

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

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Subject: WYPF Governance Review

Summary statement:

Further to a report presented to the July 2023 meeting of the Joint Advisory Group ('JAG') a review of the effectiveness, roles and responsibilities of the WYPF Investment Advisory Panel ('IAP'), JAG and the Local Pension Board ('LPB') is currently being undertaken.

Muse Advisory was appointed following a procurement process to provide advice and support on the review and has undertaken a range of fieldwork to help it to build a detailed picture of the way in which WYPF operates and is governed; and to enable it to form an accurate assessment of what is working well, and where improvements could be made.

Muse Advisory's report summarising their initial observations and findings is attached as an appendix to this report, which will also be presented at the meeting.

EQUALITY & DIVERSITY:

None

Euan Miller
Managing Director

Portfolio:

[Insert where appropriate]

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Overview & Scrutiny Area:

[Insert where appropriate]

1. BACKGROUND

- 1.1 It was proposed at meetings of the Investment Advisory Panel ('IAP') and Joint Advisory Group ('JAG') that a review of the effectiveness, roles and responsibilities of the IAP, JAG and the Local Pension Board ('LPB') should be undertaken, with the objective to ensure that the work that they do properly complements each other, while retaining their requisite independence. In simple terms this would check the remit of each, so that the IAP remains focused on investments issues, the JAG on administrative issues and the LPB on its Fund oversight role (as defined by Regulations).
- 1.2 In addition, Government and the LGPS Scheme Advisory Board ('SAB') are expected to implement in the near future the recommendations of the SAB's Good Governance Project, which will provide further clarity on the requirements and best practice expected of LGPS administering authorities.
- 1.3 Further information on the SAB's Good Governance Project can be accessed via the link below:
[LGPS Scheme Advisory Board - Good Governance \(lgpsboard.org\)](http://lgpsboard.org)
- 1.4 WYPF governance arrangements are ultimately the responsibility of the Administering Authority (i.e. City of Bradford Metropolitan District Council) and therefore the implementation of the recommendations made by a governance review will require Council approval. However, the review is being driven by WYPF (with WYPF also meeting the costs).
- 1.5 To help minimise conflicts of interest and seek to draw on best practice from other LGPS administering authorities and the wider pensions and investment community; it was proposed that specialist consultancy support for the review was procured via the LGPS National Frameworks.
- 1.6 Muse Advisory have been appointed to advise and assist on the review following a call-off from the Governance Advisory Lot of the Actuarial Framework for LGPS services administered by Norfolk County Council.

2. PROGRESS TO DATE AND NEXT STEPS

- 2.1 Over the last few months Muse has reviewed all relevant WYPF documentation, issued and assessed responses to a questionnaire to members of the various governing bodies and undertaken structured, confidential interviews with agreed participants. Muse has also attended as an observer meetings of the IAP, Local Board and Bradford Governance and Audit Committee.
- 2.2 Based on the information gathered during these exercises, Muse has made some initial observations and findings which are set out in section 4 of the report attached as Appendix A and will be presented for discussion at the meeting.

- 2.3 Following the meeting Muse will be working with WYPF officers and the Head of Governance at Bradford Council to develop proposed changes to governance arrangements which address Muse's observations and feedback received from members.

3 FINANCIAL & RESOURCE APPRAISAL

Specialist consultancy support for the review has been procured via the LGPS National Frameworks. Provision has been made in the 2023/24 budget for this expenditure.

4. RISK MANAGEMENT AND GOVERNANCE ISSUES

None

5. LEGAL APPRAISAL

WYPF governance arrangements are ultimately the responsibility of the Administering Authority (i.e. City of Bradford Metropolitan District Council) and therefore any changes to governance arrangements will require Council approval.

6. OTHER IMPLICATIONS

6.1 SUSTAINABILITY IMPLICATIONS

None.

6.2 GREENHOUSE GAS EMISSIONS IMPACTS

None.

6.3 COMMUNITY SAFETY IMPLICATIONS

None.

6.4 HUMAN RIGHTS ACT

None.

6.5 TRADE UNION

None.

6.6 WARD IMPLICATIONS

None

6.7 AREA COMMITTEE ACTION PLAN IMPLICATIONS (for reports to Area Committees only)

None

6.8 IMPLICATIONS FOR CHILDREN AND YOUNG PEOPLE

None.

6.9 ISSUES ARISING FROM PRIVACY IMPACT ASSESMENT

None.

7. NOT FOR PUBLICATION DOCUMENTS

None

8. OPTIONS

N/A

9. RECOMMENDATIONS

That the Joint Advisory Group note the report, the initial observations and findings set out in Appendix A and the proposed next steps of the Governance Review.