



Pensions Committee

21 March 2018

Report title	Governance and Policy Update 2018	
Originating service	Governance and Corporate Services	
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Recommendations for action or decision:

The Committee is recommended to:

1. Approve the proposed changes to the Pension Committee Terms of Reference in the City of Wolverhampton Constitution.
2. Approve the Governance Compliance Statement for 2018 for the Main Fund and the Integrated Transport Authority Fund.

Recommendations for noting:

The Committee is asked to note:

1. The work on the Fund's statutory policies to date.

1.0 Purpose

- 1.1 To seek Committee's approval to the proposed changes to its Terms of Reference and the Governance Compliance statement to reflect the additional governance structures introduced to facilitate Investment Pooling.

2.0 Background

- 2.1 As the Fund begins the transition to Investment Pooling on 1 April 2018, it has been necessary to review and amend the Committee's terms of reference to ensure appropriate delegations are in place, as well as ensuring the nomination of representatives to the Pool's Shareholder Forum, Joint Committee and Practitioners Advisory Forum.

3.0 City of Wolverhampton Constitution

- 3.1 A copy of the relevant section of the Constitution updated to reflect required changes to the Committee delegations and terms of reference are attached at Appendix One. In addition for completeness a procedure for urgent decisions has been included. This has been reviewed by the Council's constitution review group.

4.0 Governance Statement

- 4.1 The Fund has reviewed its Governance compliance statement to ensure the collaboration with LGPS Central is included in the Fund's investment management. A copy of the amended statement is attached at Appendix Two.

5.0 Customer Engagement Strategy

- 5.1 Employees have been working to deliver the Customer Engagement Strategy and this year we have seen an increase in the number of member and employer events alongside the launch of the new member pensions portal. Work in this area continues to develop member and employer portal services and looks more broadly at our Digital Transformation. The fund is currently reviewing its Customer Engagement Strategy in line with the Digital Transformation Program which will significantly change the way we interact with our Customers. An overview of our Customer Engagement Plan for 2018 is attached at Appendix Three.
- 5.2 As noted in the Customer Engagement report, the Fund is implementing employer dashboards and changes to employer processes which will be launched in April 2018 as part of a wider Customer Engagement Strategy together with its program of Deferred Member Tracing. A renewed Strategy will be presented to the Committee at its June meeting.

- 5.3 The Fund is keen to engage with its Customer on all levels and actively promotes its Customer Feedback Policy on its website and through the engagement activities we undertake. That policy seeks to ensure the Fund is always assessed by its Customers on the services it provides with analysis undertaken to determine continued improvement and to ensure the Fund adapts to the needs of its Customers. Further analysis of the feedback received is outlined in the Customer Engagement Update report.
- 5.4 The Fund actively promotes its internal teams as customers of each other and as well as improving the service for our customers, the Fund has undertaken a program of self-investment, implementing annual training programs for employees to develop skills highlighted in their annual appraisal and offering secondment opportunities for those wanting to develop their skills in new areas. This year the Fund also ran a successful summer placement program for university students. 9 students from across the West Midlands joined the Fund throughout August and September and played a key role in assisting with workloads across all areas of the Fund.
- 5.5 The Fund continues to look to the future of its workforce and has pledged to the City of Wolverhampton Council's Wolves in Work initiative to provide a number of graduate and apprenticeship posts. Recruitment for these is underway currently alongside a number of other roles to support and develop day-to-day Fund operations.

6.0 Pension Administration Strategy (PAS)

- 6.1 Under the LGPS Regulations, the Fund may produce and publish a PAS and ensure it is regularly reviewed and revised as appropriate. The PAS sets out a framework for assessing Fund and employer performance standards and ensure a cost-effective inclusive and high-quality pensions administration service.
- 6.2 The Fund published the latest version of the PAS in March 2017, and incorporated an updated charging structure to recover additional administration costs incurred when employers produce either late or poor quality information and data submissions through the Annual Returns process.
- 6.3 With the move to monthly submissions from April 2017 (with all employers due to complete transition during 2017/18) and following an increase in monitoring of notifications of scheme member changes, the Fund is in the process of reviewing the PAS and charging structure to ensure it is adapted to charging working practices and that recharges target areas of poor performance and additional costs identified through employer monitoring and performance dashboards.
- 6.4 The PAS will be presented to Committee in June for approval following consultation with employers.

7.0 Funding Strategy Statement and Employer Risk Management

- 7.1 The Fund ensures its ability to meet its liabilities in paying pension benefits through managing the contributions received from Employers in line with the income it receives through Investment Assets.
- 7.2 The Funding Strategy Statement and the Employer Risk Management Policy are key documents in that process ensuring the Fund sets employer contribution rates at an affordable but realistic rate as well as ensuring the effective monitoring of employers to ensure they are able to meet their pension liabilities. Where necessary, the Fund seeks assurance in its management of employers through guarantor arrangements and any high-risk employers are monitored through the Covenant Monitoring Framework.
- 7.3 These 2 documents are reviewed annually to ensure they are responsive to any changes, but form part of the process for the Actuarial Valuation with a full review undertaken in line with the Valuation when the Fund sets employer contribution rates.
- 7.4 There have been no changes to these policies during 2018. A full review will be undertaken as part of the 2019 Valuation.

8.0 Financial implications

- 8.1 There are no financial implications contained within this report

9.0 Legal implications

- 9.1 The Fund is required to have in place a statutory Governance Statement.
- 9.2 The requirement for Local Government Bodies to have a constitution is set out in the Local Government Act 1972, which includes appropriate delegations.

10.0 Equalities implications

- 10.1 The Governance Compliance statement has been drafted in accordance with the Equalities Act.

11.0 Environmental implications

- 11.1 There are no implications

12.0 Human resources implications

- 12.1 There are no implications

13.0 Corporate landlord implications

- 13.1 There are no implications

14.0 Appendices

- 14.1 Appendix 1- Pension Committee Terms of Reference
- 14.2 Appendix 2 - Governance Statement 2018
- 14.3 Appendix 3 - Customer Engagement Plan 2018