects to reduce any backlogs or remove small liabilities from the fund i.e. trivial commutation
- projects required by Regulations / other legislation i.e. McCloud rectification, GMP reconciliation
- any actions to improve member experience i.e. based on complaints and breaches

This action includes drafting a high level data improvement policy to set out the objectives of data improvement activities and how they will be prioritised and managed, and how progress will be monitored and reported.

The policy and high level plan will be included in an Appendix to the Administration Strategy

It is expected that this will not require additional resource. Budget will be required for character recognition software.

A6. Carry out trivial commutation / small pots options exercise

| 2022/23 Period | 2023/24 | | | | 2024/25 | 2025/26 | 2026/27 |
|----------------|---------|----|----|----|---------|---------|---------|
| | Q1 | Q2 | Q3 | Q4 | | | |
| | | | ✓ | | | | |

Trivial commutation is where a member who is entitled to a small pension can elect to give up the entirety of that pension and instead receive their benefit as a single lump sum payment. A project will be carried out to identify any pensioners and dependants who may be eligible for trivial commutation and to offer it to them. This will reduce the administrative burden on the Fund paying a large number of very small pensions over a number of years as well as providing greater clarity from a funding perspective. The government has a limit for members to trivially commute their pension in relation to a single pension (£10,000 value – called a "small pot") and total benefits (£30,000 – called "trivial commutation").

As well as reducing the number of pensioner payments that require ongoing payment this could also reduce the fund's liabilities. It will also be welcomed by a number of pensioners who would prefer a one-off lump sum payment rather than ongoing smaller payments of little value.

The WYPF team already offer this option to members but will continue to carry out trivial commutation projects over the next 5 years. This will also involve a review of existing procedures to ensure that trivial commutation is offered in appropriate cases. No additional resource or budget will be required.

A7. Other expected legislation changes including Exit cap and Goodwin, Fair deal and Tax changes

| 2022/23 | 2023/24 | | | | 2024/25 | 2025/26 | 2026/27 |
|---------|---------|----|----|----|---------|---------|---------|
| | Q1 | Q2 | Q3 | Q4 | | | |
| | | | ✓ | | | | |

£95k Exit Cap and Wider Reforms

Changes were introduced in November 2020 that capped total exit payments for individuals leaving public sector employment including pension fund strain costs. In February 2021 the regulations were revoked and we expect an amended proposal during 2022. MHCLG also consulted on wider reform provisions in 2020 that could materially impact the type and amount of benefits paid to employees on early termination; if implemented, these impact on both payments made by employers as well as benefits paid from the Fund.

Goodwin

In 2020 the Government settled a legal challenge relating to the Teachers' Pension Scheme from a male survivor of a female member, complaining that he would receive lower benefits than a survivor of a same-sex marriage/partnership. It has been accepted that this decision will also affect other public sector schemes and we await guidance from DLUHC on the required changes to the Local Government Pension Scheme regulations.

Fair deal

In May 2016 MHCLG proposed that the New Fair Deal be extended to the LGPS. This would mean that any staff being outsourced would remain in the LGPS and their 'new' employer would gain admission body status, without the option of being able to offer a pension scheme that is broadly comparable to LGPS.

On 10 January 2019 a consultation document was published by MHCLG confirming the 2016 proposal and removal of the option of a broadly comparable scheme. Within the 2019 consultation, there were also proposals about automatically transferring LGPS assets and liabilities when scheme employers are involved in a merger or takeover. This consultation closed on 4 April 2019. Final regulations are still to be made.

When the regulations are amended there will be some work required to implement the various changes required and there may also be some work required to respond to any new consultations. It is not expected that any additional resource or budget will be required for these activities.

A8. Carry out frozen refund clearance exercise

| 2022/23 | 2023/24 | | | | 2024/25 | 2025/26 | 2026/27 |
|---------|---------|----|----|----|---------|---------|---------|
| | Q1 | Q2 | Q3 | Q4 | | | |
| | | | ✓ | | | | |

Members who leave the scheme without meeting the 'vesting period' (the minimum period to qualify for benefits) are only entitled to a refund of their own contributions. Since 1 April 2014 the regulations have required that this must be paid within five years of the member leaving the scheme, but before that many members did not claim their refunds in case they rejoined the scheme in the future and could then count that service.

This has meant that the Fund has built up a number of "frozen refunds" i.e. refunds that have not yet been claimed. WYPF has carried out a review of these cases and is in the process of paying as many as possible. This will help the Fund meet legal requirements that all benefits must be paid before the member's 75th birthday and will also reduce the Fund's liabilities.

This is being resourced through existing teams and with no additional budget required.

A9. Robotics, Automation, Analytics

| 2022/23 | 2023/24 | | | | 2024/25 | 2025/26 | 2026/27 |
|---------|---------|----|----|----|---------|---------|---------|
| | Q1 | Q2 | Q3 | Q4 | | | |
| | | ✓ | ✓ | ✓ | ✓ | | |

- Advanced process engineering - we will deploy automation into both administration and finance processes in an Agile way driving down the number of administration and finance tasks that need human intervention, alleviating cost and error. The simplest tasks will be automated first, then move up in complexity as we learn. In this way software will be released early in order to benefit the organisation early.
- Robotics – we have identified a test process for robotics software to be deployed that complements our automation programme. We will also test intelligent character recognition robotics that can scan pages for words and phrases to aid our data quality programme.
- Analytics – data analytics will be used to further develop our advancing online and client Management Information needs.

A10. Transition from Oracle to SQL

| 2022/23 | 2023/24 | | | | 2024/25 | 2025/26 | 2026/27 |
|---------|---------|----|----|----|---------|---------|---------|
| | Q1 | Q2 | Q3 | Q4 | | | |
| | | | | | ✓ | ✓ | |

All LG Pensions Administration Software systems now run from SQL. WYPF's technology teams need to convert our administration operation to SQL by Jan 2026. This is a significant piece of work and there will be implications for resourcing, reprogramming, training and licences as well as procurement etc. Costs and resources yet to be identified for this, although work has commenced.

A11. Finalise GMP reconciliation exercise

| 2022/23 | 2023/24 | | | | 2024/25 | 2025/26 | 2026/27 |
|---------|---------|----|----|----|---------|---------|---------|
| | Q1 | Q2 | Q3 | Q4 | | | |
| | | | ✓ | | ✓ | | |

Prior to the removal of "contracted-out" status in April 2016, pension schemes including the LGPS had to ensure the benefits they paid met a minimum level, one element of which was a Guaranteed Minimum Pension (GMP) figure that accrued individually for each scheme member up to April 1997. Following the end of contracting out HMRC is no longer maintaining GMP and other contracting out member records so individual pension schemes to ensure that the contracting out and GMP data they hold matches that held by HMRC.

The WYPF data has been extracted from HMRC ahead of the facility being discontinued, but there has not been any matching carried out to date. The high level stages and timescales in the project are as follows:

- Active members - Stage 1 (identify data mismatches) – Timescale TBC
- Active members - Stage 2 (finalise data reconciliation) – Timescale TBC
- Deferred and Pensioner reconciliation completion (all data reconciled) – Timescale TBC
- Stage 3 GMP Rectification – Timescale TBC

This reconciliation project will inevitably result in identifying some pensioners and dependents whose pension has been overpaid or underpaid (albeit some by very small amounts), some for several years, which will need to be rectified.

A12. Implement changes required for national pensions dashboard(s)

| 2022/23 | 2023/24 | | | | 2024/25 | 2025/26 | 2026/27 |
|---------|---------|----|----|----|---------|---------|---------|
| | Q1 | Q2 | Q3 | Q4 | | | |
| | | | ✓ | | ✓ | | |

Pension dashboards are a Government initiative first announced in the Budget 2016 with the legal framework contained in the Pension Schemes Act 2021. The idea is to allow pension savers in the UK access to view the values of all of their pension pots, including the state pension, through one central platform. Public service pension schemes are expected to go live between Autumn 2023 and September 2025 and we will consider what action is needed so the WYPF and the other schemes we administer are ready for implementation. This is a significant piece of work which will have significant ongoing impacts for both administration and technology.

A13. Implement changes to meet GMP equalisation requirements

| 2022/23 | 2023/24 | | | | 2024/25 | 2025/26 | 2026/27 |
|---------|---------|----|----|----|---------|---------|---------|
| | Q1 | Q2 | Q3 | Q4 | | | |
| | | | ✓ | | ✓ | | |

The courts determined that it was necessary to revisit pension benefits for scheme members who accrued a GMP to ensure equal treatment between men and women. In March 2021 the Government confirmed that the solution for LGPS funds was to apply full indexation on all GMP (i.e. all pension) for those members who reached state pension age after 5 April 2016. This has been implemented by WYPF but we are likely to have to revisit transfers-out over a number of years to ensure the correct amount was paid in respect of the GMP element – the solution to dealing with this group of affected members has not yet been confirmed. It is not expected that this work will require additional staff or budget.

Appendix B - Business Plan Budget

Operating Cost Budget 2022/23 to 2027/2028

| WYPF total service | 2021/22 OUTTURN PD13 | 2022/23 BUDGET | 2022/23 FORECAST | 2022/23 COST PER MBR PD8 | 2023/24 FORECAST YR1 | 2024/25 FORECAST YR2 | 2025/26 FORECAST YR3 | 2026/27 FORECAST YR4 | 2027/28 FORECAST YR5 |
|---|----------------------------|-------------------|---------------------|-----------------------------------|----------------------------|----------------------------|----------------------------|----------------------------|----------------------------|
| | £000 | £000 | £000 | £000 | £000 | £000 | £000 | £000 | £000 |
| Accommodation | 301 | 261 | 371 | £1.17 | 371 | 375 | 378 | 382 | 386 |
| Actuary | 189 | 350 | 208 | £0.66 | 301 | 304 | 307 | 310 | 313 |
| CBMDC Support Services | 459 | 463 | 559 | £1.76 | 567 | 573 | 578 | 584 | 590 |
| Computer | 1,351 | 1,216 | 1,750 | £5.52 | 1,893 | 1,912 | 1,931 | 1,950 | 1,970 |
| Contingency - Invest to save | 0 | 1,000 | 400 | £1.26 | 750 | 758 | 765 | 773 | 780 |
| Employees | 8,160 | 10,604 | 10,010 | £31.59 | 12,200 | 12,322 | 12,445 | 12,570 | 12,695 |
| Other Running Costs | 1,046 | 1,066 | 1,307 | £4.12 | 1,100 | 1,111 | 1,122 | 1,133 | 1,145 |
| Printing & stationery | 373 | 299 | 396 | £1.25 | 350 | 354 | 357 | 361 | 364 |
| Transaction Costs | 1,333 | 2,500 | 2,008 | £6.34 | 2,500 | 2,525 | 2,550 | 2,576 | 2,602 |
| WYPF TOTAL SERVICE EXPENDITURE | 13,212 | 17,759 | 17,009 | £53.67 | 20,032 | 20,232 | 20,435 | 20,639 | 20,845 |
| Other Income | -214 | -179 | -258 | -£0.81 | -200 | -202 | -204 | -206 | -208 |
| Shared Service Income | -2,543 | -2,830 | -3,073 | -£9.69 | -3,222 | -3,254 | -3,287 | -3,320 | -3,353 |
| WYPF TOTAL SERVICE NET EXPENDITURE | 10,455 | 14,750 | 13,678 | £43.16 | 16,610 | 16,776 | 16,944 | 17,113 | 17,284 |
| COST PER MEMBER | | £47.58 | | -£4.42 | 51.01 | 51.52 | 51.01 | 50.51 | 50.02 |
| MEMBER NUMBER | | 310,000 | | 316,930 | 325,630 | 332,143 | 338,785 | 345,561 | 352,472 |

| WYPF total service | 2021/22 OUTTURN PD13 | 2022/23 BUDGET | 2022/23 FORECAST PD08 NOV | 2022/23 COST PER MBR PD8 | 2023/24 FORECAST YR1 | 2024/25 FORECAST YR2 | 2025/26 FORECAST YR3 | 2026/27 FORECAST YR4 | 2027/28 FORECAST YR5 |
|---|----------------------------|-------------------|---------------------------------|-----------------------------------|----------------------------|----------------------------|----------------------------|----------------------------|----------------------------|
| | £000 | £000 | £000 | £000 | £000 | £000 | £000 | £000 | £000 |
| 01 PENSION ADMINISTRATION | 4,225 | 5,250 | 5,440 | £17.17 | 6,303 | 6,366 | 6,430 | 6,494 | 6,559 |
| 03 OVERSIGHT | 699 | 1,004 | 826 | £2.60 | 998 | 1,008 | 1,018 | 1,028 | 1,039 |
| WYPF PENSION ADMIN & OVERSIGHT | 4,924 | 6,254 | 6,266 | £19.77 | 7,301 | 7,374 | 7,448 | 7,522 | 7,597 |
| 02 INVESTMENT MANAGEMENT | 5,531 | 8,496 | 7,413 | £23.39 | 9,308 | 9,401 | 9,495 | 9,590 | 9,686 |
| TOTAL WYPF NET EXP | 10,455 | 14,750 | 13,679 | £43.16 | 16,609 | 16,775 | 16,943 | 17,112 | 17,283 |
| COST PER MEMBER | | £47.58 | | -£4.42 | 51.01 | 51.52 | 51.01 | 50.51 | 50.02 |
| MEMBER NUMBER | | 310,000 | | 316,930 | 325,630 | 332,143 | 338,785 | 345,561 | 352,472 |

Appendix C - Suggested 2023/24 Agenda items

Many of the timescales relating to agenda items are estimated due to reliance on external bodies, such as Government. As a result, these agenda items may be move to a later committee date. These are shown with an asterisk (*).

JAG Meetings

July 2023

Finance update

Governance policies review

Pensions Administration Report

LGPS update

IAP Meetings

July 2023

Governance Review

Business Plan

Risk Register

Resourcing and Recruitment

Pension Board Meetings

July 2023

McCloud

Pensions Dashboard

Cyber Security

LGPS update

Pensions Administration update

Training Plan

The Fund has a Knowledge and Skills Policy setting out the training requirements for and knowledge expected of senior officers, JAG, IAP and Governance and Audit Committee and Pension Board members.

Key areas of training identified for the JAG, IAP and Board members for the period covered by this business plan include:

Responsible Investment and any new TCFD requirements

The Pension Regulator's new Single Modular Code

The Scheme Advisory Board's work on Good Governance

Relevant topics relating to the implementation of the Fund's new Investment Strategy

Funding and actuarial valuation matters including relating to the (relatively) new employer flexibility provisions.

Appendix D – Communications plan

The aim of the Fund's communications strategy is to make sure that all stakeholders are engaged with and kept informed of developments within the Fund. We want to ensure transparency and an effective communication process will help to maintain the efficient running of the scheme. An outline communications plan for 2022 to 2023 is set out below.

| Type of Communication | Scheme Member | Prospective Scheme Members | Employers | Press & FOI Requests | Central Government & the Pensions Regulator |
|---|----------------------------------|----------------------------|--|-----------------------|---|
| Annual Benefit Statements | July-August | | | | |
| Pension Savings Statements | September-October | | | | |
| Annual Newsletter - Accounts | July-August | | July-August | | |
| Newsletters | Annual | | Quarterly | | |
| Individual Member Self-Service (on-line portal) MyPension | Development and increase take-up | | | | |
| Website | As required | As required | As required | | |
| Posters | As required | | As required | | |
| Scheme Guides and Factsheets | As required | Upon entry to the scheme | Upon entry to the scheme and as required – online access to administration guide | | |
| Induction Sessions | Weekly | Weekly | As required | | |
| Pre-Retirement Seminars | Quarterly | | Quarterly | | |
| Employer Forum | | | TBC | | |
| Pensions Admin Strategy | | | TBC | | |
| Report & Accounts | Annual Newsletter | | November | | October |
| Funding Strategy Statement | | | TBC | | |
| Ad-Hoc Queries | Within set timescales | Within set timescales | Within set timescales | Within set timescales | Within set timescales |
| Pension Board | April - March | April - March | April- March | | As Required |
| GMP Letters- Reconciliation | 2023/24 | | | As Required | As Required |
| McCloud communications | To be confirmed | | As required | | |
| Cost management changes | As required | | As required | | |
| Funding and contribution changes | | | October - March | | As required |
| Satisfaction surveys | TBC | | Annual | | |
| E learning training packages | | | TBC | | |

Appendix E - Business Plan activities for client LGPS funds and Fire authority clients

| Key Action/Task | 2022/23 | 2023/24 | | | | 2024/25 | 2025/26 | 2026/27 |
|--|---------|---------|----|----|----|---------|---------|---------|
| | | Q1 | Q2 | Q3 | Q4 | | | |
| Governance | | | | | | | | |
| G4. Review cybercrime risk | | | ✓ | | | ✓ | | |
| G5. Business Continuity | | | ✓ | ✓ | | | | |
| G8. Carbon footprint of organisation | | | | | | ✓ | ✓ | ✓ |
| G10. Review against new TPR Single Modular Code | | | ✓ | | | ✓ | | ✓ |
| G11. Implement changes from Scheme Advisory Board good governance review | | | ✓ | | | ✓ | | |
| G13. Procurement/Tenders | | | ✓ | | | ✓ | ✓ | ✓ |
| G14. Diversity, equity and Inclusion | | | | ✓ | | | | |
| G15. Employer Engagement | | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |

| Key Action/Task | 2022/23 | 2023/24 | | | | 2024/25 | 2025/26 | 2026/27 |
|--|---------|---------|----|----|----|---------|---------|---------|
| | | Q1 | Q2 | Q3 | Q4 | | | |
| Administration and Communications | | | | | | | | |
| A1. Implement McCloud / Sargeant remedy | | ✓ | ✓ | | | | | |
| A2. Scams | | ✓ | ✓ | ✓ | ✓ | ✓ | | |
| A3. Implement employer self-service on-line functionality to all employers including updating employer guide | | ✓ | ✓ | | | | | |
| A4. Omni-channel self-service | | | | ✓ | ✓ | | | |
| A5. Data improvement plan/procedures | | | ✓ | | | | | |
| A6. Carry out trivial commutation / small pots options exercise | | | | ✓ | | | | |
| A7. Other expected legislation changes including Exit cap and Goodwin and Fair deal | | | | ✓ | | | | |
| A8. Carry out frozen refund clearance exercise | | | | ✓ | | | | |
| A9. Robotics, Automation, Analytics | | ✓ | ✓ | ✓ | | | | |
| A10. Transition from Oracle to SQL | | | | | | ✓ | ✓ | |
| A11. Finalise GMP reconciliation exercise | | | | ✓ | | ✓ | | |
| A12. Implement changes required for national pensions dashboard(s) | | | | ✓ | | ✓ | | |