

City of Bradford Metropolitan District Council

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Minutes of a meeting of the West Yorkshire Pension Fund Joint Advisory Group held on Thursday 26 July 2012 at Britannia House, Bradford

Commenced 1410
Concluded 1500

PRESENT – Councillors

<u>Bradford Members</u>	<u>Calderdale Member</u>
Ikram Middleton Miller	Baines Beacroft-Mitchell Metcalf
<u>Kirklees Members</u>	<u>Leeds Members</u>
Firth Mather M Sokhal for Richards	Fox Hanley Urry for Davey
<u>Wakefield Members</u>	<u>Trade Union Representatives</u>
Shaw Stokes Walsh	I Greenwood - Unison
<u>Scheme Members</u>	
S Moses	

Apologies: Councillor Davey (Leeds) and K Sutcliffe (member rep) S Morris (GMB)

1. ELECTION OF CHAIR

Resolved -

That Councillor Middleton be elected Chair for the Municipal Year 2012/13.

2. ELECTION OF DEPUTY CHAIR

Resolved -

That Councillor Miller be elected Deputy Chair for the Municipal Year 2012/13.



6. REVIEW OF THE WEST YORKSHIRE PENSION FUND GOVERNANCE COMPLIANCE STATEMENT

The Director, West Yorkshire Pension Fund (WYPF) presented a report (**Document "A"**) in respect of a review of the WYPF's Governance Compliance Statement.

Amendments to the statement were outlined including a change to the process for appointing the Chair of the Joint Advisory Group (JAG). This was to allow greater flexibility in making the appointment whilst allowing Bradford Council to retain full control.

Resolved –

That the revised Governance Compliance Statement for the West Yorkshire Pension Fund, Appendix A to Document "A" be approved and published.

ACTION: Director, West Yorkshire Pension Fund/City Solicitor

7. RESIGNATION OF CHAIR

Following the changes approved to the West Yorkshire Pension Fund Councillor Middleton resigned from the role of Chair.

8. ELECTION OF CHAIR

Resolved -

That Ian Greenwood be elected Chair for the remainder of the Municipal Year 2012/13.

ACTION: City Solicitor

9. CHAIR'S NOTE

The Chair thanked current Members for their confidence in his stewardship and also recorded his appreciation of the support received from a previous Deputy Chair, Tony Pearson.

10. DISCLOSURES OF INTEREST

All those present disclosed a personal interest in all the matters under consideration as Members, (active or retired) or relatives of Members, of the West Yorkshire Pension Fund/Local Government Pension Scheme.

The interests were not prejudicial and all Members remained in the meeting throughout.

Action: City Solicitor

11. MINUTES

Resolved -

That the minutes of the meeting held on 1 February 2012 be signed as a correct record.

12. INSPECTION OF REPORTS AND BACKGROUND PAPERS

There were no appeals submitted by the public to review decisions to restrict documents.

13. ADMINISTRATION BUDGET OUTTURN 31 MARCH 2012

The report of the Director, West Yorkshire Pension Fund (**Document "B"**) summarised the outturn for 2011-12 and the cost of servicing the WYPF.

The appendix to the report provided an analysis of the 2011/12 expenditure between Pensions Administration and Investments and made comparisons to the estimates and last year's spend.

The principal areas of expenditure, lower than the estimate, and giving rise to a reduction of £0.7m in the year, were reported. These included savings on accommodation, computer, employee, and printing/postage costs together with internal recharges received as a result of re-negotiation on the ICT recharge from Bradford Council.

The balances were due to tighter budgetary control being exercised by managers over expenditure and officers were congratulated for their diligence.

Resolved –

That the accounts for the year ended 31 March 2012 be approved.

ACTION: Director, West Yorkshire Pension Fund

14. REPORT AND ACCOUNTS 2011/12

The Director, West Yorkshire Pension Fund submitted the unaudited Report and Accounts for the financial year ended 31 March 2012 (**Document "C"**). It was explained that a further report would be submitted following the completion of the audit and that would identify any changes.

Particular attention was drawn to Membership trends and it was explained that although membership of the fund had increased the number of active members had reduced. This reflected the cuts made to staffing levels by employers, which was also apparent in the increasing number of beneficiaries. In response to questions about 'undecided leavers' it was explained that when employees left their employment they could chose to transfer their pension or to leave it in the public sector fund.

An increasing number of Members leaving before normal retirement age, who were awarded immediate retirement benefits by their employer, were reported and it was acknowledged that this would have implications on cash flow for the following three or four years.

Slight reductions in contributions, shown in the Fund Account for the year ended 31 March 2012, were discussed. Additional contributions reflected the number of people leaving the scheme early but this was expected to reduce in three years time.

In response to questions about the normality of the current cash balance it was explained that this represented less than 3% of the fund, and within the normal range around the fund specific benchmark of 2%.

Following queries about taxes on incomes it was reported that tax on dividends was mostly attributable to UK income and could not be recovered.

In the interests of economy Document C presented an abridged version of the report and accounts. Members could receive a full copy of the report if they wished and this would also, ultimately, be available on the website.

Resolved –

That the unaudited Report and Accounts for the financial year ended 31 March 2012, appended to Document “C”, be noted.

ACTION: Director, West Yorkshire Pension Fund

15. AUDIT COMMISSION – 2011/12 OPINION PLAN

The Director, West Yorkshire Pension Fund presented the Audit Opinion Plan for the West Yorkshire Pension Fund for 2011/12 (**Document “D”**).

It was revealed that the fee for the plan had been maintained at the 2010/11 fee despite the Audit Commission scale fee being higher. In addition the Audit Commission had agreed to a standard 8% fee rebate.

Increases to materiality since production of the report were provided and revealed an amendment from £37.9 million to £43 million.

The unquoted investments had been confirmed as the only specific audit risk for the Fund due to inherent risks regarding valuation. This had been noted by the Corporate Governance and Audit Committee at the meeting on 29 June 2012.

The audit and issue of opinion was required to be completed by 30 September 2012. A proposed timetable of key stages in producing and auditing the financial statements was provided. The audit opinion would be provided towards the end of September together with that for the Council’s accounts.

Resolved –

That the Audit Opinion Plan for the West Yorkshire Pension Fund for 2011/12 be noted.

ACTION: Director, West Yorkshire Pension Fund

16. **AUDIT PLAN AND FEE**

A report was presented by the Director, West Yorkshire Pension Fund (**Document “E”**) in respect of the fee for the 2012/13 audit.

The current year was the final year that the Audit Commission would audit the accounts of the fund. KMPG were initially assigned as auditors for 2012/13, however, negotiations around a potential conflict of interest with KMPG and their consultancy services for Bradford Council has resulted in Mazars being appointed.

The Audit Commission were thanked for the fair and reasonable approach adopted over previous years.

Resolved –

That Document “E” be noted.

ACTION: Director, West Yorkshire Pension Fund

17. **LOCAL GOVERNMENT PENSION SCHEME 2014**

The Director, West Yorkshire Pension Fund reported on the proposals for the Local Government Pension Scheme which were to take effect from 1 April 2014 (**Document “F”**).

The Chair reported that Trade Unions were currently consulting with their members on the new scheme. In response to questions about the Council Member’s pension scheme it was reported this was not subject to the current negotiation as it was already a Career Average Revalued Earnings (CARE) scheme.

Details of additional negotiations being undertaken as a result of the Government’s concerns about the governance of some pension schemes were provided. It was stressed that the WYPF were not included in those concerns but the negotiations could result in potentially significant changes which would affect WYPF. The situation would be monitored.

In response to questions about potential Member opt out of the scheme it was reported that the 50/50 option, where members could elect to pay half contributions for half pension benefits, were designed to address that issue. In those cases employer contribution would be very slightly higher than 50%. It was expected that people closer to retirement were more likely to increase their contributions than choose the 50/50 option.

The new scheme would provide for fairer post tax contributions than the old scheme. People earning under £30,000 per annum would not be worse off and there would be no real monetary difference to those earning under £43,000.

Resolved –

That the proposed new Local Government Pension Scheme be noted.

ACTION: Director, West Yorkshire Pension Fund

18. REVIEW OF ADDITIONAL VOLUNTARY CONTRIBUTION PROVIDERS

A report was submitted by the Director, West Yorkshire Pension Fund in relation to the conclusions of the annual review of the performance of the Fund's Additional Voluntary Contribution Providers undertaken by the Actuary (**Document "G"**).

It was pointed out that the Equitable Life Assurance Society (ELAS) AVC plan was closed to new members. In response to discussions about that provider it was confirmed that its viability would be examined and if there would be no detriment to members it would be recommended that they transfer to the Prudential.

Resolved –

That the review of the West Yorkshire Pension Fund's Additional Voluntary Contribution Fund Providers be noted.

ACTION: Director, West Yorkshire Pension Fund

19. 2013 ACTUARIAL VALUATION

The Director, West Yorkshire Pension Fund presented a report (**Document "H"**) in respect of the next triennial actuarial valuation of the WYPF, which was due on 31 March 2013 and would determine employer contribution rates from 1 April 2014.

There was a detailed discussion on the actuarial valuation of the fund and the likely debate which would be had with the Actuary at an initial meeting which would be arranged for the autumn.

Resolved –

That the process necessary to complete the next actuarial valuation, as set out in Document "H" be noted.

ACTION: Director, West Yorkshire Pension Fund

20. RISK MANAGEMENT

The Director, West Yorkshire Pension Fund presented the latest Risk Management Report for the WYPF (**Document "I"**).

The report set out 44 risks associated with the operation of the WYPF and included details of the required management action/control to address each of the 20 most important risks identified.

Risk in overall terms would be continually monitored to ensure the report was up to date and relevant in identifying risks in respect of both the current and future operational practices of the WYPF.

Resolved –

That the latest Risk Management Report for the WYPF, appended to Document “I”, be noted.

ACTION: Director, West Yorkshire Pension Fund

21. TRAINING, CONFERENCES AND SEMINARS

The Director, West Yorkshire Pension Fund, submitted a report, **Document “J”**, which informed of training courses, conferences and seminars which may assist Members. Full details of each event were available at the meeting.

It was stressed that the training of JAG members to understand their responsibilities and the issues they would be dealing with was a high priority.

A member attending as an alternate for a colleague was assured that he could attend the training and it was agreed that more Council colleagues understanding the fund would enhance the smooth implementation of the new scheme.

Members were requested to give consideration to attending the training courses, conferences and seminars.

ACTION: Director, West Yorkshire Pension Fund

22. ANNUAL MEETINGS

The report of the Director, West Yorkshire Pension Fund (**Document “K”**) informed Members of the two Annual Meetings planned to be undertaken during 2012.

It was proposed to hold the Annual Meeting for Employers on the afternoon of Thursday 25 October in Bradford (the venue to be confirmed) and the Annual Meeting for Scheme Members on the morning of Friday 26 October at the Cedar Court Hotel, Huddersfield, HD3 3RH.

Resolved –

That the details of the WYPF Annual Meetings for 2012 be noted.

ACTION: Director, West Yorkshire Pension Fund

Chair

Note: These minutes are subject to approval as a correct record at the next meeting of the Committee.

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THESE MINUTES HAVE BEEN PRODUCED, WHEREVER POSSIBLE, ON RECYCLED PAPER

