

# Pensions Board

4 July 2022

<b>Report title</b>	Annual Governance Report	
<b>Originating service</b>	Pension Services	
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<b>Report to be/has been considered by</b>	Rachel Brothwood Email	Director of Pensions <a href="mailto:Rachel.Brothwood@wolverhampton.gov.uk">Rachel.Brothwood@wolverhampton.gov.uk</a>

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## Recommendation for decision:

The Pensions Board is recommended to approve:

1. The revised Terms of Reference for the Local Pensions Board.

## Recommendations for action:

The Pensions Board is asked to note.

1. The following dates and time of the meetings of the Local Pension Board (14.00):
  - i. 4 July 2023
  - ii. 17 October 2023
  - iii. 23 January 2024
  - iv. 23 April 2024
2. The Annual Cycle of Nominations and change to Board membership.

## **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 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 the Fund's customers (members and employers). The two bodies are collectively referred to as the Fund's 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.

## **3.1 Local Pension Board Terms of Reference**

- 3.1 Attached at Appendix A is the Local Pension Board Terms of Reference. The Terms of Reference for 2023/24 have been amended and updated to reflect statutory requirements, noting the various regulatory changes which have arisen over the 2022/23 year, anticipated areas of guidance forthcoming from the Scheme Advisory Board's Good Governance Review (knowledge and skills), and the Pension Regulator (Equality, Diversity and Inclusion). The Board are asked to approve the revised terms of reference, at appendix A.
- 3.2 Following approval, the Fund's Representation and Appointments policies will be updated to include details of the revised membership, a copy of both policies are available on the Fund's website and included as background papers to this report.

## **4.0 Board Membership**

- 4.1 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).

- 4.2 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.
- 4.3 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.

## **5.0 Training**

- 5.1 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 to 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.
- 5.2 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.
- 5.3 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.
- 5.4 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 B is a copy of the 2022/23 individual training hours recorded for members of the Board as at 30 April 2023.

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

- 7.1 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.

## **8.0 Dates and Times of Meetings for 2022-23**

- 8.1 The Board are asked to note the following dates and times 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

## **9. Financial Implications**

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

## **10.0 Legal Implications**

- 10.1 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.

## **11.0 Equalities Implications**

- 11.1 There are no implications.

## **12.0 All Other Implications**

- 12.1 There are no other implications.

## **13.0 Schedule of Background Papers**

- 13.1 Public Service Pensions Act 2013  
<http://www.legislation.gov.uk/ukpga/2013/25/contents>
- 13.2 Scheme Advisory Board Guidance for Local Pensions Board  
[https://lgpsboard.org/images/Guidance/LGPS\\_Board\\_Guidance\\_FINAL\\_PUBLISHEDv1%201clean.pdf](https://lgpsboard.org/images/Guidance/LGPS_Board_Guidance_FINAL_PUBLISHEDv1%201clean.pdf)
- 13.3 Governing Body's Training Policy  
<https://wolverhamptonintranet.moderngov.co.uk/documents/s177477/Appendix%20B%20-%20Governing%20Bodies%20Training%20Policy.pdf>
- 13.4 Governing Body Representation Policy  
[Representation Policy 2022 \(wmpfonline.com\)](#)
- 13.5 Local Pensions Board Appointments Policy  
[Local Pensions Board Appointments Policy 2022.pdf \(wmpfonline.com\)](#)

## **14.0 Schedule of Appendices**

- 14.1 Appendix A Local Pensions Board Terms of Reference
- 14.2 Appendix B Local Pension Board Member Training hours