

Minutes of a meeting of the West Yorkshire Pension Fund Pension Board held on Wednesday, 13 September 2023 at 10.00 am in Aldermanbury House, Godwin St, Bradford

Commenced 10.00 am
Concluded 12.05 pm

Present – Members of the Committee

Employer Representatives	Member Representatives
Councillor Shakeela Lal, Bradford Council Cllr D Pickersgill, Wakefield Council	Mark Morris, Unite the Union Philip Charlton, GMB

Councillor Lal in the Chair

Apologies: Isaac Dziya, Mick Binks and David Butcher

19. 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

20. MINUTES

That the minutes of the meeting held on 26 July 2023 be signed as a correct record.

21. INSPECTION OF REPORTS AND BACKGROUND PAPERS

There were no appeals made to view restricted documents.

22. MINUTES OF THE WEST YORKSHIRE PENSION FUND (WYPF) JOINT ADVISORY GROUP HELD ON 27 JULY 2023

The report of the Managing Director, West Yorkshire Pension Fund (**Document “L”**) was submitted to the Board in accordance with the Council’s Financial Regulations.

It was questioned if there had been any developments following suggestions

made at the Joint Advisory Group (JAG) meeting about divestment in fossil fuels. In response it was explained that there had been a lot of activity in that area but it was felt that the JAG was not the appropriate body to discuss investment issues. A key area of the Governance Review was to make clear the responsibilities of the Joint Advisory Group; Investment Advisory Panel and the Pension Board.

Discussions would be held on appropriate equity benchmarks at the Investment Advisory Panel (IAP) in October in addition to an Investment Belief session also in October 2023 which would aim to find common ground amongst Panel members on ESG matters. Until those discussions were held it was not possible to speculate what the views of the panel are.

Progress on the formation of a sub-group to look at the process for employers exiting WYPF, which was discussed at the meeting on 27 July was queried. It was explained that nominations for membership had been received and it was hoped that the group would meet in early October.

The Employer Exit Strategy was discussed, and it was clarified that higher interest rates and relatively stable asset values had resulted in generally strong funding levels. Some employers believed that the exit basis which was agreed prior to the rise in interest rates, is overly prudent. The rationale for the sub group is to consider such issues in between the six monthly JAG meetings.

A Member questioned the timescale for any potential changes to the Exit Strategy and was advised that any material changes made to the Funding Strategy Statement (FSS) would be subject to employer consultation and approval by the JAG. The types of employers who were able to exit the Scheme were discussed. Examples included housing associations or small charities who no longer offered membership of the LGPS to new employees. There were several valid approaches to calculating employer exit liabilities and a balance was required to protect existing employers whilst not overcharging those who exited. It was suggested that additional information on the Exit Strategy could be brought to future meetings.

Resolved –

That the minutes of the WYPF Joint Advisory Group 27 July 2023 be noted.

ACTION: Managing Director, West Yorkshire Pension Fund

23. WEST YORKSHIRE PENSION FUND (WYPF) FINANCE REPORT

The report of the Managing Director, West Yorkshire Pension Fund (**Document “M”**) presented the WYPF 2022/23 financial outturn, financial and service performance and the draft 2022/23 annual report and accounts (WYPF accounts). Members were reminded that the Local Government Pension Scheme Regulations 2013 (LGPS Reg 2013), Regulation 57 specified that:

- An annual report must be prepared each year ending 31 March.
- The annual report must be published by 1st December following the yearend.

- WYPF must also have regard to guidance from the Secretary of State and use best practice.

It was explained that the sign off of the final accounts and audit opinions had been delayed due to a new Statutory Instrument which came into force on 25 December 2022. That issue had now been resolved but two further delays were reported. The report confirmed that work was completed on testing the pension accounting figure in employer accounting disclosures against the triennial valuation and Bradford Council officers were working with auditors to review their accounts and maximise resources.

Following a detailed presentation Members were assured that the financial performance of the fund was sound. Pressures on the fund included inflation but investments made in information technology and staff provided resilience.

An indicative timescale for the reports to be signed off was questioned and it was explained that the Council had received a positive legal view on the outstanding matter and auditors provided a different opinion. That situation was common across many UK Local Authorities but sign off would not be until after a consensus was reached. A lot of background work was being undertaken and the Governance and Audit Committee were also exerting pressure for a resolution.

A Member queried if the non-publication of the reports by the year end had impacted on employers' yearly accounts and was advised that employers had received assurances that the value of assets was sound and net assets would not be changed.

The fund's investment team was discussed and a member, explaining that he had never had any contact with those officers, requested that members be invited to see how their work was conducted. The Managing Director reported that a new Chief Investment Officer was now in post and he would be invited to the next meeting to discuss the work of his team.

The impact should a West Yorkshire Local Authority issue a Section 114 Notice was raised and it was confirmed that this would be unlikely to have any direct detrimental effect on the fund or Bradford Council's accounts.

A view on the long term impact of a large number of redundancies was raised and the Managing Director explained that there could be increased demand on WYPF's administration service but he had not heard of any authority that had issued a S114 Notice defaulting on its contributions. The potential opportunity to recruit into the fund was also discussed.

Resolved –

- 1. That the contents of the annual report and account be noted.**
- 2. That the financial and service performance reported in Document 'M' be noted.**

ACTION: Managing Director, West Yorkshire Pension Fund

24. INTERNAL AUDIT PLAN 2023/24 TO 2027/28

The report of the Managing Director, West Yorkshire Pension Fund (**Document “N”**) presented the latest five-year internal audit plan for WYPF. Members were advised that the plan was reviewed annually by WYPF and CBMDC internal audit by carrying out a detailed assessment of WYPF business activities, pensions and investment regulatory compliance, environment, service developments and risk management.

Bradford Council’s Audit Manager was in attendance at the meeting and Members were assured that there was a good working relationship between his team, the WYPF and WYPF’s auditor Mazars. Whilst the plan was positive the fund continued to improve key controls and ensure adequate resources were in place to deliver the audit plan.

Resolved –

That the report be noted.

ACTION: Managing Director, West Yorkshire Pension Fund

25. WEST YORKSHIRE PENSION FUND PRODUCTION OF ANNUAL BENEFIT STATEMENTS FOR MEMBERS FOR 2023

The report of the Managing Director, West Yorkshire Pension Fund (**Document “O”**) was presented to provide an update on WYPF annual benefit statement (ABS) production project 2023 for all members entitled to receive an ABS for the calendar year 2023.

A sample ABS was tabled for information. Members questioned which information from the ABS would be included in the Pensions Dashboard and it was confirmed that this would be the calculations at the member’s state retirement date.

Resolved –

That the report be noted.

ACTION: Managing Director, West Yorkshire Pension Fund

26. RISK MANAGEMENT REPORT

The report of the Managing Director, West Yorkshire Pension Fund (**Document “P”**) presented West Yorkshire Pension Fund’s Risk Policy and Strategy. It was explained 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. That 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.

Members attention was drawn to recruitment and retention which was a risk identified by many LGPS funds. Due to current challenges facing all funds, such as implementing McCloud and Pensions Dashboard, work was being undertaken with Bradford Council's Department of Human Resource to address recruitment and retention issues. That topic was also reported to the fund's Joint Advisory Group and Investment Advisory Panel.

Information Technology was also discussed and the reliance on Bradford Council's IT platform. Members were advised that there were occasional connectivity issues and WYPF officers sought to ensure that appropriate priority was given to the fund.

It was reported that ongoing discussions were held to reduce all material risks that can be mitigated and that the Risk Management report would be presented at each meeting to consider if there were any additional risks or that any category of risk had changed.

Resolved –

That the report be noted.

ACTION: Managing Director, West Yorkshire Pension Fund

27. LOCAL GOVERNMENT PENSIONS SCHEME REGULATIONS UPDATE

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

Key updates since the last report provided included that on 11 July 2023 the Department for Levelling up, Housing & Communities (DHLUC) had launched a consultation on LGPS investment reforms. The views sought in the consultation were reported and it was confirmed that WYPF would be providing a response. Included in the consultation was a requirement for funds to have a plan to invest up to five percent of assets to support levelling up in the UK. A Member questioned if that percentage would be raised in the future. In response it was felt that this would be difficult to answer. WYPF were already investing in those assets and all funds were being encouraged to do so.

It was explained that when the report was prepared the fund was waiting for McCloud regulations to be published. These had since been issued, on 8 September 2023, and would come into effect on 1 October 2023. Whilst the fund was waiting for guidance on some complex areas, work could now commence.

The assumption that the McCloud remedy would require recalculation of all pensions was queried and it was explained that all cases which met the criteria would be considered. It was not expected that there would be a large financial impact on the Fund but administratively there would be a lot of work to be conducted, there would also be a significant amount of work in technology to make the changes. Members were assured that expected costs to employers had been factored into the last valuation.

It was questioned if the fund had the necessary staffing resources and it was confirmed that recruitment had been conducted in administration. Those employees would require training to ensure they had the adequate expertise.

Resolved –

That the report be noted.

ACTION: Managing Director, West Yorkshire Pension Fund

28. WYPF DATA IMPROVEMENT PLAN

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

Whilst not wishing to be complacent it was felt that the data scores awarded demonstrated that the Fund was in a good place.

The Data Improvement Plan was appended to Document “R” and revealed the key objectives used to improve the accuracy of the data held by the Fund. Members were reminded that the Fund held a lot of post code information and regular sweep exercises were conducted to ensure this was up to date and would provide accurate data for the Pension Dashboards initiative. GMP reconciliation had now been undertaken which would improve scores. A Member asked if deferred members’ details were checked, and it was confirmed that was the case.

Resolved –

That the report be noted.

ACTION: Managing Director, West Yorkshire Pension Fund

29. PENSIONS ADMINISTRATION

The Managing Director, West Yorkshire Pension Fund, presented a report (**Document “S”**) providing an update on West Yorkshire Pension Fund’s (WYPF) pensions administration activities for the period 1 April 2023 to 30 June 2023.

The report included information on all schemes administered by the Fund as at 17 August 2023. Praise and complaints received were reported; performance data for the Annual Benefit Statements and Deferred Benefits Statements was provided together with recruitment and staffing updates.

Audits undertaken by Bradford Council’s Internal Audit team in the period were detailed and it was confirmed that any suggestions for improvements to working practices would be analysed by managers.

The Managing Director was pleased to report that many Key Performance Indicators (KPI's) had been exceeded and the Fund had been shortlisted for Fund of the Year and the Scheme Administrator of the Year.

Anecdotal evidence of members leaving the scheme due to the cost of living crisis were raised and Members questioned measures the Fund were taking to support those affected. Communication undertaken in those circumstances was reported including highlighting the 50/50 scheme available and the top ten benefits of membership. It was explained that despite the current economic climate opt out of the scheme was still low.

Resolved –

That the report be noted.

ACTION: Managing Director, West Yorkshire Pension Fund

30. REGISTER OF BREACHES

The report of the Managing Director, West Yorkshire Pension Fund (**Document “T”**) was submitted to the Board in accordance with the Public Service Pensions Act 2013, which stated that from April 2015 all Public Service Pension Schemes came under the remit of The Pensions Regulator (TPR).

Members were advised that the only breaches on the register were the late payment of contributions by employers which should be received by the 19th day following the month collected.

Assurances were provided that officers did all they could to ensure payments were received and if they became aware that payments were 90 days' late steps were put in place to report that to TPR.

Resolved –

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

ACTION: Managing Director, West Yorkshire Pension Fund

31. PENSION BOARD MEMBER TRAINING UPDATE

The report of the Managing Director, West Yorkshire Pension Board presented a report (**Document “U”**) providing details of training courses, conferences and seminars available in order to assist the Scheme Manager and meet the requirements of the Public Service Pensions [\[1\]](#) Act 2013, which effectively stipulated that Pension Board Members must be able to demonstrate suitable knowledge and skills of the LGPS to effectively scrutinise the decisions made by officers.

Members were reminded of the training strategy implemented last June which provided a framework for recording the expertise and knowledge gained. It was acknowledged that Members asked relevant questions at meetings revealing their

understanding but there was a lack of demonstrable evidence of those skills through their attendance at courses, seminars and conferences. The Pensions Regulator (TPR) required members of Pension Boards to undertake the TPR Public Sector Toolkit and once completed they should send a copy of the completion certificate to Sukhjot Kaur. TPR believed that the toolkit should be completed by Members within six months of joining the Pension Board and Members who had not done that were asked to complete this by 31 March 2024. The Fund would also ask for Member's feedback.

It was reported that whilst training was a mandatory requirement for Pension Board Members it was anticipated that the requirement would soon become compulsory for Joint Advisory Group and Investment Advisory Group members.

The report included details of additional training which Members were asked to complete. It was confirmed that the Fund would book all courses and pay all expenses.

Particular attention was drawn to the LGA Fundamentals Training Programme 2023 and the LGA Annual Conference being held in York on 19 and 20th January 2024.

It reported that additional training would also be provided at Pension Board meetings and Member were asked to suggest topics of interest they would like to be covered in those sessions.

Sanctions on the Fund for non-compliance with TPR requirements and the implications for individual board members were discussed.

It was questioned if the LGA Fundamentals programme should be completed annually and it was explained that Members could retake the training if they liked but if not they need undertake this once only.

A Member queried the difference between the TPR Public Sector Toolkit and the Trustees' Took Kit and asked which training was required. In response it was explained that the TPR Public Sector Toolkit was the course included in the training strategy. If Members had difficulty in accessing that course they should contact Matt Mott or Sukhjot Kaur. The TRP Public Sector Toolkit was seen as induction training and once completed Members should progress to other training. It was confirmed that further clarity would be included in the training strategy.

Resolved –

- 1. That the completion of The Pension Regulator Public Sector Toolkit online training, including the Scam module, by 31 March 2024 and the Hymans Robertson online Learning Academy Training upon its relaunch and to meet the expectations of TPR and the requirements defined by the Public Service Pensions Act 2013 be agreed.**
- 2. That it be noted that Members are encouraged to attend external training events provided by PLSA, LGA & Actuarial firms and that consideration should also be given to Local Pension Board Member**

representation at various national events such as the PLSA Conference and LGA Governance conference.

ACTION: Managing Director, West Yorkshire Pension Fund

32. THE PENSIONS REGULATOR (TPR) SUPERVISORY REPORT ACTION PLAN

The report of the Managing Director, West Yorkshire Pension Fund (**Document “V”**) provided Members with details of the supervisory engagement process and subsequent conclusions and recommendations.

The report revealed that whilst the opinion in TPR Supervisory Report was that the Fund was well managed and had good governance procedures; recommendations for improvement had been made in two areas. An action plan drafted to address those recommendations would be presented to TPR by the end of the year and a copy of that report was appended to the Document “V”.

It was questioned how good governance could be demonstrated and it was explained that this could, in part, be evidenced with Members undertaking TRP Tool Kit, conferences or webinar training and providing evidence of completion.

It was acknowledged it could be difficult to measure the performance of a non-decision making body. The Governance Review will hopefully consider such issues.

Resolved –

That the report be noted.

ACTION: Managing Director, West Yorkshire Pension Fund

33. EXCLUSION OF THE PUBLIC

Members were asked to consider if the **Not for Publication** Appendix to **Document “W”**, containing the minutes of the West Yorkshire Pension Fund Investment Advisory Panel meeting held on 27 July 2023, should be considered in the absence of the public and, if so, to approve the following recommendation:

Resolved –

That the public be excluded from the meeting during consideration of the Not for Publication Appendix to Document “W” containing the minutes of the West Yorkshire Pension Fund Investment Advisory Panel meeting held on 27 July 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

34. MINUTES OF THE WEST YORKSHIRE PENSION FUND INVESTMENT ADVISORY PANEL MEETING HELD ON 27 JULY 2023

The report of the Managing Director, West Yorkshire Pension Fund (**Document “W” containing a Not For Publication Appendix**) 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 the meeting of the WYPF Investment Advisory Panel were presented 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 Investment Advisory Panel on 27 July 2023 appended to Document “W” be noted.

ACTION: Managing Director, West Yorkshire Pension Fund

35. EXCLUSION OF THE PUBLIC

Members were asked to consider if the verbal update on the WYPF’s governance Review should be considered in the absence of the public and, if so, to approve the following recommendation:

Resolved –

That the public be excluded from the meeting during the update on the Governance Review because information would be disclosed which was considered to be exempt information within paragraph 3 (Financial or Business Affairs) of Schedule 12A of the Local Government Act 1972 (as amended).

It was considered that, in all the circumstances, the public interest in maintaining the exemption outweighed the public interest in disclosing that information as it was in the overriding interest of proper administration that Members were made aware of the financial implications of any decision without prejudicing the financial position of the West Yorkshire Pension Fund.

36. GOVERNANCE REVIEW UPDATE

The Managing Director, WYPF provided a verbal update on WYPF's Governance Review and introduced a representative of Muse Advisory who had been appointed to assist the review.

It was explained that the review would be examining all aspects of governance of the Pension Board; the Joint Advisory Group and the Investment Advisory Board and how those bodies interacted. It would include an insight into operational and behavioural effectiveness.

The review would utilise questionnaires, meeting observations, and discussions. It would not be possible to interview all members of those bodies, but a cross section of people would be consulted.

It was expected that a final report following completion of the review would be presented to the Governance and Audit Committee in Spring 2024.

No resolution was passed on this item.

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