

West Midlands Pension Fund

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# INTRODUCTION

West Midlands Pension Fund (WMPF) is one of the UK’s largest pension funds, managing and administering the pension interests of over 300,000 members and more than 600 scheme employers. The Fund has an investment portfolio valued at over £15billion which is managed in line with the investment strategy and responsible investment framework set by the Fund.

The assets are held separate to those of the administering authority and are invested to deliver returns to help meet the cost of paying members’ pension benefits.

The Fund also manages the West Midlands Integrated Transport Authority (ITA) Pension Fund, which has over 5000 members and assets of just over £0.5 billion. Financially the ITA pension fund is kept completely separate from the West Midlands Pension Fund and has its own accounts, membership, literature (where relevant) and identity.

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

This Service Plan outlines our objectives for servicing both funds, their members and employers and, when referring to ‘the Fund’, we ensure our goals and objectives deliver for all.

Our core mission is to ensure that our members receive their future pension benefits.

To achieve this, we collect contributions from members and their employers and invest them to generate long-term growth and returns. Individual employer contribution requirements are reviewed every three years as part of the actuarial valuation. Contributions together with returns on invested assets enable the Fund to continue to deliver benefits to all members and beneficiaries. Following the Government’s directive in 2015 for administering authorities in England and Wales to pool the investment of LGPS funds, the West Midlands funds have partnered with seven other LGPS funds

across the central region to create LGPS Central, a legal entity which will be responsible for the management and investment of the funds’ assets in line with individual fund investment strategies, with total Partner Fund assets currently valued at around £40billion. For more information about LGPS Central, please visit their website [www.lgpscentral.co.uk](http://www.lgpscentral.co.uk)

## ABOUT THE FUND

There are three categories of members within the West Midlands Pension Fund:

- 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.
- Pensioners, who are receiving their pensions.

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 their pension benefits.

The Funds are administered by a Pensions Committee which sits as the decision-making body, setting strategy and policy as to how the Fund is managed. The Pensions Committee delegates the day-to-day running of the Pension Fund to the Director of Pensions who in turn delegates to her Senior Management Team and officers with regular reporting back to Pensions Committee.

Following the implementation of the Public Service Pensions Act 2015, the Fund also has a statutory Local Pensions Board, whose role is to assist in the good governance of the scheme ensuring the Fund adheres to the statutory and regulatory guidance issued by the Scheme Advisory Board and The Pensions Regulator.

The Fund aims to provide a customer-focused, quality service, delivered cost effectively, providing pension benefits to members as they fall due.

KEY STATISTICS	West Midlands Pension Fund	West Midlands ITA Pension Fund
<strong>Members (31 December 2017)</strong>		
- Active	117,511	357
- Deferred	100,752	755
- Pensioners	90,905	3,929
<strong>Total</strong>	<strong>309,168</strong>	<strong>5,021</strong>
Number of employers (31 December 2017)	631	2
Total assets (31 December 2017)	£15.5 billion	£511 million
Contributions received 2016/17		
- From employers	£623.8 million	£6.0 million
- From employees	£311.9 million	£0.575 million
Pension benefits paid 2016/17	£296.1 million	£19.1 million



# MISSION STATEMENT

Our mission is to contribute together for our members’ future.

We do this through the continued engagement we have with our employers, through shaping the national landscape of LGPS through our work with national bodies and through the engagement and feedback we receive from our members on the services we deliver.

We recognise that our members are saving for their retirement income and we aim to ensure the information we provide is clear and concise to help them make decisions about their future.



## FIVE CORE OBJECTIVES

The last 12 months have seen a significant period of change for the Fund with the build of LGPS Central investment pool, a change in leadership and officer structure as well as continuing to drive change in our

service development, efficiency and cost transparency. With this in mind, the Fund has reflected on its objectives from 2017 and has refreshed its outlook to ensure the Fund continues to deliver

services to our customers in consideration of their goals and expectations of the Fund as their pension provider. Our objectives outline how we propose to deliver our mission.

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### PARTNERING FOR SUCCESS

- We will work with our employers and members to shape our processes working and deliver service improvement.
- We will partner with other LGPS funds to share resources and learning.
- We will partner with others to deliver information to members to enable them to plan for their retirement.

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### RESPONSIBLE ASSET OWNER, EMPLOYER AND LOCAL COMMUNITY PARTNER

- We will ensure our investment assets meet our Responsible Investment Framework in their corporate and social governance.
- We will ensure that the investment we put into our internal resource will be targeted and specific to ensuring the delivery of services to our customers.
- We will ensure that the services we provide to our members and employers is of worth and value to meeting their needs at the time they need them.
- We will continue to build on our employee well-being and work in the community/local charities through our Employee Staff Forum.

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### INVESTING TO INCREASE CAPACITY

- We will respond to our growing membership and employer base actively investing in our services to meet their needs.
- We will continue to invest in our workforce to train and develop our staff so they are able to respond to the needs of our members and employers.
- We will invest our assets responsibly with the aim of increasing returns to pay pension benefits.
- We will continue to invest in our Trustee and Pensions Board training programme ensuring they are well equipped to respond to changes in industry and are able to make informed decisions.

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### DRIVE EFFICIENCIES AND COST SAVINGS

- We will continue to evolve our services and processes to increase accessibility and engagement through the development of more self-service platforms and targeted outreach.
- We will continue to ensure our services deliver value for money through ongoing review, increased transparency and cost management.
- We will continue to target investment returns to reduce the funding deficit while delivering an effective financial management and employer covenant monitoring programme to protect all our employers.

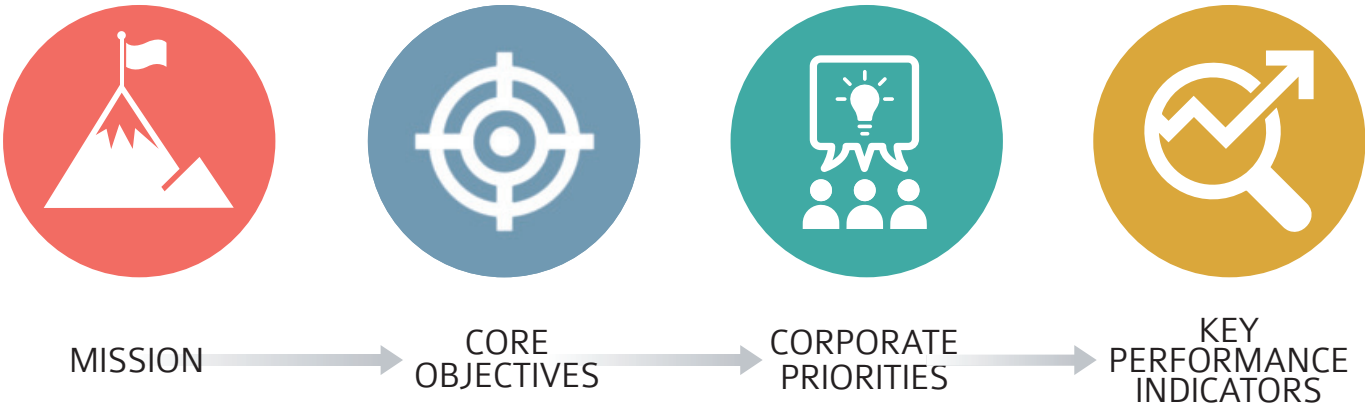
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### ENGAGE TO IMPROVE OUTCOMES FOR CUSTOMERS

- We will share ideas and support national consultation and review of scheme-wide issues through membership and engagement with our industry partners.
- We will ensure effective communication to our members and employers on the issues most important to them.
- We will work with our advisors and colleagues to develop and deliver LGPS-wide initiatives.



# OUR PERFORMANCE FRAMEWORK



## OUR COMMITMENT TO OUR CUSTOMERS

West Midlands Pension Fund recognises that engagement is about understanding our customers and the challenges they face, to ensure that the services we provide delivers on our customers’ expectations and provides the information and services when they are needed.

By taking the time to engage with our customers, through a range of member, employer and Pensions Committee and Local Pensions Board events and communications, we have the opportunity to shape our services, drive continuous improvement and identify innovative solutions.

The Fund’s Member Service Team has extensive knowledge of the LGPS and regularly engages with members through the delivery of presentations, face-to-face sessions, the production of information

leaflets and by engaging at a national level on key member documentation such as annual benefit statements.



As well as this direct engagement, the Fund’s Customer Services Team act as the first point of contact for members at the Fund either via the Customer Service Helpline or through direct contact at the Fund’s offices.

The Fund’s Employer Services Team has considerable pensions experience and

are well versed in the issues facing employers across the region. The Team regularly hold engagement sessions through the Employer Peer Group and offer employer coaching to assist employers to get to know the Fund and the roles and responsibilities which come with being a scheme employer.

The Fund’s Local Pension Board is also well represented by employers with six representatives from across our employer base sitting on the Board assisting in the Fund’s good governance. The Local Pensions Board and Pensions Committee are supported in their work by the Fund’s Governance team, who act as the Fund’s in-house democratic support organising meetings and structured training helping the Board and Trustees meet their statutory duty for knowledge and development.

## DRIVERS FOR CHANGE

Throughout 2017 the Fund saw a significant period of change in its management and administration. The development of LGPS investment pooling and the launch of LGPS Central in April 2018 brings a new approach to the management of our investment assets with a view to enhancing risk-adjusted returns after cost. Changes in the Fund employer base and the growing diversity amongst our employers has brought development in our employer engagement, with greater dialogue with key employer groups through the 2016 actuarial valuation and beyond.

Our members have also changed the way they interact with us and are seeking a more online presence and providing more options for self-service which we have started to deliver through the launch of our new pensions portal.

Following the retirement of Geik Drever in September 2017, the Fund has seen a change in leadership, with Rachel Brothwood appointed as Director of Pensions and a new Senior Management Team leading the Fund’s strategy and policy direction. The Fund headed into 2018 with a continued focus on improving

scheme data, employer and Fund administration performance, enhancing member communication and ensuring sound financial management through investment strategy and funding monitoring.



And with these changes bring challenge and opportunity.

## 1 DELIVERING A SMOOTH TRANSITION TO LGPS CENTRAL

In April 2018 the Fund will start to transition its assets to the new LGPS Central investment pool having worked with seven other LGPS funds across the central region to set-up the entity capable of meeting Government's objectives of achieving economies of scale, increasing opportunities to invest and reducing investment management costs.

The Fund is now focussed on transitioning its assets to the new company and supporting product development.

Already the Fund is working with senior officers from across the LGPS funds via the Practitioners Advisory Forum for Central and across pools nationally. It has robust governance structures in place to monitor the transition and develop working relationships.



## 2 CONTINUING TO DEVELOP OUR RESPONSIBLE INVESTMENT FRAMEWORK

The Fund's Pensions Committee, as part of its investment strategy, has adopted a Responsible Investment Framework which delivers a proactive and engaged approach to the way the Fund invests in companies, undertaking strict due diligence of their ethical, social and governance arrangements. This is embedded into the Fund's selection process and monitored actively by the Fund as part of its voting and engagement policy, which seeks to partner with other like-minded investors to drive effective engagement campaigns.

This is an area of increasing interest within the industry and will continue to influence investment decisions at the Fund and pool in 2018 and beyond.



## 3 CHANGES TO DATA PROTECTION AND THE INTRODUCTION OF GENERAL DATA PROTECTION REGULATION (GDPR)

May 2018 will see the biggest change to the rules governing data protection since the Data Protection Act 1998, giving a lot more control to individuals about how their data is used and who it is shared with.

The Fund has been working with a number of LGPS funds and the LGA to produce template documents for publication on its website in order to be compliant with the new rules by May.

The Fund has also been working with its third-party service providers to ensure their understanding of their duties under GDPR and we will continue to work with them to support compliance going forward.

The protection and accuracy of members' data continues to be a key priority for the Fund.



## 4 THE AGE OF THE DIGITAL CUSTOMER

In the modern world, our customers are increasing demand for greater access to their pension information and guidance. The advancement of mobile technologies such as smartphones and tablets, along with the increasing levels of social media usage, have vastly changed the ways in which customers expect to be able to access information and receive communications. One of the biggest aspects of this is the ability to access secure self-service platforms and interact with organisations on a real-time basis.

In 2017, the Fund saw the launch of its new Member Pensions Portal, its online self-service platform enabling members to manage their pension account online. The Fund has seen increasing demand from its members to interact and engage on a more digital platform and 2018 will see the launch of its digital transformation programme which will seek to deliver on the expectation of our 'digital customers'.

In addition, the Fund continues to work with employers developing our services and online forms through the employer portal providing them an opportunity to self-serve also.

**5 CONTINUED FOCUS ON MAINTAINING SCHEME RECORDS AND DATA QUALITY**

In 2017, the Fund launched its monthly returns programme with employers which requires employers to submit their employee data on a monthly basis to the Fund with the aim of ensuring accuracy and timeliness of the data held by the Fund about our members enabling quicker member service.



The Pensions Regulator (TPR) has started to become more heavily involved in the work of LGPS funds in the area of data quality and funds are expected to come under more scrutiny for the quality of their data. The Fund has met this challenge head on, recognising the inefficiencies poor data can create, through the creation of a dedicated Data Management team and inviting employers to engage on new process for resolving data queries. The Fund actively develops its own processes for data improvement ensuring the alignment of employer and fund records allowing the Fund to produce accurate and timely benefit statements to enable our members to make informed decisions about their future income.

**6 MONITORING EMPLOYER CHANGES**

The Fund continues to see an increase in its employer membership which has seen rapid growth in recent years and has grown by almost 10% (50 employers, including 36 academies) since April 2017. With this growth comes a wider diversification of employer group with the largest of those being academies and their contracting bodies. This requires the Fund to change its approach to employer engagement ensuring a tailored approach, differentiated to reflect the knowledge and experience (and scale) of working with the Fund, LGPS and pension schemes in general.

With this diversification comes additional challenges in the outsourcing of contracts and, in some instances, the merger of employers within sectors bringing with it the need to TUPE, restructure and in some instances, reduce staff through business efficiencies. The Fund will position itself to ensure it is able to address queries and respond to these changes supporting employer and members through the process.

**7 FUNDING AND COST EFFICIENCIES**

2018 will mark the start of the Fund's 2019 Actuarial Valuation when we review the funding position of the Fund ensuring assets are able to meet liabilities over the long term and pension benefits are paid when they fall due.



The introduction of investment pooling, will enable the Fund, working with LGPS Central, to make further steps to increase investment management cost efficiency as greater capacity to invest and manage investment costs is created. The Fund was a key contributor to the drafting of the Transparency Code which requires Fund managers to report the true cost of investment management fees. This is something we will seek to continue to develop with LGPS Central in their management of the Fund's investments.

**8 CHANGE AND COMPLEXITY IN SCHEME RULES**

The world of the Local Government Pension Scheme is ever-changing with continuing scope for change and layers of complexity in the scheme rules. This, combined with increasing oversight from The Pensions Regulator, means the Fund needs to be flexible to adapt to change in its processes and administration while meeting the need for clear and concise member communications, ensuring we deliver on our objectives meeting the standards set both internally by the Fund and externally by our governing bodies.



# CORPORATE PRIORITIES 2018-2023

CORE OBJECTIVES	HOW WE WILL DELIVER OUR OBJECTIVES	OUR TIMETABLE FOR DELIVERING THEM	MEASURING OUR SUCCESS
<b>INVESTING TO INCREASE CAPACITY</b>	We will invest in our services to ensure they deliver for our members and employers both in terms of available resource (Fund officers) and through reviewing how we provide our services to ensure they meet the changing demands of our customers through our digital transformation programme.	2018 - 2020	Through customer feedback and internal monitoring of our key performance indicators assessing the success of our delivery.  Workflow monitoring and agility of our resources.  Delivery of our digital transformation programme.
	We will invest in our employers providing training and resource to educate and support them in their understanding of the Fund and the LGPS.	Every year	Through customer feedback on the monitoring of employer performance in line with the Pension Administration Strategy.  Through the development of our employer dashboards.
	We will invest in our workforce to ensure they are trained and developed in their specialised area able to respond to and support our customers and employers with their queries.	Every year	The Fund sets itself an internal KPI for 75% of staff holding a relevant qualification as well as monitoring the training and development of its staff.  The Fund has a workforce development strategy and training programme to ensure it supports colleagues in their training and development.
	We will invest in our Trustees and Pensions Board Members to ensure they are able to meet their statutory duty on knowledge and understanding, to equip them with the ability to fulfil their fiduciary responsibility and to challenge decisions where necessary to protect our members' benefits.	Every year	We will report on our Trustee Training and record individual training hours working with our Trustees and Pensions Board Members to develop an effective training programme, building on their knowledge and experience throughout the year.
	We will invest in our resources and technology to deliver our investment strategy seeking superior risk-adjusted returns, securing the future benefits for our members.	Every year	Through the monitoring of our investment strategy and external investment partners including LGPS Central, third party investment managers and advisers.
<b>PARTNERING FOR SUCCESS</b>	We will work with our employers and members to help shape and develop our processes to ensure they deliver to their expectations.	2018 - 2023	We will work with our Employer Peer Group to engage on new initiatives engaging at our annual events to ensure their feedback is considered in the development of services.



CORE OBJECTIVES	HOW WE WILL DELIVER OUR OBJECTIVES	OUR TIMETABLE FOR DELIVERING THEM	MEASURING OUR SUCCESS
	We will work with our employers and members to develop their understanding of the LGPS.	Every year	Through customer feedback on the monitoring of employer performance in line with the Pension Administration Strategy.  Through the development of our employer dashboards.
	We will partner with other LGPS Funds and national organisations to help shape and develop national policy and legislation.	Every year	Being sought out to participate in policy developments and participating in working groups.
	We will work with our Partner Funds in LGPS Central to ensure the delivery of our investment strategy and to ensure that LGPS Central is high performing and efficient.	Every year	Through the monitoring of our Fund performance and investment returns.  Through oversight and monitoring of the Pool operator.  Through effective client services agreements.
	We will work with our members to help them plan for future retirement income.	Every year	Through customer feedback monitoring.
<b>DRIVE EFFICIENCIES AND COST SAVINGS</b>	We will ensure our services are delivered efficiently for our members and employers.	Every year	Through monitoring our service delivery against cost per member.  Through effective contract management and proactive review.
	We will continue drive cost efficiencies whilst delivering a high level of service.	Every year	Through monitoring our service delivery against cost per member.  Through review of our delivery channels and feedback.  Through the review of our service development, targeted toward activities with measurable efficiency gain.
	We will continue to review and manage investment costs seeking return and low cost implementation through the development of LGPS Central.	Every year	Through the monitoring of investment costs and benchmarking.  Through the programme of product and service development with LGPS Central and Partner Funds.
	We will work with our employers to agree sustainable contribution rates as part of our valuation	2018 - 2020	Setting of contribution rates

CORE OBJECTIVES	HOW WE WILL DELIVER OUR OBJECTIVES	OUR TIMETABLE FOR DELIVERING THEM	MEASURING OUR SUCCESS
	We will continue to target our investment returns to assist in the management of Fund deficits.	Every year	Monitoring of funding levels.
<b>ENGAGE NATIONALLY TO IMPROVE OUTCOMES FOR OUR CUSTOMERS</b>	We will work with national groups (TPR, LGA, SAB, PLSA) to respond to consultation to on national policy/legislation.	Every year	Being sought out to participate in policy developments and participating in working groups.
	We will work with both public sector and private sector pension funds to develop our understanding and deliver new initiatives for our members and employers.	Every year	Through product development plans.  Through the delivery of our Digital Transformation Programme.  Through the completed roll out of our monthly returns process.
	We will work with our trade unions to shape and deliver our services ensuring they deliver for our members.	Every year	
<b>TO BE A RESPONSIBLE ASSET OWNER, EMPLOYER AND LOCAL COMMUNITY PARTNER</b>	We will maintain a responsible investment framework and be robust in challenging the companies and managers that we invest in to adhere to best principles of responsible investment believing that this will deliver long-term superior investment returns for our stakeholders.	Every year	Monitoring our investments and levels of engagement and reporting to Pensions Committee.
	We will continue to partner with others to protect and enhance the value of our investments.	Every year	Monitoring the development of partnerships and the level of success in delivering objectives.
	We will continue to take a proactive approach to voting globally.	Every year	Reporting on voting activity quarterly to the Pensions Committee.
	We acknowledge and value the contribution that staff make to the effective and efficient running of the organisation	Every year	Through staff awards
	We will be an organisation that respects the local community and proactively engages and contributes to it.	Every year	Providing some resource and charitable donations arranged through staff events.

# PEOPLE AND SKILLS

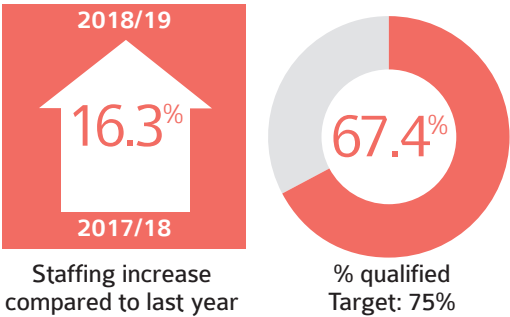
Having the right people with the right skills is fundamental to the work of the Fund. This applies equally to our employees and our trustees and we have put in place a rigorous system to develop and maintain skills and knowledge.

The Fund’s Workforce Development team is responsible for the workforce development strategy which seeks to develop colleagues in their area of work while securing succession planning for the future developing new leaders and senior officers. The Fund believes in investing in people to increase skills and facilitate career development has developed an apprenticeship and graduate trainee programme which seeks to grow and develop junior colleagues.

The Fund has a growing employee base currently at 145 full-time equivalent (FTE) employees.

## KEY PERFORMANCE INDICATORS

### PEOPLE

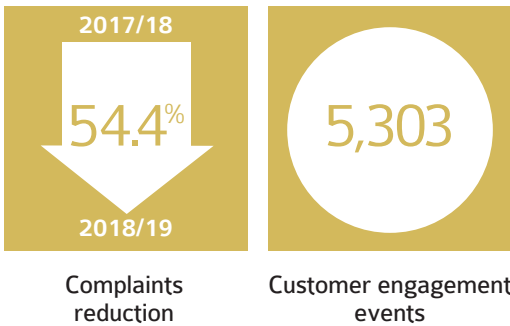


### PROCESS



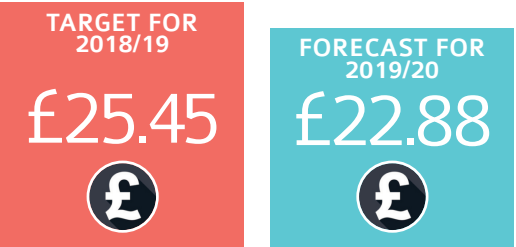
NOTE: this area of work has improved dramatically over the course of the year; the figures are cumulative

### CUSTOMER

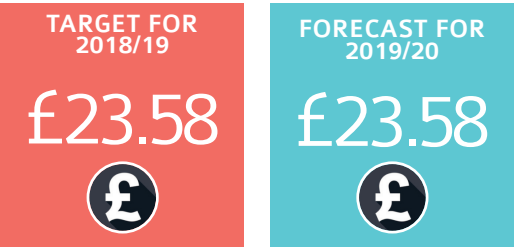


### FINANCIAL

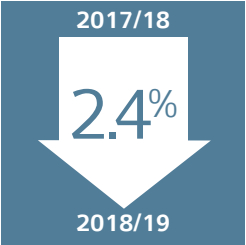
#### COST PER MEMBER – MAIN FUND



#### COST PER MEMBER – ITA FUND



### BUDGET



## RESOURCES

The Fund aims to deliver efficiencies in our operation for our members and employers ensuring we deliver value-for-money services that respond to the changing and dynamic needs of our customers.

All costs are comprehensively reviewed on a quarterly basis by the Senior Management Team and Pensions Committee ensuring a close monitoring of our budget throughout the year.

The Fund's operating budget for 2018/19 is £78.5 million. Of this, £77.8 million is met by the Main Fund and £750,000 by the ITA Fund. Fees paid to external investment managers and LGPS Central are estimated at £69.6 million.

### OPERATING BUDGET 2017/18 TO 2022/23

	2017/18 Budget £'000	2018/19 Budget £'000	2019/20 Forecast £'000	2020/21 Forecast £'000	2021/22 Forecast £'000	2022/23 Forecast £'000
Employees	6,270	5,527	5,237	5,379	5,488	5,596
Premises	300	221	201	205	209	213
Transport	83	65	67	68	69	71
Other supplies and services	640	1,012	719	732	745	758
Professional fees	1,045	1,171	1,097	1,119	1,142	1,164
Communications and computing	639	534	545	556	567	578
Support services	558	544	554	566	577	588
Income	-5	-180	-184	-187	-191	-195
<b>Sub total</b>	<b>9,530</b>	<b>8,894</b>	<b>8,236</b>	<b>8,437</b>	<b>8,605</b>	<b>8,773</b>
External investment management costs	70,565	65,201	69,109	73,252	77,643	82,297
LGPS Central charges	0	4,425	4,691	4,972	5,270	5,586
<b>Total</b>	<b>80,095</b>	<b>78,520</b>	<b>82,036</b>	<b>86,660</b>	<b>91,518</b>	<b>96,657</b>
Funded by:						
West Midlands Pension Fund	79,345	77,770	81,286	85,910	90,768	95,907
West Midlands ITA Pension Fund	750	750	750	750	750	750
<b>Net budget</b>	<b>80,095</b>	<b>78,520</b>	<b>82,036</b>	<b>86,660</b>	<b>91,518</b>	<b>96,657</b>

One of the key measures for the Fund when considering the cost of administration (including oversight and governance) is the annual cost per scheme member. For 2018/19, this is estimated to stand at £25.76, reducing to £22.45 over the medium term.

### COST OF ADMINISTRATION, OVERSIGHT AND GOVERNANCE PER SCHEME MEMBER - WMPF

	2017/18 Budget	2018/19 Budget	2019/20 Forecast	2020/21 Forecast	2021/22 Forecast	2022/23 Forecast
Total administration, oversight and governance costs (£000)	8,150	7,974	7,366	7,530	7,684	7,838
<b>Cost of administration, oversight and governance per member (£)</b>	<b>26.76</b>	<b>25.45</b>	<b>22.88</b>	<b>22.78</b>	<b>22.66</b>	<b>22.55</b>
Total investment management costs (£000)	80,087	72,275	76,570	81,110	85,909	90,986
<b>As percentage of total net assets</b>	<b>0.54%</b>	<b>0.47%</b>	<b>0.48%</b>	<b>0.49%</b>	<b>0.50%</b>	<b>0.50%</b>

### COST OF ADMINISTRATION, OVERSIGHT AND GOVERNANCE PER SCHEME MEMBER - ITA

	2017/18 Budget	2018/19 Budget	2019/20 Forecast	2020/21 Forecast	2021/22 Forecast	2022/23 Forecast
Total administration, oversight and governance costs (£000)	120	120	120	120	120	120
<b>Cost of administration, oversight and governance per member (£)</b>	<b>23.34</b>	<b>23.58</b>	<b>23.58</b>	<b>23.58</b>	<b>23.58</b>	<b>23.58</b>
Total investment management costs (£000)	630	630	630	630	630	630
<b>As percentage of total net assets</b>	<b>0.13%</b>	<b>0.13%</b>	<b>0.12%</b>	<b>0.12%</b>	<b>0.12%</b>	<b>0.12%</b>



**MEDIUM TERM FORECASTS: MAIN FUND**

The following tables provides forecast for the two Funds over the medium-term, including projections for pension payments, contributions and investments in additional to the operating budgets.

**MEDIUM-TERM FORECASTS: MAIN FUND**

	22017/18 Forecast £m	2018/19 Forecast £m	2019/20 Forecast £m	2020/21 Forecast £m	2021/22 Forecast £m	2022/23 Forecast £m
Contributions receivable**	-1,089.2	-334.5	-349.9	-659.7	-674.2	-694.4
Other income	-15.7	-16.0	-16.3	-16.6	-16.9	17.1
Benefits payable	555.2	582.3	610.3	639.2	669.0	697.8
Other payments	0.3	0.3	0.3	0.3	0.3	0.3
<b>Net cost of pensions</b>	<b>-549.4</b>	<b>232.1</b>	<b>244.4</b>	<b>-36.8</b>	<b>-21.8</b>	<b>20.8</b>
Investment income	-198.0	-211.0	-219.1	-229.5	-242.3	-256.8
(Gains)/losses in value of investments*	-650.6	-693.2	-719.9	-754.1	-796.3	-844.1
<b>Return on investments</b>	<b>-848.6</b>	<b>-904.2</b>	<b>-939.0</b>	<b>-983.6</b>	<b>-1,038.6</b>	<b>-1,100.9</b>
<b>Management expenses</b>	<b>79.3</b>	<b>83.7</b>	<b>88.4</b>	<b>93.3</b>	<b>98.5</b>	<b>104.4</b>
<b>Net (increase)/decrease in the Fund</b>	<b>-1,318.7</b>	<b>-588.4</b>	<b>-606.2</b>	<b>-927.1</b>	<b>-961.9</b>	<b>-975.7</b>
Opening Fund balance	13,908.5	15,227.2	15,815.6	16,421.8	17,348.9	18,310.8
<b>Closing Fund balance</b>	<b>15,227.2</b>	<b>15,815.6</b>	<b>16,421.8</b>	<b>17,348.9</b>	<b>18,310.8</b>	<b>19,387.4</b>

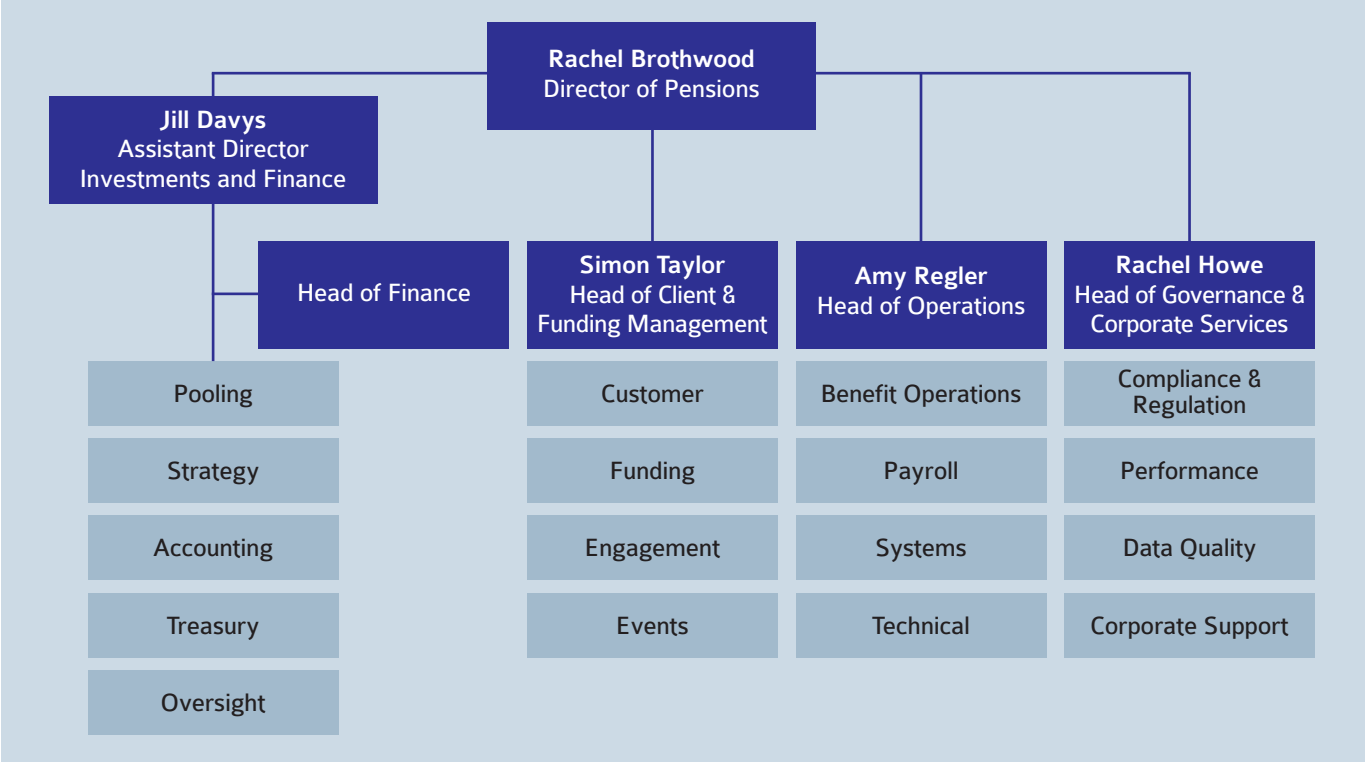
**MEDIUM-TERM FORECASTS: ITA FUND**

	22017/18 Forecast £m	2018/19 Forecast £m	2019/20 Forecast £m	2020/21 Forecast £m	2021/22 Forecast £m	2022/23 Forecast £m
Contributions receivable**	-11.8	-11.8	-11.9	-11.9	-11.9	-11.9
Other income	-2.8	-2.9	-2.9	-3.0	-3.1	-3.2
Benefits payable	29.7	30.6	31.5	32.5	33.5	34.6
<b>Net cost of pensions</b>	<b>-15.1</b>	<b>15.9</b>	<b>16.7</b>	<b>17.6</b>	<b>18.5</b>	<b>19.5</b>
Investment income	-18.8	-19.3	-19.8	-20.3	-20.8	-21.3
(Gains)/losses in value of investments*	-10.7	-11.0	-11.3	-11.6	-11.9	-12.2
<b>Return on investments</b>	<b>-29.5</b>	<b>-30.3</b>	<b>-31.1</b>	<b>-31.9</b>	<b>-32.7</b>	<b>-33.5</b>
<b>Management expenses</b>	<b>0.8</b>	<b>0.8</b>	<b>0.8</b>	<b>0.8</b>	<b>0.8</b>	<b>0.8</b>
<b>Net (increase)/decrease in the Fund</b>	<b>-13.6</b>	<b>-13.6</b>	<b>-13.6</b>	<b>-13.5</b>	<b>-13.4</b>	<b>-13.2</b>
Opening Fund balance	490.5	504.1	517.7	531.3	544.8	558.2
<b>Closing Fund balance</b>	<b>504.1</b>	<b>517.7</b>	<b>531.3</b>	<b>544.8</b>	<b>558.2</b>	<b>571.0</b>

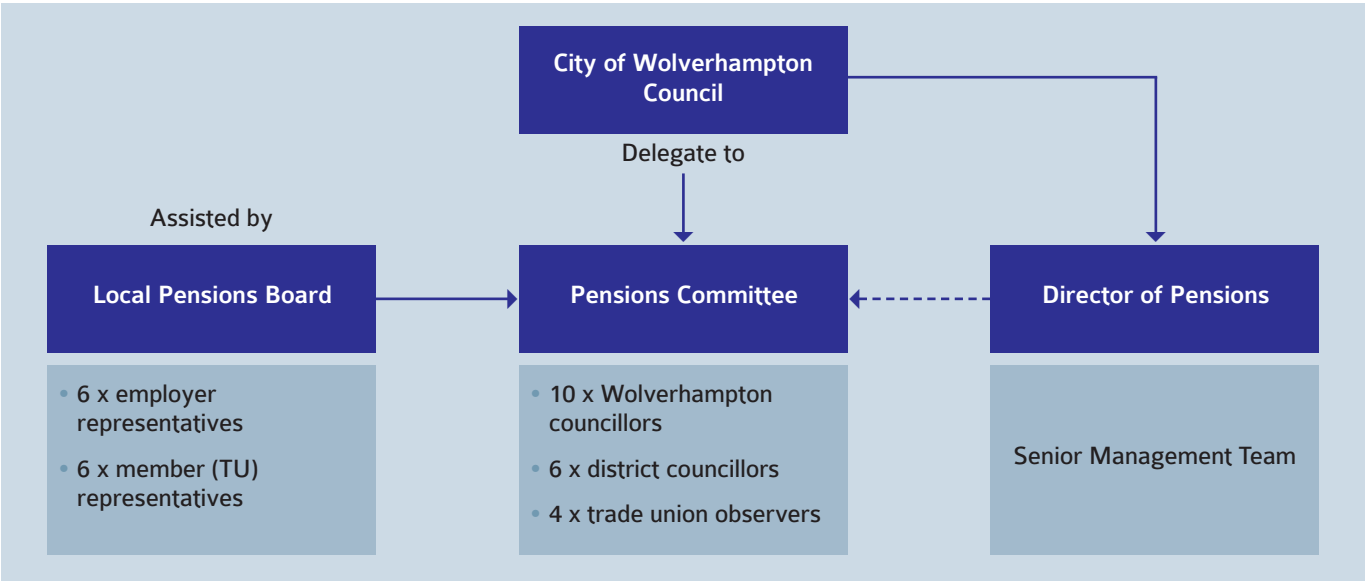
\*\*The contributions receivable for 2017/18 to 2019/20 reflect agreements with some individual employers to pay elements of their contributions in advance.

# STRUCTURE AND OPERATIONAL GOVERNANCE

## FUND STRUCTURE



## GOVERNANCE STRUCTURE



## RISK MANAGEMENT

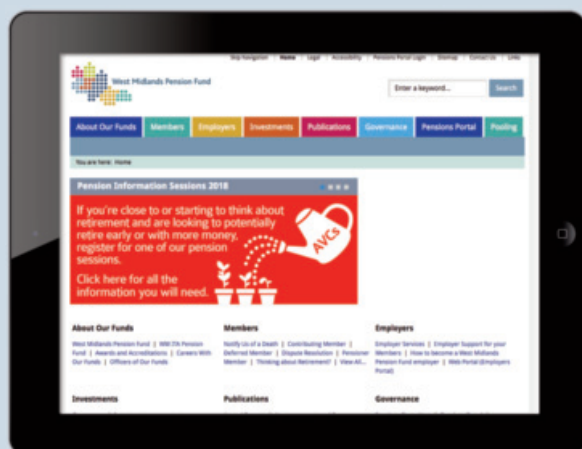
Risk management is a crucial part of the Fund's work and it has in place an active internal controls framework and compliance monitoring programme which are monitored monthly by the Senior Management Team, quarterly by Pensions Committee and on an ongoing basis as a live document by each service area manager.

Risk management is informed and developed through a combination of bottom-up service area reviews and top-down management review. The monitoring and controls framework is developed and embedded into the Fund's operational business plans for each service area.

There are clear structures and accountabilities at the Fund which feed into and support those of our administering authority (City of Wolverhampton Council). A full programme of internal audit work is agreed ahead of each financial year and carried out throughout the year.



## OTHER INFORMATION



> [wmpfonline.com](http://wmpfonline.com)



> [wmpfonline.com/pensionsportal](http://wmpfonline.com/pensionsportal)

### LINKS TO KEY DOCUMENTS

- > Annual Reports
- > Funding Strategy Statement
- > 2016 Valuation Report
- > Investment Strategy Statement
- > Responsible Investment Framework
- > Compliance with the UK Stewardship Code for Institutional Investors
- > Governance Compliance Statement
- > Pensions Administration Strategy
- > Employers - Risk Management Framework
- > Communications Policy Statement
- > Customer Engagement Strategy

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