

CITY OF
WOLVERHAMPTON
COUNCIL

Pensions Board

22 January 2019

Report title	Service Development Report	
Originating service	Pension Services	
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Recommendations for noting:

The Pensions Board is asked to note:

1. The Fund's delivery of its Service Plan 2018 – 2023 priorities
2. The recent GDPR audit review and the work of the Fund in delivering the changes to Data Protection Law
3. The recent awards and accreditations at the Fund
4. Update on the Workforce Development Strategy
5. Update on the Fund's Digital Transformation Programme
6. Forthcoming challenges and opportunities.

1.0 Purpose

- 1.1 To provide the Pensions Board with an update on the Fund's delivery of the Service Plan, associated service development programmes and emerging themes that the Fund will need to prepare for and navigate to ensure it remains effective in the delivery of a high-quality service to our members and employers.

2.0 Background

- 2.1 The Fund's Service Plan 2018 – 2023 outlined the focus of the Fund's service delivery noting the opportunity for change together with the potential challenges forthcoming from the industry over the short to medium term.
- 2.2 Earlier this year, the Pensions Regulator launched its clearer, quicker, tougher campaign to drive up standards in the pensions sector, by setting out its expectations for a well-managed UK pension scheme. The Fund's Service Development Programme is focussed on achieving this standard while continuing to engage at a national level, helping to shape the future of the LGPS.

3.0 Service Plan 2018 – 2023

- 3.1 The Fund's Service Plan 2018 – 2023 set out the following objectives:

- **Partnering for Success**

Following the successful launch of LGPS Central Ltd in April 2018, the Fund has continued to work with the Company and our Pool partners to ensure the ongoing development of investment products which seek to meet the investment strategies of all, delivering on the Government's criteria of efficiency in investment management.

Through investment pooling, the Fund has forged good working relationships with our Partner Funds which has seen emerging partnerships across other service areas, including benefit administration. This partnering has led to the sharing of knowledge through service development initiatives such as monthly submissions as well as the opportunity to save cost through joint procurement programmes.

- **Responsible Investor, Employer and Community Partner**

In line with the Fund's Responsible Investment Framework, this year the Fund voted on over 34,262 company resolutions invoking its right as shareholder to engage from within and force change in the companies in which we invest.

In addition, this year has seen the largest number of our employees achieve a relevant qualification, undertaken in their own time, while continuing to deliver a high-quality service for our members and employers. As well as achieving qualifications, the Fund's officers have raised over £1059.21 so far this year for good causes both nationally and locally.

- **Investing to Increase Capacity**

In 2017, the Fund re-launched its member web portal with a new design, feel and user interface. It is one of the long-term objectives of the Fund to increase self-service for members and this year there has been a real drive to encourage members' use of the portal. Already the Fund has surpassed its target for member registrations with more users than ever accessing their account online.

As reported in the Fund's Annual Report and Accounts, this year, the Fund has continued to deliver several training sessions to our Trustees and Pension Board Members, with over 824.5 hours training achieved by our governing bodies to-date. This is a key focus for the Fund in ensuring our decision-making bodies are fully equipped with the knowledge and skill to lead our Fund.

- **Drive Efficiencies and Cost Savings**

Through the ongoing development of our services, the Fund takes a long-term approach to creating efficiency in its working practices. The initiatives developed by the Fund this year and the investment made in our services have been undertaken with the long-term goal of efficient and cost-effective service delivery. Year-on-year savings have been delivered in investment and administration, balanced against the requirement to deliver investment returns, meet increasing demand from employers and members and implement demonstrable strong governance. Investment in Fund service delivery includes the development of our self-service member platform and developing the LGPS Central Ltd asset pool to deliver the investment products, services and capability to meet Fund requirements.

- **Engaging to Improve Outcomes**

This year, the Fund has participated in a number of national and industry wide groups to ensure it is at the forefront of change in the LGPS.

3.2 A copy of the Fund's Corporate Priorities for 2018 – 2023 and the progress made throughout this year is attached at Appendix A.

4.0 GDPR Audit review

4.1 The EU General Data Protection Regulation (GDPR) came into effect on 25 May 2018 and replaced the previous version from 1995. Prior to it coming into effect, the UK Government enacted the Data Protection Act 2018 which sought to implement the EU legislation into UK law. Both pieces of legislation should be read in conjunction with one another and will be referred to jointly as "Data Protection Laws" throughout this report.

4.2 The Data Protection Laws were designed to harmonise data privacy laws and empower individuals in the management of their data by public and private sector organisations. The Data Protection Laws impose a greater duty on organisations to be open and transparent with individuals about how they use their data with greater opportunity to restrict and refuse that use being given to the individual.

4.3 In preparation for the changes, the Fund worked with a number of other LGPS Funds across the country to formalise our approach in the application of Data Protection Laws to our working practices. Working with the LGA, the Funds devised a number of template documents for circulation across the LGPS Funds, including the production of a Memorandum of Understanding which defined the Joint Data Controller relationship with our employers.

4.4 Internal Audit Review

4.4.1 Prior to the implementation of the Law in May 2018, Internal Audit at the City of Wolverhampton Council undertook an assessment of the Fund's preparation for the changes in November 2017, in line with the guidance from the Information Commissioner (ICO), using their 12 steps to GDPR as a basis for assessing our preparations. At that time, the Fund were deemed to be on course with our work with no significant issues highlighted.

4.4.2 Acknowledging that assessment was undertaken as part of our preparation, and with a number of steps still in progress at the time of the internal audit, a follow up assessment was requested in October 2018 to ensure that all steps required for compliance with the Law had been implemented.

4.4.3 Aside from some minor actions (where policies were still noted as draft, having been fully implemented) the internal audit review showed good compliance with Data Protection Laws noting the work the Fund had done to inform members of their rights and access to information under GDPR. A number of areas of good practice were highlighted as noted in the report attached at Appendix B.

4.5 External Audit Review

4.5.1 To further strengthen the Fund's compliance with Data Protection Laws, an external company were appointed to undertake a review of the Fund in line with wider national and industry organisations. The Fund had previously been assessed by an external company in 2015 and were found to be highly compliant and were keen to ensure this ongoing high standard under the new requirements.

4.5.2 The external audit found a number of areas of good practice and compliance with the requirements of the GDPR, with a number of areas to be updated to ensure complete compliance.

4.5.3 Overall the Fund scored a satisfactory rating noting it to be 82% compliant with the requirements of Data Protection Laws. Areas for improvement that were noted were policies had been drafted prior to 25 May and required updating to ensure it read as current not future tense. Work continues to develop some of the Fund's monitoring practices in relation to its Information Asset Register.

4.5.4 The Fund's Data Protection Officer will now undertake actions to ensure the areas for improvement are fully embedded.

5.0 Awards and Accreditations

- 5.1 This year, the Fund was awarded highly commended in a leading industry award ceremony for the transformation of its web portal from “clunky to funky”. In the shortlisting for the award, the Fund was in a category with a number of leading private sector funds and organisations, highlighting the Fund as a competitor in the private market for delivering services to customers. In recognition of the commitment of our Trustees and Pension Board Members to leading the way with good governance, the Fund was also shortlisted for the LAPFF investment award for Governance and has recently submitted 2 award submissions in respect of our member services that we are waiting to hear back from.
- 5.2 In addition, the Fund recently won an award for best commercial development in the Bath Property Awards for our property in Manvers Street. The judging panel noted the impact the development has had on the commercial outlook for the city.
- 5.3 As we move into the new year, the Fund will begin preparing for its reaccreditation of Investors in People which will now be assessed under the new standard for accreditation.

6.0 Workforce Development Strategy

- 6.1 In meeting its objectives of investing to increase capacity and being a responsible employer, this year the Fund launched its graduate and trainee recruitment programme with the aim of developing our future workforce and ensuring the succession of skills from our officers.
- 6.2 At its launch the Fund received 58 applications from graduates and trainees wanting to secure a future career with the Fund, 4 assessment days were held with 27 candidates having been shortlisted. Spaces on the Fund’s programme were highly competitive leading to 14 interviews with graduates being placed across all 4 service areas of the Fund, together with 5 trainees.
- 6.3 As well as developing our graduate and trainee programme, the Fund continues to invest in its officers to meet its succession plan and mitigate key man risk. This year there have been 18 internal promotions across all service areas of the Fund, highlighting the importance and success of the Fund’s people development programme.

7.0 Digital Transformation Programme

- 7.1 There is an increasing demand for greater access to pension information and guidance and there is a change in the ways in which customers expect to be able to access information and receive communications. The Fund has seen an increasing demand from its customers (employers and members) to interact and engage on a more digital platform. In response to this, in 2018 the Fund launched its digital

transformation programme which seeks to deliver on the expectations of our 'digital customers'.

- 7.2 A key area of this programme is the enhancement of the Fund's online portals. Over the summer the programme set out its key priority projects which include, development of a new employer portal, web tray processing with employers, increased automation and bulk processing, in particular leavers and online retirement quotations for deferred members and increased online submission of information by members.
- 7.3 These key projects have now moved into the scoping phase and the Fund is engaging with its software supplier to plan and specify the required developments.

8.0 Forthcoming challenges and opportunities

- 8.1 As the Fund starts preparing its Service Plan 2019 – 2024, a number of challenges and opportunities present themselves.
- Outcomes from the Scheme Advisory Board (SAB) targeted group employer reviews - tier 3 employer review and academy review
As noted in the Corporate Priorities appendix, the Fund continues to engage at national level to ensure it is helping to shape discussions for the LGPS.
 - Data governance and standardisation
The Fund continues to develop its data improvement strategy in line with meeting government and the Regulator's agenda on data quality in the LGPS. More funds are expected to transition to monthly returns as standard in the future.
 - Funding and actuarial valuation 2019
Noting the high turnover in employers since the 2016 actuarial valuation, uncertainty on future market conditions and ongoing pressures on employer finances (not least in some cases due in part to increasing pension costs in other Public Sector Pension Schemes).
 - Future benefit changes
Modest changes to the LGPS are expected following the first formal cost review by HMT/SAB. Unknown as this stage, changes are expected to be implemented from April 2019
 - Separation project
Discussions are ongoing at a national level regarding the future structure of the LGPS and how to ensure potential conflicts of interest are managed and standards are maintained whilst retaining accountability at a local level.
 - Ongoing focus on responsible investment/climate change
Fund officers continue to work with LGPS Central Ltd on investment stewardship and the development of investment products that meet the Fund's responsible investment framework noting this area of subject to be high on the public agenda. Additional investment beliefs which will form the basis of the Fund's Climate Risk policy were discussed with Pensions Committee in December.

- **Investment Pooling**
The Fund has transitioned over £5bn of assets into the new sub funds developed and launched by LGPS Central Ltd and has a number of advisory mandates in place covering legacy assets and those attained prior to or outside of the pool. Officers are actively involved in new product developments to enable further transfer of assets, aligned to investment strategy and asset allocation requirements, and attainment of pool-wide targets for cost savings.

9.0 Financial implications

- 9.1 The Fund's Service Development budget was approved by Committee for the 18/19 year and is presented back at each meeting to monitor progress. The actions contained within this report have all fallen within budget.

10.0 Legal implications

- 10.1 There are no implications

11.0 Equalities implications

- 11.1 The Fund complies with the Equalities Act having undertaken Equality Impact Assessments of all its policies and working practices where required.

12.0 Environmental implications

- 12.1 There are no implications.

13.0 Human resources implications

- 13.1 There are no implications

14.0 Corporate landlord implications

- 14.1 There are no implications

15.0 Schedule of background papers

- 15.1 Service Plan 2018 – 2023
<http://www.wmpfonline.com/CHttpHandler.ashx?id=12474&p=0>

16.1 Schedule of Appendices

- 16.1 Appendix A: Corporate Priorities Update 2018-2023
16.2 Appendix B: Internal Audit GDPR report.