

Pensions Board

23 January 2024

Report title	Risk and Assurance	
Originating service	Pension Services	
Accountable employee	Rachel Howe Email	Head of Governance, Risk and Assurance Rachel.Howe@wolverhampton.gov.uk
Report to be/has been considered by	Rachel Brothwood Email	Executive Director of Pensions Rachel.Brothwood@wolverhampton.gov.uk

Recommendations for action:

The Pensions Board is asked to note:

1. Changes to the membership of the Local Pensions Board.
2. The latest Strategic Risk Register and areas being closely monitored in the current environment.
3. The compliance monitoring activity undertaken during the quarter.
4. The Fund's Annual Report and Accounts which have been published on the Fund's website in accordance with the statutory deadline of 1 December 2023.
5. The publication of the Pension Regulator's new Code of Practice

1.0 Purpose

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

2.0 Board Membership

- 2.1 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 cycle 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). Membership rotation normally occurs at the start of each municipal year, with seats confirmed at the first meeting in July. Mid-term nominations to vacant seats follow the Board's established appointment process. Please find further information in the Pensions Board Appointments Policy in the Background Papers to this report.

Member Representative

- 2.2 In accordance with the Fund's agreed nomination process, nominations for member representatives are sought from the three main trade unions of the administering authority. The Board have received one nomination for the vacant representative seat for Sarah Feeney from the Unison Trade Union, a panel has not been called to approve the nomination as the process has been undertaken by the relevant trade union. The Board are asked to note the nomination which has been approved by the Chair and Vice Chair.

Employer Representative

- 2.3 Following the resignation of Paul Johnson, the Board's Local Authority Representative in October 2023, and in conjunction with the Local Authority Finance Directors group the Board have undertaken its nomination process and agreed to the appointment of Andrew Felton to the Local Authority representative seat. The Board are asked to note the nomination which has been approved by the Chair and Vice Chair.

3.0 Risk Register

- 3.1 The Risk Register captures the potential for impact in the Fund's service delivery as a forward-looking review, together with horizon scanning for changes which may impact or require change to the Fund's processes and delivery model. As such, the risks are refreshed each quarter and the directional arrows therefore reflect the trend on the risk assessment pre and post actions and mitigations (as opposed to quarter-by-quarter comparison).
- 3.2 This quarter the Fund continues to be alive to the current business change and transformational program and the impact this is having on the Fund's customers. The

Fund continues to work with suppliers to monitor and prioritise workloads to ensure the calculation and payment of pension benefits, with updates on pension administration and customer servicing provided in separate papers to this Board meeting.

- 3.3 Ongoing national and regulatory change with the published outcomes of anticipated consultations together with the increased reporting and oversight has the potential to disrupt focus on value added activity where there is a lack of consistency in approach.
- 3.4 Resource risk continues to be a focus for the Fund with the Fund's ability to attract and retain key knowledge and skill in an ever-competitive market.
- 3.5 The Risk Register is attached at Appendix A. The Risk Register was produced in Quarter 3, 2023/24 and has been reviewed and restated for January 2024, as presented in the appendix.

4.0 Key Performance Indicators (KPIs)

- 4.1 Further to the transition to the new administration system, work is being undertaken to develop comparator reporting from the previous quarter (reporting from the previous system). Details outlining workload management during the transition period, workload volumes and delivery for the current period are covered in separate reports to the Board. The Governance and Assurance team are working with Operation Managers to build comparator reporting as understanding of the data and process mapping in the new system develops.
- 4.2 The Governance and Assurance team are satisfied that there is effective workload monitoring and due diligence in place at this time to monitor and ensure timescales for current work are being monitored in the assessment and identification of workload priorities.

5.0 Compliance Monitoring

5.1 Data Protection

- 5.1.1 This quarter the Fund are reporting three data breaches, a reduction of seven from the previous quarter. Analysis of breaches identified that each was considered low risk due to the nature of personal information released.
- 5.1.2 The Governance team continue to monitor breaches and identify actions to improve controls. The Fund hasn't identified any systemic issues in the management of its data and the Governance team continues to work with service areas to implement ongoing enhancements in systems and individual knowledge. Where errors have occurred, feedback and, if necessary additional training, is provided to Managers and Fund employees by the Governance team.

5.2 Freedom of Information (FOI) Requests

5.2.1 The Fund received five FOI requests during the quarter, all requests received by the Fund have been responded to within the statutory deadline. Information requests this quarter have focussed on the Fund's investment activity, asset holdings and queries around procurement of contracts. The information relating to which are publicly available to requestors by alternative means.

5.3 Subject Access Requests (SARs)

5.3.1 The number of SAR requests received this quarter has decreased by six, with six requests being received in total. The statutory deadline for responses was met in all instances. Four of the requests received were from third party companies, with one request relating to members that had previously transferred out of the LGPS. As reported previously to Board, members are always made aware of third-party requests for personal data and the Fund always obtains consent from the member prior to releasing information to third parties.

6.0 Annual Report and Accounts

6.1 In accordance with the statutory deadline of 1 December 2023, the Fund's Draft Annual Report and Accounts have been placed on the Fund's website, a link to which is included within the background papers of this report.

6.2 As well as being published in the Fund's own Annual Report, the Fund's accounts are included in the Statement of Accounts of the City of Wolverhampton Council (CWC). The Fund's accounts will be certified by the external auditor, Grant Thornton, at the same time as CWC's accounts, with the process for the 2023 year-end accounts due to complete in the coming weeks. It should be noted that the audit of the Fund's accounts has been completed and the external auditor has indicated that an unmodified audit opinion will be issued.

7.0 Publication of the Pension Regulator's Code of Practice

7.1 Pension Board will be aware that the industry has been awaiting the new combined code of practice from the Pensions Regulator, with the Fund engaging in consultations and roundtables since 2019. On publication of the draft code in 2020 the Fund undertook a RAG rated gap analysis of any areas of development to ensure compliance with the governance standards set and will now look to review and refresh that analysis in light of the formal publication of the new code.

7.2 The new code of practice is due to come into effect in March 2024 with an expectation on schemes to review their existing governance standards in response. We will continue to update our Governing Bodies throughout the program of review.

8.0 Financial Implications

- 8.1 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. Poor management of the Fund's data, financial information and assets can result in additional costs and detract from investment returns.
- 8.2 Failure by the Fund to meet statutory requirements of effective governance and administration could result in fines imposed by the Pensions Regulator (tPR).

9.0 Legal Implications

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

10.0 Equalities Implications

- 10.1 There are no direct equalities implications.

11.0 Other Potential Implications

- 11.1 There are no other potential implications.

12.0 Schedule of Background Papers

- 12.1 Local Pensions Board Appointments Policy 2023: [Pension Board Appointments Policy 2023 \(wmpfonline.com\)](https://www.wmpfonline.com/pension-board-appointments-policy-2023)
- 12.2 Draft Annual Report and Accounts 2022-23: [Corporate information | West Midlands Pension Fund \(wmpfonline.com\)](https://www.wmpfonline.com/corporate-information-west-midlands-pension-fund)

13.0 Schedule of Appendices

- 13.1 Strategic Risk Register.