

Pensions Committee

15 December 2021

Report title	Governance and Assurance	
Originating service	Pension Services	
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Recommendations for noting:

The Pensions Committee is asked to note

1. The Urgent Decision taken by the Chair and Vice Chair of Pensions Committee, in consultation with the membership, to reduce the quorum requirements.
2. The Fund's Key Performance Indicators.
3. The latest strategic risk-register and areas being closely monitored in the current environment.
4. The compliance monitoring activity undertaken during the quarter.
5. Governing Body Training activities undertaken during the quarter.

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 Committee Quorum

- 2.1 The West Midlands Pension Committee Membership consists of 10 Wolverhampton elected councillors (as the Administering Authority), together with invited members from across the Metropolitan District Authorities of the West Midlands region who all participate as voting members and four Trade Union representatives who sit on the Committee as observers. Quorum for the committee is determined by the committee and should be of a number that enables effective decision making across the represented membership.
- 2.2 During the pandemic rules on face-to-face meetings were relaxed at a national level to enable those attending virtually to be included in the quorum for attendance, enabling the effective decision of matters being presented at a time when management of the pandemic was a priority.
- 2.3 Following the relaxation of lockdown, Government did not extend the interim arrangements to allow S101 meetings of local authorities to meet virtually, instead reverting to the requirement for them to be held in person.
- 2.4 The quorum for the Pension Committee (requiring attendance in person), stood at nine. Quorum for regulatory committees across Wolverhampton Council stands at circa 20% of total membership. In consideration of those invited to join the Committee and both the regional and pension fund-specific nature of the Committee, Officers have considered both the role of the Committee and practice elsewhere. In consultation with committee members, the Chair and Vice Chair took an urgent decision on 6 December 2021 to reduce the quorum for pensions committee to 5, with a minimum requirement that at least one attendee by a Wolverhampton Council Elected Member and one being a Metropolitan District Member.
- 2.5 A copy of the approved Urgent Decision Record is attached at appendix A.

3.0 Key Performance Indicators

- 3.1 Attached at Appendix B are the Fund's Key Performance Indicators.
- 3.2 There has been marginal movement across the Fund's Operational KPIs, covered in more detail in the Pension Administration Report with improvements showing across the retirement notification processes as a result of flexing resource to support increases in work volumes.
- 3.3 Engagement with the Fund from our customer base continues to be high, noted in the high volume of calls received into the Fund's customer contact centre, which has

impacted performance on a percentage basis together with capacity constraints on the team. Linked to this, member complaints are slightly higher this reporting period, following the communication with members on GMP reconciliation and the impact, for some, on their pension benefits going forward. It is expected that this trend will also cross next quarter's reporting.

- 3.4 Web Portal registrations have fallen slightly low of target for the quarter. The Fund usually sees trend increases on registrations following face-to-face delivery of events which have been on hold recently due to pandemic controls being in place. This last month, the Fund's member services team have reinstated face-to-face events at employer locations on request. Further information relating to these events is contained within the Customer Engagement Report.

4.0 Risk Management – Strategic Risk Register

- 4.1 As previously reported, work to continually evolve the Fund's Risk Management practices is ongoing to ensure effective management and mitigation of risk, both operational and financial, current and risks which may be on the horizon, for example as a result of regulatory change.
- 4.2 This quarter there has been movement across a number of risks areas with increased ratings across Resourcing, Data, and Service Delivery.
- 4.3 The Fund continues to drive forward with data collection in response to the McCloud judgment, engaging with employers and developing efficient processes. Initial data files received from employers has highlighted the potential for increased processing by the Fund both in relation to the data collection and analysis and in support for employers in understanding the data requirements. Work continues to assess the ongoing impact and resource requirements to support this work.
- 4.4 In line with the above, resourcing continues to be a high risk for the Fund in relation to the need to support regulatory change (such as McCloud), together with a number of vacancies across key service areas following team and resource reviews (to support increased requirements on service delivery and regulatory reporting). With a number of technical and skilled roles being advertised, the challenge for the Fund in competing with open market roles is becoming apparent and competition for specialist skills sets is heightened across the pensions industry and LGPS. The Fund continues to engage with the Council, as employer, in the review and grading of technical and specialist knowledge with some reliance on interim support for the medium term as recruitment is ongoing.
- 4.5 Due to the growing complexity in scheme rules requiring adaptation to a number of system processes, there is a short term need to undertake some manual processing which is impacting work volumes and processing times. The associated risk of reliance on third party providers who support automation in processes also contributes to the increased risk on service delivery. Through the natural turnover of time on service provider contracts, a number are also under procurement review which have the potential to impact timely service delivery.

4.6 The Strategic Risk Register is attached at Appendix C.

5.0 Compliance Monitoring

5.1 Data Protection

This quarter the Fund is reporting five data breaches, representing a reduction from the seven reported last quarter. As per the previous quarter all of the breaches were minor and involved minimal amounts of data with the majority providing an indication of areas with scope to strengthen controls in processes, rather than true breaches. The Governance Team continue to identify actions in order to improve procedures and make recommendations for improvement.

5.2 Freedom of Information (FOI) Requests

FOI requests are administered by CWC who are ultimately responsible for responding to requests, CWC set internal deadlines for response to ensure compliance with statutory timescales. The Governance Team continue to work across the Fund and in conjunction with Information Governance at CWC to ensure that FOI requests are dealt efficiently in accordance with prescribed guidelines and timescales.

This quarter the Fund responded to six FOI requests, five requests were dealt with in accordance with the deadlines set by the City of Wolverhampton Council (CWC), with, one request seeking, and being granted, an extension to internal deadlines to allow further validation checks on the information provided. All requests were responded to within statutory timescales.

5.3 Subject Access Requests (SARs)

This quarter the Fund has received eight Subject Access Request, an increase of five since the previous quarter. As reported previously, the majority of third-party requests for information are received from claims companies seeking information in connection with a member's decision to transfer out their pension to another provider; Committee will recall that the Fund has reported these concerns to the FCA and continues to monitor such requests in line with the Pension Regulator's Scam Pledge, for any flags which may indicate a need for further escalation with regulatory bodies.

6.0 Annual Regulator Activity

6.1 The Fund have completed and submitted the TPR's annual scheme return, in accordance with deadline set by the Regulator. The scheme return is completed annually and is used by the regulator to gather information about pension schemes, to identify potential risks.

7.0 Governing Body Training

- 7.1 Governing Body training events undertaken during the last six months included the following events with training hours being recorded and reported in the Fund's KPIs;
- Governing Body induction in June, which comprised of a variety of topics for both new and existing members and covered, pensions governance, administration and communications, investment strategy and responsible investment.
 - Virtual Mid-Year review which included information on the Pensions Administration Strategy and Cyber Security.
 - The Fund's autumn training day that included sessions on Our People, CIPFA Knowledge and Skills, Risk Management, Annual Report and Accounts, Pensions Dashboards, Funding and Responsible Investment.
- 7.2 The online learning library for Governing Body members has also been reviewed and updated and continues to provide a variety of training materials and relevant information for Governing Body members.
- 7.3 As previously reported, CIPFA have released an updated version of their Knowledge and Skills Framework, in accordance with the framework the Fund are in the process of undertaking a Governing Body Training needs assessment to identify future training requirements.

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 direct equalities implications.

11.0 Other Potential implications

- 11.1 There are no other potential implications.

12.0 Schedule of background papers

12.1 [CIPFA Knowledge and Skills Code of Practice and Framework](#)

13.0 Schedule of appendices

13.1 Appendix A: Approved Urgent Decision Record

13.2 Appendix B: KPI's Quarter Two

13.2 Appendix C: Strategic Risk Register