

Report title	Annual Governance Report	
Originating service	Pension Services	
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Recommendation for action:

The Pensions Board is recommended to approve:

1. The Local Pension Board Work-plan for the 2022-2023 municipal year.

Recommendations for noting:

The Pensions Board is asked to note.

1. The appointments from the City of Wolverhampton Council to the member and employer representative elected member seats.
2. The following dates and time of the meetings of the Local Pension Board (14.00):
 - i. 19 July 2022
 - ii. 18 October 2022
 - iii. 24 January 2023
 - iv. 25 April 2023
3. The Governing Body Member Training Policy developed for members of the Fund's Governing Bodies which was approved by the Pensions Committee on 29 June 2022.
4. The publication of the national Scheme Advisory Board (SAB)'s annual report.

1.0 Purpose

- 1.1 To seek approval for the Annual Governance matters of Local Pensions Board in line with the good governance requirements of statutory regulation and guidance.

2.0 Background

- 2.1 The Local Pensions Board is a statutory Board created by the Public Services Pensions Act 2013 and governed in line with guidance from the Scheme Advisory Board (SAB) with oversight from the Pensions Regulator.
- 2.2 The Local Pensions Board is required by statute to publish information about its membership, responsibilities and work within its Local Government Pension Scheme (LGPS) Fund.
- 2.3 The Local Pensions Board meets four times a year to review and consider the actions of the Fund in line with governance requirements, their role is to aid the Pensions Committee and ensure the Fund is managed, taking into account in equal measure the interest and representation of Fund members and employers (customers). The two bodies are collectively referred to as Fund Governing Bodies who aim to work collaboratively to ensure the Fund delivers its long-term obligations to pay benefits promised by employers to its members. Joint training sessions are held with the Pensions Committee throughout the year, providing the opportunity for engagement on topical issues between Pensions Board and Committee members.

3.0 Local Pension Board Appointments 2022-23

- 3.1 The Board are asked to note the appointment of Cllr Sandra Samuels OBE from the City of Wolverhampton Council to the employer representative elected member seat. There have been no other changes to Board membership for the 2022-23 municipal year, with Councillor Rupinderjit Kaur retaining the member representative seat.

4.0 Dates and Times of Meetings for 2022-23

- 4.1 The Board are asked to note the following dates and time of meetings for the remainder of the current municipal year:

Pensions Board – 2pm

- i. 19 July 2022
- ii. 18 October 2022
- iii. 24 January 2023
- iv. 25 April 2023

5.0 Local Pension Board Work-Plan

- 5.1 Guidance from SAB on the role of local pension boards includes a requirement for local boards to publish information about their work. In considering the work of the Local Pensions Board going forward to ensure the continued good governance of the Scheme,

areas of focus for 2022/23 will continue to be focused around effective governance, customer engagement, regulatory change, service delivery and operational resilience to ensure the Fund is able to adapt and respond to the changing demands of service from its customers and to the changing regulatory landscape of the LGPS. The Board themselves may also add items as they review the Fund's governance in line with their statutory duty.

5.2 The Board will also continue to monitor delivery of the Fund's Corporate Plan 2022 – 27, having supported the Pensions Committee and officers to shape the goals and objectives of the Fund and to develop its areas of focus to support the achievement of those goals, as outlined below;

- People and Customers – ensuring we provide an inclusive and supportive working environment and create opportunities to build careers, securing future knowledge and skills.
- Corporate Communications – increasing accessibility to the Fund's support services and engaging wider stakeholders in the Fund's stewardship and partnership activity.
- Compliance and Risk – building and maintaining integrated assurance to instil confidence in our outcomes.
- Operational Resilience – ensuring that the Fund is able to flex, adapt and successfully respond to change.
- Investment Implementation – continuing to build a long-term, diverse portfolio with the ability to withstand volatility in markets.
- Stewardship – ongoing review and reporting to demonstrate that our outcomes are aligned to our stewardship ambitions, which seek to invest for real world change.
- Corporate Responsibility – to ensure that we are developing our own organisation in line with the standards that we set for others.

5.3 A copy of the Board's Annual Work-plan for 2022-23, is included at Appendix A for approval.

6.0 Governing Body Training Policy

6.1 The West Midlands Pension Fund believes a well governed scheme is led from the top, by its Governing Bodies and decision makers. To support the members of those bodies in their roles, equipping them with the knowledge and understanding of relevant issues, the Fund has established a formal training policy which details the minimum requirements expected of Governing Body members to support and enable policy decision and oversight of implementation, where delegated.

6.2 The training policy has been developed in accordance with the Chartered Institute of Public Finance and Accountancy (CIPFA)'s Code of Practice on Knowledge and Skills, which covers knowledge requirements for both Governing Body members and officers and the potential requirements which are anticipated from both the Pensions Regulator's Draft Single Code of Practice and the draft recommendations included in SAB's Good Governance review. The Fund will continue to review and update its policy, any further updates will be presented to the Board.

6.3 Recognising the importance of training in the developing landscape of the Scheme, the Fund have included details on the training requirements of the Governing Bodies within its Governance Compliance Statement. The Fund reviews its training policy on an annual basis to ensure it remains compliant with best practice and delivers a comprehensive suite of opportunities for the Local Pensions Board (and Pensions Committee) to develop knowledge and understanding.

7.0 Scheme Advisory Board (SAB) Annual Report

7.1 In line with its regulatory duty, the national SAB has, every year since 2013, produced its Scheme Annual Report highlighting national averages in areas such as investment returns, asset allocation, funding and governance.

7.2 SAB produces its report based on the published Annual Report and Accounts of the LGPS Funds across England and Wales. It is therefore produced retrospectively each year. This latest report highlights the aggregated position from the 2021 reports and provides a useful point of reference for a variety of stakeholders.

7.3 The LGPS highlights for 2021, as noted by SAB (covering LGPS England & Wales), include;

- The total membership of the LGPS grew by 66,624 (1.08%) to 6.226m members in 2021 from 6.16m in 2020
- The total number of active LGPS employers in 2021 was over 14,448
- The total assets of the LGPS increased to £342bn (change of 23.4%) during 2021
- The net investment return on these assets (after fees) as at 31 March 2021 was 20.56%, reflecting market conditions during the year
- The Scheme held a positive cash-flow position in 2020, including investment income
- The most recent Scheme funding level, aggregated across local valuations, remains at 98% (2019 valuation)

7.4 In comparison, the Fund's highlights for the year to 31 March 2021 show;

- The total membership grew from 333,934 to 335,101 (0.4%)
- Employers increased from 704 to 743 (5.2%)
- The Fund's total assets increased from £15.3 billion to £18.91 billion (20%), reflecting the market recovery post the Covid pandemic
- The Fund's local funding level was 94% (2019 valuation)

7.5 Throughout the year, SAB has issued a number of communications reporting on the outcomes of their meetings and delivery of their own workplan, all of which have been presented to the Local Pension Board and Committee in update reports at formal meetings, through training events or communication roundups. SAB is undertaking a "forward look" to agree its future strategic priorities following the appointment of new Board secretariat earlier this year and its workplan for 2022/23 is expected to be published in due course.

8.0 Financial Implications

- 8.1 The cost of the Local Pensions Board is contained within the Fund's Governance budget approved by the Committee at its March meeting.
- 8.2 A failure to comply with statutory requirements and/or guidance could result in a fine imposed by the Pensions Regulator.

9.0 Legal Implications

- 9.1 The requirement for a Local Pensions Board is set out in the Public Service Pensions Act 2013. It is a statutory body with statutory responsibilities. Failure by an LGPS Fund to comply with the statutory requirements could result in a fine or legal notice being imposed.

10.0 Equalities Implications

- 10.1 There are no implications.

11.0 All Other Implications

- 11.1 There are no other implications.

12.0 Schedule of Background Papers

- 12.1 Public Service Pensions Act 2013
<http://www.legislation.gov.uk/ukpga/2013/25/contents>
- 12.2 Scheme Advisory Board Guidance for Local Pensions Board
https://lgpsboard.org/images/Guidance/LGPS_Board_Guidance_FINAL_PUBLISHEDv1%201clean.pdf
- 12.3 Governing Body's Training Policy
<https://wolverhamptonintranet.moderngov.co.uk/documents/s177477/Appendix%20B%20-%20Governing%20Bodies%20Training%20Policy.pdf>

13.0 Schedule of Appendices

- 13.1 Appendix A: Local Pension Board Workplan