

SERVICE PLAN
2016 – 2021



West Midlands Pension Fund

CONTENTS

1	Introduction	2
	<ul style="list-style-type: none">• Introduction to the Funds• Key Statistics• The Services We Offer• Mission Statement• Our Performance Framework	
2	Our Operating Environment	5
3	Corporate Priorities	7
	<ul style="list-style-type: none">• Core Objectives• Key Performance Indicators	
4	Resources	15
	4.1 Finances	
	4.2 People and Skills	
	4.3 Risk Management	
5	Other Information	21
	5.1 Links to Website	
	Links to Web Portal	
	Links to Other Documents	
	Key Contact Details	

1 INTRODUCTION

1.1 | ABOUT US

Introduction to the Funds

West Midlands Pension Fund is one of the UK's largest pension funds, managing and administering the pension interests of over 285,000 members and more than 500 scheme employers, and responsible for managing over £11.0 billion of investments on behalf of its members.

The Fund also manages the West Midlands Integrated Transport Authority (ITA) Pension Fund, which has over 5,000 members and assets of approximately £0.5 billion. Financially, the ITA Fund is kept completely separate from the West Midlands Pension Fund and has its own accounts, membership, literature (where relevant) and identity. This fund is formally administered by Centro, the body currently responsible for transport strategy and policy in the West Midlands.

Both funds are part of the Local Government Pension Scheme (LGPS).

Our core mission is to ensure that our members receive their pensions when they are due. To achieve this, we collect contributions from members and their employers, and invest them to generate long-term growth and returns. Our in-house team of investment professionals manage a diversified portfolio of assets.

There are three main categories of members:

- Active members, who are currently employed by one of the Fund's employers;
- Deferred members, who worked for a scheme employer in the past, and are entitled to receive a pension from the Fund in the future; and
- Pensioners, who are receiving their pensions now.

The ITA Fund is a closed scheme, meaning that no new members are being admitted, but a number of active members continue to build up pension benefits.

The funds are administered by a Pensions Committee, which delegates certain investment matters to an Investment Advisory Sub-Committee (West Midlands Pension Fund) and Investment Strategy Panel (ITA Fund). The Fund also operates a Pensions Board, whose role is to assist in the good governance of the Fund. Day-to-day management of the Fund is delegated to the Strategic Director for Pensions and her team of officers.

The Fund is always hard at work providing a customer-focused, quality service delivered cost-effectively, with the aim of securing the future of its members' pensions.

KEY STATISTICS

	West Midlands Pension Fund	West Midlands ITA Pension Fund
Members (31 December 2015)		
- Active	107,297	480
- Deferred	93,463	829
- Pensioners	84,933	3,832
Total	285,693	5,141
Number of employers	525	2
Total assets (31 March 2015)	£11.5 billion	£474 million
Contributions received 2014/15		
- From employers	£389.6 million	£9.1 million
- From employees	£110.6 million	£1.0 million
Pension benefits paid 2014/15	£498.3 million	£28.4 million

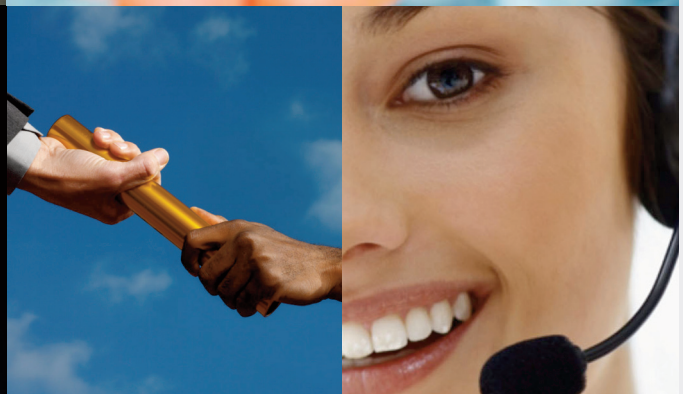
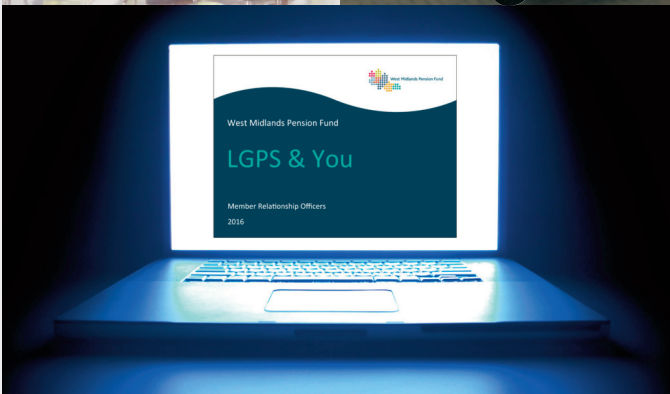
THE SERVICES WE OFFER

The Fund's Member Services team has extensive knowledge of the LGPS and regularly delivers presentations to members along with support and guidance. This is a service for which the Fund receives significant levels of positive feedback. This support extends to presentations, one-to-one sessions and roadshows. The Fund can also tailor our existing support to provide bespoke events and adapt our approach to meet organisational and stakeholder needs. Some of the presentations we deliver include:

- LGPS & You (in partnership with Prudential)
- Introduction to the LGPS
- Taxation of Pension Savings for Higher Earners
- Pre-retirement
- Redeployment/Redundancy
- High Earners

The Fund's Employer Services team has considerable pensions experience and are well-versed in the issues facing employers across the region. The team maintains a telephone helpline specifically to support participating employers and can provide employer coaching sessions on a variety of topics including annual returns and submission of data. An employer peer group was set up in 2014 to engage with employers on topical issues and as a forum to gain their feedback. The team also facilitate the admission of new employers to the scheme and are on hand to provide support and guidance in this area.

In addition to the above services, the Customer Services team maintain a telephone helpline and email enquiry service for members and stakeholders requiring information in relation to the Fund and the LGPS. Their services extend to a drop-in facility at the Fund's offices, whereby members of the public can book an appointment to discuss pensions-related issues with a Fund officer.



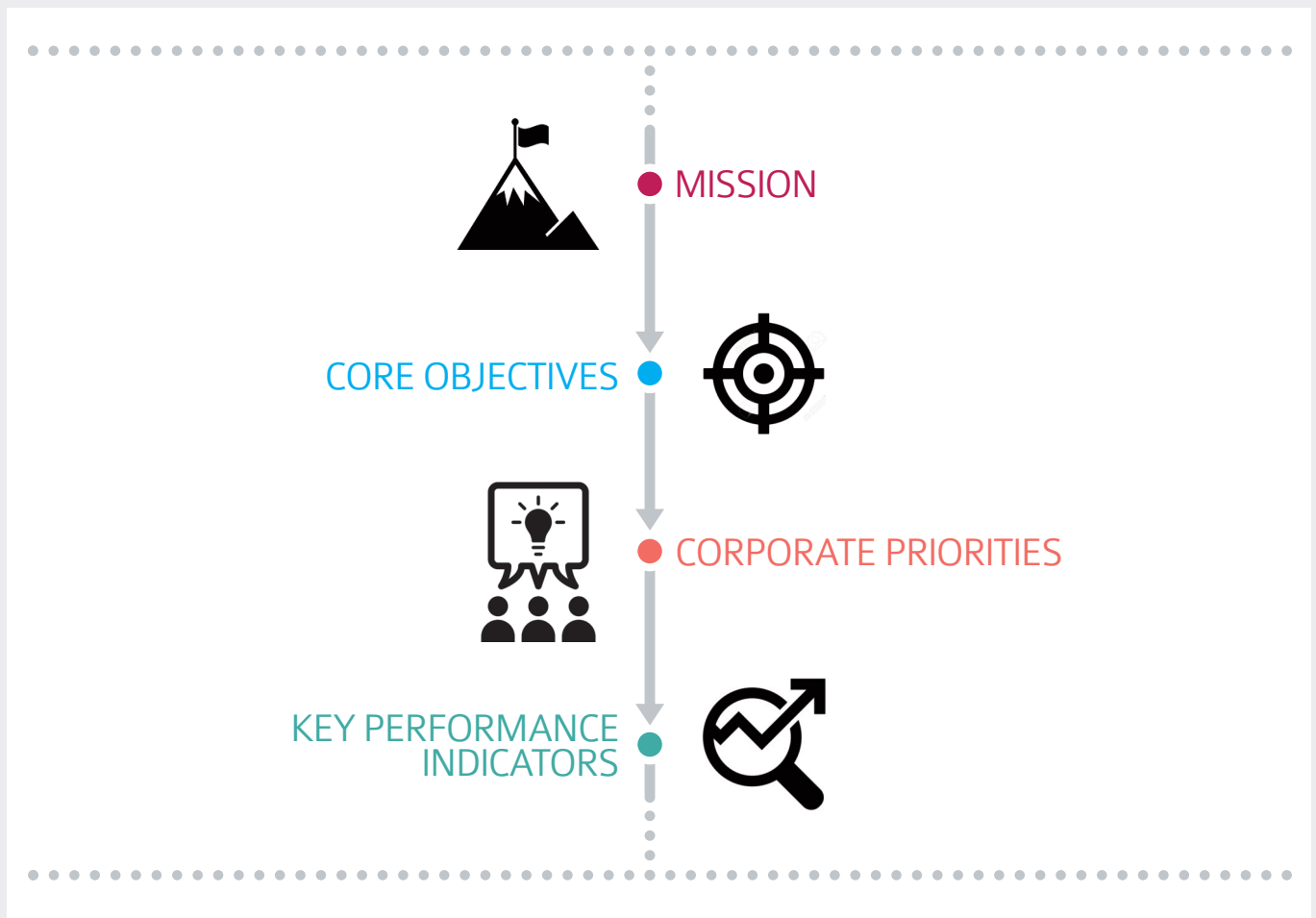
MISSION STATEMENT

OUR MISSION IS TO PAY OUR MEMBERS' PENSIONS AS THEY BECOME DUE, WHILE PROVIDING THE HIGHEST STANDARDS OF SERVICE TO OUR MEMBERS AND EMPLOYERS

OUR FOUR CORE OBJECTIVES

- | | | | |
|---|---|---|--|
| <p>1
To be a leading performer in the LGPS sector</p> | <p>2
To achieve target investment returns</p> | <p>3
To ensure the solvency of the Fund and its ability to pay pensions</p> | <p>4
To provide excellent customer service</p> |
|---|---|---|--|

OUR PERFORMANCE FRAMEWORK



OUR OPERATING ENVIRONMENT

2

The Local Government Pension Scheme operates in a complex and dynamic environment. There have been a number of major changes to the scheme over the last few years, and we expect the pace of change to accelerate over the medium-term.

The next few pages set out some of the key opportunities and challenges that we expect will develop in our operating environment over the period to 2021.

1) LGPS Pooling

The Government has expressed a desire for LGPS funds across the country to work together to pool their investment assets, with a view to achieving economies of scale and increasing investment in infrastructure assets. In December 2015, the Fund announced its intention to participate in an investment pool with several other Midlands-based LGPS funds. The Fund is working with its partners to set up the new investment pool, which is to be called LGPS Central, and is expected to be £35 billion in size.



2) Pensions Reforms and Government Policy

Significant changes to the governance of the Fund and of the LGPS generally took effect from April 2015. A national Scheme Advisory Board is now in place, along with a suite of KPIs and two cost control mechanisms, which will seek to monitor and contain the overall cost of the LGPS at a national level. In addition, the administration and governance of the LGPS now comes under the remit of The Pensions Regulator. Other potential changes to Government policy on pensions are anticipated over the medium-term, including changes to the taxation of pensions, early retirement terms and caps on public sector exit payments, both of which will impact on the Fund and its members.



3) Funding Strategy

The 2016 actuarial valuation will determine employer contributions from April 2017 in the context of new funding regulations, guidance and oversight. Regulations require contributions to be set at a level which will ensure both solvency and long-term cost efficiency – exactly how LGPS funds measure this will be more transparent through reporting on a standardised basis and greater disclosure of deficit recovery plans. The Government Actuary Department (GAD) will review and report on whether funds achieve the new regulatory requirement, naming funds where remedial action is required.

In the context of scheme change (the first valuation incorporating the new CARE scheme and 50:50 section), member movement (leavers, retirements and revised benefits from pensionable equal pay claims), a lower investment return outlook and pressures on employer finances (many of whom are directly and indirectly impacted by austerity measures), the 2016 valuation is expected to present significant challenge for the Fund.

4) The Impact of Changing Cashflow Profile and Declining Market Returns

At present, the Fund receives more in contributions and investment income than it pays out in benefits; however, as it continues to mature, the ratio of pensioners to actively-contributing members will increase, meaning that the cash surplus will decrease and eventually reverse. This will have profound implications for the Fund's investment strategy, which will need to adapt to reflect and accommodate the changing liquidity requirements. In addition to this, the prospects for market returns on investments are generally low, and this will impact on the maturing profile of the Fund's pension liabilities. It will be critical for the Fund to configure its investment assets in such a way as to monitor and respond to the risks associated with the changing cash flow requirements.

5) Electronic Working

The Fund is keen to increase the extent to which it uses information technology to offer an enhanced service to both members and employers, while also delivering operational efficiencies and securing improvements in data quality.

6) Employer Diversity and Risk

Given the financial constraints currently faced by the public sector as a whole, and the local government sector in particular, the risk of employers facing critical financial hardship is inevitably heightened. Monitoring, and providing support to employers, will be key to managing this risk and the impact on the Fund. Furthermore, the Fund is currently experiencing a major increase in the number of employers, primarily due to local schools converting to academy status. At the same time, this has led to a diversification in the types of employers with which we are dealing, and the nature of our interactions with them. This has resulted in additional administration requirements and complexity for the Fund, and managing these without adversely impacting on the efficiency of its activities will be a key challenge over the short- to medium-term.

7) Information and Data Quality

The Fund's operations are heavily reliant on receipt of timely and accurate information and data from employers. Employer diversity, the new Scheme and the wide variety of payroll providers and systems used to transfer information to the Fund, present a significant challenge.

To enable the Fund to demonstrate compliance with new legislative record keeping requirements and to meet the expectations of The Pensions Regulator, the Fund has an increased focus on data quality, improvement and reporting. Data cleansing is underway and, going forward, more frequent data exchange and greater employer and member self-service is planned to enhance quality and the cost efficiency of data handling.

8) Cost Control and Value-for-Money

The cost of the LGPS is coming under ever greater scrutiny from a variety of stakeholders, along with the pressure to reduce overall costs and demonstrate value-for-money. In light of these pressures, it will be even more critical for the Fund to be able to closely monitor its costs and seek out and act upon opportunities to reduce them, including recharging costs for value-added support and additional unanticipated support (for example, to enhance data quality)



CORPORATE PRIORITIES

3

Our corporate priorities for the period 2016-2021 are set out below.

CORE OBJECTIVES	WHAT WILL WE DO?	WHEN WILL WE DO IT?	HOW WILL WE MEASURE OUR SUCCESS?
3, 4	Review and implement the funding strategy, in the context of the requirement to ensure solvency and employer affordability constraints to deliver actuarial valuation 2016	2016 - 2017	<ul style="list-style-type: none"> • Delivery in line with project plan • New contribution certificate implemented by April 2017
2, 4	Implement and monitor the investment strategy	2016 - 2021	<ul style="list-style-type: none"> • Investment returns • Funding level
1, 4	Reduce the cost of managing our investments	2016 - 2017	<ul style="list-style-type: none"> • Cost of investment management as a percentage of assets
1, 4	Demonstrate cost efficiency in our dealings with members and employers, including exploring opportunities to generate revenue to reduce net administration costs	2016 - 2021	<ul style="list-style-type: none"> • Cost-per-member • Contributions received percentage • Days taken to prepare quarterly accounts
4	Develop covenant monitoring framework to support risk monitoring and enable early engagement on affordability issues and employer exit costs	2016 - 2018	<ul style="list-style-type: none"> • Covenant risk reporting • Trigger-based engagement
3	Provide the highest standards of customer care to our employers and members	2016 - 2021	<ul style="list-style-type: none"> • Customer satisfaction survey • Employer and Member Services calls • Availability of online services • IDRP and complaints monitoring
3	Develop customer engagement with both members and employers	2016 - 2019	<ul style="list-style-type: none"> • Customer satisfaction survey
1, 3	Demonstrate achievement of the highest standards in everything that we do through external audit, accreditation and awards	2016 - 2021	<ul style="list-style-type: none"> • Reaccreditation and shortlisting for awards • Clean audit report
1, 3	Ensure that our staff, trustees and board members have access to high quality training to ensure that they have the right skills and knowledge, and are highly motivated	2016 - 2021	<ul style="list-style-type: none"> • Training hours • Qualifications • Staff sickness • Staff turnover • Trustee attendance
1, 4	Review and develop people and processes to ensure operational flexibility and efficient, high quality service delivery	2016 - 2021	<ul style="list-style-type: none"> • Skills matrix • Fund-wide briefings • Delivery to process review plan

CORE OBJECTIVES	WHAT WILL WE DO?	WHEN WILL WE DO IT?	HOW WILL WE MEASURE OUR SUCCESS?
1, 3	Continue to develop the Fund's electronic business model to continually improve data quality and ensure continued cost efficiencies	2016 - 2019	<ul style="list-style-type: none"> • Web portal registration numbers • Delivery of more frequent bulk data exchange (eg, monthly return)
3, 4	Monitor and improve membership data cleanliness, working with employers to improve the timeliness and quality of data received and reduce the number of outstanding data items	2016 - 2018	<ul style="list-style-type: none"> • Monitoring against statutory record-keeping requirements • Progress against data improvement plans • Monitoring and reporting on employer performance • Employer coaching and feedback
3	Complete, as far as possible, the process of reconciling Fund GMP data with HMRC records	2016 - 2018	<ul style="list-style-type: none"> • Delivery of phased review in line with project plan before December 2018

KEY PERFORMANCE INDICATORS

CORE OBJECTIVE 1

TO BE A LEADING PERFORMER IN THE LGPS SECTOR

Clean Audit Report

Frequency of measurement: **Annually**

Receive an unqualified audit opinion from the main Fund's external auditors

Target for 2016/17

Clean report

Forecast 2015/16

Clean report

Annual audit returns no significant findings

Target for 2016/17

0 significant findings

Forecast 2015/16

0 significant findings

Receive an unqualified audit opinion from the ITA Fund's external auditors

Target for 2016/17

Clean report

Forecast 2015/16

Clean report

Annual audit returns no significant findings

Target for 2016/17

0 significant findings

Forecast 2015/16

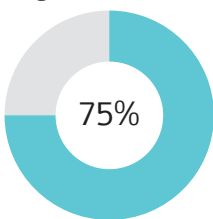
0 significant findings

External Accreditation

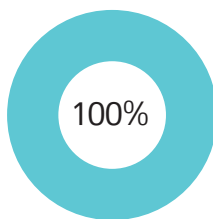
Frequency of measurement: **Monthly**

Percentage of awards entered for which the Fund is shortlisted

Target for 2016/17

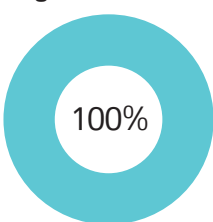


Forecast 2015/16

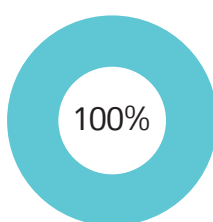


Retain Customer Service Excellence (CSE), Investors in People (IiP) and CIPFA Governance accreditations

Target for 2016/17



Forecast 2015/16



Sickness Absence

Frequency of measurement: **Monthly**

Average number of days lost to sickness per FTE member of staff.

Target for 2016/17



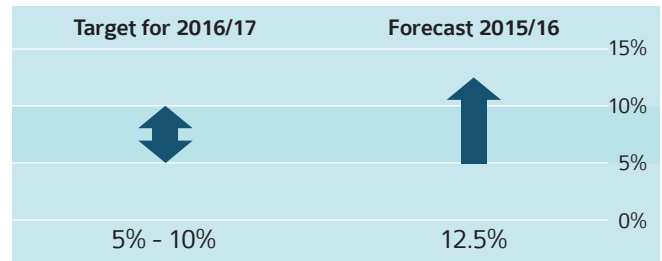
Forecast 2015/16



Staff Turnover

Frequency of measurement: **Monthly**

Staff turnover to be between 5-10% in a financial year (calculated as number of leavers/number of posts at start of year)



Training Hours

Frequency of measurement: **Quarterly**

Average CPD per Fund employee.

Target for 2016/17



Forecast 2015/16

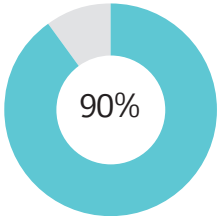


Trustee Training and Pensions Board

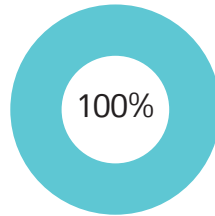
Frequency of measurement: **Monthly**

Satisfaction rate from feedback of trustee training/pensions board events to be 90%.

Target for 2016/17

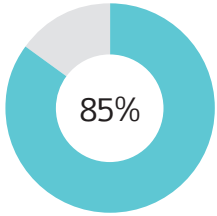


Forecast 2015/16

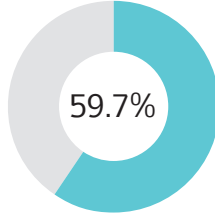


Attendance rate of trustees/board members at training events

Target for 2016/17



Forecast 2015/16



Amount of training provided to trustees/board members during the year

Target for 2016/17



Forecast 2015/16

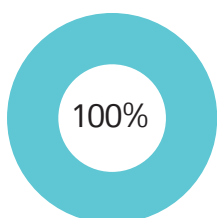


Complaints Monitoring

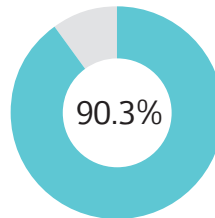
Frequency of measurement: **Monthly**

All complaints to be completed within 20 working days of receipt

Target for 2016/17



Forecast 2015/16

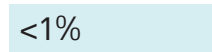


Data Quality

Frequency of measurement: **Quarterly**

Invalid or temporary national insurance number

Target for 2016/17



Forecast 2015/16



Member has no address

Target for 2016/17



Forecast 2015/16



Member is active but has not made contributions for 12 months

Target for 2016/17



Forecast 2015/16

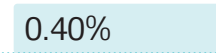


Non-active member with missing date of leaving

Target for 2016/17

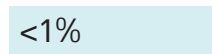


Forecast 2015/16



Active member has no earnings in last 12 months

Target for 2016/17

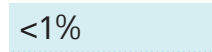


Forecast 2015/16



No entries in basic/pensionable/other salary

Target for 2016/17



Forecast 2015/16



Member has no contribution history

Target for 2016/17



Forecast 2015/16



Quarterly Accounts

Frequency of measurement: **Quarterly**

Days taken to prepare quarterly accounts

Target for 2016/17



Forecast 2015/16



Qualifications

Frequency of measurement: **Quarterly**

At least 75% of staff to hold a relevant qualification

Target for 2016/17

Forecast 2015/16



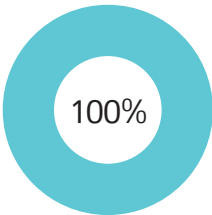
IDRP Monitoring

Frequency of measurement: **Quarterly**

New target for 2016/17

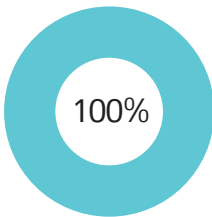
Stage 1: IDRP completed within timescales where notified

Target for 2016/17



Stage 2: IDRP decision is communicated to requestor within two months

Target for 2016/17



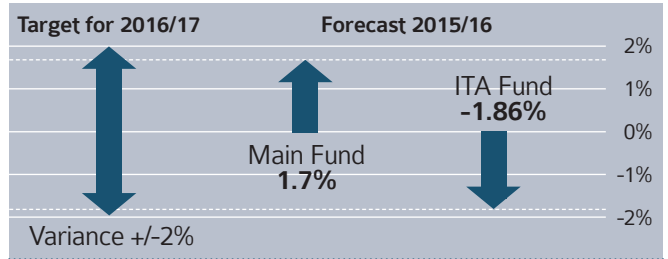
CORE OBJECTIVE 2

TO ACHIEVE TARGET INVESTMENT RETURNS

Investment Returns/ Overall Fund Performance

Frequency of measurement: **Monthly**

Returns to be within a target range of the benchmark (three-year rolling)



CORE OBJECTIVE 3

TO ENSURE THE SOLVENCY OF THE FUND AND ITS ABILITY TO PAY PENSIONS

Improve Funding Level

Frequency of measurement: **Annually**

Funding level to increase from current levels of 70%

Target for 2016/17

Forecast 2015/16



Cost Per Member

Frequency of measurement: **Quarterly**

Cost of administration, oversight and governance per member

Target for 2016/17

Forecast 2015/16

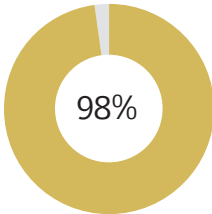


Contributions Received

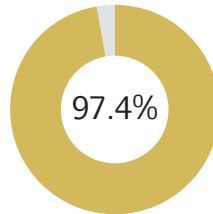
Frequency of measurement: **Monthly**

Main Fund: Contributions received by the due date (by value).

Target for 2016/17

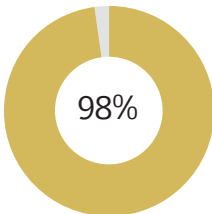


Forecast 2015/16

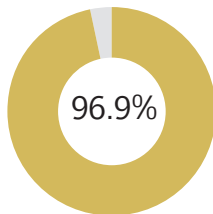


ITA Fund: Contributions received by the due date (by value).

Target for 2016/17



Forecast 2015/16



New target for 2016/17

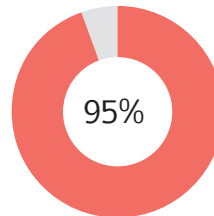
At the end of each month, the number of employers who have at least one outstanding debt more than 90 days old:
Target 0%

Availability of Online Services

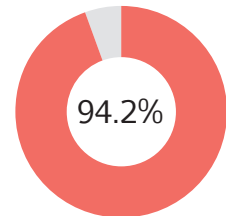
Frequency of measurement: **Monthly**

Time that website and web portal are available.

Target for 2016/17



Forecast 2015/16



Number of occurrences web portal is unavailable (per month)

Target for 2016/17



Forecast 2015/16



Number of members predicted to be registered on web portal by 31 March 2017

Target for 2016/17



Forecast 2015/16



CORE OBJECTIVE 4

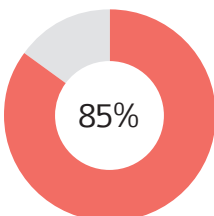
TO PROVIDE EXCELLENT CUSTOMER SERVICE

Employer and Member Service Calls

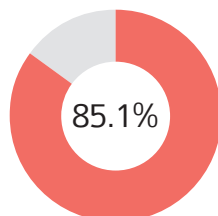
Frequency of measurement: **Monthly**

Calls to the customer helpline answered.

Target for 2016/17

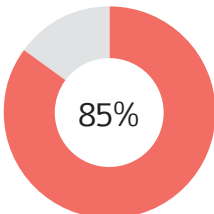


Forecast 2015/16

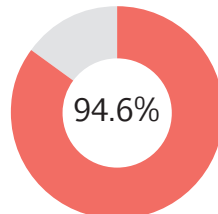


Calls to the employer helpline answered.

Target for 2016/17



Forecast 2015/16

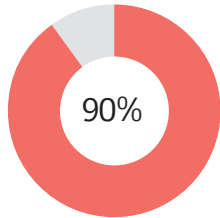


Transfers In

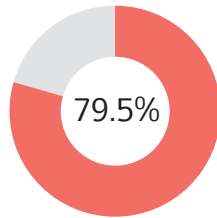
Frequency of measurement: **Monthly**

Transfer in quotations processed within ten days of receiving all the required information

Target for 2016/17

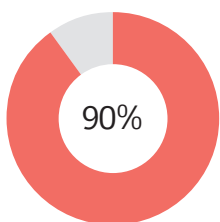


Forecast 2015/16

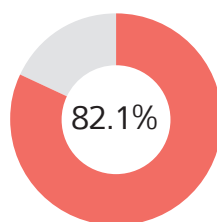


Transfer notification of transferred in membership to be notified to the scheme member within ten days of receiving payment

Target for 2016/17



Forecast 2015/16

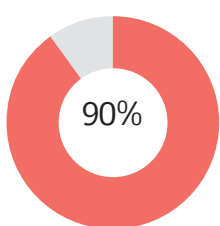


Transfers Out

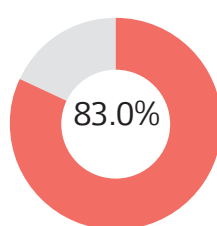
Frequency of measurement: **Monthly**

Transfer out quotations processed within 20 days

Target for 2016/17

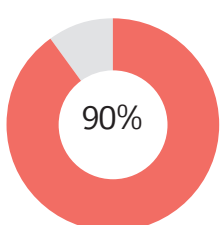


Forecast 2015/16

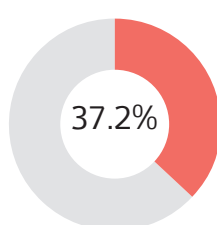


Transfer out payments processed within ten days

Target for 2016/17



Forecast 2015/16**



* Performance against this KPI has improved during 2015/16; in December 2015 it stood at 83.7%

** This statistic includes time when the case is with external parties and the measurement will be amended to exclude this for 2016/17

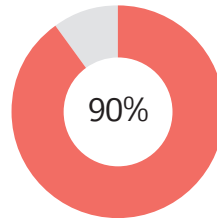
*** This statistic is based on a start date far in advance of the annual retirement date and the measurement will be amended for 2016/17

Retirements

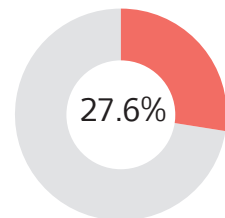
Frequency of measurement: **Monthly**

Retirement options to members within 15 days

Target for 2016/17

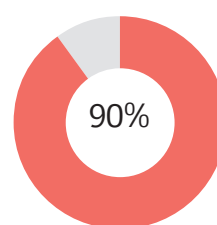


Forecast 2015/16*

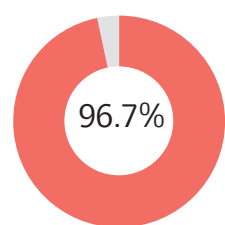


Notification of the actual retirement benefits issued to the scheme member within five days following receipt of the required information.

Target for 2016/17

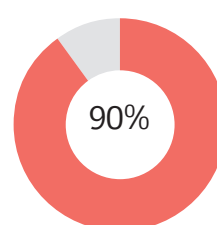


Forecast 2015/16

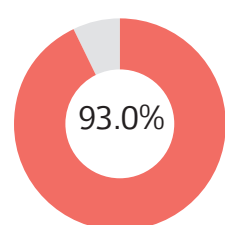


New retirement benefits processed for payment following receipt of election within five days

Target for 2016/17



Forecast 2015/16

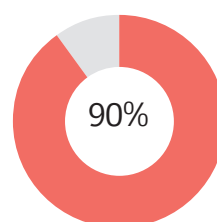


Deferred Retirements

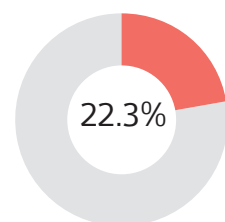
Frequency of measurement: **Monthly**

Retirement options to members within 15 days

Target for 2016/17

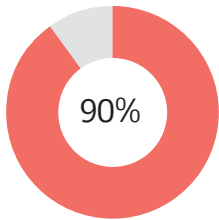


Forecast 2015/16***

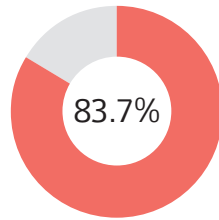


Notification of the actual retirement benefits issued to the scheme member within five days following receipt of the required information.

Target for 2016/17

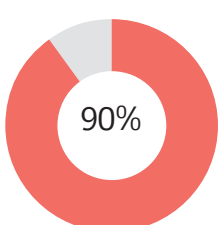


Forecast 2015/16

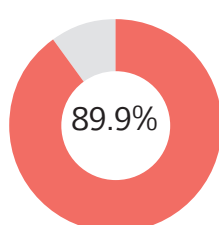


New retirement benefits processed for payment following receipt of election within five days

Target for 2016/17



Forecast 2015/16

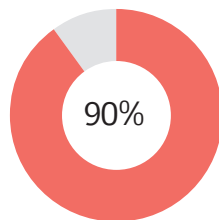


Deaths

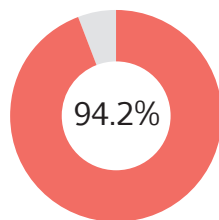
Frequency of measurement: **Monthly**

Acknowledgement of a death within five days of receiving the notification.

Target for 2016/17

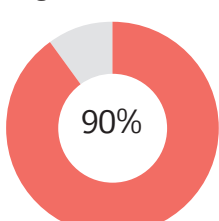


Forecast 2015/16

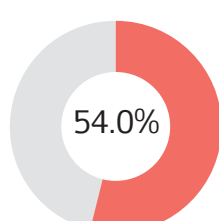


Notification of benefits payable to dependents issued within five days of receiving the required information

Target for 2016/17

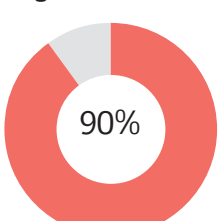


Forecast 2015/16*

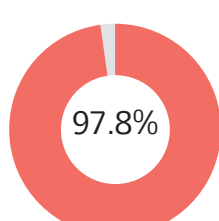


Payment of death lump-sum made within ten days of receipt of all the required information.

Target for 2016/17



Forecast 2015/16

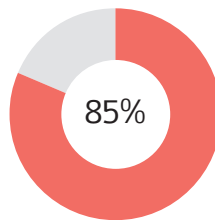


Customer Satisfaction Survey

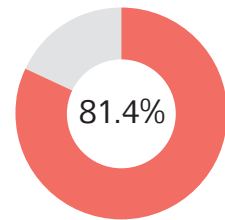
Frequency of measurement: **Quarterly**

Overall **member** satisfaction score.

Target for 2016/17

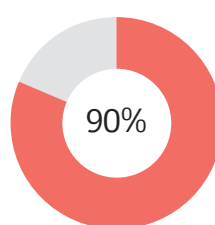


Forecast 2015/16



Overall **employer** satisfaction score

Target for 2016/17



Forecast 2015/16

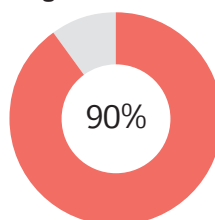


Benefit Statements

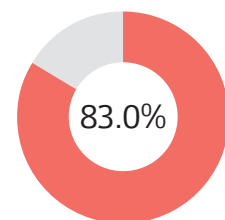
Frequency of measurement: **Annually**

Percentage of annual benefit statements issued to eligible active members by 31 August 2016

Target for 2016/17

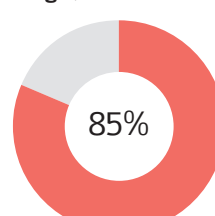


Forecast 2015/16

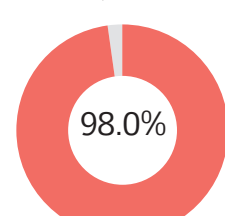


Percentage of deferred benefit statements issued to eligible deferred members by 31 August 2016

Target for 2016/17



Forecast 2015/16



* Performance against this KPI has improved during 2015/16; in December 2015 it stood at 73.9%

MEDIUM-TERM FORECASTS: MAIN FUND

The following table provides forecasts for the whole Fund over the medium-term, including projections for pension payments, contributions and investments in addition to the operating budgets.

	2015/16 £m	2016/17 £m	2017/18 £m	2018/19 £m	2019/20 £m	2020/21 £m
Contributions and benefits						
Contributions receivable	(490.5)	(512.0)	(517.0)	(525.8)	(534.9)	(540.6)
Other income	(15.9)	(15.9)	(16.2)	(16.5)	(16.8)	(17.1)
Total contributions and other income	(506.4)	(527.9)	(533.2)	(542.3)	(551.7)	(557.7)
Benefits payable	511.3	526.2	551.9	578.4	605.8	634.0
Other payments	0.4	0.4	0.4	0.4	0.4	0.4
Total benefits and other expenditure	511.7	526.6	552.3	578.8	606.2	634.4
Net reductions from dealings with members	5.3	(1.3)	19.1	36.5	54.5	76.7
Returns on investments						
Investment income	(159.9)	(158.7)	(166.9)	(175.3)	(183.9)	(192.7)
Changes in value of investments	159.9	(521.3)	(548.4)	(576.0)	(604.3)	(633.1)
Net return on investments	-	(680.0)	(715.3)	(751.3)	(788.2)	(825.8)
Management expenses	84.9	81.3	85.1	89.2	93.6	97.6
Net increase in the Fund during the year	90.2	(600.0)	(611.1)	(625.6)	(640.1)	(651.5)
Net assets of the Fund at the beginning of the year	11,464.0	11,373.8	11,973.8	12,584.9	13,210.5	13,850.6
Net assets of the Fund at the end of the year	11,373.8	11,973.8	12,584.9	13,210.5	13,850.6	14,502.1

MEDIUM-TERM FORECASTS: ITA FUND

The following table provides forecasts for the ITA Fund over the medium-term, including projections for pension payments, contributions and investments in addition to the operating budgets.

	2015/16 £m	2016/17 £m	2017/18 £m	2018/19 £m	2019/20 £m	2020/21 £m
Contributions and benefits						
Contributions	(10.2)	(10.3)	(10.4)	(10.6)	(10.8)	(10.9)
Other employer contributions	(2.7)	(2.8)	(2.8)	(2.9)	(2.9)	(2.9)
Total contributions and other income	(12.9)	(13.1)	(13.2)	(13.5)	(13.7)	(13.8)
Benefits payable	28.7	29.0	29.9	30.8	31.7	32.7
Other payments	0.9	-	-	-	-	-
Total benefits and other expenditure	29.6	29.0	29.9	30.8	31.7	32.7
Net reductions from dealings with members	16.7	15.9	16.7	17.3	18.0	18.9
Returns on investments						
Investment income	(17.1)	(16.5)	(16.9)	(17.2)	(17.6)	(18.0)
(Gains)/losses in value of investments	17.1	(11.0)	(11.2)	(11.5)	(11.7)	(12.0)
Return on investments	-	(27.5)	(28.1)	(28.7)	(29.3)	(30.0)
Management expenses	0.8	0.8	0.8	0.8	0.8	0.8
Net increase in the Fund during the year	17.5	(10.8)	(10.6)	(10.6)	(10.5)	(10.3)
Opening Fund balance	474.9	457.4	468.2	478.8	489.4	499.9
Closing Fund balance	457.4	468.2	478.8	489.4	499.9	510.2

4.2 | PEOPLE AND SKILLS

Having the right people, with the right skills, is fundamental to our work. This applies equally to our employees and our trustees, and we have put in place a rigorous system to develop and maintain their skills and knowledge. This includes regular, structured training and briefing sessions, providing support for formal professional qualifications, and encouraging people to undertake self-directed learning and development wherever possible. In addition, we actively support our employees in complying with their relevant professional institute’s continuous professional development requirements.

The skills and knowledge framework in place at the Fund is based upon the CIPFA Knowledge and Skills Framework, which identifies six core technical requirements, as set out below. We will report on the amount of training undertaken throughout the year through our key performance indicators.

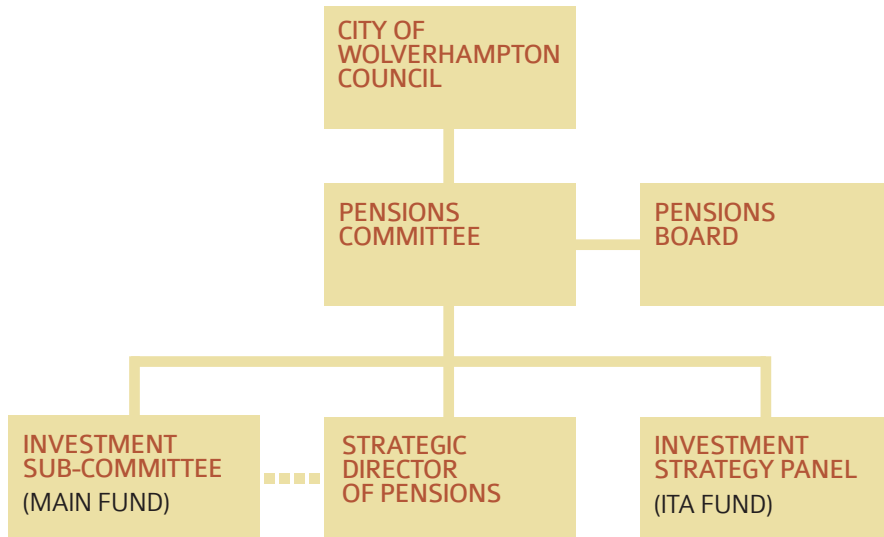
- Pensions legislation and governance context
- Pension accounting and auditing standards
- Financial services procurement and relationship management
- Investment performance risk management
- Financial markets and products knowledge
- Actuarial methods, standards and practices

We have an approved establishment of 127.5 full-time equivalent (FTE) employees, located across four departments, as follows:

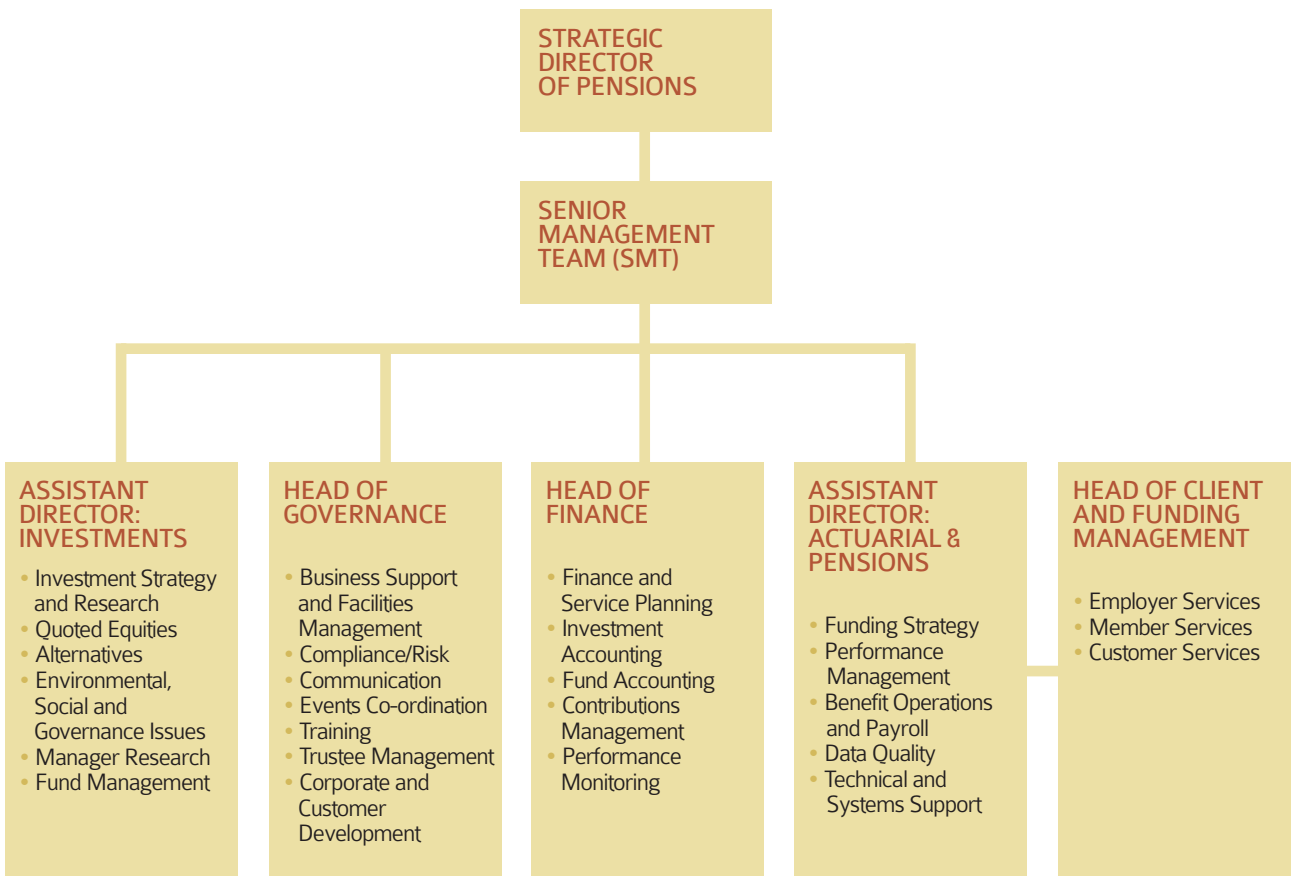
	FTE
Strategic Director	1.0
Administration	86.0
Governance	11.0
Finance	12.5
Investments	17.0
	127.5



OPERATIONAL ORGANISATION



The pensions service is structured as follows:



4.3 | RISK MANAGEMENT



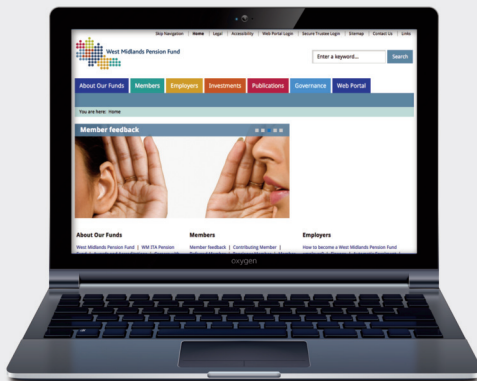
Risk management is a critical part of the Fund's work. We have a comprehensive risk register, which is reviewed on an annual basis, with detailed monitoring being carried out quarterly. It is also made available to both our internal and external auditors.

There are clear structures and accountabilities at the Fund, which feed into and support those of our administering authority. A full programme of internal audit work is agreed ahead of each financial year, and carried out throughout the year. We also have an internal compliance team, who put in place and monitor extensive internal compliance procedures.

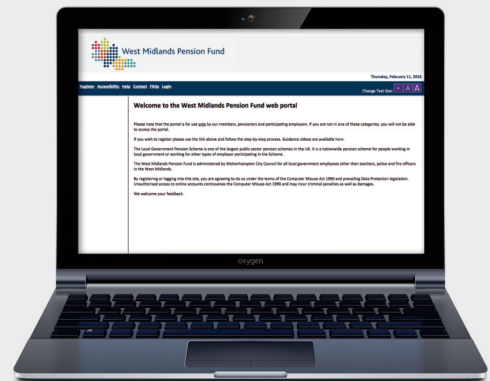
Investment risk is a particular area of focus for us, and this is managed in a number of ways, including ensuring appropriate diversification, monitoring of asset performance and risk, due diligence and monitoring of investment managers, and segregation of duties. To assist with this, the Fund operates an Investment Strategy Panel, whose role is to provide independent scrutiny and advice by qualified professionals.

OTHER INFORMATION

5



wmpfonline.com



wmpfonline.com/webportal

LINKS TO KEY DOCUMENTS

- [Annual Report](#)
- [Funding Strategy Statement](#)
- [Statement of Investment Principles](#)
- [2013 Valuation Report](#)
- [Communications Policy Statement](#)
- [Customer Engagement Strategy](#)
- [Governance Compliance Statement](#)
- [Pensions Administration Strategy](#)
- [Responsible Investment Framework](#)
- [Risk Register](#)

KEY CONTACT DETAILS

West Midlands Pension Fund

PO Box 3948
Wolverhampton
WV1 1XP

t: 0300 111 1665

e: pensionfundenquiries@wolverhampton.gov.uk

w: wmpfonline.com

@wmpfonline