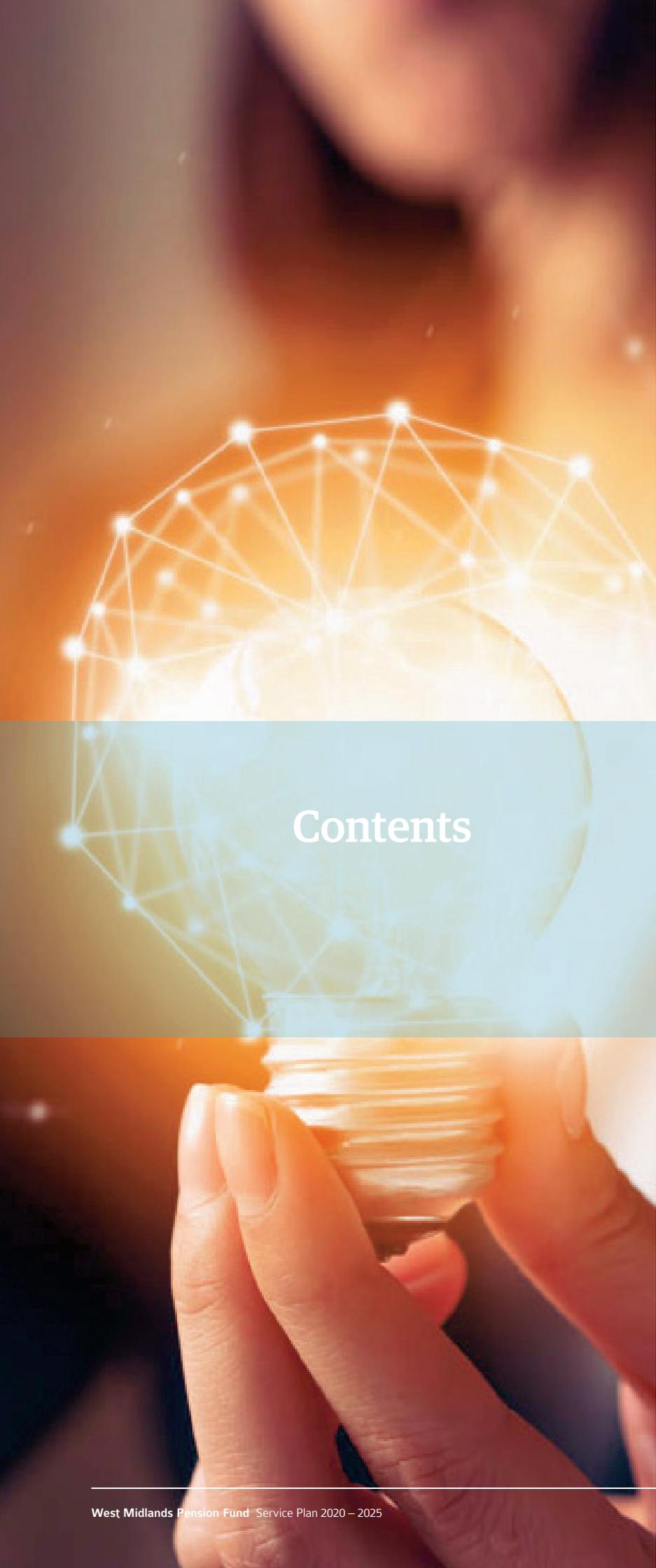




**Service Plan  
2020 - 2025**





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# Executive Summary

The West Midlands Pension Fund administers the benefits and invests the assets of one of the largest funds within the Local Government Pension Scheme. Working in partnership with 703\* participating employers, we deliver pensions information and benefits to over 330,000\* pension members, predominately located within the West Midlands' region.

\* as at 31 December 2019



Promoting success and achievements will take a more prominent role in seeking individual and Fund-wide recognition.

Ongoing development and nurture of internal and external partnerships local and further afield will be key to supporting the successful delivery of our Service Plan. Risks to delivery centre largely around attaining and maintaining the required people skills, system and tool (specific to West Midlands Pension Fund) and the ongoing changes to the scheme, including potential for significant benefit review required as a result of remedy to the McCloud/Sargeant rulings, approach to GMP equalisation and completion of the scheme cost management review process.

Through the delivery of this plan we look forward to making a difference locally, whilst continuing to act as a catalyst for wider positive change on a wider range of issues important to Fund stakeholders.

**Rachel Brothwood**  
Director of Pensions

The Service Plan for 2020-2025 is set in context of the challenging and changing environment impacting all public sector and UK pension schemes. We continue to respond to evolving regulatory and reporting requirements, working proactively to drive good governance and efficiencies in our approach to developing strategy and implementation.

Following in-depth review of funding and investment strategies during 2019/20, focus will change to implementation and monitoring of changes, ensuring effective implementation and development of strong internal processes and controls to monitor and manage risks.

The customer toolkit will continue to be enhanced as further aspects of the Digital Transformation Project complete development, testing and roll-out. Service access will continue to expand with increasing online functionality, information and opportunities for member and employer self-service, with pilots and market research used to inform and prioritise developments.

Review and ongoing development of internal controls and information management will continue hand-in-hand with monitoring performance as new guidance and best practice standards emerge. Scheme data quality, together with processing capabilities will continue to develop to aid operational efficiencies.

Utilising scale to influence, build partnerships and demonstrate value for money will continue to be a theme driving delivery of Fund's ambitions and policy objectives. Having successfully launched a dedicated Framework and Strategy for Climate Change, the wider Responsible Investment Framework and Stewardship activity will be reviewed to ensure these are embedded and outcomes support the Fund's dual ambitions.

Building and developing strong teams is a focus of our People Development Strategy. Training will continue alongside recruitment to specific skills sets, supported by practices recently recognised through our Investors in People re-accreditation, with enhanced Gold-standard achieved.





# Introduction

As a public service pension scheme, the West Midlands Pension Fund is focused on delivering value to our customers and stakeholders, ensuring information and support is available at the right time to enable pension members to effectively plan for their retirement and to support our employers in performing their role as they participate in the statutory local government pension scheme.



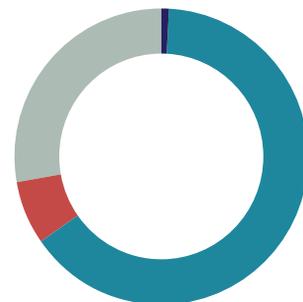
## About the Fund

There are three categories of members within the West Midlands Pension Fund with membership split roughly one third across each category.

- Active members, who are currently employed by one of the Fund’s employers
- Deferred members, who worked for a scheme employer in the past and are entitled to receive a pension from the Fund in the future
- Pensioners, who are receiving their pensions

## Employers

The Fund has in excess of 700 employers split across a number of employer categories. The majority of our employers are now academies, local authority schools which have converted to academy status, with the majority of membership and liabilities being attributable to the seven metropolitan district councils.



Local authority	7
Academy	452
Admitted bodies	49
Scheduled bodies	195

As at 31 December 2019

The 2020 Service Plan has been developed by the Fund’s Senior Management Team and approved in March 2020 by the Pensions Committee following a period of engagement with the Committee, Local Pension Board (including employer and member representatives), Employer Peer group, Fund employees and review of customer feedback. It outlines service priorities emerging over the next five years, in the context of recent activity and the changing operating environment, together with the anticipated resource requirements and approach to managing delivery.

Central to delivery of the Service Plan 2020-2025 is the continuous development and build of a strong governance framework, recognising the changing and challenging environment in which the Fund operates. Working to ensure we are able to adapt and respond to continue to deliver a high quality and valued service that is responsive to the environment in which we work. Our core mission is to ensure that our members receive their

pension benefits when they fall due, but more than that, to ensure our members are able to plan their retirement with access to information about the benefits they can receive and the options available to them. Working with our employers we aim to contribute together for our members’ future through the effective partnerships we create to support retirement planning.

The Local Government Pension Scheme environment has seen some significant developments throughout 2019 with emerging reviews signposting changes coming to the scheme and the regulation and guidance set to determine how LGPS Funds operate.

The West Midlands Pension Fund continues to stand at the forefront of change leading on new initiatives and service development with a number of new services launched in 2019 which aim to support and reflect our customers’ needs.

Throughout 2020 – 2025, we will further these developments in a program of ongoing review and response to an evolving landscape for pensions and the LGPS.



• **Strong governance**



• **Customer focused**



• **Global influence**



• **Delivering for local people**

Progress towards delivery of the Service Plan is monitored on a quarterly basis, with the next annual review due by March 2021.



## Governance

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

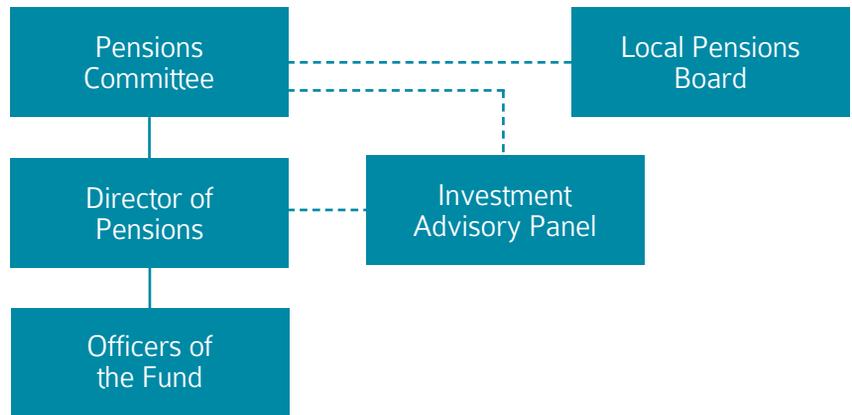
The Local Pensions Board, made up of equal member and employer representatives, sits in an advisory role to the pension fund, supporting the good governance of the scheme. Throughout 2019, the Local Pensions Board had a primary focus on member engagement ensuring the Fund had a wide reach across its differing member and employer base. With a national focus on ensuring members are fully informed (and protected) in their pension choices, member communication will remain a focus for the Board in 2020 together with

monitoring the development of our Funding and investment strategy ensuring their effective implementation.

Effective governance is key to ensuring the quality of service delivery our customers have come to expect and the governance structure at WMPF has been created to provide assurance to

our stakeholders and governing bodies with opportunity afforded at every level to obtain specialist, skilled and professional advice.

More information on the governance of the Fund can be found in our [Governance Compliance Statement](#), available on our website.





# Mission Statement

Contributing together for our members' future, delivering the best outcome for all.

As a Fund, we recognise that the world of pensions is a mystery to most, and the options available at retirement even more so. Through the engagement, information and support offered, the Fund aims to ensure that every member can access the options available in planning for and taking retirement and at key events in their lives, along the way.

We recognise the value in engagement with our partner organisations, be it other LGPS Funds, service providers or industry bodies and the need to continue to be alert and proactive to change. We engage early to inform debate and work in collaboration to achieve good outcomes for the Fund and wider LGPS. This is demonstrated through our active participation with bodies including the Scheme Advisory Board (SAB), the Chartered Institute of Public Finance and Accounting (CIPFA), Pension and Lifetime Savings Association (PLSA), Local Authority Pension Fund Forum (LAPFF), other forums including cross pool groups and the National LGPS Frameworks.



The LGPS Central investment pool has been formed to enable the pooling of assets by administering authorities of eight funds in the Local Government Pension Scheme (Partner Funds). In order to effect the pooling, the Partner Funds have established an FCA-regulated operator company to build and manage collective investment vehicles.

More than a collective investment vehicle, the partnership working of funds complimented by industry specific experts in an FCA-regulated entity, has enabled focused and collaborative engagement on key issues such as Responsible Investment which has heightened the ability to protect and enhance fund assets, recognising the benefits to be gained from global alliances in tackling major international issues such as online security and climate change.



In developing our mission statement, we have identified five core themes for action and through PRIDE we will contribute together in the Partnering of relationships across our internal teams and wider across the pensions and investment industries ensuring a Responsible approach to the management of the benefits we have a duty to protect; through Driving efficiencies in the process and management of member benefits we will deliver desired outcomes through active Engagement on key stakeholder issues which help shape the LGPS together with the our focussed service delivery enabling our members to make informed decisions at the right time

## PRIDE Objectives



**Partnering**  
for success



**Responsible**  
asset owner,  
employer and  
local community  
partner



**Investing**  
to increase  
capacity



**Drive**  
efficiencies  
and cost  
savings



**Engage**  
to improve  
outcomes  
for customers

# A Year in Review

During 2019/20 the Fund focussed on our eight corporate priorities.



## Customer engagement and communication

Seeking feedback on the delivery of our services is key to the Fund's ability to continually improve our customer's experiences and this year we launched our bespoke customer feedback surveys related to their specific experience (for example, at retirement and as new joiner). The surveys seek to understand how the information is received by our members, how it can be improved to further aid understanding improve customer experience and highlight any areas for service development, making our members' journey as smooth and effective as possible.



## Our people

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

The training policy is created 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, we have redeveloped our 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 identifying opportunities for self-development.



## Governance and risk

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

The new Governance and Assurance Framework, while in early stages of creation, will more closely link the emerging expectations and areas of focus from The Pensions Regulator and governing bodies (SAB), with the Fund's routine monitoring and controls. This will strengthen risk management and identify areas for service development while ensuring ongoing compliance with statutory requirements.



## Data management and reporting

The production of annual benefit statements is linked to the quality and completeness of data held by the Fund about its members. and we continue to engage on the development of scheme specific data and standardised reporting for the LGPS as a whole.

The Fund continues to develop our 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.



## Regulatory and system change

We continue to drive forward our 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 and controls and testing tools are up to date and effective.



## Funding and investment strategy

Detailed review of the Fund's funding and investment strategies has been undertaken during the year in conjunction with the 2019 triennial valuation. Consultation with employers on future contribution requirements has been ongoing throughout the year with consideration of the potential impact on costs of scheme benefit following remedy due for all public sector pension schemes as a result of the McCloud ruling. Overall, improvements in funding level has created opportunity to review investment risk and the investment strategy has been developed to increase risk efficiency.



## Strategic Asset Allocation

There has been increased focus and review of asset allocation during the year, in the context of ongoing geopolitical and associated market uncertainty. Asset class, region and currency factors have been considered in portfolio positioning throughout the year, with more defensive allocations utilised to manage exposure. In line with the ambition set within our Climate Risk Strategy and Framework allocations have been made towards strategies which are more resilient to climate change and the opportunities of transition continue to be monitored.



### Financial management and cost transparency

Responding to our duty to ensure value for money we have been on a five-year mission to better understand our investment costs. In doing so, we have continually taken steps to ensure effective investment governance, being able to make more informed investment decisions.

In 2014, WMPF developed in-house cost disclosure templates for its fund managers to complete. Based on our experiences from those early templates, the scheme has since helped to shape the industry-wide Cost Transparency Initiative (CTI) model and we are now an influential advocate of CTI which helps to inform investment planning and decision-making. In managing financial risk we need to balance our duty to pay pensions and deliver our long-term funding needs, where returns are generated through proven investment products.

<https://www.plsa.co.uk/Portals/0/Documents/Policy-Documents/2020/WMPF-CTI-Case-Study-b.pdf>

## National Developments

### McCloud and Sargeant

Under the 2015 changes to public sector pensions, workers 10 years from retirement were protected from reforms which saw younger workers shifted into less generous pension arrangements, a decision that was challenged in the courts. In 2018, the court found that those who did not qualify for “transitional protection” were unfairly discriminated against which means the changes effected in 2015 were no longer legal and need to be remedied. At this time it is unclear what those remedies are but it is anticipated to impact on LGPS funds both in terms of data management, where historic data requirements will need to be completed to accurately calculate pension benefits and in terms of funding where contributions may need to be reviewed in consideration of any changes to employer liabilities.

### Pensions Fraud and Liberation

Throughout 2019 the Pension Ombudsman made determinations on 2 cases which have the potential to bring significant change across the LGPS in the protection of members from pensions fraud/liberation. In both cases members opted to transfer out their pension benefits to a private scheme which later resulted in financial loss when the private scheme later became unsecure.

It was determined that the LGPS funds had not done enough to warn members of the potential loss from these private schemes, and it is anticipated that throughout 2020 further developments will be forthcoming about the level of protection and information funds should be providing to members when making decisions about their future retirement income.

### Investment Policy

The West Midlands Pension Fund has always been seen as a leader in its Responsible Investment and Stewardship practices.

During 2020 the LGPS is expected to receive new guidance on how funds can invest and protect the future of investments through responsible investment management. WMPF is well positioned to respond to this requirement having launched its Climate Change Framework and

Strategy in 2019 and continuity of global engagement on a range of issues relevant to all institutional investors.

Having developed our global sustainable equities mandate in 2019, we will continue to look for opportunities that meet long-term investment objectives including those which are responsive and considerate to the global challenges facing our environment.

The Cost Transparency Initiative is a new industry standard for institutional investment cost data. The availability of comprehensive and transparent information on costs and charges is important in helping investors to decide whether investments represent value for money helping to inform investment planning and decision making. Adoption continues to build amongst both private occupational and public sector schemes.



### Good Governance

Following the publication of its Good Governance review, the Scheme Advisory Board will be working to develop its statutory Governance Assurance Framework, which will include a higher level of reporting and assurance on management practices within LGPS funds. Having undertaken our own independent assessment of governance in 2018, which noted the Fund as already operating beyond the minimum required of an LGPS fund, we are well placed to respond to this increased oversight and we welcome the added assurance this stands to provide to our stakeholders.

In addition to the management and administration of the Fund, Good Governance is also a part of the Fund’s commitment to investment pooling, having adopted a governance framework outlining the governance arrangements for the Pool, including capturing the structure, roles, responsibilities and authority in relation to LGPS Central Investment Pool.

This framework seeks to clarify the roles of the different parties involved in delivering investment pooling in line with Government criteria and statutory guidance and sets out how they interact and compliment each other in the delivery of investment pooling.



# Drivers for Change

Noting the changing environment in which the Fund operates, there are a number of key themes we will focus on developing as we continue to enhance service delivery

## External factors



- **Good Governance**

The outcomes of this review is anticipated to see a higher level of reporting from LGPS Funds, with greater oversight on outcomes. This year the Fund has successfully recruited to the vacancies across its Governance and Assurance team who are now reviewing the assurance framework responsive to evolving expectations emerging from our regulators. With an increased focus on good governance, we expect to see an increased expectation on the role of the Local Pensions Board having been highlighted in the Good Governance review as being inconsistently used across the LGPS. The Fund continues to work with its Local Pensions Board to develop its own workplan for the year based on their continued priorities for our members and employers.

- **Knowledge and Skills (Decision-Making Bodies and Officers)**

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

- **Changing Member Expectations**

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

- **Data**

Data continues to be of focus to TPR and the production of benefit statements with content of key information to enable members to plan for their retirement. This will become a further focus as Government develop the Pensions Dashboards covering all UK pensions.

Clean data is essential in undertaking funding review implementing scheme benefit change and enabling automation and member self service.



- **Responsible Stewardship**

This year the Fund is expecting to see a move to a statutory requirement on LGPS Funds to publish their Investment Strategy with more focussed statements on its approach to Responsible Investment, Stewardship and Shareholder Voting. The Fund is a signatory to the UK's Stewardship Code having achieved Tier 1 on last review and is working with its investment partners, including LGPS Central Limited, to deliver engagement programme.



- **Transition to Low Carbon Economy**

The Fund is a founder investor in the LGPS Central Limited All World Climate Multi Factor Fund which has been designed to take into account the risks and opportunities associated with climate change, tilting away from companies with greater carbon emissions and the most carbon intensive fossil fuel reserves instead favouring those with green revenues, integrating responsible investment factors by design. Aligned with the Fund's Responsible Investment approach, and with the overall aim of delivering investment returns to help meet the cost of providing pension benefits in the future and is a further step in the Fund achieving its objective of being a responsible investor seeking opportunities to protect and enhance the Fund's asset values.

- **Potential Scheme Changes**

In the current regulatory environment, there is potential for a number of changes to take effect which impact the Fund's governance and administration of pension benefits as well as having the potential to impact our employers and stakeholders. We will continue to engage and inform our customers of the potential for change and the potential impact this may have while investing in our service delivery to ensure efficiency in processing providing educational material and working with our partners to find a solution.

## Internal factors

- **Employer Compliance**

Linked to the above, is the ability of employers to provide good quality data and over the course of the next year we expect to see an increased focus from TPR on employer compliance and with that, an increased focus on funds' adoption and use of their Pension Administration Strategy (currently a voluntarily adopted policy and one which WMPF has published for a number of years).

Our ability to support our employers on this journey through the delivery of employer hub and employer web trays will help facilitate collaborative working and overall service delivery for members.



- **Protection of Members**

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

- **Key Person – Resource and Retention**

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

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

## Case Studies



### Member Workshops

The Fund has identified that it is not just about presenting members with the value of their LGPS benefits and highlighting the options available to them, but more importantly to provide guidance and support on planning for retirement on a wider scale. The Member Services Team who delivers this specialist support launched its new “Planning Your Retirement Workshop” in January 2019. This workshop which runs for 2.5 hour is dedicated to providing members with guidance, toolkits and sign posting, along with the necessary support to enable them to effectively plan from a financial perspective for life after work.

Not only does the workshop provide valuable information on the Local Government Pension Scheme and the benefits which it offers, but also how the state pension builds up and how and when it can be accessed. Fund officers also provide a basic overview of taxation along with additional benefits members may be able to claim. Part of the workshops includes an exercise to encourage members to calculate their retirement benefits manually, so they don't just know what they are likely to receive in retirement but to understand how their benefits build which enhances member understanding.

Following the pilot of this successful workshop, which received excellent feedback and comments, this support has been rolled out across all employers, who we are seeing, are incorporating these workshops within their learning and development programmes.

It is clear that this is a growth area for the Member Services Team and a huge innovation for enhancing member engagement.

### Fraud/Safeguarding

Noting the changing and aging profile of our membership, the Fund focused on enhancing its safeguarding protocols developing our “know your customer” protocol and adopting our vulnerable person statement.

The effectiveness of this policy was tested during 2019, when the Fund became aware of pension fraud committed against one of our oldest members. Through the effective use of Fund policies, the Fund was able to identify the fraudulent activity, prevent its future occurrence against the member and protect the member's vulnerability through inter-agency collaboration ensuring the security of payments and personal support.

### Climate Change Strategy – Company Engagement

The Fund is a member of the Pension Fund Forum (LAPFF) collaborative shareholder engagement group which aims to protect the long term investment interests of beneficiaries by promoting the highest standards of corporate governance and corporate responsibilities through active shareholder engagement and voting.

This year, the Fund adopted 4 engagement themes as areas of increased focus in the climate change arena with single use plastics being one such theme. During the year LAPFF progressed work on this issue on behalf of forum members, joining a coalition of investors engaging with companies on the overall threats posed by plastic waste and pollution. The Forum met with two companies on this specific issue as well as discussing single-use plastics specifically. Additionally, the Forum co-signed a letter to a range of companies on reducing plastic pellet loss as well as the issue of plastic packaging.

In the months following the engagement the companies committed to reduce the use of virgin plastic across its portfolio by 35% by 2025.





# People and Skills

Having the right people with the right skills, knowledge and behaviour is fundamental to the work of the Fund and we have developed a People Development Strategy to ensure the ongoing success of the people and the organisation able to respond to its customers' needs.

Ensuring people feel confident in their roles is fundamental to the People Development Strategy as this leads to improved efficiency and productivity in working practice and promotes an inclusive environment where collectively and individually our team members contribute to the success of the Fund, as well as finding new ways to achieve personal development and success.

We believe that effective learning and development benefits the individual and the organisation and contributes to the delivery of the Fund's objectives. We continually review training initiatives so that relevant training is provided for skills in specific service areas with learning and development objectives aligned to strategic objectives and priorities.

Our people are our greatest resource, not only in the service they provide to our customers, but also as ambassadors for the Fund, from the Fund's front line services to our Senior Managers representing the Fund at external events, to the annual events hosted each year for Fund employers, all play a role in promoting the Fund as a high quality, customer focussed, industry-leading pension fund.



## Graduate and Trainee Case Study

### Louis – Systems Support Technician

Louis joined the Fund in 2017 as an apprentice straight from completing his A-Levels and has since secured a permanent role with the Fund.

*Since being at the West Midland Pensions Fund, I have achieved many things that I feel quite proud of including taking on new roles and developing new skills. Whilst being an apprentice on the systems team I have achieved my level 2 business administration qualification which paved the way for me to achieve a fixed term contract on the team as a System Support Assistant. This is something I am very proud of as I feel all the skills and experience I gained off the apprenticeship allowed me to gain this new role. The next was after completing my role as a System Support Assistant I then achieved a permanent role as a Systems Support Technician which I am also very proud of and I think ultimately this stems from being given the opportunity to start work as an apprentice at the Fund shortly after finishing my A-Levels.*

*I believe there are many opportunities working at the Fund as I believe it shows a clear path of progression with the grading system; when I started as an apprentice, I always strived to gain a permanent role and wanted to stay at the Fund.*

*I think my most favourite thing about the Fund is the people that work here and how everyone strives to get along and help each other out. When I started everything was very new to me as it was my first job and when going around the building fixing problems for people if there was anyone that I didn't know or anywhere I had to go they would always help me out and point me in the right direction.*

### Rachel – Trainee Solicitor

Rachel joined the Fund on the graduate training program having completed her law degree at Wolverhampton University. Prior to joining the Fund, Rachel was employed as a paralegal in a West Midlands law firm.

*Before joining the Fund I worked for various companies both as an in-house paralegal and within law firms. I found that I preferred working in-house providing legal advice to the company I work for rather than external clients. Becoming an in-house trainee solicitor is what initially drew my*

*attention to the fund as the diversity of work I knew I would be undertaking was a major factor in my decision to apply. Having worked in a single area of law previously, I knew that I wanted more variety in my workload. I also expected that the variety would allow me to carry on expanding my legal knowledge outside of the areas I had already worked in. Before attending my interview I carried out a lot of research reading the Fund's website and published information, having been in post for six months, I have learned how vast and varied the Fund's work is from investments, to data protection, to procurement and safeguarding and the protection of vulnerable members.*

*I would encourage anyone to apply for a role in the Fund as you will be surprised by the variety of work you can become involved in.*

### Laura – Graduate Management Trainee

*As a Graduate Management Trainee within Operations, my role is to provide project support for the service area's projects and programmes. I also spend a day a week learning the various processes required to administrate pensions.*

*I chose to apply as I felt the Fund would provide good opportunities for progression. Following university, I was unsure of what I wanted to do as a job, so the range of responsibilities described in the Fund's graduate programme really appealed to me. I was particularly interested in the General Graduate role (Operations), as it interested me as a route to learn new skills and undertake a well-recognised qualification, whilst not being panned in to a specific career path straight away.*

*My favourite things about the Fund are the diversity of my job and the people at the Fund. I am lucky to work with people from many services areas, and the support I have received to aid my development and improve my knowledge demonstrates what a welcoming place the Fund is to work. The wide range of projects I am involved with provide new challenges every day, which I enjoy, and the fact these projects will have long lasting service improvements provides me with great job satisfaction.*



# Our Goals and Ambitions

In developing our Service Plan it is important that we reflect and consider the views and opinions of our service users, our customers and our standing in the wider industry.

Throughout the year, through our Customer Feedback policy and Engagement Strategy, we have engaged with our stakeholders to identify their areas of focus in the forthcoming 12 months, services they would like the Fund to develop to support their needs



In conjunction with voluntary feedback (received through surveys), we have also undertaken direct engagement through our member workshops, our employer peer group and annual events, all of which generated desired outcomes in the way the Fund delivers for their needs.

## Key Themes From Our Stakeholders

### Employers

- Efficiency in process/systems to support resource constraints
- Enhanced reporting on performance and data quality
- Self-sufficiency to manage own service delivery
- Accessibility/coverage for members
- More information on legislative change and possible implications
- Funding stability aligned to budgetary cost pressures

### Members

- Complexity of pensions makes understanding them difficult when trying to choose the right options
- Ability to engage young people in pensions
- How do I plan my retirement and what does it look like?
- Instant access and response
- Innovation - development of digital presence
- Ongoing ability to interact with officers to aid understanding

In addition to stakeholders, it is important that the Fund takes strategic lead from its governing bodies, those charged with responsibility for delivering our members' outcomes. A keen focus from our governing bodies is ensuring we are delivering for members providing timely and accurate information for them to be able to plan their retirement affording opportunity to take action where they feel it necessary to ensure they can retire with confidence. During 2019 we started the roll out of our digital transformation program, which will continue to develop throughout 2020-2021 with the aim of streamlining processes and effecting the self-service requested from our customers.

As well as ensuring delivery for our customers, our Pensions Committee and Local Pensions Board are focussed on ensuring the Fund plays its part as a responsible investor responding to the call for action on climate change and ensuring we are good stewards of the assets we hold.

Taking into account this feedback and the drivers for change highlighted in the earlier sections of this Service Plan, we have identified three key themes we will look to develop and deliver over the coming one – five years.

## Our Goals and Ambitions

Theme	Focus	Target
<b>Information Management</b>	<ul style="list-style-type: none"> <li>• More online and web-based access</li> <li>• Know Your customer</li> <li>• Benefit/scheme changes</li> <li>• Reporting and performance monitoring tools (employers and Fund)</li> </ul>	<p>Through knowing our customers and understanding their differing needs we will enable members and employers to be proactive in their pensions planning and confident in their decision making.</p> <p>To support this, we will inform and help prepare our customers for change (both in fund processes and scheme/national change).</p> <p>Through the initiatives being developed in our Digital Transformation Program, we aim to enable greater self-management and enhance decision making tools</p>
<b>Risk Management</b>	<ul style="list-style-type: none"> <li>• Employer funding journey</li> <li>• Implementation and monitoring investment strategy</li> <li>• Thematic approach to responsible investment</li> <li>• Enhancing procedures and protections</li> <li>• Governance and assurance</li> </ul>	<p>Through identifying and actively managing our risks we aim to be sighted on issues which could impact service delivery and progress in meeting strategic objectives. Through developing effective risk management tools, we will identify and capture opportunities building assurance of the Fund's ability to manage the changing landscape in which it operates.</p>
<b>Efficiency &amp; Resourcing</b>	<ul style="list-style-type: none"> <li>• Our people – capacity and skills</li> <li>• System automation and processing</li> <li>• Digital transformation</li> <li>• Change through collaboration</li> </ul>	<p>Developing our People Development Strategy to build resource and skills needed today and in the future. Through developing our systems and enhancing efficient working practices, the Fund not only supports its people to deliver services that meet customer's changing demands, but also ensures we continue to be responsive and flexible to the growing membership and employer base.</p> <p>Throughout 2020/21 we will continue to utilise tools for measuring outcomes ensuring feedback is received and actioned from stakeholders as well as participating in external review and scrutiny through national initiatives such as Investors in People, CEM Benchmarking to demonstrate value add in the delivery of services.</p>

## Our Focus



In Contributing Together For Our Member's Future, we aim to ensure we deliver a service that responds to stakeholder needs and demands and through identifying our Drivers for Change, reviewing and understanding feedback and identifying priorities in consideration of the changing landscape in which we operates, we will ensure service delivery through

- **Enhancing outcomes from employer engagement**  
Ensuring we relay to our employers how they have helped shape service delivery and where enhancements/changes have been made.
- **Building stronger partnerships for service development and delivery**  
Building on our current success of partnerships, we will continue to engage in the wider industry ensuring our presence and position is known on key issues.

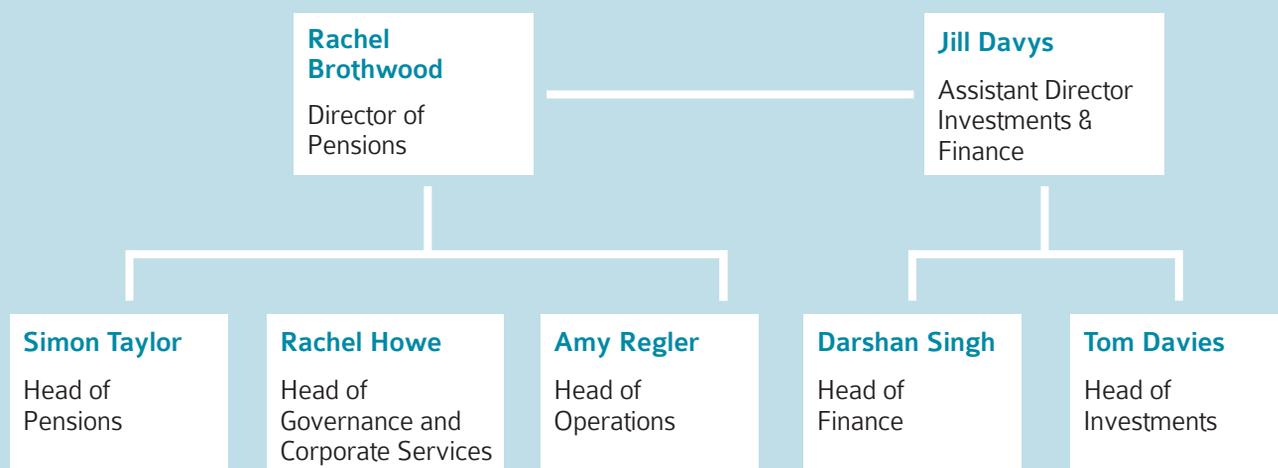
- **Continuing to develop and build internal teams and operational structure to match the requirements for service delivery, at standards above the minimum**  
Embedding our People Development Framework ensuring resources are appropriately distributed with a focus on developing systems and working practices to support the progression of the Fund in reflection of the changing environment in which we operate.
- **Review and development of robust processes for financial and information management**  
Delivering on our fiduciary duty in the protection of assets and pension benefits for our members.
- **Continuing to develop and enhance communications with all stakeholders to ensure wide service utilisation**  
As a service provider we must be responsive to our customers' needs providing information at the right time and ensuring it is accessible to all. Through developing opportunities to engage with our customers and for them to feedback on our performance in this area, we can better understand our customer needs and shape our future service delivery.
- **Initiatives to recognise performance and achievements**  
People are our greatest asset and this year the Fund is focussed on building our People Development Strategy which aims to recognise and support individual achievement which contributes to the overall success of the Fund. This year we will build on the success of our graduate and trainee program with the aim of developing the pension professionals of the future.
- **Ongoing investment in systems and tools to enhance operational efficiencies**  
The West Midlands Pension Fund continues to grow both in membership and employers and our ability to maintain a high service delivery will be supported by the efficiency we create in our systems through automation of processes and bulk data management. We will continue to build on this program of work identifying ongoing opportunities to streamline processes which assist our stakeholders in their engagement with the Fund.
- **Continue to engage across our local footprint and the wider LGP**  
Being a Fund which represents the whole of the West Midlands we will continue to invite representatives from across the region to participate in our discussion and decision making ensuring local viewpoints are taken on board in the shaping of national policy.
- **Ongoing programme of data improvement**  
Through our employer engagement roadmap and the enhancement of our systems and processes (including monthly returns), we will continue to build on the quality of data we receive and manage supported by the adoption of our Data Management Strategy.



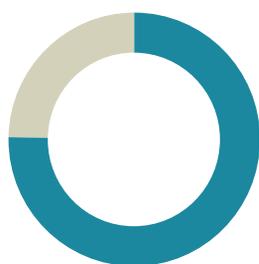
- **Continued support to develop people and skills**  
We will continue to develop our people to achieve their personal and professional success ensuring they develop and remain an asset to the Fund supporting the high service delivery to our stakeholders.
- **Joined-up working across specialist service areas**  
Recognising the value add from our external partners and the efficiencies to be generated through collaborative working, we will seek opportunities to share knowledge and develop our wider understanding in the review and improvement of our services.
- **Responsible employer, culture of social responsibility and champion to make a difference**  
Recognising we have a social, ethical and governance responsibility in the management of assets, as an employer and as a public body, we will continue to champion change and support our people, our members and employers.

# Resources

## Senior Management Team

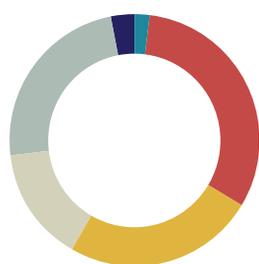


## Full-Time Employment



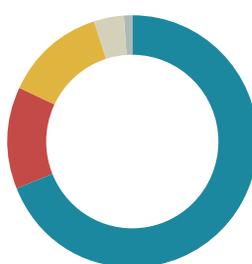
### Gender Balance of the Fund

Female	75.4%
Male	24.6%



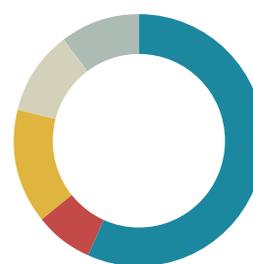
### Age

20 and under	2%
21 – 30	32%
31 – 40	25%
41 – 50	15%
51 – 60	24%
61 and over	3%



### Ethnicity

White	69%
Asian	13%
Not stated	13%
Mixed	4%
Black	1%



### Length of Service

Less than 5 years	89
5 years - 10 years	12
More than 10 years	23
More than 20 years	17
More than 30 years	16

## People



140\*

FTE officers



69%\*

hold a qualification directly relevant to their role



18.9\*

years average service with the Fund



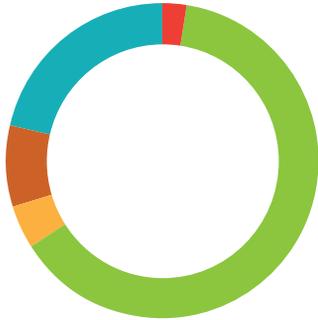
31.6\*

average hours training provided per employee

\*As at 31 December 2019

## Finance - Operating Budget

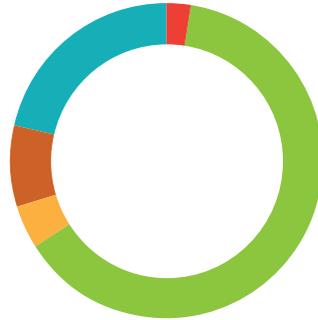
Budget 2019/20



Total Operating Budget  
**£81.8 million**

- People
- Support Services
- Equipment
- Advisors
- Investment Management Costs

Budget 2020/21



Total Operating Budget  
**tbc**

## Investment Management Costs



\*Using new CTI templates





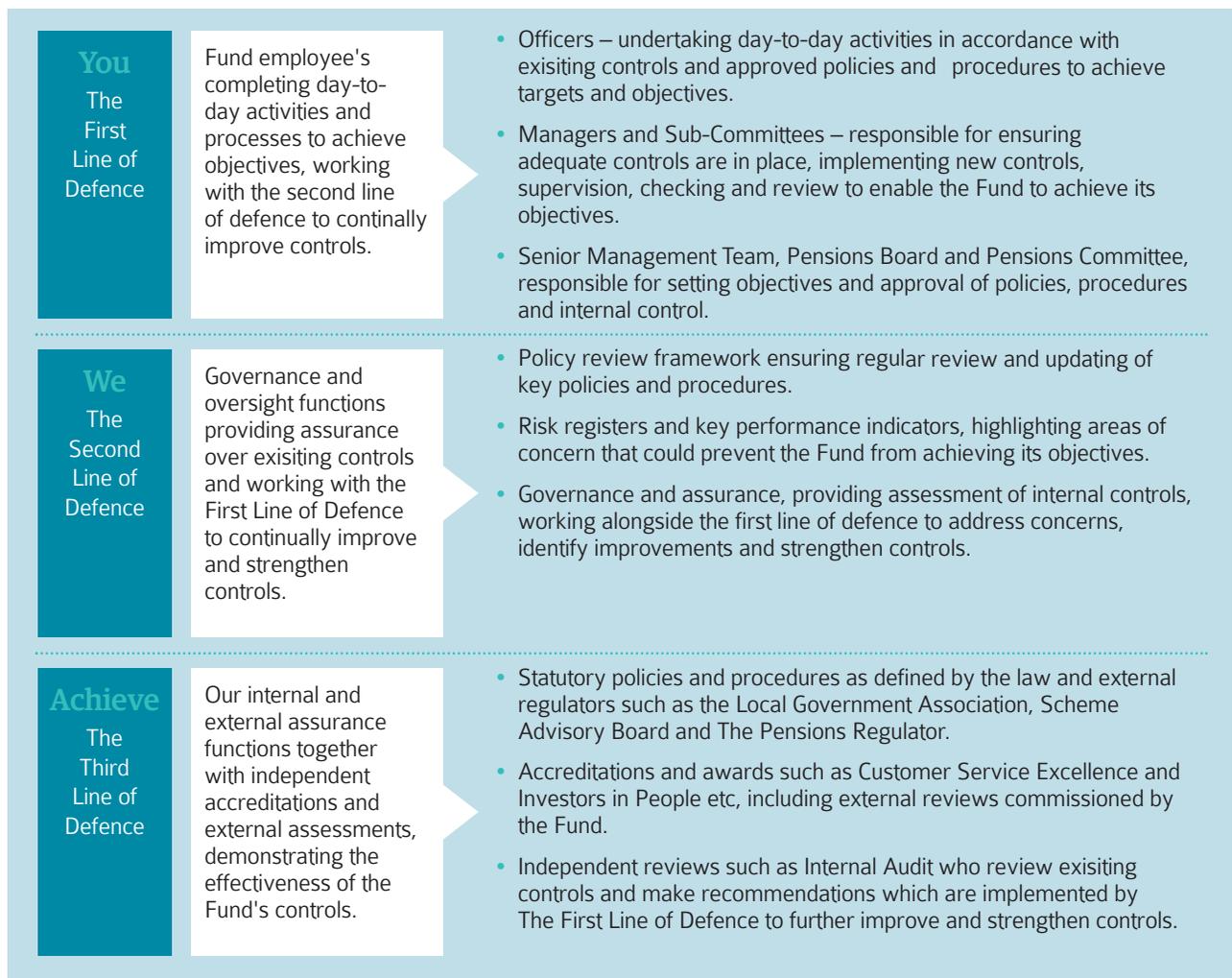
# Risk Management

The three lines of defence model is used to demonstrate the relationship between the different functions within an organisation and an organisations approach to assurance, managing risk and controls.

The first line of defence are those functions that operate controls in order to mitigate risks so that the organisation can achieve its objectives. The second line includes internal monitoring and assurance functions that identify risks and issues to assess the effectiveness of controls. The third line of defence is independent assurance such as internal/ external audit, awards and accreditations.

To illustrate how the Three Lines of Defence model works for the Fund we have used the strapline 'You, We and Achieve'. 'You', the first line of defence represents the Fund's people; 'We', the second line represents the Fund's assurance functions and 'Achieve' represents independent external assurance and recognition achieved by the Fund.

To demonstrate this further we have broken down each of the three lines to illustrate in more detail what each line represents to the Fund.



## Risk Management

The Fund's key risks identified as part of the risk management process, together with actions to mitigate them, are detailed in the table below.

O - Operational      R - Regulatory  
F - Financial        Rep - Reputational

Theme	Risk	Relevant strategy
<b>Operational</b>	1 Resourcing and retention	<p>Noting the challenge across the LGPS to secure highly-skilled individuals across all service areas, the Fund is responding to that challenge through its people development strategy and structured training program.</p> <p>Having the right people with the right skills, knowledge and behaviour is fundamental to the work of the Fund. Recognising the challenge across the LGPS to recruit the people with a good fit of knowledge and skills, it is important to the ongoing success of the Fund that it is able to offer attractive opportunities and development in the context of a challenging and changing environment. Local demand for pension and finance/investment resource continues to create recruitment challenges.</p> <p>Ensuring people are confident in their roles leads to improved efficiency and productivity in working practice and promotes an inclusive environment where collectively and individually our team members contribute to the success of the Fund, as well as finding new ways to achieve personal development and job satisfaction. The Fund's own training policy and appraisal programme supports building experience, skills and professional qualifications.</p> <p>The Fund works with its providers to shape and develop their services ensuring they are fit for purpose in responding to change.</p> <p>Through effective horizon scanning, the Fund is able to identify and prioritise key service developments utilising expertise built both in house and with our partners, to ensure effective monitoring of controls and ensure projects are managed to deliver successful outcomes.</p>
	2 Capacity to deliver services	
	3 High volume of service change and development with reliance on key service providers	
	4 Loss of key knowledge and skills	
	5 Increasing diversity in Fund members and employers	
<b>Financial</b>	6 Adequate monitoring of funding strategy and employer covenant strength	<p>The Fund has a diversified investment portfolio across geographical and sector investments and monitors employer covenant strength and funding development to enable early identification of potential strains on contribution rates.</p> <p>The Fund aims to ensure its investment portfolio, funding strategy and employer covenant framework are resilient to climate-related risks over the short, medium and long term. This includes the risk of failing to identify climate-related investment opportunities.</p> <p>For an effective first line of defence, the Fund integrates climate change into investment processes including selection and due diligence of assets. The aim is to decarbonise the portfolio through purposeful stewardship.</p> <p>The Fund incorporates climate risk identification and analysis into its covenant and funding processes. This is monitored and used to inform strategy reviews over the medium and longer term.</p> <p>In collaboration with partner funds, the Fund has developed transition planning and an assurance framework, working collaboratively with LGPS Central Limited to monitor the delivery of asset pooling.</p>
	7 Volatility in investment markets (including climate risk)	
	8 Ongoing development and delivery of investment pooling	

Theme	Risk	Relevant strategy
<b>Regulatory</b>	9 Regulatory change and its currently unknown implications	The Fund keeps abreast of developments, participating in consultation and calls for evidence and collaborations with other LGPS funds.
	10 Greater oversight from governing bodies with, as yet, unknown reporting requirements	<p>A number of regulatory changes were made and consultations issued during 2018/19, impacting scheme benefits and terms for employer participation and asset pooling. Arrangements and guidance for New Fair Deal, employer exit, asset pooling and member exit provisions (the long-awaited £95k cap), together with benefit changes from the cost management process could, as details emerge, materially impact Fund administration and implementation of investment strategy.</p> <p>Following an initial review in 2015 of the role of the administering authority for the LGPS and how this could be distinguished from a local authority in its role as scheme employer, the Scheme Advisory Board for England and Wales announced a follow on review as part of its 2018/19 work programme. In October 2018 the Board clarified that the follow-on review, developing options for change, was intended to help and assist with the management of potential conflicts of interest between the pension fund and the local authority whilst retaining local democratic accountability.</p> <p>The options under consideration seek to improve governance by increasing the degree of separation between the scheme manager function and host authority. The Board is expected to consult widely with a range of stakeholders ahead of considering recommendations for change and the Fund is well-placed to participate in those consultations helping to shape the future of the LGPS.</p>
<b>Reputational</b>	11 Ability to respond to our customers' changing demands in the way they engage	<p>The Fund continues to grow as an organisation, not just in member and employer numbers but also in the diversity of its customer base.</p> <p>With increasing demands for services, together with evolving preferences and expectations on access, working practices and approach will continue to evolve to support a growing range of channels.</p>

## Appendix - Links to Useful Documents

- Annual Reports
- Governance Compliance Statement
- Customer Engagement Strategy
- Communications Policy Statement
- Pensions Administration Strategy
- Employers - Risk Management Framework
- Funding Strategy Statement
- 2016 Valuation Report
- Investment Strategy Statement
- Responsible Investment Framework
- Climate Change Framework and Strategy



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

### **ITA**

Further to the enactment of the The Local Government Pension Scheme (West Midlands Integrated Transport Authority Pension Fund and West Midlands Pension Fund Merger) Regulations 2019, the West Midlands Integrated Transport Authority Pension Fund (WMITAPF) is now managed and administered by the City of Wolverhampton Council having been transferred from West Midlands

Combined Authority by virtue of the above regulations. WMITAPF has 5,000 members and assets of £0.5billion.

The WMITAPF is a closed scheme, meaning that no new members are being admitted, but a number of active members continue to build up their pension benefits.