

PENSIONS COMMITTEE
21 JUNE 2019**2019 – 2022 BUSINESS PLAN**

Recommendation

1. The Chief Financial Officer recommends that the Pension Committee the 2019 - 2022 Business Plan be agreed.

Introduction

2. The purpose of the Worcestershire Pension Fund (WPF) Business Plan 2019 -2022 is to outline the Fund's strategic direction, goals and objectives, as well as providing Action Plans (project and business as usual) of the key priorities in order to further these objectives and setting a sustainable financial plan.

3. The Local Government Pension Scheme (LGPS) has been and remains in a period of uncertainty over further potential nationally imposed changes. A new Career Average Revalued Earnings (CARE) scheme was introduced from 1 April 2014, but concerns remain over the long-term cost and sustainability of the LGPS while the Government remain focussed on addressing pension fund deficits and reducing the costs of running the scheme.

4. The Fund continues to face increasing complexities in both the governance and administration of the scheme increasing pressure on resources and workloads. These include, but not an exhaustive list, the jurisdiction of the Pension Regulator and changes to the requirements for record keeping, data cleansing and covenant reviews, responsibility to the national Scheme Advisory Board, changes to the tax relief allowances, provision of data to/from HMRC for the guaranteed minimum pension reconciliation and rectification, increasing numbers of employer organisations (from outsourcing and academy conversions), delivery and monitoring of a robust investment strategy to create stability in employer contribution rates, and increasing expectations from stakeholders (e.g. scheme member and employer access to information). This means that the Fund will need to be flexible and responsive enough to adapt to all these changes.

Purpose and Vision of the Fund

5. The WPF is one of 91¹ funds administering the LGPS nationally. Worcestershire County Council is the statutorily appointed Administering Authority for the WPF. The LGPS is funded principally by its constituent employers and members, with assistance from investment returns. Unlike other public sector pension schemes, the LGPS is fully invested in financial markets / instruments and aimed to be fully funded over the long-term.

¹ Extracted from Scheme Advisory Board website 2019

6. The WPF acts as the “custodian” of the scheme for future generations with the aim to ensure it’s in the best shape as possible in managing its assets (investments) and liabilities (pensioners).

7. The WPF recognise the importance of the LGPS to its Scheme Members as an excellent scheme, providing significant benefits to members and its contribution to the wider economy by potentially keeping people out of means tested support in their retirement. It is also a valuable recruitment tool for employers which assist in attracting and retaining staff but with the appreciation of the significant liabilities it can generate for them.

8. The long term goals² of the Fund are thus:

- To achieve and maintain a 100% solvency level over a reasonable period of time and then maintain sufficient assets in order for it to pay all benefits arising as they fall due
- Maintain a managed risk investment and funding strategy to achieve the first goal.
- Maintain stabilised employer contribution rates.
- To provide a high quality, low cost customer focused service.
- To be open and honest in all our decision making.

9. The attached WPF Business Plan details how it intends to achieve its vision and goals by focussing on the following five key areas:

- Governance & Staffing
- Funding & Actuarial Matters
- Investments and Accounting
- Engagement, Communications / Customer & Employer Relations
- Pensions Administration

Oversight of Delivery

10. Attached at Appendix 1 is the 2019-2022 WPF Business Plan which outlines the Fund’s strategic direction, goals and objectives, as well as providing Action Plans (project and business as usual) of the key priorities in order to further these objectives and setting a sustainable financial plan. It is proposed that regular monitoring of progress and key performance indicators comes to both the Committee and the Pension Board as appropriate.

² WPF Funding Strategy Statement January 2019

Supporting Information

Appendix – Draft Business Plan with outline action programmes for 2019/20 and business as usual actions for 2019/20 to deliver the Pension Fund Business Plan.

Contact Points

County Council Contact Points

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Specific Contact Points for this report

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Background Papers

In the opinion of the proper officer (in this case the Chief Financial Officer) there are no background papers relating to the subject matter of this report.