

<b>Time</b>	2.00 pm	<b>Public Meeting?</b>	NO	<b>Type of meeting</b>	Pensions
<b>Venue</b>	West Midlands Pension Fund, i9 Offices, Wolverhampton Interchange, Railway Drive, Wolverhampton, WV1 1LD				

## Membership

### Employer Representatives

Paul Johnson (Chair)  
Joe McCormick  
Ian Martin  
Mark Smith  
Jacqueline Carman  
Cllr Sandra Samuels OBE

### Member Representatives

Julian Allam (Vice-Chair) (Unite)  
Sharon Champion (Unison)  
Stan Ruddock (Unite)  
Adrian Turner (Unison)  
Terry Dingley (GMB)  
Cllr Rupinderjit Kaur

### Observer Member

Steve Smith

The Quorum requires, at least one member from each category of member and employer representatives. If the Chair and Vice Chair are not present a Chair will be nominated by majority from those in attendance.

## Information for the Public

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

**Contact** Fabrica Hastings  
**Tel/Email** Fabrica.Hastings2@wolverhampton.gov.uk 01902 552873  
**Address** Democratic Services, Civic Centre, 1st floor, St Peter's Square,  
Wolverhampton WV1 1RL

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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               | <b>Apologies for Absence</b>  |
| 2               | <b>Declaration of Interests</b>   |
| 3               | <b>Minutes of Previous Meeting</b> (Pages 3 - 8)  |
| 4               | <b>Matters Arising</b>  |
| 5               | <b>Compliance and Assurance</b> (Pages 9 - 22)<br>[To provide Board with an update on the work of the Fund to deliver a well governed scheme.]  |
| 6               | <b>Delivering our Corporate Plan</b> (Pages 23 - 26)<br>[To provide Board with an update on the progress made towards the achievement of objectives in our Corporate Plan.]   |
| 7               | <b>Investment Governance</b> (Pages 27 - 32)<br>[To provide an update on investment related matters, an update on responsible investment activities, together with the ongoing development of Local Government Pension Scheme (LGPS) Central Investment Pool.]                              |
| 8               | <b>Pensions Administration Report from 1 July to 30 September 2022</b> (Pages 33 - 52)<br>[To inform the Board of the routine operational work undertaken by the Pensions Administration Service areas during the period 1 July – 30 September 2022.]                                       |
| 9               | <b>Customer Engagement Update</b> (Pages 53 - 62)<br>[To provide Board with an update of the Fund's customer engagement activity from 1 July 2022 to 30 September 2022 and to cover future planned customer engagement activity in the context of the Fund's Customer Engagement Strategy.] |
| 10              | <b>2022 Actuarial Valuation Update</b> (Pages 63 - 68)<br>[To provide Board with an update on the 2022 actuarial valuation and outline the process for consultation with Fund employers with regards to proposed changes to the Funding Strategy Statement (FSS).]                          |
| 11              | <b>Pension Administration System Change Project Update</b> (Pages 69 - 74)<br>[To provide the board with an update on the Pension Administration System Change Project.]  |

## Attendance

### Members of the Pensions Board

#### Employer Representatives

Paul Johnson (Chair)  
Joe McCormick  
Ian Martin  
Mark Smith  
Jacqueline Carmen

#### Member Representatives

Terry Dingley  
Sharon Champion  
Stan Ruddock  
Adrian Turner

#### Employees

Rachel Brothwood	Executive Director of Pensions - West Midlands Pension Fund
Rachel Howe	Head of Governance, Risk and Assurance - West Midlands Pension Fund
Chris Manning	Head of Finance
Femi Olatunde	Finance Project Consultant
Hayley Reid	Regulatory Governance Manager
Holly Slater	Governance Officer
Simon Taylor	Assistant Director – Pensions
Amy Regler	Head of Operations
Laura Parker-Marsden	Governance Support Officer

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## Part 1 – items open to the press and public

*Item No.*    *Title*

- 1 Apologies for Absence**  
Apologies were received from Steve Smith (Observer Member), Julian Allam (Vice Chair) and Councillor Sandra Samuels (Employer Representative).
- 2 Declaration of Interests**  
There were no declarations of interest made.
- 3 Minutes of Previous Meeting**  
That the minutes of the previous meeting be approved as a correct record.

4 **Matters Arising**

There were no matters arising.

5 **Compliance and Assurance**

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

The Head of Governance, Risk and Assurance outlined the Conflicts Management policy and the reviewed and updated Debit Recovery policy which had both been included within the report for noting.

The Head of Governance, Risk and Assurance noted that the risks included within the Fund's Strategic Risk Register had remained static throughout the quarter. It was noted that both recruitment and resourcing and investment volatility remained high risks and that the Fund continued to await the publication of statutory guidance and regulations over the coming months, noting that delays and unforeseen changes in these could further impact on the risk environment.

The Board were advised of the statutory delivery of the Fund's Annual Benefit Statement (ABS). Statements had been delivered to 99.6% of eligible deferred members and to 90.7.% of eligible active members. All statements had been published on member portals in advance of the 31 August 2022 deadline.

The Head of Governance, Risk and Assurance highlighted the Local Government Pension Scheme (LGPS) England and Wales: Governance and reporting of climate risks consultation for the Board, which had been included as a background paper to the report.

A question was raised around self-reporting ABS production rates to the Pensions Regulator (tPR). The Head of Governance, Risk and Assurance explained that the Fund will not be self-reporting to tPR based on production levels achieved and continued increase year-on-year.

The Fund was complimented on the progress made in relation to the issuance of ABS statements.

In response to a question around cyber security and how cyber risk is assured, the Head of Operations, Amy Regler, explained that the Fund carries out a cyber assurance exercise and takes part in an independent cyber risk management benchmarking exercise, specific to LGPS pension funds. It was further confirmed that the Fund compares favourably in this area relative to other organisations and continues to demonstrate a progressive control environment.

A request was received for the Board to receive further training around the management of cyber risks.

Resolved:

1. The latest Strategic Risk Register and areas being closely monitored in the current environment be noted.
2. The compliance monitoring activity undertaken during the quarter be noted.

3. The Fund's Key Performance Indicators (KPI) and action taken to support service delivery be noted.
4. The statutory delivery of the Annual Benefit Statements be noted.

## 6 **Annual Report and Accounts 2021-2022**

Femi Olatunde, Finance Project Consultant, presented the report on the finalisation of the Statement of Accounts and the Annual Report for the year ending 31 March 2022, and the latter's publication on the Fund's website in advance of the statutory deadline of 1 December 2022.

It was noted to Board that the Committee had approved a delegation to the Chair and Vice-Chair to approve the final Statement of Accounts upon completion of the external audit and that the external auditor had indicated that an unmodified audit opinion would be issued in respect of the Fund's accounts.

In response to a question around meeting the deadline to publish the Statement of Accounts and the Annual Report, the Executive Director of Pensions confirmed that the Fund's Annual Report and Accounts would be published prior to the deadline. However, it was noted that the Fund's accounts are included in the Statement of Accounts for the City of Wolverhampton Council (CWC) and would be certified by external audit at the same time as CWC's accounts, certification of which had been delayed pending the introduction of a statutory instrument. The Executive Director confirmed that this was a national issue outside of the Fund's and CWC's control and a note to this effect would be included on the Fund's website alongside the Annual Report on publication.

Resolved:

1. Delegation of the authority to the Chair and Vice-Chair of Pensions Committee to approve; the final Statement of Accounts, once the audit is completed, and the final publication of the Fund's 2021-2022 Annual Report, as agreed by the Committee in June 2022 be noted.
2. Progress on the Fund Audit and development of the draft Annual report for West Midlands Pension Fund (WMPF) be noted.

## 7 **Investment Governance**

Rachel Brothwood, Executive Director of Pensions, presented the report on Investment Governance and provided an update on investment governance matters.

The Executive Director was pleased to confirm that the Financial Reporting Committee (FRC) had confirmed the Fund's continued status, as a signatory to the UK Stewardship Code, following the Fund's second annual stewardship report submission. The Executive Director of Pensions further outlined the Fund's focus on climate strategy (including the Climate Risk Framework and reporting in line with recommendations of the Task-Force on Climate Related Financial Disclosures (TCFD)), with the latest annual climate risk report on track for publication in December 2022.

The Executive Director noted that it is now expected that the pending update to guidance in relation to investment pooling in the LGPS will be published for consultation next year.

In relation to a further question asked in relation to the consideration of ethical matters in investments, for example human rights, the Executive Director of Pensions confirmed that the Fund takes a responsible approach to investment and the actions taken by the Fund in relation to core engagement themes, including human rights, were outlined in the Fund's Responsible Investment Framework, noting that the Fund seeks to influence and drive positive change by embedding consideration into investment processes throughout the investment value chain.

Resolved:

1. The update on investment governance matters including those in relation to responsible investment and investment pooling be noted.
2. The Fund has retained its signatory status to the UK Stewardship Code, following submission of its second Annual Stewardship Report to the Financial Reporting Council (FRC) in April 2022 be noted.

## 8 **Pensions Administration Report to 30 June 2022**

The Head of Operations, Amy Regler, presented the report on the routine operational work undertaken by the Pensions Administration Service during the period 1 April 2022 – 30 June 2022.

The Head of Operations advised the Board of an increase in outstanding case work, due to the profile of the Fund's membership with a high volume of deferred members attaining their retirement age during the period.

The Head of Operations highlighted two instances where KPI's (the provision of retirement quotes for active and deferred members), had not been achieved during the period. It was noted that the Fund routinely sees an increase in the provision of retirement quotes at this time of year and measures had been put in place to mitigate the impact with an improvement in Fund processing performance compared to the same period during the previous year.

In relation to KPIs and answered calls coming into the Fund, a question was raised around differences between traffic on both the employer and member lines. The Assistant Director-Pensions confirmed that the member line call volumes are very sensitive to both media (external) and Fund-led communications, whereas the employer line experience more stable volumes, subject to both Scheme and Employer change and developments in the Fund's employer portal. The Board were also reassured that there are no significant areas of concern in relation to the volume of calls being answered.

Resolved:

1. Performance and workloads of the key pension administration functions be noted.
2. Development of the Fund's membership and participating employers be noted.

## 9 **Customer Engagement Update**

Simon Taylor, Assistant Director of Pensions, presented the report on the Fund's customer engagement activity from 1 April to 30 June 2022 and to cover future

planned customer engagement activity in the context of the Fund's Customer Engagement Strategy.

The Assistant Director- Pensions drew the Board's attention to the Communications Policy and Customer Engagement Strategy, which had been reviewed and approved by the Pensions Committee, summarising the changes in both documents and highlighting the new opportunities for engagement afforded to the Fund by the move to its new premises.

It was noted that the Fund had received re-accreditation of its Customer Services Excellence award, receiving a compliance plus rating and extra recognition for certain areas of delivery.

The Board were further advised that as a mark of respect to the Queen, all Fund events scheduled from the 12 September - 21 September 2022 had been postponed. The Pensions Awareness Week covered in section 6.4 of the report had now been planned for later in the year.

In response to a question raised in relation to sign up rates to the Pension Portal, the Assistant Director- Pensions confirmed that registrations do continue to grow.

A Board member commented that affordability of the scheme, such as the 50/50 options may be something to promote more.

A further question was raised regarding the award the Fund won for their Pensions Awareness Campaign. The Assistant Director- Pensions explained the background of the Campaign and highlighted that this year's approach had been expanded to include deferred as well as active members, with an ongoing focus on promoting both the option of reduced member contributions under the 50/50 section as an alternative to opt out and retirement planning.

It was noted that excellent feedback has been received from a member whose organisation had been visited by the pension roadshow bus. It was reported that staff who attended were delighted, and the visit was very much valued.

Resolved:

1. The Customer Engagement Strategy and Communications Policy as set out in Appendices B and C be noted.
2. The re-accreditation of the Fund for Customer Service Excellence for 2022 be noted.

10

### **2022 Actuarial Valuation Update**

Simon Taylor, Assistant Director- Pensions, presented the report on the triennial Actuarial Valuation Update. This is also aligned to the associated review on employer convenance.

A presentation was delivered by the Executive Director of Pensions and the Assistant Director- Pensions on; the valuation, how assumptions are used to measure pension liabilities, managing risk and the principles applied to consideration of future long term rates of inflation, longevity, and investment returns. The funding approach and associated assumptions are documented in the Funding Strategy Statement.

The Assistant Director- Pensions also discussed covenant monitoring and the associated review.

Resolved:

1. The report and the associated update on progress with the 2022 Actuarial Valuation of the Fund be noted.
2. The update on the associated employer covenant review in the context of the Fund's Integrated Risk Management Framework, to include exposure aligned to climate risk be noted.



<b>CITY OF WOLVERHAMPTON COUNCIL</b>	<b>Pensions Board</b> 24 January 2023
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<b>Report title</b>	Compliance and Assurance	
<b>Originating service</b>	Pension Services	
<b>Accountable employee</b>	Rachel Howe	Head of Governance, Risk and Assurance
	Tel	01902 55 2091
	Email	<a href="mailto:Rachel.Howe@wolverhampton.gov.uk">Rachel.Howe@wolverhampton.gov.uk</a>
<b>Report to be/has been considered by</b>	Rachel Brothwood	Executive Director of Pensions
	Tel	01902 55 1715
	Email	<a href="mailto:Rachel.Brothwood@wolverhampton.gov.uk">Rachel.Brothwood@wolverhampton.gov.uk</a>

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**Recommendations for decision:**

The Pensions Board is asked to:

1. Convene an Appointments Panel to receive nominations for the 2023-2024 democratic year.
2. Confirm the seats for nomination.

**Recommendations for action:**

The Pensions Board is asked to note:

1. The latest Strategic Risk Register and areas being closely monitored in the current environment.
2. The Fund's Key Performance Indicators (KPI) and action taken to support service delivery.
3. The compliance monitoring activity undertaken during the quarter.
4. The Fund's Annual Report and Accounts which have been published on the Fund's website in accordance with the statutory deadline of 1 December 2022.

## **1.0 Purpose**

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

## **2.0 Nominations to Local Pensions Board**

- 2.1 The Board are asked to instigate the nomination process. In line with the Terms of Reference for the Local Pensions Board nominations for employer and member representatives take place on a biennial rotation (see appendix A) and it is permissible for the those who stand down to be re-nominated by their representative group.
- 2.2 In line with the appointments process (included as a background paper to this report), the Board is asked to consider current and potential vacancies in its membership prior to identifying seats for re-nomination. As the Board have no current vacancies, in line with the nominations process one seat from each group will be re-nominated during 2023. In line with agreed process the employer position will be advertised amongst the employer group and through the employer peer group. The Trade Union position will be offered to the relevant trade union to nominate a candidate.
- 2.3 The Board are requested to form an Appointments Panel consisting of the Chair and Vice Chair (where they are not up for rotational nomination in which case another employer representative will be sought to support the panel), together with the Executive Director of Pensions and the Head of Governance, Risk and Assurance who will consider applicants for an employer representative, in accordance with the appointments process the panel may determine nominations by email consensus rather than through a formal panel. The appointments panel will be held in March 2023 ahead of the April meeting but with formal appointment commencing in June 2023 in readiness for the start of the democratic year.

## **3.0 Risk Register**

- 3.1 Attached at Appendix B is the Strategic Risk Register for this quarter, which is showing movement in the focus of risks for the organisation.
- 3.2 The Risk Register captures the potential for impact in the Fund's service delivery as a forward-looking review, together with horizon scanning for changes which may impact or require change to the Fund's processes and delivery model. As such the risks are refreshed each quarter. This quarter, there are changes to the areas of focus and the directional arrows therefore reflect the trend on the risk assessment (as opposed to quarter-by-quarter comparison).
- 3.3 This quarter, we continue to anticipate the potential impact created by the current economic environment. While there are no early signs of changing member behaviour in response to cost of living pressures, we continue to see volatility in the investment market together with emerging pressures and uncertainty on employer finances. The Fund remains focused on long-term initiatives that it has control over, which will drive

value and ensure it is well positioned to manage both services and payments to its members.

- 3.4 This trend follows through in the next risk theme. The Fund is still awaiting the publication of a number of regulatory guidance with the ongoing increasing complexity in the Scheme, all of which are external drivers over which the Fund has little control. The ability of the Fund to keep pace with change and deliver Business as Usual has the potential to result in conflicting priorities where technical and specialist knowledge and capabilities are being used to support across a number of deliverables. These changes will lead to a review of internal controls, the development of which will continue beyond the implementation of planned development and change.
- 3.5 In line with all risks identified, the Fund continues to engage with external regulatory bodies and feed into consultations which shape outcomes for the Local Government Pension Scheme (LGPS) and wider pensions industry.

#### **4.0 Key Performance Indicators (KPIs)**

- 4.1 Attached at Appendix C are the Fund's KPIs as at quarter two.
- 4.2 Further details with regards to the Fund's Operational KPIs is covered in the Pension Administration Report. The team continues to flex resource to meet demands.
- 4.3 Engagement with the Fund from our customer base continues to be high, this is demonstrated by the high volume of communications (calls and emails) received into the Fund's contact centre, which alongside capacity constraints, have impacted the Fund's ability to meet KPIs in responding to those customer contacts.

#### **5.0 Compliance Monitoring**

##### **5.1 Data Protection**

- 5.1.1 This quarter the Fund are reporting seven data breaches, an increase of two from the previous quarter, as per previous quarters all breaches continue to be minor and involved minimal amounts of low-risk data.
- 5.1.2 The Governance team continue to monitor breaches and identify actions to improve controls. The Fund hasn't identified any systemic issues in the management of its data and continues to work with service areas to implement ongoing enhancements in systems and individual knowledge. Information management training has been scheduled for January 2023 for all Fund staff to remind employees of their responsibilities with regards to the handling and security of personal data.

##### **5.2 Freedom of Information (FOI) Requests**

- 5.2.1 The Fund received two FOI requests during the quarter, both relating to investment holdings. Both requests were responded to in accordance with the set deadlines.

### **5.3 Subject Access Requests (SARs)**

- 5.3.1 The number of SAR requests received continued to increase steadily during the quarter, with five requests received in total. As reported previously, the majority of these requests continue to be from third parties seeking information in connection with a member's decision to transfer their pension out of the LGPS. Authority from the member is always sought prior to providing information to third parties. All requests were responded to in accordance with the set deadlines.
- 5.3.2 The Fund has previously reported on the work we are doing in line with the Pension Regulator's Pension Scam Awareness campaign and ensures all members are kept informed of any personal information requests regarding their data.

### **6.0 Annual Report and Accounts**

- 6.1 In accordance with the statutory deadline of 1 December 2022, the Fund's Annual Report and Accounts have been placed on the Fund's website, a link to which is included within the background papers of this report.
- 6.2 As well as being published in the Fund's own Annual Report, the Fund's accounts are included in the Statement of Accounts of the City of Wolverhampton Council (CWC). The Fund's accounts will be certified by the external auditor, Grant Thornton, at the same time as CWC's accounts. As previously reported to the Board and discussed at the meeting of CWC's Audit and Risk Committee on 28 November 2022, the sign-off of CWC's annual accounts has been delayed pending the introduction of a Statutory Instrument in respect of infrastructure assets which was due to take effect on 25 December 2022. As reported and noted at the Board's meeting in October, this is a national issue outside of the Fund's control, the audit of the Fund's accounts has been completed and the external auditor has indicated that an unmodified audit opinion will be issued, a note to this effect has been published on the Fund's website alongside the Annual Report pending receipt of the formal audit opinion upon the sign-off of CWC's accounts.

### **7.0 Financial Implications**

- 7.1 Effective monitoring of the management arrangements, facilitated by timely disclosure of information, is required to ensure the Fund is well placed to ensure the delivery of its administration, funding and investment strategy. Poor management of the Fund's data, financial information and assets can result in additional costs and detract from investment returns.
- 7.2 Failure by the Fund to meet statutory requirements of effective governance and administration could result in fines imposed by the Pensions Regulator (tPR).

## **8.0 Legal Implications**

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

## **9.0 Equalities Implications**

9.1 There are no direct equalities implications.

## **10.0 Other Potential Implications**

10.1 There are no other potential implications.

## **11.0 Schedule of Background Papers**

11.1 Local Pensions Board Appointment Process  
[CHttpHandler.ashx \(wmpfonline.com\)](#)

11.2 WMPF Annual Report and Accounts 2022  
<http://www.wmpfonline.com/annualreports>.

11.3 Report to Pensions Committee: Annual Report and Accounts 2021/22  
[Annual Report and Accounts 2021-22.pdf \(moderngov.co.uk\)](#)

## **12.0 Schedule of Appendices**

12.1 Appendix A: Local Pension Board Nomination Cycle

12.2 Appendix B: Risk Register

12.3 Appendix C: Key Performance Indicators

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**APPENDIX A**

<b>Employer Representative</b>	<b>Member Representative</b>	<b>Year due to vacate position/seek re-nomination</b>
Paul Johnson	Sharon Campion	2023
Jacqueline Carman	Stan Ruddock	2025
Ian Martin	Julian Allam	2027
Mark Smith	Terry Dingley	2029
Joe McCormick	Adrian Turner	2030

\*Where vacant seats arise through natural turnover of membership, the year for re-nomination moves onto the next cycle.

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APPENDIX B: West Midlands Pension Fund – Strategic Risk Register

December 2022

Risk Ref	Risk Theme	Risk Title	Current Drivers	Corporate Priority	Pre-control Risk Assessment	Post Control Risk Assessment	Risk Outcome post control	Reason for concern and actions underway to mitigate risk	Officer responsible for Action
1	Economic Environment	Market Volatility	Global markets reacting to geopolitical issues and short-term volatility impacting longer term outlook	Investment implementation Operational Resilience Stewardship				<p>The Fund is a long-term investor taking a strategic approach to asset performance building in resilience to its overall allocation strategy with the aim of withstanding short term market impacts.</p> <p>The Fund actively monitors and is engaged in global market and industry reaction to the current environment which has seen some steadying over this last quarter.</p>	ADI
		Member behaviours	Financial constraints and the increasing cost of living have the potential to drive change in Fund member behaviour, including the potential for increased transfer out requests/opt outs and safeguarding concerns	People and Customers Corporate responsibility				<p>The Fund has a proactive member engagement strategy which seeks to support members with their pension choices and wider financial support, including signposting to government initiatives such as Money Advice services.</p> <p>The Fund continues to monitor workload trends in member-led processes which will feed into and shape member engagement activity.</p> <p>This quarter the Fund hasn't seen an increased change in member behaviour.</p>	ADP
		Employer funding and budget stretch	Pressure on employer covenant being driven by rising inflation and costs leading to the need to balance the setting of contributions against a backdrop of budget constraints and reduced income sources.	People and Customers Corporate Responsibility Operational Resilience Corporate Communications				<p>The Fund is sensitive to the issues facing employers and is undertaking a broad engagement program as part of the 2022 actuarial valuation.</p> <p>The Fund is currently engaging with employers on the outcome of the valuation and future contribution requirements.</p>	ADP



Risk Ref	Risk Theme	Risk Title	Current Drivers	Corporate Priority	Pre-control Risk Assessment	Post Control Risk Assessment	Risk Outcome post control	Reason for concern and actions underway to mitigate risk	Officer responsible for Action
								<p>The Fund's investment strategy is being reviewed alongside the funding strategy over 2022/23.</p> <p>The Fund undertakes early engagement with suppliers to identify potential increases in costs as part of its budget planning process.</p> <p>The Fund has a contract management process supported by CWC procurement which provides consistency in contract terms and management.</p>	HOF
2	Keeping pace with change	<p>Rising costs and inflation on goods and services received</p> <p>Resourcing</p> <p>Specialist/Technical knowledge capabilities</p>	<p>Annual inflation uplift on contracted goods and services may see an additional increase in Fund costs and budget into next year</p> <p>The scale of undertaking multiple business change initiatives (driven by regulatory and service development needs), results in conflicting priorities for internal resource and the need to compromise with short term Business As Usual activities.</p> <p>Third party contractors as project reliant resource and the Fund's ability to maintain delivery in line with project scope and timeline.</p> <p>Increasing complexity and reporting demands across the scheme and pensions industry is bringing a step change in capacity, knowledge and skill requirements in both the Fund and its stakeholders/service delivery partners.</p>	<p>Operational Resilience</p> <p>People and Customers</p> <p>People and Customers</p> <p>Compliance and Risk</p> <p>Operational Resilience</p> <p>People and Customers</p> <p>Compliance and Risk</p> <p>Operational Resilience</p>				<p>The Fund continues to review its resource requirements recruiting temporary and project resource where required to support delivery.</p> <p>Progress with all major projects is monitored and reported to Project leads and steering committees, escalating risks and issues as these emerge.</p> <p>The Fund continues to develop its knowledge and development framework supporting upskilling of colleagues where change occurs.</p>	All Senior Managers



Risk Ref	Risk Theme	Risk Title	Current Drivers	Corporate Priority	Pre-control Risk Assessment	Post Control Risk Assessment	Risk Outcome post control	Reason for concern and actions underway to mitigate risk	Officer responsible for Action
3	Assurance and Internal Controls	Evolving standards for governance and reporting requirements	The Fund continues to wait for delayed regulatory guidance on areas such as Governance and Investment however there is a general shift to increased reporting with a focus on Management Information to support trend monitoring and performance.	Compliance and Risk Operational Resilience				The Fund is reliant on guidance from Regulatory bodies and has engaged in consultations to inform and shape outcomes. However the final outcomes are an unknown at this time.  During the most recent quarter the Fund has responded to the DLUHC consultation on Climate Risk Governance and Reporting	HGRA
		Process inefficiencies and manual intervention	As the Fund transitions to the new Pension Admin System, there is a risk that there will be increased reliance on manual processing as the system transitions and embeds across all service areas.	Operational Resilience				The Fund continues to work with the software supplier to mitigate impact on workload and processing with the aim of reducing the risk and reliance for manual processing.	HOPs
4	Data Information and Reporting	Increased demands for data and data review and the ability of the Fund to meet statutory and reporting requirements	Number of key projects reliant on data management and rectification (including system transition)	Operational Resilience Compliance and Risk People and Customers				The Fund continues to enhance its reporting on data quality with ongoing focused resource to achieve key data targets, and support with data focussed projects such as McCloud.	HGRA ADP HOPs
5	Cyber Risk	The Fund is unable to perform its functions due to internal and external vulnerabilities to its operating systems.	Global concern on increasing Cyber risk and evolving practices required to mitigate in light of ongoing development of cyber risks	Operational Resilience People and Customers				The Fund continues to develop its cyber resilience through annual review and external assessment of its cyber strategy.  Employee refresher training has been provided in the last quarter to increase awareness of potential risk areas together with highlighting individual responsibility to protect data.  Supplier assurance questionnaires have been developed and issued and responses are being analysed.	HOPs

Officers Responsible for Action

EDOP	Executive Director of Pensions
ADI	Assistant Director Investments
ADP	Assistant Director Pensions
HOPs	Head of Operations
HGRA	Head of Governance, Risk and Assurance
HOF	Head of Finance

West Midlands Pension Fund - Key Performance Indicators (KPIs)



Benefit Operations Processes	KPI Summary	KPI Description	Reporting Frequency	Target Summary	22/23 Q1	22/23 Q2	22/23 Total
	Refund Notification	Notify member of Refund within 10 days of receiving required information	Monthly	R < 80% A < 90% G ≥ 90%	94%	95%	95%
Refund Payment	Refund payments processed within 5 days of receiving required information	Monthly	R < 80% A < 90% G ≥ 90%	98%	96%	97%	
Transfer In Payment	Transfer notification of transferred in membership to be notified to the scheme member within 10 days of receiving payment	Monthly	R < 80% A < 90% G ≥ 90%	100%	93%	96%	
Transfer In Quote	Transfer in quotations processed within 10 days of receiving all the required information	Monthly	R < 80% A < 90% G ≥ 90%	99%	100%	99%	
Transfer Out Payment	Transfer out payments processed within 20 days of receiving required information	Monthly	R < 80% A < 90% G ≥ 90%	100%	100%	100%	
Transfer Out Quote	Transfer out quotations processed within 20 days of receiving required information	Monthly	R < 80% A < 90% G ≥ 90%	100%	100%	100%	
Retirement Notification	Notification of the actual benefits within 5 days of receiving member option form (Retirement Notification)	Monthly	R < 80% A < 90% G ≥ 90%	89%	89%	89%	
Retirement Payment	Payment of lump sum and creation of payroll record within 5 days of receiving election form (Retirement)	Monthly	R < 80% A < 90% G ≥ 90%	97%	96%	96%	
Retirement Quote	Notification of Estimated Benefits within 15 days of retirement date	Monthly	R < 80% A < 90% G ≥ 90%	98%	99%	99%	
Deferred Retirement Notification	Notification of the actual benefits within 5 days of receiving member option form (Deferred Retirement Notification)	Monthly	R < 80% A < 90% G ≥ 90%	98%	94%	95%	
Deferred Retirement Payment	Payment of lump sum and creation of payroll record within 5 days of receiving election form (Deferred Retirement)	Monthly	R < 80% A < 90% G ≥ 90%	94%	89%	91%	
Deferred Retirement Quote	Issue quote letter within 30 days of the members eligible payment date or receipt of request from member	Monthly	R < 80% A < 90% G ≥ 90%	92%	88%	90%	
Deaths Acknowledgement	Acknowledgement of a death within 5 days of receiving the notification	Monthly	R < 80% A < 90% G ≥ 90%	97%	98%	98%	
Deaths Notification of Benefits Payable	Notification of benefits payable to dependents will be issued within 5 days of receiving the required information	Monthly	R < 80% A < 90% G ≥ 90%	99%	96%	98%	
Deaths Payment	Payment of death lump sum will be made within 10 days of receipt of all the required information	Monthly	R < 80% A < 90% G ≥ 90%	94%	99%	96%	

Customer Engagement and Communication	KPI Summary	KPI Description	Reporting Frequency	Target Summary	22/23 Q1	22/23 Q2	22/23 Total
	Customer Services Calls	In accordance with PAS >85% of calls to received to the Customer helpline to be answered	Monthly	R < 85% A < 85% G ≥ 85%	75%	85%	80%
Employer Services Calls	In accordance with PAS >85% of calls to received to the Customer helpline to be answered	Monthly	R < 85% A < 85% G ≥ 85%	97%	97%	97%	

Customer Engagement and Communication	KPI Summary	KPI Description	Reporting Frequency	Target Summary	22/23 Q1	22/23 Q2	22/23 Total
	Customer Satisfaction	Customer satisfaction - feedback from events and interaction with members	Quarterly	R < 80% A < 90% G ≥ 90%	99%	89%	94%

Customer Engagement and Communication	KPI Summary	KPI Description	Reporting Frequency	Target Summary	22/23 Q1	22/23 Q2	22/23 Total
	Member Complaints	In accordance with the PAS all member complaints to be responded to within 20 working days of receipt	Monthly	R < 80% A < 90% G ≥ 90%	91%	78%	86%
Employer Complaints	In accordance with the PAS all employer complaints to be responded to within 20 working days of receipt	Monthly	R < 80% A < 90% G ≥ 90%	N/A	100%	100%	

Customer Engagement and Communication	KPI Summary	KPI Description	Reporting Frequency	Target Summary	22/23 Q1	22/23 Q2	22/23 Total
	Employer Portal Availability	Employer Portal to be available 95% of the time (based on working hours as monitored)	Monthly	R < 95% A < 95% G ≥ 95%	100%	100%	100%
Web Portal Availability	Pensions Portal to be available 95% of the time (based on working hours as monitored)	Monthly	R < 85% A < 85% G ≥ 85%	100%	100%	100%	

Governance and Risk	KPI Summary	KPI Description	Reporting Frequency	Target Summary	22/23 Q1	22/23 Q2	22/23 Total
	Statutory Timeliness - Data Breaches	All Fund reports to be submitted in line with service standard set to CWC	Monthly	R < 80% A < 90% G ≥ 90%	100%	80%	89%
Statutory Timeliness - FOI's	All Fund responses to be submitted in line with service standard set to CWC	Monthly	R < 80% A < 90% G ≥ 90%	100%	100%	100%	
Statutory Timeliness - SAR's	All Fund responses to be submitted in line with service standard set to CWC	Monthly	R < 80% A < 90% G ≥ 90%	100%	100%	100%	

Data Management and Reporting	KPI Summary	KPI Description	Reporting Frequency	Target Summary	22/23 Q1	22/23 Q2	22/23 Total
	Common Data	Common Data	Monthly	R < 80% A < 90% G ≥ 90%	98%	98%	98%

Data Management and Reporting	KPI Summary	KPI Description	Reporting Frequency	Target Summary	22/23	22/23	22/23 Total
	ABS	ABS produced for 100% of eligible active member records	Annually	R < 80% A < 90% G ≥ 90%	91%		
DBS	DBS produced for 100% of eligible deferred member records	Annually	R < 80% A < 90% G ≥ 90%	100%			

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<b>CITY OF WOLVERHAMPTON COUNCIL</b>	<b>Pensions Board</b> 24 January 2023
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<b>Report title</b>	Delivering our Corporate Plan	
<b>Originating service</b>	Pension Services	
<b>Accountable employee</b>	Rachel Howe	Head of Governance, Risk and Assurance
	Tel	01902 55 2091
	Email	<a href="mailto:Rachel.Howe@wolverhampton.gov.uk">Rachel.Howe@wolverhampton.gov.uk</a>
<b>Report to be/has been considered by</b>	Rachel Brothwood	Executive Director of Pensions
	Tel	01902 55 1715
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**Recommendations for action:**

The Pensions Board is asked to note:

1. The work undertaken by the Fund to work towards the goals and ambitions outlined in the Corporate Plan 2022 – 2027.

## **1.0 Purpose**

- 1.1 To provide Board with an update on the work of the Fund in achieving its deliverables and targets set out in the Corporate Plan.

## **2.0 Corporate Plan 2022 – 2027**

- 2.1 The Fund adopted its corporate plan in March 2022 following a period of engagement with our Governing Bodies, employees, and customers which helped shape the focus of our service delivery and goals and ambitions for the next five years including;

- People and Customers – providing an inclusive and supportive environment for individuals to develop knowledge and become engaged in pensions.
- Corporate Communications – building on the Fund’s strong customer services proposition to deliver on our ambition to increase accessibility and engage stakeholders.
- Compliance and Risk – building and maintaining integrated assurance, instilling confidence in outcomes.
- Operational Resilience – enhancing the Fund’s ability to flex, adapt and respond to change both through service delivery and developing our people.
- Investment Implementation – reviewing opportunities and changes which support in working towards the longer-term Strategy Asset Allocation Benchmark, align with responsible investment and climate change objectives and aim to build resilience within strategy to deliver the returns required over the long-term.
- Stewardship – engaging to protect and enhance investment outcomes.
- Corporate Responsibility – ensuring we manage our social impact, add social value and continue to support our employees and local community.

- 2.2 During the first quarter of 2022 the Fund remained committed to supporting our people as the final stages of lockdown easing came into effect and the Fund moved to its new offices in I9. This delivered on a number of priorities for the Fund, as it created a welcoming and inclusive environment for our customer base together with enhanced development and learning opportunities for our people with bespoke training facilities as we look to develop our offering to our people and customers. The move to the new office space has also supported our aim of Corporate Responsibility in creating a space that lives up to the standards we seek of our invested assets and supply chain, achieving a Building Research Establishment Environmental Assessment Method (BREEAM) rating of very good in its fit out.

- 2.3 The Fund is committed to act to champion and develop initiatives to support employee wellbeing and inclusion. As a member of the Employer Network for Equality and Inclusion and through involvement in the Diversity Project, focused on the investment and pension saving industry, West Midlands Pension Fund (WMPF) initiatives are currently focused on social mobility (including through apprentice, trainee and graduate opportunities) and neurodiversity (including through dyslexia champions and support), with the Fund welcoming the opportunity to support these dimensions through the nature of its work with both its people and its customers.



- 2.4 Following the period of office closures and online support services through 2020 and 2021, the Fund was able to open its doors once more and visit customers across the region, offering face-to-face engagement to assist members with their pension benefits. Year to date, the Fund has offered face-to-face engagement and training events, alongside online and hybrid support, with feedback continuing to rate very good and excellent. Supporting members with retirement planning and ensuring they are equipped and supported in their decision making has been a key focus and demand for this remains strong as demonstrated by the c2,000 served through the regional roadshows during October/November. As cost-of-living pressures take hold, focus has shifted to supporting members in finding pension savings and increasing awareness of alternatives to opt-out, such as the 50/50 option within the Local Government Pension Scheme (LGPS).
- 2.5 In response, the Fund focussed its delivery on providing an inclusive and supporting environment. Building on the success of last year's active member campaign, the Fund's Member Services team have been recognised for the retirement planning campaign for deferred members, achieving Pensions Communication Initiative of the Year from Professional Pensions, competing against large, private schemes to win the award.
- 2.6 Building on our Operational Resilience, the Fund continues to enhance its service delivery and this year launched a review of its Pension Administration System (PAS) engaging with a new provider to deliver the benefit calculation and member processing system as well as new member and employer portals. The PAS will play a material role in the delivery of core functions, looking to enhance efficiency and provide further development for customer self-service.
- 2.7 In 2021, the Fund was within the first group of UK asset owners and LGPS Funds to report and publish its 2021 Stewardship Code, receiving signatory status from the Financial Reporting Council and the Fund has now achieved renewed signatory status for 2022. In addition, the Fund has completed its initial target disclosures and submitted these to the International Investor Group on Climate Change as progress continues to build from the 2021 Climate Change Framework and Strategy, including the Fund's commitment to Net Zero.

### **3.0 Looking Ahead**

- 3.1 The LGPS, and pension industry generally, continues to be an industry in the spotlight, noting the recent reaction to the market volatility and increased oversight and reporting requirements on LGPS Funds. In addition, the Fund continues to await regulatory guidance on the McCloud remedy and pension dashboard implementation which will require timely and targeted work to implement.
- 3.2 Over the next 6 months the Fund anticipates the outcomes from a number of key statutory consultations, including the Consultation on Governance and Reporting of Climate Change Risks.

3.3 Over the next quarter, focus remains on supporting our people, acknowledging the ongoing competition in the recruitment market as we look to develop our offering as a people development champion, seeking reaccreditation of our Investor in People status, as well as building and enhancing our employee inclusion approach through soft skill development, including broadening of training opportunities for Mental Health First Aiders. Recruitment and retention of the skills and experience required to deliver the wide range of Fund core functions to the standard aspired and expected by Fund stakeholders and regulators remains the greatest delivery risk at this time.

3.4 Triennial funding and investment strategy reviews have been developing over the year and have evolved to reflect the changing market conditions and longer-term outlook. These will move to formal consultation of key policy statements and employer contribution outcomes over the coming weeks, concluding ahead of the statutory deadline of 31 March 2023.

#### **4.0 Financial Implications**

4.1 The Fund's delivery of its Corporate Plan and the initiatives developed to support are included in the Fund's budget for 2022/23, an update is provided in the Budget report.

#### **5.0 Legal Implications**

5.1 Failure by the Fund to comply with legislation and/or statutory guidance can result in enforcement action and fine from both the Pensions Regulator (tPR) and the Courts via judicial review.

#### **6.0 Equalities Implications**

6.1 The Fund undertakes Equality Impact Assessments for all new initiatives with considerations given to Equality and Inclusion in line with guidance from the Employers Network for Equality and Inclusion (ENEI). There are no implications.

#### **7.0 Other Potential Implications**

7.1 There are no other implications in this report.

#### **8.0 Schedule of Background Papers**

8.1 [Corporate Plan 2022 - 2027](#)

#### **9.0 Schedule of Appendices**

9.1 None.

# Pensions Board

24 January 2023

<b>Report title</b>	Investment Governance	
<b>Originating service</b>	Pension Services	
<b>Accountable employee</b>	Shiventa Sivanesan	Assistant Director, Investment Management & Stewardship
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<b>Report to be/has been considered by</b>	Rachel Brothwood	Executive Director of Pensions
	Tel	01902 551715
	Email	<a href="mailto:Rachel.brothwood@wolverhampton.gov.uk">Rachel.brothwood@wolverhampton.gov.uk</a>

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## Recommendations for action:

The Pensions Board is asked to note:

1. The update on investment governance matters including those in relation to responsible investment and investment pooling.
2. Publication of the Fund's 2022 Taskforce for Climate-related Financial Disclosure (TCFD) Report.
3. The Fund's 2022 Responsible Investment Framework.

## 1.0 Purpose and Background

- 1.1 This report provides an update on investment related matters and an update on responsible investment activities, together with the ongoing development of Local Government Pension Scheme (LGPS) Central Investment Pool.
- 1.2 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**. The Fund's Responsible Investment Framework incorporates four targeted engagement themes including Climate Change, for which the Fund has developed a policy framework and risk management strategy.
- 1.3 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 pool plays a role in enabling and supporting the implementation of Partner Fund Investment Strategy.
- 1.4 Investment products and services to Partner Funds are 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 on the client deliverables of investment pooling, together with governance and oversight of pooling arrangements.

## 2.0 Investment Strategy and Implementation

- 2.1 The Fund continues to focus on implementing the longer-term strategic asset allocation as set out in the Fund's Investment Strategy Statement (ISS). As part of this the Fund continues to consider opportunities to transition assets to its investment pool company, LGPS Central Ltd, where it can see value add from doing so, including the opportunity to make cost savings.
- 2.2 The Fund's Investment Advisory Panel (IAP), comprising external advisers, the Executive Director of Pensions, Assistant Director of Investment Strategy and Assistant Director of Investment Management and Stewardship, continue to review strategic asset allocation, implementation and adherence to the Fund's ISS, Responsible Investment Framework and Climate Framework and Strategy, including development and allocation to sub-funds as these are developed by the pool and delivery against policy ambition, taking into account the strategic fit for the Fund.
- 2.3 Triennial review of the ISS is currently underway, to update this core strategy document for evolving Fund policy and to record review of the Fund's Strategy Investment Allocation Benchmark following refresh of asset and liability modelling conducted in conjunction with the triennial Actuarial Valuation.

### 3.0 Responsible Investment

- 3.1 The Fund has reviewed and updated its Responsible Investment Framework that outlines the Fund's guiding principles and approach to responsible investment. A copy of the updated document which was approved by the Pensions Committee on 14 December 2022 is provided within the background pages to this report. The Responsible Investment Framework is a critical element of the investment process, ensuring that the Fund continues to build a sustainable future for all by considering environmental, social and governance factors (ESG) within its approach. Changes made to the Framework in 2022 reflect the evolution of the Fund's Responsible Investment approach since prior review and approval in March 2021, including:
- Reference to the Fund's updated Climate Change Framework and Strategy 2021, including Net Zero commitment
  - The Fund's signatory status to the 2020 UK Stewardship Code (in 2021 and 2022); and
  - Review and re-statement of the Fund's commitment and core engagement theme of Human Rights
- 3.2 The Fund continues 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 Local Authority Pension Fund Forum (LAPFF), EOS at Federated Hermes ('EOS' - via a contract held by LGPS Central Ltd, the Fund's investment pool operator), the Institutional Investors Group on Climate Change (IIGCC), Climate Action 100+ (CA 100+), the Transition Pathway Initiative (TPI), and the Principles for Responsible Investment (PRI).
- 3.3 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, LAPFF and EOS at Federated Hermes.
- 3.4 At the December 2022 meeting, Pensions Committee approved the publication of the Fund's annual standalone Task Force on Climate-related Financial Disclosures (TCFD) Report (link to the report is included in the background papers of this report). The report is based on the recommendations set by the TCFD and provides an overview of the governance, strategy, risk management tools and metrics employed by the Fund to develop its approach to monitoring and assessing climate-related risks and opportunities.
- 3.5 As previously reported to the Board on 21 September 2022, the Department for Levelling Up, Housing and Communities (DLUHC) launched their consultation on Governance and Reporting of Climate Risks, the proposals within the consultation apply to all LGPS Funds in England and Wales, with the new regulations expected to come into force by April 2023, with reporting for 2023/24 due in December 2024. A copy of the Fund's response has been shared with members of the Board.
- 3.6 The key proposals, as set out in the consultation, include the establishment of a governance approach for the oversight, identification and management of climate risks and

opportunities, assessing the impact of climate risk and opportunities on funding and investment strategies, annual reporting on four prescribed climate metrics and publication of an annual climate risk report. The Fund will review and continue to develop its current annual report as new regulations and guidance for the LGPS are finalised.

#### **4.0 LGPS Central Investment Pool Governance**

- 4.1 The Fund continues to work closely with its investment pool company LGPS Central Ltd and Partner Funds to look for opportunities to transition assets where it can see value add from doing so, including the opportunity to make cost savings.
- 4.2 The Shareholder Forum meets ahead of Company meetings (General and AGM) held twice per year. Over the most recent quarter, Shareholder representatives have met to review and discuss the Company's business and budget plans for 2023/24, in line with the annual cycle and collaborative pool process.
- 4.3 The Joint Committee for LGPS Central last met on 1 November 2022. The agenda, reports, minutes and questions are available via the Joint Committee hosting authority website; a link is provided within the background papers below. The Committee was attended by the Chair of Pensions Committee and Trade Union Representative Malcolm Cantello (Unison), Pensions Committee Member.

#### **5.0 Financial Implications**

- 5.1 There are no direct financial implications arising as a result of this report.

#### **6.0 Legal Implications**

- 6.1 The requirement to pool Fund investments is a requirement of law, failure to work collaboratively and meet the Government's criteria for delivery may result in Government intervention.

#### **7.0 Equalities Implications**

- 7.1 There are no direct equalities implications arising as a result of this report.

#### **8.0 All Other Implications**

- 8.1 There are no other implications arising as a result of this report.

#### **9.0 Schedule of Background Papers**

- 9.1 [Responsible Investment Framework 2022](https://www.wmpfonline.com/RI) - <https://www.wmpfonline.com/RI>
- 9.2 [TFCD 2022](https://www.wmpfonline.com/article/14043/Climate-Change) - <https://www.wmpfonline.com/article/14043/Climate-Change>
- 9.3 LGPS Central pool Joint Committee 11 November Papers - [Meetings and Agendas | Members \(cheshirepensionfund.org\)](https://www.cheshirepensionfund.org)

**10.0 Schedule of Appendices**

10.1 None.

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# Pensions Board

## 24 January 2023

<b>Report Title</b>	Pensions Administration Report from 1 July to 30 September 2022	
<b>Originating service</b>	Pension Services	
<b>Accountable employee</b>	Amy Regler Tel Email	Head of Operations 01902 55 5976 <a href="mailto:Amy.Regler@wolverhampton.gov.uk">Amy.Regler@wolverhampton.gov.uk</a>
<b>Report to be/has been considered by</b>	Rachel Brothwood Tel Email	Executive Director of Pensions 01902 55 1715 <a href="mailto:Rachel.Brothwood@wolverhampton.gov.uk">Rachel.Brothwood@wolverhampton.gov.uk</a>

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### Recommendations for action:

The Pensions Board is asked to note:

1. The 17 applications for admission from employers into the Fund as detailed in section 9 and Appendix E of this report.
2. Performance and workloads of the key pension administration functions.
3. Development of the Fund's membership and participating employers.
4. The outcomes of the Fund's deferred overseas existence exercise.

## 1.0 Purpose

1.1 To inform the Pensions Board of the routine operational work undertaken by the Pensions Administration Service areas during the period 1 July – 30 September 2022.

## 2.0 Background

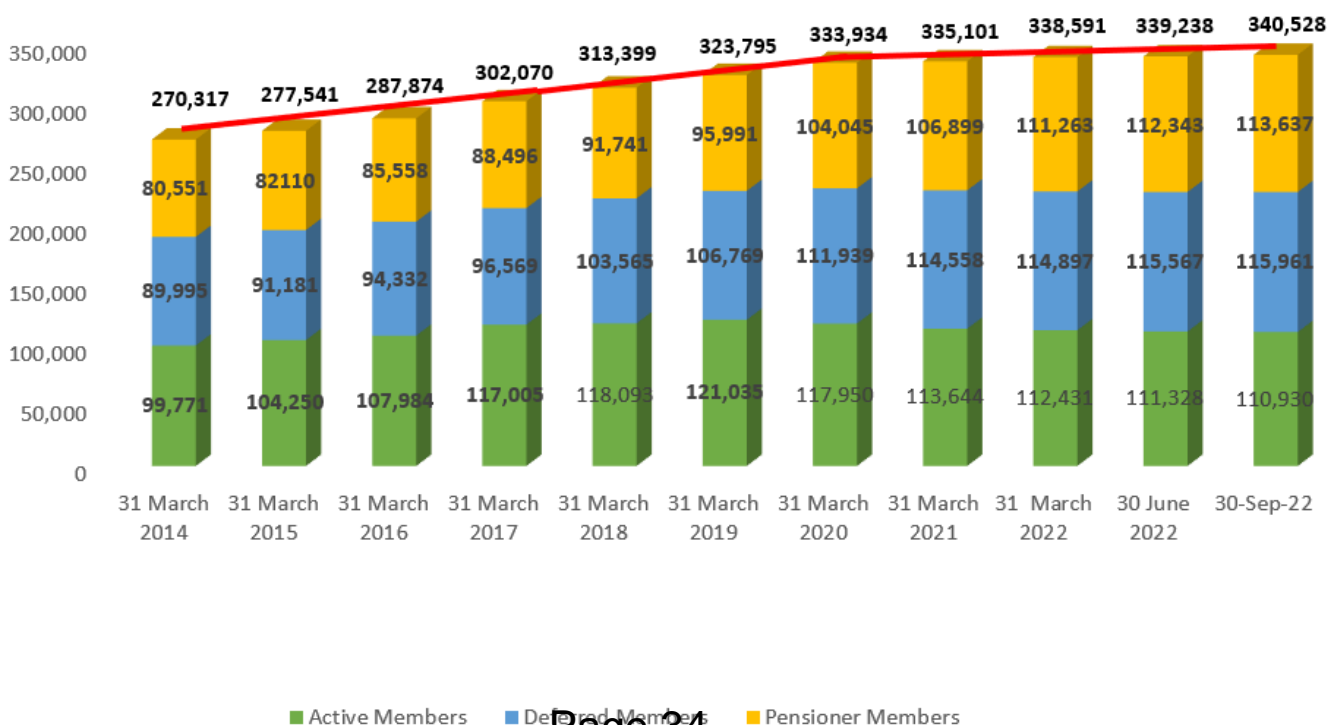
2.1 The Fund provides a pension administration service covering employer, customer and member services, data processing, benefit operations, payroll and systems/technical support. A report is provided to Pensions Board on a quarterly basis to assist monitoring of the activity and performance of these functions during that period.

## 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 2022 stands at 340,528 with an overall increase since April 2022. The long-term trend over a 12 year period in membership continues to illustrate a move towards a more mature profile whereby, in general, pensioners and deferred memberships continue to rise.

	Membership as at 30 June 2022	Net Movements during the period	Membership as at 30 September 2022
Active Members	111,328	-398	110,930
Deferred Members	115,567	394	115,961
Pensioner Members	112,343	1,294	113,637
<b>Total Members</b>	<b>339,238</b>	<b>1,290</b>	<b>340,528</b>



## 3.2 Workflow Statistics

- 3.2.1 The process analysis statistics in Appendix A show details of overall workflow within the Pensions Administration Service during the period 1 July to 30 September 2022. During the period covered by this report, 42,430 administrative processes were commenced, a slight increase compared to the previous reporting period and 44,298 processes were completed, which is c16% more than the previous reporting.
- 3.2.2 As we continue to see an increase in member movements, the workload volumes will also naturally remain high. On 30 September 2022 there were 41,937 items of work outstanding. This represents a decrease of 1,661 items outstanding compared to 30 June 2022 (43,958). This decrease is mainly due to the focused work being undertaken to start targeting the clearance of work in preparation for the change in pension administration software system.
- 3.2.3 Of the 41,937 items of work outstanding, 5,748 items were pending as a result of information awaited from a third party e.g. scheme members, employers or transferring authorities and 36,189 processes are now either proceeding to the next stage of the process or through to final completion.
- 3.2.4 The Fund continues to review the volumes of incoming work and put plans in place to monitor and address high volume areas. Opportunities for bulk processing and streamlining the management of queries back to employers continue to be explored to increase efficiency in processing.
- 3.2.5 Appendix B provides a summary of the key processes completed by volume across benefit operational functions e.g. calculating benefits for retirements, pensioner member data changes as well as the maintenance of updating membership details. This shows the trend of lower joiners and higher leavers and retirements year to date is consistent with the tail off in growth of membership and increase in deferred and pensioner membership. In addition, the Fund continues to monitor the level of members opting out of the scheme which remain at a low level. Overall the last six months have seen an increase in processing across a number of key areas, indicating another year on year increase.

## 4.0 Key Performance Indicators (KPIs)

- 4.1 The Fund uses a number of KPIs to measure performance when processing items such as Transfers In and Out, Retirements and Deferred Retirements.
- 4.2 During the period, four KPI's did not achieve target on one occasion each, as follows:
- Active Retirement Quote – September 2022
    - The KPI fell slightly short of the 90% target, achieving 89%, which was due to waiting upon information from employers. The KPI is cumulatively achieving 90% year to date.
  - Deferred Retirement Quote – July 2022
    - The KPI achieved 78% against the target of 90%. The team completed 25% more payment casework during the period impacting this KPI.

- Deferred Retirements – payment of lump sum and creation of payroll record – August 2022
  - The KPI fell short of the target, achieving 88% for the period, on average casework was completed within 4 days against the target of 5. The KPI is cumulatively achieving 90% year to date.
- Transfer in – Notification of transferred membership – July 2022
  - 2 cases failed KPI meaning 75% achievement of KPI, due to a third party delay in both cases.

4.3 Further information on achievement of target KPIs by process by month over the reporting period and Scheme year is included in Appendix C.

## 5.0 Customer Services

5.1 An overview of our front-line customer contact activity is shown in Appendix D. This outlines the variety and volume of support provided by the Fund to address members' pension queries. An indication of the statistics for the previous year are included within the charts as a comparative measure.

5.2 The most popular queries to our contact centre remain as follows:

- Customers following up on an existing Fund process
- Requests for Pensions Portal support
- Enquires about accessing pension benefits
- Request for support with a Fund letter/form
- Members updating their personal details

5.3 There are a number of employees who are new to their role on the Customer Services team and training and knowledge on the team has been a priority over the quarter, to increase capacity. To further support ongoing employee development and customer services, a "Knowledge Hub" has been developed for easy access to scheme information and member support material.

5.4 Calls have remained stable throughout the quarter and written query volumes have been lower than anticipated, allowing the team to focus on training. As a result, more employees are handling a more varied range of queries and the team is already seeing an improved call handling rate and reduced wait times in both written queries and calls. Teams have continued to work closely to stagger mailings sent to members, with annual benefit statements being sent within this period. Staggering mailings smooths the impact on the contact centre and reduces call queues/written response times, allowing us to better serve our customers and reduce the number of chaser requests received.

## 6.0 Complaints

6.1 The Fund has a complaint monitoring framework, which enables regular monitoring and review of trends impacting performance. Where a complaint highlights an improvement area, this is investigated and monitored to help shape future services and improve overall customer satisfaction going forward. This mirrors the process undertaken for general customer feedback as outlined within the Customer Engagement Update.

6.2 Complaint numbers were lower than average during the last quarter. Overall, the number of complaints received by the Fund is proportionally low compared to the number of scheme

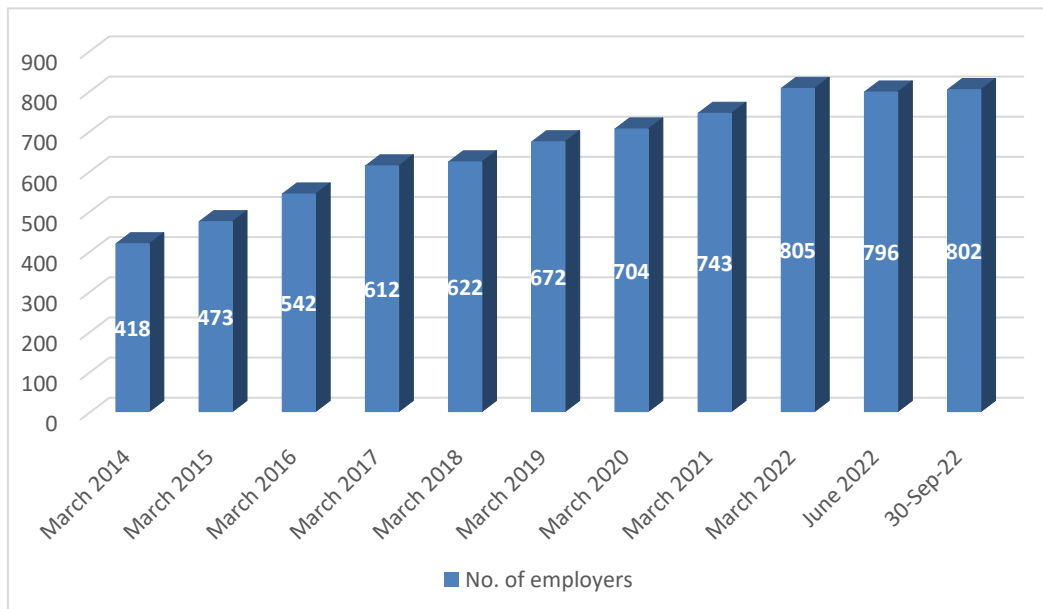
members, with 33 complaints received for the last quarter. Of those complaints, 49% were upheld and lessons learned incorporated in training and process development.

## 7.0 Internal Dispute Resolution Procedure (IDRP) Casework

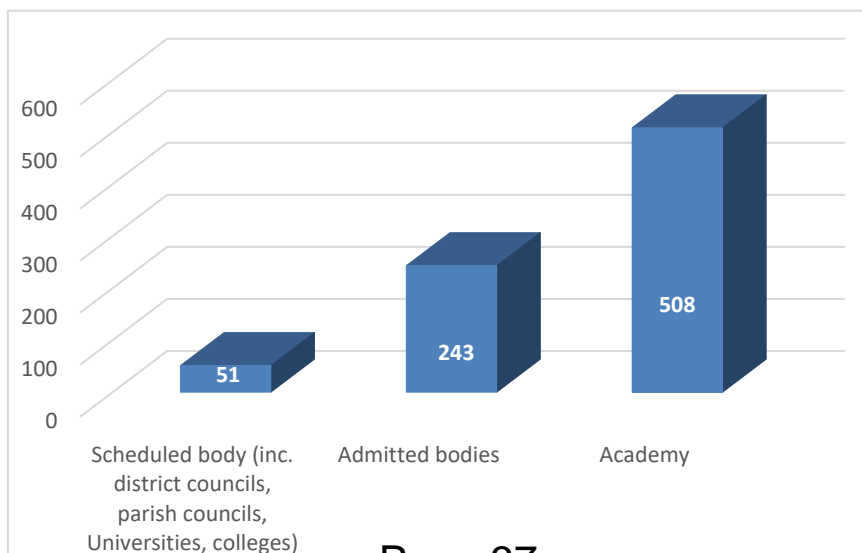
7.1 Year to date for 2022/2023, two cases have been referred to Stage 1 which were not upheld. Seven cases have been referred to Stage 2 of the procedure on appeal against the Fund, five of which have not been upheld and two currently under investigation.

## 8.0 Employer Membership

8.1 During the period, the Fund has seen an increase in employer numbers, with the overall number of employers registered with the Fund increasing to 802 at 30 September 2022. Overall there has been a 92% increase since March 2014 as shown in the graph below, however, the 2022/23 year to date increase has been lower than previous years, and it is anticipated that a more moderate increase will be observed over this year.



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



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

- 59 admission agreements
- 11 academies
- 65 employer terminations

## 9.0 Application for Admission Body Status

9.1 Organisations must satisfy one or more of the admission criteria before they can be admitted to the Fund following approval of applications. Where applications need to be progressed outside of the Committee meeting cycle, Pensions Committee has delegated responsibility for approving such applications to the Executive Director of Pensions in consultation with the Chair or Vice Chair of Pensions Committee.

9.2 There were 17 approvals requested from Committee in regard to applications for admission to the West Midlands Pension Fund, these are detailed in Appendix E.

## 10.0 Pensions in Payment

10.1 The gross annual value of pensions in payment to September 2022 was £579.6m, £15.8m of which (£8.7m for pensions increase and £7.1m for added year's compensation) was recovered from employing authorities and other bodies as the expenditure was incurred.

10.2 Monthly payroll details were:

Month	Number	Value (£)
July 2022	91,764	42,460,414
August 2022	92,045	42,608,024
September 2022	103,249	43,598,308

The September figure includes pensioners paid on a quarterly basis.

10.3 Pensions are increased each April, in line with the Consumer Price Index (CPI), with uplift calculation based on September CPI in the previous year. An increase rate in excess of 10% is expected to be applied from April 2023 (and will be confirmed when the treasury order is released, which is usually in late January/early February), following rising inflation over the last year.

## 11.0 Transfer Out – all casework

11.1 A total of 213 individual transfer payments were made during the period 1 July 2022 to 30 September 2022, resulting in a total amount transferred of **£9,449,210**. This is broken down into the following categories:

Type of transfer	Number of transfer payments	Value of Transfer Payments (£000s)
Non Local Government Pension Scheme (LGPS)	33	£1,285,971
Interfund (LGPS fund)	171	£7,950,746
Additional Voluntary Contributions	9	£212,494

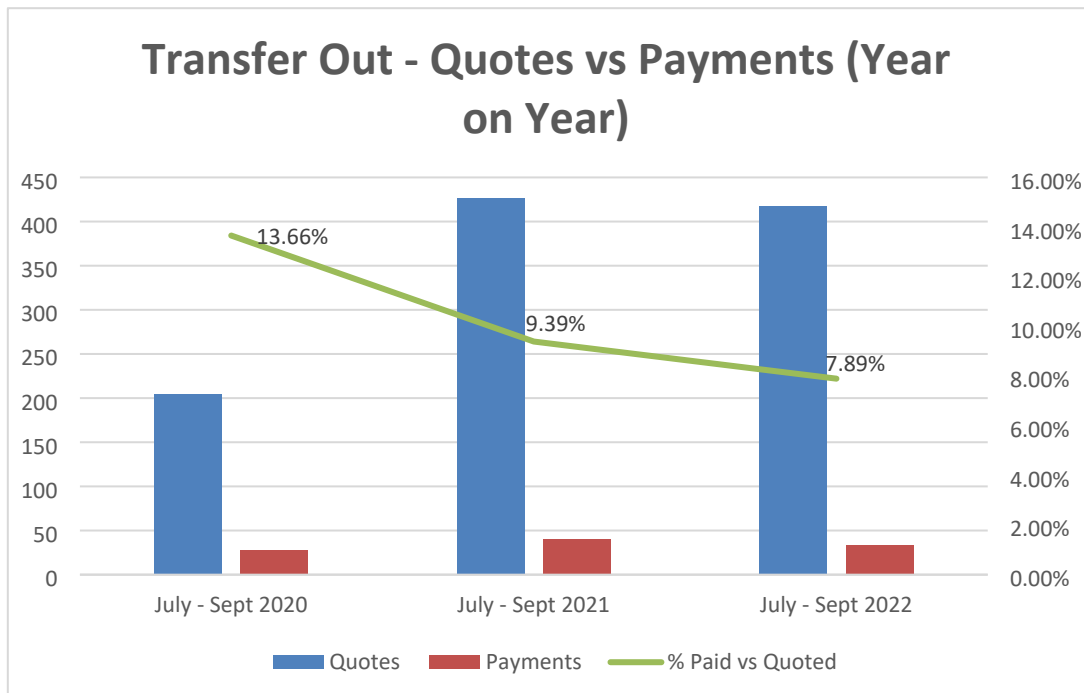
## 11.2 Non LGPS Transfers

11.2.1 During the period 1 July 2022 to 30 September 2022, 418 transfer value quotations were issued to members considering transferring their benefits out of the scheme (in the prior year 1 July 2021 to 30 September 2021, 426 transfer value quotations were issued to members). The Fund continues to monitor any trends and increases in demands, as part of its programme of work to protect members from potential pension scams.

11.2.2 In total, 33 transfer payments were made during the period 1 July 2022 to 30 September 2022 (15 of these were to non public sector schemes) resulting in a total amount transferred of £1,285,971 (in the prior year 1 July 2021 to 30 September 2021 a total of 42 transfer payments were made totalling £3,978,188). The payments by volume and value break down are as follows:

Value of Transfer Payments	Number of Transfer Payments	
	Other Public Sector Scheme	Non Public sector scheme
0 to £30,000	17	13
£30,001 to £100,000	1	0
£100,001 to £200,000	0	0
£200,001 to £300,000	0	1
£300,001 to £400,000	0	0
£400,001 to £500,000	0	0
Above £500,001	0	1
Total	18	15

11.2.3 The Fund has seen a gradual increase in the number of requests from members for transfer out quotes, however the number of members electing to progress with the transfer of their benefits out of the Fund remains fairly low and stable (c11% of the quotations requested year to date). This is shown in the graph below:



11.2.4 Analysis has been undertaken of the Transfer out payments to non-public sector or occupational schemes over the period of July to September 2022 to review the volume and trends. During the period, of the 33 completed, a total of 15 non-public sector or occupational scheme transfer out payments have been processed, to a total of 8 different receiving schemes. There were 12 transfers under £30,000 in value, meaning members were able to transfer these payments without a requirement to take financial advice. The average age of members transferring out was 51 years with the main reasons for members transferring out was either to consolidate their benefits into one provider or release cash/flexible draw down (members over 55).

## 12.0 Deferred Member Overseas Existence Exercise

12.1 The Fund has in the region of 700 overseas deferred members. Overseas members cannot be traced using the same trace tools as those living in the UK, as the data sets typically used will not show information for an overseas person, even if that person is still a UK national. To ensure we maintain contact and up to date records, the Fund undertakes an annual Life Certification Process for overseas deferred members, writing out to confirm existence and their contact information.

12.2 The Fund engage with their tracing and member verification service provider, Target Professional Services, to utilise their digital services for our overseas members. This enables members to undertake the process via traditional postal methods or via the mypensionID app.

12.3 This is the first year the Fund has undertaken this exercise and has seen a positive response rate. The Fund received a 60% verification success rate, given the members are deferred and have less of an incentive than pensioners to respond, this success rate is higher than expected. For those who haven't responded, the Fund will review each case looking at the most recent engagement with the member and will undertake follow up work with the provider if applicable. Of these successful results, there is a general trend towards electronic means of confirmation being more popular for this exercise, with 57% of



members utilising the digital app across 10 different countries. The average age of respondents being 53, with the oldest responder via the app being 68. In addition, a further 31% indicating broad member interest in engaging with the Fund electronically. As part of this exercise the Fund has been able to gather 414 new/updated email addresses and has identified 1 deceased member enabling the processing of any death benefits.

### **13.0 Financial Implications**

- 13.1 The report contains financial information which should be noted.
- 13.2 Employees of organisations who become members of the LGPS will contribute the percentage of their pensionable pay as specified in the Regulations.

### **14.0 Legal Implications**

- 14.1 The Fund, on behalf of the City of Wolverhampton Council in its role of LGPS Adminnstering Authority will enter into a legally binding contract with organisations applying to join the LGPS under an admission agreement.

### **15.0 Equalities Implications**

- 15.1 There are no direct equalities implications.

### **16.0 All Other Implications**

- 16.1 There are no other potential implications.

### **17.0 Schedule of Background Papers**

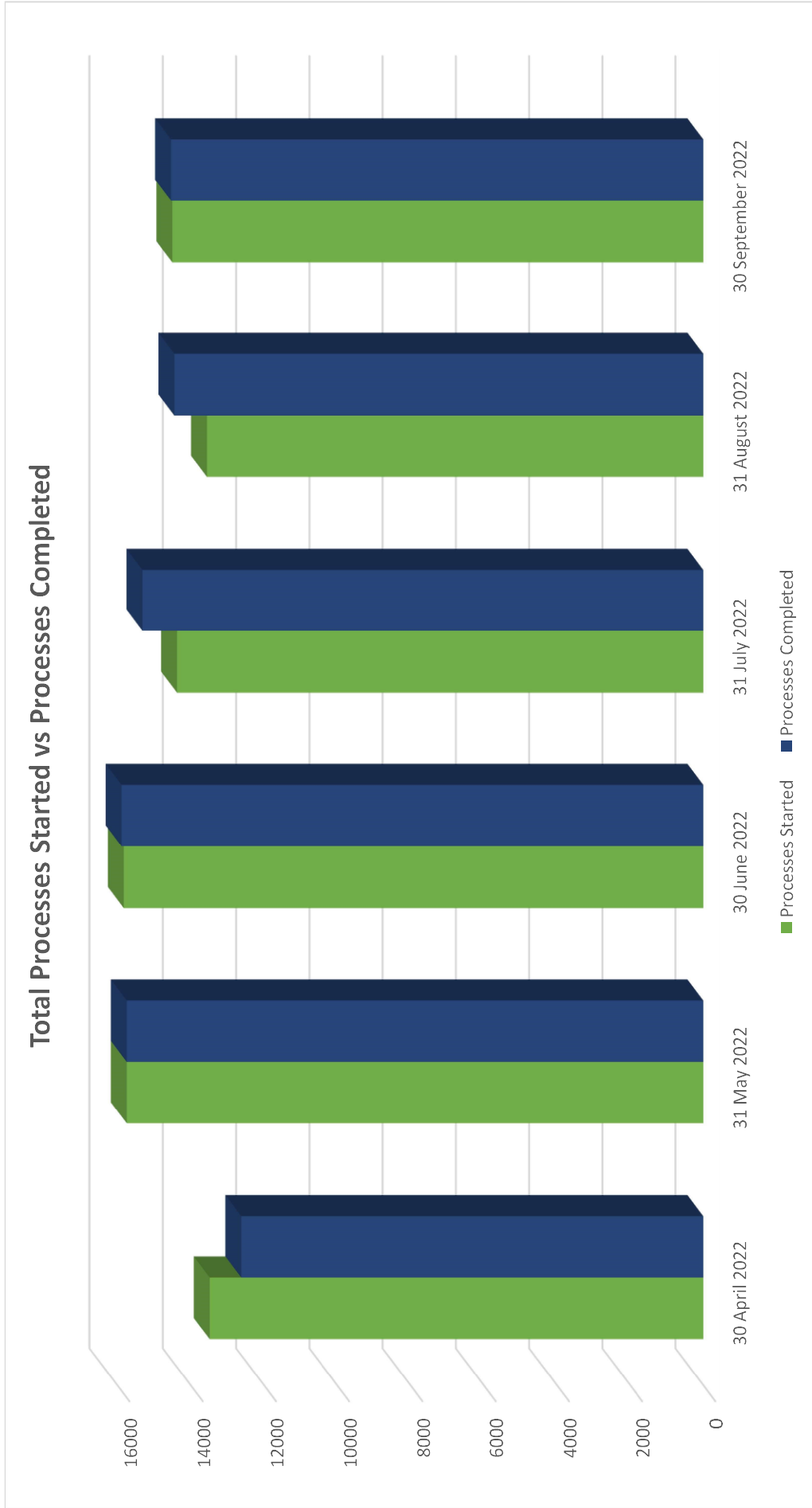
- 17.1 None.

### **18.0 Schedule of Appendices**

- 18.1 Appendix A: Workflow Summary
- 18.2 Appendix B: Detailed Process Analysis
- 18.3 Appendix C: Key Performance Indicators (KPIs)
- 18.4 Appendix D: Customer Service Statistics
- 18.5 Appendix E: Approved Admitted Body Applications

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Appendix A



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**Pension Board Statistical Report**  
**Detailed Process Analysis**

Appendix B

2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	April	May	June	July	August	September	YTD
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**Active & Deferred members**

Process type	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	April	May	June	July	August	September	YTD
Joiners and Rejoiners (Bulk)	9,816	16,688	20,227	17,755	25,509	19,939	17,479	16,533	1,773	1,211	1,168	1,713	1,258	1,885	9,008
Changes in circumstances eg change in hours	6,391	8,752	6,370	5,386	5,725	6,658	5,161	4,542	299	366	420	466	427	447	2,425
Deferments	5,664	8,340	8,178	8,629	15,934	11,994	9,444	10,950	946	1,048	1,155	1,104	932	967	6,152
Active Retirements (Employer retirements)	2,351	2,775	2,593	2,676	2,280	2,112	1,908	2,198	201	237	173	247	252	226	1,336
Deferred Retirements	2,301	3,421	3,552	4,429	4,814	5,071	4,844	5,507	493	486	421	449	479	474	2,802
Deaths of members	230	379	399	470	429	441	570	452	30	52	31	38	42	34	227
Refund						6,877	4,499	5,036	449	412	582	617	513	539	3,112
Opt Outs						3,585	1,228	1,228	57	87	55	78	67	32	376
Amalgamations						11,628	8,841	8,098	637	905	1,189	1,960	914	960	6,565

**Pensioner members**

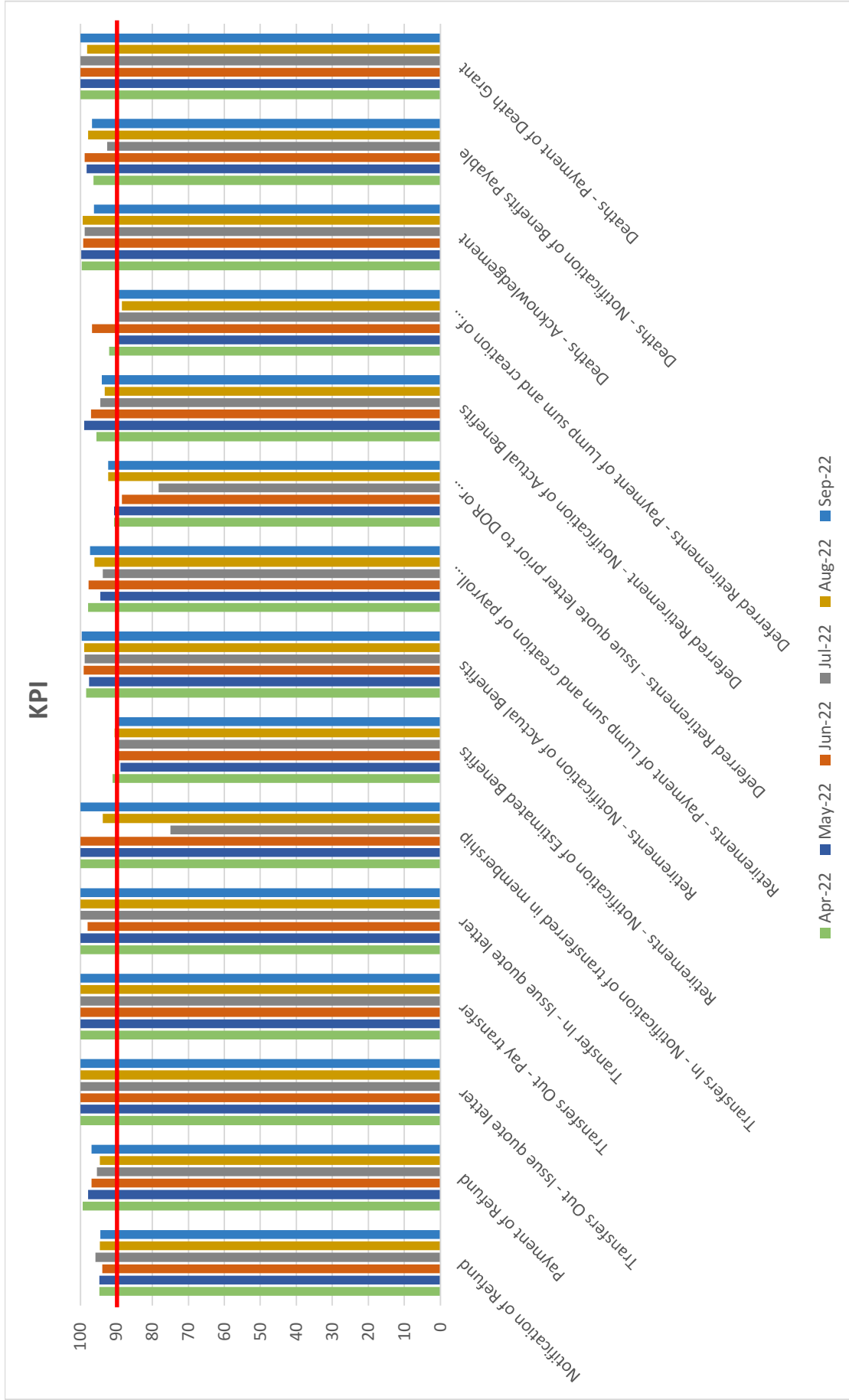
Process type	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	April	May	June	July	August	September	YTD
Changes in circumstances:-															
Data eg Passwords, NI Numbers	2,604	4,548	2,427	3,105	2,694	1,953	1,761	2,457	175	188	175	139	183	172	10,322
Changes of Address	1,733	2,237	2,589	3,004	2,628	2,423	2,448	2,886	287	442	227	250	209	211	16,266
Changes of Bank	3,281	1,573	2,272	2,214	1,957	1,874	1,539	2,057	153	196	130	163	165	180	9,877
Deaths of pensioners	2,454	1,702	2,813	2,919	2,793	2,650	3,886	3,226	272	315	303	319	239	241	16,889

**Payroll**

Actual number paid	913,864	888,954	915,275	945,196	979,819	1,019,295	1,093,949	1,105,423	90,952	91,223	102,207	91,764	92,045	103,249	5,714,440
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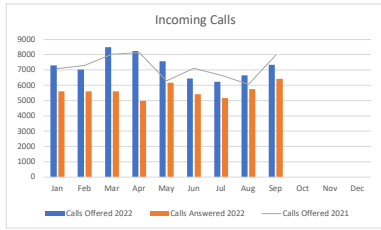
Appendix C



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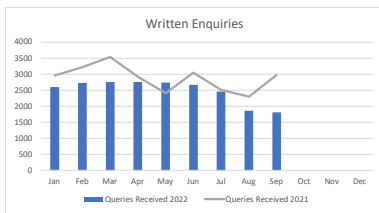


**Appendix D: Customer Services Statistics**  
July - September 2022



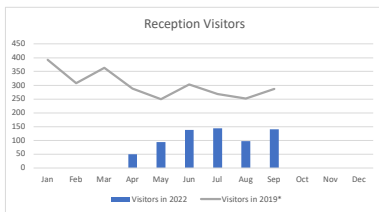
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Calls Offered 2022	7291	7021	8483	8231	7560	6432	6217	6647	7338			
Calls Answered 2022	5609	5609	5609	4968	6171	5419	5166	5743	6414			
Calls Offered 2021	7094	7293	8027	8142	6299	7114	6643	6063	7968			
Answer Rate (Target 85%)	76.93%	79.89%	66.12%	60.36%	81.63%	84.25%	83.09%	86.40%	87.41%			

**Appendix D: Customer Services Statistics**



	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Queries Received 2022	2597	2731	2754	2761	2741	2665	2460	1860	1807			
Queries Received 2021	2953	3217	3541	2921	2406	3043	2502	2299	2980			

**Appendix D: Customer Services Statistics**



	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Visitors in 2022	0	0	0	50	94	138	144	97	140			
Visitors in 2019* pre COVID	393	307	364	288	250	303	268	252	287	294	315	243

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## Appendix E Application for admission body status

Employer name	Guarantee Status (Agreement)	No. of employees (Scheme members) Agreement type	Status (Approved/pending approval)
Our Learning Cloud Ltd (The Mercian Trust)	The Mercian Trust	5 (5) Closed	Approved
ABM Catering Ltd (Rednal Hill J&I Schools)	Birmingham CC	4 (4) Closed	Approved
Compass Contract Services (Victoria Academies Trust)	Victoria Academies Trust	4 (5) Closed	Approved
Caterlink Ltd (S4S Cluster)	Wolverhampton CC	4 (4) Closed	Approved
Atalian Servest Food Co Ltd (Holy Cross MAC)	Holy Cross MAC	7 (7) Closed	Approved
Dodd Group (Midlands) Ltd (Birmingham CC)	Birmingham CC	4 (4) Closed	Approved
Aspens Services Ltd (Central RSA)	Central RSA	5 (13) Closed	Approved
Miquill Catering Ltd (Ryder Hayes Academy)	Ryder Hayes Academy Trust	1 (1) Closed	Approved
Barnados (Sandwell MBC)	Sandwell MBC	6 (6) Closed	Approved
Caterlink Ltd (Summit Learning Trust)	Summit Learning Trust	12 (12) Closed	Approved
Caterlink Ltd (St Martin's MAT)	St Martin's MAT	6 (6) Closed	Approved

Coombs Catering Partnership Ltd (Uffculme School)	Birmingham CC	2 (2) Closed	Approved
Atalian Servest Food Co Ltd (Inspire Education Trust)	Inspire Education Trust	1 (4) Closed	Approved
Vertas Group Ltd (ATT Schools)	Academy Transformation Trust	15 (15) Closed	Approved
Sips Education Limited (Water Mill Primary School)	Birmingham CC	3 (3) Open	Approved
Vertas Group Ltd (Ormiston Shelfield Community Academy)	Ormiston Academies Trust	5 (6) Closed	Approved
ECO Clean and Maintenance Ltd (Earlsdon Primary School)	Coventry CC	1 (1) Closed	Approved

There was 1 approval approved by the Chair during the period in regard to an application for admission to the West Midlands Pension Fund.

Miquill Catering Ltd (Blue Coat CE Academy)	Blue Coat CE Academy	3 (3) Closed	Approved
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# Pensions Board

24 January 2023

<b>Report Title</b>	Customer Engagement Update	
<b>Originating service</b>	Pension Services	
<b>Accountable employee</b>	Simon Taylor	Assistant Director (Pensions)
	Tel	01902 554276
	Email	<a href="mailto:Simon.taylor2@wolverhampton.gov.uk">Simon.taylor2@wolverhampton.gov.uk</a>
<b>Report to be/has been considered by</b>	Rachel Brothwood	Executive Director of Pensions
	Tel	01902 551715
	Email	<a href="mailto:Rachel.brothwood@wolverhampton.gov.uk">Rachel.brothwood@wolverhampton.gov.uk</a>

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## Recommendations for action:

The Pensions Board is asked to note:

1. The engagement activity and informed service development.

## 1.0 Purpose

- 1.1 To provide Board with an update of the Fund's customer engagement activity from 1 July 2022 to 30 September 2022 and to cover future planned customer engagement activity in the context of the Fund's Customer Engagement Strategy.

## 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.

## 3.0 Member Engagement & Communication

- 3.1 The Member Services team continues to deliver member support via hybrid channels including member webinars, face to face presentations and followed up with individual consultations as required. During this reporting period **1,209** members attended our presentations, webinars and workshops. These were followed by **315** individual member consultations. Our events are delivered at various times throughout the day to accommodate attendance around member and work commitments. This delivery and the associated feedback are summarised in Appendix A.
- 3.2 During this reporting period the Member Services team targeted leisure centres and Local Education Authority (LEA) schools and provided **13** satellite support events to **150** hard to reach members. These are members who may not normally be able to access our services due to the nature of their work and location, which might include access to web-based delivery (i.e. computer facilities), working hours or 'satellite' locations.
- 3.3 Through the "Be Pension Smart & Take Control of Your Benefits" campaign the Fund continues to encourage members to view and manage their pension record online using the [pensions portal](#). During this reporting period registrations increased by **2,621**, bringing the total pension portal registrations to **124,297** at the end of September 2022.
- 3.4 The Fund continues to promote aspects of our work via the social media platform [LinkedIn](#). Since the last reporting period a further **7,685** people have interacted with our variety of articles from sharing award success, pension awareness campaign, promoting Annual Benefits Statements and advertising our Pension Roadshow events. Over this reporting period we have seen an additional **5,399** views when compared to the previous reporting period.
- 3.5 The West Midland Pension Fund roadshow bus is now back on the road, providing face to face support across the region. The focus from July to September was providing roadshow support to schools and academies. **8** roadshow events were delivered which provided **379** members with face to face pension support on the bus. Feedback from these events was **85%** rated the events as excellent and **15%** rated them as very good.

- 3.6 “Planning your retirement” workshops are still proving to be popular with members who are over the age of 55. In this quarter the Member Services team delivered **8** workshops to active members which helped **136** attendees with their retirement planning.
- 3.7 The Fund continues to target active and deferred members who do not hold a valid nomination form through our nomination form campaign, the focus over this period was contacting members who work in the education sector, targeting multi-academy trusts.
- 3.8 Annually, the Fund aims to produce as many Annual Benefits Statements as possible, this year the Fund has produced **90,074** active statements, and this was followed up with **58,000** emails and **23,000** text messages to members, where we hold a valid email address and mobile number, to notify members that their statement is available on the portal.
- 3.9 In line with Pension Awareness week, the Fund designed a pension awareness campaign bespoke to the Local Government Pension Scheme (LGPS). This consisted of a bulk email which signposted a host of events from webinars, workshops, our roadshow events and notifying members that their Annual Statement is available online. **131,125** emails were sent to our active and deferred members offering different support depending on their membership category.
- 3.10 Following changes to regulations (“Stronger Nudge to pensions guidance”) in regard to members who are, or who have previously paid Additional Voluntary Contributions (AVCs), in August 2022 the Fund wrote to **2,703** members to disclose these changes and explain the guidance that they will be required to take from Pension Wise in regard to the options available to them when claiming their AVC.
- 3.11 Website content continues to be updated and there have been **323,000** web page views in this quarter.
- 3.12 Customer feedback is key to understanding our customer’s journey, highlighting our strengths and any gaps in the service we deliver so that we can continually improve the services we offer. Following a review of our ‘Post Event’ surveys to scheme members and the creation of a customer feedback dashboard, post-event surveys are now being issued to members regularly. The overall customer feedback Key Performance Indicator (KPI) for this quarter is **89%**.

## **4.0 Employer Engagement**

### **4.1 Employer Peer Group**

- 4.1.1 The second session of the Fund’s Employer Peer Group cycle for 2022/23 took place in September with 13 out of the 18 registered employer representatives present. The content for the meeting included:
- Transition to the new Pension Administration System (PAS) – update on testing progress and request for employer assistance.

- The 2022 Actuarial Valuation – road-testing planned engagement and supporting information.
- New Fund website demonstration and discussion.
- Employer Best Practice discussions – employer attendee led.
- Technical Q&A session.

## **4.2 Employer Webinars**

- 4.2.1 The Employer Services team has continued to deliver a programme of employer education over the quarter with a further 11 virtual sessions delivered to 71 attendees representing 34 organisations. The sessions are free to attend and provide a useful refresher for existing staff or as an introduction to processes for those who are new to Fund administration.
- 4.2.2 Sessions delivered over the quarter are set out below and will continue to be rolled out over the course of the year. An increased suite of webinars is now available each month and employers are able to easily sign-up for these via the Fund's website.
- Understanding your Accounting Disclosure (FRS102) Report
  - Transfer of Undertakings (Protection of Employment) (TUPEs), Tenders & Pass-through Admission Agreements
  - Understanding Pay and Service in the LGPS
  - Assumed Pensionable Pay
  - West Midlands Pension Fund (WMPF) Retirements and Notification
  - Producing Estimates in Employer Hub
  - Estimates and Early Retirement Costs
  - All About Ill-health Retirement
  - Submission of your Monthly Data File
  - The Pensions Administration Strategy: your role and responsibilities
- 4.2.3 A full suite of webinars specific to the roll out of the new PAS and Employer Self Service functionality will become available in the coming months. Face to face coaching sessions were held at the Fund's offices on 8 and 22 November 2022, with a further session planned for 24 January 2023. Attendance at these sessions will be reviewed alongside those held virtually, to consider our approach going forward.

## **4.3 Employer Engagement and Performance**

- 4.3.1 Utilising the virtual working arrangements currently in place, the Employer Services team have continued to hold performance meetings with various employers throughout the period. Employer performance is assessed in line with the Fund's Pension Administration Strategy (PAS).
- 4.3.2 During the period the Fund held 23 feedback and performance meetings with 15 organisations and 2 third-party payroll providers (note some employers were met with on multiple occasions during the period). Collectively these employers and payroll service providers are responsible for submitting for 125 organisations, servicing over 14,000 members.



- 4.3.3 The continued employer engagement, in collaboration with colleagues from the Fund's finance, data and operation teams, ensures data positions are reviewed and cleansed for accuracy. Ahead of the move to the new software provider from next April, the Fund's employer and data teams are working closely to target the resolution of historic data queries to aid a smoother transition. Additional engagement is also underway with employers where Annual Benefit Statement production rates could be improved.
- 4.3.4 The results of the 2022 Employer Health Check have now been reviewed and processed. In total 244 individual responses were received covering 484 employers and over 85,000 scheme members, representing close to 80% of the membership in scope.
- 4.3.5 The responses from the check confirmed an additional 883 members had left, but where the Fund had not been notified by the employer, 875 contact changes were made to employer records, and 17 Employer Hub users had access revoked.

#### **4.4 McCloud: Employer Support**

- 4.4.1 The Employer Services team continues to offer targeted 1:1 meetings to help employers meet the McCloud data collation and submission requirements. During the period, 31 meetings were held, reaching across 59 employers who had to date not submitted the required data. Over the same period an additional 22 files were fully completed and submitted covering over 1,500 members.
- 4.4.2 An advisory note has now been issued to 91 organisations (representing 1.5% of the total membership) who have been unresponsive to the Fund's communications regarding McCloud, aligned to the Fund's Escalation Policy. The note clearly sets out the implications of non-compliance, with particular reference to the potential impact on member benefits.

#### **5.0 More Recent Engagement**

- 5.1 As part of the Fund's hard to reach project to target members who may not normally be able to access our services due to the nature of their work and location, from October to December 2022 the Member Services team focussed on targeting members who work in Adult Services, libraries and parish councils.
- 5.2 Each autumn the Fund provides deferred and active members with a newsletter which covers a variety of updates across the Fund, various important member information and covers topical issues in the LGPS. In October **59,499** Deferred Pension Smart newsletters were sent out via email followed by **71,716** Active Pension Smart newsletters which were emailed out in November.
- 5.3 The Pension Roadshow vehicle was back out delivering roadshow events at the **7** district locations across the West Midlands throughout October and November. Each location has seen over **100** members attend with pension queries. Due to the high footfall, plans are being made to increase the amount of district roadshow events to provide members with more opportunities to attend. We are also anticipating a higher footfall this year

following changes to the member Annual Benefit Statements as a result of the PAS transition. We will continue to review attendance of these events and alternative ways of engaging with our members around these statements.

- 5.4 A total of **352** Pension Saving Statements were sent to members ahead of the 5 October 2022 statutory deadline, where Fund records indicate their savings had exceeded the annual allowance threshold and may be liable for additional tax charges. The Member Services team followed up on issue of these statements by offering the chance to book on **7** Pension Tax webinars which **131** members registered for.
- 5.5 The Fund's first face to face Pensioner Engagement Forum since the pandemic took place on the 7 October 2022. This forum was designed for pensioner members to provide their feedback and thoughts to enhance a member's retirement journey in the future. A guest speaker from the Alzheimer's Society attended to talk about the support and information which is available through their organisation. The group reviewed the feedback from the "Tea & Teach" sessions which was delivered in summer 2022, reviewed the newsletter and pensioner member communications and also provided feedback on the Fund's new website and new pensions portal which will be launched early next year. The feedback and actions from this event will be published in the "You said, we did" part of the 2023 pensioner newsletter.
- 5.6 Noting the importance of cleansing data, the Fund will be writing out to members shortly who we believe may have changed their email address. We will be asking them to update it on the Pensions Portal. This follows the "e-Christmas Card" sent to all members, asking them to check their personal details and update them accordingly.

## **6.0 Large Fund Events**

- 6.1 The Funds Annual General Meeting (**AGM**) took place on the **6 December 2022**. The event covered a variety of important updates for employers and two dedicated workshops focused on member engagement and responsible investment.

## **7.0 Financial Implications**

- 7.1 There are no financial implications associated with this report.

## **8.0 Legal Implications**

- 8.1 There are no legal implications associated with this report.

## **9.0 Equalities Implications**

- 9.1 The report contains no direct equalities implications.

## **10.0 Environmental Implications**

- 10.1 The report contains no direct environmental implications.

**11.0 Human Resources Implications**

11.1 This report contains no direct human resources implications.

**12.0 Corporate Landlord Implications**

12.1 The report contains no direct corporate landlord implications.

**13.0 Schedule of Background Papers**

13.1 There are no background papers within this report.

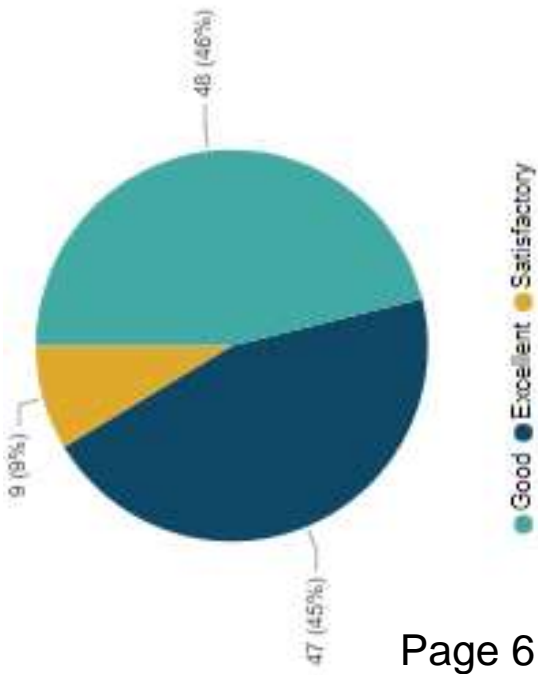
**14.0 Schedule of Appendices**

14.1 Appendix A - Summary feedback from member presentations and individual consultations

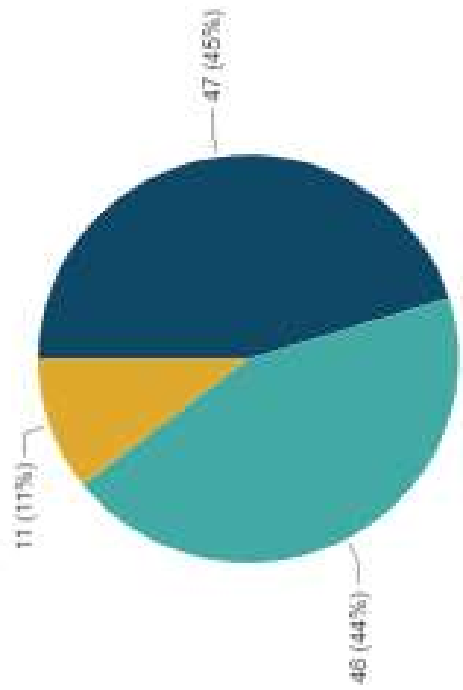
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Appendix A: Member Service Team Presentation Feedback - 1<sup>st</sup> July 2022- 30<sup>th</sup> September 2022

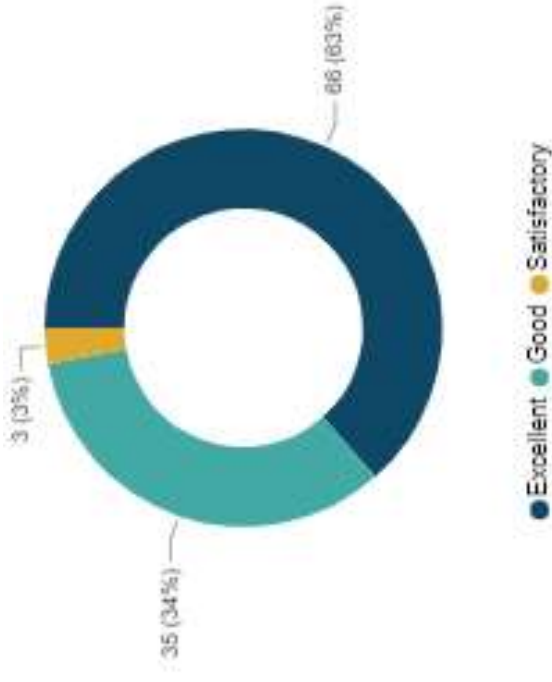
Event Rating



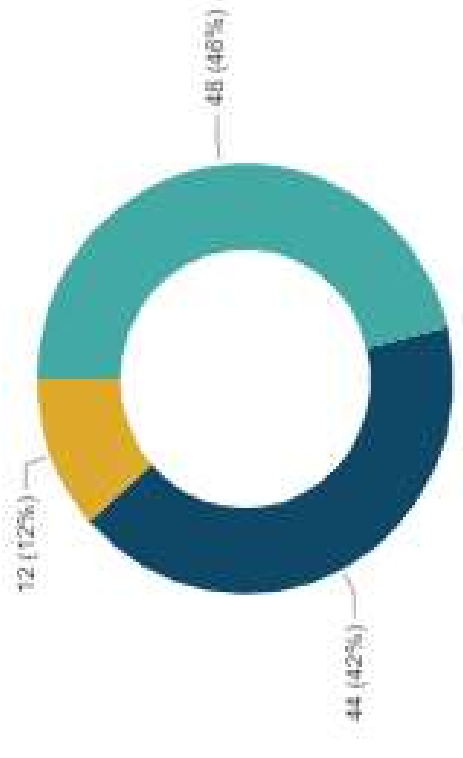
Interaction Rating



Presenter Rating

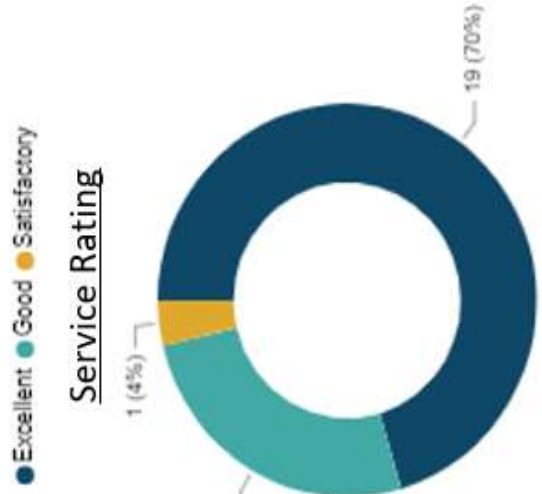
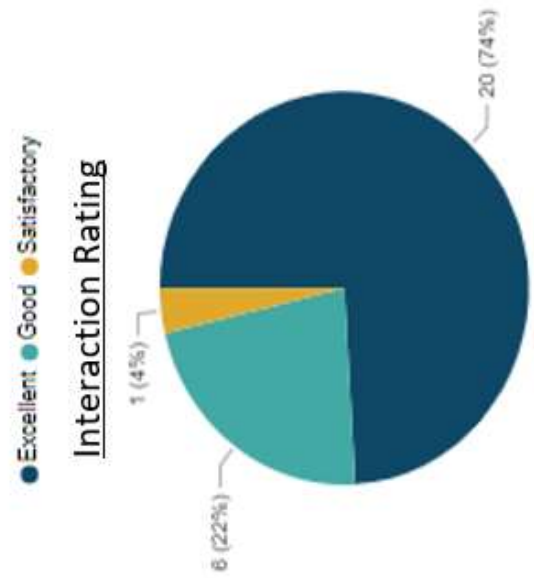
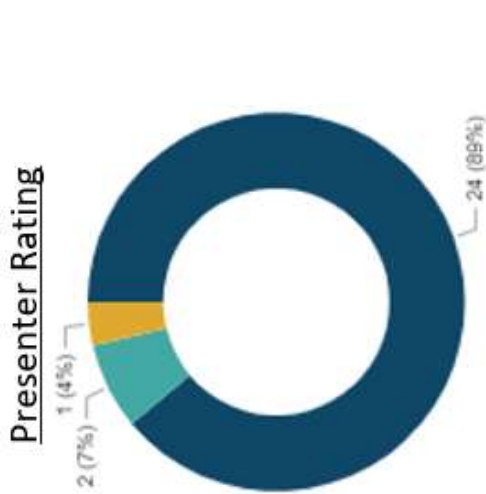
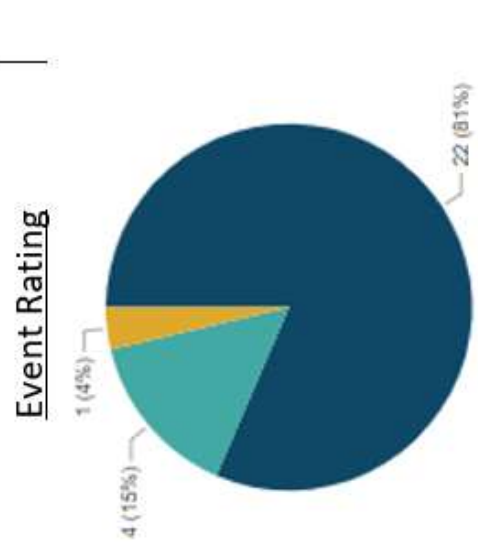


Service Rating



## Member Service Team Feedback - 1<sup>st</sup> July 2022 – 30<sup>th</sup> September 2022

### Individual Pension Consultations



<b>CITY OF WOLVERHAMPTON COUNCIL</b>	<b>Pensions Board</b> 24 January 2023	Agenda Item No: 10
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<b>Report Title</b>	2022 Actuarial Valuation Update	
<b>Originating service</b>	Pension Services	
<b>Accountable employee</b>	Simon Taylor Tel Email	Assistant Director (Pensions) 01902 554276 <a href="mailto:Simon.taylor2@wolverhampton.gov.uk">Simon.taylor2@wolverhampton.gov.uk</a>
<b>Report to be/has been considered by</b>	Rachel Brothwood Tel Email	Executive Director of Pensions 01902 551715 <a href="mailto:Rachel.brothwood@wolverhampton.gov.uk">Rachel.brothwood@wolverhampton.gov.uk</a>

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**Recommendations for action:**

The Pensions Board is asked to note:

1. The report and the associated update on progress with the 2022 actuarial valuation, including the two Admitted Body Sub Funds (ABSFs).
2. Headline results of the 2022 actuarial valuation.
3. Consultation undertaken and planned activity over the forthcoming quarter.

## **1.0 Purpose**

- 1.1 To provide Board with an update on the 2022 actuarial valuation and outline the process for consultation with Fund employers with regards to proposed changes to the Funding Strategy Statement (FSS).

## **2.0 Background**

- 2.1 The purpose of the 2022 actuarial valuation is to review and set appropriate contribution rates for each employer in the Fund for the period from 1 April 2023 to 31 March 2026, as required under regulation 62 of the Local Government Pension Scheme (LGPS) Regulations.
- 2.2 Board received an update on the 2022 actuarial valuation at the meeting in October 2022. At that stage, preliminary results were being prepared based on the outcome of the covenant review and analysis of membership changes and experience, used to inform the actuarial assumptions used to estimate future pensions payable (liabilities) from the Fund. Preliminary total Fund and individual employer results have now been prepared and are in the process of being issued to employers for consultation.

## **3.0 2022 Actuarial Valuation Progress**

- 3.1 With reference to the October 2022 report, the review of key financial assumptions (Consumer Price Index (CPI) inflation, salary increases and the discount rate) has now been undertaken against the backdrop of significant economic changes, not least the high inflationary environment combined with heightened volatility in global markets and affordability pressures for employers. The derivation of these final assumptions has involved wider consideration of the anticipated time horizon for such economic trends in the context of the three-year period for setting employer contributions, whilst ensuring the Fund retains a focus on the requirement for funding plans to deliver over the long-term. The financial assumptions, together with the allowance for life expectancy, have the most material impact on the assessment of Fund liabilities – the estimate of how much the Fund needs to hold today to meet the expected cost of pensions built up to March 2022 and payable to pension members in the future.
- 3.2 Risk profiling and categorisation of employers has been in place for a number of valuation cycles, reflecting the different nature and covenant of employers within the Fund. Aligned to a change of model for the 2022 valuation (and move to a stochastic, risk-based funding approach discussed in more detail in paragraph 4), the methodology has changed but the same principle applies in that employers with a weaker covenant and/or shorter-term relationship with the Fund are typically afforded a lower level of funding risk and more prudent funding plan, to protect all employers in the Fund.
- 3.3 The Fund has worked with the Fund actuary to develop and review individual employer provisional results and with our appointed covenant adviser to review employer covenant assessments. In addition, as part of our own internal governance arrangements, there have been regular meetings of the Funding and Investment Strategy Sub-committee to oversee the process and development of advice to inform the Fund's FSS.



## **4.0 Contribution Rate Approach**

4.1 The Fund has refined its approach to setting contribution rates at this valuation to adopt a risk-based approach with a three-step process to setting employer contribution rates as follows:

- 4.1.1 Calculate the funding target for each employer (i.e., the estimated amount of assets it should hold in order to be able to pay all its members' benefits). The funding target is specific to each employer's own membership details and circumstances.
- 4.1.2 Determine the time horizon over which the employer should aim to achieve that funding target. This is broadly equivalent to the recovery period adopted in 2019. The time horizon calculations are more focussed on ensuring the funding target is achieved at the end of the time horizon and less focussed on the snapshot funding level on the valuation date. The time horizon reflects both employer covenant and the likely length of participation in the Fund (subject to a maximum of 17 years, except where in surplus, in which case a 30-year run-off period will be applied as a default and consistent with the 2019 valuation approach).
- 4.1.3 Calculate the employer contribution rate such that it has at least a given likelihood of achieving that funding target over that time horizon, allowing for various possible economic outcomes over that time horizon. This step provides additional information relative to the previous valuation by quantifying the level of prudence associated with the contribution rate. Higher likelihoods of success will require higher contribution rates and more prudent funding plans than those with lower likelihoods of success.

4.2 By using this approach, the Fund can reflect individual employer characteristics in an objective way, focussed upon long-term funding goals and expected outcomes. Further detail of how this three-step approach has been applied for each employer type will be detailed in the FSS.

## **5.0 Funding Strategy Statement (FSS)**

5.1 The majority of Fund employers received their preliminary valuation results with details of proposed assumptions, individual risk categorisation (probability of success) and future contribution requirements during November and December 2022.

5.2 The Fund is now consulting with all participating employers on changes to the FSS, with the updated draft documenting the Fund-wide approach. Responses will be reviewed during February 2023 and following review a final version will be prepared for approval by the Pensions Committee in March 2023 and publication by the statutory deadline of 31 March 2023. During January 2023 and following group consultation meetings in early December 2022, officers will be and have been responding to employer requests for one-to-one consultation meetings (further details below).

## **6.0 Valuation Consultation and Engagement**

6.1 Further to the update provided to Board as part of the October 2022 report, the Fund has completed a group engagement meeting with the West Midlands Finance Directors representing the seven local authorities, as well as meeting with both ABSFs.

6.2 The Employer Peer Group have been engaged on the new style provisional results schedules, with helpful feedback and commentary provided which has been relayed onto the Fund Actuary to incorporate any appropriate changes. A complete suite of supporting documents has been drafted to assist employers' understanding of the results and process.

6.3 During December 2022 (and with a final session planned for 17 January 2023), the Fund ran a series of multi-employer briefing sessions. The briefing sessions were designed to help employers understand the changes in Fund position and how those changes may impact their own contribution rates and the overall position of the Fund. The sessions covered the following areas:

- An overview of the provisional results of the 2022 valuation and changes since the 2019 valuation.
- An explanation of the new provisional results schedules.
- Details of the change in approach adopted by the Fund for the 2022 valuation.
- Discussion surrounding how any changes may impact on the Fund and employers.

6.4 There was also an opportunity for employers to ask any questions regarding the 2022 Actuarial Valuation process, raise any queries relating to the provisional results and request a follow up one to one discussion with a Fund officer on a subsequent date to discuss results in depth.

6.5 Beyond these group engagement sessions, the Fund intends to issue a survey to all employers. Contained within the survey will be an opportunity for employers to raise a query or request an individual meeting or teleconference call.

## **7.0 Financial Implications**

7.1 This report has financial implications for employers and guarantors in that the outcomes will drive contribution requirements as part of the 2022 actuarial valuation, effective from 1 April 2023.

## **8.0 Legal Implications**

8.1 The report contains no direct legal implications.

## **9.0 Equalities Implications**

9.1 The report contains no direct equalities implications.

## **10.0 Other Potential Implications**

10.1 This report contains no other implications

## **11.0 Schedule of Background Papers**

11.1 31 October 2022, Pensions Board Report – 2022 Actuarial Valuation Update - [2022 Actuarial Valuation Update.pdf \(modern.gov.co.uk\)](#)

11.2 26 April 2022, Pensions Board Report – 2022 Actuarial Valuation Update - [2022 Actuarial Valuation Update.pdf \(modern.gov.co.uk\)](#)

11.3 25 January 2022, Pensions Board Report – Preparations for 2022 Actuarial Valuation - [Preparation for 2022 Actuarial Valuation.pdf \(modern.gov.co.uk\)](#)

## **12.0 Schedule of Appendices**

12.1 There are no appendices within this report.

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<b>Report Title</b>	Pension Administration System Change Project Update	
<b>Originating service</b>	Pension Services	
<b>Accountable employee</b>	Amy Regler Tel Email	Head of Operations 01902 55 5976 <a href="mailto:Amy.Regler@wolverhampton.gov.uk">Amy.Regler@wolverhampton.gov.uk</a>
<b>Report to be/has been considered by</b>	Rachel Brothwood Tel Email	Executive Director of Pensions 01902 55 1715 <a href="mailto:Rachel.Brothwood@wolverhampton.gov.uk">Rachel.Brothwood@wolverhampton.gov.uk</a>

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**Recommendations for action:**

The Pensions Board is asked to note:

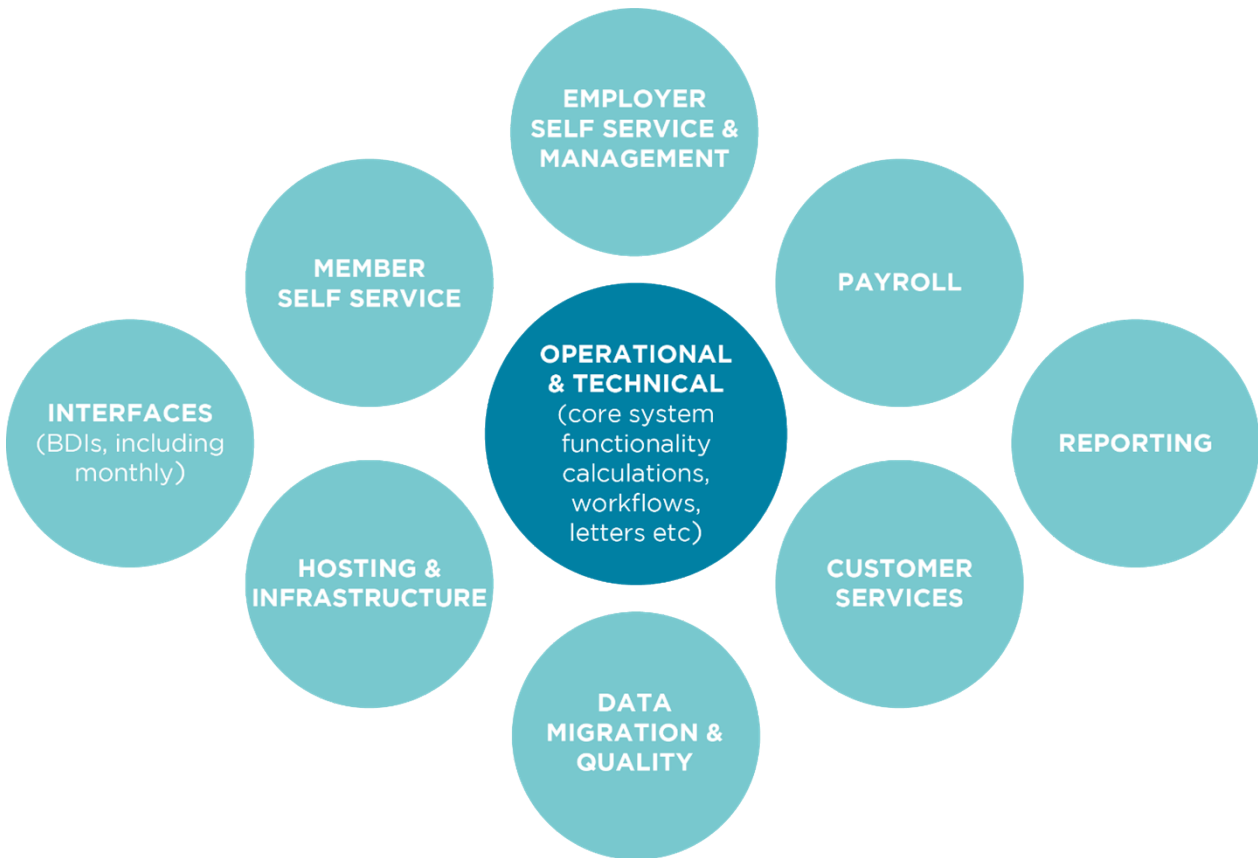
1. The progress with the transition of the pension administration system to the Fund's new software supplier which is on schedule to complete Q2 2023.

## **1.0 Purpose**

- 1.1 To update Pensions Board on the progress of the project managing of the transition of the pension administration system to the new provider, Equiniti and new system, Compendia, who were appointed in November 2021, following further competition using the National Local Government Pension Scheme (LGPS) Framework. To outline the objectives and benefits of this change for the Fund and its customers, including further development opportunities, noting the period of higher risk to service delivery during the live system and workflow transition.

## **2.0 Background**

- 2.1 The Fund's pension administration system manages all of the Fund's membership data and is used to process and calculate all member benefits in line with the scheme regulations. It provides a fully integrated document management solution, managing all incoming and outgoing documentation to members. In addition, it supports the administration and engagement with employers. The system also provides online services for the Fund's members and employers, which enable self-service and enhanced electronic working for exchanging data and customer support.
- 2.2 The Fund undertook market testing prior to the initiation of the formal procurement exercise, undertaken through the National LGPS Framework for Pension Administration Software. The contract was awarded in November 2021, and agreed in January 2022, with a dedicated programme of work undertaken to develop and support transition over 2022/23.
- 2.3 This is a major change for the Fund, in context of the current system being developed and utilised by the Fund for over 20 years. Equiniti are a major pension solution supplier to the UK's public sector, providing for both administration services and for the provision of pension administration software.
- 2.4 The key objectives and benefits of this transition for the Fund are to:
- Implement a pension administration system which provides the business and its customers with visible and reportable processing efficiencies
  - Create capacity to respond to rising customer numbers and expectation
  - Build the foundations to develop robust operational capability focussed on value for money, organisational agility and improved customer experience
- 2.5 There are a number of different elements to the implementation of the new system, online portals for members and employers, the payroll functionality to pay over 100,000 pensioner members, the set up of the IT infrastructure to host the system and transfer of all of the member and employer data that we currently hold. Core elements are shown in the diagram below:



*Key*

- *Interfaces – this is the functionality which enables the importing of data in bulk onto the system, by the employer and the Fund, including the monthly submissions process.*
- *Reporting – this functionality includes a suite of standard reports which enables the Fund to produce key management information from the administration system, including Key Performance Indicators (KPI's), membership statistics etc. It also includes the facility to enable the Fund to produce ad-hoc management information.*

### 3.0 Project Progress

- 3.1 The transition to the new administration system is being managed via formal project management, and the delivery of the project has been divided into the following key phases, with communication activities running throughout. Some of these phases are reiterative and are running in parallel with each other.
- **Planning & discovery phase** – working with EQ in a two way process to scope the project and build understanding of the new system and of the Fund. Individual scoping documents are produced for each element of the system.
  - **System development** – development of the Fund's user acceptance testing environment and development of the system functionality in line with the specification and scoping documents.
  - **EQ testing** – quality assurance testing undertaken by Equiniti of the system in advance of release to the Fund.
  - **Fund testing (User Acceptance Testing)** – the Fund is undertaking testing across multiple service areas to review and sign off the functionality before move and build in the live environment.

- **Go live** – the transition to the new system, including the planning and initial go live period.

3.2 The Fund completed the planning and discovery phase with EQ in September 2022. The Fund's user acceptance testing environment was set up and has been available and in use since August 2022. The Fund have implemented AzureDevOps, a Microsoft system which logs and tracks the progress with defect and bug resolution. It is a dynamic system, where the Fund and EQ can interact, providing updates on progress and real time management information.

3.3 Due to the scale and multiple different elements of the system, the functionality has been divided into seven delivery packages to enable a controlled and segmented approach to testing. Progress is being made in each area, as we move closer to Go live. Regular employee briefing and engagement session are in train to build familiarisation and aid in finalising transition plans.

#### **4.0 Supporting our Customers**

The development and transition of the Fund's pension administration system does not only bring positive change for Fund employees but also our customers, as the new system will also introduce new and enhanced online services.

#### **4.1 Members**

- 4.1.1 The new member self service will bring improvements and efficiencies, for both the member and the Fund, these include:
- Increased security for member registrations with industry best practice two factor authentication
  - Improved self service processes for resetting forgotten log in details
  - Increased functionality to engage with members via email and availability to view documents on the member self service.
  - Alert messages for members when they log in to their account of any new documents available for viewing i.e. payslips, retirement quotes and benefit statements etc.

4.1.2 The Fund is currently developing communications and support for members to aid them with the navigation and use of the new system. Initial discussions have already been held with the pensioner forum, showcasing some aspects of the new system and positive feedback was received.

#### **4.2 Employers**

- 4.2.1 The current Employer Hub is the core system for data exchange between the Fund and employers, and provides employers with access to their employees actively in the Fund. Alongside transition of the new system, there will be a new Employer Self Service (ESS) module which will bring improvements and efficiencies, for both the employer and the Fund, these include:
- Enhanced employer referral process for the raising and resolution of member queries
  - Increased bulk processing with refined member changes and leaver notification process



- Availability of supporting documentation within the platform to provide employers with scheme information instantly
- Improved data quality through increased validations at data submission
- Greater levels of management information

4.2.2 The Fund has developed a planned programme of customer engagement leading up to the implementation of the new system, and post Go live, which includes face to face and online demonstrations and training on the new system, newsletters and supporting guidance documentation.

## **5.0 Preparation for Go Live**

5.1 A key element of preparation for Go Live has been the review of the Fund's casework and planning both the mapping of this across into the new system and workflows and timescales for the close down of live casework. Due to the large scale volumes of data and processes being transferred there will be a short period of non-live processing. The Fund has developed plans to mitigate the impact on members and to manage delivery of service standard in accordance with the Fund's KPIs.

## **6.0 Financial Implications**

6.1 The transition to the new supplier is being managed within the Fund's Operating Budget for 2022/23. Further system development activities will be managed in future year budgets.

## **7.0 Legal Implications**

7.1 There are no direct legal implications.

## **8.0 Equalities Implications**

8.1 There are no direct equalities implications.

## **9.0 Other Implications**

9.1 There are no other implications.

## **10.0 Schedule of Background Papers**

10.1 There are no background papers with the report.

## **11.0 Schedule of Appendices**

11.1 There are no appendices with the report.

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