

Report of the Managing Director West Yorkshire Pension Fund to the meeting of Joint Advisory Group to be held on 25 January 2024.

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Subject:

Business Plan 2024 - 2029

Summary statement:

WYPF's five-year business plan highlights objectives for the Fund and documents the priorities and improvements to be implemented to help achieve those objectives.

EQUALITY & DIVERSITY:

Issues of Equality and Diversity are included within the body of the document in Appendix A.

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Portfolio:

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Overview & Scrutiny Area:

1.0 Background

Purpose

- 1.1 WYPF's five-year business plan for the period 2024-2029 outlines the Fund's goals and objectives. The business plan will be formally reviewed and agreed every year by JAG/IAP at their January meetings. It will also be monitored during the year and updated as required.
- 1.2 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.

2.0 Business Plan 2024 – 2029

- 2.1 The Business Plan is effectively split into two parts. The first part sets out WYPF's strategic objectives and business as usual activities. This part is likely to see only relatively minor changes from year to year. The second part sets out in detail each of the initiatives that feature in the Business Plan and anticipated timescales.
- 2.2 There are some relatively significant changes to the initiatives listed on the Business Plan since the last review. Some items previously on the Plan have been completed or have become business as usual. There are also some new items. An attempt has been made to reduce the number of items on the Plan and this has been achieved by amalgamating some similar items and focussing on high-level deliverables.
- 2.3 Items which have been moved to BAU include the following:
 - Pension Transfer Scams - All members of the Pensions Board and staff working on Transfers have completed their training which has enabled WYPF to sign up to TPR's Pension Scam pledge. The PB now has a new member so he will be asked to complete this training as soon as possible.
 - Data Improvement Plans – A DIP is now in place highlighting data issues and the target dates for rectifying them.
- 2.4 New initiatives added to the Business Plan include
 - **G8 - Launch and develop new WYPF website** - WYPF's current website has been in place for a number of years and needs to be upgraded. We have

developed a member first website which has been tested with 350 members and some WYPF contact centre staff. During Spring 2024 we are looking to put this new website live.

- **G9 - Improve stakeholder engagement** - Whilst it is difficult to measure, indications are that particular areas in which engagement could be improved include how we engage some groups of employers (for example increasing attendance at the Employer AGM) and how we communicate positive developments, for example in relation to responsible investment, to members, employers and the wider public.
- **F2 - Local and impact investment** - There are a number of drivers for WYPF to invest more in place-based investments in the West Yorkshire area as well as the UK more broadly. Investments must meet the twin aims of delivering a positive local impact and generating an appropriate return for WYPF given the risks involved.
- **F6- Investment administration** - investment administration has become more complex given the addition of asset classes, including private markets, and therefore the capacity for investment administration to support investment management efficiently is potentially under strain. A review of whether further delegation to our custodian and/or any order management system might be needed is proposed.
- **F7 - Investment compliance** - WYPF does not currently have a dedicated compliance function given that its investors (its c450 employers and c.300k members) are in a different position to investors in funds managed by an external manager. However, WYPF does have to play its part in ensuring markets are operating appropriately and WYPF seeks to follow best practice wherever possible. A review of what that should mean for WYPF, is merited and may include recommending centralising compliance controls within a small internal Legal & Compliance team.
- **A10 - Further develop key performance indicators** - Work with shared service administration partners to further develop key performance indicators. This improvement in Management Information should ultimately result in a more efficient administration service.
- **A11 - Administration shared service** - Work with the shared service partners to carry out a strategic review of the shared service arrangements to ensure partners' and WYPF's interests are aligned and risks to WYPF of hosting the service are appropriately managed. One of the matters to consider is whether the shared service would benefit from a 'brand', in a similar manner to several other LGPS shared service arrangements (Local Pensions Partnership, Peninsula Pensions etc...)

2.5 Progress against some of the initiatives retained on the Plan include:

- **G1 – Review of Governance arrangements** – Muse Advisory has undertaken the field work part of its review. A separate paper will give an update on the work undertaken to date.

- **G2 - Review Knowledge and Skills policy/delivery** – Hymans online training has been relaunched with an expectation for all members to undertake and complete by the end of the financial year.
- **G7 – Enhance cybersecurity** – A cyber exercise was undertaken towards the end of 2023 in conjunction with Bradford Council’s IT, WYPF, LGA. Learnings from this will be implemented.
- **A1 - Implement McCloud / Sargeant / Matthews remedies.** Final regulations have now been received for McCloud and Sargeant and work is ongoing to implement.
- **A2 - Implement employer self-service on-line functionality to all employers.** In progress. Significant work has gone into phase 3 development of the monthly postings software. This has now passed a series of penetration tests and has been implemented in live for a number of pilot Employers. A gradual rollout to the remaining Employers will follow.
- **A7 - Oracle transition to SQL.** Work has commenced on this progress. Currently testing processing monthly payroll on SQL.
- **A8 - GMP Reconciliation and Equalisation** - The systematic GMP Reconciliation work has now been completed. There are around 1,000 records that will need looking at to see if rectification is required.

3. OTHER CONSIDERATIONS

- None

4. FINANCIAL & RESOURCE APPRAISAL

- Financial requirements are detailed within the body of the appendix documents.

5. RISK MANAGEMENT AND GOVERNANCE ISSUES

- Risks are detailed within the body of the appendix document.

6. LEGAL APPRAISAL

- Not applicable.

7. OTHER IMPLICATIONS

7.1 SUSTAINABILITY IMPLICATIONS

- None

7.2 TACKLING THE CLIMATE EMERGENCY IMPLICATIONS

- None

7.3 COMMUNITY SAFETY IMPLICATIONS

- None

7.4 HUMAN RIGHTS ACT

- None.

7.5 TRADE UNION

- None

8. NOT FOR PUBLICATION DOCUMENTS

- None

9. OPTIONS

- None.

10. RECOMMENDATIONS

It is recommended that the JAG approve the Business Plan 2024 – 29 and note the progress on existing key initiatives and the new initiatives listed.

11. APPENDICES

Appendix A – Business Plan 2024 – 2029

Appendix B – Business Plan 2024 – 2029 (Key Tasks and Actions)

12. BACKGROUND DOCUMENTS

- None