

Pensions Board

24 January 2017

Time 2.30 pm **Public Meeting?** YES **Type of meeting** Pensions
Venue Committee Room 3 - 3rd Floor - Civic Centre

Membership

Chair Cllr Sandra Samuels (Lab)
Vice-chair Annette King (GMB)

Employer Representatives

Caroline Jones
Joe McCormick
Paul Sheehan
Mike Sutton
Chris West

Trade Union Representatives

Sharon Campion (Unison)
Lee Nash (Unite)
Paul Sayers (UCATT)
Adrian Turner (Unison)
Cllr Harbans Bagri

Quorum for this meeting is seven

Information for the Public

If you have any queries about this meeting, please contact the democratic support team:

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Email democratic.support@wolverhampton.gov.uk
Tel 01902 555043

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

Agenda

Part 1 – items open to the press and public

- | <i>Item No.</i> | <i>Title</i> |
|-----------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1 | Apologies for absence (if any) |
| 2 | Declarations of interests (if any) |
| 3 | Minutes of the previous meeting - 5 July 2016 (Pages 3 - 6)
[For approval] |
| 4 | Matters arising
[To consider any matters arising from the minutes of the previous meeting] |
| 5 | Pension Board Appointments Process (Pages 7 - 14)
[To approve the appointments process for the Board] |
| 6 | Pension Board Appointments 2017 (Pages 15 - 18)
[To seek nominations to the pension board for 2017/2018] |
| 7 | Pension Board Workplan 2017/18 (Pages 19 - 36)
[To approve the Local Pension Board (“The Board”) workplan for the forthcoming municipal year] |
| 8 | Compliance Monitoring 2016/17 (Pages 37 - 66)
[To provide assurance to the Board about the Fund’s adherence to statutory guidance and legislation] |
| 9 | Communications and Customer Engagement update (Pages 67 - 78)
[To provide an update on the work of the Fund in the area of communications during 2015/16 and to outline the proposed activity for 2017] |
| 10 | Preparing for the General Data Protection Regulations (GDPR) (Pages 79 - 92)
[To provide an outline of the project plan for preparing for the changes to the Data Protection Regulations coming into force in 2018] |
| 11 | Data Quality and Employer Performance - Quarterly Update - 1 July to 30 September 2016 (Pages 93 - 100)
[To provide an update on the progress being made by the Fund to continue to improve data quality, and on the plans in place to make further improvements to data quality] |
| 12 | 2016 Actuarial Valuation Process (Pages 101 - 110)
[To provide an overview of the valuation process to enable the Local Pensions Board to review the 2016 valuation process] |

Attendance

Members of the Pensions Board

Cllr Harbans Bagri
Sharon Campion
Annette King
Joe McCormick
Cllr Sandra Samuels
Adrian Turner
Chris West

Employees

Rachel Brothwood	Director of Pensions - West Midlands Pension Fund
Geik Drever	Strategic Director of Pensions - West Midlands Pension Fund
Dereck Francis	Democratic Support Officer
Rachel Howe	Head of Governance - West Midlands Pension Fund

Part 1 – items open to the press and public

Item No. *Title*

1 **Election of Chair**

Resolved:

That Cllr Sandra Samuels be elected Chair of the Board for the remainder of the 2016/17 Municipal Year.

Following the election of the Chair, Chris West registered his concern that in governance terms and as a matter of principal he thought it inappropriate for a serving Councillor of the Fund's administering body to be Chair of the Pensions Board.

Geik Drever, Strategic Director of Pensions reported that some Pension Boards had independent Chairs but there was no right or wrong approach. The important aspect was the transparency, how the Fund worked and the results the Board achieved.

Adrian Turner suggested that for next year the Board consider rotating the Chair and Vice Chair positions between the Employee and Employers sides.

2 **Election of Vice-Chair**

Resolved:

That Annette King be elected Vice-Chair of the Board for the ensuing Municipal Year.

3 **Apologies for absence (if any)**

Apologies for absence were submitted on behalf of Lee Nash and Caroline Jones.

4 **Declarations of interests (if any)**

No declarations of interests were made.

5 **Minutes of the previous meeting - 19 January 2016**

Resolved:

1. That minute 7 (Pensions Administration – data quality) be corrected by the substitution of the name 'Mike' for the name 'Chris' in the second paragraph to that minute.
2. That subject to 1 above, the minutes of the previous meeting held on 19 January 2016 be approved as a correct record and signed by the Chair.

6 **Matters arising**

There were no matters arising from the minutes of the previous meeting.

7 **Data quality**

Further to the discussion at the last meeting, Rachel Brothwood, Assistant Director Actuarial and Pensions presented a report on progress being made by the Fund to continue to improve data quality and plans in place to make further improvements.

In response to questions from the Board the Assistant Director Actuarial and Pensions reported that the total charges levied to employers for delays and errors encountered in the 2015 annual return and benefit statements processes comprised a range of different sized employers who received charges ranging from £100 and up to £30,000. The schedule of fines and charges had been reviewed to make them fairer and transparent for employers.

Geik Drever, Strategic Director of Pensions added that the policy of engagement with employers on data gaps and exchange had worked thus far. If this approach failed the Fund had the option of reporting employers to the Pensions Regulator for continuous failures to provide accurate data.

The Assistant Director Actuarial and Pensions also reported that the Fund was awaiting to hear from five employers regarding outstanding data queries and that a face to face meeting with them might have to be arranged.

Resolved:

1. That the Pensions Committee consider the concerns raised by the Pensions Board and closer monitoring on work in this area be noted.
2. That the actions of Fund officers and progress made by the Fund and employers to improve the Fund's data records be noted.

8 **Report of the Chair of the Pensions Board**

Cllr Sandra Samuels briefly introduced the annual report on the work undertaken by the Board during 2015/16. Production of the annual report was a legislative requirement and the framework for the content of the report was in line with the regulations.

Referring to the statistics on Pension Board individual Trustee training hours, Annette King commented that the table did not include hours of self-study she had undertaken. Rachel Howe, Head of Governance, Pensions Service undertook to

check. Geik Drever, Strategic Director of Pensions asked Board members to notify Jane Hazeldine, Trustee Management with the hours of any self-study they have undertaken.

Referring to the Board's work plan, Chris West asked that 'funding and deficit levels' and 'the quality of relationships the Fund had with employers and members' be included on the work programme. He queried the objectives of the Fund and commented that Councils and Academies were struggling financially but at the same time the Fund was being well run.

Paul Sheehan reported that when the outcome of the Actuarial Valuation was announced it was possible that employers might be adversely affected. Therefore putting employees on notice of this in order that they could plan would be helpful.

Rachel Brothwood, Assistant Director Actuarial and Pensions reported that employers were aware of the issues in terms of the economic climate. The Fund was in the middle of two weeks of targeted presentations to employers. It is aware that the outcome of the actuarial valuation was key and employers need an early warning in order to plan and understand what the Actuarial Valuation might mean for them. The Assistant Director also reported that the Fund regularly circulated surveys to employers and members. She undertook to talk about member engagement at the mid-year review.

Mike Sutton added that a further issue was how those employers who do not engage with the Fund get to receive the early warnings.

Geik Drever, Strategic Director of Pensions reported that in terms of the funding deficit, the Fund needed to strike a balance but make sure that it could pay pensions.

Resolved:

1. That the annual report be noted.
2. That the quality of relationships the Fund has with employers and members be included on the work programme.
3. That an update report on member engagement (survey results and key performance indicators) be submitted to the next meeting of the Board.

9 **Governance monitoring report 2016**

Geik Drever, Strategic Director of Pensions presented a report on work being undertaken by the Fund in relation to its effective governance.

Paul Sheehan commented that the report was indicative of a well-run organisation. However, the challenges facing the Fund were elsewhere and not in its governance arrangements. In response the Strategic Director reported that the Fund would alert the Board to the risks.

Resolved:

That the work undertaken by the Fund in 2016 to ensure the effective governance of the Fund be noted.

10

Internal Audit report 2015-16

Rachel Brothwood, Assistant Director Actuarial and Pensions presented the report on the outcome of the work programme for internal audit during 2015-2016.

Resolved:

The internal audit report for 2015-2016 be noted.

Pensions Board

24 January 2017

Report title	Pension Board Appointments Process	
Originating service	Pensions	
Accountable employee(s)	Rachel Howe	Head of Governance
	Tel	01902 552091
	Email	Rachel.howe@wolverhampton.gov.uk
Report to be/has been considered by	Rachel Brothwood	Director of Pensions
	Tel	01902 551715
	Email	Rachel.brothwood@wolverhampton.gov.uk

Recommendations for action:

The Board is asked to:

1. Approve the appointment process for the West Midlands Pension Fund Local Pension Board

1.0 Purpose

- 1.1 To seek approval for the Appointments Process for the West Midlands Local Pension Board

2.0 Background

- 2.1 The West Midlands Local Pension Board came into effect under the Public Service Pensions Act 2013. The Act set out the legal requirements for creating local pension boards including how persons should be appointed.
- 2.2 The Scheme Advisory Board created statutory guidance setting out the various methods in which local pension boards could set their appointments process deciding to leave it up to individual pension funds to determine the best process for their scheme, provided it met the requirements of appointing persons with the necessary knowledge and capacity to undertake their roles.

3.0 The West Midlands Pension Fund Local Pension Board

- 3.1 Attached at Appendix One is the proposed appointments process for the pension board.
- 3.2 The process includes provision for an appointments panel consisting of the remaining board members. It is proposed that nominations for member representatives continue to be sought from the trade unions.

4.0 Financial implications

- 4.1 The Pension Board is provided for in the Fund's operation budget.

5.0 Legal implications

- 5.1 The Fund as scheme manager for the local government pension scheme is required to have a formal pension board appointments process.

6.0 Equalities implications

- 6.1 None

7.0 Environmental implications

- 7.1 None

8.0 Human resources implications

- 8.1 None

9.0 Corporate landlord implications

9.1 None

10.0 Schedule of background papers

10.1 Public Service Pensions Act 2013
<http://www.legislation.gov.uk/ukpga/2013/25/contents/enacted>

11.0 Appendices

11.1 Appendix 1
Local Pension Board Appointments Process

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WEST MIDLANDS PENSION FUND

LOCAL PENSION BOARD APPOINTMENT PROCESS

The role of the Pensions Board is to assist in the good governance of the scheme through the monitoring of Fund performance and adherence to statutory duties.

The Board consists of six employer and six member representatives consisting of five employer (officer) and five member (trade union) representatives together with two City of Wolverhampton councillors, each sitting one as an employer representative and one as a member representative. Each member of the Board has a right to vote on matters brought before it.

1. Appointment process

- 1.1 From January 2017, the Fund will seek nominations to the Pension Board of one third each year, this is to ensure a rotation of members while retaining the knowledge and experience of the group.
- 1.2 Every year the two elected councillors of the Administering Authority will be selected by the City of Wolverhampton Full Council.
- 1.3 The non-elected councillor representatives will be sought from their representative group (member or employer) each year on rotation of membership.
- 1.4 At its meeting in January of any year, the Pension Board will instigate this process in the following order
 - a) any members who have been unable to adhere to their responsibilities on attendance throughout the year
 - b) any vacant seats unfilled or vacancies expected to arise before the end of the municipal year ¹
 - c) alphabetical rotation (by surname) of members, one from the employer group and one from the member group.
- 1.5 At that meeting an Appointments Panel will be formed to consider any nominations. The Panel shall consist of the Chair or Vice Chair (where they are not on rotation) one employer and one member representative

¹ *Those members who through their own knowledge will be unable to conduct their duties as a pension board member for the following year and are able to disclose this to the Board will be asked to do so. This may be due to a change in employment (moving to an employer not in the Fund), retiring from employment or a change in ability to perform the duties of a pension board member. Note that it is not provided that successors to an employment post will fill the position on the Board and any such persons will need to comply with this process.*

together with the Strategic Director of Pensions (or their nominated officer). In the event that the Chair and Vice Chair are both on rotation for nomination, the Panel shall consist of 2 employer and 2 member representatives together with the Strategic Director of Pensions (or their nominated officer).

- 1.6 The Fund will produce a nomination pack published on its website and provided to the Fund's employer and members groups to include
 - Application form
 - Terms of Reference for the Local Pension Board
 - Code of Conduct and conflicts of interest policy
 - Conflict of interest declaration form
 - Role description
- 1.7 On receipt of applications, the nominations will be considered by the Appointments Panel initially by email to generate a shortlist, followed by a formal invite to interview with the Panel.
- 1.8 Should the Fund receive more applications than available posts, the Appointments Panel will be required to select appointed persons to the Local Pensions Board.
- 1.9 The Appointment Panel will be responsible for interviewing applicants and recommending to the Pensions Board persons appointed. Persons to be appointment must be able to fulfil their duties of knowledge and capacity and will be selected in consideration of maintaining a broad representative group of the Fund's employer and member group.
- 1.10 It is permissible for current members of the Board to be re-nominated or to re-apply for their post for one rotation. In the event of the re-nomination of members, the Board may decide to appoint without interview.
- 1.11 The Appointments Process will be completed by the start of each municipal year (June).

2 Employer representatives

- 2.1 The West Midlands Pension Fund Local Pension Board has 6 employer representatives and consists of representatives from the Fund's employer base including, Education Authorities, Local Authorities, Schedule Bodies, Admitted Bodies and the Combined Authority.
- 2.2 Following the January meeting the Fund will communicate openly and engage with its employer and member groups to seek nominations to the Board's vacant member positions.

3 Member Representatives

- 3.1 The West Midlands Pension Fund has 6 member representatives
- 1 x Elected Councillor from the Administering Authority
 - 5 x Trade Union representatives from the 4 Trade Unions (GMB, Unite, Unison and UCATT)
- 3.2 Following the January meeting, the Head of Governance will approach collectively, the 4 Trade Unions and the TUC to seek nominations to the Pensions Board.
- 3.3 The Trade Unions will work together to provide the Fund with nominations to the vacant member positions and will present a preferred candidate to the Appointments Panel.

4. Failure to obtain nominations

- 4.1 Should the Fund fail to receive nominations from the employer and member groups, it may approach persons directly to apply for the vacant positions. Persons approached in this manner will still need to be formally interviewed and recommended by the Appointments Panel.
- 4.2 Where direct contact is made, persons contacted will be approached in consideration of their ability to meet the legislative requirement of knowledge and capacity and may be approached by recommendation from the Board.

5. Nominations mid-term

- 5.1 In the event that a member of the Board resigns their position, or are removed, before January in any year, this process will be followed at the time the resignation is received. In such circumstances, it is not provided that successors to post will fill the position on the Board and any such persons will need to comply with this process.

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Pensions Board

24 January 2017

Report title	Pension Board Appointments 2017	
Originating service	Pensions	
Accountable employee(s)	Rachel Howe	Head of Governance
	Tel	01902 552091
	Email	Rachel.howe@wolverhampton.gov.uk
Report to be/has been considered by	Rachel Brothwood	Director of Pensions
	Tel	01902 551715
	Email	Rachel.brothwood@wolverhampton.gov.uk

Recommendations for action:

The Board is asked to:

1. Convene an Appointments Panel to receive nominations for the year 2017/18
2. Confirm the seats for nomination

1.0 Purpose

1.1 To seek nominations to the pension board for 2017/2018

2.0 Background

2.1 The West Midlands Local Pension Board came into effect under the Public Service Pensions Act 2013. The Act set out the legal requirements for creating local pension boards including how persons should be appointed.

2.2 Following its creation, it was agreed that no new appointments to the board would be made during its first year to enable the board to embed and develop its members' knowledge about the Fund and its role.

3.0 Nominations to the Local Pension Board

3.1 The Board are asked to instigate the nomination process. In line with the terms of reference for the Local Pension Board, it is permissible for those who stand down to be re-nominated by their representative group.

3.2 Elected Councillors of the Administering Authority are nominated each year by Full Council.

3.3 The table below provides the alphabetical rotation for nominations to the Board which should be instigated as the third stage nomination as outlined in the nomination process.

Employer Representative	Member Representative	Year of Nomination
Jones, Caroline	Campion, Sharon	2017
McCormick, Joe	King, Annette	2018
Sheehan, Paul	Nash, Lee	2019
Sutton, Mike	Sayers, Paul	2020
West, Chris	Turner, Adrian	2021

4.0 Financial implications

4.1 The Pension Board is provided for in the Fund's operation budget.

5.0 Legal implications

5.1 None

6.0 Equalities implications

6.1 None

7.0 Environmental implications

7.1 None

8.0 Human resources implications

8.1 None

9.0 Corporate landlord implications

9.1 None

10.0 Schedule of background papers

10.1 Public Service Pensions Act 2013

<http://www.legislation.gov.uk/ukpga/2013/25/contents/enacted>

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Pensions Board

24 January 2017

Report title	Pension Board Workplan 2017/18	
Originating service	Pensions	
Accountable employee(s)	Rachel Howe	Head of Governance
	Tel	01902 552091
	Email	Rachel.howe@wolverhampton.gov.uk
Report to be/has been considered by	Rachel Brothwood	Director of Pensions
	Tel	01902 551715
	Email	Rachel.brothwood@wolverhampton.gov.uk

Recommendations for action:

The Board is asked to:

1. Review and agree the proposed workplan of the Board for the period 2017/18
2. Review and agree the proposed training plan for 2017/18

Recommendations for noting:

The Board is asked to:

1. Note the training record for the Local Pensions Board for the year 2016/2017

1.0 Purpose

- 1.1 To seek approval for the Local Pension Board (“The Board”) workplan for the forthcoming municipal year.

2.0 Background

- 2.1 Regulation 106(1) of The Local Government Pension Scheme Regulations 2013 specifies that Local Pension Boards are responsible for assisting the Administering Authority to secure compliance with:
- the Regulations;
 - other legislation relating to the governance and administration of the LGPS; and
 - the requirements imposed by the Pensions Regulator in relation to the LGPS, and
- 2.2 To ensure the effective and efficient governance and administration of the LGPS.
- 2.4 The National LGPS Scheme Advisory Board (SAB) provides advice and guidance for Administering Authorities and Local Pension Boards on the administration and management of the LGPS. Each year the SAB is required to submit its own workplan, objectives and budget to the Secretary of State for approval. During 2016/2017 the SAB has been actively engaging with Funds on asset pooling; transparency reporting of investment costs; the impact of academisation; and scheme deficit management. This work together with the planned employer cost cap review is expected to continue into 2017/18.

3.0 Workplan

- 3.1 Attached at Appendix One is the proposed workplan for the Board for 2017/18. It has been designed in consideration of the work undertaken and requested by the Board and the Scheme Advisory Board to date as well as ensuring the Local Board’s responsibilities under the Act are met. The plan sets out the areas of work carried out and includes the action, frequency and purpose.

4.0 Training Plan 2017/18

- 4.1 Attached at Appendix Two is the draft training plan for the Board for 2017/18. This has been drafted in consideration of the workplan and aims to provide the Board with an update of key areas of learning for the next municipal year. Where possible, joint training with the Pensions Committee has been arranged to enable the development of shared knowledge and discussion between groups.

5.0 Training Record 2016/17

5.1 The Board are required to have the knowledge and capacity relevant to undertake their role as outlined in the Governance Regulations and throughout 2016/17 the West Midlands Local Pension Board achieved a total of 149.50 hours as at December 2016. This is expected to rise before the end of the municipal year. Attached at Appendix Three is an outline of the Board's training record which will be published in the Fund's annual report and accounts reviewed by the Scheme Advisory Board.

6.0 Financial implications

6.1 The Pension Board is provided for in the Fund's operation budget.

7.0 Legal implications

7.1 None

8.0 Equalities implications

8.1 None

9.0 Environmental implications

9.1 None

10.0 Human resources implications

10.1 None

11.0 Corporate landlord implications

11.1 None

12.0 Schedule of background papers

12.1 Public Service Pensions Act 2013

<http://www.legislation.gov.uk/ukpga/2013/25/contents/enacted>

12.2 The Local Pension Board workplan for 2016/17

<http://www.wmpfonline.com/article/6808/Work-Programme-201617>

12.3 CIPFA Knowledge and Skills

<http://www.cipfa.org/policy-and-guidance/publications/p/pensions-finance-knowledge-and-skills-framework--technical-guidance-for-elected-representatives-and-nonexecutives-in-the-public-sector>

13.0 Appendices

13.1 Appendix One
Workplan 2017/18

13.2 Appendix Two
Training Plan 2017/18

13.3 Appendix Three
Training Record 2016/17

Pension Board Work Programme 2016/2017

The West Midlands Pension Fund Local Pension Board is responsible for assisting the Fund with the good governance and administration of the scheme by ensuring its compliance with the legislation meeting the requirements of the Pensions Regulator and its adherence to statutory guidance.

Role	Area of work	Action	Date	Purpose of work Compliance Review/Best Practice or Event driven.
Good Governance				
	Policy review	To ensure the Fund meets its legislative and best practice duties of publishing statements and policies in line with the attached Pensions Board Policy Review Plan	In line with the attached Pensions Board Policy Review Plan	As noted on the Policy Review Plan.
	Fund Communication	To monitor fund performance on the availability and quality of information produced by the Fund in line with its communications strategy	January 2017 to receive an update on the Fund's new customer engagement strategy July 2017 to monitor the Fund's delivery against that strategy through the review of KPI's and	Compliance review – to ensure the Fund meets the TPR Code of Practice on communicating with members Best Practice – to ensure the Fund meets its objectives

Role	Area of work	Action	Date	Purpose of work Compliance Review/Best Practice or Event driven.
			customer feedback.	
	Customer Engagement	To monitor the effectiveness of the customer engagement strategy	Each meeting the board will be presented with KPI's to monitor the Fund's performance against its customer engagement strategy to include customer journey mapping through the review of feedback and KPI's July 2017 – to review the outcomes of the first employer survey.	Best Practice – to ensure the Fund meets its objectives
	Scheme Advisory Board KPIs	To monitor via report to the Board, the performance of the Fund against the national comparator in the Scheme Advisory Board KPI's	January 2018	Compliance review – awaiting confirmation from SAB that these are live.
	Data Protection	To monitor the Fund's progress of implementing of the new General Data	January 2017 – to receive a report on the workplan for implementing the new	Compliance review due to new Regulations.

Role	Area of work	Action	Date	Purpose of work Compliance Review/Best Practice or Event driven.
		Protection Regulations	General Data Protection Regulations. July 2017 – to receive an update on the progress of the Fund against the workplan with training delivered to the Board at its meeting in July 2017.	
	Internal and external audit	To receive a report from the Fund's compliance team reviewing the actions from the previous year's audit plan ensuring their implementation/completion.	Annually as received from audit in line with their workplan.	Best Practice – to ensure independent recommendations are implemented.
Fund administration				
	Data Quality	To review the quality of data received from employers and suggest ways to improve through working with employers.	January 2017 – to receive an update on the data cleansing activity and the transition to monthly returns	Best Practice – to assist the Fund in its management of member data and contributions.

Role	Area of work	Action	Date	Purpose of work Compliance Review/Best Practice or Event driven.
			July 2017 – to monitor 2017 annual returns performance and to receive an update on data cleansing.	
	Actuarial Valuation – Review of Process	To review the Fund’s approach to managing the Actuarial Valuation and the engagement with employers	January 2017	Best practice/event driven – to assist in the building of relationships with the employer base.
Investment	Investment Strategy and Implementation	To receive updates on the Fund’s work in this area, including the transition to LGPS Central pool	Annual policy review (July) 24 January 2017 LGPS Central Stakeholders Day	Compliance review – ensuring the Fund meets its legislative duty to achieve efficient investment returns and meets legislation for investment pooling.
Finance	Annual report and accounts	To consider the annual Scheme Advisory Board report following publication of our report and to draw comparisons as areas for proposed improvement	July 2017 following accounts close.	Compliance review – ensuring the Fund meets its legislative duty in the production and publication of an annual report

West Midlands Pension Board
Policy Review Plan 2017/2018

Name of Policy	Responsible Officer	Frequency of Review	Requirement	To be considered by Pension Board
Governance Compliance Statement*	Head of Governance	Annually (Sept) to confirm relevant and up to date and ensure the legislative duty has been complied with	Compliance – statement of operational governance structure including delegations and meeting arrangements	July 2017
Pensions Administration Strategy*	Director of Pensions	Annually (Sept) to confirm relevant and up to date and ensure the legislative duty has been complied with	Compliance – outlining the service standards for the Fund and employers	July following publication 2017
Funding Strategy Statement*	Director of Pensions	Monitored annually with a full review and update following each triennial valuation	Compliance – to ensure the Fund meets its duty to pay pensions when they fall due	July following completion of the valuation process 2017

Name of Policy	Responsible Officer	Frequency of Review	Requirement	To be considered by Pension Board
Investment Strategy Statement (ISS) (currently Statement of Investment Principles)*	Chief Investments Officer	Annually (Sept) to confirm relevant and up to date and ensure the legislative duty has been complied with	Compliance – investment strategy and implementation typically reviewed and updated alongside each triennial valuation and also in line with key market influences and world events	July following completion of the valuation process 2017
Responsible Investment Statement*	Responsible Investment Officer	Annually (Sept) to confirm relevant and up to date and ensure the legislative duty has been complied with	Best Practice – outlines Fund beliefs and approach to integration with investment strategy. Supplements the ISS	July 2017
Compliance with the Stewardship Code for Institutional Investors	Responsible Investment Officer	Annually (March)	Best Practice – the Fund’s supports and seeks to apply principles in investment activities.	July 2017

Name of Policy	Responsible Officer	Frequency of Review	Requirement	To be considered by Pension Board
Risk and Assurance Framework	Chief Investments Officer/Head of Governance	Annually (June)	Best Practice – to ensure the Fund’s approach to investment is managed in consideration of risk (CIO) To ensure the Fund has in place an appropriate risk register ensuring the Fund mitigates against potential impacts (HoG)	January 2018
Customer Engagement Strategy	Head of Governance	Annually (June)	Best Practice – broadens the communication policy to review effective engagement	January 2017 and January 2018 to ensure the Fund is complying with the promises made to our customers to ensure we engage with them on the services provided.

Name of Policy	Responsible Officer	Frequency of Review	Requirement	To be considered by Pension Board
Communications Policy*	Head of Governance	Annually to confirm relevant and up to date and ensure the legislative duty has been complied with	Compliance – legal duty to publish a communications policy outlining how we communicate and with who	Delivery and performance to be reviewed at each Board meeting to assist in its implementation.
Customer Feedback Policy	Head of Governance	Annually (Dec)	Event driven	January 2018 to ensure the Fund is actively managing the feedback received and that new ideas and lessons learned are being implemented.
Administering Authority Policy Statement*	Director of Pensions	Annually to confirm legislative duty has been complied with	Compliance – published policy on the exercise of discretionary administration functions	January 2018

Name of Policy	Responsible Officer	Frequency of Review	Requirement	To be considered by Pension Board
Pension Board Member Conduct Review Policy	Head of Governance	Annually in line with statutory guidance from the Scheme Advisory Board	Compliance – to outline how the Fund will manage complaints against Board members. Required under the Public Service Pensions Act 2013	July 2017
Freedom of Information and Data Protection	Head of Governance	Annual review of the information governance policies	Compliance – new regulations coming into force May 2018	To review at each board meeting the progress of implementing regulatory changes.
Policy on Termination Funding for Employers	Director of Pensions	Annually monitored to confirm legislative duty has been complied with	Best Practice – formally reviewed as part of each triennial valuation	July following formal review

The West Midlands Pension Fund Local Pension Board is responsible for assisting in the good governance and administration of the scheme. Part of their role is to ensure the Fund complies with statutory requirements on the publication of policies, as well as ensuring the Fund has in place appropriate practices for managing and administering the scheme. This policy review plan highlights the policies published by the Fund. The Local Pension Board will review the Fund's compliance to publishing these policies at each meeting on a rolling 12 month plan, considering half of the policies at each of its meetings.

* These policies are published in the Fund's annual report and accounts.

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Pension Board Training Plan 2017/18

Date	Pensions Board	Location	Agenda
24 January 2017	Pensions Board, Trustees and trustees from other funds	Grand Station	Stakeholder day followed by Pensions Board meeting. <ul style="list-style-type: none"> • Legalities involved in setting up Pooling.
May 2017	Pensions Board		Nominations and selection process to be completed
13 June 17	Joint Induction (half day) Followed by further half day for joint training	Mander House with external speaker Internal staff	Morning session Induction session for new Trustees to include <ul style="list-style-type: none"> • Duties of Trustees – external speaker Afternoon session <ul style="list-style-type: none"> • Risk Workshop
June 17	Pensions Board	Self-assessment	Training Needs Analysis to be circulated
14 July 17	Pension Board training (am) Pension Board meeting (pm)	Civic Centre	<ul style="list-style-type: none"> • External services, to capture: <ul style="list-style-type: none"> ➤ Employer coaching ➤ Road shows ➤ Prudential on AVC's ➤ Electronic data exchange ➤ Customer Services
June/July TBC	Pensions Board and Pensions Committee	Grand Station	Mid-Year review -TBC
14 November 2017	Joint training	Mander House	Pooling update
23 January 2018 - TBC	Pension Board meeting	Civic Centre	TBC

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Pension Board training hours 2016/2017

ATTENDEES	IN HOUSE STRUCTURED	COMMITTEES	MYR and AGM	EXTERNAL CONFERENCES & SEMINARS	ON-LINE TRAINING/READING	TOTAL HOURS
Bagri Harbans	15.00	0.00	3.00	0.00	5.00	23.00
Campion Sharon	4.00	0.00	3.00	0.00	0.00	7.00
Jones Caroline	0.00	0.00	0.00	0.00	0.00	0.00
King Annette	7.00	0.00	3.00	0.00	7.00	17.00
McCormick Joe	4.00	0.00	3.00	3.00	0.00	10.00
Nash Lee	4.00	0.00	3.00	0.00	7.00	14.00
Samuels Sandra	7.00	0.00	3.00	0.00	0.00	10.00
Sayers Paul	4.00	0.00	0.00	0.00	0.00	4.00
Sheehan Paul	8.00	0.00	3.00	0.00	5.00	16.00
Sutton Mike	7.00	0.00	3.00	4.00	0.00	14.00
Turner Adrian	11.00	0.00	6.00	0.00	0.00	17.00
West Chris	7.50	0.00	0.00	10.00	0.00	17.50
TOTAL	78.50	0.00	30.00	17.00	24.00	149.50

Hours recorded up to 31 December 2016 (may not include any hours recently submitted due to timing of reports)

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Pensions Board

24 January 2017

Report title	Compliance Monitoring 2016/17	
Originating service	Pensions	
Accountable employee(s)	Rachel Howe	Head of Governance
	Tel	01902 552091
	Email	Rachel.howe@wolverhampton.gov.uk
Report to be/has been considered by	Rachel Brothwood	Director of Pensions
	Tel	01902 551715
	Email	Rachel.brothwood@wolverhampton.gov.uk

Recommendations for noting:

The Board is asked to:

1. Note the work of the Fund in complying with the Pension Regulator's Code of Practice
2. Note the proposed compliance monitoring programme for 2017

1.0 Purpose

- 1.1 To provide assurance to the Board about the Fund's adherence to statutory guidance and legislation

2.0 Background

- 2.1 In April 2015 The Pensions Regulator ("TPR") issued a code of practice for public service pension schemes. The code of practice sets out the legal requirements for public service pension schemes and standards of conduct and practice expected of those who exercise functions in relation to those legal requirements.
- 2.2 Following its publication in April 2015, the Fund participated in a pilot scheme for assessing LGPS Funds' adherence to the Code of Practice through the creation of a self-assessment toolkit which the Fund presented to Pensions Committee in December 2015 and as part of Trustee and Pension Board training in 2016. This showed that the Fund was fully compliant with the Code of Practice highlighting 3 key areas for improvement.
- 2.3 Following that self-assessment pilot, the TPR, in September 2016 issued a compliance monitoring programme to help funds manage areas for compliance, breaking down the code of practice into workable tasks which can be more closely monitored.

3.0 Self-Assessment - Update

- 3.1 In conducting the annual review of the TPR self-assessment, the Fund has reviewed its approach to internal dispute resolutions (IDRP). It was felt that the Fund was not fully engaged with this process where complaints were being received under Stage 1 direct to employers. To help with the Fund's engagement with employers and to assist in managing relationships, as well as ensuring adherence to the statutory duty to manage IDRP's, the Fund reviewed the process ensuring notification of all IDRP's are reported to the Fund's compliance team by employers for monitoring. As a result of this new approach this area of the self-assessment has been upgraded to green.
- 3.2 Areas which remain Amber are in relation to communicating with members. The Fund has conducted an annual review of its Customer Engagement Plan. That work has highlighted that pensioner engagement will be a priority for 2017 as the Fund's considers ways to produce an annual newsletter and pensioner specific workshops. The fund has assessed its adherence to this principle as Amber, pending this work.
- 3.3 The fund continues to work with employers to resolve outstanding data queries and the planned move to monthly returns in 2017 is expected to improve the quality of data collected by the fund in the future. A wider review of data stored is also underway in preparation for the new data protection regulations effective in 2018.
- 3.4 Attached at Appendix One is the outcome of this year's Self-Assessment

3.5 The Fund has also completed the online assessment provided by the TPR and a copy of that result, which shows the Fund to pass all areas, is attached at Appendix Two.

4.0 Compliance Monitoring Programme

4.1 The Fund has in place a monitoring programme, which aims to ensure its internal and external operations meet required standards and best practice. The programme is directly linked to the risk register; testing the effectiveness of the controls in place to manage and mitigate risks.

4.2 In addition to this, the TPR has issued a template monitoring program to assist Fund's adherence to the Code of Practice. Outlining what it thinks should be tested and when.

4.3 Due to its size and complexity, it is proposed that the Board receive training on this program in June. A copy is available to view on the Pension Board website.

5.0 Financial implications

5.1 The Pension Board is provided for in the Fund's operation budget.

6.0 Legal implications

6.1 None

7.0 Equalities implications

7.1 None

8.0 Environmental implications

8.1 None

9.0 Human resources implications

9.1 None

10.0 Corporate landlord implications

10.1 None

11.0 Schedule of background papers

11.1 The Pension Regulator's Code of Practice
<http://www.thepensionsregulator.gov.uk/doc-library/codes.aspx>

12.0 Appendices

- 12.1 Appendix One
Self- assessment against the TPR Code of Practice
- 12.2 Appendix Two
TPR online assessment results

The Pensions Regulator

Self assessment against the tPR Code of Practice

Summary of Fund's compliance with The Pensions Regulator's code of practice

Code	RAG status
Reporting breaches of the law	
Reporting duties	
Internal controls and managing risks	
Communicating to members	
Publishing scheme information	
Maintaining contributions	
Record keeping	
Resolving internal disputes	
Pension board conflicts of interest and representation	

Detail of Fund's compliance with The Pensions Regulator's code of practice

Code	Key points	RAG status	Current assessment and areas for development
Reporting breaches of the law	<ul style="list-style-type: none"> • All reporters should have effective arrangements in place to meet their duty to report breaches of the law. • The Fund must report breaches of the law when it has reasonable cause to believe that: <ul style="list-style-type: none"> ○ A legal duty relevant to the administration of the scheme has not been, or is not being, complied with ○ The failure to comply is likely to be of material significance to The Pensions Regulator (tPR) • The report must be made in writing and must be made as soon as reasonably practicable. • A system for recording all breaches even if they are not reported. • Not every breach has to be reported, tPR's traffic light system should be used to decide. 		<p>Current practice</p> <ul style="list-style-type: none"> • The Fund has a breach log, recording all breaches, maintained by the Fund's in-house compliance team. • A breach procedure is in place and was approved by the Pensions Committee on 23 September 2015. • Employers are updated through the regularly published employer briefing note. Regular engagement is undertaken with employers together with coaching sessions outlining their responsibilities. • The Fund's compliance team has in place a compliance monitoring program ensuring the effective administration of the Fund. This is set against the TPR Code of Practice. • No reports were made during 2016 to the tPR in relation to breaches.
Reporting duties	<ul style="list-style-type: none"> • Managers of public service schemes must let tPR know of any changes to their scheme's 'registrable information' and provide the up-to-date information as soon as possible. • Registrable information includes details about:- <ul style="list-style-type: none"> ○ The Scheme ○ The managers of the Scheme ○ Employers 		<p>Current practice</p> <ul style="list-style-type: none"> • WMPF is registered with tPR • The Fund's registrable information on Exchange online was fully reviewed in August 2016 and going forward will be updated as soon as possible following any changes.

Code	Key points	RAG status	Current assessment and areas for development
	<ul style="list-style-type: none"> In the future, tPR is planning to issue bespoke scheme returns for public service schemes to complete. These will ask schemes to provide registrable and other information to them on a regular basis (at least every three years). This is in addition to the ongoing duty for managers to notify them of changes to registrable information as soon as possible. 		<ul style="list-style-type: none"> WMPF responded to the TPR's questionnaire Compliance will fully review annually once published
Internal controls and managing risks	<ul style="list-style-type: none"> The scheme manager must establish and operate adequate internal controls that enable them to manage risks that relate to their scheme. Schemes should have a process to identify, evaluate and manage risks on an ongoing basis. <p>Internal controls checklist</p> <ul style="list-style-type: none"> Do you have effective arrangements and procedures to ensure that the pension scheme is being run in accordance with the scheme rules and requirements of the law? Do you regularly review the arrangements and procedures? Do you have a process to identify risks? Do you have a process to evaluate risks? Do you have in place processes or controls to manage risks? Do you have a risk register to record all risks identified and action taken? 		<p>Current practice</p> <ul style="list-style-type: none"> Compliance officers attend Team Management Meetings, to identify and evaluate risks with officers from each service area named as Risk Owner. Risks are recorded in a risk register with actions taken. Risks are reported quarterly at Senior Management Team meetings and at Pensions Committee meetings. Risk workshops are held annually, attended by Senior Managers with training delivered to Pensions Committee and Pensions Board members on the Fund's approach to risk management (operational) and investment risk WCC's audit department review and report on the Fund's risk management annually at Pensions Committee.

Code	Key points	RAG status	Current assessment and areas for development
	<ul style="list-style-type: none"> Do you regularly review the risk register? Do you have a standing item on the pension board agenda to review scheme risks? 		<p>Areas for development</p> <ul style="list-style-type: none"> The Fund is working to embed risk management in all areas of working practice
Communicating to members	<ul style="list-style-type: none"> The scheme manager must provide annual benefit statements to active members of defined benefit (DB) public service pension schemes. The first statement must be provided within 17 months of the scheme regulations coming into force. The scheme manager must communicate certain other information to scheme members when required. The Fund should provide communications that are accurate, clear and accessible. 		<p>Current practice</p> <ul style="list-style-type: none"> The Fund produced all available benefit statements by the statutory deadline for 2016. Where possible the Fund communicates electronically with members and has incorporated a new mail marketing system into its communication approach. The Fund has published its annual communications policy detailing the engagement with stakeholders throughout 2017. The Fund has a technical team who are able to interpret legislation and translate to user friendly guides and FAQ's published on the Fund's website <p>Areas for development</p> <ul style="list-style-type: none"> Throughout 2017 the Fund is focusing on pensioner engagement and will be exploring options for creating a pensioner newsletter and workshops

Code	Key points	RAG status	Current assessment and areas for development
Publishing scheme information	<ul style="list-style-type: none"> • The scheme manager must publish and keep up-to-date information about the pension board. • The scheme manager must publish information about the pension board and keep that information up to date, including: <ul style="list-style-type: none"> ○ Who the pension board members are ○ Representation on the pension board ○ Matters for which the pension board is responsible • The Fund should also publish: <ul style="list-style-type: none"> ○ The pension board's terms of reference ○ The pension board appointment process ○ Who each pension board member represents ○ Employment and job title (where relevant) and any other relevant position held by each board member ○ Any specific roles and responsibilities of individual pension board members • Schemes should consider publishing other information such as pension board papers, agendas and meeting minutes (with confidential information removed). 		<p>Current practice</p> <ul style="list-style-type: none"> • The Fund has a dedicated Pensions Board website with up-to-date information about the Pensions Board. The website is reviewed quarterly, to ensure it is up to date and complies with the legislative requirement of publishing information. • The Fund submits information about its Board to the National Scheme Advisory Board who publishes a checklist on their website showing the Fund's compliance. • The Fund publishes Pensions Board agendas, papers and minutes. • The appointment process of the Pensions Board was presented to the Board for approval in January 2017 and has been used for the first time in 2017.
Maintaining contributions	<ul style="list-style-type: none"> • The scheme manager should produce and maintain a payment schedule or contributions monitoring record. • Check that contributions are paid to your scheme. • Set up a process that you can use to identify and manage contribution payment failures. 		<p>Current practice</p> <ul style="list-style-type: none"> • The Fund's finance team maintains a contributions monitoring record and carries out monthly contribution monitoring. • Compliance testing is carried out quarterly to ensure the timeliness and reasonableness of

Code	Key points	RAG status	Current assessment and areas for development
	<ul style="list-style-type: none"> You should attempt to recover contributions within 90 days of the due date (for employers' contributions) or prescribed period (for employees' contributions) and keep a record of your investigation and communications between you and the employer. If scheme managers have reasonable cause to believe that a late payment of employer and/or employee contributions is likely to be of material significance to the regulator, it must be reported to tPR and members within stipulated timescales and by the stipulated method. 		<p>contributions received.</p> <ul style="list-style-type: none"> A new Debt Management Policy was implemented to assist the Fund in the recovery of contributions due. The Pensions Administration Strategy has been reviewed and updated in 2016 and outlines the Fund's approach to issuing fines for late payment of contributions <p>Areas for development</p> <ul style="list-style-type: none"> The Fund to continue to monitor and follow up any late or outstanding contributions
Record keeping	<ul style="list-style-type: none"> The scheme manager must keep records of member and beneficiary information, transactions, and pension board meetings and decisions. The scheme should have effective record-keeping processes and regularly evaluated member data. The scheme should work with employers to ensure they understand what information they're required to provide and when they need to do this. Schemes must keep records of transactions made to and from the scheme and reconcile these against expected contributions and costs. Schemes should retain records for as long as is relevant for the purposes for which they are needed. 		<p>Current practice</p> <ul style="list-style-type: none"> The Pensions Administration Strategy outlines the Fund's approach to issuing charges and re-charges to employers for their failure to submit clean data and accurate employer returns. Employer events during the year cover a range of topics, including what information employers are required to provide and the importance of data quality. (including but not limited to employer coaching, employer peer group, mid-year review and AGM). Members records are held on the Pensions Administration system (UPM) which has inbuilt checks.

Code	Key points	RAG status	Current assessment and areas for development
	<ul style="list-style-type: none"> • Schemes must ensure that member data processes meet the requirements of the Data Protection Act 1998 and the data protection principles. • Schemes should monitor data quality at least annually. If poor quality or missing data is identified the scheme should agree a data improvement plan. This should have a defined end date and must be monitored to track progress. • Where data problems are identified which are not being resolved the scheme should consider whether a breach of the law needs to be reported to the PR. 		<ul style="list-style-type: none"> • Data protection is embedded in the organisation. All Fund employees have received training. • The Fund now has a dedicated Business Performance and Data Management team responsible for managing data quality • Data quality is a reportable KPI and is reported each meeting to the Senior Management and Pensions Committee. <p>Areas for development</p> <ul style="list-style-type: none"> • The fund has a workplan for ensuring the transition to the new General Data Protection Regulations • Ongoing engagement with employers to ensure accurate data and resolution of outstanding issues
Resolving internal disputes	<ul style="list-style-type: none"> • The scheme manager must set up and operate arrangements which comply with legal requirements for resolving internal disputes with members and others. • The Fund should regularly check that the arrangements work effectively. <p>Communication</p> <ul style="list-style-type: none"> • The procedure should be: <ul style="list-style-type: none"> ○ Communicated in scheme documentation, e.g. a joining booklet ○ Easily accessible, e.g. on the scheme website • Schemes can choose to specify a time limit to submit an application for some people and must provide a time limit for 		<p>Current practice</p> <p>Communication</p> <ul style="list-style-type: none"> • The Fund includes its internal dispute resolution process (IDRP) in its joining booklet (A Guide to the LGPS for employees (England and Wales)) and has a separate IDRP booklet. Both are published on the scheme website. • The Fund operates a two stage process, stage 1 is with employers and stage 2 is with the Fund. All stages are monitored by the Fund's compliance team to ensure adherence to legislative timetables for resolution.

Code	Key points	RAG status	Current assessment and areas for development
	<p>others (6 months recommended for the latter). Where the scheme can choose to specify a time limit, this limit should be published and made readily available.</p> <p>Managing the application</p> <ul style="list-style-type: none"> • Upon receipt of a second stage IDRPs application: <ul style="list-style-type: none"> ○ An acknowledgement should be sent ○ Contact details of TPAS should be provided • Members should be advised if the time frame is expected to be shorter or longer than the published timeframe (two months for the Fund's stage 2 currently) and provide regular progress updates to manage their expectations. • When notifying the applicant of a decision contact details for the Pensions Ombudsman should be provided <p>Raising awareness Schemes should:</p> <ul style="list-style-type: none"> • Raise awareness of the IDRPs • Ensure it is being followed • Review the procedure regularly to ensure it remains effective • Ensure that any 'specified person' undertaking the first stage of a two stage procedure is also implementing procedures 		<ul style="list-style-type: none"> • The Fund sets a time limit to submit an application of 6 months for all. <p>Managing the application</p> <ul style="list-style-type: none"> • IDRPs stage 2 applications logged and allocated a reference number. They are then acknowledged by the Fund. • IDRPs stage 2 decisions are communicated to individuals within 2 months. We notify the individual if this time frame is likely to be longer. At this point we provide contact details for TPAS and the Pensions Ombudsman. • If an individual has not heard anything from stage 1 (a) after 3 months, or (b) 1 month after a stipulated response date, they can refer their application to the Fund under stage 2. • During 2016 the IDRPs process and policy was updated to reflect the tPR's code and following consultation with employers.. • Employers are required to notify the Fund of IDRPs applications at the first stage. • Quarterly compliance checks are made of registered medical practitioners. • Compliance to monitor timescales are being adhered to for stage 1 and 2 – a new internal KPI has been introduced.

Code	Key points	RAG status	Current assessment and areas for development
			<p>Areas for development</p> <ul style="list-style-type: none"> • Further engagement with employers to ensure the process continues to be adhered to.
Pension board conflicts of interest and representation	<ul style="list-style-type: none"> • Pension board members must disclose any potential conflicts to the scheme manager, providing the scheme manager with such information as they reasonably require for the purposes of meeting the legal requirements for conflicts of interest. • Scheme managers must: <ul style="list-style-type: none"> ○ Be satisfied that public service pension board members do not have a conflict of interest ○ Check from time to time that none of the members of the pension board have a conflict of interest as a crucial part of managing potential conflicts ○ Maintain a register of conflicts of interest which is monitored and reviewed regularly. ○ Details of conflicts and actions to mitigate it should be recorded. <p>Managing conflicts of interest</p> <ul style="list-style-type: none"> • Schemes should ensure that there is an agreed and documented conflicts policy and process. • Clear guidance on the roles, responsibilities and duties of pension boards and their members should be set out in scheme 		<p>Current practice</p> <ul style="list-style-type: none"> • Conflicts of interest are declared at the start of each municipal year and are recorded at each Pensions Board and Pensions Committee meeting and annual declaration. • As well as recording conflicts, actions to mitigate the conflicts are also recorded. • The Fund has a conflicts of interest policy. • Pensions Board terms of reference are published on the Fund's website. • Guidance on the roles, responsibilities and duties of the Pensions Board and its members are set out in the terms of references and the Fund's constitution. • The Pensions Board has an equal number of employer and member representatives.

Code	Key points	RAG status	Current assessment and areas for development
	<p>regulations or in other scheme documentation.</p> <p>Representation on boards</p> <ul style="list-style-type: none"> • Pension boards must have an equal number of employer and member representatives. 		<p>As above.</p> <p>From 2017/2018 financial year there will be nominations open for a third of the board to change.</p>

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Introduction

Governing your
schemeManaging risks
and issues

Administration

Results

Action plan

Public Service Pension Scheme Self Assessment

Introduction

This self-assessment tool is for those involved in running public service pension schemes, in particular scheme managers and pensions boards. It sets out key processes, tools and actions we expect to see in a well-run scheme, and will help you identify issues and actions to take to improve governance and administration in your scheme.

The tools and processes highlighted should support you in meeting legal requirements. This self-assessment tool is not designed to assess compliance with the law, and does not replace a comprehensive review of your scheme against the relevant legislation and TPR's code of practice, which we expect all schemes to undertake.

You can work through this tool by clicking on the buttons at the top. There are three sets of questions. 'Governing your scheme', 'Managing risks and issues' and 'Administration'. It should take you 10-15 minutes to answer the questions.

This tool is for your use only and TPR cannot see the answers provided. You should answer as honestly as possible, to provide you with the most accurate assessment of your scheme. You may need to speak to other parties, such as the administrator, to complete the questionnaire. If you would like to work offline, you can print the full questionnaire from our website, and enter your responses at a later date.

A report will be provided based on your responses in the 'Results' section, alongside some guidance and links to additional information. You can then use the 'Action plan' section to set out how you are going to improve your scheme's standards.

If you would like to feedback on this tool, please contact us at PSPSR@tpr.gov.uk.

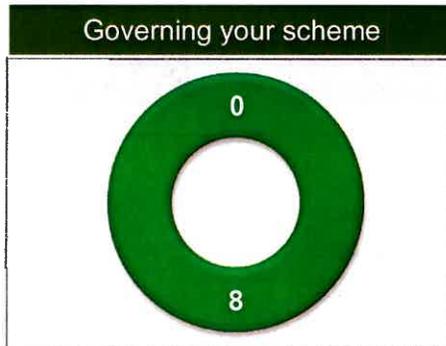
Results

Using this report

In this report we have provided an indicative risk rating for each answer you selected, alongside some guidance and links to additional information. This report does not provide an assessment of compliance with the law – it indicates areas that might be of particular concern and where you may wish to focus. You should seek legal advice where required.

To minimise the risk of non-compliance with the law, you should conduct a comprehensive review of your scheme against the requirements set out in the legislation and the guidance provided in our code of practice. Statistics refer to findings from TPR's 2015 survey into the Governance and Administration of Public Service Schemes.

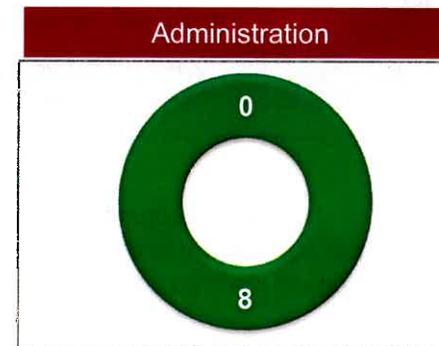
A summary of your results



Percentage of questions answered: **100%**



Percentage of questions answered: **100%**



Percentage of questions answered: **100%**

Results - Governing your scheme

Question 1 - Have you clearly defined and recorded the roles and responsibilities of the pension board?		
Your Answer:	Yes	Green
Feedback:	<p>You should keep roles and responsibilities under review, in particular considering any changes to scheme regulations or working arrangements (eg where certain functions are delegated by the scheme manager). Roles and responsibilities should be made clear during the board member appointment process, so they are clear about what is expected of them and what the role entails.</p> <p>You should also ensure these are communicated and understood by relevant parties such as the administrator, members or in the case of local government pension schemes, the pension committee, eg by publishing them alongside other pension board information.</p>	
Question 2 - Have you published information about the pension board and ensured it is kept up to date?		
Your Answer:	Yes – we publish information to legal requirements and provide additional information about the pension board and board business	Green
Feedback:	<p>Our code of practice sets out examples of additional information you may wish to consider publishing if you don't already do so. You should monitor all published data to ensure it remains accurate and complete.</p> <p>You should also ensure that the information is suitably accessible – it should be available to all scheme members and all staff who are eligible to be automatically enrolled into the scheme without them needing to ask for it. Further information is on our website.</p>	
Useful Links:	<p>Code of Practice 14: Publishing information about schemes</p> <p>Website: Publishing scheme information</p>	

Question 3 - Do you have policies and arrangements in place to help pension board members acquire and retain the requisite knowledge and understanding?		
Your Answer:	Yes	Green
Feedback:	<p>Clearly defined policies and arrangements can help board members meet their legal obligations around knowledge and understanding. Four in five public service schemes have put such arrangements in place.</p> <p>You should keep your processes under regular review to ensure they remain effective and fit for purpose.</p>	
Useful Links:	Code of Practice 14: Knowledge and understanding required by pension board members	

Question 4 - Do you use the following for your pension board? a) Training Plans		
Your Answer:	Yes	Green
Feedback:	<p>Board members should regularly review their skills, knowledge and competencies to identify gaps and weaknesses, and should invest sufficient time in their learning and development.</p> <p>Many schemes use pension board training plans to help board members acquire and retain knowledge and understanding. If you don't already do so, you may wish to consider the use of individual training plans as the training needed may vary according to each member's role and expertise. Further information is in our code and our quick guide to personal development.</p>	

b) Individual training needs analysis		
Your Answer:	Yes	Green
Feedback:	<p>Using individual training needs analysis can help board members identify specific individual training needs.</p> <p>Training is an important part of the pension board members' role and they should invest sufficient time in their learning and development alongside their other responsibilities and duties. Board members should keep their skills, knowledge and competencies under regular review to identify gaps and weaknesses for further training.</p>	
c) Training log		
Your Answer:	Yes	Green
Feedback:	<p>Many schemes use training logs to help board members track their learning. They help you demonstrate steps you have taken to comply with legal requirements.</p> <p>You should regularly review the training log to ensure that risks associated with knowledge gaps are being mitigated. Board members should keep their skills, knowledge and competencies under regular review to identify gaps and weaknesses for further training.</p>	
Useful Links:	<p>Code of Practice 14: Knowledge and understanding required by pension board members</p> <p>Quick guide to personal development</p> <p>Template: Assessing your Learning Needs</p>	

Question 5 - Do you have a conflicts policy and procedure for pension board members?		
Your Answer:	Yes	Green
Feedback:	<p>Nine in ten public service schemes have put conflicts policies and procedures in place for board members. These help identify, monitor and manage any interests that have the potential to become conflicts.</p> <p>You should review the policy and procedures regularly to ensure they remain fit for purpose.</p>	
Useful Links:	Code of Practice 14: Conflicts of interest and representation	

Question 6 - Do you have a register of interests (or equivalent)?		
Your Answer:	Yes	Green
Feedback:	<p>A register is a simple and effective way of recording and monitoring interests.</p> <p>Conflicts should be included as an opening agenda item at pension board meetings and you should capture decisions about how to manage potential conflicts. The register of interests should be circulated to the pension board for ongoing review and published, for example on a scheme's website.</p>	
Useful Links:	Code of Practice 14: Conflicts of interest and representation	

Results - Managing risks and issues

Question 1 - Do you have procedures in place for assessing and managing risk?		
Your Answer:	Yes	Green
Feedback:	<p>You should review your processes regularly to ensure they remain effective and fit for purpose. Seven in ten public service schemes aim to review the effectiveness of their risk management and internal controls systems at least annually. Our code provides practical guidance on risk management to consider in your review.</p>	
Useful Links:	<p>Code of Practice 14: Managing risks Checklist: Internal Controls</p>	

Question 2 - Do you have a risk register?		
Your Answer:	Yes	Green
Feedback:	<p>You should review risks regularly. Three in five public service schemes assess risks at least every quarter.</p> <p>The risk register, and any other internal controls you put in place, should be kept under review to ensure that they remain effective and fit for purpose.</p>	
Useful Links:	<p>Code of Practice 14: Managing risks Example Risk Register</p>	

Question 3 - Where you have outsourced services, do you ensure that providers demonstrate that they have internal controls in place?

Your Answer:	We don't use outsourced services	N/A
Feedback:	Not applicable.	
Useful Links:	Code of Practice 14: Managing risks	

Question 4 - Do you have a service level agreement, or equivalent, in place with your scheme administrators, whether in house or outsourced?

Your Answer:	Yes	Green
Feedback:	<p>The administration of the scheme is where a larger proportion of the scheme manager's duties are carried out – it is vital that you pay attention to the way your scheme is administered.</p> <p>You should ask the administrator to attend relevant meetings, as this will help you better understand the administration function and identify improvements.</p> <p>You should regularly monitor the performance of your administrator against documented targets and take steps to address areas of poor performance.</p>	
Useful Links:	Code of Practice 14: Managing risks	

Question 5 - Are your internal dispute resolution arrangements clearly communicated to members and others?

Your Answer:	Yes	Green
Feedback:	<p>You should consider using a variety of ways to communicate your arrangements to members, for example in joining booklets, benefit letters or decision letters. Schemes should also make their arrangements accessible to potential applicants, for example by publishing them on a scheme website, as some public service schemes do.</p> <p>You should ensure that the effectiveness of the arrangements is assessed regularly. Further information on internal dispute resolution is available in our code.</p>	
Useful Links:	Code of Practice 14: Internal dispute resolution	

Question 6 - Do you have procedures in place to identify, assess and report breaches of the law?

Your Answer:	Yes	Green
Feedback:	<p>You should review your procedures regularly so they remain effective and fit for purpose. Some pension boards have made breach monitoring a standing agenda item, where they review all breaches (whether significantly material or not) to track progress and ensure issues are addressed.</p> <p>If a breach does occur and you think it is of material significance to us, you should report it to us as soon as possible. Don't wait for the issue to be resolved. Our code details information you should include in a report.</p>	
Useful Links:	Code of Practice 14: Reporting breaches of the law	

Results - Administration

Question 1 - Do you have a process in place to ensure that information is provided to TPR as required (eg through the scheme return)?

Your Answer:	Yes	Green
Feedback:	<p>You must provide us with certain information and keep this information up to date, and complete a scheme return when asked.</p> <p>To help you meet your legal obligations, you should provide us with a 'scheme contact' via our online portal Exchange and make sure this information is kept up to date in light of role changes. Larger schemes may wish to provide several people with access to Exchange.</p>	
Useful Links:	<p>Website: Reporting requirements</p> <p>Exchange</p>	

Question 2 - Do you have processes in place to monitor scheme records for all membership types on an ongoing basis and ensure they are accurate and complete?

Your Answer:	Yes	Green
Feedback:	<p>Processes should cover all membership types and you should review your these regularly to ensure they remain effective and fit for purpose. Guidance can be found in our code and on our website.</p>	
Useful Links:	<p>Code of Practice 14: Scheme record-keeping</p> <p>Website: Types of records to keep</p>	

Question 3 - Do you have controls in place to ensure that your employer(s) provides timely, accurate and complete data?

Your Answer:	Yes	Green
Feedback:	<p>Receiving good data from your employer(s) is key to your ability to maintain accurate scheme records. Though nine in ten public service schemes require employers to provide timely, accurate and complete data, schemes have reported that a significant proportion of employers do not provide this as a matter of course. This can create significant record-keeping issues, even in single employer schemes.</p> <p>You should work with employers to ensure that scheme and employer processes are effective and fit for purpose. Our guide to issuing annual benefit statements highlights examples of best practice for communicating and working with employers.</p>	
Useful Links:	Code of Practice 14: Scheme record-keeping Quick guide to issuing annual benefit statements	

Question 4 - When did you last carry out a data review exercise?

Your Answer:	Within the last year	Green
Feedback:	<p>You should continue to carry out a data review at least annually. Data records should be additionally reviewed and cleansed when you change administrator or administration system/platform.</p> <p>Further information on record-keeping can be found in our code and on our website.</p>	
Useful Links:	Code of Practice 14: Scheme record-keeping Website: Types of records to keep	

Question 5 - Where you have identified poor quality or missing data, do you have an improvement plan to address issues?

Your Answer:	Yes	Green
Feedback:	Your plan should have specific data improvement measures that you can monitor and an end date within a reasonable timeframe when the scheme will have complete and accurate data.	

Question 6 - Do you have processes in place for monitoring scheme contributions, resolving issues and assessing whether to report payment failures to TPR?

Your Answer:	Yes	Green
Feedback:	You should review your processes regularly to ensure they remain effective and fit for purpose. Guidance can be found in our code and our Managing contributions checklist.	
Useful Links:	Code of practice 14: Maintaining contributions Checklist: Managing contributions	

Question 7 - Have you reviewed your processes for issuing annual benefit statements to ensure they are fit for purpose?		
Your Answer:	Yes	Green
Feedback:	<p>You should proactively address issues that arose in the previous year and ensure remedial work is completed before the next cycle. You should also consider reporting on the lessons learnt, for example to the pension board, employers or members.</p> <p>Some best practice examples to consider for future reviews are included in our guide to issuing annual benefit statements.</p>	
Useful Links:	Quick guide to issuing annual benefit statements	

Question 8 - Have you taken steps to ensure that member communications are clear, accurate and easily accessible?		
Your Answer:	Yes	Green
Feedback:	<p>You should regularly review your member communications to ensure members are able to engage with their pension savings. You can find out about members' information needs and their views on your communications in a number of ways - by speaking to employee representatives on the pension boards, listening in on calls to the administrator, undertaking member surveys or even organising focus groups.</p>	

Pensions Board

24 January 2017

Report title	Communications and Customer Engagement Update	
Originating service	Pensions	
Accountable employee(s)	Rachel Howe	Head of Governance
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Report to be/has been considered by	Rachel Brothwood	Director of Pensions
	Tel	01902 551715
	Email	Rachel.brothwood@wolverhampton.gov.uk

Recommendations for noting:

The Board is asked to note:

1. The work of the Fund in improving communications with stakeholders during 2015/2016
2. The work of the Fund to improve continued engagement with stakeholders over the next year.

1.0 Purpose

- 1.1 To provide the Board with an update on the work of the Fund in the area of communications during 2015/16 and to outline the proposed activity for 2017.

2.0 Background

- 2.1 At its meeting in July the Pensions Board discussed making customer engagement one of its priorities, ensuring the Fund meets its obligations under the Pension Regulator's Code of Practice to communicate with members and employers.
- 2.2 This report outlines how the Fund has engaged and communicated with:
- All scheme members and their representatives (active, deferred, and pensioner)
 - Prospective scheme members
 - Contributing employers
 - External stakeholders (such as the media, and interest groups)
 - Pension Committee, Board Members and Fund staff

3.0 Work over the last year

- 3.1 The Fund has been striving to increase engagement with employers, to continue keeping members informed about changes to their pension, and to continue engaging with the industry on wider pension and investment issues. The Fund has delivered a wide range of communication resources by electronic means, through face-to-face events, and in print.
- 3.2 In February 2016 the Fund facilitated on Customer Journey Mapping workshops for employers, helping to create mutual understanding around the expectations of submitting their annual return. This followed a similar exercise in 2015 to review and revamp member benefit statements. Twenty representatives attended across the three workshops, which were able to draw out potential improvements and changes to make the process more efficient and effective for both employers and the Fund.
- 3.3 The Fund continues with its regular member events which include, our well attended Member Services Roadshows, conducted throughout the year. The table below shows the attendance at our member events throughout 2016.

Location	Attendees
Perry Barr Depot – Birmingham	36
Redfern Road Depot – Birmingham C.C	47
2 x Montague Street Depot – Birmingham C.C.	74
Lifford Lane Depot – Birmingham C.C.	45
Lister Road Depot – Dudley M.B.C.	70

Leys Depot – Dudley M.B.C.	68
Bournville College	23
Dudley College	25
Solihull College	49
City College Coventry	27
Wolverhampton Uni - Wolverhampton Campus	21
Wolverhampton Uni - Walsall Campus	39
Wolverhampton Uni - Telford Campus	15
Henley College	21
South City College Roadshow Event	25
Dudley M.B.C.	37
Birmingham City Council – Woodcock Street	95
Walsall M.B.C.	39
Coventry City Council	106
Solihull M.B.C.	46
Wolverhampton City Council	71
Sandwell M.B.C.	86
Birmingham City Council – Lifford House	115
Totals	1180

A total of 50 Fund presentations were delivered to 1180 attendees, these presentations were held at 41 different employers, including the district councils, universities, schools/academies and other admitted bodies.

The feedback from these presentations was 50.45% of the members rated them as excellent, 40.33% as very good, 8.86% as good and 0.36% as satisfactory.

The Fund works in partnership with Prudential to deliver a joint presentation covering how the Scheme works and tax efficient methods of saving towards the future. During this period 24 of these presentations were delivered across 9 employers, 598 members attended.

Further support has also been provided to members either through drop in sessions or scheduled one to one support sessions. In total, additional support was delivered to 408 members on an individual basis.

- 3.4 For the same period, the Employer Services team hosted 8 employer coaching sessions with over 250 attendees from across the employer base. Throughout July and November, a number of valuation briefing sessions were held for employers in addition to individual employers meetings to discuss specific valuation outcomes. These have been ongoing since May and continued at the AGM in November and through further 1-2-1 meetings in December and January.
- 3.5 To assist the Data Quality project the Fund also engaged in cross-team partnership and delivered a number of monthly return workshops for employers both at Mander House and across the District at Birmingham City University.

- 3.6 The Fund regularly reviews and updates its website content, producing a quarterly newsletter for employers, and engaging with interest groups and individuals about responsible investment and related concerns. With 2016 being a valuation year for the Fund, engagement and consultation with employers has been a key focus together with the move to monthly returns in June 2016 as we seek to improve data quality.
- 3.7 In addition to the work the Fund undertakes to ensure our members and employers receive the information they need, the Fund has also been approached on a number of occasions to write bespoke pieces for industry specific publications. Most recently, the Head of Finance, David Kane was interviewed for a piece with IPE discussing the LGPS costs framework and the work the Fund has undertaken to help develop guidance and best practice in this area to facilitate greater understanding and management of external management costs.
- 3.8 Internal communications have developed with a view to ensuring staff, Trustees and Pension Board Members are updated on a regular basis through the “media roundup” (containing a summary of industry news and information), and a monthly “employee catch up” (providing staff with an electronic newsletter, also helping reduce volume of Fund-wide internal emails).
- 3.9 Attached at Appendix 1 is an overview of the customer feedback for the services provided by the Fund from April 2016 to December 2016.

4.0 Work over the next 12 months

- 4.1 At the AGM on 29 November 2016, the Fund presented its proposals for Customer Engagement over the next 12 months, producing a Customer Engagement Plan. A copy of the plan is attached at Appendix 2.
- 4.2 The Fund will continue to engage with members and employers, this will be a rolling plan with feedback received shaping each event, with the Fund always working 12 months ahead in its engagement plans.
- 4.3 One area the Fund is keen to develop its Customer Engagement is in relation to our Pensioner members. Over the last 4 years, the Fund has engaged the services of Club Together to send our pensioner newsletter. Club Together was an annual magazine publication that offered various offers and discounts to our pensioner members. The purpose of the relationship was to use them as a platform for circulating information to our members and thereby reducing administrative costs to the Fund as the Fund through savings on postage costs.
- 4.4 With the changes proposed in May 2018 under the General Data Protection Regulations the Fund was reviewing this arrangement to ensure compliance and have since received notification from Club Together that are ceasing the publication.

- 4.5 It is proposed that the Fund revert to producing its own newsletter for pensioner members and to circulate this in print with the annual P60 payslips. The Fund already undertakes a mailing for pensioners during April and March for their P60 (depending on whether they are paid monthly, quarterly or annually) therefore it is not anticipated that any additional cost will be incurred in sending the newsletter with current print options already under review more broadly across the Fund.
- 4.6 To ensure our Pensioner members receive information that is of use to them in the newsletter, the Fund will host a number of Customer Engagement sessions in the spring and will contact groups of pensioner members throughout January and February seeking their participation for the initiative.

5.0 Financial implications

- 5.1 Communications forms part of the Fund's work and is accounted for in the annual budget.

6.0 Legal implications

- 6.1 The Fund are required under the Local Government Pension Scheme Regulations to publish an annual Communications Policy. In addition, the Fund is required to publish certain disclosure documents to our members on matters which may affect their pension benefits.

7.0 Equalities implications

- 7.1 The Fund's policy for communication has been written in consideration of the Equalities Act with no individual group affected. The Fund's proposed change in communication with pensioner members has been considered in line with the Equalities Act and while it targets a specific group of individuals, these are no more advantaged compared to the Fund's other membership group.

8.0 Environmental implications

- 8.1 None

9.0 Human resources implications

- 9.1 None

10.0 Corporate landlord implications

- 10.1 None

11.0 Schedule of background papers

11.1 None

12.0 Appendices

12.1 Appendix 1
Customer Service Statistics and Key Performance Indicators

12.2 Appendix 2
Customer Engagement Plan 2016/2017

Customer Service Call Handling Statistics

Member Helpline						
	Total calls	Total calls handled	Total percentage	Average call handling time	Average speed of answer	Total emails received
October 2016	6,069	5,222	86.04%	2.55	50 seconds	1515
November 2016	5910	5152	87.17%	3.10	46 seconds	1332
December 2016	5910	5152	87.7%	3.29	33.5	1002

Employer Helpline			
	Total calls	Total calls handled	Total percentage
October 2016	390	378	96.9%
November 2016	565	550	97.3%
December 2016	TBC next week	TBC	TBC

*Increase in complaints mainly due to delays with issuance of calculation factors from GAD which impacted the fund's normal service standards

Key Performance Indicators

Employer and Member Services – Calls						
85% of calls received to the customer helpline to be answered.	85%	87.4%	Apr 16 - Nov 16	87.4%	Apr 16 - Oct 16	
85% of calls received to the employer helpline to be answered.	85%	95.6%	Apr 16 - Nov 16	95.3%	Apr 16 - Oct 16	

Customer Satisfaction Survey Results						
Overall member satisfaction score for employers to be 85%.	85%	99.9%	Apr 16 - Dec 16	96.4%	Apr 16 - Jun 16	
Overall employer satisfaction score for employers to be 90%.	90%	97.9%	Apr 15 - Dec 16	100.0%	Apr 15 - Dec 15	

Complaints						
Number of complaints received by the Fund	To reduce year on year	265*	Apr 16 - Dec 16	165	Apr 15 - Jun 15	
Complaints completed within target (20 days)	To increase year on year	93.58%	Apr 16 - Dec 16	89.09%	Apr 15 - Dec 15	

*Increase in complaints mainly due to delays with issuance of calculation factors from GAD which impacted the fund's normal service standards

Employer Specific Engagement

Monthly Returns	
Attendance	Response to outstanding data
<ul style="list-style-type: none"> • 434 employers engaged with (covers 98% of active members) • 43% of employers have committed to an implementation date • 121 employer organisations attended monthly submissions workshops 	<ul style="list-style-type: none"> • 31% of employers have formally responded to their data issues • 24% of employers had no data issues • 50 employers have volunteered to take part in the pilot run before the April 2017 go-live date.

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Member Specific Engagement

Roadshow Events (50 events held throughout 2016)	
Attendance	Feedback
<ul style="list-style-type: none"> • 1180 members attended at 41 different employer locations • 598 members attended the Prudential (AVC) presentations 	<ul style="list-style-type: none"> • 90.78 % of attendees rated the events as very good or excellent

*Increase in complaints mainly due to delays with issuance of calculation factors from GAD which impacted the fund's normal service standards

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Customer Engagement Plan 2017

Employer	Employer Peer Group Employer coaching session Issue of annual return request packs	Employer coaching session Valuation results to be issued Employer Briefing Note Monthly submissions troubleshooting workshops	Employer Peer Group	Employer survey results, actions and improvements published Annual return due Employer Briefing Note 'Go live' monthly submissions	Employer Peer Group Issue accounting disclosure for employers with year ending 31 March	Mid-year review event Employer Briefing Note
Member (active)	Prize draw for web portal registrations Member satisfaction results published	AVC events	Main depot roadshow	Main depot roadshow Prize draw for web portal registrations Member satisfaction results published	Education site roadshow	Education site roadshow AVC summer events
Member (deferred)	Prize draw for web portal registrations Member satisfaction results published	AVC events	Main depot roadshow	Main depot roadshow Prize draw for web portal registrations Member satisfaction results published	Education site roadshow	Deferred benefit statements available on web portal Education site roadshow AVC summer events
Member (pensioner)	Prize draw for web portal registrations Member satisfaction results published	AVC events	Quarterly and annually paid pensioner payslips, newsletter and P60s issued Main depot roadshow events	Monthly paid pensioner newsletter and P60s issued Main depot roadshow Prize draw for web portal registrations Member satisfaction results published	Education site roadshow	Quarterly payslips issued Education site roadshow AVC summer events
Trustees	Media Roundup 24 January: Stakeholder meeting 24 January: Pensions Board meeting Satisfaction results published	Media Roundup	Media Roundup Pooling update 22 March: Pensions Committee	Media Roundup External investment training Satisfaction results published	Media Roundup	Media Roundup Pooling update Trustee and Pensions Board induction 21 June: Pensions Committee Mid-year review

January February March April May June

Customer Engagement Plan 2017

Employer	Employer Peer Group Employer coaching session	Employer Briefing Note	Employer coaching session Issue accounting disclosure to employers with year end 31 July Final deadline for monthly submissions	Employer Briefing Note Issue accounting disclosure to employers with year end 31 August	Annual general meeting Employer Peer Group Employer coaching session Employer satisfaction survey circulated	Employer Briefing Note
Member (active)	Education site roadshow AVC summer events AVC statements sent to members by Prudential Prize draw for web portal registrations Member satisfaction results published	Annual benefit statements available on web portal Web portal workshops	Civic roadshow events	Civic roadshow events AVC autumn events Prize draw for web portal registrations Member satisfaction results published		
Member (Page 78)	Education site roadshow AVC summer events Prize draw for web portal registrations Member satisfaction results published	Web portal workshops	Civic roadshow events	Civic roadshow events AVC autumn events Prize draw for web portal registrations Member satisfaction results published		
Member (pensioner)	Education site roadshow AVC summer events Prize draw for web portal registrations Member satisfaction results published	Web portal workshops	Overseas pension confirmation distributed Civic roadshow events Quarterly payslips issued	Civic roadshow events AVC autumn events Prize draw for web portal registrations Member satisfaction results published		Quarterly payslips issued
Trustees	Media Roundup 4 July: Pensions Board July: Trustee training Training needs analysis Member satisfaction results published	Media Roundup	Media Roundup Pooling update 6 September: Pensions Committee	Media Roundup Satisfaction results published	Media Roundup 14 November: Trustee and Pensions Board training Annual general meeting	Media Roundup 6 December: Pensions Committee Pooling update



Pensions Board

24 January 2017

Report title	Preparing for the General Data Protection Regulations (GDPR)	
Originating service	Pensions	
Accountable employee(s)	Rachel Howe	Head of Governance
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Report to be/has been considered by	Rachel Brothwood	Director of Pensions
	Tel	01902 551715
	Email	Rachel.brothwood@wolverhampton.gov.uk

Recommendations for noting:

The Board is asked to note:

1. The proposed workplan of the Fund in preparing for the changes to Data Protection Regulation.

1.0 Purpose

- 1.1 To provide the Board with an outline of the project plan for preparing for the changes to the Data Protection Regulations coming into force in 2018.

2.0 Background

- 2.1 The General Data Protection Regulation was adopted on 27 April 2016. It comes into force after a two year transition period. Unlike previous EU Data Protection legislation it does not require formal adoption by the UK and will become law on 25 May 2018.
- 2.2 The Changes to Data Protection have been created due to technological advances and the availability of personal information being much more widespread. New technology brings new threats and the media is full of stories of organisations which have been the victim of complex cyber-attacks resulting in personal data about their customers or employees being stolen.
- 2.3 Whilst there has been a lot of focus on some of the more sophisticated attacks, the most breaches come about as a result of organisations failing to get the basics right. In this regard it is worth remembering that the Data Protection Act requires organisations to have in place both 'technical' (It software and physical security) and 'organisational' (working practices) measures to keep personal data safe. In other words compliance is as much about data protection awareness, as it is about having clever technology.

3.0 The new principles

- 3.1 The principles set out in the GDPR are similar to those in the Data Protection Act with added details for accountability. The GDPR now requires organisations to show how they comply with the principles by documenting decisions and publishing details about processing activity.
- 3.2 The new principles setting out how organisations should manage their data are
- (a) processed lawfully, fairly and in a transparent manner in relation to individuals;
 - (b) collected for specified, explicit and legitimate purposes and not further processed in a manner that is incompatible with those purposes; further processing for archiving purposes in the public interest, scientific or historical research purposes or statistical purposes shall not be considered to be incompatible with the initial purposes;
 - (c) adequate, relevant and limited to what is necessary in relation to the purposes for which they are processed;
 - (d) accurate and, where necessary, kept up to date; every reasonable step must be taken to ensure that personal data that are inaccurate, having regard to the purposes for which they are processed, are erased or rectified without delay;

- (e) kept in a form which permits identification of data subjects for no longer than is necessary for the purposes for which the personal data are processed; personal data may be stored for longer periods insofar as the personal data will be processed solely for archiving purposes in the public interest, scientific or historical research purposes or statistical purposes subject to implementation of the appropriate technical and organisational measures required by the GDPR in order to safeguard the rights and freedoms of individuals;
- (f) processed in a manner that ensures appropriate security of the personal data, including protection against unauthorised or unlawful processing and against accidental loss, destruction or damage, using appropriate technical or organisational measures.

4.0 Work over the next 12 months

- 4.1 Last year the Fund undertook an external assessment of its Information Governance procedures achieving a satisfactory level 2 out of 3. Since then we have been working to ensure our procedures meet level 3 (exemplary criteria). The Fund has completed this work and is now reviewing those processes to identify further developments to meet the GDPR requirements.
- 4.2 Attached at Appendix One is the proposed workplan for the Fund over the next 12 months as it works to meet the May 2018 date for compliance.
- 4.3 The main areas of work will be centred on the information published by the Fund about how it uses personal data. In addition we will need to review our third party contracts ensuring they comply with the new requirements which impose a greater level of responsibility on third party data processors.
- 4.4 The Fund is engaging with our administration software supplier, Civica, to ensure they are able to assist the Fund to fully comply with the requirements around data retention, and data portability. In addition the Fund is working with Wolverhampton City Council's Information Governance Team to ensure our work compliments each other through shared learning and efficiencies. The Council's Director of Governance is the Senior Information Officer and holds this role for the Fund also.

5.0 Financial implications

- 5.1 Information Governance forms part of the Fund's work and is accounted for in the annual budget. Under the GDPR the Fund will no longer be able to charge the £10 administration fee for dealing with Data Access Subject Requests and it will have to absorb this cost.
- 5.2 Under the Data Protection Act, the £10 charge for subject access requests is considered a deterrent by some organisations and it is likely that requests will increase once the charge is removed. This year the Fund received 4 subject access requests, each taking roughly 10 hours of officers time to compile.

6.0 Legal implications

6.1 While the new Regulation is an EU law, despite Brexit most commentators believe it will be adopted into UK law as it will come into force before Article 50 takes full effect, it is likely to be adopted thereafter. Failure to adhere to the Regulation may result in the Fund facing significant enforcement from the Information Commissioner.

6.2 Under the GDPR the level of sanction has increased greatly, with the potential for a fine up to €20 million or 4% of worldwide turnover. Under the current Data Protection Act, sanctions are limited to a fine of £500,000 with improvement/enforcement notices being imposed on organisations.

7.0 Equalities implications

7.1 None at this time, however each new policy to be written for the Fund will be assessed under the Equalities Act.

8.0 Environmental implications

8.1 None

9.0 Human resources implications

9.1 None

10.0 Corporate landlord implications

10.1 None

11.0 Schedule of background papers

11.1 General Data Protection Regulations
<http://eur-lex.europa.eu/legal-content/en/TXT/?uri=CELEX%3A32016R0679>

12.0 Appendices

12.1 Appendix 1
GDPR Workplan 2016/2017

Area for Action	Current Regulation	New Regulation	Action required to ensure adherence	Timescale	Status
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Requirement to have a Data Protection Officer (DPO)	No requirement to have dedicated staff assigned to managing data protection.	<p>Art. 37-9: Define the new requirements for DPO. The DPO shall have expert knowledge of data protection law and practices, and must report directly to the 'highest management level of the data controller'</p> <p>A DPO is required if</p> <ul style="list-style-type: none"> • Public authority • Carry out large scale/systematic monitoring of individuals • Carry out large scale processing of special categories 	<p>The legal role of DPO will be held by the Council's SIRO (Director of Governance) however consideration should be given to the need to appoint a specialised role to ensure the transition to GDPR is completed and that ongoing adherence is managed.</p> <p>On the basis of this, it would suggest good practice for the Fund to have a DPO given the amount of personal and sensitive data it holds and for the Head of Governance to be given this responsibility.</p>	ASAP	The council's Director of Governance holds the position of Senior Information Officer for the Fund, however for the purposes of GDPR the Head of Governance has taken the responsibilities for the Fund.
Awareness		Greater level of responsibility in ensuring compliance of the fund but also ensuring compliance of third party contractors.	<p>Staff briefings to be held on new requirements outlining key responsibilities and penalties.</p> <p>Regular updates to the Pension Board and the Pension Committee on the progress of work</p>	<p>February 2017</p> <p>To be reported on each meeting as part of the quarterly compliance monitoring program</p>	

Area for Action	Current Regulation	New Regulation	Action required to ensure adherence	Timescale	Status
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		Greater public awareness of their rights under GDPR.	Staff briefings to be held on new processes once drafted	June 2017	
			Presentation to employers at AGM.	November 2016	Completed
Information audit (Data Discovery) <ul style="list-style-type: none"> Identify what data is held Where it came from Who it is shared with 	Applies to personal data	GDPR's definition is more detailed and includes 'identifiers' (could include pension reference number).	Ensure the pension reference number is afforded the same protection as personal data – staff to be retrained on this.	Staff Briefings February and June 2017	Ongoing discussions with software supplier
		Adds a new accountability requirement requiring authorities to show how they comply with the principles through documenting decisions which are taken about a processing activity. Not enough to take the decision, must show the process of the decision.	Review of all processes to ensure they are documented with published process maps showing how information is used and trail its use through the fund from joiner to leaver/retirement/death.	By January 2018	List of processes identified
		Information must be collected for a specified, explicit and legitimate purpose and not further processed in a manner that is incompatible with	Review all third party contracts to ensure compatibility with this principle. Consider who we share information with and in what form (identifiers now fall	By April 2017	Under review by compliance as part of a wider contract review program.

Area for Action	Current Regulation	New Regulation	Action required to ensure adherence	Timescale	Status
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		that purpose.	under GDPR) seek assurances on use.		
		Adequate, relevant and limited to what is necessary	<p>Data cleanse project to review information held (see below).</p> <p>Identify processes and where information is collected</p> <p>Review periodically information held and consider whether needs to be updated (e.g. deferred members with ex-husbands/ill health retirement and medical records no longer required).</p>	<p>Commence January 2017</p> <p>Commence January 2017</p>	Meeting to be held with all team managers in January to discuss resources and project group.
		Accurate and kept up to date, every reasonable step must be taken to ensure that personal data that is inaccurate is rectified or deleted	Data discovery exercise to identify duplicate records which may hold different information, work with employers (monthly returns) to ensure information being received is accurate.	Commence January 2017	Meeting to be held with all team managers in January to discuss resources and project group.
			Use of web portal (needs	Commence	

Area for Action	Current Regulation	New Regulation	Action required to ensure adherence	Timescale	Status
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			marketing push) to help members self-serve and rectify errors.	marketing February 2017 and throughout the year	
		Processed in a manner that ensures appropriate security	Discussions with Civica to ensure they are up to date with GDPR and the obligations on them. Seek assurances of their processes. Discussion with WCC ICTS (already in progress with WCC IG team).	ASAP but need assurances by January 2018	Discussions started
Information Audit (Data cleanse)	Personal data shall be obtained only for one or more specified and lawful purposes, and shall not be further processed in any manner incompatible with that purpose or those purposes. Personal data	Collected for specified, explicit and legitimate purposes and not further processed in a manner that is incompatible with those purposes; Adequate, relevant and	As a data processor the Fund needs to ensure that all the data we hold is held for a valid reason and to perform a specific function. (holding onto medical records after a decision has been made and in excess of any appeal period would be deemed to be a breach of the GDPR as the Fund will no longer need the information to pay the pension benefit. Such information should be returned or destroyed). The responsibilities in this	To be completed by January 2018.	Reports to be run on UPM to identify where numerous records are held for one member The Fund is

Area for Action	Current Regulation	New Regulation	Action required to ensure adherence	Timescale	Status
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	<p>shall be adequate, relevant and not excessive in relation to the purpose or purposes for which they are processed.</p> <p>Personal data shall be accurate and, where necessary, kept up to date.</p>	<p>limited to what is necessary in relation to the purposes for which they are processed;</p> <p>Kept in a form which permits identification of data subjects for no longer than is necessary for the purposes for which the personal data are processed;</p>	<p>area haven't changed much from the DPR, however the greater transparency requirement and the rights of individuals means the Fund will be open to greater scrutiny about the information it holds and it should therefore ensure that all the information is held for a valid reason.</p> <p>Furthermore the Fund has a duty to document its processes for managing data and removing inaccurate or unnecessary data will assist with this transparency.</p>		<p>reviewing the information it places on the website to inform members about how their information is held. Also looking into pop-ups on the web portal facility.</p>
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Area for Action	Current Regulation	New Regulation	Action required to ensure adherence	Timescale	Status
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Third party contracts	Responsibility of processors limited	Greater responsibility on processors to ensure compliance and greater responsibility on controllers to ensure their compliance and seek assurance of compliance.	Review all third party contracts for data protection clauses and re-draft with GDPR Get assurance from third parties of their adherence to GDPR Re-draft data sharing agreement	ASAP	Contracts identified letters to be sent in January 2017.
Children's Data and beneficiary members		GDPR contains provisions intended to enhance the protection of children's personal data and requires that privacy notices are written in a manner that children will understand	Review information provided to child pensioners and ensure complies with GDPR	ASAP	
Privacy Impact Assessments	Requirement to give certain people information such as identity of Fund, and how we intend to use the information	Under GDPR, there is additional information which needs to be provided. <ul style="list-style-type: none"> • Legal basis for processing data • Data retention periods • Right to complain 	ICO has published a code of practice for conducting Privacy Impact Assessments. All processes conducted by the Fund need to be individually assessed under this Code to ensure compliance with the PIA published on the Fund's website.	ASAP completed by January 2018	

Area for Action	Current Regulation	New Regulation	Action required to ensure adherence	Timescale	Status
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Privacy Notices	We must inform data subjects of the processing of their data we will undertake and the purposes for that processing.	Details much more precisely how data subjects should be informed about the processing of their personal data (at the time their data are obtained)	Need to review policies and publish them on the website	ASAP	
Individual's rights		Right to rectification of data	Fund will need a process for accepting these requests with adequate timescales for completion. To be incorporated into the annual data audit	January 2018	
		Right to be forgotten	Fund will need a process for managing and actioning these requests as well as determined reasons why deletion may not be appropriate.	January 2018	
		Data Portability	Fund needs a process for actioning these requests and for ensuring data is held in a portable form.	January 2018	

Area for Action	Current Regulation	New Regulation	Action required to ensure adherence	Timescale	Status
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Consent	Implied consent permitted	Express consent must be given. Must be clear and unambiguous for each purpose. We must keep records of consent received (so we can demonstrate we have received it). Data subjects must be able to withdraw consent at any time and as easily as it was to give it.	Review forms and documents to ensure they provide information of all uses of information (including AVC). Ensure they provide for consent over and above “tick box”.	ASAP	
Subject Access Requests	Provides for a £10 admin fee and allows 40 days to respond	Removes £10 charge (which may increase requests) reduces time period to respond to one month	Need to review the processes with WCC IG team to ensure the timetable is met, may require additional resource due to time reduction	ASAP to encourage good practice	
Data Retention Periods	For as long as required	Need to be clearly defined	Review processes to confirm timescales for holding data for each process Draft and publish data retention policy.	ASAP	Discussions ongoing with software provider to have this facility built in to the Fund’s software.

Area for Action	Current Regulation	New Regulation	Action required to ensure adherence	Timescale	Status
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Data Breaches	To notify WCC IG team who make determination on whether to report	As a processor the duty will be on us to report with greater reporting requirements, including notifying member	Training to be delivered to staff on new regulations and duties to protect data. Greater scrutiny of staff actions in this area. Tighter policies on reporting.	Training to be delivered in January 2017 and updated in June 2017 Policies to be written and implemented by January 2018.	
International Members	Covered the same as DPA in EU countries	Now applies to companies operating outside the EU who have data subjects within the EU	Particularly significant in relation to Brexit and our international members. May need to consider that there will be different requirements on handling their data.	Need to wait for further regulations/guidance as unclear at this time.	

Area for Action	Current Regulation	New Regulation	Action required to ensure adherence	Timescale	Status
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Policies to be drafted/incorporated	Policies to be reviewed
<ul style="list-style-type: none"> • Data Retention policy • Data Portability • Transfer of data • Consent • Right to rectification • Right to be forgotten • Process maps to show use of data for all fund processes • International members • Privacy impact assessments for all fund processes • Annual data cleanse/review • Transparency (how we use your data) policy • Children's transparency policy 	<ul style="list-style-type: none"> • Subject access requests • Data sharing agreement • Third party contracts • Reporting Data breaches • Privacy notices

Pensions Board

24 January 2016

Report title	Data quality and employer performance – quarterly update - 1 July 2016 – 30 September 2016	
Originating service	Pension Services	
Accountable employee(s)	Amy Regler Tel Email	Business Performance and Data Manager 01902 554643 Amy.regler@wolverhampton.gov.uk
Report has been considered by	Rachel Brothwood Tel Email	Director of Pensions 01902 551715 Rachel.brothwood@wolverhampton.gov.uk

Recommendation(s) for noting:

The Board is asked to note:

1. The progress and the actions being taken to continue to improve data quality
2. The performance of employers against key standards set out in the Pension Administration Strategy (PAS)

1.0 Purpose

- 1.1 To provide an update to Pensions Board on the progress being made by the Fund to continue to improve data quality, summarise the plans in place to make further improvements to data quality and to report the performance of employers against key performance standards as detailed in the Pension Administration Strategy (PAS).

2.0 Background

- 2.1 The Fund has always placed the retention of good quality data high on its list of priorities, however this has heightened so as to improve efficiency and comply with the Pension Regulator's (tPR) closer scrutiny in this area applied with effect from April 2015. As previously reported, the Fund is implementing procedures to ensure optimum data quality is embedded within its administration system and associated records.

- 2.2 A summary of the activity undertaken by the Fund to identify and act on poor data quality is listed below:

- comparison of data record keeping against the Public Service Pensions (Record Keeping and Miscellaneous Amendments) Regulations 2014
- application of charges/re-charges on employers to reflect late receipt of annual return files and poor quality of data
- review of annual return errors and issue of analysis to employers
- regular engagement with district councils in regards to outstanding data items and production of action plans where required
- independent high level review of the work carried out by the Fund

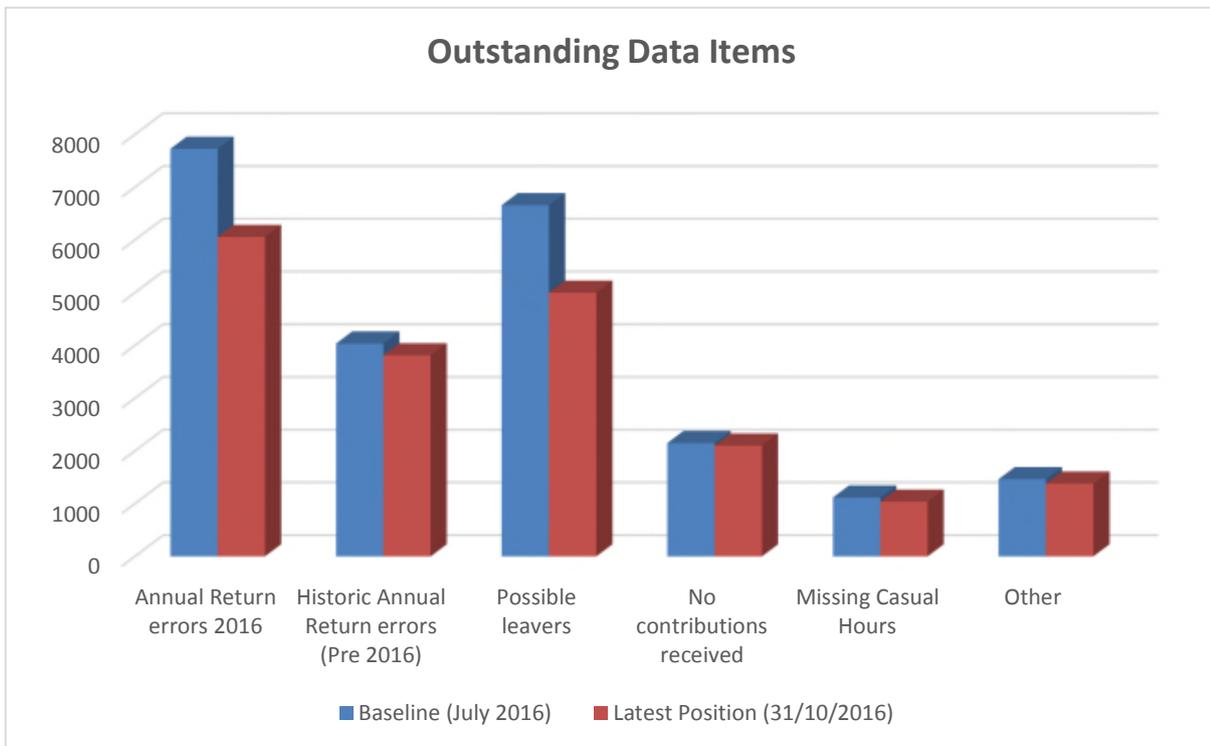
- 2.3 The Fund's Pension Administration Strategy (PAS), sets the performance and quality standards for employers and the Fund. The efficient delivery of the benefits of the scheme is reliant upon effective administrative procedures being in place between the Fund and scheme employers. Most notably the timely exchange of accurate information in relation to Fund members. This administration strategy sets out the expected levels of performance of the Fund and the scheme employers, and provides details about the monitoring of performance levels.

3.0 Outstanding Data - Progress

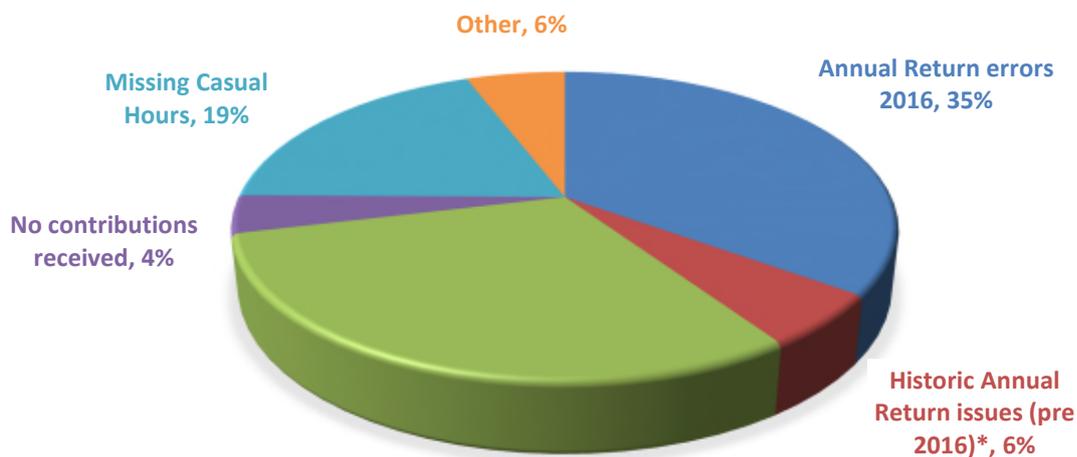
- 3.1 The Fund has and continues to take a number of actions to engage with employers to improve the quality of the data held. These include:

- Detailed review of the errors encountered in the annual return process
- Reporting back to individual employers on the issues with their files and data gaps for further investigation
- Plans for the development of wider employer briefing and coaching
- Face-to-face meetings with larger employers with regular follow-up on the actions required

- 3.2 In September 2016, work was completed to issue individual employer analysis of the 2016 return and other outstanding data to employers. Following the completion of this process, a baseline of outstanding data items has been identified. The typical known issues to date include, missing notifications for joiners and leavers, missing hours for casual workers, historic errors from previous annual return processes, and records with no contributions recorded.
- 3.3 Work is now underway to work with employers to monitor and review progress in reducing these data items. This includes the production of individual data improvement plans with our larger employers, and setting up agreed monitoring processes. As at the end of November 2016, an overall reduction of 13% has been achieved across the employer base, with just under 30,000 issues remaining to be resolved.



REDUCTION IN OUTSTANDING DATA ITEMS



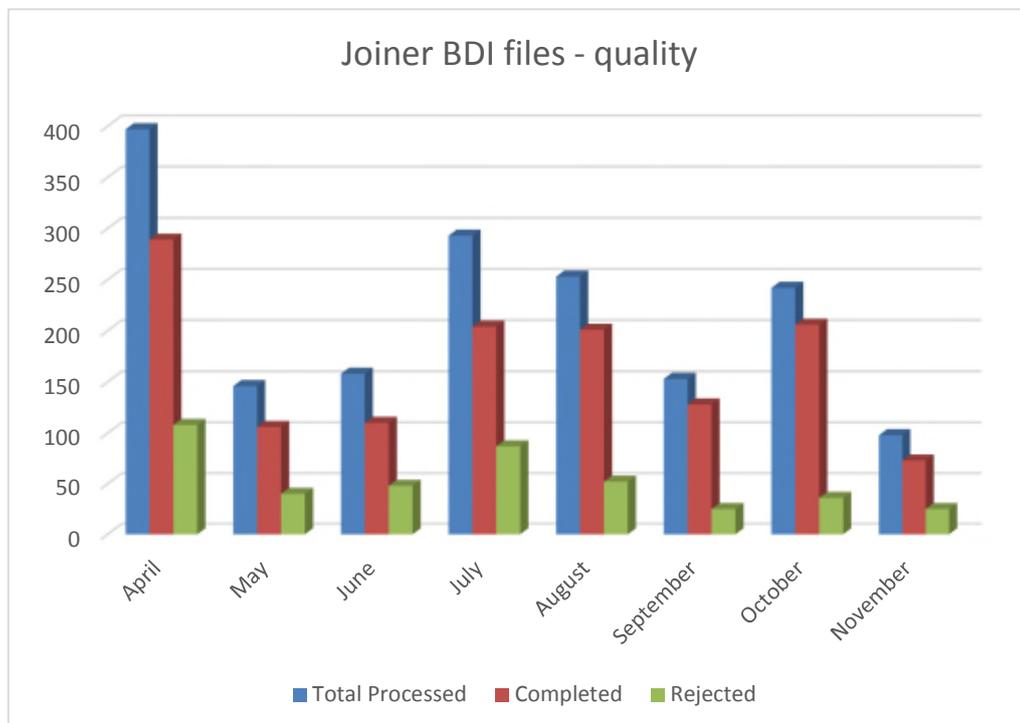
3.4 The Fund is working with employers to support an acceleration in the reduction of outstanding data. Regular updates and meetings are being held with major employers and performance is being monitored on a regular basis.

4.0 Employer performance against the Pension Administration Strategy (PAS)

4.1 Alongside monitoring outstanding data items, the Fund is reviewing and enhancing the performance management framework for review against the employer standards specified in the PAS. The performance standards focus on timeliness and quality and covers, but is not limited to, the following key areas:

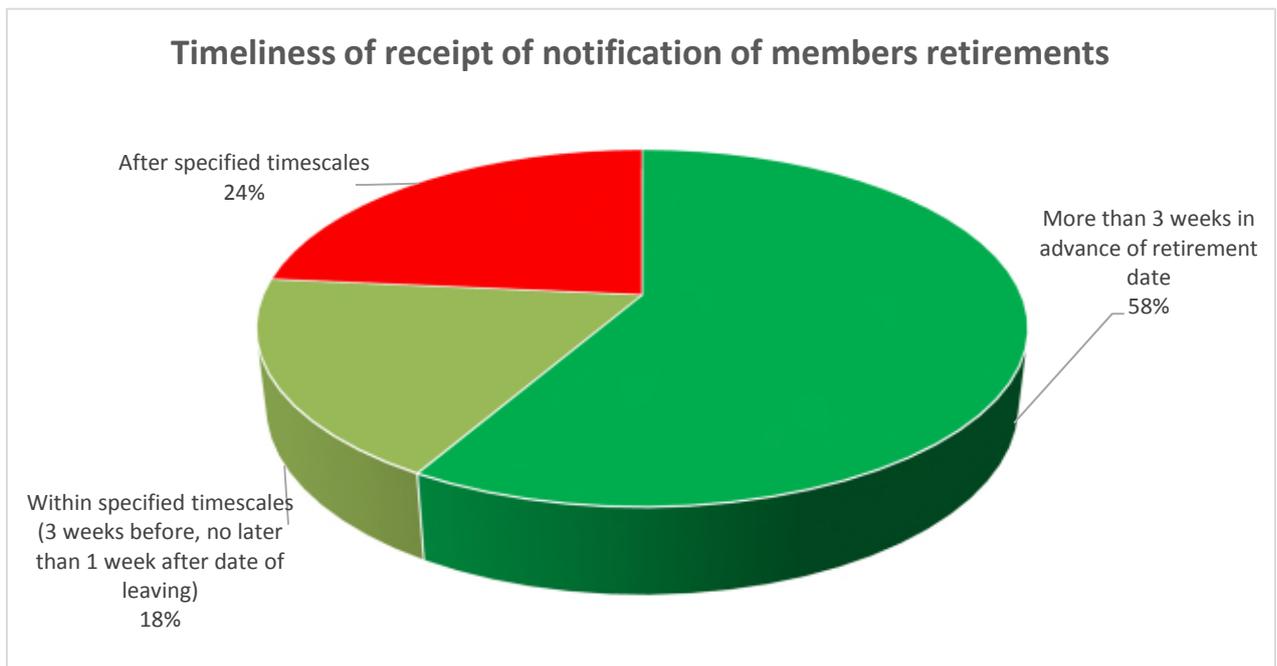
- Submission of joiner information
- Notification of leavers (early leaver and retirees)
- Submission of annual return data
- Response to queries raised by the Fund

4.2 From April – November 2016 the Fund received a total of 1740 bulk joiner files from employers. On average the Fund rejected 26% of the joiner data files received due to the quality of the data provided, this can be due to missing mandatory fields or incorrect formatting. Employers are required to notify the Fund of new joiners to the scheme within 6 weeks of a member joining. On average from the files submitted from April – November 2016, the average timeframe was 6 months and 6 days.

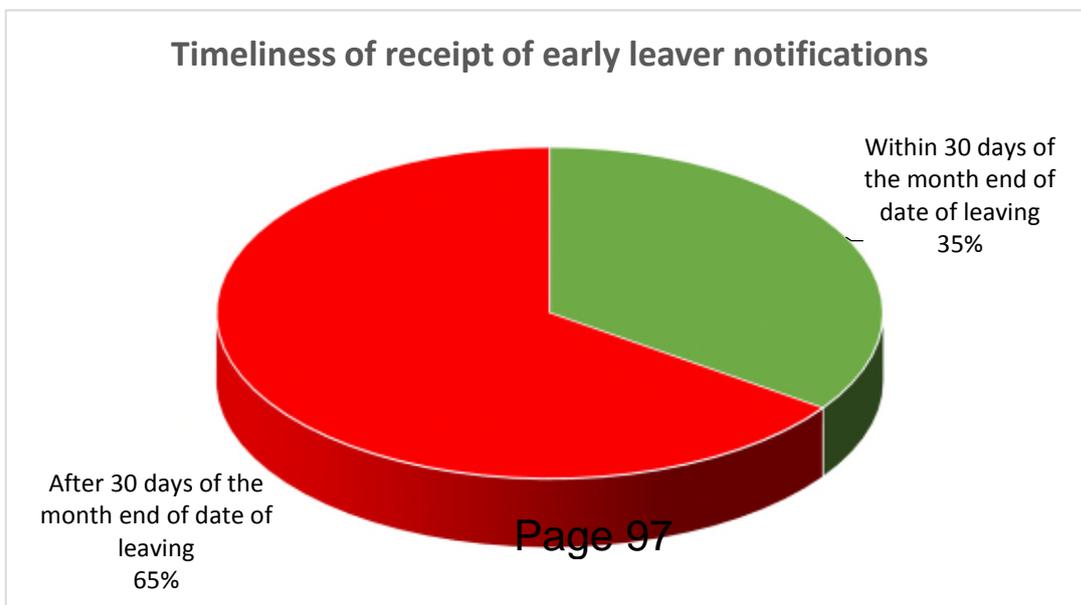


4.3 The Fund monitor on an individual employer basis the reasons for and volume of files being rejected and these will be fed back to employers on a quarterly basis. Initially the Fund will focus on engaging with those employers where performance could be improved.

- 4.4 Employers are required to notify the Fund when members leave employment either as an early leaver or due to retirement. To enable the efficient processing of member benefits there are specified timescales for notifying the Fund.
- 4.5 From April – November 2016, 76% of retirement notifications were received either in advance of or within the specified timescale of 3 weeks before and no later than 1 week after the date of leaving. An average timescale of 4.9 days (following the date of retirement) was achieved across all employers.



- 4.6 From April – November 2016, 35% of early leaver notifications were received either in advance of or within the specified timescale of 30 days after the date of leaving. An average timescale of 151 days (following the date of leaving) was achieved across all employers.



- 4.7 The Fund are engaging with employers in regards to their performance against these standards, to highlight areas for improvement, to understand the issues they experience and where further support can be provided.
- 4.8 The employer performance for the 2016 annual return process was reported in the Data Quality report for the July Board meeting and to employers at the Fund's mid-year review. Work is underway to review responses to queries raised by the Fund. This is being managed as part of a wider review to improve efficiency and accuracy of data at the point of submission.
- 4.9 The Fund published the latest version of its PAS in 2015. The strategy is kept under review and revised to reflect changes to LGPS regulations and Fund policies. The Fund undertook an internal review of the PAS in 2016, and as a result, the proposed revised strategy statement incorporates changes to policy and working practices to be effective from April 2017. The draft PAS was issued to participating employers for consultation in September and closed on 25 November 2016. Following the closure of the consultation, the Fund have reviewed these comments and updated the strategy as appropriate. The new strategy will be applicable from April 2017.

5.0 Transition to monthly data and contribution submissions with employers

- 5.1 To support with improving data quality going forward, the Fund is transitioning to more frequent exchanges of data with employers. The aim will be to receive one file (in a standard format) a month (by 19th) from employers which will consolidate three current methods of data exchanges with employers. This monthly submission will enable the Fund to process new joiners, member changes, post employee and employer contributions, identify leavers and produce a financial remittance advice on a monthly basis.
- 5.2 This regular exchange of data with employers will improve the quality of the data held by the Fund and automate the financial reconciliation process. It is envisaged that it will also reduce the volume of work required by employers to meet their statutory requirements and the number of individual processes to be completed by the Fund. It must be noted that these efficiencies will be realised in the long term, and this is a fundamental change to the way the Fund and employers exchange data and will require significant input from both parties during its implementation.
- 5.4 During September - November, the Fund has held a number of workshops with employers about the upcoming transition to monthly submissions. These sessions were well attended and in total, 130 representatives from 121 organisations attended these sessions. These sessions provided an overview of the benefits and efficiencies we anticipate employers will see from this change and what the process will involve for employers. The sessions were well received by employers and 100% of attendees found the sessions useful. In addition, the Fund have received interest from a number of employers to be involved in piloting the new functionality in early 2017.

5.5 The Fund are currently testing the new functionality, and will be piloting the new process with a range of employers from January 2017. The new process will be live from April 2017, with all employers transitioned by September 2017.

6.0 Financial implications

6.1 The late receipt of membership data and/or data errors can increase the administration cost of the Fund. Scheme regulations enable the Fund to recover additional costs incurred as a result of poor employer performance. As detailed above the Fund is in the process of issuing charges to recover costs for the late submission of annual return files. In 2016, a total of £34,512 in fines were issued to employers due to late submission of annual return files, compared to £74,205.97 in 2015. The Fund are also looking at recharging for additional costs incurred for additional work required for the resolution of large volumes of outstanding data.

7.0 Legal implications

7.1 The Fund has a legal duty to meet with legislation and statutory best practice, failure to do so may open the fund to challenge from the Pensions Regulator or the National Scheme Advisory Board.

7.2 The Fund is able to impose penalties on employers (to cover any fines or costs incurred) through its adopted pension administration strategy.

8.0 Equalities implications

8.1 There are no implications contained within this report

9.0 Environmental implications

9.1 There are no implications contained within this report

10.0 Human resources implications

10.1 There are no implications contained within this report

11.0 Corporate landlord implications

11.1 There are no implications contained within this report

12.0 Schedule of background papers

12.1 West Midlands Pension Fund, Pensions Administration Strategy 2015
<http://www.wmpfonline.com/CHttpHandler.ashx?id=6944&p=0>

12.2 Public Service Pensions Act 2013
<http://www.legislation.gov.uk/ukpga/2013/25/contents>

- 12.3 The Pensions Regulator's code of Practice
<http://www.thepensionsregulator.gov.uk/doc-library/codes.aspx>
- 12.4 The Scheme Advisory Board's statutory guidance.
<http://www.lgpsboard.org/index.php/about-the-board/board-guidance>

CITY OF
WOLVERHAMPTON
COUNCIL

Pensions Board

24 January 2017

Report title	2016 Actuarial valuation process	
Originating service	Pensions	
Accountable employee(s)	Simon Taylor	Head of Client & Funding Management
	Tel	01902 554276
	Email	Simon.taylor2@wolverhampton.gov.uk
Report to be/has been considered by	Rachel Brothwood	Director of Pensions
	Tel	01902 551715
	Email	Rachel.brothwood@wolverhampton.gov.uk

Recommendations for noting:

The Board is asked to note:

1. The process undertaken by the Fund to deliver the 2016 actuarial valuation for both the West Midlands Pension Fund (Main Fund) and the West Midlands Integrated Transport Fund (WMITA Fund).

1.0 Purpose

- 1.1 To provide an overview of the valuation process to enable the Local Pensions Board to review the 2016 valuation process.

2.0 Background

2.1 Regulation 62 of the Local Government Pension Scheme Regulations 2013 requires Administering Authorities to obtain every three years, an actuarial valuation of the Fund assets and liabilities as at 31 March. The 2016 valuation and associated actuarial valuation report and rates and adjustments actuarial certificate (specifying individual employer contributions) prepared by the Fund Actuary, must be obtained by 31 March 2017.

2.2 Through the actuarial valuation process, the Administering Authority is required to:

- ensure that cash is available to meet liabilities as and when they fall due
- take measures as set out in the regulations to safeguard the fund against the consequences of employer default
- manage the valuation process in consultation with the Fund's actuary
- prepare and maintain a Funding Strategy Statement (FSS) after proper consultation with interested parties
- monitor all aspects of the Fund's performance and funding, and amend the FSS (and Investment Strategy Statement (ISS) as required) accordingly
- effectively manage any potential conflicts of interest arising from its dual role as both fund administrator and scheme employer
- enable the local pension board to review the valuation process as set out in their terms of reference.

2.3 Regulation 58 of the Local Government Pension Scheme Regulations 2013 provides the statutory framework from which LGPS administering authorities are required to prepare and maintain the FSS.

In preparing the FSS, the administering authority must have regard to:

- CIPFA guidance – *“Preparing and Maintaining a funding strategy statement in the LGPS – 2016 edition”*
- Its statement of investment principles (SIP) or investment strategy statement (ISS), whichever is appropriate.¹

A revised FSS, updated for the purposes of undertaking the 2016 actuarial valuation, has been prepared by the Fund, following advice from the Fund Actuary. This has been published for consultation. It will be finalised and approved by the Pensions Committee prior to the completion of the valuation.

¹ Under The Local government Pension Scheme (Management and Investment of Funds) Regulations 2016, the current SIP will be replaced by a new ISS from April 2017.

3.0 Process overview

- 3.1 The diagram in Appendix 1 summarises the process followed to deliver the actuarial valuation, including the key stages, considerations and influencing factors. There have been a number of changes since the 2013 actuarial valuation which have driven a change in approach for 2016.
- Updated LGPS regulations and CIPFA guidance – together these encapsulate a change in focus, moving away from contributions stability and towards sufficiency and timeliness to ensure solvency and efficiency, with a greater focus on risk of employer default.
 - Introduction of an independent actuarial review of all LGPS fund valuations and funding KPIs – the Government Actuary Department (GAD) will review and report on the outcomes under section 13 of the Public Service Pensions Act 2013 and the Scheme Advisory Board (SAB) will measure “success” through a suite of KPIs.
 - LGPS cost review – following completion of the 2016 valuations two “cost cap” review processes will run to check the cost of the new LGPS 2014 Career Revalued Average Earnings (CARE) Scheme against a notional benchmark set when the scheme was introduced.
 - New team – the above changes have impacted the advice and approach of fund actuaries and the Fund has also changed Fund actuary since 2013, replacing Mercer with Barnett Waddingham in 2015 following a competitive tender process.
- 3.2 Elements of the process undertaken are described in more detail below. The cost reviews will be undertaken by GAD and SAB over the course of 2017 and are independent of the local funding valuation but could lead to changes in Scheme benefits and/or member contributions rates in the future which may impact on future funding reviews. The Scheme Advisory Board and both the valuation and cost reviews were introduced by the Public Service Pension Act 2013.
- ### **4.0 Collation of data and information**
- 4.1 The Fund has undertaken separate exercises to collate and review data and information about scheme members and employers to inform the valuation process. In addition to reviewing Fund membership data and experience, the Fund actuary has drawn on market information and the Fund investment strategy to inform his advice on the actuarial assumptions.
- 4.2 Additional data needed to be collated for the 2016 actuarial valuation to allow for the introduction of the new CARE scheme from April 2014. A new “Universal Valuation Data” extract was agreed by all the actuarial firms and administration software providers and Fund officers have worked closely with both parties to enable extraction of new data in the new format to facilitate the 2016 actuarial valuation and GAD review. Membership data has been reviewed by the Fund Actuary with any queries addressed and resolved.

4.3 Employer information and data has been collated through both public information sources and targeted employer questionnaires (tailored to employer-type e.g. education sector) to inform the employer covenant review and enable greater integration with funding and investment strategy. In some cases additional information has been sought or provided by employers to allow a more detailed review of their financial capacity.

5.0 Developing strategy and the funding strategy statement

5.1 Since the 2013 actuarial valuation the Fund employer base has significantly expanded and changed in terms of financial backing and support for meeting any unpaid pension liabilities. Many employers are also under increasing financial pressures driven directly or indirectly from funding cuts and austerity measures, increasing the likelihood of default. To protect all employers from the risk of employer default, the Fund has more closely integrated the funding strategy and covenant monitoring framework as part of the 2016 valuation.

5.2 As part of the 2016 actuarial valuation the Fund has;

- reviewed and updated the in-house covenant monitoring framework
- obtained bespoke covenant advice for individual cases where the financial risks or changes within a sector are a material concern to the Fund; and
- reviewed the legal aspects of admission agreements, existing guarantee arrangements and any individual funding arrangements

5.3 The Fund investment strategy is under review alongside the 2016 actuarial valuation, as returns (together with employer contributions) form a key component of enabling the Fund to pay pensions when they fall due. The Fund Actuary has provided advice on the funding strategy and the integration of the investment strategy, outlook for returns and employer covenant segmentation within this.

5.4 The Fund commissioned an independent review and benchmarking of Fund life expectancy and mortality rates through Hyman Robertson's Club Vita service and the outcomes of this have been incorporated into the actuarial advice. As part of the 2016 actuarial valuation the Fund is facilitating access to insurance to cover unplanned ill health benefit strain costs and help employers manage their liabilities.

5.5 The Fund has developed the draft 2016 funding strategy statement (FSS) in conjunction with the Fund Actuary taking into account the most up-to-date guidance issued by CIPFA in September 2016 and the GAD Section 13 "dry run" report issued in August 2016. The FSS reflects the advice obtained by the Fund, discussions with other funds and their advisers, review of the preliminary valuation outcomes and the implications for employer contributions and initial feedback from employer consultation meetings in November 2016.

6.0 Consultation

- 6.1 The Fund has been reviewing and consulting on the funding strategy throughout 2016. Discussions have been held with a number of groups of employers (representatives from district councils, the universities, academies through the Birmingham Association of School Business Managers and the WMITA employers as well as the employer peer group), employers in the FE sector undergoing re-structuring through the Area Review process and other individual meetings have been held on request.
- 6.2 Consultation activity has included;
- a number of valuation briefings to employers in June/July 2016,
 - issue of a special briefing note in July 2016.
 - Issue of preliminary results to all employers in November 2016 and a number of consultation meetings in December 2016/January 2017
 - presentation by the Actuary at the Fund AGM at the end of November
 - draft funding strategy statement issued to all employers and posted on the Fund website in December 2016
 - reminders (via email and the employer briefing) issued advertising the one-to-one consultation meeting dates available and the consultation deadline of 31 January 2017.
- 6.3 Separate discussions have taken place with the employers of the WMITA Fund and their advisers. As this Fund is closed to new members, supported by two private sector companies and is significantly more mature than the Main Fund, the funding (and investment) strategy is being considered in the context of the “wind-down” of this Fund and greater need to mitigate employer covenant risk. In addition, following comments made in relation to the WMITA Fund in the GAD Section 13 “dry run” report, the Fund has an open dialogue with GAD on the measures being taken to manage the inherent funding risk in the WMITA Fund, with a view to reducing the references to this Fund in the GAD 2016 report.
- 6.4 Throughout the consultation process Fund officers have managed any potential/perceived conflicts of interest through dialogue with the parties involved. In general, information about an individual employer would not be shared with any other party (e.g. guarantor, other interested party) without the consent of the employer concerned. For the purposes of the actuarial valuation, the Fund has informed employers of the intention to share funding information with their guarantor on request unless the employer explicitly requests otherwise.
- 6.5 The Section 151 officer of the Administering Authority has attended both meetings of the Pension Committee, the West Midlands Finance Directors Group and meetings to discuss individual associated employers, where relevant. In each case potential conflicts have been declared and managed.

7.0 Conclusion

- 7.1 Queries and comments raised throughout the consultation process are being recorded and individual responses will be issued, as required, before issue of the response and final FSS in February 2017.

The Fund Actuary will then make any final adjustments to the results and the Fund will issue final results to all employers, confirming the contributions effective from April 2017 through to March 2020. The associated valuation reports and rates and adjustment certificates for both Funds (Main and WMITA) will be finalised and in place by 31 March 2017.

8.0 Financial implications

- 8.1 The outcomes at the 31 March 2016 determine the level of contributions the Fund aims to collect over the three years to March 2020. The level of contributions collected will impact on funding development of the scheme and its solvency and ability to pay pensions, efficiently over the long term.

The contribution requirements set for individual employers may have financial implications for participating employers and could impact on their ability to operate and deliver services.

9.0 Legal implications

- 9.1 Completion of the actuarial valuation by 31 March 2017 is a statutory obligation. Any extension to this deadline can only be granted by the Secretary of State. The outcomes of the GAD Section 13 review could (under clause 8 of The Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016 effective from 1 November 2016) trigger Secretary of State intervention in the funding and investment strategy.

10.0 Equalities implications

- 10.1 None

11.0 Environmental implications

- 11.1 None

12.0 Human resources implications

- 12.1 None

10.0 Corporate landlord implications

- 10.1 None

11.0 Schedule of background papers

The Local Government Pension Scheme Regulations 2013

- Link to regs <http://www.lgpsregs.org/index.php/regs-legislation/timeline-regulations-2014>

CIPFA guidance on preparing a funding strategy statement – 2016 edition

- (copy available on request)

The Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016

- Link to regs <http://www.legislation.gov.uk/uksi/2016/946/contents/made>

West Midlands Pension Fund, 2016 Funding Strategy Statement (DRAFT)

- Link to website <http://www.wmpfonline.com/CHttpHandler.ashx?id=11566&p=0>

West Midlands Pension Fund, 2016 Statement of Investment Principles

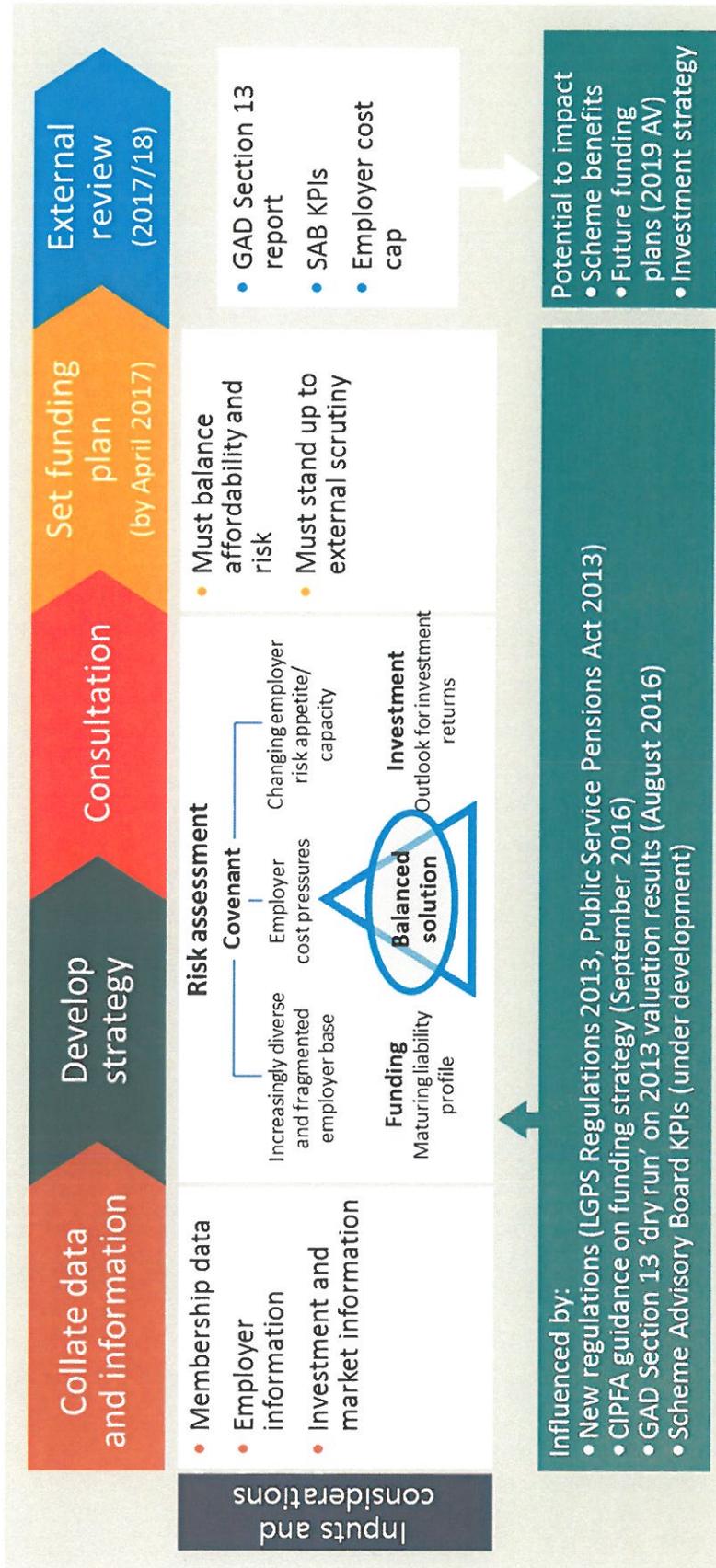
- Link to website <http://www.wmpfonline.com/CHttpHandler.ashx?id=7813&p=0>

12.0 Appendices

12.1 Appendix 1 – process overview

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Appendix 1 – Process overview



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