

<b>Report title</b>	Local Pensions Board Annual Governance Report	
<b>Originating service</b>	Pensions Services	
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**Recommendation for action:**

1. The Pensions Committee is asked to note the report, prepared annually in order to meet the legislative requirement for recording the work of the Local Pensions Board.

## **1.0 Purpose**

- 1.1 To inform the Committee on the work undertaken by the Local Pensions Board (“the Board”) during the 2022-23 municipal year and to meet the legislative requirement for producing an annual report.

## **2.0 Background**

- 2.1 The Public Service Pensions Act 2013 introduced the requirement to have a Local Pensions Board to assist in the good governance of the Scheme.
- 2.2 The West Midlands Pension Fund created and implemented the Local Pensions Board ahead of the deadline of the 1 April 2015 and has since developed an appropriate training programme and annual workplan in consideration of matters relevant to the Fund and the role of the Board.
- 2.3 The Local Pensions Board meet four times a year, with meetings held two to four weeks after Pensions Committee, when outcomes from the Committee, together with any matters the Committee would like the Board to consider, are raised. Any points raised by the Board for consideration by the Committee are discussed with the Chair of the Pensions Committee and are reported to the Committee for consideration no later than the next scheduled Committee meeting.

## **3.0 Board Membership**

- 3.1 In line with statutory requirements, the West Midlands Local Pension Board consists of an equal number of employer and member representatives. The Board has a cyclical membership with one member and one employer representative rotating on a biennial basis. This is to ensure the continuation of knowledge across the membership, while providing opportunity for new members to join and represent their relevant group (member or employer).
- 3.2 In accordance with the Fund’s agreed nomination process, details of employer seats due for nomination are advertised through the Fund’s Employer Peer group, within the employer newsletter and on its website. Nominations for member representatives are sought from the three main trade unions of the administering authority, who undertake a formal nomination process on behalf of the Fund. Board membership has been stable throughout 2022/23 with no unexpected vacancies occurring during the year.
- 3.3 The Board undertook its biennial nomination process during July 2022 where Paul Johnson, the Board’s Local Authority Representative, was re-appointed for a second term. The nomination process for one recently vacated member representative seat is ongoing, the Fund are liaising with Unison with regards to the nomination process they are undertaking on behalf of the Fund.

## **4.0 Training**

- 4.1 The Fund offered a number of both face-to-face and virtual training opportunities for Board members over 2022/23, to aid ongoing development of knowledge and skills, supporting Board members' consideration of the broad range of topics and information reported and discussed at Board meetings. A wide range of reading material has also been signposted to include relevant briefings and updates prepared by the Local Government Pension Scheme (LGPS) Scheme Advisory Board (SAB) and the Pensions Regulator.
- 4.2 The Fund endeavour to deliver joint training opportunities and events alongside the Pensions Committee to continue to build and strengthen relationships across the two governing bodies. During the 2022/23 year, in addition to the Fund's Annual General Meetings and Mid-Year Review, the Board were invited to attend a Responsible Investment Summit held by the Fund's Investment Pooling Company, LGPS Central, and joint induction and training events hosted by the Fund in June 2022, October 2022 and March 2023. The Fund will look to continue this collaborative engagement over the 2023/24 year, as well as responding to individual requirements and requests received through Governing Body member feedback.
- 4.3 Board members have continued to have access to a wide variety of reference and training materials including briefing notes and media updates, through continued use and update of a dedicated online learning platform available to both Pensions Committee and Local Pensions Board members, which also hosts relevant governance documents, handbooks, and training materials.
- 4.4 All members are encouraged to meet their training target to ensure that they obtain the relevant knowledge and skills required to undertake their role on the Board. Attached in Appendix A is a copy of the 2022/23 individual training hours recorded for members of the Board as at 30 April 2023.

## **5.0 Reports of the Pension Board**

- 5.1 During 2022/23 the Board did not refer any matter to the Pensions Committee and continued its focus on customer engagement and service delivery, risk management, investment governance, whilst supporting the Fund to review and enhance its services for customers, ensuring ongoing compliance with regulatory standards.
- 5.2 Throughout the year, the Board considered reports on the following topics:
- Customer Engagement
  - Pensions Administration
  - Governance and Assurance, including monitoring of Key Performance Indicators and Risk Management
  - Regulatory updates and the Fund's response to statutory change (e.g., McCloud)
  - Service Development
  - Funding Management
  - Responsible Investment and Climate Change
  - Investment Governance

- Funding Valuation

- 5.3 In addition to the above, and due to significant pressure on Fund resource as noted in the Strategic Risk Register, the Board (in line with Pensions Committee) have also focused on recruitment and retention throughout the year, requesting additional information on the management action and monitoring of vacancies, turnover, market trends and workforce planning which was shared with the Board through an exempt paper at their meeting in April 2023. The Board have requested that a further update on this matter is presented to their meeting in September 2023.
- 5.4 In order to continue to develop and build on their knowledge and skills, the Board have also received regular regulatory updates, focusing on developments within the Fund and the wider LGPS as part of their quarterly meeting cycle.

## **6.0 Scheme Advisory Board Developments**

- 6.1 At the time of reporting the Scheme Advisory Board's (SAB) Annual Report was pending publication. The report seeks to draw information from across the LGPS Scheme as a whole highlighting year on year comparators of membership, funding and investment performance, an update will be provided to Governing Bodies following the reports publication.
- 6.2 During 2022 the SAB established a new Compliance and Reporting Committee, the remit of which is to support Administering Authorities in delivering compliance and reporting requirements and to engage with regulators with the aim of clarifying compliance requirements, encouraging integration and where appropriate the simplification of regulations the LGPS is subject to. The SAB Committee has a developing programme to review an update guidance for the LGPS which in turn will inform the review of Fund policy's including the Governing Body training policy and the good governance knowledge and skills requirements. Updates on the work of the SAB Compliance and Reporting Committee will be provided to Governing Bodies in due course.
- 6.3 Throughout the year, the 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.

## **7.0 Costs**

- 7.1 The Fund is statutorily required to have adequate resource to ensure the governance, management and administration of the local pension scheme. The budget for governing bodies is included within the Fund's budget for governance.
- 7.2 To support the work of the SAB, all LGPS Funds are required to pay a levy based on membership numbers. For 2022/23 that levy was £25,941.00 (excluding VAT), which the Fund has paid as due.

## **8.0 Forward Plan for 2023/24**

8.1 At this time, the Fund is awaiting a number of regulatory and statutory guidance on matters relevant to the governance and administration of the Pension Fund. As noted above, general themes deriving from regulatory bodies includes governance, knowledge and skills of governing bodies, conflict management, data management and reporting, together with ensuring the ongoing support to members in managing their pensions through the pensions dashboard. The work of the Local Pensions Board will continue to evolve in line with forthcoming guidance and regulation, which seeks to ensure the good governance and administration of the Fund. At this time, we are also awaiting the publication of the Scheme Advisory Board annual workplan.

## **9.0 Financial Implications**

9.1 As outlined in the report.

## **10.0 Legal Implications**

10.1 The Fund is required to have a Local Pensions Board as set out in the Public Service Pensions Act 2013, which also requires the Fund to produce an annual report on the work of the Board.

## **11.0 Equalities Implications**

11.1 The West Midlands Local Pension Board membership seeks to ensure that the Fund's customers are fully represented on the Board with members drawn from each category of employer together with member representatives for the Fund's active, deferred and pensioner member base. The role of the Board is to ensure an inclusive governing body culture, which seeks to ensure diversity and inclusion across the Fund's policies and working practices.

## **12.0 All Other Implications**

12.1 There are no other direct implications to consider.

## **13.0 Schedule of Background Papers**

13.1 Scheme Advisory Board meeting papers are available on their website.  
[www.lgpsboard.org](http://www.lgpsboard.org)

## **14.0 Schedule of Appendices**

14.1 Appendix A – Local Pensions Board Training Hours 2022/23