

<b>CITY OF WOLVERHAMPTON C O U N C I L</b>	<b>Pensions Committee</b> 23 June 2021
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<b>Report title</b>	Governance and Assurance	
<b>Originating service</b>	Pension Services	
<b>Accountable employee</b>	Rachel Howe Tel Email	Head of Governance and Corporate Services 01902 55 2091 <a href="mailto:Rachel.Howe@wolverhampton.gov.uk">Rachel.Howe@wolverhampton.gov.uk</a>
<b>Report to be/has been considered by</b>	Rachel Brothwood Tel Email	Director of Pensions 01902 55 1715 <a href="mailto:Rachel.Brothwood@wolverhampton.gov.uk">Rachel.Brothwood@wolverhampton.gov.uk</a>

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### Recommendations for decision:

The Pensions Committee is recommended to approve:

1. The Governance and Compliance Statement.
2. The Fund's Representation Policy.
3. Establishment of a Special Appointment Committee with membership to be agreed with the Chair and Vice Chair of the Pensions Committee, to support in the appointment of the Assistant Director of Investment and Stewardship to the Fund.

### Recommendations for noting:

The Pensions Committee is asked to note:

1. The latest strategic risk-register and areas being closely monitored in the current environment.
2. The compliance monitoring activity undertaken during the quarter.
3. The Fund's Key Performance Indicators and action taken to support service delivery.
4. Updates on potential regulatory changes and statutory guidance emerging from the LGPS and wider pensions industry.

## **1.0 Purpose**

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

## **2.0 Governance Compliance Statement and Representation Policy**

- 2.1 In accordance with Local Government Pension Scheme Regulations the Fund is required to produce a Governance and Compliance Statement confirming its Governance arrangements, outlining the functions and responsibilities of its Governing Bodies (the Pensions Committee and the Local Pension Board). A copy of the Fund's Governance Compliance statement for 2021/2022 is attached at appendix A, the statement has been updated to reflect changes in governance arrangements.
- 2.2 Proposed changes to statutory guidance recommended by the Scheme Advisory Board's Good Governance review will require LGPS Fund's to publish a policy on representation of scheme members and non-administering authority employers on its Governing Bodies (the Pensions Committee and the Local Pensions Board). To demonstrate its commitment to Good Governance the Fund have established a Representation Policy alongside the review of its Governance and Compliance Statement and the delegations to its Governing Bodies, the Fund's Representation Policy is attached for approval at appendix B.

## **3.0 Special Appointments Committee**

- 3.1 In line with the City of Wolverhampton Council's Constitution, an appointments committee is required and will be established on a representative and politically balanced basis, to support with the appointment to the post of Assistant Director - Investment and Stewardship. The role is currently being advertised following a vacancy emerging in January 2021 and review of the future requirements for the role. Applications forthcoming will be reviewed to create a long list in late June, shortlist during early July and, subject to suitable applications and shortlisting, final interview is proposed with the appointments committee before the summer recess.
- 3.2 Subject to finalising arrangements with the Chair and Vice Chair, the committee will comprise of the Chair and Vice Chair, together with up to five other Pensions Committee members, including district and trade union representatives, advised by the Director of Pensions and HR Business Partner. A report, updating on progress, will be provided to the full Pensions Committee in September 2021.

## **4.0 Risk Management**

### **4.1 Strategic Risk Register**

- 4.1.1 The Fund continues to evolve its Risk Management practices to ensure effective management and mitigation of risk, both operational, financial and potential risk on the horizon which may arise from statutory change.
- 4.1.2 In line with its Risk Management framework, the Fund holds operational risk maps for each service area, each map is owned by individual Senior Managers and is bespoke to the risks and impacts of that service area. While risks may be cross functional across all service areas and therefore repeated in operational risk maps (resourcing being one) the effect of that risk and the impact is individual to each with each having individual mitigants to manage the impact.
- 4.1.3 From this, themes have been identified which are compiled on the attached strategic risk register. This is where there is overlap of risks across service areas, with the highest rating of risk from the risk maps (noted in the risk ID column) leading the rating on the strategic risk register. As the risks are now themed, the register also notes the current driver for that risk which represents the current area of concern. It is anticipated that the themes of risk on this strategic register will not change however there will be varying drivers throughout the year that may change the rating on the theme.
- 4.1.4 This approach makes the management of risk much more live and means that over the course of the year, the movement of risk will be reflective of the environment in any reporting period.
- 4.1.5 The Strategic Risk Register is attached at Appendix C. This quarter, focus remains on the changing regulatory environment, the Fund's ability to resource and recruit key roles with some senior roles being advertised at this time.

## **5.0 Compliance Monitoring**

### **5.1 Data Protection**

This quarter the Fund is reporting nine data breaches, an increase of four since the previous quarter, the Governance team have attributed this rise to the recently re-issued annual data-protection training which has heightened awareness amongst our colleagues. This is a comparative trend each year with the launch of annual training. All of the breaches were minor and involved minimal amounts of data with the majority raising concerns rather than true breaches. This reporting is welcomed as it supports good data management and affords pre-emptive action prior to a formal breach occurring. The Governance Team continue to identify actions in order to improve procedures and prevent further instances, and work with colleagues across operational teams to enhance data management processes.

## 5.2 Freedom of Information (FOI) Requests

This quarter the Fund received six FOI requests, all of which have been responded to within the deadlines set by Wolverhampton City Council, who operate in accordance with statutory timescales.

## 5.3 Subject Access Requests (SARs)

This quarter the Fund has received four Subject Access Request, an increase of one since the previous quarter. In addition, seven third party requests for member information have also been received. As reported previously, the majority of third-party requests for information were received from claims companies seeking information in connection with a member's decision to transfer out their pension to another provider.

## 5.4 Cyber Risk Management

Following the recent report to Committee at the March meeting, the Fund continues to develop its programme of activity to ensure effective management of Cyber risk. As part of this the Fund has taken part in an independent assessment by consultants AON, alongside other Funds to measure the controls and activities in place to manage cyber risk. The initial report received shows that the Fund scored higher than the average of the other local government Funds, in particular around the areas of governance, technology, member data and dealing with members. Since undertaking this assessment the Fund has implemented a number of additional activities to further increase this score.

## 6.0 Key Performance Indicators

6.1 Attached at Appendix D are the Fund's Key Performance Indicators at the year-end which note a continued upward trend in operational and workload performance indicators at quarter four, this is despite the increase in work volumes over the three months leading to the year end, the majority of KPI's remain either within or close to target.

6.2 Attached at Appendix E is an overview of performance year on year, this shows that on the whole performance is in line with last year and that KPI's remain on target despite the current environment in which the Fund continue to operate as a result of the Covid-19 pandemic. The Fund has seen a drop in performance for the timely completion of IDRPs cases, however this is due to factors outside of Fund control where delay has occurred in the receiving of medical reports, attributable to the current Covid environment.

## 7.0 Regulator Activity

### 7.1. The Pensions Regulators (TPR) Single Code of Practice

7.1.1 TPR released their consultation on the single code of practice during April, as previously reported, TPR are reviewing their 15 codes with the intention of creating one single code of practice. The Fund have responded to the consultation and a copy of the Fund's response is available on the website. Details of the TPR's response will be reported to a

future meeting of the Pensions Committee, along with details of the work being undertaken by the Fund in respect of preparation for the introduction of the single code of practice.

## **7.2 TPR Corporate Plan**

- 7.2.1 TPR have released their three year Corporate Plan, the plan outlines the regulator's priorities for the next three years which have been linked to five strategic priorities; Security, Value for Money, Scrutiny of decision making, embracing innovation and bold and effective regulation, these themes run through the goals and ambitions set out in the Fund's Corporate Plan, presented to Committee at its meeting in March.

## **8.0 Financial implications**

- 8.1 Poor management of the Fund's data, financial information and assets can result in additional costs and detract from investment returns. 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.
- 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 fine from both tPR and the Courts via judicial review.

## **10.0 Equalities implications**

- 10.1 There are no implications

## **11.0 Other Potential implications**

- 11.1 There are no other potential implications

## **12.0 Schedule of background papers**

- 12.1 [Fund's Corporate Plan 2021-2026](#)
- 12.2 [TPR Single Code](#)
- 12.3 [TPR Corporate Plan](#)

## **13.0 Schedule of appendices**

13.1 Appendix A: Governance and Compliance Statement

13.2 Appendix B: Representation Policy

13.3 Appendix C: Strategic Risk Register

13.4 Appendix D: KPI's Quarter Four

13.5 Appendix E: KPI's year on year