

Pensions Board

21 January 2020

Time	2.00 pm	Public Meeting?	YES	Type of meeting	Pensions
Venue	Committee Room 3 - 3rd Floor - Civic Centre, St Peter's Square, Wolverhampton, WV1 1SH				

Membership

Employer Representatives

Jacqueline Carman
Paul Johnson
Ian Martin
Joe McCormick

Member Representatives

Sharon Campion (Unison)
Steve Carter (GMB)
Michael Foxall (Unite)
George Hickman (Unite)
Cllr Hazel Malcolm
Cllr Jasbir Jaspal
Adrian Turner (Unison)

Quorum for this meeting is four (minimum of two member and two employer representatives and include either the Chair or the Vice Chair)

Information for the Public

If you have any queries about this meeting, please contact the Democratic Services team:

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Wolverhampton WV1 1RL

Copies of other agendas and reports are available from:

Website <https://wolverhamptonintranet.moderngov.co.uk>
Email democratic.services@wolverhampton.gov.uk
Tel 01902 550320

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Some items are discussed in private because of their confidential or commercial nature. These reports are not available to the public.

Agenda

Part 1 – items open to the press and public

<i>Item No.</i>	<i>Title</i>
1	Apologies for absence
2	Declarations of Interest
3	Minutes of the Previous Meeting (Pages 3 - 6)
4	Matters Arising
5	Customer Engagement Update (Pages 7 - 22) [To note the engagement activity and informed service development.]
6	Pensions Administration Report from 1 July to 30 September 2019 (Pages 23 - 36) [To note the administration activity for both the West Midlands Pension Fund and the West Midlands Integrated Transport Authority Fund.]
7	Data Management (Pages 37 - 42) [To note the work of the Fund's Data Management Strategy.]
8	Business Performance Update (Pages 43 - 50) [To note the key performance indicators and the Fund's initial considerations in the development of its Service Plan 2020-2025.]
9	Legal and Compliance Update (Pages 51 - 64) [To note the Legal and Compliance update.]
10	Investment Governance (Pages 65 - 72) [To note the update on investment governance matters including responsible investment and investment pooling.]
11	Nominations 2020 (Pages 73 - 78) [To convene an appointments panel to receive nominations and confirm seats for nomination.]

Attendance

Members of the Pensions Board

Employer representatives

Jacqueline Carman
Cllr Jasbir Jaspal
Paul Johnson
Ian Martin
Joe McCormick (Chair)

Member representatives

Michael Foxall
Adrian Turner (Vice-Chair)

Employees

Rachel Brothwood	Director of Pensions - West Midlands Pension Fund
Jill Davys	Assistant Director - Investments and Finance - West Midlands Pension Fund
Dereck Francis	Democratic Services Officer - City of Wolverhampton Council
Rachel Howe	Head of Governance and Corporate Services - West Midlands Pension Fund
Lauren Pote	Governance Support Officer - West Midlands Pension Fund
Amy Regler	Head of Operations - West Midlands Pension Fund
Simon Taylor	Head of Pensions - West Midlands Pension Fund

Part 1 – items open to the press and public

Item No. Title

- 1 **Apologies for absence**
Apologies for absence were submitted on behalf of Sharon Campion and Steve Carter.
- 2 **Declaration of interests**
No declarations of interests were made.
- 3 **Minutes of the previous meeting - 2 July 2019**
Resolved:
 1. That the date of the October 2019 meeting of the Panel referred to in Minute 7 (Times of Meetings 2019-2020) be corrected to 22 October.
 2. That subject to 1 above, the minutes of the meeting held on 2 July 2019 be approved as a correct record and signed by the Chair.

4 **Matters arising**

With reference to Minute 10 (Regulatory Update), the Director of Pensions reported the Fund was awaiting the results of the Government consultation on a proposal to implement a £95,000 cap on payments to individuals who leave public sector employment. It was currently anticipated that the outcome would be issued for implementation from April 2020.

5 **Legal and Compliance Update**

Rachel Howe, Head of Governance and Corporate Services presented the report on the work of the Fund to deliver a well governed scheme.

Paul Johnson asked about the lead in times for the production this and other reports on the agenda and whether for future meetings, the information on Fund activity and performance in respect of the previous quarter to the date of the meeting could be made available. The Head of Governance and Corporate Services explained the process for the collation and consideration by each serve area and the Fund's Senior Management Team, of quarterly performance monitoring data that leads to the production of the reports before the Board.

Rachel Brothwood, Director of Pensions added that officers endeavoured to provide an update through their commentary and confirmed that officers would raise any material developments since the quarter end date with the Board either within their reports or verbally, subject timing of publication.

Resolved:

1. That the quarterly risk register, including the movement of risks and the actions taken to mitigate any impact be noted.
2. That the quarterly compliance monitoring be noted.
3. That the outcomes from the initial work undertaken by Hymans Robertson for the Scheme Advisory Board on the Good Governance Review be noted.
4. That the outcomes from the Pensions Regulator's public service and administration survey 2018 be noted.

6 **Business Performance Update**

Rachel Howe, Head of Governance and Corporate Services presented the report on the delivery of the Fund's 2019 – 2024 Service Plan through monitoring the performance of its corporate priorities and service delivery.

Ian Martin welcomed the Fund's successful graduate programme and asked whether the Fund planned take on apprentices. The Head of Governance and Corporate Services reported that the Fund had appointed an apprentice in the previous year. The placement had been a success and led to the apprentice being appointment to a permanent post. There were no specific plans for the appointment of apprentices but the Fund was working with City of Wolverhampton Council on its Apprenticeship Programme.

Resolved:

1. That the Fund's progress on delivery against its Corporate Priorities outlined in the Fund's Service Plan 2019 – 2024 be noted.
2. That the Fund's key performance indicators for the first quarter of the year be noted
3. That the successful recruitment to Fund trainee and graduate posts be noted.

7 **Pensions Administration Report 1 April to 30 June 2019**

Amy Regler, Head of Operations presented the report on the work undertaken by the pensions administration service areas during the period 1 April to the 30 June 2019 for both the West Midlands Pension Fund (the Main Fund) and the West Midlands Integrated Transport Authority Pension Fund (WMITA PF).

Resolved:

1. That the pensions administration activity for both the West Midlands Pension Fund and the West Midlands Integrated Transport Authority Fund, in particular the improved performance against target service levels and additional work being undertaken to update member records following responses received through the employer "health check" be noted.
2. That the progress being made with the Fund's Digital Transformation Programme to support the Fund to transform its business areas through the use of information and technology to drive business efficiencies be noted.

8 **Customer Engagement Update**

Simon Taylor, Head of Pensions presented the report on the Fund's customer engagement activity from 1 April to 30 June 2019, in line with its Customer Engagement Strategy. The Fund also received a demonstration of the eBook.

Paul Johnson commented that the pensions roadshow in Solihull was well attended. He suggested that the Fund should make the most of this method of engagement. Rachel Brothwood, Director of Pensions reported that there was high demand for the roadshows and the Fund was considering how it would resource this going forward. A balance needed to be struck between digital and face-to-face member engagement.

In response to a question on the plans for publicising the eBook to scheme employers, the Head of Pensions reported that active engagement with the employer base would be the next stage. The eBook could also be included on an employer's website for staff. Suggestions of providing a hyper link to the eBook and making it accessible via email could be explored.

Resolved:

That the engagement activity and informed service development be noted.

9 **Data Management Report April - August 2019**

Rachel Howe, Head of Governance and Corporate Services presented the report on an update on the work of the Fund in delivering improved data quality in line with the Pension Regulator's Code of Practice.

In response to questions the Head of Governance and Corporate Services explained the process of reconciliation.

Resolved:

That the work of the Fund in delivering its Data Management Strategy and the steps taken to monitor and drive Data Quality across the Fund be noted.

10 **Annual Report and Accounts 2018/19**

Jill Davys, Assistant Director, Investments and Finance presented the report on the preparation, approval and audit of the Statement of Accounts and the Annual Report for the year ending 31 March 2019 and the latter's publication on the Fund's website.

Resolved:

1. That it be noted that the Statement of Accounts for West Midlands Pension Fund (WMPF) for the year ending 31 March 2019 was audited and completed by 31 July 2019.
2. That it be noted that the draft Annual Report for WMPF was considered by the Pensions Committee on 25 September and is now subject to audit by the Fund's external auditors, Grant Thornton.
3. That it be noted that the accounts for the West Midlands Integrated Transport Authority (ITA) for the year ending 31 March 2019 were audited and completed on 31 July 2019.

11 **Investment Update**

Jill Davys, Assistant Director, Investments and Finance presented the report on investment related matters including the ongoing development of LGPS Central Investment Pool and the Fund's responsible investment activities.

Resolved:

That the update on investment related matters including responsible investment and investment pooling be noted.

12 **2019 Actuarial Valuation Update - Process and Emerging Considerations**

Simon Taylor, Head of Pensions presented an update report on progress of the 2019 actuarial valuation.

Resolved:

1. That the report and the associated update on progress with the 2019 actuarial valuation of both the West Midlands Pension Fund (the Main Fund) and the West Midlands Integrated Transport Authority Pension Fund (the WMITA Fund) be noted.
2. That the wider influences which may have potential implications for the 2019 actuarial valuation be noted.

CITY OF WOLVERHAMPTON COUNCIL	Pensions Board 21 January 2020
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Report Title	Customer Engagement Update	
Originating service	Pension Services	
Accountable employee	Simon Taylor	Head of Pensions
	Tel	01902 55 4276
	Email	Simon.taylor2@wolverhampton.gov.uk
Report to be/has been considered by	Rachel Brothwood	Director of Pensions
	Tel	01902 55 1715
	Email	Rachel.brothwood@wolverhampton.gov.uk

Recommendations for noting:

Board is asked to note:

1. The engagement activity and informed service development.
2. The specific engagement supporting consultation on the Funding Strategy Statement aligned to the 2019 actuarial valuation.

1.0 Purpose

- 1.1 To provide the Board with an update of the Fund's customer engagement activity from 1 July 2019 to 30 September 2019, in line with its Customer Engagement Strategy. This report also outlines activity in the subsequent quarter, feedback from which will be analysed and reported in to the Board at the next meeting.

2.0 Background

- 2.1 One of the Fund's key objectives is to engage to improve outcomes for our customers. In line with this objective, the Fund has published, and keeps under review, a Customer Engagement Strategy, to review satisfaction and help inform improvements to its pension services.
- 2.2 This report summarises engagement activity and the service development this is driving.

3.0 Engagement within this reporting period

- 3.1 The Fund has undertaken a wide range of proactive engagement with our customers and other stakeholders during the period 1 July 2019 to 30 September 2019.
- 3.2 In total, the Member Services team has assisted **1,905** members with pension related information during the period. This engagement includes presentations delivered to **325** attendees held at a variety of different employers, including the district councils, universities, school and other admitted bodies.
- 3.3 The feedback from these presentations was **68%** of the members rated them as excellent, **28%** as very good, **4%** as good. Further detail on the feedback can be found in appendix A with a summary of the scope of these events covered in appendix B.
- 3.4 During this reporting period the team provided **10** satellite support events to hard to reach members, who may not normally be able to access our services due to the nature of their work and location.
- 3.5 Further support has also been provided to members either through drop in sessions, roadshows (see 10.4) or scheduled one to one support sessions to **1,580** members on an individual basis.
- 3.6 In comparison, total event attendance during this reporting period has increased by **48%** (625 attendees) when compared to the same reporting period last year. This is mainly due to an increase in members attending Fund Roadshow events.
- 3.7 Registrations for My Pensions Portal have increased from **82,780** to **87,662** over the last quarter. When compared to December 2018, this figure represents a **21.7%** increase (15,662 registrations) over the last 12 months.

4.0 Employer Coaching

- 4.1 Two employer coaching sessions were held during the reporting period. The first on 11 September 2019, held at the Funds office, was based around roles and responsibilities in line with the Pensions Administration Strategy (PAS). In total there were 8 attendees and feedback was positive with all attendees rating the session as good or excellent.
- 4.2 A further off-site bespoke coaching session was also held on 17 September for one of the Fund's larger Multi Academy Trusts. The trust had recently taken payroll provision in house and asked for additional support to be able to meet its roles and responsibilities to the Fund. The session was attended by 16 representatives from 9 organisations within the trust. Again, attendees rated the session good or excellent and provided feedback that the day was enjoyable, interactive and engaging.

5.0 Employer Webinars

- 5.1 To complement to the coaching sessions provided, the Employer Services team delivered further bespoke webinars to Coventry City Council employees. The 2 webinars were delivered in two-hour sessions to 16 employees and aimed to provide a bitesize refresher of the areas of responsibility for those administering the Fund on behalf of the employer.
- 5.2 Topics covered included the following and were drafted to the employer's specific request:
- Roles & responsibilities
 - LGPS Basics
 - Calculating Service and specified benefits
 - CARE calculations
 - Pensionable Pay
 - Assumed Pensionable Pay
 - Protecting Pay & Reduction in Pay
- 5.3 The team awaits the response to the feedback which has been requested from all attendees and the contact/organiser at Coventry in order to help shape future content and delivery. Subject to feedback on this piloted format, further webinars will be considered with access open to a wider set of employers, to increase the reach of coaching sessions to more employers and for those unable to attend events at the Fund offices.

6.0 Employer Survey: Autumn Edition 2019

- 6.1 The second of this year's bi-annual Employer Surveys was issued in September with a closing date of 25 October 2019. The survey asked Employers to rate satisfaction levels on the services offered by the Fund across all departments, requested feedback on the introduction of the new annual Employer Health check and also the process for the provision of Accounting Disclosures, together with a request for information concerning key priorities for employers over the coming year.

6.2 Results from the survey are being collated and analysed for inclusion in the next reporting period. These will also be used to inform development of the Fund Service Plan 2020-2025.

7.0 Monthly Data Collection

7.1 Escalated engagement has continued to be undertaken with those employers where data remains missing for 2018-2019. The number of employers with missing data files for the previous year is now 9 (equating to 90 active members) and in some cases only 1 monthly file is missing. Employer Services continued to target these employers ahead of the final 2019 ABS statement run in December and will consider use of penalties for continued non-compliance where appropriate and in accordance with the Fund's Pensions Administration Strategy.

7.2 With regard to the files due for 2019-2020, the Fund has so far successfully received 95% of the total files due from the employer base. Of those employers not yet submitting any files due for the current year, more than half are recently onboarded employers and we are working to provide extra support and training on the monthly submission process including the provision of employer coaching. In all other cases of non-compliance or where an employer has partially submitted files for the year to date, escalated engagement has commenced.

8.0 Overall Customer Satisfaction

8.1 Customer Satisfaction Surveys

8.1.1 The rolling online customer survey available through the Fund's website continues to provide ongoing feedback and early notice of any common issues or concerns.

8.1.2 Alongside this, the Fund encourages feedback using a range of different channels, such as through surveys issued following member, customer and trustee events. Within all of our external surveys, two 'core' questions are included which measure overall customer satisfaction. The overall satisfaction over this period has been noted as **92.13%**.

8.1.3 The number of 'post event' customer satisfaction surveys has expanded, with surveys being sent monthly to new joiners, retirees and to members who have transferred in or out of the scheme. The results of these surveys provide valuable insight into customer experience and also enable the Fund to build upon any gaps highlighted through our service delivery.

8.1.4 As a result of the feedback received so far, the Fund has been able to improve several aspects of service delivery from self-service opportunities to modifying communications and training for our internal teams.

9.0 Communications and Publications

- 9.1 Members continue to view the Fund's video shorts which are available through the website. The videos assist members with registration for pensions portal, provide an overview of the LGPS, promote the 50:50 section and explain the annual benefit statements. Since the videos were published **5,245** members have accessed and viewed the videos. This is a **21%** increase since the last Customer Engagement Update.
- 9.2 During the months of August & September, the Fund produced annual benefit statements for **85%** of active members. We have also provided **1,318** paper statements to members who expressed that their preferred communication method is written. As part of the Fund's commitment to encourage members to engage with their benefits, the Fund issued emails to members to notify them that their benefits statement is on the Pensions Portal. The Fund sent emails to **42,943** members for whom email addresses were held, **61%** of these members opened and read the email equating to **25,427** members.
- 9.3 The Fund has designed its annual "Pension Smart Newsletter" for deferred members. This communication provides members with important updates and sign posts them to where they can obtain further support. Throughout September and October, we have emailed the newsletter to **35,436** members.

10.0 Pension Roadshows

- 10.1 The team is open to considering new locations across the region to hold pension roadshow events to ensure pension roadshow events are accessible to all and continue to attract good footfall. For this quarter we piloted **2** new locations to hold roadshow events, these were Shelforce and West Midlands Fire Authority.
- 10.2 Shelforce is dedicated to providing a rewarding workplace for people with a range of disabilities and are located on the outskirts of Birmingham. The Member Services Team were keen that these members receive the same opportunities as members who are located in the city centre.
- 10.3 Due to the success of the West Midlands Fire Authority pilot roadshow event, which saw over **50** members seek pensions support over a 2-hour period, this location will be built into our 2020 Roadshow event planning to attend again, but potentially for a longer period of time.
- 10.4 The team also delivered Roadshows at colleges and district locations across the West Midlands region. Overall (including 10.1) the team delivered **14** roadshow events which saw **1,227** members come on board the bus and seek support with their pension benefits.

11.0 Support and communication on the horizon over the next quarter

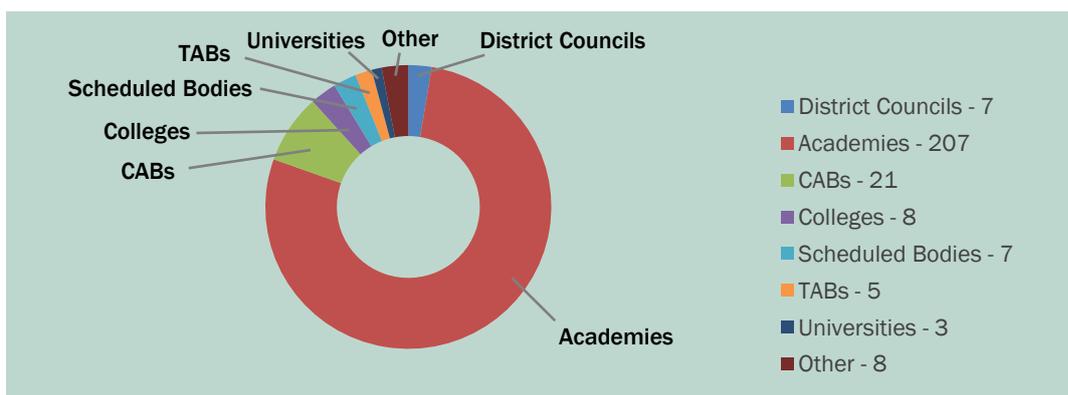
- 11.1 The Fund has or will be providing various support and communication to its customers and stakeholders in the near future, which will be covered in future Board reports. This range of activity extends from working with the Local Government Association (LGA) and other funds, the development of new methods of communication to engage with our membership and upcoming support which is due to be delivered to members.
- 11.2 Due to the success of the previous two pensioner engagement forum sessions and the new initiatives which the group creates, we held the Fund's 3rd forum on the 4 October. Further details will follow in the next customer engagement update report.
- 11.3 The Fund is always looking to expand our digital foot print to increase member engagement. Earlier this year we piloted a webinar with our employer peer group and, due to its success, we hosted our first webinar to employees at City of Wolverhampton Council on the 4 November 2019. **23** members tuned in and listened to our "LGPS & You" presentation. Based on several positive comments which were left at the end and the overall success of the event, webinars will now be advertised to employees at all district councils and then considered for the wider employer base throughout 2020.
- 11.4 The Fund has designed its annual "Pension Smart Newsletter" for active members. This communication provides members with important updates and sign posts them to where they can obtain further support. This newsletter was emailed out to **63,632** members throughout November.
- 11.5 A new electronic communication concept that the Fund piloted with Pensions Committee and Pensions Board was communicating via an electronic booklet (E-Book), which is an electronic booklet that can be stored on the Fund's website and also is able to play videos within it. Hyperlinks to other websites are also included which enhances the overall reader experience. Due to the positive feedback this has received, the Fund's 5 steps towards planning for retirement have also been developed into an E-Book, along with the active newsletter, which is detailed in 11.4.
- 11.6 The Fund led on designing a pre-retirement booklet to support members through the transition into retirement, this was highlighted in the retirement survey which the Fund launched earlier in the year as a support that members said they thought was missing in their retirement journey. The final version was presented to LGA on 15 October and is due to rolled out across all LGPS Funds shortly.
- 11.7 The Fund is required to issue any members who have breached annual allowance limits with a pension saving statement by the 5 October 2019. This year the Fund has issued **206** pension saving statements to members, which have been complemented by **12** Pension Tax presentations, delivered throughout November and December.
- 11.8 For the second year running the Fund was invited to present at the Coventry School Business Managers event to **28** schools. The Fund designed a bespoke presentation for this event to encourage members to think about retirement planning. Feedback from the

CEO who organises the event was excellent, and we have already been asked to go back and present in 2020.

- 11.9 The programme of employer performance feedback continues with a number of regular follow up calls taking place with employers where particular areas for improvement have been identified across the Funds data, finance and operation teams. With this additional tailored support, the aim is to avoid regulatory action becoming necessary against the employer due to non-compliance. The calls are supplemented with face to face meetings where appropriate and invites to attend a coaching session at the Fund are extended with the offer of bespoke webinars also made and accepted in a number of cases.
- 11.10 Following the update provided at the Funds Employer AGM regarding the planned roll out of the new Employer Hub, a communication plan has now been drafted and consideration given to the phased implementation of the project. Initial communications with the Employer Peer Group have commenced, ahead of the testing period with a volunteer pilot group. Wider communications will be issued to the whole employer base during 2020.

12.0 2019 Actuarial Valuation and Funding Strategy Statement consultation

- 12.1 Further to the update provided to the Board as part of the October 2019 report, the Fund has completed 10 separate group consultation meetings for employers, mainly during November 2019. Of the 10 meetings, 6 were general with all participating employers invited and 4 bespoke (tailored to district councils, academies (two sessions) and Further Education Colleges).
- 12.2 These briefing sessions were attended by 266 individuals representing approximately 40% of the employer base by number and covered over 97% of pension liabilities. A summary of the employer groups attending these sessions is provided below:



- 12.3 The focus of these consultation sessions were the provisional results for the Fund, with individual results sent to the majority of employers in advance. In addition the Fund provided a summary of the key assumptions and key matters for consideration as part of revising the Funding Strategy Statement (FSS).

12.4 Following completion of the group briefing sessions, the Fund issued a survey to all employers. Contained within the survey was an opportunity for employers to raise a query or request an individual meeting or teleconference call. To date the Fund has received 39 separate queries covering 76 employers. These queries will be covered via one-to-one engagement by 31 January 2020 where possible. The Fund has also set up a dedicated 2019 valuation email inbox which has been utilised for communication to and from employers for the purpose of this consultation.

12.5 Whilst highlighting the key funding considerations to employers within the November valuation briefing sessions, the Fund is formally consulting on the draft FSS during January 2020 to enable it to be finalised ahead of the 31 March 2020 deadline. The Fund will present the proposed final draft FSS for Pensions Committee approval, along with a summary of the key changes, at the March Committee meeting. The primary items for focus will include, the key changes since the last actuarial valuation, revised strategy around deficit recovery and the treatment of surplus, new employers joining the Fund, the management of risk and the Fund's termination policy for exiting employers.

13.0 Annual General Meeting 2019

13.1 The Fund's 2019 Annual General Meeting was held on 3rd December 2019 at the WV1 Bar at Molineux Football Stadium. Invites were sent out to employers early October. The event covered a variety of topics including, 2019 Actuarial valuation, reviewing member experience, looking at investing for the Future, New tools for employers and the overall LGPS environment. Feedback has been very positive, and a full review of the event will follow in the next customer engagement update.

14.0 Financial implications

14.1 The report contains no direct financial implications.

15.0 Legal implications

15.1 The report contains no direct legal implications.

16.0 Equalities implications

16.1 The report contains no direct equalities implications.

17.0 Environmental implications

17.1 The report contains no direct environmental implications.

18.0 Human resources implications

18.1 This report contains no direct human resources implications.

19.0 Corporate landlord implications

19.1 The report contains no direct corporate landlord implications.

20.0 Schedule of background papers

20.1 None.

21.0 Schedule of appendices

21.1 Appendix A: Member Services presentation feedback.

21.2 Appendix B: Member Services events covered 1 July to 30 September 2019.

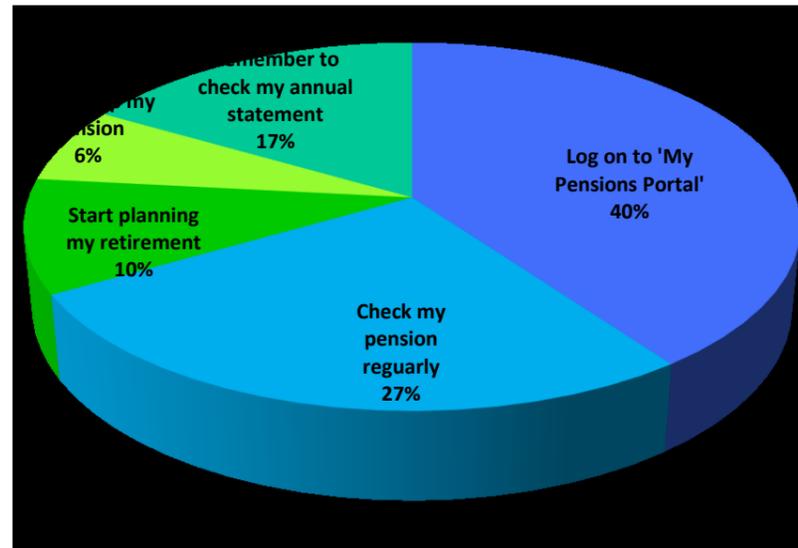
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Appendix A: Member Services Team – Presentation Feedback July - September 2019

Members feedback on the following areas

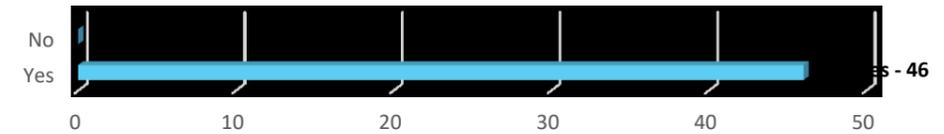
46 – Members surveyed in July - September 2019

What are you going to do following this presentation?

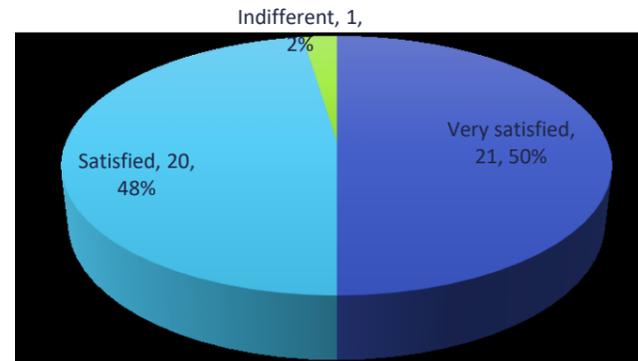


- Log on to 'My Pensions Portal'
- Check my pension regularly
- Start planning my retirement
- Investigate topping up my pension
- Remember to check my annual statement

Would you recommend a colleague to attend this type of event?

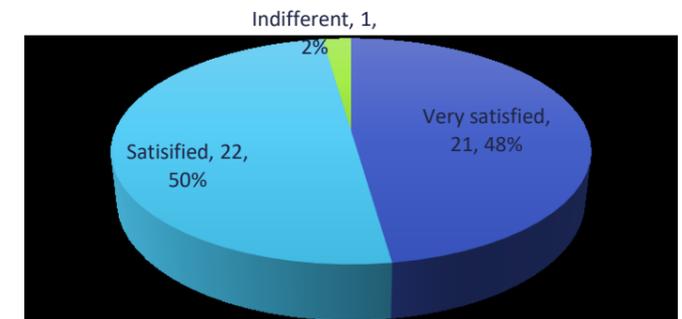


How satisfied are you with your most recent interaction with WMPF?



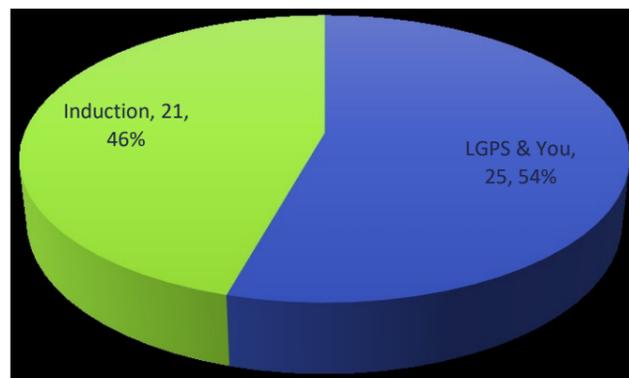
- Very satisfied
- Satisfied
- Indifferent
- Dissatisfied
- Very dissatisfied

How satisfied are you with the overall service that you have received from WMPF?



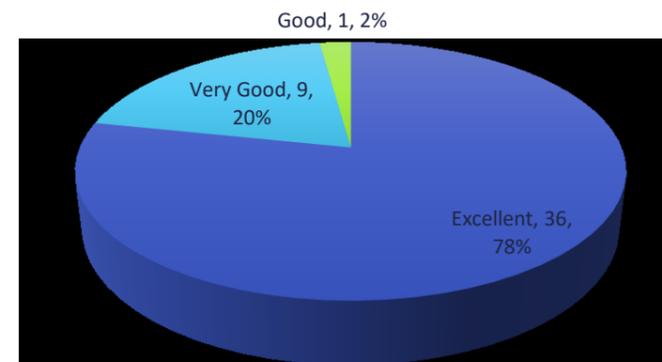
- Very satisfied
- Satisfied
- Indifferent
- Dissatisfied
- Very dissatisfied

Which presentation did you attend?



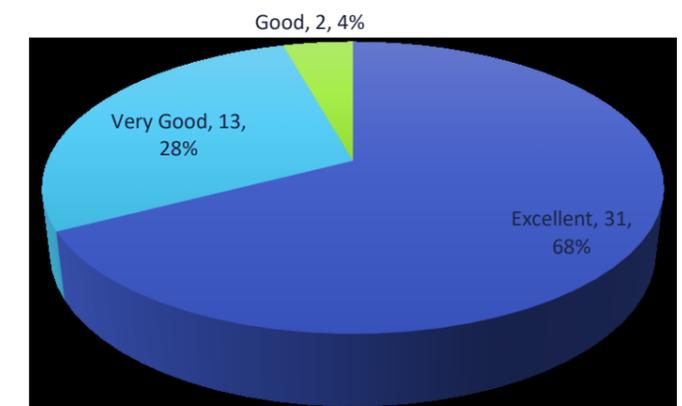
- LGPS & You
- Pre-Ret.
- Induction
- Other

Presenters knowledge and presentation skills?



- Excellent
- Very Good
- Good
- Satisfactory
- Poor

Presentation rating?



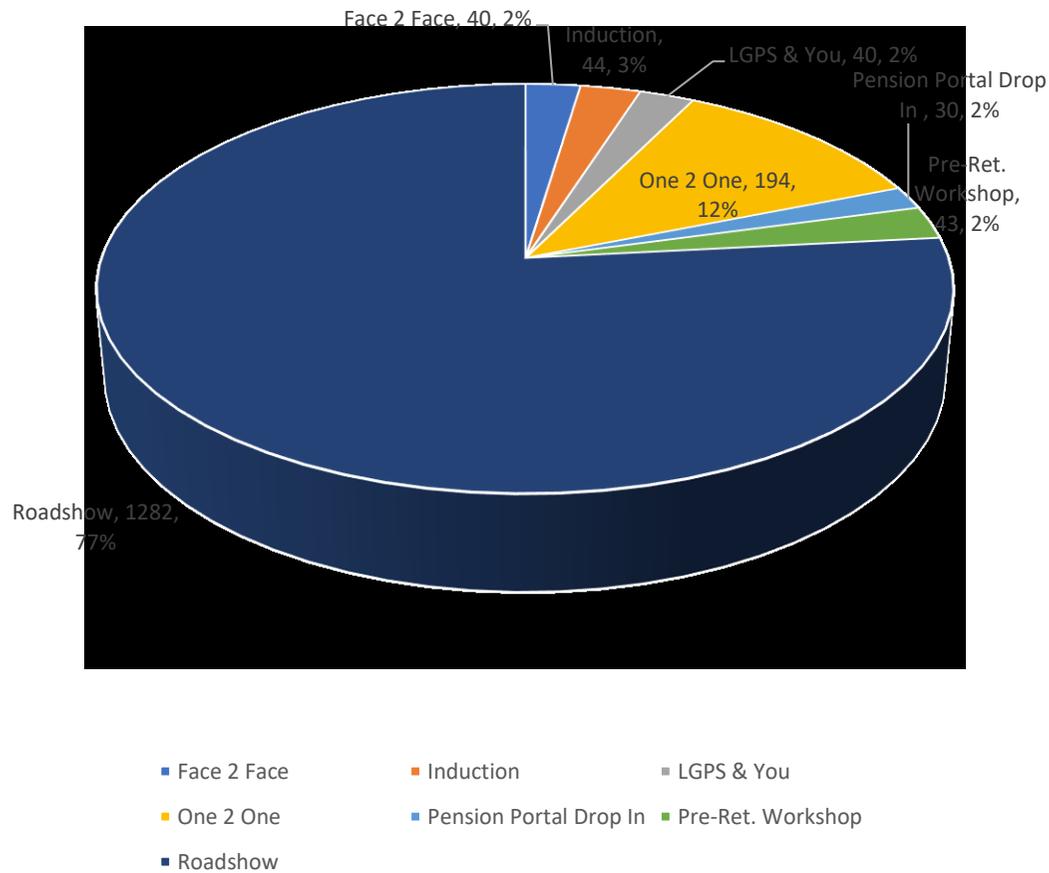
- Excellent
- Very Good
- Good
- Satisfactory
- Poor

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Appendix B: Member Services Team Stats - Events attended 1st July 2019 to 30th September



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Event Type	Attendance
Face 2 Face	40
Induction	44
LGPS & You	40
One 2 One	194
Pension Portal Drop In	30
Pre-Ret. Workshop	43
Roadshow	1282
Total	1673

Date	Venue	Event Type	Attendance
01/07/2019	King Edward VI College	One 2 One	11
02/07/2019	Sandwell Leisure Trust (Appt booked with member at Mander House)	One 2 One	1
02/07/2019	Sandwell MBC (Appt booked with member at Mander House)	One 2 One	1
04/07/2019	Halesowen College	Roadshow	25
04/07/2019	Dudley MBC & Greenwich Leisure (Appt booked with member at Mander House)	One 2 One	1
04/07/2019	Wolverhampton Homes (Appt booked with member at Mander House)	One 2 One	1
04/07/2019	City of Wolverhampton Council (Appt booked with member at Mander House)	One 2 One	1
05/07/2019	Sandwell College	Roadshow	16
08/07/2019	City of Wolverhampton Council (Appt booked with member at Mander House)	One 2 One	2
09/07/2019	Birmingham CC (Appt booked with member at Mander House)	One 2 One	1
10/07/2019	City of Wolverhampton Council	Induction	19
10/07/2019	City of Wolverhampton Council	Face 2 Face	6
10/07/2019	City of Wolverhampton Council (Strengthening Families Team)	One 2 One	7
11/07/2019	Wolverhampton College	Roadshow	38
12/07/2019	Walsall College	Roadshow	21
16/07/2019	Walsall MBC	Induction	16
16/07/2019	Walsall MBC	Face 2 Face	4
17/07/2019	Birmingham CC (East Housing Team)	One 2 One	12
17/07/2019	Elwood Centre Surgery	One 2 One	8
18/07/2019	Birmingham CC	One 2 One	13
18/07/2019	St Paul's School for Girls	One 2 One	11
19/07/2019	Birmingham CC	One 2 One	10
22/07/2019	Wolverhampton Homes	Pension Portal Drop-in	30
23/07/2019	Dudley MBC	Pre-Ret. Workshop	13
23/07/2019	Dudley MBC	Face 2 Face	3
23/07/2019	City of Wolverhampton Council (Appt booked with member at Mander House)	One 2 One	1
24/07/2019	City of Wolverhampton Council (Appt booked with member at Mander House)	One 2 One	1
24/07/2019	City of Wolverhampton College (Appt booked with member at Mander House)	One 2 One	1
25/07/2019	City of Wolverhampton Council (MASH Team)	One 2 One	10
26/07/2019	Wolverhampton Homes (Appt booked with member at Mander House)	One 2 One	1
31/07/2019	Dudley MBC	One 2 One	9
31/07/2019	Dudley MBC	Face 2 Face	1
14/08/2019	Dudley MBC - Disability Service	One 2 One	17
14/08/2019	Walsall MBC	Face 2 Face	4
14/08/2019	Walsall MBC	Induction	9

21/08/2019	Greenwich Leisure Centre Ltd	One 2 One	8
28/08/2019	West Midlands Police Coventry	One 2 One	9
01/09/2019	Mander House	One 2 One	1
02/09/2019	Bristnall Hall Academy	LGPS & You	40
02/09/2019	Bristnall Hall Academy	Face 2 Face	10
06/09/2019	WM Fire and Civil Defence Authority	Roadshow	43
06/09/2019	Birmingham CC - Shelforce	Roadshow	7
09/09/2019	Coventry CC	Roadshow	53
09/09/2019	Coventry CC - Friargate	Roadshow	55
10/09/2019	Wolverhampton CC	Roadshow	136
11/09/2019	Solihull MBC	Roadshow	167
12/09/2019	WM HAUC Annual Roadshow	Face 2 Face	12
13/09/2019	Dudley MBC	Roadshow	93
16/09/2019	W'ton Connecting Families Hub	One 2 One	13
17/09/2019	W'ton CC Social Services Priory Green	One 2 One	13
18/09/2019	Wolverhampton CC	One 2 One	13
19/09/2019	Chief Constable for WM Police - Coventry	One 2 One	9
20/09/2019	Birmingham CC - Lancaster Circus	One 2 One	8
23/09/2019	Birmingham CC - Woodcock Street	Roadshow	198
24/09/2019	Birmingham CC - Lifford House	Roadshow	187
25/09/2019	Walsall MBC	Pre-Retirement Workshop	30
26/09/2019	Sandwell MBC	Roadshow	178
27/09/2019	Walsall MBC	Roadshow	65
		Total	1673

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CITY OF WOLVERHAMPTON COUNCIL	Pensions Board 21 January 2020
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Report Title	Pensions Administration Report 1 July to 30 September 2019	
Originating service	Pension Services	
Accountable employee	Amy Regler	Head of Operations
	Tel	01902 55 5976
	Email	Amy.Regler@wolverhampton.gov.uk
Report to be/has been considered by	Rachel Brothwood	Director of Pensions
	Tel	01902 55 1715
	Email	Rachel.Brothwood@wolverhampton.gov.uk

Recommendations for noting:

The Board is recommended to note:

1. The pensions administration activity for both the West Midlands Pension Fund (the Main Fund) and the West Midlands Integrated Transport Authority Fund (the WMITA Fund), in particular that performance targets were met across the key benefit operations processes during the reporting period.
2. The progress being made with the Fund's Digital Transformation Programme to support the Fund to transform its business areas through the use of information and technology to drive business efficiencies.

1.0 Purpose

1.1 To inform the Board of the work undertaken by the pensions administration service areas during the period 1 April to the 30 June 2019 for both the Main Fund and the WMITA Fund. Following legislation effective 8 November 2019, merging the West Midlands Local Government Pension Scheme (LGPS) funds, reporting will be prepared at total Fund level going forward.

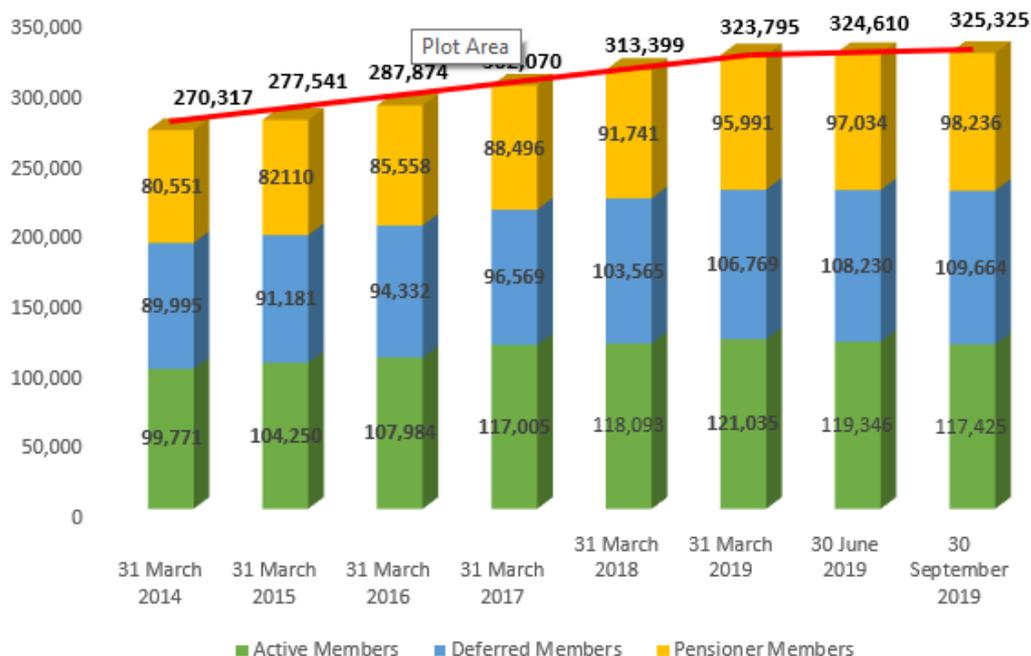
2.0 Background

2.1 The Fund provides a pension administration service to its stakeholders, covering employer, customer and member services, data processing, benefit operations, payroll and systems/technical support. This report is designed to focus on the Pensions Administration service area and provide a summary of the work volumes and the performance of the Fund against key performance indicators. Data management is covered in a separate report.

3.0 Scheme Activity

3.1 Membership movement – Main Fund

3.1.1 The total number of scheme member records in the Fund at 30 September 2019 stands at 325,325, with an overall increase since March 2019 of 715. This reporting period sees a drop in active members by 1.6%, this is attributable to the continued focus and increase in processing of early leavers (deferred and non member status). The long-term trend over a 12 year period in membership illustrates a move towards a more mature profile whereby, in general, pensioners and deferred memberships continue to rise.



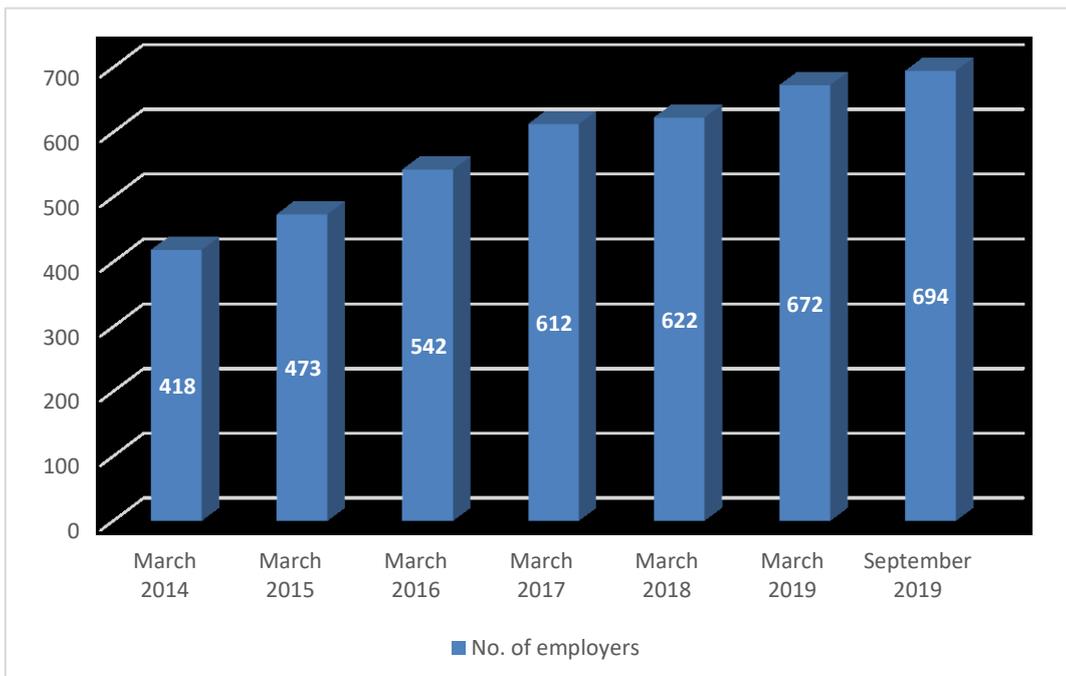
3.2 Membership movement – WMITA Fund

3.2.1 The number of scheme member records in the WMITA Fund in all three categories stood at 4,913 on 30 September 2019, 6% are active members, 12% are deferred and the largest group are pensioner members at 82% of the total membership. The Fund is closed to new joiners but active members continue to accrue benefits. Detailed below are the current membership numbers showing movements between 30 June 2019 and 30 September 2019.

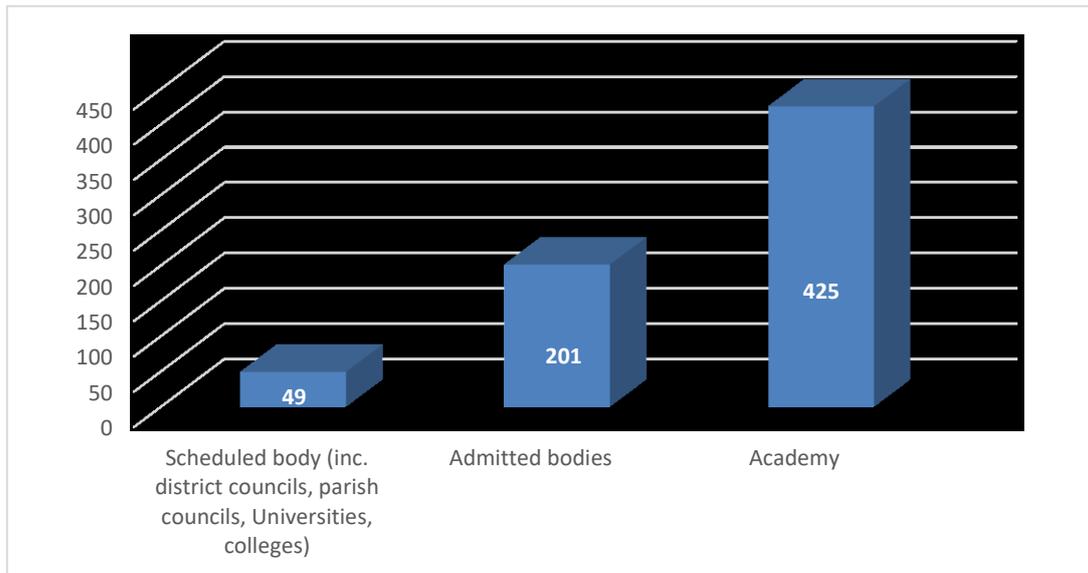
	Membership as at 30th June 2019			Net Movements during the period			Membership as at 30th September 2019		
	National Express	Preston Bus Ltd	Total	National Express	Preston Bus Ltd	Total	National Express	Preston Bus Ltd	Total
Active Members	299	0	299	-10	0	-10	289	0	289
Deferred Members	625	10	635	-21	-3	-24	604	7	611
Pensioner Members	3883	120	4003	7	3	10	3890	123	4013
Total Members	4807	130	4937	-24	0	-24	4783	130	4913

3.3 Employers

3.3.1 The Main Fund continues to see an overall upward trend in employer numbers, with an increase of 19 employers over the previous quarter. The number of employers registered with the Fund as at 30 September 2019 is 694, a 66% increase since March 2014 as shown in the graph below.



3.3.2 The employer base is categorised into the following employer types:



3.3.3 The level of on-going work being processed at the end of the period is as follows: -

- 88 admission agreements
- 26 academies
- 66 employer terminations

3.4 Workflow statistics

3.4.1 The process analysis statistics (Appendix A) show details of overall workflow within the Pensions Administration Service during the period 1 July to 30 September 2019. The number of processes started and completed continues to increase.

3.4.2 During the period covered by this report, 48,528 administrative processes were commenced, a 10% increase compared to the previous reporting period (43,928 processes commenced). Similarly, the number of processes completed has increased by 13%, a total of 44,181 processes completed, compared to the previous reporting period.

3.4.3 On 30 September 2019 there were 44,172 items of work outstanding. This represents an increase of 9 items outstanding compared to 30 June 2019 (44,163). Of the 44,172 items of work outstanding, 5,282 items were pending as a result of information awaited from a third-party e.g. scheme members, employers or transferring authorities and 38,890 processes are now either proceeding to the next stage of the process or through to final completion.

3.4.4 The total number of processes outstanding remains high and the Fund continues to review the volumes of incoming work and putting in place plans to address key high volume areas. System development is being investigated as part of the Digital Transformation Programme, in a number of areas to provide longer term, cost-effective support for increasing volumes of benefit processing work.

- 3.4.5 A detailed analysis of the key processes completed across all operational functions e.g. calculating benefits for retirements, pensioner member data changes as well as the maintenance of updating membership details is shown in Appendix B.

4.0 Digital Transformation and System Exploitation

- 4.1 Work continues to develop the Digital Transformation Programme at the Fund, with a number of areas continuing to progress over the last quarter. The aim of the programme is to support the Fund to transform its business areas through the use of information and technology to drive business efficiencies and cost savings whilst improving the service we provide to our members. The associated development work is included in the Funds budget for 2019-20.

- 4.2 An update on key development projects are detailed below:

4.2.1 Employer Hub

The key method for exchanging data with our employers is via the employer portal, which is key to ensuring efficient and secure exchange. The Fund is working as a development partner with Civica to develop this system which is designed to improve the reporting functionality, improve the user experience through design, improve availability of performance monitoring information and enabling earlier issue resolution. A test system has been configured and testing by the Fund is initiating in January 2020. Following successful completion of this testing, the Fund are due to engage with a pilot group of employers for user based testing, prior to the launch of the new portal..

4.2.2 Employer Web Trays

This functionality will enable queries with data to be raised with employers via the web portal with the process being sent to the employers' web-tray for action. This development will support the flow of information and assist in monitoring queries and resolution, providing insight to the development of employer communications and coaching material and supporting faster resolution. Testing is now complete and a demonstration to the Employer Peer Group in October was undertaken which provided the Fund with useful and positive feedback. In addition, employers were provided with a demonstration of this functionality at the Annual General Meeting (AGM) in December 2019. Work is underway to schedule the transition of this functionality into the live environment for early 2020.

4.2.3 Deferred Retirement Quotes Online

As previously reported to the Baord, following the amendment to the regulations to allow deferred members to access their pension from age 55, the Fund has seen a significant increase in the number of requests for members. The Fund is developing a self-service facility for deferred members via the online Pensions Portal to access this information. Following initial testing the Fund has identified enhancements to the functionality, this has caused a slight delay to the live implementation of this functionality. This now expected to be made available to members in quarter one of 2020 and will enhance the information available to the member.

5.0 Key Performance Indicators (KPIs)

- 5.1 The Fund uses a number of KPIs to measure performance when processing items such as Transfers In and Out, Retirements and Deferred Retirements. All of the KPI's have been achieved for the reporting period.
- 5.2 Further information on KPIs by process by month over the reporting period is included in Appendix C.
- 5.3 Performance through the subsequent reporting period of September – December 2019, remains good, with all KPI's continually being achieved.

6.0 Pensions in payment

6.1 Pensions in payment – Main Fund

The gross annual value of pensions in payment for the Main Fund to September 2019 was £520.7m, £16.4m of which (£8.3m for pensions increase and £8.1m for added year's compensation) was recovered from employing authorities and other bodies as the expenditure was incurred.

6.2 Pensions in payment – WMITA Fund

The gross annual value of pensions in payment for the WMITA Fund to September 2019 was £26.9m, of which no further recharges for added year's compensation will be made to employing authorities and other bodies as the member and beneficiary are deceased

7.0 Financial implications

- 7.1 The report contains financial information which should be noted.
- 7.2 Employees of organisations who become members of the Local Government Pension Scheme will contribute the percentage of their pensionable pay as specified in the Regulations.

8.0 Legal implications

- 8.1 The Fund on behalf of the Council will enter into a legally binding contract with organisations applying to join the Local Government Pension Scheme under an admission agreement.

9.0 Equalities implications

- 9.1 This report has implications for the Council's equal opportunities policies, since it deals with the pension rights of employees.

10.0 Environmental implications

- 10.1 The report contains no direct environmental implications.

11.0 Human resources implications

11.1 This report has implications for the Council's human resources policies since it deals with the pension rights of employees.

12.0 Corporate landlord implications

12.1 The report contains no direct corporate landlord implications.

13.0 Schedule of background papers

13.1 None.

14.0 Schedule of Appendices

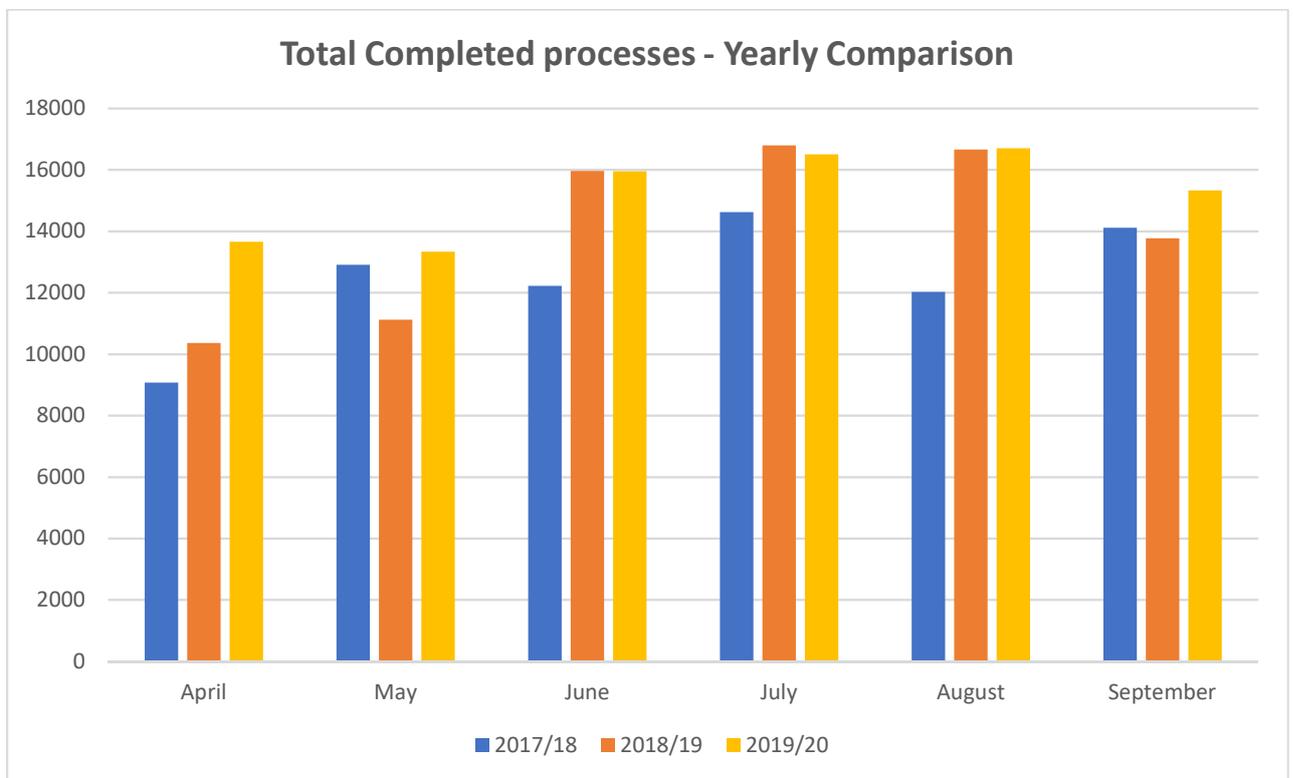
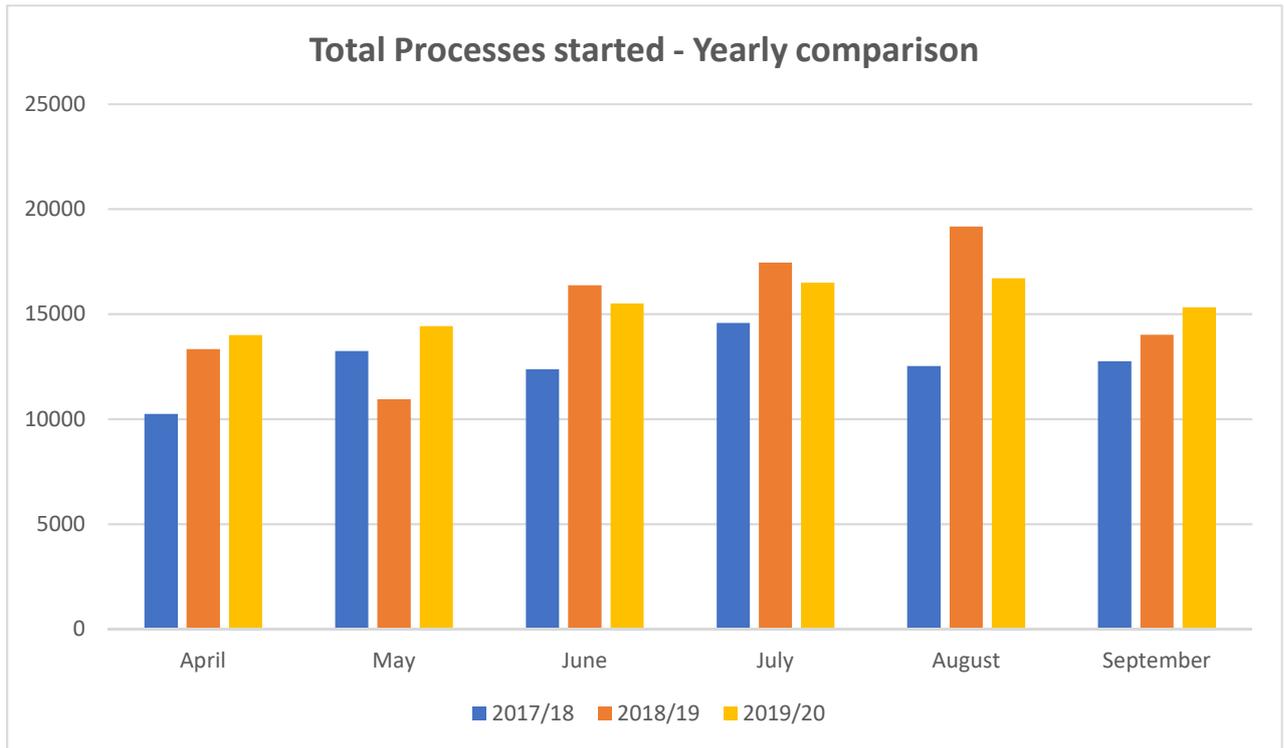
14.1 Appendix A: Workload Volumes

14.2 Appendix B: Detailed process analysis

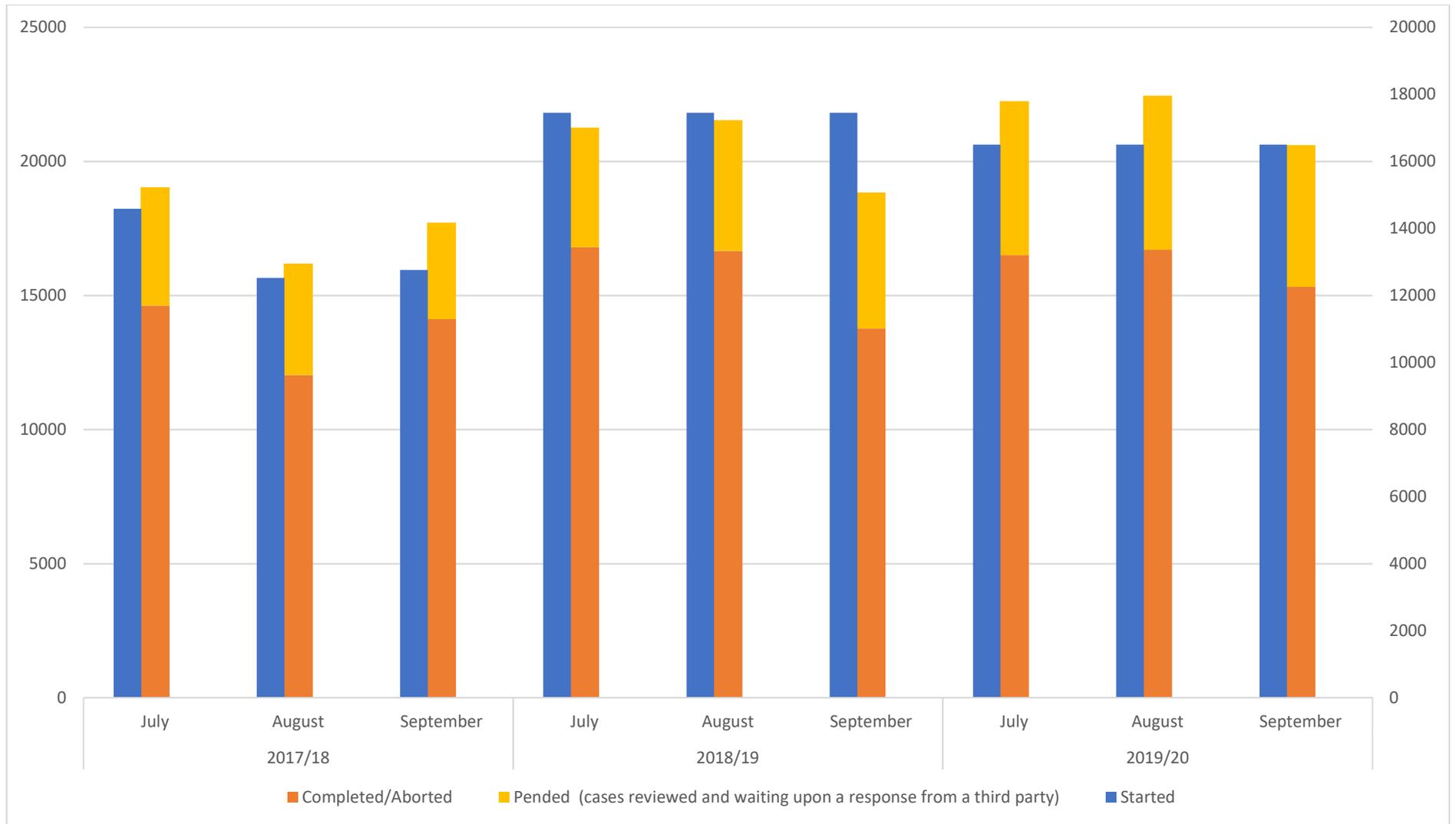
14.3 Appendix C: Key performance indicators (KPIs)

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Appendix A



Yearly comparison – Processes started vs processes actioned



Pension Board Statistical Report
Detailed Process Analysis

Appendix B

2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	April	May	June	July	August	September	YTD
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Active & Deferred members

Process type																
Joiners and Rejoiners (Bulk)	8,763	6,403	11,138	13,558	9,816	16,688	20,227	17755	25509	1635	1642	1471	2468	1006	1150	9372
Changes in circumstances eg change in hours	18,759	15,303	12,385	11,273	6,391	8,752	6,370	5386	5725	499	717	519	691	629	545	3600
Deferments	5,939	7,818	5,741	6,728	5,664	8,340	8,178	8629	15934	888	831	678	998	1041	1406	5842
Active Retirements (Employer retirements)	3,317	3,950	2,475	2,279	2,351	2,775	2,593	2676	2280	163	166	181	205	245	152	1112
Deferred Retirements	3,332	2,970	2,971	2,726	2,301	3,421	3,552	4429	4814	693	352	411	338	452	648	2894
Deaths of members	295	262	287	285	230	379	399	470	429	28	33	37	36	21	44	199

Pensioner members

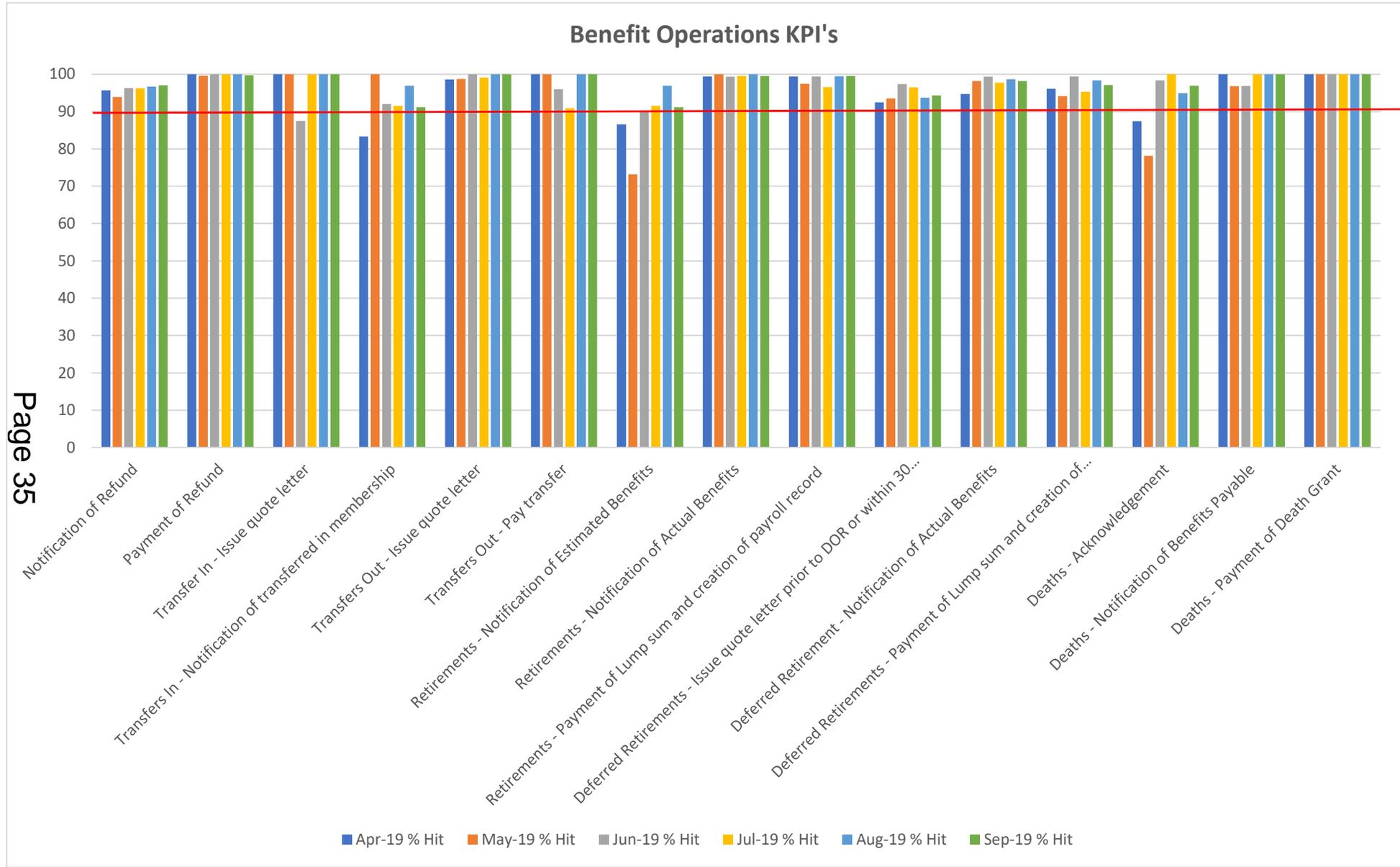
Process type																
Changes in circumstances:-																
Data eg Passwords, NI Numbers	1,310	1,804	1,865	2,017	2,604	4,548	2,427	3105	2694	181	280	214	266	196	181	1318
Changes of Address	2,420	2,681	2,131	1,732	1,733	2,237	2,589	3004	2628	335	345	213	279	226	200	1598
Changes of Bank	2,927	2,531	2,783	3,420	3,281	1,573	2,272	2214	1957	315	157	121	239	174	216	1222
Deaths of pensioners	2,085	2,145	2,101	2,546	2,454	1,702	2,813	2919	2793	255	266	196	263	246	266	1492

Payroll										Total	Total	Total	Total	Total	Total	YTD
Actual number paid	792,724	837,189	870,804	895,018	913,864	888,954	915,275	945,196	979,819	80,151	80,311	88,929	80,700	80,961	90,057	501,109

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Appendix C



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CITY OF WOLVERHAMPTON COUNCIL	Pensions Board 21 January 2020
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Report title	Data Management	
Originating service	Pension Services	
Accountable employee	Rachel Howe	Head of Governance and Corporate Services
	Tel	01902 55 2091
	Email	Rachel.Howe@wolverhampton.gov.uk
Report to be/has been considered by	Rachel Brothwood	Director of Pensions
	Tel	01902 55 1715
	Email	Rachel.Brothwood@wolverhampton.gov.uk

Recommendations for noting:

The Board is asked to note:

1. The work of the Fund in delivering its Data Management Strategy and the steps being taken to monitor and drive Data Quality across the Fund.

1.0 Purpose

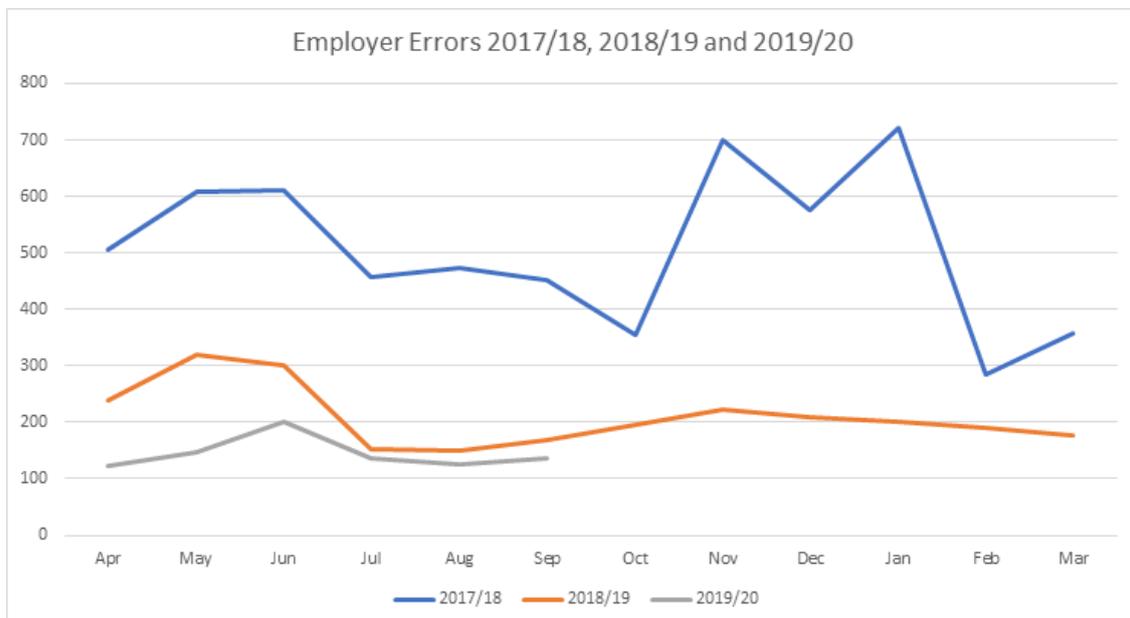
- 1.1 To provide Committee with an update on the work of the Fund in delivering improved data quality in line with the Pension Regulator’s Code of Practice.

2.0 Background

- 2.1 All Local Government Pension Schemes collect and hold records about scheme members’ identities, personal data, pay and their time in the scheme in order to calculate and pay out pension benefits. Record keeping is a vital part of running a scheme and failure to maintain complete and accurate records means the Fund is at risk of failing to meet its legal obligations. Crucially, it can affect the Fund’s ability to complete basic functions such as paying members the right amount at the right time and issuing annual benefit statements as required under the Local Government Pension Scheme Regulations.
- 2.2 In response to this, the Fund adopted its Data Management Strategy which seeks to inform priorities and deliver related initiatives such as the Fund’s Digital Transformation Programme and the 2019 Actuarial Valuation which is heavily reliant on good data to assess the Fund’s liabilities.

3.0 Monthly Submissions

- 3.1 The Fund continues to develop its management and understanding of the monthly submissions process with work ongoing to review current validations at the point of employer upload and to allow further development in automation which aims to improve the timeliness, data quality and performance of the data exchange with our employers.
- 3.2 The Fund has continued to see a reduction in employer errors received to the Fund, which highlights the improvement of data quality from our employer base. There has been a 31% improvement compared from the 2018-2019 year to April –September 2019.



3.3 Reporting and performance reporting has been a key area of work within the monthly submissions review to improve our own reporting capabilities and requirements with statutory duty and performance of our employers in line with the Pensions Administration Strategy. Work has commenced, which will feed into the Employer Hub project, allowing employers to report on the following performance criteria:

- i. Produce active member reconciliation reports against members on the monthly submission file against our system.
- ii. Produce possible leaver reports to highlight members who have ceased membership with the Fund.
- iii. To obtain the timeliness and data accuracy of the submitted monthly submission data file.
- iv. To produce monthly finance data on timeliness and data accuracy on money received against what the employer has said they are paying, and money received against what the employer is supposed to pay.

The specification of the reports has commenced, and development will continue with our software supplier as outlined in the Business Performance Update Report. The development of this functionality will support the Fund's Data Management Strategy.

4.0 Annual Benefit Statements 2019

- 4.1 Work continues to improve the current active member record Annual Benefit Statement production percentage of 85% with a detailed analysis of the reasons for non-production of ABS identifying current data quality issues and rectification activity. Through its monthly submissions monitoring Employer Services and the Data Manager have been able to meet with employers identified as having a large volume of outstanding data queries which may impact the Fund's ability to deliver Annual Benefit Statements. These include those employers with outstanding leaver queries and those with historic queries which may relate to a change in payroll provider and/or payroll system. Through this engagement the Fund has seen an improved delivery of confirmed leavers with a number of employers seeking to address the outstanding data queries having appointed more focussed resource to address data issues preventing the production of benefit statements for some members.
- 4.2 As a result of the dedicated data quality resource and employer engagement, the Fund held a further Annual Benefit Statement run in December which has resulted in a total of 89% of statements produced for our active membership.
- 4.3 The Board will be aware that the Fund self-reported to the Pensions Regulator (tPR) in September for its inability to produce 100% of ABS. Since then, the Fund has had engagement from tPR seeking assurance of the Fund's continued commitment to improving the ABS delivery for members. Following the latest run of ABS, the Fund has updated tPR on the improved production outlining the above activity undertaken to achieve this improvement.

5.0 TPR Scheme Specific Data

5.1 The Fund has now received the delivery for the new reporting functionality to run TPR scheme specific data requirements, developed nationally by Scheme Advisory Board in conjunction with LGPS Funds and software developers. This has been installed into our development software and the testing of the product has commenced, it is intended the Fund will start running live reports in January / February 2020. This will allow the Fund to report against the scheme-specific requirements and further support work ongoing as part of the data management strategy.

6.0 Data Trends

6.1 The Fund is currently analysing data trends across the business to highlight cross-functional data issues and how they impact on business as usual and project work. The aim being to identify any data related issues and correct these at a single point of contact making the data cleanse a proactive process rather than the need to amend once the process has been run, this will enable the Fund to identify potential pitfalls in the use of data at the point of processing a member benefits (e.g. where queries need to be raised to clarify and confirm a member's salary at the point of retirement). The strategy is currently being implemented via a data impact matrix which is being formulated to support the Fund's data management controls and will be further assisted from the scheme specific data reports.

7.0 Financial implications

7.1 Failure by the Fund to meet statutory requirements of effective governance and administration could result in fines imposed by the Pensions Regulator.

8.0 Legal implications

8.1 Failure by the Fund to comply with legislation and/or statutory guidance can result in enforcement action and fine from both the Pension Regulator and the Courts via judicial review.

9.0 Equalities implications

9.1 Equality Impact Assessments have been undertaken for all of the Fund's programmes and projects. There are no identified implications.

10.0 Environmental implications

10.1 There are no direct environmental implications.

11.0 Human resources implications

11.1 There are no direct human resources implications.

12.0 Corporate landlord implications

12.1 There are no direct corporate landlord implications.

13.0 Schedule of background papers

13.1 Business Performance and Data Management Report to Pensions Board July 2019
(noting the adoption of the data management strategy)
<https://wolverhamptonintranet.moderngov.co.uk/documents/s113413/Business%20Performance%20and%20Data%20Management.pdf>

14.0 Schedule of appendices

14.1 None.

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CITY OF WOLVERHAMPTON COUNCIL	Pensions Board 21 January 2020
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Report title	Business Performance Update	
Originating service	Pensions (Governance)	
Accountable employee	Rachel Howe	Head of Governance
	Tel	01902 55 2091
	Email	Rachel.Howe@wolverhampton.gov.uk
Report to be/has been considered by	Rachel Brothwood	Director of Pensions
	Tel	01902 55 1715
	Email	Rachel.Brothwood@wolverhampton.gov.uk

Recommendations for noting:

The Board is asked to note:

1. The Key Performance Indicators for the period up to September 2019
2. The Fund's initial considerations in the development of its Service Plan 2020 - 2025

1.0 Purpose

- 1.1 To provide the Local Pensions Board with an update on the Fund's performance of key service areas for its members and to highlight the considerations for planning the Fund's Service Plan.

2.0 Key Performance Indicators (KPIs)

- 2.1 The Fund's KPIs (Appendix A) are reported up to December 2019. This period the Fund has seen slight movement in its performance of administrative processes with all processes continuing to hit target and are projected to hit KPI by the end of the year (March 2020).
- 2.2 Areas being more closely monitored are contribution receipts highlighted in the Legal and Compliance report and the delivery of Active Benefit Statements, with the increase in output and ongoing work on data cleansing outlined in the Data Management Report.

3.0 Service Plan 2020 – 2025

- 3.1 Over the year 2019-2020, the Fund has seen a range of Scheme-wide developments and reviews from national bodies such as Scheme Advisory Board, the Pensions Regulator together with a number of key court and Ombudsman cases which has led to LGPS Funds coming under the spotlight within the pensions industry. Updates on these activities have been provided to Board at each meeting together with an overview of the actions and engagement undertaken by the Fund to pre-empt and respond to the changing environment in which we operate.
- 3.2 The Fund's Service Plan seeks to respond to those challenges and identify opportunities to develop the Fund, its reputation and its service delivery ensuring members and employers remain at the forefront of our priorities.
- 3.3 Looking ahead to 2020-2021 the Fund is expecting further engagement from the Pensions Regulator with the development of a new single code of practice and further supervisory reviews of how individual LGPS Funds conduct their management and administration activities. As well as this oversight, as outlined in the Legal and Compliance report, following the Scheme Advisory Board good governance review a more detailed Governance Assurance Statement and independent review process is expected to be developed for LGPS pension funds (Board will recall the Fund undertook a voluntary and independent governance and administration review in 2019 which noted the Fund as having a high standard of practices over and above those seen across the wider LGPS). Delivering against the increasing aspirations set by the Fund's regulators stands to be more challenging in the context of the anticipated outcome and remedy of McCloud and Sargeant cases (requiring large scale individual member record and benefit review) and the potential increased obligations on Funds arising from the recent Hampshire and Northumbria Police Ombudsman determinations (indicating an expectation for administrators to increase due diligence and review of transfer cases).

- 3.4 With regards to the Fund investment approach, focus continues to grow on cost transparency and value for money, with greater review expected of the initial outcomes of pooling and raising standards of responsible investment. The Fund is in the process of reviewing the recently updated UK Stewardship Code and draft first part guidance on responsible investment published by the Scheme Advisory Board.
- 3.5 In seeking to address those challenges, the Fund will be developing its understanding of the implications for LGPS Administration, working with our stakeholders to identify opportunities to collaborate on implementation methods and changes to processes to continue to deliver an efficient administration and investment service.
- 3.6 In considering these elements, the Fund has developed its core priorities for 2020-2021 noting the challenges and opportunities which may arise, together with the preparations of the Fund to be responsive to those opportunities.

3.7 Core Priorities:

- **Changing Member Expectations**

In an era of digital engagement, it is expected that members will change the way they engage and interact with all service providers and the Fund is no different. This year the Fund has already started to see the changing behavior of our membership with more members than ever registered to use the online portal with an increasing number of member contact through email. This, together with the engagement of employers for the Fund's digital transformation program, demonstrates a rising demand for more immediate access to information and services. The Fund will look to develop this further in the way it enhances its customer engagement opportunities through the delivery of webinars and online videos.

- **Data**

Data continues to be of focus for the Fund (and its regulators) and essentially the ease at which information is readily available to produce benefit statements and retirement and transfer quotations with content of key information to enable members to plan for their retirement. This is expected to become a more time critical task as Government develops the Pensions Dashboard covering all UK pensions and legislations develops requiring all schemes to feed in.

Ongoing funding reviews together with scheme-wide benefit reviews also require clean data, a key requirement for all automation and increasing capacity to deliver services at the pace required.

- **Employer Compliance**

Good data is a joint task - the ability of employers to provide good quality information to the Fund in the timescales required is a focus of the Pension Administration Strategy. The Pensions Regulator (tPR) has indicated it expects Fund's to have and use such a strategy (and associated powers to recharge costs) where underperformance is identified. It is expected that a Pension Administration Strategy will become a statutory policy for all Funds (currently a voluntarily adopted policy and one which WMPF has been developing since first published in 2015).

Our ability to support our employers on this journey through the delivery of employer

hub and employer web trays will help facilitate collaborative working and overall service delivery for members.

- **Good Governance**

The outcomes of this review is anticipated to see a higher level of reporting from LGPS Funds, with greater oversight on outcomes. This year the Fund has successfully recruited to the vacancies across its Governance and Assurance team who are now reviewing the assurance framework responsive to evolving expectations emerging from our regulators.

With an increased focus on good governance, we expect to see an increased expectation on the role of the Local Pensions Board having been highlighted in the Good Governance review as being inconsistently used across the LGPS (with some Boards meeting just once a year). The Fund will continue to work with our Local Pensions Board to develop its own workplan for the year based on the continued priorities for our members and employers.

- **Knowledge and Skills (decision making bodies and officers)**

Contained within the current tPR Code of Practice is a requirement on the Local Pensions Board to undertake training and to develop their knowledge of the LGPS, it is expected that tPR standards for Local Pensions Boards will be adopted as a minimum by the LGPS in due course. The Fund already has in place an effective and detailed Trustee Training Policy which it will seek to build on over the 2020/21 democratic year together with enhancing its People Development Strategy.

- **Key Person – resource and retention**

The Fund has always identified its people as one of its key resources and this year developed a new Employee Training Policy and new appraisal process ensuring opportunities are afforded to colleagues who wish to further their careers in the pension industry. This year, the Fund has seen 28 internal movements (career progressions) with 38 new appointments across key service areas.

With the successful launch and recruitment to its Graduate and Trainee Program, the Fund will seek to further build on this over the 2020/21 year having seen a number of individuals come back to the Fund having been employed as a trainee during their university term.

- **Protection of members**

Following the recent Ombudsman cases on Northumbria Police and Hampshire it is expected that pensions fraud and pensions scams will receive more focussed considerations from both tPR and the Scheme Advisory Board over the next year. Expectations on how Funds can protect, and support members may increase. The Fund is well placed to respond to this focus having launched its Safeguarding Board this year and with plans to further develop its “Know your customer” campaign in the protection of vulnerable persons.

- **Responsible Stewardship**

This year the Fund is expecting to see a move to a statutory requirement on LGPS Funds to publish their Responsible Investment Strategy with more focussed statements on its approach to Stewardship and Shareholder Voting. Committee will be aware that the Fund is a signatory to the UK’s Stewardship Code having achieved Tier

1 on last review and is working with its investment partners, including LGPS Central Limited, on continuing to review and develop its approach as the issues and opportunities to collaborate and engage to drive positive change increase.

- **Transition to low carbon economy**

The Fund is a founder investor in the LGPS Central Limited All World Climate Multi Factor Fund which has been designed to take into account the risks and opportunities associated with climate change, tilting away from companies with greater carbon emissions and the most carbon intensive fossil fuel reserves instead favouring those with green revenues, integrating responsible investment factors by design. Aligned with the Fund's Responsible Investment approach and targets set within the four-year Climate Change Strategy and Framework, this is a further step in the Fund seeking opportunities to protect and enhance the Fund's asset values, with the Fund exposure to Climate Change risks to be re-evaluated over the next year.

3.8 Over the next two months the Fund will continue to engage with its stakeholders on the development of the 2020 – 2025 Service Plan. Initial input from Committee and Local Pension Board members was collated at the joint training session in November and from employers at the AGM in December. Fund employees also input through Employee Briefings sessions. The final version will be presented to Committee in March 2020 for approval and to Local Pension Board in April.

4.0 Financial implications

4.1 There are no direct implications contained within the report. The Fund is preparing its considerations for its 2020-2021 Budget of which the considerations and initiatives outlined in this report will form part.

5.0 Legal implications

5.1 There are no direct implications contained within this report.

6.0 Equalities implications

6.1 There are no direct implications contained within this report. Any new policies, procedures or initiatives will require the completion of an equality impact assessment.

7.0 Environmental implications

7.1 There are no direct implications contained within this report.

8.0 Human resources implications

8.1 There are no direct implications contained within this report.

9.0 Corporate landlord implications

9.1 There are no direct implications contained within this report.

10.0 Schedule of background papers

10.1 None.

11.0 Schedule of appendices

11.1 Appendix A: Key Performance Indicators, Quarter 2.

Corporate Priority	Frequency	Description	Target	Lead Officer	End of Quarter 1 Performance	End of Quarter 2 Performance	Trend	
Customer Engagement and Communication	REFUNDS							
	M	Notify member of Refund within 10 days of receiving required information	90%	Head of Operations	95.29%	96.66%	↑	
		Refund payments processed within 5 days of receiving required information	90%		99.86%	99.89%	→	
	RETIREMENTS							
	M	Notification of Estimated Benefits within 15 days of retirement date	90%	Head of Operations	83.58%	93.33%	↑	
		Notification of the actual benefits within 5 days of receiving member option form	90%		90.08%	99.66%	↑	
		Payment of lump sum and creation of payroll record within 5 days of receiving election form	90%		98.78%	98.45%	↓	
	DEFERRED RETIREMENTS							
	M	Issue quote letter within 30 days of the members eligible payment date or receipt of request from member	90%	Head of Operations	95.10%	94.80%	↓	
		Notification of the actual benefits within 5 days of receiving member option form	90%		97.23%	98.17%	↑	
		Payment of lump sum and creation of payroll record within 5 days of receiving election form	90%		96.51%	96.85%	↑	
	TRANSFERS IN							
	M	Transfer in quotations processed within 10 days of receiving all the required information	90%	Head of Operations	94.92%	99.15%	↑	
		Transfer notification of transferred in membership to be notified to the scheme member within 10 days of receiving payment	90%		94.00%	100.00%	↑	
	TRANSFERS OUT							
	M	Transfer out quotations processed within 20 days of receiving required information	90%	Head of Operations	99.12%	99.63%	↑	
		Transfer out payments processed within 20 days of receiving required information	90%		98.53%	100.00%	↑	
	DEATHS							
	M	Acknowledgement of a death within 5 days of receiving the notification.	90%	Head of Operations	86.97%	97.14%	↑	
		Notification of benefits payable to dependents will be issued within 5 days of receiving the required information	90%		98.26%	100.00%	↑	
Payment of death lump sum will be made within 10 days of receipt of all the required information.		90%	100.00%		100.00%	→		
JOINERS								
M	Membership record to be created within one month of receiving information from employer	95%	Head of Governance	100.00%	100.00%	→		
EMPLOYER AND MEMBER SERVICE - CALLS								
M	Calls received to the customer helpline to be answered.	85%	Head of Pensions	79.61%	83.33%	↑		
M	Calls received to the employer helpline to be answered.	85%	Head of Pensions	98.17%	96.54%	↓		
Customer Engagement and Communication	CUSTOMER SATISFACTION/SURVEY							
	M	Customer satisfaction	90%	Head of Pensions	100.00%	100.00%	→	
	Q	Web Portal Registrations	Target 90000	Head of Pensions	81410	86024	↑	
	AVAILABILITY OF ONLINE SERVICES FOR MEMBERS							
	M	Pensions Portal, Employer Portal and the external website to be available for 95% of total working hours.	95%	Head of Operations	99.41%	98.50%	↓	
	COMPLAINTS MONITORING - MEMBERS							
	M	All complaints to be responded to within 15 working days of receipt	15 days	Head of Pensions	92.59%	100.00%	↑	
	M	No of complaints to be less than 1% of total membership	<1%	Head of Pensions	54	45	↓	
COMPLAINTS MONITORING - EMPLOYERS								
M	All complaints to be responded to within 15 working days of receipt	15 days	Head of Pensions	52.63%	100.00%	↑		
M	No of complaints to be less than 1% of total employer membership.	<1%	Head of Pensions	19	2	↓		
Governance and Risk	EFFECTIVE DECISION MAKING							
	6M	Training hours of Committee and Pension Board		Head of Governance	N/A	100.00%		
	6M	Attendance rate of committee and pension board		Head of Governance	N/A	76.67%	N/A	
	INFORMATION GOVERNANCE							
Q	Statutory response timeliness	100%	Head of Governance	95.45%	91.30%	↓		
Strategic Asset Allocation and Performance	INVESTMENT RETURNS/OVERALL FUND PERFORMANCE							
	Q	Main Fund - Returns to be 0.5% above the benchmark (3 Yr. Rolling)	+/- 0.5%	Assistant Director Investments and Finance	-0.87%	-2.31%	↓	
Q	ITA Fund - Returns to match the benchmark (3 Yr. Rolling)	+ 0	Assistant Director Investments and Finance	-0.12%	0.02%	↑		
Data Management	DATA QUALITY							
	M	Common data Main Fund	99%>	Head of Governance	96.59%	96.64%	↑	
		Common data ITA	99%>		98.08%	98.00%	↓	
		Scheme specific data Main Fund	95%>		LGPS Scheme specific requirements under national development			
		Scheme specific data ITA	95%>					
	DATA IMPROVEMENT							
A	ABS produced for 100% of active member records	100%	Head of Operations	85.00%	85.00%	→		
	DBS produced for 100% of deferred member records	100%		87.20%	88.80%	↑		
Financial management and cost transparency	CONTRIBUTIONS RECEIVED							
	M	Main Fund - Contributions received from employers versus those expected	98%	Head of Finance	97.70%	98.40%	↑	
		ITA Fund - Contributions received from employers versus those expected	98%		99.93%	100.00%	↑	
	QUARTERLY ACCOUNTS							
	6M	Days taken to prepare accounts (Main Scheme)	30 days	Head of Finance		0	→	
	6M	Days taken to prepare accounts (ITA)	30 days	Head of Finance		0	→	
ACCOUNTANCY								
A	Accountancy information to employers within 25 business days of year end		Head of Finance					

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CITY OF WOLVERHAMPTON COUNCIL	Pensions Board 21 January 2020
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Report title	Legal and Compliance Update	
Originating service	Pension Services	
Accountable employee	Rachel Howe	Head of Governance and Corporate Services
	Tel	01902552091
	Email	Rachel.Howe@wolverhampton.gov.uk
Report to be/has been considered by	Rachel Brothwood	Director of Pensions
	Tel	01902551715
	Email	Rachel.Brothwood@wolverhampton.gov.uk

Recommendations for noting:

The Board is asked to note:

1. An update on the Fund's annual General Data Protection Regulation (GDPR) assurance work.
2. The quarterly risk register, including the movement of risks and the actions taken to mitigate any impact.
3. The quarterly compliance monitoring.
4. An update on emerging changes within the Regulatory Environment applicable to the LGPS and wider pensions industry
5. Update on the West Midlands' Local Government Pension Scheme (LGPS) Pension Fund Merger

1.0 Purpose

- 1.1 To provide the Local Pensions Board with an update on the work of the Fund to deliver a well governed scheme.

2.0 GDPR Annual Assurance

- 2.1 Further to the changes in Data Protection Legislation brought in under the GDPR and Data Protection Act 2018, the Fund has been continuing a program of review and development in the protection and good management of members' personal data. 18 months on from when the changes took effect, the Fund continues to monitor compliance with the requirements of the legislation and through its program of annual review, is able to provide a high level of assurance on its ongoing compliance.

2.2 Data Sharing Agreements with Service Providers

Following the changes in May 2018, the Fund developed and issued new version data sharing agreements to all of its service providers where personal data is exchanged. The data sharing agreement includes an annual assurance statement from the suppliers of their ongoing compliance with the data protection legislation. The Fund is currently contacting its suppliers to obtain the latest annual assurance of compliance in the protection of data. Those who fail to respond, or who are unable to satisfy the assurance requirements (developed in line with the ICO Checklist for data processors) risk having their service contract with the Fund terminated or restricted until such assurance can be provided.

2.3 Data Privacy Impact Assessments (DPIA)

These are required to be completed when a new project or process is developed which requires the use of personal data or a change to how that personal data is being used. As a statutory pension scheme, the Fund is not required to conduct a DPIA for its processing of personal data, however to ensure best practice and the good management of data movement, the Fund undertook DPIA's for all of its main processing activity. No risk to data has been identified.

DPIAs have been conducted for all projects and programmes undertaken by the Fund in the last 12 months, with no risk to data having been highlighted.

2.4 Data Champions

Previously referred to as the Fund's "Data Angels", the Fund has appointed individual team members who have been provided with extra training and development in data protection to enable 'grass root' monitoring of data processing activity across the Fund's service areas and to highlight areas of development in data protection compliance. This quarter the Fund has delivered a refresh of training to our Data Champions with a clear outline of their roles in leading data management for their service area. Over the last year, working with service area leads, the Fund's Governance team have reviewed and developed a number of changes to processing activities including the management of third-party requests for member data (e.g. transfer out requests), which also helps

strengthen the Fund's ability to protect members from fraud and scam activity, an ongoing area of focus for the Pensions Regulator.

3.0 Risk Register

- 3.1 The Fund's risk register has been compiled to represent all known and perceived risks across all service areas of the Fund. Each quarter, the Fund's compliance team, in conjunction with Senior Managers and Risk Owners, review the key risks which are drawn down from detailed risk registers that are separately maintained for each service area of the Fund. The risk register is a live document that is regularly monitored to ensure it reflects the most recent activity of the Fund. Due to the postponement of the December Committee date, the Fund's risk register has been updated and monitored for the period July to December.
- 3.2 This period, the highest risk on the horizon is in relation to the McCloud and Sargeant cases, noting the potential for impact for both the Fund and for Fund employers and our collective ability to obtain information and the potential need to re-assess benefits in payment to reflect any remedy imposed, once agreed for the LGPS. Employer engagement and ensuring good working relationships will be a key action to mitigate impact on members and limit implications for delivering to members.
- 3.3 This period, the Fund has therefore increased the risk score for potential change in the governance of the LGPS and the scheme rules which determine pension benefits, further impacted by the uncertain outcome of the McCloud remedy and its potential impact on administration teams. In addition, the current political climate of Brexit and the General Election had increased the potential for uncertainty in the global markets and investment performance.

4.0 Compliance Monitoring

4.1 Finance and Investments

Trades

The Fund continues to monitor late and failed trades. Late trades relate to instructions on stocks which were not executed at the time requested but executed at a later period with no detriment to the Fund. A failed trade is when the execution is not actioned.

This quarter the Fund is reporting three late trades and two failed trades, this is a 70% improvement from last quarter when the Fund reported 17 failed trades. Further information on the management of trades was provided to Board by HSBC at the training event in November.

The above reported trades resulted in no financial detriment.

Contributions

The Finance team continue to engage with employers to ensure contributions are received monthly in line with The Pension Regulators (TPR) guidelines. The procedures for monthly reconciliation of contributions continue to develop and embed within the employer monthly return process. This period the KPIs for contributions are slightly higher than reported to Board in July, this is due to the reconciliation exercise undertaken noting the contributions received against those expected.

4.2 Governance and Operations

Information Governance

This quarter the Fund has received 7 Freedom Of Information (FOI) requests, as per the previous quarter the majority of requests are interested in the Fund's investment holdings and performance. One request was actioned outside the statutory reporting deadline due to the need to obtain information from third parties where the Fund does not hold the information in the format requested and requires 'building' from statistical analysis of information supplied by our investment managers. The Fund informed the requestor of this delay and is in the process of reviewing its process for FOI in conjunction with the Council's Information Governance Team to ensure timely reporting for these requests from the Fund's third parties.

This quarter the Fund has recorded 19 data protection breaches, one less than the previous quarter. The Fund continues to raise awareness of Data Protection among its employees and closely monitor the reasons for breaches in order to identify and implement improvements to working practises.

Regulatory Compliance

As reported to Board in October the Fund is continuing to develop its assurance programme linked to various statutory requirements placed on LGPS.

As part of its assurance programme the Fund undertakes an annual self-assessment against the Pensions Regulator's, Code of Practise no. 14 – Governance and administration of public service pension schemes. The Fund's existing controls are being reviewed alongside both the legal requirements and practical guidelines included within the code of practice, to identify gaps and areas of non-compliance.

Where gaps are identified action-plans are being established and agreed with Senior Management and Subject Matter Expert's, to ensure ongoing compliance with the Code. The implementation of recommendations included in action-plans is being monitored to ensure completion. Where gaps in compliance are identified, new controls are introduced, or changes are made to existing controls which will be fed into the Fund's control framework and reflected within the Fund's risk registers and supporting risk maps.

This quarter, self-assessments against three areas of the Code of Practise; Knowledge and Understanding, Conflicts of Interest and Publishing Information have been completed. Whilst no breaches in legal requirements have been identified, a number of recommendations to enhance existing controls and increase compliance with the

practical guidelines included within the Code of Practice have been made. These include, enhancements to Pensions Board and Committee member's induction and training procedures; including the introduction of a handbook and newsletter for Board and Committee members, implementation of training needs analysis for Pensions Board and Committee, finalising the Fund's Conflicts of Interest policy and procedures and a review of the information published on the Fund's website. Progress against these recommendations and an update on the self-assessment will be reported to the Board in April 2020 in readiness for implementation in the 2020/21 democratic year.

In conjunction with monitoring the Fund's compliance of current codes of practice and published guidance, the Fund is also monitoring the outcomes from active national initiatives, such as the Good Governance Review, ensuring that any recommendations made from current review, are able to pre-empt and address potential forthcoming changes and compliance requirements in the management and administration of the Fund.

5.0 Business continuity testing

5.1 As part of the good management of the Fund, it has in place a business continuity plan (BCP) which seeks to ensure the continued delivery of service to the Fund's members in the event of an emergency or where the Funds premises are inaccessible/unavailable. The Fund's BCP consists of individual team plans which identify key persons for the continuity of service as well as a minimum level of resource to ensure key actions are undertaken. Priority by service area is dependent on key times during the month/year when certain service areas are critical (e.g. Payroll runs) those service areas are given priority second site workspace with all others able to work from home or are able to be flexible on location.

5.2 Cyber Risk

Another key focus of the BCP is reviewing and monitoring the Fund's approach to ensuring cyber resilience. It is expected that TPR will want to see good management of cyber risk as part of its focus of work for 2020, with an expectation on Fund's having their own Cyber Management Policy, separate from that of the Administering Authority. As the provider of the Fund's IT systems, we are working closely with the Council's ICTS security team to ensure cyber security is at the centre of all system development work and their experience in managing cyber resilience will be key to the Fund's development of their own policy and Cyber Management Strategy.

6.0 Regulatory Update

6.1 Good governance review

As reported to Board in October, the Scheme Advisory Board (SAB) invited Hymans Robertson to assist in taking forward the next stage of the good governance project. Two working groups were established, the first (the standards and Outcomes Workstream) were asked to focus on clearly identifying the outcomes and standards the

SAB wishes to see achieved by Funds under the proposed approach and how these outcomes should be evidenced. The second working group (Compliance and Improvement Workstream) were asked to focus on establishing a compliance regime that will assess each Fund against the framework.

A series of recommendations covering five areas; Guidance, Conflicts of Interest, Representation, Knowledge and Understanding, Service Delivery for the LGPS function and Compliance and Improvement, have been put forward by the two working groups for the SAB to consider, and accept before the project moves onto phase 3 following the issuance of the phase 2 report (which includes detailed implementation proposals, and the changes needed to the statutory governance guidance to implement those). The next phase of the project will include drafting required changes to guidance, establishing an independent governance review provider framework and identifying KPI's which LGPS Funds can use to report their performance.

6.2 Statutory Guidance

As outlined above, one outcome from the Good Governance review is the issuance of new statutory guidance in the management and governance of LGPS Funds. It is envisaged that under the new guidance Funds will be required to produce an enhanced Governance and Compliance statement which will act as a summary, evidencing the Fund's position on all areas of governance and compliance, it is expected this will be further enhanced through a bi-annual independent governance accreditation or charter mark. Where a Fund is non-compliant in certain areas the statement will provide information with an accompanying improvement plan regarding the steps being taken in order to address areas of non-compliance.

6.3 Responsible Investment Guidance

At the meeting of the Scheme Advisory Board on the 6th November, approval was given for the first part of guidance on responsible investment (RI) to be published for consultation until the 11 January 2020. The aim of this first part of RI guidance is to assist and help investment decision makers identify the parameters of operation within scheme regulations, statutory guidance, fiduciary duty and the general public law and the scope for integrating Environment Social and Governance (ESG) policies as part of investment strategy statements. The Fund will be responding to the consultation noting the significant steps already taken by WMPF to integrate RI into its investment approach in both selection and stewardship together with the launch of its climate change strategy and framework earlier in the year.

6.4 Competition Market Authority (CMA) Order

On the 10 June 2019, CMA published an Order placing new obligations on service providers and pension schemes with regard to Fiduciary Management and Investment Consultancy Services which would have meant the need for LGPS to formally review and tender contracts for these services and investments with wholly owner pool companies.

Following a number of challenges to this approach the Scheme Advisory Board took forward the concerns of the LGPS working with CMA to clarify the position with regards the LGPS. As a result, it has been confirmed that this element of the Order does not apply to LGPS Funds with an update being implemented through regulations due to be published next year.

An element which is expected to apply is a new requirement to formally set and review objectives for investment advisors. The Fund reviewed and established provider requirements as part of a review of investment advisory contracts during early 2019. Following the CMA Order and guidance issued by TPR in relation to regulations issued by the Department for Work and Pensions (not directly applicable to LGPS but in anticipation that Ministry of Housing, Communities & Local Government (MHCLG) will shortly follow), the Fund has discussed and developed a framework of objectives and performance measures with advisers appointed to the Investment Advisory Panel, together with the Investment Consultant and Risk Adviser, with a framework developing for investment managers who also carry out advisory services for the Fund.

6.5 Pensions Regulator

As part of the Regulator's clearer, quicker, tougher campaign it has been working to develop clarity on its expectations in the management of pension schemes through the development of a single code of practice.

Currently the Regulator, develops and oversees the implementation of around 56 codes of practice which govern a variety of pension schemes (public sector, private sector DB and DC). To assist in its management and to develop clarity on expectation, the Regulator has been formulating a single code of practice due to be issued for consultation early next year highlighting their focus to develop the supervisory regime across all UK pension schemes.

7.0 Fund Merger

- 7.1 The Government Actuary's review of local LGPS actuarial valuations carried out in 2016-17 led to a recommendation to the MHCLG in September 2018 that the West Midlands Combined Authority (WMCA) as Administering Authority for the West Midlands Integrated Transport Authority Pension Fund (WMITA PF) develop a plan to address the employer-risk inherent within the closed Fund. Noting the historic delegation in place with Wolverhampton City Council for the management and administration of WMITA PF, the two Authorities entered into discussions for the merger of the 2 Funds formally submitting a joint application to MHCLG in May 2019
- 7.2 MHCLG published a Merger consultation in July 2019, together with draft Regulations and draft Secretary of State Direction (Appendix B), outlining the proposed terms and structure of a merger. The Fund, in consultation with our stakeholders (Actuary, External Audit and the two employers admitted to the WMITA PF) submitted a response to the consultation in September 2019.

7.3 The Regulations effecting the merger were adopted into law on 8 November 2019, with effect from 1 April 2019 to coincide with the start of the financial year and start of the triennial valuation period.

7.4 In summary the regulations;

- Transfer the LGPS Administering Authority responsibilities from the WMCA to the City of Wolverhampton Council as Administering Authority for the Fund.
- Require both administering authorities to publish a statement of the assets and liabilities of their respective pension funds immediately prior to the merger, within three months of the Regulations coming into force
- Novate all legal and contractual arrangements WMCA held in relation to its role as Administering Authority to Wolverhampton Council.
- Transfer all assets and liabilities of the WMITA PF to WMPF, now administered by the City of Wolverhampton Council

7.5 The Fund is currently working with its partners to implement and effect the merger.

8.0 Financial implications

8.1 Poor management of the Fund's assets can result in detrimental investment returns. Effective monitoring of the management arrangements is required to ensure the Fund is well placed to ensure the delivery of its investment strategy.

8.2 Failure by the Fund to meet statutory requirements of effective governance and administration could result in fines imposed by TPR.

9.0 Legal implications

9.1 Changes to legislation and statutory guidance are detailed in the report. Failure by the Fund to comply with legislation and/or statutory guidance can result in enforcement action and fine from both the Pension Regulator and the Courts via judicial review.

10.0 Equalities implications

10.1 There are currently no equalities implications contained within this report, an equality impact assessment will be undertaken where new policies are adopted following change in regulation/statutory guidance.

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 Schedule of background papers

14.1 Updates on the Regulatory Environment, including the work of the Scheme Advisory Board can be found on the SAB website
www.lgpsboard.org

14.2 Phase 2 of the Good Governance Review
<https://www.hymans.co.uk/insights/research-and-publications/publication/good-governance-in-the-lgps-phase-2-report/>

15.0 Schedule of Appendices

15.1 Appendix A: Risk register key risks.

15.2 Appendix B: Secretary of State Declaration.

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West Midlands Pension Fund - KEY RISKS

Dec-19

Risk ID	Risk Description		Risk Rating	Movement from Last Qtr			
Pooling							
P3	Pooling	Transition timeline slips causing additional cost/resource on the fund	16			No Change	
		Controls					<ul style="list-style-type: none"> > Transition plan monitoring and reviewed by IAP with quarterly updates to pension committee > Client Services Agreement with LGPSC Ltd
P4	Pooling	Investments not reflecting Funds investment strategy putting investment returns at risk	16			No Change	
		Controls					<ul style="list-style-type: none"> > Ongoing assurance and monitoring of Investment managers adherence to mandates > Analysis of performance against Fund's objectives with regular dialogue and reporting with LGPSC Ltd > Investment products offered by LGPSC Ltd are reviewed by the IAP with recommendations and reviews > Investment PAF working group feedback to LGPSC Ltd on requirements
P6	Pooling	Resourcing - Insufficient resources to manage legacy assets	15			No Change	
		Controls					<ul style="list-style-type: none"> > Client Service agreement with LGPSC Ltd to provide services covering management of legacy assets > Resourcing within Fund to oversee CSA > Regular reviews of staffing requirements in line with investment movement, recruiting to new or experienced roles as required.
P7	Pooling	Ineffective strategy or investment requirements leading to stalling with transition of assets and possible failure to deliver cost savings	16			No Change	
		Controls					<ul style="list-style-type: none"> > Regular dialogue to agree investment requirements with open communication on strategy changes > Dialogue with investment staff and external providers to help develop strategy > Agree high level principles on investment objectives
P8	Pooling	Stakeholder delay on key issues leading to ineffective decision making and partnership working	16			No Change	
		Controls					<ul style="list-style-type: none"> > Effective communication and ongoing dialogue with open and transparent reporting > Agreed key deliverables > Partner funds have agreed additional resource in support office to support collaboration
P9	Pooling	Cost savings fail to be delivered - Higher regulatory and other costs, anticipated savings do not materialise	16			No Change	
		Controls					<ul style="list-style-type: none"> > Oversight and scrutiny of budgets and cost savings > Benchmarking costs and cost transparency reporting > Financial model projections assessed and reviewed on ongoing basis
Investments							
I2	Investments	Fund not achieving investment returns in line with longer term strategic objectives to meet funding objectives	16			No Change	
		Controls					<ul style="list-style-type: none"> > Diversified portfolio and return target set > Regular reviews of asset allocation/investment strategy > Quarterly monitoring of investment managers > Regular monitoring of market conditions.
I7	Investments	Brexit uncertainty	20			No Change	
		Controls					<ul style="list-style-type: none"> > Currency hedge is currently applied providing some protection against reductions in value > Frequent monitoring and review of market performance with adjustments (where necessary) in the Strategic Asset Allocation are undertaken with support and advice from the Fund's IAP
I8	Investments	Climate Change	16			No Change	
		Controls					<ul style="list-style-type: none"> > Company and policy engagement through collaborative stakeholder forums utilising specialist teams and providers (LAPFF/Hermes). > The Fund has adopted a climate change framework and strategy > Sustainable Equity Strategy seeking opportunities in carbon beneficial investments > Carbon positive FTSE Index investing
Finance							
F6	Finance	Non payment or receipt of monies due to the fund	15			No Change	
		Controls					<ul style="list-style-type: none"> > Monthly monitoring of Future Service and Past Service Deficit contribution payments. The Fund work with the Employer and Data Teams on monthly submissions to analyse, review and feedback
Governance							
G9	Governance	Change in government policy/LGPS reforms	20			No Change	
		Controls					<ul style="list-style-type: none"> > The Fund keeps abreast of developments, participating in consultation and calls for evidence, and collaborating with other funds, Officers of the Fund sit on national working groups feeding into updates on governance policy and LGPS reforms. > The Governance and Internal Controls Framework includes horizon scanning activities anticipating change in direction resulting from national work, including statutory surveys and the TPR Corporate plan.
G12 G7	Governance	Fund Resource and Key Man Risk including failure to recruit and retain staff with the right experience, qualifications and skill sets	16			No Change	
		Controls					<ul style="list-style-type: none"> > The Fund has a People Development Framework addressing the gaps in resource through an appropriate recruitment strategy including upskilling staff through personal development and qualifications relevant to role. > The Fund has a workforce development team and strategy addressing concerns of key man risk and succession planning. This is undertaken with key service areas with the cascading of knowledge and information across teams being the key focus along with training and development enabling natural succession planning. > Staff resource is monitored enabling temporary placements in workload peaks
G13	Governance	Outcomes from McCloud and Sargeant Court Cases impacting funding and resource where data remedy is required	20			No Change	
		Controls					<ul style="list-style-type: none"> > The Fund is engaging with its partners, including the Actuary, to anticipate potential impact resulting from the outcome of this case. > The Fund keeps abreast of the progress of the case through its national working groups and engagement with statutory bodies (LGA, SAB).
Operations							
OP4	Operations	Failure to adhere to statutory regulatory requirements	20			No Change	
		Controls					<ul style="list-style-type: none"> > Technical team translate regulations and working groups review and discuss impacts of any changes > Robust testing process for system changes > Work with other Pension Funds to develop understanding i.e. Civica Technical Group and SPOG > Project management for delivery of key changes and Statutory requirements and regulations > Monitoring of KPI's and performance against disclosure
OP7	Operations	Poor quality and/or late deliveries/upgrades by PAS provider leading to an inability to process member data creating backlog and/or delays	16			Increase	
		Controls					<ul style="list-style-type: none"> > Full testing plan in place to quality assess deliveries in test environments before implementation into the live environment > Civica user groups in place to work with other Funds to help support in the quality and content of service deliveries > Testing by the Funds operations team before roll out
Pension Services							
PA1	Pension Services	Failure to adhere to the Pension Administration Strategy	16			No Change	
		Controls					<ul style="list-style-type: none"> > Communication with employers at the AGM to ensure they understand the PAS and their requirements under it > Employers adherence to the PAS is monitored > PAS regularly reviewed by committee > Reports produced for employers highlighting data file exceptions. Regular meetings with districts to review progress and all other employers have been assigned a "data lead" as the main contact for any issues or queries > The Fund monitors its delivery through KPIs reported to committee

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Department for Communities and Local Government

DIRECTION

Director of Pensions
West Midlands Pension Fund

Date: 29 October 2019

Dear Director

Secretary of State's Direction on the Establishment of Admission Body Funds by the City of Wolverhampton Council

1. I am writing with regard to your application of 1 May 2019 submitted jointly made jointly on behalf of Wolverhampton City Council ("**Wolverhampton**") and the West Midlands Combined Authority ("**the Combined Authority**"), together the "**Applicants**".

2. This Direction from the Secretary of State is made under the provisions of regulation 4 of The Local Government Pension Scheme (West Midlands Integrated Transport Authority and West Midlands Fund Merger) Regulations 2019 ("**the Regulations**").

The Consultation

3. The Secretary of State has consulted bodies appearing to be affected by a proposed Direction under the Regulations. A public consultation was launched on 23 July and closed on 7 September. Two responses were received, both supportive of the proposal but proposing some minor amendments. These were taken forward in the final regulations.

Admission Agreement Funds

4. Wolverhampton has on the merger date established two new admission agreement funds under regulation 54 of the 2013 Regulations (admission agreement funds) for each of West Midlands Travel Limited and Preston Bus Limited being the only admission bodies and scheme employers that previously participated in the West Midlands Integrated Transport Authority Pension Fund ("**the WMITAPF**").

The Secretary of State's Direction

5. On behalf of the Secretary of State, I am authorised to issue Directions under the powers in regulation 4(2)(b) of the Regulations. The Secretary of State directs that:

- 1) The assets of the WMITAPF shall be allocated to the new admission agreement funds according to the respective allocation of the assets to West Midlands Travel Limited and Preston Bus Limited within the WMITAPF immediately before the merger date;

- 2) Wolverhampton shall maintain separate funding strategy statements and investment strategy statements for each admission agreement fund to reflect their different funding and investment strategies;
- 3) Any existing guarantees relating to West Midlands Travel Limited and Preston Bus Limited shall be novated for the benefit of Wolverhampton as the administering authority on the appropriate admission agreement fund established for each admission body;
- 4) In the event West Midlands Travel Limited were to exit the LGPS without fully discharging its liabilities (either directly or through the guarantee agreement with National Express Group plc), the Combined Authority as a scheme employer in the West Midlands Pension Fund shall make arrangements with Wolverhampton as the appropriate administering authority to subsume the assets and liabilities of the admission agreement fund relating to West Midlands Travel Limited with its own assets and liabilities in the West Midlands Pension Fund;
- 5) Where assets of and liabilities of West Midlands Travel Limited are subsumed by the Combined Authority as a scheme employer in the West Midlands Pension Fund in accordance with sub-paragraph (4) above then Wolverhampton shall close and wind up the admission agreement fund relating to West Midlands Travel Limited as it will have no assets or liabilities left.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Suzie Clarke'.

Suzie Clarke
Local Government Finance Reform and Pensions Division

CITY OF WOLVERHAMPTON COUNCIL	Pensions Board 21 January 2020
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Report title	Investment Governance	
Originating service	Pension Services	
Accountable employee	Jill Davys	Assistant Director, Investments & Finance
	Tel	01902 55 0555
	Email	Jill.davys@wolverhampton.gov.uk
Report to be/has been considered by	Rachel Brothwood	Director of Pensions
	Tel	01902 55 1715
	Email	Rachel.brothwood@wolverhampton.gov.uk

Recommendation for noting:

The Board is recommended to note:

1. The update on investment governance matters including responsible investment and investment pooling.

1.0 Purpose and background

- 1.1 This report provides an update on investment related matters including the ongoing development of LGPS Central Investment Pool and the Fund's responsible investment activities.
- 1.2 LGPS Central Ltd ("the Company") is a jointly owned investment management company established by West Midlands Pension Fund and seven Partner Funds to deliver investment pooling for the LGPS Central pool in accordance with the criteria laid down by the Secretary of State. The Company obtained Financial Conduct Authority (FCA) authorisation of the operator and Authorised Contractual Scheme (ACS) in January and February 2018 respectively and formally launched in April 2018. The business case for the pool is focused on securing longer term investment cost savings and supporting delivery of Partner Funds' strategic investment objectives.
- 1.3 Investments products and services to Partner Funds are being developed, supported and overseen by the governance structures established within the Company and across the wider investment pool. The Shareholder Forum and Joint Committee each meet at least twice annually, with the Shareholder Forum considering shareholder related matters such as the Company's strategic business plan, annual budget and annual report and accounts. The Joint Committee is focused very much on client deliverables of investment pooling, together with governance and oversight of pooling arrangements.
- 1.4 The Fund has a longstanding policy of supporting good corporate governance in the companies in which it invests. The Fund will also challenge companies who do not meet either the standards set by their peers or reasonable expectations as measured by best practice. The Fund's approach is part of its overall investment management arrangements and its active responsible investment framework. There are three main pillars to the framework: **selection** (of assets), **stewardship** (of assets), and **transparency & disclosure**.

2.0 Investment Strategy

- 2.1 The Fund is currently undergoing a review of its Investment Strategy in conjunction with the triennial Actuarial Valuation which will be incorporated into the Investment Strategy Statement due for consideration by the Pensions Committee in March 2020. This is being developed along with the investment risk management framework to enable the Fund to meet its longer-term funding and investment objectives. The Board will be kept updated of progress and changes to the Investment Strategy Statement will be discussed with the Board in April.

3.0 LGPS Central Investment Pool Sub-Fund Development and Asset Transition

- 3.1 As previously reported to the Board, since launch and over the next 2-3 years, a range of internally and externally managed sub-funds are being developed and launched for liquid (e.g. equities and bonds) and alternative more-illiquid asset classes (e.g. private equity, property, infrastructure).

- 3.2 WMPF works closely with LGPS Central Ltd and Partner Funds to agree sub-fund product development, a protocol for which has now been established to deliver the investment products that Partner Funds need to meet their strategic requirements, pooling objectives for return and cost savings and broader strategic objectives including responsible investment. The product development protocol also provides Partner Funds with the opportunity to undertake due diligence of the process and products as they progress along the development pipeline and gain the necessary assurance to transition assets across to LGPS Central Ltd.
- 3.3 The Fund's Investment Advisory Panel, comprising external advisers, the Director of Pensions and Assistant Director (Investment and Finance), continue to review investment in sub-funds as they are developed taking into account the strategic fit for WMPF. The Pensions Committee are kept updated on product development and are asked to re-confirm delegations to transition assets as appropriate to these emerging sub-funds.
- 3.4 Following approvals by Pensions Committee WMPF has transitioned assets into LGPS Central Ltd ACS passive equity sub-funds, active external global equities sub-fund and the climate factor fund launched in early October. The Fund also made commitments to LGPS Central Ltd's first private equity sub-fund which was set up under a Scottish Limited Liability Partnership following approval by shareholders for the new vehicle. In aggregate the Fund has approximately £6.5bn or around 40% of assets under management directly invested in LGPS Central Ltd sub-funds, helping demonstrate compliance with statutory guidance on LGPS Investment Pooling.
- 3.5 LGPS Central has launched an Emerging Market Equities sub-fund which WMPF anticipates allocating to in due course. The Corporate Bond sub-fund is scheduled for formal launch in February and the Fund is in the process of transferring assets to this sub-fund. As noted above the Fund also transitioned assets across to the new Climate Factor-Based Factor Fund in early October which aligned with the Fund's investment beliefs and will help the Fund to meet objectives set in the Climate Change Strategy and Framework agreed in March 2019.
- 3.6 The product development pipeline continues to evolve and be reviewed as strategic priorities and opportunities develop and the Fund works closely with its Partner Funds and LGPS Central Ltd to ensure that suitable products become available to meet the Fund's broader strategic objectives.

4.0 LGPS Central Investment Pool Governance

- 4.1 As previously reported to the Board, the governance arrangements for the LGPS Central pool include a Shareholder Forum (as the group of "owner" representatives) and the Joint Committee (focused on investment matters and client-side). The Joint Committee has invited a trade union representative to join the Committee and is waiting for a nomination from the TUC. A representative from the West Midlands' Pension Committee is currently attending on an informal basis. The Practitioners Advisory Forum, PAF (officer group) support both groups and act as a liaison with the Company.
- 4.2 The Shareholder Forum last met in November 2019 and are next due to meet in February 2020 to agree the LGPS Central Strategic Business Plan and Budget for 2020-2021.

- 4.3 The Joint Committee was due to meet in December, but due to the General Election taking place this has now moved to February 2020 and will receive an update on workstreams from the Practitioners Advisory Forum (including finance, investment, client and governance oversight and responsible investment), along with the risk and audit assurance framework, and delivery and performance updates.
- 4.4 The Board were previously advised of draft guidance issued by MHCLG, noting in particular, the emphasis on the Pool governance and oversight. It is understood that a formal consultation is due to be issued but was postponed from the Autumn and we are awaiting a further update from Government as to when this updated guidance will be issued.
- 4.5 LGPS Central Limited's own governance arrangements include an Investment Committee, Executive Committee and oversight from the Non-Executives through the company board and sub committees (Remuneration and Audit and Compliance). The Company also sought and obtained permission from Shareholders to recruit for an additional non-executive director with a formal announcement on the appointment expected in January 2020.
- 4.6 The Internal Audit Working Group which covers all Partner Funds undertook a governance audit of LGPS Central Investment pool, incorporating both the governance and oversight arrangements of Partner Funds and also the Company. The results of this audit work are expected to be presented to the Joint Committee in February. In addition, an Investment audit is due to commence shortly and again the results of this audit will be presented to the Joint Committee in due course.

5.0 LGPS Central Ltd Investment Reporting and Oversight

- 5.1 Monthly and Quarterly reporting on the LGPS Central Ltd sub-funds is being provided and the client oversight and governance group is working closely with the Company to further develop these reports to ensure that they will meet the reporting requirements of Partner Funds as the range of products and assets under management grows.
- 5.2 The Fund reviews performance of these sub-funds on a quarterly basis internally as well as actively participating in the Practitioner Advisory Forum Investment Working Group review of quarterly performance with LGPS Central Ltd.

6.0 Responsible Investment

- 6.1 The Fund's strategy continues to be to engage with its investee companies and other key stakeholders through partnerships and on its own. The Fund aims to protect and increase shareholder value by engaging on a range of financially material ESG investment factors. A significant part of the Fund's engagement programme is implemented through partnerships including the Principles for Responsible Investment (PRI), the Local Authority Pension Fund Forum (LAPFF), Hermes EOS (via a contract held by LGPS Central Limited, the pool operator company), Institutional Investors Group on Climate Change (IIGCC) and the UK Pension Fund Roundtable.
- 6.2 The Fund's engagement activity is monitored and reported to the Pensions Committee on a quarterly basis. Engagement activity includes a number of direct company engagements, on a range of themes, voting activity and working in partnership with other institutional investors to consider shareholder resolutions. Activity and progress are included in

published reports from LGPS Central Limited and the Local Authority Pension Fund Forum (LAPFF).

- 6.3 As previously discussed the stewardship themes for engagement for the Fund for the current financial year are: Climate Change; Single-use plastics; Technology and Disruptive Industries; Tax Transparency and fair tax payment. Whilst not a specific theme for the year, the Pensions Committee were also keen that there was a focus on Human Rights and the Fund has also commenced more detailed reporting on this additional theme for Pensions Committee in addition to the previously agreed themes.
- 6.4 Through LAPFF, the Fund engaged with 108 companies during the quarter. Most engagements concerned climate change and human rights. Two engagements led to a substantial improvement with a further three showing moderate or small improvement. Most engagements were conducted by writing letters to the company concerned, but several this quarter's engagement activities also took place through meetings. The issues are set out in the Quarterly Engagement Report which is available on LAPFF's website:
<http://www.lapfforum.org/publications/qrtly-engagement-reports/>
- 6.5 Through Hermes EOS, the Fund engaged with 232 portfolio companies during the quarter, covering 576 environmental, social and corporate governance issues. Hermes EOS' activities support delivery against the Fund's stewardship themes (see below) alongside a broader range of engagement themes including human rights. Further details of Hermes EOS' engagement along with voting activity can be found in the appendix to the Pensions Committee Responsible Investment Report.
- 6.6 The Fund responds to all correspondence received directly from pension scheme members, campaign groups or via members of Pensions Committee. From time-to-time the Fund will issue statements to confirm its approach and work undertaking in relation to specific issues or concerns raised. Correspondence is discussed at each Pension Committee meeting.
- 6.7 The Investment Team at LGPS Central Ltd are providing Funds with quarterly strategy updates along with broader market and training information. Quarterly stewardship reports covering engagement and voting are also being provided to Partner Funds as well as being accessible on the Company website, the latest quarter can be found at:
https://www.lgpscentral.co.uk/wp-content/uploads/2019/11/2019-11_QSR_v8.pdf
- 6.8 The Fund has been a signatory of the UK Stewardship Code ('the Code') since its inception in 2012. The Fund defines the concept of stewardship in the same way as the FRC: "Stewardship aims to promote the long-term success of companies in such a way that the ultimate providers of capital also prosper. For investors, stewardship is more than just voting. Activities may include monitoring and engaging with companies on matters such as strategy, performance, risk, capital structure, and corporate governance, including culture and remuneration. Engagement is purposeful dialogue with companies on these matters as well as on issues that are the immediate subject of votes at general meetings."
- 6.9 The FRC has now published an updated Code which came into effect from 1 January 2020. The Code represents a new best practice standard for both asset owners and asset managers alike. The new guidelines require that Funds who want to remain or become signatories of the Code must publish a Stewardship Report, demonstrating compliance with

the 12 principles of the Code by 31 March 2021. The Code will also be used in conjunction with forthcoming guidance to be issued by the Scheme Advisory Board, as a basis for reviewing and strengthening the Fund's approach to responsible investment activity. The Fund will be working in conjunction with LGSPC Ltd to update the Fund's current Code by March 2020. A more detailed review of the new Code and the work done to meet its requirements will be provided to Pensions Board at its next meeting.

- 6.10 In November 2019 the National LGPS Scheme Advisory Board issued a consultation on the first phase of new guidance in relation to Responsible Investment. Recognising the growing interest in responsible investment across the LGPS and wider pensions industry and noting recent changes from DWP regarding trustees' response, policies and action in addressing financially material risks such as climate change, the draft guidance looks to set out key definitions considers fiduciary duty and recognises for the LGPS that there are a range of stakeholders including local taxpayers to consider. It is recognised that capacity to invest in responsible investment is likely to be different depending on scale. The Scheme Advisory Board are issuing guidance for consultation in two phases, with both expected to be available before the Scheme year-end.
- 6.11 As noted above the Fund will be reviewing its compliance with the updated Stewardship Code and will be providing an updated Statement of Compliance to Pensions Committee for its meeting in March. In addition, the Fund will be undertaking a review of its Responsible Investment Framework including any new themes being proposed along with a review of its voting policy.

7.0 CMA Review

- 7.1 The CMA (Competition Markets Authority) published its report on the market investigation into Investment Consultants in December 2018, issuing an Order in June placing new obligations on service providers and pension schemes with regard to Fiduciary Management and Investment Consultancy Services. Consultation in June confirmed the requirement to set strategic objectives for providers of Investment Consultancy Services. The Fund has now set strategic objectives for investment consultancy services with its range of external advisers.

8.0 Financial implications

- 8.1 The costs of the LGPS Central pool and the Fund's share of these are including within the Fund's annual budget and reported within the Fund's Annual Report and Accounts.
- 8.2 CIPFA guidance on the Pension Fund Annual Reports requires all Pension Funds to fully disclose progress on transition of assets, performance and costs in relation to both the ongoing management of the Pool and transition, thereby providing high levels of transparency on the implementation of investment pooling and the delivery against the business case.
- 8.3 MHCLG continues to monitor progress of all the investment pools on a regular basis with the latest update supplied in September 2019. This reaffirmed that the LGPS Central Pool remained on target to deliver the planned savings in the timescales set out in the original business plan.

9.0 Legal implications

- 9.1 The requirement to pool fund investments is a requirement of law, failure to work collaboratively and meet the Government's criteria and timetable for delivery may result in Government intervention.
- 9.2 MHCLG issued updated draft statutory guidance relating to investment pooling for informal consultation in January 2019. This was to update and replace the original statutory guidance issued in 2015. Both the Fund and LGPS Central Ltd have provided responses to the consultation and MHCLG and currently expected to issue a formal consultation in 2020.

10.0 Equalities implications

- 10.1 There are no direct equalities implications.

11.0 Environmental implications

- 11.1 There are no direct environmental implications.

12.0 Human resources implications

- 12.1 There are no direct human resources implications.

13.0 Corporate landlord implications

- 13.1 There are no direct corporate landlord implications.

14.0 Schedule of background papers

- 14.1 Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016
<http://www.legislation.gov.uk/ukxi/2016/946/contents/made>

15.0 Schedule of appendices

- 15.1 None.

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CITY OF WOLVERHAMPTON COUNCIL	Pensions Board 21 January 2020
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Report title	Pension Board Nominations 2020-2021	
Originating service	Governance and Corporate Services	
Accountable employee	Rachel Howe	Head of Governance and Corporate Services
	Tel	01902552091
	Email	Rachel.Howe@wolverhampton.gov.uk
Report to be/has been considered by	Rachel Brothwood	Director of Pensions
	Tel	01902551715
	Email	Rachel.Brothwood@wolverhampton.gov.uk

Recommendation(s) for action or decision:

The Board is asked to:

1. Convene an Appointments Panel to receive nominations for the year 2020-2021.
2. Confirm the seats for nomination.

1.0 Purpose

- 1.1 To seek nominations to the pension board for 2020-2021
- 1.2 To convene an appointments panel to confirm appointments to the Board

2.0 Background

- 2.1 The West Midlands Local Pension Board came into effect under the Public Service Pensions Act 2013. The Act set out the legal requirements for creating a local pensions board including how persons should be appointed and the proportion of membership, requiring equal numbers of employer and member representatives.

3.0 Nominations to Local Pensions Board

- 3.1 The Board are asked to instigate the nomination process. In line with the terms of reference for the Local Pension Board, it is permissible for those who stand down to be re-nominated by their representative group.
- 3.2 In line with the nominations process, the Board is asked to consider the current vacancies in membership prior to identifying seats for re-nomination.
- 3.3 This year, the Fund is holding 2 vacancies in each of the categories of member and employer representatives (see appendix A). This is due to resignation of members following a change in role with their respective employer or trade union. In line with the process and previous feedback from the Board, the employer vacancy will be advertised amongst our employer group through the peer group and engagement opportunities. The Trade Union position will be offered to the relevant trade union (GMB) to nominate a suitable candidate.
- 3.4 In line with the Board's appointments process, the Board are requested to form an Appointments Panel consisting of the Chair, Vice Chair, one member and one employer representative, who will consider the applicants for employer representatives and their capacity to sit as a member of the Board (which may include a formal interview process). In line with the appointments process, the Appointments Panel may determine nominations by email consensus rather than formal panel. Applications will be sought from each of the representative groups with the Appointments Panel to be held in March 2020 ahead of the April meeting but with the formal appointment commencing from June 2020 in readiness for the first meeting of the democratic year in July.

4.0 Financial implications

- 4.1 There are no financial implications.

5.0 Legal implications

- 5.1 Failure by the Fund to comply with statutory requirements on the formation, management and membership of the Local Pensions Board may result in regulatory action by the Pensions Regulator, including legal notices and enforcement powers.

6.0 Equalities implications

- 6.1 All Fund policies (including the appointments process) are drafted in consideration of equality impact assessments with no individual category of persons affected by their implementation.

7.0 Environmental implications

- 7.1 There are no implications.

8.0 Human resources implications

- 8.1 There are no implications.

9.0 Corporate landlord implications

- 9.1 There are no implications.

10.0 Schedule of background papers

- 10.1 Public Service Pensions Act 2013
<http://www.legislation.gov.uk/ukpga/2013/25/contents>
- 10.2 West Midlands Pension Fund Local Pensions Board Nomination process
<https://www.wmpfonline.com/article/10348/Pensions-Board-Nomination-Process>

11.0 Appendices

- 11.1 Appendix A - Overview of nomination cycle/membership term

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APPENDIX ONE

Employer Representative	Member Representative	Year due to vacate position/seek re-nomination
Vacant	Adrian Turner	2020
Joe McCormick	Michael Foxall	2021
Paul Johnson	Sharon Campion	2022
Jacqueline Carman	Stan Ruddock	2023
Ian Martin	Vacant (GMB)	2024

***Where vacant seats arise through natural turnover of membership, the year for re-nomination moves on one year.**

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