

Pensions Board

25 September 2018

Report title	Policy Review Update 2018	
Originating service	Pension Services	
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Recommendation for action

The Board are recommended to:

1. Promote the Fund's Customer Engagement Strategy amongst their representative groups.

Recommendations for noting

The Board is asked to note:

1. The actions taken by the Fund to review the Policies in line with the Annual Review Plan
2. The Fund's updated Customer Engagement Strategy and Responsible Investment Framework

1.0 Purpose

- 1.1 To provide an overview of the Fund's statutory duty and good practice policies, noting the Committee's adoption of the policies for the year 2018/19

2.0 Background

- 2.1 Each year Committee are asked to review and agree the Fund's operational policies. Some of these policies are required by statute. Others are adopted for operational purposes and to provide our customers with information about the Fund and the service they can expect to receive.
- 2.2 In conducting the annual review of the Fund's policies, the Fund needs to consider whether current versions are still relevant to its work, whether any new requirements have been imposed by legislation, together with considering whether the Fund is conducting its business in the most efficient way securing the best outcomes for our members.
- 2.3 Following the delegation in January 2015 from the Integrated Transport Authority (ITA), which was confirmed in the creation order of the West Midlands Combined Authority, to the West Midlands Pension Committee, the Fund has developed its policies which take into account its management of both Funds ensuring members and employers of ITA Pension Fund are fully represented and considered in the drafting of Fund policies.
- 2.4 A copy of the annual plan for policy review is attached as Appendix 1.

3.0 Policy Review to Date

- 3.1 During the 2017/18 year it was necessary to review certain statutory policies to ensure the Fund was prepared for the start of asset pooling within LGPS Central on 1 April 2018. The Fund's Governance Compliance Statement, Investment Strategy Statement and Responsible Investment Framework, together with the Pension Committee Terms of Reference were all approved at the March committee in readiness for the 1 April Go-Live date for LGPS Central.
- 3.2 Also in 2017/18 the Fund undertook a review of its Information Governance Framework as part of its preparation for the General Data Protection Regulations. A copy of the Fund's draft Data Protection Policy was presented to Committee in March with no major changes being required to date. The Fund will continue to monitor the development of the policy as GDPR beds in on a national level and following the enactment of the UK Data Protection Act 2018. All other Information Governance Framework policies have been reviewed to ensure their ongoing compliance with GDPR, these have been published on the Fund's website.

4.0 Policies recently adopted

Customer Engagement Strategy

- 4.1 The Fund has reported at each board meeting the work it has undertaken to develop its customer engagement through both its employer and member services teams. The work undertaken in this area has seen a positive impact on the Fund's customer satisfaction surveys and has enabled a smooth roll out of service changes during 2017/18 which included the change to monthly submissions from employers and the launch of the new Pensions Portal.
- 4.2 During 2017/18 the Fund also undertook a number of pilot engagements including a pensioner workshop which aimed to review the Fund's process leading up to retirement ensuring members received information when they needed it.
- 4.3 The Fund has consulted with employers on the revised Pension Administration Strategy and Employer Engagement Roadmap which feed into the Fund's Data Improvement plan.
- 4.4 In considering customer feedback and growing demand over the last 12 months the Fund has revised its communication and customer engagement policies, which outline the Fund's approach to engaging and communicating with each category of customer. A copy of the customer engagement policy is attached at Appendix 2.

Policy on Surplus and Termination Funding for Employers 2018

- 4.5 This policy review is currently on hold following the issuance of new regulations issued in May 2018 which amend previous legislation enabling Funds to pay a surplus credit if an employer exits the Funds with funding surplus. Further guidance and actuarial advice is needed to determine how this will operate in practice and proposals for changes to managing exit debts are also expected to emerge later this year which are likely to impact Fund policies and practice.

Administering Authority Policy Statement

- 4.6 Under the Local Government Pension Scheme Regulations, the Fund is required to publish its policy on 'discretions' where the Administering Authority (City of Wolverhampton Council), is required to carry out a task, but an element of choice is seen to exist in how that task is completed. An example of this is in relation to admission bodies or the requirement for a member to undergo a medical assessment before entering into a contract to purchase Additional Pension Contributions (APCs).
- 4.7 Under the General Data Protection Regulations, medical information is classed as special categories of data and is afforded a higher level of protection under the Regulations. As the Administering Authority Policy Statement refers to discretions which require a member to provide medical information, a Privacy Impact Assessment has been conducted on the management of medical information at the Fund. The outcome of the assessment determined that there is no significant risk to the medical information

which might be requested under this policy and therefore no change has been made to this requirement under the Policy.

Responsible Investment Framework

4.8 At its March meeting, Committee were asked to approve the updated Responsible Investment Framework, which is provided in Appendix 3. The majority of the framework remained unchanged. Aside from removal of areas of duplication, there were three main types of update. Firstly, some points of detail were updated, for example reference to the Fund's Statement of Investment Principles was replaced with reference to the Fund's Investment Strategy Statement. Secondly, the document's structure was previously divided in terms of its RI activities by groups of actors in the investment chain (the Fund, investment managers, investee companies) but is now structured by type of RI activity (selection, stewardship, transparency & disclosure). Thirdly, the role of LGPS Central and its relevance for the Fund's RI activities is noted. The Fund is committed to maintaining a leading RI Framework and it is believed that the updated Framework furthers that commitment.

5.0 Financial implications

5.1 Failure by the Fund to implement statutory policies may subject the Fund to fines imposed by the Regulator. Each policy has been drafted with this in mind and the implications were outlined as each policy is presented for approval.

6.0 Legal implications

6.1 The Fund is required under regulations to produce, publish and keep under review various strategies and policy statements. These are designed to establish best practice and accountability in the management of the Fund's assets.

7.0 Equalities implications

7.1 The Fund's policies are reviewed in line with the requirement to conduct an Equality Impact Assessment. There are no implications contained within this report.

8.0 Environmental implications

8.1 There are no implications

9.0 Human resources implications

9.1 There are no implications

10.0 Corporate landlord implications

10.1 There are no implications

11.0 Background Information

11.1 The Information Governance Framework of the West Midlands Pension Fund
www.wmpfonline.com/informationgovernance

11.2 The policies referred to in paragraph 3
www.wmpfonline.com/corporateinformation

12.0 Schedule of Appendices

12.1 Appendix 1: Policy Review Plan 2018/2019

12.2 Appendix 2: Customer Engagement Strategy 2018

12.3 Appendix 3: Responsible Investment Framework 2018