

Pension Fund

DRAFT Annual Report and Financial Statements for the year ended 31 March 2019



Worcestershire County Council Pension Fund

Reports and Accounts for the year ended the 31st March 2019

Table of Contents

1. Chair's Foreword
2. About the LGPS and the Fund
3. Governance
4. Funding
5. Investments
6. Administration
7. Risk
8. Financial Statements
9. Statement of Responsibilities for the Financial Statements
10. Fund Account
11. Net Assets Statement
12. Notes to Accounts (note 2 is the actuarial statement)
13. Statement of Accounting Policies
14. Independent Auditor's Report
15. Glossary
16. Contacts

Important:

This report should be read in conjunction with the following documents that are referred to within the report:

- Full Listing of our Participating Employers.
- Investment Strategy Statement.
- Governance Policy Statement.
- Governance Compliance Statement.
- Funding Strategy Statement.
- Statement of Compliance with the UK Stewardship Code for Institutional Investors.
- Risk Register.
- Operational Plan for 2019.
- Policy Statement on Communication.
- Actuarial Valuation Report 2016.
- Worcestershire County Council Code of Conduct for Elected Members.

Minutes of Pensions Committee and Pension Board meetings are also available on our website.

1. Chair's Foreword

On behalf of the Pensions Committee, I am pleased to introduce an annual report which looks back on a scheme year of significant activity, continuing growth and considerable achievement of the Fund. The most notable achievements were:

- Our funding position being #% at 31 March 2019, in particular due to ### growth in assets.
- Management of risk through equity protection and starting our review of investment strategy and asset allocation review.
- Successful external audit of the 2017/18 Pension Fund Final Accounts
- Development and implementation of a Business Plan
- Reconciliation of the Fund's Guaranteed Minimum Pensions (GMPs).
- Being part of the establishment of a new investment pool, LGPS Central Limited on 1 April 2018 comprising 8 Funds.
- Increasing the number of our employers from ### to ###.
- Strengthening our management of and working with individual employers, for example by the introduction of employer covenant monitoring.
- Improved governance including the introduction of a training policy and delivery of an ongoing training programme for members of the Pensions Committee / Pension Board.
- Refreshing the content of our 'website'.

In the course of the year, the highlights of what was agreed by the Committee:

###insert links to Cttee papers

- A Pension Administration Strategy.
- Additional Pension fund investments to Walton Street US Property Fund II and Hermes Infrastructure Fund II
- Future transition of emerging market and corporate bond mandates to LGPS Central Limited in 2019.
- A Statement of Compliance with the UK Stewardship Code for Institutional Investors.
- Extra manpower and robust succession planning to support the Chief Financial Officer and to increase the Fund's engagement with its stakeholders.

During the year Fund membership continued to grow:

	31/03/2009	31/03/2014	31/03/2018	31/03/2019
Employee Members	20,282	20,739	22,478	
Deferred members	12,169	15,308	17,507	
Pensioner members	11,100	16,829	20,351	
Total Members	43,551	52,876	60,336	

As readers will be aware, the Fund primarily exists to pay pensions. This core activity of pension scheme administration was again delivered successfully throughout the year. From a Fund management perspective it is worth noting that the increase in pensioners since 2009 reflects the fact that people are living longer these days. This in turn means that the Fund needs to have more money available for longer to meet the 'guaranteed pension for life' promises made to its pensioners compared to what was needed in the past.

In the last year we had # new pensioners, split:

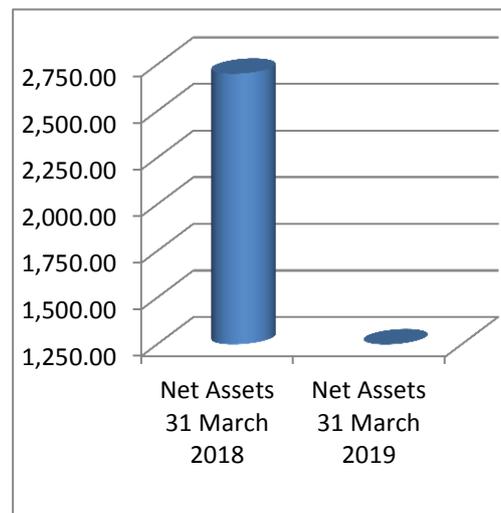
- # ill health.
- # early retirement.
- # normal age retirement.

The year saw # new employers joining and # employers exiting the Fund, bringing the total number of employers at 31 March 2019 to #. We anticipate that the total number of employers will continue to increase over the next few years due to further outsourcing of services and schools converting to academy status.

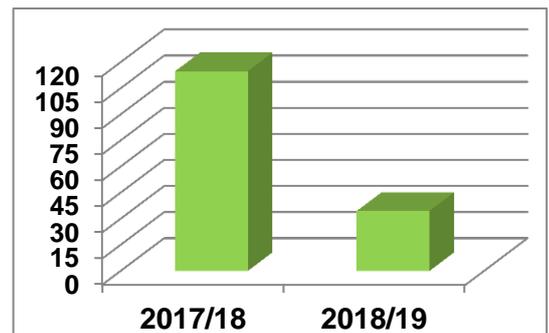
The year's key financials were that in a year that saw investment markets # (*insert a v short bit from investment adviser's report that is in the Investments section*):

- The value of net assets increased to £# million at 31 March 2019 from £2,701.0 million at 31 March 2018.
- Income from contributions fell from £195 million to £# million) due mainly to some employers paying 3 years of pension contributions upfront in 2017 / 2018.
- Interim monitoring reports from our actuary show the funding level of ##% as at the 31st March 2019. In 2018-19 the fund had overall returns of #% against a universal average x%.
- A deficit of £# million resulted on the Fund Account compared to a surplus for 2017 / 2018 of £114.8 million mainly due to 3 years upfront contributions being paid in 2017 / 2018.

Net Asset Value (£m)



Surplus on the Fund Account (£m)



Financial Summary

	2014-15	2015-16	2016-17	2017-18	2018-19
	£m	£m	£m	£m	£m
Contributions and Benefits					
Contributions Receivable	99.6	104.3	107.8	185.2	
Individual Transfers	4.1	5.4	8.0	10.4	
	103.7	109.7	115.8	195.6	
Benefits Payable	-92.8	-93.9	-95.5	-98.0	
Payments to and on Account of Leavers	-57.3	-7.3	-7.0	-8.8	
	-150.1	-101.2	-102.5	-106.8	
Management and Admin expenses	-6.5	-8.0	-8.2	-9.8	
	-52.9	0.5	5.1	79.0	
Return on Investments					
Investment income	40.8	38.1	29.4	35.8	
Change in Market Value of Investments	202.3	-73.6	494.1	105.3	
Net Return on Investments	243.1	-35.5	523.5	141.1	
Net Increase in the Fund	190.2	-35.0	528.6	220.1	
Net Assets at Year End	1,987.3	1,952.3	2,480.9	2,701.0	

Whilst this annual report by its nature looks back on 2018 / 2019, our Operational Plan for 2019 looks ahead, see: #

three-year forecast of income and expenditure into and out of the fund (including administrative costs), in addition to an annual cashflow forecast, identifying performance against budget and highlighting and explaining any significant variances.

I'd like to finish my foreword by thanking all new and continuing members of the Committee, the Chair and members of the Pension Board, our advisers, staff at the Fund and our employers for all their continuing hard work for the Fund and its members.

Councillor B Banks

Chair

Worcestershire Pension Fund Pensions Committee

2. About the LGPS

The LGPS provides benefits for employees working in local government who are not teachers, police officers or fire fighters who have their own pension schemes. The LGPS is governed by the Superannuation Act 1972. The LGPS is granted “exempt approval” status by HM Revenue & Customs (HMRC) for the purposes of Income and Corporation Taxes Act 1988.

The LGPS is also classified as a Registered Pension Scheme under Part 4 of Chapter 2 of the Finance Act 2004 and the regulations are fixed on a national basis.

The current LGPS rules are contained within the LGPS Regulations 2013, the LGPS (Transitional Provisions, Savings and Amendment) Regulations 2014 and the LGPS (Amendment) Regulations 2015.

LGPS regulations specify the member contribution rates payable. Members currently pay a contribution rate of 5.5% to 12.5%, based on their actual pensionable pay.

Members have the freedom to opt out of the LGPS.

LGPS regulations specify the type and amounts of benefits payable.

The Pensions Regulator (TPR)

Following the continuing expansion of its statutory duties in respect of Public Sector Pension Schemes that includes the LGPS, the TPR's priorities for 2018 to 2021 are:

- Enhancing and executing effective regulatory approaches across all schemes.
- Promoting good trusteeship through improving governance and administration.
- Effective regulation of defined benefit schemes.
- Effective regulation of master trusts.
- Ensuring employers meet their ongoing automatic enrolment duties.
- Preparing for the impact of Brexit.
- Equipping our staff to meet the challenges that TPR faces.
- Developing an approach to regulation that focuses on more proactive and targeted work and uses a wider range of regulatory interventions.

LGPS benefits

Since April 2014 benefits are accrued on a Career Average Revalued Earnings (CARE) basis and include:

- An inflation protected pension at retirement, with the option to convert part of the pension to a tax free lump sum
- Early payment of benefits on ill-health

- Early payment of benefits if aged 55 or over if:
 - Made redundant
 - Retired through business efficiency
 - Taking flexible retirement
- A lump sum death grant on death in service
- An inflation protected dependent's pension if death occurs before retirement
- An inflation protected dependent's pension on death after retirement
- A lump sum death grant on death after retirement (depending on eligibility)
- The opportunity to transfer to another pension scheme provider
- A refund (depending on eligibility criteria but generally if scheme membership is less than 2 years)
- Purchase of extra pension by means of Additional Voluntary Contributions (AVCs) through the Fund's approved in-house AVC providers
- Purchase of additional pension through Additional Pension Contributions (APC's) arrangements

About the Worcestershire Pension Fund

The LGPS is administered by 89 separate, designated Administering Authorities throughout England and Wales. Worcestershire County Council is the Administering Authority for the Local Government Pension Scheme (LGPS) within the Worcestershire and Herefordshire area.

Our primary objectives are to:

- Ensure that sufficient assets are available to meet our liabilities as they fall due.
- Maximise investment return at an acceptable level of risk.
- Enable employer contribution rates to be kept at a reasonable and affordable cost.
- Manage employers' liabilities effectively.
- Be a leading performer in the LGPS sector.
- Provide a high-quality pension service.
- Comply with regulations, legislation and codes of practice.
- Deliver the highest governance standards.

The Fund's membership profile as at 31 March 2019 was as follows:

Age Band (years)	% of members			
	Employee	Deferred	Pensioner	Total
<20				
20 - 24				
25 - 29				
30 - 34				

	% of members			
35 - 39				
40 - 44				
45 - 49				
50 - 54				
55 - 59				
60 - 64				
65 - 69				
70 - 74				
75 - 79				
80 - 84				
85 - 89				
>90				

The Fund has over 200 employers whose employees are members of the LGPS:

	Active as at the 31/03/2019	Ceased in 2018/19	Total
Scheduled bodies			
Academies			
Designated bodies			
Admitted bodies			
Total			

Notes:

- Scheduled (in the regulations) bodies are organisations whose employees qualify to become members of the LGPS by right. These include county councils, district councils, foundation schools / colleges and academies (who are for presentation purposes shown as a separate category in the table above).
- Designated bodies are organisations that have passed resolutions with town or parish councils.
- Admitted bodies are organisations that fall into none of the previous 3 categories. Admitted bodies are voluntary / charitable bodies and other organisations to whom local government employees have been transferred under the outsourcing of local government services whose staff can, at the discretion of their employer, become members of the LGPS.

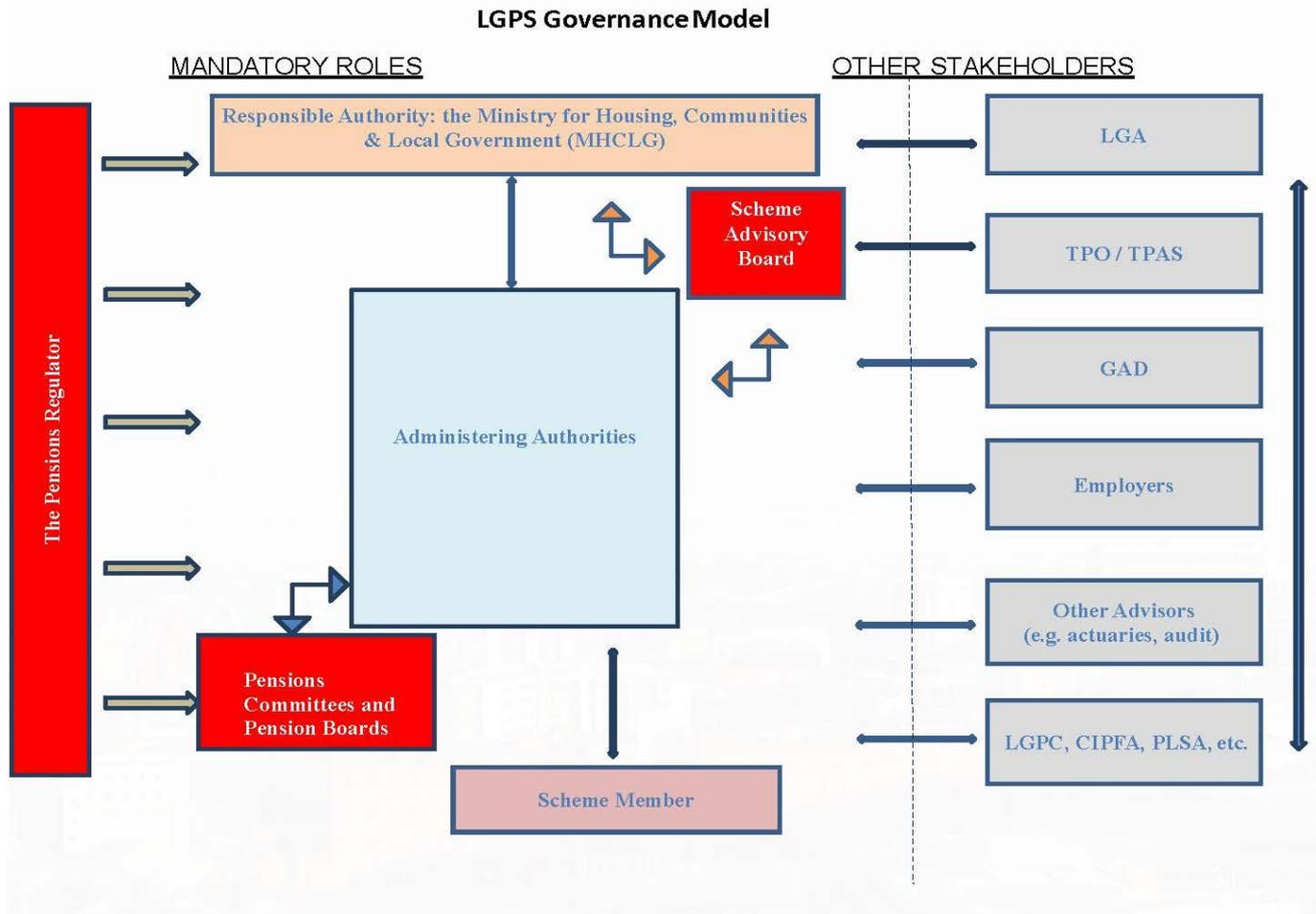
Note: A full list of our participating scheme employers is available at #.

above table needs to include the amount of contributions received from each organization during the year split between employees and employers

3. Governance

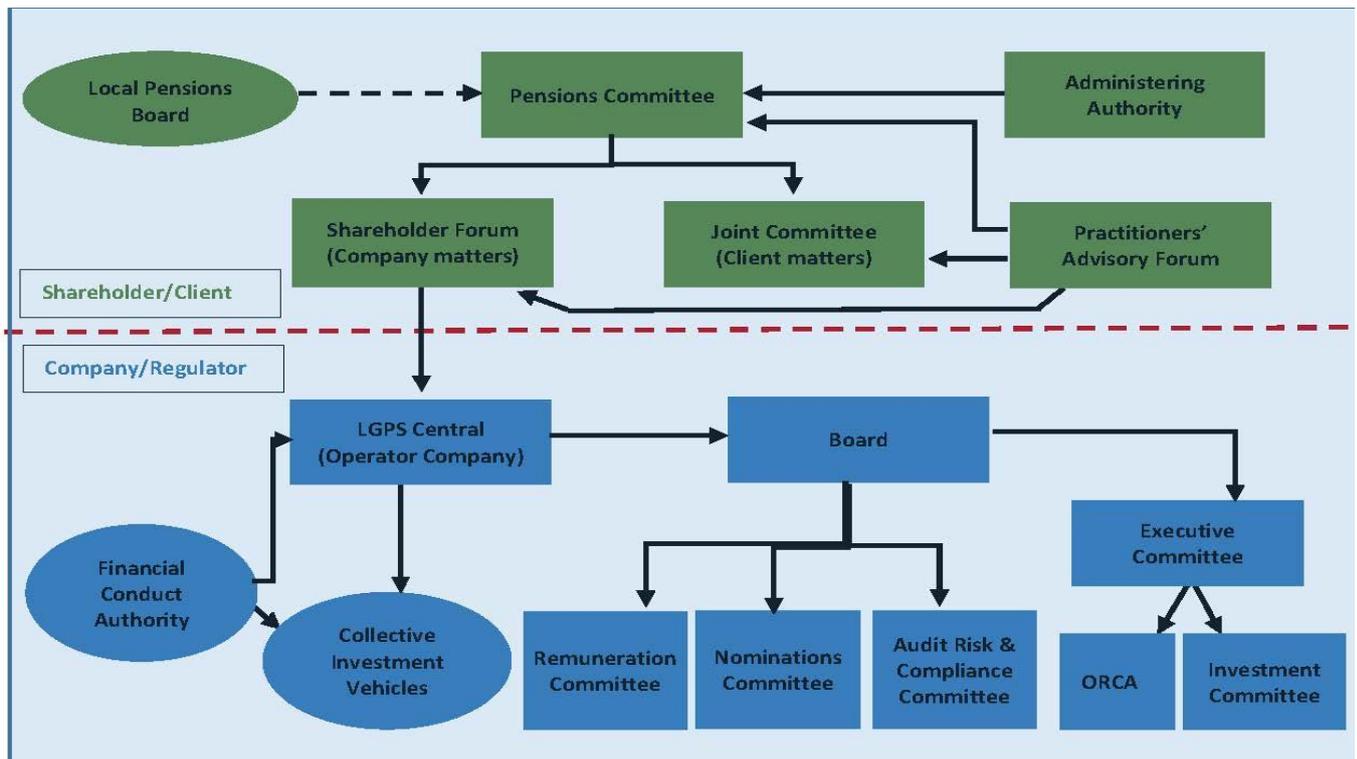
Our governance arrangements take account of:

- The way in which the LGPS is governed.
- The governance arrangements of LGPS Central Limited.
- The guidance issued by The Pensions Regulator.

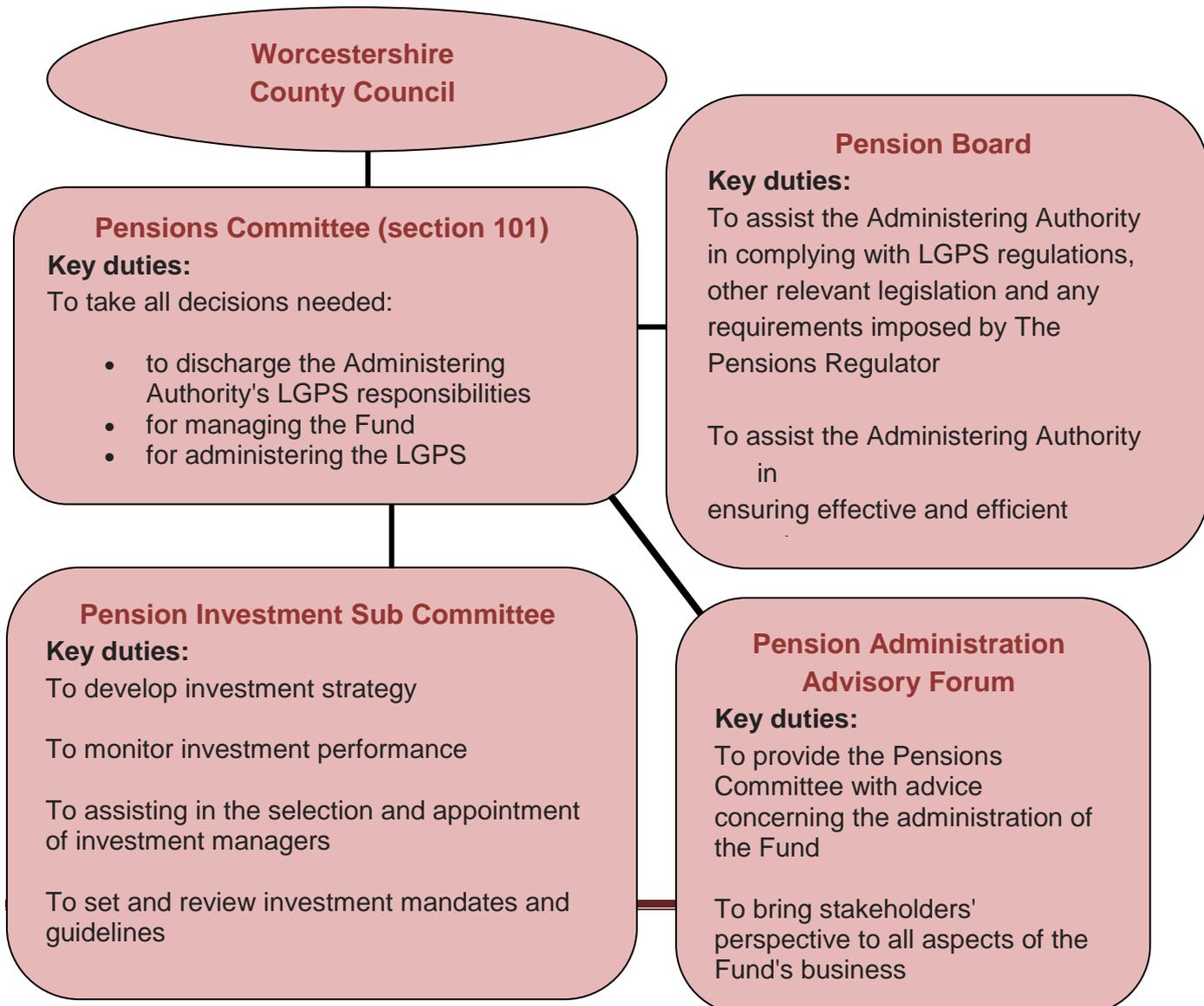


LGPS Central Limited

In collaboration with eight other Local Authorities (Cheshire, Leicestershire, Shropshire, Staffordshire, the West Midlands, Derbyshire, Nottinghamshire, and the West Midlands Integrated Transport Authority) we plan to pool actively managed assets using LGPS Central Limited using the following governance model.



Worcestershire Pension Fund Governance



Administering Authority

Worcestershire County Council
County Hall, Spetchley Road
Worcester WR5 2NP

Scheme Manager

Michael Hudson LLB (Hons), LL.M.,
CPFA Chief Financial Officer

Pensions Committee as at 31 March 2019

	Meetings attended in 18/19					Training received	
	22/06	05/10	28/11	21/01	19/03	18/09	18/12
Cllr B Banks (Chair)	✓	✓	✓	✓		✓	
Cllr R Lunn	✓		✓	✓		✓	
Cllr P Middlebrough	✓	✓		✓		✓	✓
Cllr A Hardman	✓		✓			✓	
Cllr P Tuthill	✓	✓	✓	✓			✓
Cllr R Phillips (Herefordshire)		✓					✓
Adrian Becker – Unison (Employee Representative)	✓	✓		✓		✓	
Vic Allison (Employer Representative)	✓	✓	✓	✓		✓	✓

Pension Board as at 31 March 2019

	Meetings attended in 18/19				Training received	
	02/05	25/7	31/10	04/02	18/09	18/12
Keith Bray (Chair)	✓	✓	✓	✓		
Lyn-Marie Chapman	✓	✓	✓	✓	✓	✓
Kim Wright		✓	✓	✓	✓	
Phil Grove	✓		✓	✓	✓	
Nigel Shaw	✓	✓	✓	✓		✓

Notes:

- (1) The training on 18 September covered the administration cycle, GMPs, covenant monitoring, asset allocation and investment pooling.
- (2) The training on 18 December covered data quality, the administration cycle, equities and transitioning assets.

Pension Investment Advisory Panel (2018 / 2019)

Councillor A I Hardman (Chair)

Councillor R W Banks

Councillor L Mallet

Mrs D Duggan – Unison

Mrs J Bennet – Unison

Michael Hudson LLB (Hons), LL.M, CPFA Chief Financial Officer

Rob Wilson Pensions Investment, Treasury Management Manager

LGPS Central Limited shareholder representative

Councillor A I Hardman

Fund Investment Managers as at 31 March 2019

JP Morgan Asset Management

Legal & General Investment Management

Venn Partners

Invesco Real Estate

Walton Street Capital, LLC

Stonepeak Infrastructure partners

EQT

Nomura Asset Management UK Ltd

Schroder Investment Management

Hermes Investment Management

UK Green Investment Bank

First State Investments

AEW

River & Mercantile

Global Custodian (2018 / 2019)

BNY Mellon

Independent Investment Adviser (18 / 19)

M J Hudson

Actuary to the Fund

Mercer Human Resource Consulting

Environmental Social Governance (ESG) adviser

LGPS Central Limited

Bankers

Barclays

Auditors to the Fund

Grant Thornton UK LLP

Legal adviser

Worcestershire County Council

In house AVC provider

Scottish Widows

Pension Administration Advisory Forum

The Fund invites all employers to these which are held at least twice a year.

Please refer to the following for full details on our governance arrangements:

- Our Governance Policy Statement
- Governance Compliance Statement 2019

4. Funding

Members' accrued benefits are guaranteed by statute. In line with government requirements we undertake actuarial valuations to compare the Fund's assets against its liabilities (its funding position) at a given point in time, assuming no further benefits are accrued after the valuation date.

At the last actuarial valuation (as at 31 March 2016) the Fund's assets of £1,952 million represented 75% of the Fund's past service liabilities of £2,606 million (the "Funding Target"). The deficit of £654 million was planned to be eliminated by a contribution addition of £34 million per annum increasing at 3.7% per annum for 18 years.

As at 31 March 2019 we estimate that the Fund was #% funded. The actual funding position as at 31 March 2019 will be confirmed by the actuarial valuation.

To meet the requirements of the regulations, we have set a clear long-term funding objective; to achieve and then maintain assets equal to 100% of projected accrued liabilities, assessed on an ongoing basis.

In tandem with the actuarial valuation the Actuary helps us to produce a Funding Strategy Statement that is available from our website. This focuses on the pace at which future benefits will be funded and on practical measures to ensure that employers pay for their own liabilities.

Members' contributions are set at a rate which covers only part of the cost of accruing benefits after the valuation date. Employers pay the balance of the cost of delivering future benefits to members.

At the 2016 actuarial valuation a common rate of contribution of 15.3% of pensionable pay per annum was set for employers.

As the Actuary assessed the particular circumstances of each employer, including the strength of its covenant, and its individual membership experience within the Fund, the Actuary applied individual adjustments to each employer to reflect these circumstances.

This resulted in a higher contribution rate than the baseline 15.3% and / or an annual cash contribution at a fixed amount being set for many employers.

The next actuarial valuation and review of the Funding Strategy Statement will be carried out as at 31st March 2019, with any changes to employers' contribution rates being implemented with effect from 1 April 2020.

The 2016 actuarial valuation report is available at #

Our Funding Strategy Statement is available at #

5. Investments

Subject to the LGPS regulations on allowable investments, the Fund may invest in a wide range of assets and strategies including quoted equity, government bonds, corporate bonds, money markets, traded options, financial futures / derivatives and alternative strategies including infrastructure / property pooled funds.

The Fund's investment objective is to support the funding strategy by adopting an investment strategy and structure which incorporate an appropriate balance between risk and return.

Our Investment Strategy Statement is available at: #

The Pensions Committee retains responsibility for the investment strategy of the scheme but has delegated oversight of its implementation to the Chief Financial Officer. The Committee regularly reviews the Fund's investment management arrangements. In broad terms, at 31 March 2019 the Fund's strategic allocation was to be invested 75% in equities, 10% in fixed income and 15% in property / alternatives.

The Fund's assets are managed day to day by the Fund's appointed specialist, external investment managers.

The Fund is a partner fund of the LGPS Central Limited pool. During 2018 / 2019 no assets were transitioned to LGPS Central, but costs were incurred by all the partner funds under a cost sharing agreement and our contribution was:

	Direct £000s	Indirect £000s	Total £000s	Cumulative £000s
Set up costs: Recruitment Legal Procurement				
Other support costs e.g. IT, accommodation				
Share purchase/subscription costs*				
Other working capital provided e.g. loans Staff costs**				
Other costs				
TOTAL SET UP COSTS				

Custodial arrangements

Custody of the Fund's assets is provided by the Global Custodian, BNY Mellon Asset Servicing.

In addition to the custodian's role in the safe-keeping of the Fund's total assets, the custodian also provides settlement and income collection services, the exercise of voting rights and the execution of corporate actions in conjunction with the investment managers. The appointment of a global custodian also secures an independent confirmation of the fund's assets and their value.

Investment monitoring and performance

The Pension Investment Advisory Panel monitors external managers' performance and makes investment manager and asset allocation recommendations for the Pensions Committee to approve.

The Fund does not automatically rebalance mandates in line with the long-term investment policy as set out in the Investment Strategy Statement, therefore portfolio weights may vary compared to their long-term strategic total Fund weight.

The Fund's actual asset allocations, investment income, investment managers and investment managers, benchmarks as at 31 March 2019 are shown below:

Net investment assets as at 31 March 2019	UK	Non-UK	Global	Total
	£m	£m	£m	£m
Equities				
Bonds				
Pooled property investments				
Pooled infrastructure investments				
Cash and cash equivalents				
Other				
Total				

#commentary on asset allocation

Investment income accrued during the financial year to 31 March 2019	UK	Non-UK	Global	Total
	£m	£m	£m	£m
Equities				
Bonds				
Pooled property income				
Pooled infrastructure income				
Cash and cash equivalents				
Other				
Total				

#commentary on investment income accrued

Actual asset allocations against the Strategic Asset Allocation targets 2018/19

Shares Managed	Target %	Actual %	Investment Manager and Benchmark
Equity Shares Managed Actively			
Far East Developed			Nomura Asset Management - FTSE All World Asia Pacific Index + 1.5%
Emerging Markets			JP Morgan Asset Management & Schroder Investment Management – FTSE All World Emerging Market index +2.0%
Total			Equity Shares Managed Actively
Equity Shares Managed Passively			
<u>Market Capitalisation Indices</u>			
United Kingdom			Legal and General Asset Management - FTSE All Share Index
North America			Legal and General Asset Management - FTSE All World North America - Developed Series Index
Europe ex - UK			Legal and General Asset Management - FTSE All World Europe ex UK Index -Developed Series Index
Equity Alternative Indices			
Global			Legal and General Asset Management: 40% GPAE - FTSE-Research Affiliates Fundamental Index(RAFI) Dev 1000 Equity Fund, 30% GPBK - MSCI World Mini Volatility Index, 30% STAJ - CSUF - STAJ
Total			Equity Shares Managed Passively
Total Equities			
Fixed Interest			JP Morgan Asset Management – 100% Barclays Global Aggregate Corporate Bond Index – Hedged into GBP
Property / Infrastructure			Invesco Real Estate, VENN Partners, Walton Street Capital, Green Investment Bank, Hermes
Overall Total		100.0	

As the majority of the improvement in the Fund's assets since the 2016 valuation was attributable to the rally in equity markets over the period, in late February / early March 2018 the Fund implemented an equity protection strategy using a 'static' options hedge solution to:

- Manage the risk of markets falling
- Reduce the likelihood that further deficit contributions will be required at the 2019 valuation
- Seek to 'bank' some of the recent upside with a view to potentially reducing contributions at future valuations

The first equity protection strategy was in place for the whole of 2018 / 2019 and will end in July 2019. Officers and the Committee review whether changes to the strategy on an ongoing basis.

Investment performance

Investment performance is measured quarterly by Portfolio Evaluation Ltd. Against a market background of # (market commentary from investment adviser's report) whole of Fund performance was #

For the year ended 31 March 2019 the Fund's return of #% beat# the Fund's benchmark return by #% and outperformed# the Peer Universe return by #%.

The target annual return identified by the 2016 actuarial valuation was #%
1, 3 and 5 year table as per table below:

Asset category	Opening value		Closing value		Performance		Passive Index*	Local target %
					Gross %	Net %		
Bonds - active								
Bonds - passive								
Equities - active								
Equities - passive								
Pooled Investment vehicles - active								
Pooled Investment vehicles - passive								
Derivatives								
Hedge funds							N/A	
Property - directly held							N/A	
Infrastructure							N/A	
Insurance policies							N/A	
Loans							N/A	
Cash							N/A	
Total								

Individual investment manager performance for the year to 31 March 2019 was #

Investment Manager	1 Year Actual Return %	1 year Benchmark Return %	3 Year Actual Return % p.a.	3 Year Benchmark Return % p.a.

Investment Manager	1 Year Actual Return %	1 year Benchmark Return %	3 Year Actual Return % p.a.	3 Year Benchmark Return % p.a.

The Committee generally has an ad-valorem fee scale applied in respect of the investment management services it receives. This is generally accepted practice for passive tracking mandates and is easily understood. A performance related fee basis is sometimes set, however if it is believed to be in the overall financial interests of the Fund, particularly for active mandates where higher fees are paid for more consistent outperformance of market indices. The approach taken varies depending on the type of investment and the target being set.

The Fund is required to report in line with the CIPFA requirements under the Transparency Code and requires its investment managers to provide sufficient information to fulfil this requirement.

Environmental, social and governance (ESG) considerations

The Fund has a fiduciary duty and expects its investment managers to take account of financially material social, environmental and ethical considerations in the selection, retention and realisation of investments as an integral part of their normal investment research and analysis process insofar as these matters are regarded as impacting on the current and future valuations of individual investments.

The Fund is committed to ensuring that the companies in which it invests have good corporate governance, adopt a responsible attitude toward the environment and adopt high ethical standards.

It manages this duty in large part through its appointed advisers Pensions & Investment Research Consultants Limited (PIRC) to provide a global proxy service using PIRC Shareholder Voting Guidelines that are approved by the Fund.

The Fund receives proxy research and voting recommendations for each company AGM and EGM holding the Fund has that can be voted.

###data on voting

The Fund is also a member of the Local Authorities Pension Fund Forum (LAPFF), to enable it to act collectively with other local authorities on corporate governance issues. The Forum currently has over 70 member funds representing assets of more than £200 billion. LAPFF's mission is to protect the long-term investment interests of beneficiaries by promoting the highest standards of corporate governance and corporate responsibility amongst investee companies.

The introduction of the Stewardship Code in July 2010 by the Financial Reporting Council strongly encouraged best practice in respect of investor engagement. The expectation is that institutional investors should publish a statement in respect of their adherence to the code. Compliance with the Code is currently on a voluntary basis. Our Statement of Compliance with the UK Code for Institutional Investors is available at #. All of our global equity managers comply fully with the code.

6. Administration

Our performance

We measure how we perform against our target turnarounds for our key processes:

Activity / Process 2018/19	Turnaround (working days)	Target
Letter detailing transfer in quote		10
Letter detailing transfer out quote		10
Process and pay refund		10
Letter notifying estimate of retirement benefits		15
Letter notifying actual retirement benefits		15
Process and pay lump sum retirement grant		23
Letter acknowledging death of member		05
Letter notifying amount of dependant's benefits		10
Calculate and notify deferred benefits		30
Joiners notification of date of joining		40

###commentary incl something on accuracy and the CIPFA benchmarks

Our expenditure

A budget v outturn report on the administrative costs of the fund during the year, including investment management expenses.

2018 / 2019 commentary

Process	2014/15	2015/16	2016/17	2017/18	2018/19
Investment Management Expenses					
Total cost (£'000)	5.3	6.7	7.1	8.9	
Total membership (Nos)	55,275	57,821	59,196	60,336	
Cost per member (£)	96	116	120	147	
Administration Costs					
Total cost (£'000)	1.1	1.2	1.0	0.8	
Total membership (Nos)	55,275	57,821	59,196	60,336	
Cost per member (£)	20	21	17	13	
Oversight and Governance Costs					
Total cost (£'000)	0.1	0.1	0.1	0.1	
Total membership (Nos)	55,275	57,821	59,196	60,336	
Cost per member (£)	1.8	1.7	1.7	1.6	
Total cost per member (£)	117.8	138.7	128.7	161.6	

The administration team comprises # members of staff (# FTE). The Fund therefore has a ratio of one full time equivalent member of the team for every # Fund members.

#benchmark unit costs

The year 2018 / 2019

As usual, paying pensions, processing retirements, processing deaths, processing refunds, delivering our year end and issuing annual benefit statements were our major administration deliverables.

New employers, employer restructures and delivering training for Pensions Committee and Pension Board members also required significant resource.

The introduction of employer covenant monitoring was a notable achievement. This revealed ###

We deliver our service using:

- The Altair pensions administration system.
- Our website that we refreshed during the year and that saw an increase in page views from ### to ###.
- Dedicated resource for each member requirement.
- Employer fora and monthly employer newsletters.
- # a description of the other key areas of technology used.

We have the following arrangements in place for ensuring the accuracy and confidentiality of personal data.

The major administration pieces of work / projects undertaken during the year were:

- A Guaranteed Minimum Pensions reconciliation exercise.
- Introducing a Pension Administration Strategy.
- Reporting to The Pensions Regulator (TPR) / Occupational Pension Schemes Survey.
- Producing a new standard Admission Agreement.
- Introducing a new Termination Policy.
- Delivering annual benefit statements for employee and deferred members.
- Delivering pensioner P60s and payslips.
- Providing FRS information to employers.
- Delivering Pension Savings Statements.

the implementation of any contribution increases

any bonds or any other secured funding arrangements entered into.

A commentary on how employer discretions have been exercised in the reporting period

During the year, there were # cases dealt with by the Appointed Person responsible for considering Stage 2 appeals against employer decisions. In # cases the employer's decision was upheld.

Our appeals procedure is detailed on our website at #

http://www.worcestershire.gov.uk/info/20408/worcestershire_pension_fund/1958/unhappy

There were # new dispute cases raised during the year and their resolutions were #

Our Policy Statement on Communication is available from our website at #

7. Risk

The Fund maintains a risk register that is available at #

As at 31 March 2019 the Fund's most significant risks were:

- #
- cost cap of the LGPS and pressure on local government budgets following the local government settlement

The nature and extent of risks arising from Financial Instruments are detailed in note 16 of the Pension Fund Accounts.

#assurance provided by the work of Internal Audit

8. Financial statements

This Statement of Accounts presents the overall financial position of the Worcestershire Pension Fund for the year ended 31 March 2019.

It is produced in accordance with best accounting practice, as set out in the Chartered Institute of Public Finance and Accountancy (CIPFA) example accounts.

Not attached as will largely be the same format as 2017.18 updated for any statutory changes