

CITY OF WOLVERHAMPTON COUNCIL	Pensions Committee 24 March 2021
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Report title	Governance and Assurance	
Originating service	Pension Services	
Accountable employee	Rachel Howe	Head of Governance
	Tel	01902 55 2091
	Email	Rachel.Howe@wolverhampton.gov.uk
Report has been considered by	Rachel Brothwood	Director of Pensions
	Tel	01902 55 1715
	Email	Rachel.Brothwood@wolverhampton.gov.uk

Recommendations for noting:

The Pension Committee is asked to note:

1. The latest strategic risk-register and areas being closely monitored in the current environment.
2. The compliance monitoring activity undertaken during the quarter.
3. The Fund's Key Performance Indicators and the action taken to support service delivery.
4. The steps taken by the Fund in response to the Covid pandemic and the ongoing assessment of service delivery impact.

1.0 Purpose

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

2.0 Risk Management

2.1 Strategic Risk Register

- 2.1.1 Following the identification and assessment of individual operational risks, the Fund's Governance and Assurance Team, working with Senior Managers, develop the overarching Strategic Risk Register, which highlights the themes of risk which have the potential to impact the Fund's delivery of its objectives.
- 2.1.2 There are 22 risks on the Strategic risk register, 6 of which are red and 14 are amber. The Fund has not seen an increase in the rating for any of its strategic risks during this quarter with 2 risks reducing, noting the controls in place and the active monitoring to manage the Fund's response.
- 2.1.3 Following review of operational risk maps, 2 risks have been removed from the Strategic Risk Register in relation to investment pooling which are considered to be resolved noting the monitoring undertaken as part of the overarching investment pool risk register, (with oversight from Funds' internal audit). The pool risk register is due for reporting to the next meeting of the Central Joint Committee in June 2021.

The Strategic Risk Register is attached at Appendix A.

2.2 Areas of Concern

- 2.2.1 Horizon scanning enables the Fund to identify, evaluate and manage changes in the risk environment, preferably before they manifest as a risk or become a threat to the Fund. Additionally, horizon scanning can identify positive areas for the Fund to develop its business and services, taking opportunities where these arise. By implementing mechanisms to horizon scan the Fund is able to respond to changes or emerging issues in a coordinated manner. Any areas identified as having a potential impact on the Fund's Service Delivery are added to the Fund's "Areas of Concern".
- 2.2.2 This quarter the Fund have added two new risks to its 'Areas of Concern', these relate to the new municipal year and the potential for movement on the Fund's governing bodies and the public agenda on investment management, noting the increase interest and awareness of pension scheme action on climate change and impact of the coronavirus pandemic.
- 2.2.3 Following the revocation of the Exit Pay Reform Regulations, this concern has been removed, however, we note the potential for amended proposals to be forthcoming which is considered as part of the ongoing monitoring of scheme change.

- 2.2.4 In addition, the Fund has also removed the Pension Regulator's Code of Practice review as a separate risk, noting this is included in the general awareness of regulatory oversight together with the proposed changes from the good governance review.

The Areas of Concern are attached at Appendix B.

3.0 Compliance Monitoring

3.1 Data Protection

This quarter the Fund is reporting five data breaches, one less than the previous quarter. All five of the breaches identified were minor and the Governance Team continue to identify actions in order to improve procedures and prevent further instances, this includes issuing Fund specific data protection training focusing on prevention of data breaches.

3.2 Freedom of Information (FOI) Requests

This quarter the Fund received six FOI requests, all of which have been responded to within the deadlines set by Wolverhampton City Council, who operate in accordance with statutory timescales.

3.3 Subject Access Requests (SARs)

This quarter the Fund has received three Subject Access Request, a 50% reduction from the previous quarter. However, it is noted seven third party requests for member information have also been received. As reported previously, the third-party requests for information were received from claims companies seeking information in connection with a member's decision to transfer out their pension to another provider. This issue has been highlighted as an area of concern through the Fund's horizon scanning process.

4.0 Annual Regulator Activity

- 4.1 In accordance with the deadline set by the Regulator, the Fund have submitted their response to the Pension Regulator's (TPR) Annual Governance and Administration survey. As reported to Committee in December, TPR use the survey to identify areas of risk and areas of good practice across public sector schemes as a whole. The results from the survey will be shared with Committee following publication alongside any areas of improvement identified through the results.

- 4.2 The Fund continue to await the issue of the Scheme Advisory Board's (SAB) Local Pensions Board survey which assesses the effectiveness and operational efficiency of Local Pension Boards. Details of the completion and results from both of these reviews will be reported to a future meeting of the Pensions Committee.

5.0 Key Performance Indicators

- 5.1 The Fund's KPIs for this quarter are attached at Appendix C and again notes a slight downward trend in some areas of operational and workload performance, with most processes remaining within and close to target KPI. As previously reported, this is linked

to the current environment in which the Fund is operating and variability in incoming work, outlined in the reports presented to Committee.

6.0 Response to Covid-19

- 6.1 The Fund continue to operate a hybrid of office and working from home arrangements, with office use to support service area output. Employee wellbeing continues to be of primary focus with some office space provided to those who benefit from an office working environment.
- 6.2 In line with the Council's guidance, all employees are now required to wear face coverings when walking around the office with twice weekly lateral flow testing strongly encouraged for all persons working on site.
- 6.3 We will continue to monitor and follow Government guidance and review arrangements each week as the proposals to ease out of lockdown are implemented.

7.0 Financial implications

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

8.0 Legal implications

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

9.0 Equalities implications

- 9.1 The report contains no direct equalities implications.

10.0 Environmental implications

- 10.1 The report contains no direct environmental implications.

11.0 Human resources implications

- 11.1 The report contains no direct human resources implications.

12.0 Corporate landlord implications

12.1 The report contains no direct corporate landlord implications.

13.0 Schedule of background papers

13.1 [Report to Pensions Committee December 2020](#)

14.0 Schedule of appendices

14.1 Appendix A: Strategic Risk Register.

14.2 Appendix B: Areas of concern - Quarter 3 – 2020.

14.3 Appendix C: Key Performance Indicators – Quarter 3 monitoring.