

Please could you give an overview of the West Yorkshire Pension Fund pension and its current position?

West Yorkshire Pension Fund (WYPF) is part of the Local Government Pension Scheme (LGPS). The City of Bradford Metropolitan District Council is the administering authority for WYPF. Bradford Council's administering authority responsibilities are met by WYPF's in-house pensions administration and investment teams.

WYPF provides a shared service administration for Lincolnshire and more recently the London Borough of Hounslow Pension Fund. In addition, we now provide pensions administration for 14 fire authorities for the firefighters' pension schemes. Across all the clients WYPF provides pensions administration for over 400,000 members and 700+ employers.

The fund is currently valued at £13.56 billion and has the lowest total cost per members at £38.03. The national average for LGPS in 2016/17 is £214.87.

How are its services tailored to its members?

WYPF's service delivery continues to be underpinned by our accreditation to ISO 9001:2000. Our quality management systems ensures that we are committed to providing the best possible service to customers.

To ensure we're meeting the expectation of our customers WYPF carries out a survey of a sample of members both online and via a paper version. Feedback is measured and monitored and any corrective and preventive action is taken where negative comments or complaints are received.

WYPF's website continues to be a popular place where members go to get information about the pension scheme. This is in line with WYPF's 'avoidable customer contact' policy that encourages members to go to the website in the first instance.

For those considering retirement within approximately the next two years,

Working for all

West Yorkshire Pension Fund business development manager Yunus Gajra speaks to Jack Gray about the fund's work for its members and what it is doing to promote responsible investment

WYPF runs workshops so that members can make realistic plans. Partners are encouraged and welcome to attend. Delegate satisfaction results from these workshops are in excess of 99 per cent year-on-year.

Our contact centre continues to be a popular way for members to communicate with us about their pensions. Over 80,000 calls were received last year with 91 per cent answered within 20 seconds.

Over 99 per cent of annual benefit statements were issued to active members by the new shortened deadline of 31 August imposed by The Pensions Regulator. We also produced 100 per cent of deferred benefit statements this year.

With WYPF's MyPension service members (current, deferreds, pensioners) can view their pension record and statements, payslips, P60s and update personal details. WYPF also has active Facebook and Twitter accounts.

How does the WYPF approach investment and what does it feel can be done to boost responsible investing?

The fund's investment portfolio continues to be managed in-house on a day-to-day basis, supported by the fund's external advisers. In 2016/17, the fund's investment management costs were £20.58 per scheme member, the lowest for all local authority pension funds.

The fund's Investment Strategy Statement sets out fund policies for investment and risk. In accordance with this, investment decisions are taken

based on financial and commercial considerations so as to yield the best return by way of income and capital appreciation. The fund actively invests in low carbon and renewable energy technology where suitable opportunities arise. As at 30 June, the fund had £300 million invested in low carbon and green investments, with a further £250 million committed and awaiting drawdown.

The fund is committed to ensuring that the companies in which it has a shareholding adopt sound principles of corporate responsibility, particularly in relation to environmental and employment standards. The fund will utilise its shareholding wherever possible, through the voting policy and engagement, to exert influence on those companies falling short of acceptable standards.

WYPF is a member of the Local Authority Pension Fund Forum, which exists to promote the investment interests of local authority pension funds. It also issues research and guidance relating to climate change and employment standards and promotes best investment practice for the LGPS nationally.

WYPF is also a member of the Institutional Investors Group on Climate Change, which seeks to promote a better understanding of the implications of climate change amongst its members and other institutional investors, and to encourage companies and markets in which its members invest to address any material risks and opportunities to their businesses associated with climate change and a shift to a lower carbon economy.

The WYPF first became a signatory to the Carbon Disclosure Project in 2007 and, in 2017, the fund became a supporter of the ClimateAction100+ project.

What have the main challenges been for the scheme and what initiatives is it taking moving forward?

One of our big challenges is ensuring that the Northern Pool maintains our very low cost base. To achieve this we must ensure that the arrangement we have maintains the very high standard of governance that has been exercised over the fund for many years, and the commitment to internal management.

Quality of data is another big issue, particularly from clients we have taken on recently. Gaps in data and inaccuracies in relation to fund employers and all categories of scheme members have been identified and having a clear measurable data improvement plan will focus resources to clear up and rectify these. Accurate data reduces the need for the actuary to have to make assumptions about the data when valuing liabilities. These steps will also help us meet the requirements of GDPR and help cope with the threat of cybercrime.

The number of employers within the fund continue to grow and financial challenges continue to affect not just the small employers but the big ones too. Ensuring employer risk and funding are adequately assessed, monitored and embedded within our governance structures and reflected in our scheme funding strategy continue to be a key priority for the fund.

How has the scheme dealt with the pooling process?

WYPF, along with Greater Manchester and Merseyside Pension Funds have created the Northern Pool in order to meet the criteria for pooling investments released by the government on 25 November 2015. The pool currently has assets under management of around

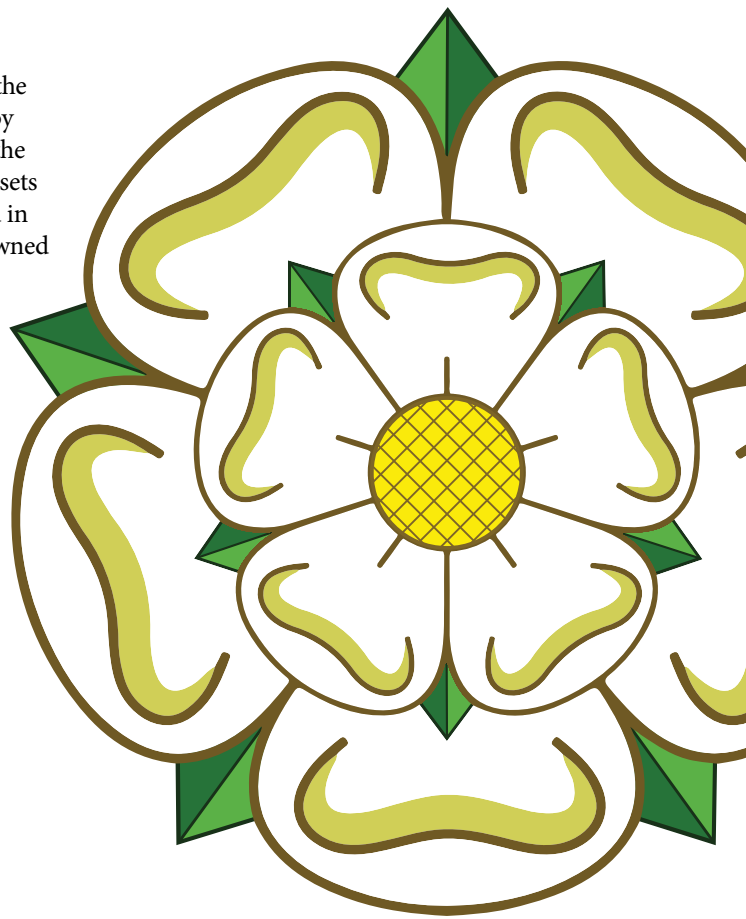
£46 billion, well above the £25 billion criteria set by government. For now, the fund's public-market assets will continue to be held in segregated mandates owned directly by the administering authority, but managed by the pool. All non-listed assets will be managed by the Poolformation. Subject to value for money requirements being fulfilled, new investments in private market assets will be made on a shared ownership basis, via either collective investment vehicles or limited partnerships.

How has the scheme's relationship with the regulator changed?

Following initial engagement, discussions have been held with TPR about working with the Metropolitan Group of LGPS Funds (Mets) as a cohort aligned to this aim. The Mets welcomes this opportunity to proactively engage with TPR at a high-level and has drafted a framework with a view to facilitating this engagement. The basis for engagement between the Mets and TPR is intended to be proactive and high-level aligned to TPR's cohort regulation, to increase awareness of the challenges faced by the funds and to drive best practice in a consistent manner.

The proposed engagement is envisaged to be high level, to explore ideas and, where possible, to receive guidance from TPR so as to develop best practice amongst the Mets Group Funds.

The proactive engagement will be two-way, with Mets Group Funds proposing ideas and an understanding of how LGPS funds operate, with TPR



providing guidance that could help shape the actions taken as a group.

In operating as a collective for the purposes of engagement with TPR, the aims will be to increase consistency, efficiency and share best practice amongst the individual funds.

What are the biggest opportunities for the scheme moving forward?

Through our collaboration and shared service partnerships with Lincolnshire Pension Fund and the London Borough of Hounslow and 14 fire authorities we have demonstrated our ability to find innovative solutions to deliver a high quality service to both employers and members. We welcome opportunities to work collaboratively with other local authority pension funds to deliver a high-quality service and to further reduce costs for our partners.

Written by Jack Gray