

West Yorkshire Pension Fund

Business Plan

2024 to 2029



West Yorkshire Pension Fund

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Introduction

Purpose

This document sets out the business plan for the West Yorkshire Pension Fund for the period 2024–2029 and outlines the Fund’s goals and objectives over the medium term. The business plan will be formally reviewed and agreed every year. It will also be monitored during the year and updated as required.

The purpose of this business plan is to

- explain the objectives for the management of the WYPF
- document the initiatives to be implemented by WYPF during the next five years to help achieve those objectives
- enable progress and performance to be monitored in relation to those initiatives, and
- provide WYPF stakeholders with a clear vision of the Fund’s objectives and how it will achieve those objectives.

A budget has also been set for expected payments to and from WYPF including the resources required to manage the Fund and deliver this business plan. This is set out in Appendix B.

Further information

If you require further information about anything in or related to this business plan, please contact:

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Background information

WYPF is a c£18bn Local Government Pension Fund providing death and retirement benefits for relevant local government employees and former employees in West Yorkshire and those of other participating employers in the area.

Total Fund Membership

Total Fund membership is around 300,000 with around 100,000 active contributors from 400 contributing employers and 100,000 deferred members and 100,000 pensioners and dependents.

Governance and Management

The City of Bradford Metropolitan District Council, as the Administering Authority of the Fund, has delegated responsibility for the management of the West Yorkshire Pension Fund to the Governance and Audit Committee.

The Council has established three bodies to assist and support the Governance and Audit Committee in overseeing the Fund, namely the WYPF Pension Board, WYPF Investment Advisory Panel and the WYPF Joint Advisory Group.

Under the Council's Financial Regulations, the day to day running of the Fund has been delegated to the Managing Director – West Yorkshire Pension Fund.

A range of advisors also provide guidance in relation to the management of the Fund.

In line with the Local Government Pension Regulations 2013, the Pensions Board assists the Administering Authority in ensuring compliance with the regulations and helps oversee the work of the JAG, IAP and Governance and Audit Committee and how the Fund is administered.

The Fund's current governance structure is depicted in the chart below. However, this is currently under review (see the 2023/24 Governance Review to the left).

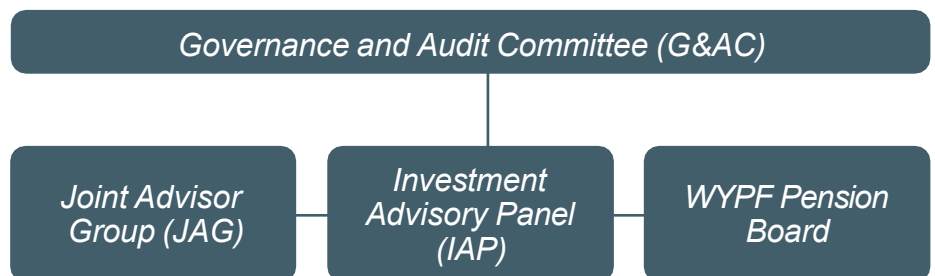


2023/24 Governance Review

A review of the Fund's Governance arrangements is currently taking place.

Amongst other things, the review will cover the committee structure, membership, terms of reference and scheme of delegation.

The review aims to ensure that the work each body does is complementary, whilst each body retains its requisite independence.



Objectives

The primary objectives of the Fund are set out below. They have been agreed by the Governance and Audit Committee as part of the Fund's key strategies and policies, and as such are a key driver in determining what is in the Fund's business plan. The objectives are categorised as governance, funding, investments, administration and communications.

Governance Objectives

In relation to the governance of the fund, the administering authority's objectives are to ensure that:

- All staff, JAG, IAP, Governance and Audit Committee and Pension Board members charged with financial administration, decision-making or oversight of the Fund are fully equipped with the knowledge and skills to discharge the duties and responsibilities allocated to them.
- The Fund is aware that good governance means an organisation is open in its dealings with, and readily provides information to, interested parties.
- All relevant legislation is understood and complied with.
- The Fund aims to be at the forefront of best practice in the LGPS.
- The Fund manages Conflicts of Interest appropriately.
- The Fund acts in the best interests of the Fund's members and employers.
- The Fund has robust governance arrangements in place, to facilitate informed decision making, supported by appropriate advice, policies and strategies.
- The Fund is managed, and its services delivered, by people who have the appropriate knowledge and expertise.
- The Fund acts with integrity and is accountable to our stakeholders for our decisions, ensuring they are robust and well based.
- The Fund understands and monitors risk.
- The Fund strives to ensure compliance with the appropriate legislation and statutory guidance, and acts in the spirit of other relevant guidelines and best practice guidance.
- The Fund clearly articulates its objectives and how it intends to achieve those objectives through business planning, and continually measure and monitor success.
- The Fund ensures the confidentiality, integrity and accessibility of the Fund's data, and systems and services are protected and preserved.



Funding Objectives

The Funding Strategy Statement sets out that the aims of the Fund are to

- enable overall employer contributions to be kept as constant as possible and (subject to the Administering Authority not taking undue risks) at reasonable cost to the taxpayers, scheduled, designating, and admission bodies whilst achieving and maintaining the solvency of the Fund, which should be assessed in light of the risk profile of the Fund and the risk appetite of the Administering Authority and employers alike
- manage employers' liabilities effectively and ensure that sufficient resources are available to meet all liabilities as they fall due. The Fund has a significant positive cash flow in terms of income received, including investment income, offset by monies payable, and
- maximise the returns from investments within reasonable risk parameters.

The Funding Strategy also sets out that the purpose of the Fund is to

- receive monies in respect of contributions from employers and employees, transfer values and investment income; and
- pay out monies in respect of Scheme benefits, transfer values, costs, charges and expenses as defined in the LGPS Regulations and as required in the Investment Regulations.

In general terms, the Fund also has the following objectives:

- establish a clear and transparent fund-specific strategy which will identify how employers' pension liabilities are best met going forward
- ensure that the regulatory requirements to set contributions so as to ensure the solvency and long-term cost efficiency of the Fund are met, and
- ensure the long-term solvency of the Fund, taking a prudent longer-term view.



Investment Objectives

The Investment Strategy Statement sets out that the investment aims of the Fund are to:

- Optimise the return on investment consistent with a prudent level of risk.
- Ensure that there are sufficient assets to meet the liabilities as they fall due (i.e. focus on cash flow requirements).
- Ensure the suitability of assets in relation to the needs of the Fund (i.e. delivering the required return).
- Ensuring that the Fund is properly managed (and where appropriate being prepared to change).
- Set an appropriate investment strategy for the Fund to allow the Administering Authority to seek to maximise returns and minimise the cost of benefits for an acceptable level of risk.
- Ensure return seeking assets are in line with funding objectives.

Administration Objectives

The Pensions Administration Strategy sets out the following key objectives.

- Deliver an efficient, effective and value for money service to its scheme employers and scheme members and shared service partners.
- Ensure payment of accurate benefits and collect the correct contributions from the right people in a timely manner.
- Ensure employers are aware of and understand their role and responsibilities under the LGPS regulations and in the delivery of the administration function.

- Maintain accurate records and communicate all information and data accurately, and in a timely and secure manner.
- Set out clear roles and responsibilities for the Fund and work together to provide a seamless service to scheme employers, scheme members and shared service partners.
- Continuously review and improve the service provided, including ensuring that any new administration contracts secured by the Fund positively contribute to service improvements for the Fund's stakeholders

Communications Objectives

The Fund's Communications Policy lists the following key objectives:

- Promote the scheme as a valuable benefit and provide sufficient and up to date information so members can make informed decisions about their benefits.
- Ensure the Fund uses the most appropriate means of communication, taking into account the different needs of different stakeholders.
- Engage with our stakeholders face-to-face when required
- Look for efficiencies in delivering communications including greater use of technology.
- Communicate the scheme regulations and procedures in a clear and easy to understand style
- Use plain English for all our communications with stakeholders
- Evaluate the effectiveness of communications and shape future communications appropriately



The plan for 2024–29

There are many and varied external factors that may or will impact the management of the Fund, in addition to major changes that have been implemented in recent years.

Recent developments and changes

These include:

- A focus on the Fund's governance, including the current ongoing governance review summarised on page 4.
- A review of the Fund's operational structure and introduction of a revised structure with effect from September 2020. A new Managing Director and Chief Investment Officer also joined in late 2022.
- Introduction of a carbon reduction target for investments and development of the Fund's responsible investment approach.
- Expansion of our external customer base such that we now provide administration services to 3 other LGPS funds and 24 Fire authorities, as part of our objectives to deliver greater efficiencies and "future proof" the Fund.
- Changes to how the pensions administration software is used, including online member and employer services, allowing more timely submission of data and in a more automated manner.
- Developing controls relating to cybercrime and business continuity; ensuring internal capability to identify and implement remedies to emerging risks

These and other areas of recent focus put us in a strong position to meet the challenges ahead.

Future challenges and areas of focus

The following are some of the key areas of focus for the Fund over the next five years.

- Implementing amendments to the LGPS Regulations following the McCloud case and consequent regulations coming into force.
- Implementing a member on-line self-service facility
- Extend our audit, and fraud processes to match our extending online offer.
- Understanding and complying with The Pensions Regulator's new Single Modular Code.
- Implementing any governance changes as a result of the Scheme Advisory Board's Good Governance review.
- Understanding any risks and developing controls relating to cybercrime and business continuity.
- Further developing the Fund's Responsible Investment Policy, with a focus on both sustainable investment and stewardship of assets, and complying with any new requirements on TCFD (Task Force on Climate-related Financial Disclosures)
- Implementing the Fund's investment strategy including oversight of pooling and compliance with future regulations and guidance in this area.
- Working with our partner funds in the Northern LGPS Pool to expand

the activities of the Pool, in particular with regards to local and impact investments.

- Continuing to work with the Fund's employers to reduce the risk of unpaid contributions and/or exit deficits, including via the implementation of our policy on employer flexibilities.
- Working in partnership with the employers and the Fund's actuary to complete the 2025 valuation and implement revised employer contributions from 1 April 2026.
- Connecting to the Pensions Dashboard architecture in advance of the statutory deadline and ensuring WYPF's data and that of our shared service partners is complete and accurate.

These, and other priorities for the next five years, are articulated in more detail in the later sections of this business plan, split into three sections: governance and communications, funding and investments, and administration.

Budget

All the costs associated with the management of the Fund are charged to the Fund and shared service partners, not to City of Bradford MDC. The budget does not include costs which are recharged to the participating employers, which relate directly to an employer request such as year-end pensions accounting or actuarial calculations on commencement or termination of participation in the Fund.

The expected operational budget for the Fund is provided in an appendix to this Plan. This excludes any costs which are expected to be re-charged to employers.

Delivering the Business Plan

Monitoring and Reporting

In order to identify whether we are meeting our business plan we will

- continue to monitor progress of the key priorities and the agreed budgets on a half yearly basis.
- provide updates on progress against these key priorities on a regular (e.g. half-yearly) basis to the Joint Advisory Group which will be shared with the Pension Board, including
 - highlighting any areas where we are exceeding or failing to achieve our targets and identifying the reasons and any changes to the planned priorities as a result
 - highlighting any significant additional spend or underspend in relation to the agreed budget.

Significant risks that may impact delivery of the Business Plan

The next few years will be challenging for those involved in the governance, management and operation of the Fund. The following are the key known risks which may impact on the delivery of this business plan.

- Recruitment and retention of staff – key person risk, competitor pay and location competing with other pension and investment organisations in Leeds. Also potential loss of staff to employers that allow fully remote working.
- Increased work for administrators due to the McCloud remedy and Pensions Dashboard solution impacting on the service to scheme members and employers.
- Lack of employer engagement which could impact on plans to improve data and deploy full roll-out of the Employer Self Service on-line functionality.
- Employers unable to afford employer contributions including due to reduction in strength of employer covenant.
- Data or asset loss due to a cyber incident or partner failure.
- Service interruption due to failure of business continuity plans.
- Failure to meet investment objectives due to market volatility or other external factors.
- Inability to pay pension benefits due to insufficient liquid assets.
- Changes to national requirements in relation to pooling leading to required changes to the Northern LGPS Pool structure or approach which affect achievement of our investment objectives, including affecting cost and resources.

Business as usual

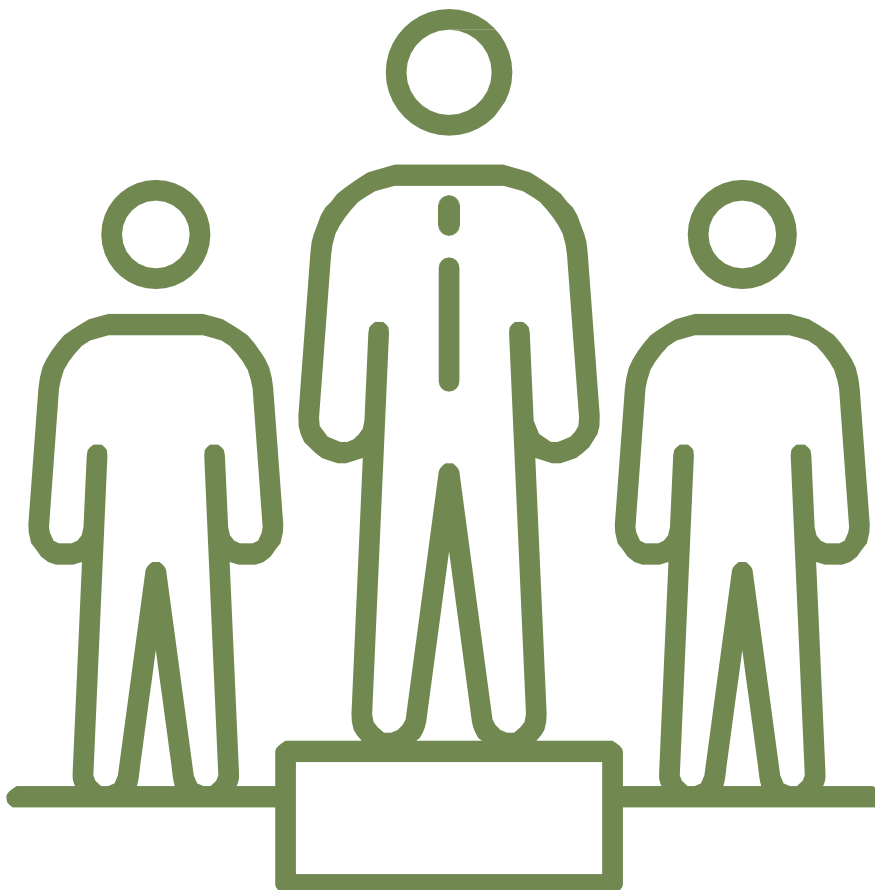
The appendix to this business plan highlights our key priorities for the next five years. This focuses on areas of change and projects which are in addition to day to day “business as usual” activities.

On a day to day basis our focus is on the following key elements of Fund management.

- Paying pension benefits to all our beneficiaries, as prescribed by the LGPS regulations.
- Communicating with our scheme members about their membership of the Fund.
- Ensuring we receive all the pension contributions paid by active members of the Fund, as prescribed by the LGPS regulations.
- Ensuring all the employers in the Fund pay their pension contributions and those of their employees in a timely manner.
- Safeguarding the Fund’s assets.
- Investing any Fund assets that are not currently needed to pay benefits.
- Working with the actuary every three years to determine how much employers need to pay into the Fund to ensure we have enough money to pay pension benefits in the future.
- Understanding the continuing pressure on resources and budgets for employers and the administering authority.
- Providing regular training, guidance and support to employers so that the Fund receives timely and accurate information.

Managing the Fund on a day-to-day basis involves a wide range of processes and procedures designed around achieving WYPF’s objectives as outlined in our strategies and policies.

The management of the Fund is significant, complex and highly regulated. As such, these processes and procedures require expert knowledge and experience from both officers and external advisors in several diverse areas as set out below.





Governance

Ensuring decisions relating to the management of the Fund are made in accordance with appropriately delegated responsibilities

Reporting and presenting to the G&A Committee, JAG, IAP and Local Pension Board, ensuring those bodies carry out their delegated, advisory and scrutiny functions

Implementing and monitoring other governance areas such as knowledge and skills/ training, conflicts of interest, risk management, breaches and adhering to The Pension Regulator's Code of Practice

Ensuring the Fund's business plan is regularly updated, agreed and delivered

Ensuring we adhere to Council and legal requirements for procurement, health and safety and data protection

Procurement of and payment for, advisers and other services

Assisting internal and external audit in their role

Replying to Freedom of Information requests

Ensuring business continuity arrangements are in place and regularly tested

Managing the risk of cybercrime and ensuring our data and systems are safeguarded.



Funding

Agreeing the funding strategy with the actuary every three years, consulting with employers and monitoring continued appropriateness annually
Assisting the actuary with the triennial Actuarial Valuation by providing membership and valuation data and presenting results and explanations to employers of future employer contributions and deficit payments

Providing data or other information as required by the Government Actuary's Department ("GAD")

Monitoring the employers' funding positions and covenants including their ability to pay contributions and managing any employers who wish to join or leave the Fund



Investment

Carrying out a fundamental review of the investment strategy every three years

Quarterly monitoring and reporting on investment performance

Monthly monitoring and reporting on the Fund's funding position and implementation of our cash and risk management strategy

Working with other LGPS funds in the Northern Pool to pool investments, including assessing, appointing, monitoring and dismissing any external managers.

Monthly monitoring and implementation of the tactical asset allocation decisions

Ensuring costs are fully disclosed in line with the Cost Transparency initiative

Developing and monitoring the Fund's approach to Responsible Investment, engaging with investee companies, and exercising the Fund's voting rights.



Accountancy

Preparing and publishing the Fund's Annual Report

Completing the Annual Accounts and assisting external auditors

Preparing and quarterly monitoring of the Annual Budget

Preparation of statutory and non-statutory returns as required

Monthly bank reconciliations

Quarterly cash flow and treasury management

Monthly monitoring of income and expenditure including employer and scheme member contributions

Quarterly invoicing of employers for pensions strain and added years

Provision of information on a monthly basis to the Fund's Actuary to support the tracking of assets notionally allocated to the Fund's employers

Overseeing the monthly employer returns



Administration

Providing ongoing information to scheme members and their beneficiaries as they join, leave or change their status in the Fund

Calculating and notification of entitlement to pension and death benefits

Providing quotations of retirement benefits including any additional costs to employers

Providing information on how scheme members can increase their pension benefits

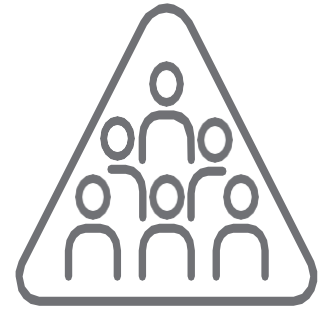
Maintaining scheme member records

Providing a scheme members' help line for ad-hoc enquiries

Providing notifications regarding new starters, personal/employment changes and leavers/retirements

Processing bulk updates to data such as annual pensions increases

Guarding against pension scams



Payroll

Calculating and paying monthly pensions to all pensioners and beneficiaries

Issuing payslips (where net pay has changed)

Issuing P60s

Investigating returned payments and dealing with any under or overpayment of pensions

Updating and maintaining accuracy of pensioner member details

Ensuring pensions are paid



Communication, Projects and IT

Providing Annual Benefit Statements to all active and deferred scheme members

Providing information to members via the appropriate channel, e.g. one to ones, workshops and newsletters

Improving the way users can navigate through complex information as well as looking beyond the above to other ways to access content
Enhancing the Fund's website and members' self-service facility to offer a more personalised experience for users

Maintaining and updating the pensions software system, including developing reporting to provide information on progress against key performance indicators and daily work management



Technical

Providing guidance on changes in processes following legislation updates

Providing reports and extracts for the Fund Actuary and GAD Reporting and making payments to HMRC

Reviewing AVC providers and funds offered to members

Administering the Fund's Internal Dispute Resolution Procedure

Manage employers' admission agreements



Employer Liaison Team

Undertake response to outstanding requests for information to cleanse the pension records

Providing information to the Fund's actuary as required for new alternative delivery models for employer services

Undertake work as necessary to clear outstanding year-end or other data queries.

Running an Annual Meeting for employers and members.

Providing ongoing training and technical updates to employers

Provide new employers with information about their Fund responsibilities



WHAT NEXT

Business plan priorities

The following are the expected key priorities for the Fund for the period 2024 to 2029 so that the objectives of the Fund are achieved. This excludes ongoing business as usual items that take place annually or more frequently. Further explanations of these key priorities are included in Appendix A to this business plan.

Many of the timescales are estimated due to reliance on external bodies, such as Government. As a result, these timescales may change.

| Governance and Communications | 2024/25 | 2025/26 | 2026/27 | 2027/28 | 2028/29 |
|--|---------|---------|---------|---------|---------|
| Key Action/Task | | | | | |
| G1. Review of governance arrangements | ✓ | | | | |
| G2. Review Knowledge and Skills policy/delivery | ✓ | | | | |
| G3. Review against new TPR Single Modular Code | ✓ | | | | |
| G4. Review/development of risk register | ✓ | | | | |
| G5. Business Continuity | ✓ | ✓ | ✓ | ✓ | ✓ |
| G6. Diversity, equality and Inclusion | ✓ | ✓ | ✓ | ✓ | ✓ |
| G7. Enhance cybersecurity | ✓ | ✓ | ✓ | ✓ | ✓ |
| G8. Launch and develop new WYPF website | ✓ | ✓ | | | |
| G9. Improve stakeholder engagement | ✓ | | | | |
| G10. Procurement/Tenders | ✓ | ✓ | ✓ | ✓ | ✓ |
| G11. Succession Planning | ✓ | ✓ | ✓ | ✓ | ✓ |

| Funding and Investment | 2024/25 | 2025/26 | 2026/27 | 2027/28 | 2028/29 |
|--|---------|---------|---------|---------|---------|
| Key Action/Task | | | | | |
| F1. Investment Strategy review / implementation | ✓ | ✓ | | | |
| F2. Local and impact investment | ✓ | ✓ | ✓ | ✓ | ✓ |
| F3. Developing Northern LGPS Pool | ✓ | ✓ | ✓ | ✓ | ✓ |
| F4. Develop improved cash flow monitoring | ✓ | ✓ | | | |
| F5. Investment governance best practice | ✓ | ✓ | | | |
| F6. Investment administration | ✓ | ✓ | | | |
| F7. Investment compliance | ✓ | ✓ | ✓ | | |
| F8. Responsible Investment, TCFD Reporting and achieving Net Zero | ✓ | ✓ | ✓ | ✓ | ✓ |
| F9. Review requirements for cost transparency collation/reporting | ✓ | ✓ | | | |
| F10. 2025 actuarial valuation and review of funding strategy | ✓ | ✓ | | | |

| Administration | 2024/25 | 2025/26 | 2026/27 | 2027/28 | 2028/29 |
|---|---------|---------|---------|---------|---------|
| Key Action/Task | | | | | |
| A1. Implement McCloud / Sargeant / Matthew remedies | ✓ | ✓ | | | |
| A2. Implement employer self-service on-line functionality to all employers | ✓ | ✓ | | | |
| A3. Omni-channel member self-service | ✓ | ✓ | ✓ | ✓ | ✓ |
| A4. Trivial Commutation / small pots options exercise | ✓ | ✓ | | | |
| A5. Frozen refund clearance exercise | ✓ | ✓ | | | |
| A6. Automation and analytics | ✓ | ✓ | ✓ | ✓ | ✓ |
| A7. Oracle transition to SQL | ✓ | ✓ | ✓ | | |
| A8. GMP Reconciliation & Equalisation | ✓ | ✓ | ✓ | | |
| A9. Implement changes required for national pensions dashboards | ✓ | ✓ | | | |
| A10. Further develop key performance indicators | ✓ | ✓ | ✓ | ✓ | ✓ |
| A11. Administration shared service | ✓ | ✓ | | | |

| Key Action/Task | 2024/25 | 2025/26 | 2026/27 | 2027/28 | 2028/29 |
|--|---------|---------|---------|---------|---------|
| Supplier and contractor reviews and tenders | | | | | |
| Administration software | | | | | |
| Custodian | ✓ | | | | |
| Actuarial, benefits and governance consultant | ✓ | | | | |
| Investment adviser | ✓ | | | | |
| AVC fund review | | | | | |
| AVC provider review | ✓ | | | | |
| Legal services - based on requirements | | | | | |
| Banking services | | | | | |



WYPF Management Team



Leandros Kalisperas
Chief Investment Officer



Euan Miller
Managing Director



Yunus Gajra
Assistant Director
Finance, Administration
and Governance



Colin Standish
Assistant Director
Overseas Investments



Joanna Wilkinson
Assistant Director
UK Investments



Simon Edwards
Assistant Director
Alternative Investments

