

Pensions Committee

25 September 2019

Report title	Business Performance Update	
Originating service	Pension Services	
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Recommendations for noting:

The Committee is asked to note:

1. The Fund's progress on delivery against its Corporate Priorities outlined in the Fund's Service Plan 2019 – 2024.
2. The Fund's key performance indicators for the first quarter of the year.
3. Successful recruitment to Fund trainee and graduate posts.
4. Progress and target dates for roll-out of key initiatives from the Digital Transformation Programme.

1.0 Purpose

- 1.1 To provide an update to Pensions Committee on the delivery of the Fund's 2019 – 2024 Service Plan through monitoring the performance of its corporate priorities and service delivery.

2.0 Service Plan and Corporate Priorities

- 2.1 The Fund developed and adopted its Service Plan in March 2019 with specific focus on partnership, working with our employers and stakeholders and investing in our resources, systems and people to ensure the Fund is responsive to change from legislation and regulators over the coming year.

- 2.2 In monitoring the delivery of our Service Plan, the Fund identified 8 Corporate Priorities to deliver its PRIDE objectives. Progress against each of these are noted below.

2.2.1 Customer engagement and communications

Seeking feedback on the delivery of our services is key to the Fund's ability to continually improve our customer's experiences. This year the Fund has launched bespoke customer feedback surveys related to their specific experience (retirement, joiner, etc.).

The surveys seek to understand how information is received by our members, how it can be improved to enable members' understanding, together with their experience of engaging with the Fund with the aim of not only improving customer experience but to also highlight areas for potential service development and efficiency in process, making our members' journey as smooth and effective as possible.

This quarter the Fund has focussed on developing different delivery methods to achieve the widest reach of our customer base with the launch of online member videos and bespoke member newsletters for active, deferred and pensioner members.

2.2.2 Our People

This year the Fund has enhanced its People Development Framework through the development of its Employee Training Policy and its Fund Trainee and Graduate programme, building knowledge and skills for the future.

The training policy aims to encourage people to manage their own learning and embed self-development based on identified business needs with the responsibility for its success being driven by both Managers and Employees. Continuous Professional Development (CPD) expectations are set through training hours and supported through the appraisal process. This aims to ensure that employees maintain and enhance the knowledge and skills needed to deliver a professional service to our customers and employers.

In conjunction with the training policy review, the Fund has redeveloped its appraisal system for employees within the Fund, focusing on developing behaviours and skills to support individual progression and ongoing contribution to the delivery of the Fund's goals. This new approach has received positive feedback from our employees in role recognition as well as opportunities for self-development.

This quarter has also been one of the busiest yet in recruitment for the Fund, with an additional number of permanent hires joining the Fund's employee base across all service areas, ensuring the Fund is well resourced to respond to the growing increase in members and employers.

2.2.3 Governance and Risk

Following review of the Fund's Risk Register and the introduction of the risk maps in 2018, the Fund's legal and compliance team have begun to build on this work through review of the Fund's compliance monitoring program which tests the strength of our controls, providing additional assurance of the mitigations in place to manage potential risk and the Fund's ability to prepare for change.

The new Governance and Assurance framework, while in early stages of creation, will seek to link the expectations and areas of focus from the Regulator and governing bodies (SAB), with those areas of focus of the Fund identifying how the Fund controls and mitigates potential challenge and identifies areas for service development while ensuring ongoing compliance with statutory requirements.

2.2.4 Data Management and Reporting

The production of annual benefit statements to members has seen an improved delivery by the 31 August deadline with work continuing on data management to maximise the number produced as outlined in the data management report. The production of annual benefit statements is linked to the quality and completeness of data held by the Fund about its members and work continues at a national level to develop standardised scheme data requirements for LGPS Funds. The Fund continues to engage on the development of this scheme specific data and standardised reporting.

The Fund continues to develop its monitoring and reporting capabilities for measuring the quality of the Fund's data for a number of purposes, including valuation, pensions increase and for statutorily reporting on common and scheme specific data required by the Pensions Regulator. The development of the Employer Hub capabilities, which will support transparency and reporting (including data quality), will further support progress of this priority.

2.2.5 Regulatory and system change

The Fund continues to drive forward its Digital Transformation Programme, which focusses on the development of the Fund's key systems, working in partnership with the software supplier to develop new solutions and capability. Alongside the development of the system, the Fund is reviewing the governance of the day-to-day management of the business as usual system upgrades, to ensure planning, documentation, controls and testing tools are up to date and effective.

2.2.6 Funding and investment strategy

Work on the 2019 actuarial valuation and investment strategy review is well underway. Membership, cashflow and asset data has been provided to the actuary and other advisers to support review and development of the Fund's integrated risk management framework. Initial employer consultation events were held in June, with a further series due in November, following issue of individual employer results.

2.2.7 Strategic Asset Allocation and Investment Performance

Strategic Asset Allocation and performance continues to be reviewed on a quarterly basis, with specific market and economic risks and opportunities considered with the Investment Advisory Panel. Work is ongoing to develop and transition assets to pooled vehicles with LGPS Central, according to the strategic requirements and of the Fund.

2.2.8 Financial Management and Cost Transparency

The Fund continues to monitor and review employer contributions to ensure alignment with amounts due to the Fund and linking to the wider employer covenant risk management framework.

Following the launch of the LGPS Scheme Advisory Board Investment Cost Transparency Code, for which the Fund was a leading partner in developing, the Fund has once again taken part in a further transparency initiative, supported by the UK Investment Association which is delving further into the reporting of investment management costs.

Following pilot of the templates launched by the industry-wide Cost Transparency Initiative, the Fund has again led the way in reporting investment cost against this higher standard within its 2019 annual accounts.

3.0 Key Performance Indicators

3.1 This quarter the Fund has seen above target performance for the majority of its performance indicators across the Operations and Customer Service teams.

3.2 The target date for completion of IDRPs cases, as set out in the TPR Code of Practice for Local Government is two months unless the issue becomes complex or requires additional information to enable a decision to be made. While the Fund has been unable to achieve the two-month target for completion of IDRPs cases, the individuals concerned have been kept informed of the progress of their case and in line with the Regulator's Code of Practice have been informed of the reasons for delay, noting the anticipated timescale for completion. The cases reported this quarter require additional information and support from third parties to complete the Fund's investigation. The Fund is keen to ensure all such matters are resolved in the most efficient way for members with the main reason for delay being connected to the need for additional information to assist the Fund's decision.

3.3 A copy of this quarter's KPI's are attached at Appendix A.

4.0 People Development

- 4.1 Following the success of the Fund's Trainee and Graduate Programme in 2018, this was re-launched for 2019 with another round of applications and successful intakes.

Graduate Management Programme

This year a total of 71 applications were received from various universities across the Midlands and wider regions, with applicants recognising the unique opportunity to work in a multi discipline organisation. Of the applications received, 36 were invited to attend a graduate assessment day with 18 being shortlisted for interview.

From the interviews conducted, the Fund successfully appointed four Graduates across the four service areas of the Fund, including, Investments with a focus on Responsible Investment and Actuarial, supporting the 2019 actuarial valuation. Graduates from both these areas will undertake a formal qualification as part of their training to assist them in developing their longer-term career goals. A fourth graduate has been appointed as a Legal Trainee who will complete their training with the Fund to become a fully qualified solicitor.

Fund Trainee Programme

For our trainee programme, which provides a one-year placement for individuals undertaking an undergraduate degree, the Fund received 46 applications from various universities across the West Midlands and the wider UK with some candidates already residing in Wolverhampton either due to their postgraduate degree at a local university or having moved back home for the duration of the placement with the Fund. Candidates who have been appointed from universities outside the West Midlands have shown their commitment to developing their career with the Fund, moving to live in Wolverhampton for the duration of their training contract.

From the 46 applications, five trainees have been appointed in areas of Actuarial, Investments, Finance, Governance and Corporate Services, as well as Systems support.

- 4.2 The Fund is very proud of the success of its graduate and trainee programmes and more so the reputation it has built for the Fund in being a progressive and opportunistic learning environment, able to offer good development opportunities for individuals at the start of their careers. As well as showcasing the Fund as a place to work, we have been able to promote the City of Wolverhampton in the careers and opportunities it offers. The current intake has worked collaboratively to develop a promotional video for the Fund to support promotion in future years.

As well as the collaborative group project, individuals have been involved in developing the Fund's profile through independent assessment of the Fund's performance against external accreditations, have assisted the Member Services team with roadshow events for members, as well as adding a valuable resource to our Operations team during peak work periods.

5.0 Digital Transformation Programme

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

5.2 An update on key development projects are detailed below:

5.2.1 Employer Hub

The key method for exchanging data with our employers is via the employer portal, which is key to ensuring efficient and secure exchange. The portal was first launched in 2012, and further development to ensure the functionality continues to develop to meet requirements. The new portal is being designed to improve the reporting functionality, improve the user experience through design, improve availability of performance monitoring information and enabling earlier issue resolution.

A video demonstrating the new Employer Hub was delivered at the Fund's Mid-Year Review. Throughout the development of this functionality, we have continued to engage with the Employer Peer Group to keep them updated on the project and to obtain their views on the development underway, to ensure the functionality meets requirements of day-to-day users. The Fund is now developing a more in-depth testing plan, which will be undertaken during the Autumn, with the aim of implementing the new portal with initial employers in early 2020.

5.2.2 Employer Web Trays

Following delivery of a system upgrade, testing is underway of the functionality with the aim of resuming the pilot with employers in the Autumn. This functionality will enable queries with data to be raised with employers via the web portal with the process being sent to the employers' web-tray for action. This development will support the flow of information and assist in monitoring queries and resolution, providing insight to the development of employer communications and coaching material and supporting faster resolution.

5.2.3 Deferred Retirement Quotes Online

As previously reported to Committee, following the amendment to the regulations to allow deferred members to access their pension from age 55, the Fund has seen a significant increase in the number of requests for members. To support the management of this work, the Fund is developing a self-service facility for members via the online Pensions Portal. Functionality has been delivered by the software supplier and testing is underway with the aim of making this available to members in November 2019.

6.0 Benchmarking and Accreditation

6.1 Customer Service Excellence (CSE)

The Fund once again submitted for its annual CSE accreditation with overall feedback being very positive confirming the Fund's ability to retain this charter mark for a further year.

On conducting their assessment, a number of improvements were noted compared to last year, including the 102% improvement on uptake of the Fund's pensions portal together with the ongoing work to improve and update our external website and overall customer communications with redesigned information booklets and handouts.

The move to monthly submissions also featured as an area of improvement noting the ongoing employer engagement to deliver improved information to members and the calculation of their pension benefits.

6.2 Pension Administration Standards Accreditation (PASA)

The Pensions Regulator and the Department for Work and Pensions (DWP) have both identified that good administration can be demonstrated by independent accreditation. The PASA recognises organisations in our industry who have evidenced compliance with the PASA Standards and the Fund has commenced its journey to achieving this charter mark.

6.3 CEM Benchmarking

Committee will be aware that the Fund participates in CEM Benchmarking, an independent report that compares Fund investment returns, value added, risk and cost across the LGPS industry. This year CEM launched their proposal for a similar benchmarking activity across LGPS administration, with the Fund being invited to participate in the steering group for developing the survey and questions on which the administrative benchmarking would be set. Work on this continues to develop across the LGPS Funds.

7.0 Financial implications

- 7.1 The appointment of new hires and the Fund's Digital Transformation Program was provided for within the Fund's budget approved in March 2019.
There are no additional financial implications.

8.0 Legal implications

- 8.1 There are no legal implications.

9.0 Equalities implications

- 9.1 The fund's recruitment program has been developed in compliance with the Council's HR policies. There are no equalities implications.

10.0 Environmental implications

10.1 There are no implications.

11.0 Human resources implications

11.1 The Fund's recruitment program has been developed in compliance with the Council's HR policies. There are no implications.

12.0 Corporate landlord implications

12.1 There are no implications.

13.0 Schedule of background papers

13.1 Business Performance and Data Management Report to Committee (including approval of the Fund's Service Plan 2019 – 2024
<https://wolverhamptonintranet.moderngov.co.uk/documents/s104003/Business%20Performance%20and%20Data%20Management.pdf>

14.0 Schedule of appendices

14.1 Appendix A: Key Performance Indicators, Quarter 1 April – 30 June 2019.