

**Worcestershire  
Pension Fund**



# Business Plan

As at 23 11 2020

## 1 INTRODUCTION

### 1.1 Our Business Plan:

- a) Outlines our (Worcestershire Pension Fund's) purpose, goals and key result areas / supporting aspirations (i.e. what is regarded as good in our eyes).
- b) Presents our targets and budget.
- c) Details our performance against our investment benchmarks and against our administration target turnarounds.
- d) Summarises the projects we have in place to achieve our large pieces of work.

1.2 Our Business Plan is refreshed and tabled at each quarterly [Pensions Committee](#) meeting.

1.3 Our governance arrangements are set out in [our annual reports](#).

## 2 BACKGROUND

2.1 The Local Government Pension Scheme (LGPS) is funded principally by its constituent employers, with members also contributing.

2.2 The benefits it provides are a valuable tool for employers in attracting and retaining staff.

2.3 Unlike all other public sector pension schemes the LGPS is a funded scheme, with employer and member contributions invested in financial markets / instruments.

2.4 Although a Career Average Revalued Earnings (CARE) LGPS linked to a normal retirement age of State Pension age (min 65) was introduced on 1 April 2014, concerns remain over the long-term cost and sustainability of the LGPS.

2.5 We are one of 87 funds administering the LGPS in England & Wales. Worcestershire County Council is the statutorily appointed Administering Authority.

2.6 We administer the LGPS for our employers who vary considerably in size and type and who have allowed their current and previous employees to become members:

	As at 31 March 2020	As at 30 September 2020
<b>Employers</b>	202	187
<b>Employee member records</b>	23,133	22,400
<b>Pensioner member records</b>	18,917	19,267
<b>Deferred member records</b>	21,585	21,935
<b>Total member records</b>	63,635	63,602

2.7 We manage a **£3bn** (as at 30 09 2020) pension fund to pay benefits as they are due.

2.8 We face increasing complexities in both the governance and administration of the LGPS and expect the following to create pressures on our resources and workloads:

- a) COVID-19: whilst we have successfully moved to home-working supported by a small postal / scanning service at County Hall and expect to be able to adapt to the new ways of working, our workload and resources have as yet not been tested by a significant

- increase in member deaths or in staff absence.
- b) The Pension Regulator (TPR) increasing its requirements re record keeping, data cleansing and covenant reviews.
  - c) Adopting the national LGPS Scheme Advisory Board's good governance guidance as best practice.
  - d) An ever-changing tax / pensions environment: currently there are consultations on [McCloud](#); [Fair Deal](#); [reforming local government exit pay](#) (in addition to the [new legislation on restricting public sector exit payments](#)); [tax relief for low earners](#); and [changes to the valuation cycle](#).
  - e) The Guaranteed Minimum Pension (GMP) rectification project.
  - f) New employers (from outsourcing and academy conversions).
  - g) Increasing expectations from stakeholders (e.g. member online access and employer access to information).
  - h) Central government asset pooling requirements (we are a partner fund in LGPS Central Limited, LGPSC).

### **3 PURPOSE, GOALS AND KEY RESULT AREAS (KRAs) / ASPIRATIONS**

3.1 Our purpose is to deliver on the benefit expectations of our members by managing investments to increase our assets and by understanding our liabilities.

3.2 Our goals are to:

- a) Achieve and maintain a 100% funding level over a reasonable period of time to pay all benefits arising as they fall due.
- b) Maintain a managed risk investment and funding strategy to achieve the first goal.
- c) Maintain stabilised employer contribution rates.
- d) Provide a high quality, low-cost, customer-focused service.
- e) Be open and honest in all decision making.

3.3 To help us to achieve our goals we have identified 5 KRAs:

- Accounting.
- Administration.
- Engagement / Communications / Member & Employer Relations.
- Governance & Staffing.
- Investments, Funding & Actuarial.

3.4 Our 5 KRAs are underpinned by 14 supporting aspirations. A brief summary of any significant milestones and any issues that we are encountering with delivering these is provided in the commentary at the end of each KRA section.

3.5 The one-off (shown as shaded) and annually recurring (shown as unshaded) large pieces of work or projects that we are progressing to achieve these 14 supporting aspirations are detailed in the appendix called Operational Plan: Projects.

3.6 Our performance on our day to day business as usual activities is detailed in the Investment Targets and Administration KPIs sections of our Business Plan. Any business as usual issues or developments that we are encountering are included in the commentary at the end of each KRA section.

3.7 This Business Plan's numbering recommences with section 4 (after the pages with a light background colouring that follow this paragraph). The boldened and underlined five KRAs that follow are in alphabetical order. The (1) to (14) numbering of our 14 supporting aspirations used below is across the five KRAs. This approach is to ease cross referencing with the second and third columns of the spreadsheet that is Appendix 1 of this Business Plan.

## **KRA: Accounting**

1. To **ensure the proper administration, accounting and reporting of all our financial affairs.**
2. To produce clear **Annual Reports / Statement of Accounts** that enable members and stakeholders to understand the latest and future financial position.

### **Accounting KRA Commentary:**

We are on schedule for producing the audited 2020 Statement of Accounts and annual report in line with the revised statutory guidelines due to Covid-19.

Our budgets for 2020 / 2021 to 2022 / 2023 are detailed in section 6 below. The budget position for 2020 / 2021 year to date is a forecast overspend of £0.5m (£0.4m as a result of increased management fees and £0.1m for the ESG audit and Mercer's employer covenant / risk management system). The forecast overspend does not include any increase in administration costs due to McCloud or the new exit payments landscape that are estimated to require an additional two scale 4 staff on 35 hours for two years at a cost of £0.1m.

We are on schedule for all payments and monitoring.

## **KRA: Administration**

3. To **provide a lean, effective, customer friendly benefits administration service**, through the calculation and payment of benefits accurately and promptly in line with the targets published Pension Administration Strategy.
4. To maintain **an effective administration system** for the **accurate maintenance of the records of all members** and to continually review and cleanse our data, ensuring it meets the Pension Regulator's requirements and supporting employers to provide correct data.
5. To **optimise the use of technology to make processes more efficient and effective** and to continually look at developing services in the most cost-effective manner following careful consideration of business cases. This will include an increased drive towards greater self-service provision for employers and employees, as well as less paper.
6. To **become a role model of best practice amongst LGPS Funds** being recognised by members and employers as providing an excellent service and to work **collaboratively and in partnership with both internal and external organisations** to provide higher quality services at a lower cost.
7. To **support a range of projects and business as usual activities such as the actuarial valuation**, policy reviews, committee member / officer training, contract reviews, FRS information for employers and performance monitoring for us and our employers to adhere to.

### **Administration KRA Commentary:**

#### **Data quality:**

Having measured the quality of our data as at 22 July 2020, we have been working on correcting our 'scheme specific data', focussing on the areas which can affect benefits. So far, we have looked into transfer in details; tranches of original pension / deferred benefit / dependent's pension; leavers; service and benefits crystallisation events. Although the Pensions Regulator does not set a deadline for addressing data issues after a pension fund

has measured its data quality, we continue this work throughout the year as and when priorities permit, and we will move onto the 'common data' areas once we have finished addressing all of the 'scheme specific data' areas. We have never had to correct any pensions in payment. This year we had service history issues which affected the annual benefit statements for 3 employee members. Normally it is recording issues that don't affect the pension that are flagged up as a result of our annual measuring. We are targeting the end of January for addressing any main issues and the end of June for addressing any contribution / final pay / CARE pay issues resulting from the 31 March 2021 year end contribution posting.

### **Employer changes:**

We are aware of the following employer changes in 2020 / 2021:

- Herefordshire Housing Ltd (that became part of the Connexus Group in July 2017) being renamed Connexus Housing Two Ltd as from 1st April 2020.
- Hill and Moor Parish Council wanting to offer the LGPS to their staff.
- Northleigh joining Mercian ET on 1/4/2020 as a new academy.
- St Thomas More joining Our Lady of Lourdes on 1/4/2020 as a new academy.
- Employer 272 (St Matthias C of E Primary School Cromwell Road, Malvern, Worcestershire WR14 1NA) being expected to join Spire C of E MAT (that currently comprises the two St Johns, employers 271 / 292).
- Millbrook Healthcare Ltd becoming a new employer having been awarded HIA contracts which commenced on 1 April 2020.
- Webheath First School Academy changing its name to Shire MAT with Feckenham joining as an Academy from 1 September 2020.
- Part of ContinU Plus (Kidderminster / Hagley Early intervention Family Support) being transferred to Worcestershire Children First from 1 October 2020.
- Babcock terminating with LGPS members being moved into Worcestershire Children First's Learning & Achievement.
- St Weonard's Primary School joining Marches Federation of Academies.
- St Georges First Kidderminster joining Black Pear Trust (MAT).
- Feckenham C of E First School joining Four Stones.
- De Montfort School joining The Shires.
- Worcester Community Trust terminating.
- Community Housing terminating.
- Place Partnership terminating.
- Sidemoor First School becoming an academy.

### **European pensioners:**

We will be sending a letter to our pensioners living in Europe who have a UK bank account to ask them to check out whether their account will still be able to receive payments from us after the UK leaves Europe.

### **GMP rectification:**

We have drafted letters for communicating with members. Our supplier (ITM) will be highlighting extreme cases for us to review. The working assumption is that we will write to affected members in January 2021 and implement the rectification in March 2021.

### **KPIs:**

As detailed in Section 5 in September 2020, a busier than usual month for estimates / actual retirements, we achieved our KPIs for 90% of the cases that we processed in 11 of the 12 processes that we monitor our performance in. The exception was our joiners process where all cases were put on hold, so that we would be able to provide work for our 9 October new member of staff to process right from her first day with us.

For the 2020 / 2021 year to 30 September we by and large achieved our KPIs with the exception of joiners

We have met all of our average turnaround targets for September and the 2020 / 2021 LGPS year to 30 September

Our number of deaths in September was not significantly above normal levels NB the average number of deaths both in scheme year 2019 / 2020 and in scheme year 2020 / 2021 year to date was 15.

In 2020 / 2021 we have had **0 data breaches, 2 IDRPs and 0 complaints.**

We have a delegated approach to writing off pension overpayments that is dependent on value.

In 2020 / 2021 we have not yet written off any pension overpayment cases. We are currently chasing 10 cases of pension overpayment for a grand total of £8,620.71.

**McCloud:**

MHCLG is [consulting](#) on amendments to the statutory underpin to remove the unlawful age discrimination identified in the McCloud judgment.

The proposed remedy would apply to all members who were active at 31 March 2012 and have accrued benefits since 1 April 2014 and take the impact of early/late retirement factors into account.

It would wipe out the proposed cost control LGPS benefit improvements.

From April 2022 (this is the last date a protected member can reach their 2008 Scheme NPA) it is proposed that the period of underpin protection will cease and all active LGPS members will accrue benefits in the career average scheme without a continuing final salary underpin.

It is also proposed that active and deferred members are given an additional 12 months to elect to aggregate previous periods of LGPS membership where such a decision would mean they have 'underpin protection.

The LGPC has produced some guidance for LGPS funds about collecting data from their employers to deliver the remedy.

As it is already clear that there will be significant resource implications for employers and LGPS funds, we have added McCloud to our list of projects and estimated the resource implications.

We are consulting with our actuary re advising our employers how to proceed / our timescales / the contribution implications for employers who are not making advance financial provision. Two key issues to address in determining our resource requirements include the volume of calculations / aggregations that will be required and data accuracy / checking / availability (collecting data from employers who have changed payroll).

**Public sector exit payments:**

New [legislation](#) has been laid implementing a £95,000 cap on public sector exit payments with effect from 4 November 2020.

The [Reforming local government exit pay consultation](#) that closes on 9 November 2020 proposes reforms to termination payments specific to local government.

From 4 November 2020 up to the enactment of the MHCLG further reform proposals [there is a position of legal uncertainty](#).

We are monitoring the new and proposed legislation, have added wording to our calculations and have done a number of sample manual calculations to ensure that we are able to cope without our pension admin system being able to produce calcs in line with the new legislation.

### **Remedying survivor benefits for opposite-sex widowers and surviving male civil partners:**

The Chief Secretary to the Treasury has made a written [statement](#) on remedying survivor benefits for opposite-sex widowers and surviving male civil partners where male survivors remain entitled to a lower survivor benefit than a comparable same-sex survivor. This will require us to re-visit historical deferred and pensioner records.

### **KRA: Engagement / Communications / Member & Employer Relations**

8. To ***continue to engage with our stakeholders***, maximising self-service and digitisation, seeking feedback, developing approaches which support our goals and developing a ***robust engagement strategy*** with employers and members.

9. To ***communicate the key benefits of the LGPS, ensuring increased awareness amongst the eligible membership of their benefits***. This includes effective communication to members and employers

10. To have in ***place effective, documented business relationships with all our employers*** and to ensure regular reviews are carried out to assess the risk and strength of their covenants.

### **Engagement / Communications / Member & Employer Relations KRA Commentary:**

We are issuing our 2020 pensioner newsletter to 17,311 pensioner members in the week commencing 9 Nov.

We ran an employer forum on Zoom on 8 October 2020 that was attended by 40 including a number from 'the home team'.

Our site has become more popular since its content refresh and since the launch of our stand-alone 'groovy-green' site:

- a. From 01 04 2017 to 31 /3/2018 i.e. the last full LGPS year before the content refresh (a period of 365 days) there were **28** visits per day to our website.
- b. From 01 04 2018 to 30 11 2018 i.e. the part LGPS year before the content refresh (a period of 244 days) there were **30** visits per day to our website.
- c. From 01 12 2018 to 31 03 2019 i.e. the part LGPS year after the content refresh (a period of 121 days) there were **34** visits per day to our website.
- d. From 01 04 2019 to 30 09 2019 i.e. the part LGPS year pre the new stand-alone site (a period of 183 days) there were **45** visits per day to our website.
- e. From 01 10 2019 to 31 10 2019 i.e. the transition month to the new stand-alone site (a period of 31 days) there were **50** visits per day to our website.
- f. From 01 11 2019 to 31 03 2020 i.e. the part LGPS year after the launch of the new site (a period of 152 days) there were **47** visits per day to our website.
- g. From 01 04 2020 to 30 09 2020 i.e. the current LGPS first half-year (a period of 183 days) there were **63** visits per day to our website.

In Oct 2020 our website had 2,337 visits (**75 visits per day**) compared to 1,062 visits (34 visits per day) in October 2019 i.e. +120%. The most popular PDFs in October were: Guide to the LGPS, Employer newsletter, Employee newsletter and Death Grant Nomination form. The two Oct 2020 responses to the feedback available via our website's homepage gave our website a 4 / 4 (the top) rating.

We have asked our employers how their organisation would like to proceed in relation to ill health liability insurance, with the responses being:

- 31 asking for their ill health allowance (in their contributions) assumption.
- 18 interested in a presentation from Hymans.
- 21 not interested in ill health liability insurance.

### **KRA: Governance & Staffing**

11. To ensure the **effective management and governance** in a way that strives for continuous improvement through improved value for money, the promotion of excellent customer service and compliance with all regulatory / best practice requirements.

12. To **recruit, train, nurture and retain highly motivated staff with the necessary professional, managerial and customer focus skills** to deliver on the ever-increasing complexities of the LGPS.

13. To **continually review the effectiveness of our committees and advisers** and our decision-making.

#### **Governance & Staffing KRA Commentary:**

Pensions administration has transferred from HR & OD to Finance.

We delivered elected member support / training on 18 September and our next training session on 10 November will cover current issues in the LGPS and paying pensions.

We have reviewed the Appendices tabled at the 17 March 2020 Pensions Committee and updated versions are attached as Appendix 2 (Good Governance Position Statement) and Appendix 3 (Objectives for the Fund's Investment Advisor) to this Business Plan.

It has been agreed that the Pension Board will do deep dives into specific issues covered in the Business Plan and Risk Register in the future. The following issues are likely to be on the Board's list: GMPs, McCloud, Pooling, Public Sector Exit Payments and The Pensions Regulator.

### **KRA: Investments, Funding & Actuarial**

14. To **achieve a relatively stable "real" investment return above the rate of inflation** over the long term, in such a way as to minimise and stabilise the level of contributions required to be paid by employers in respect of both past and future service liabilities and **to achieve a 100% funding level over a suitable timescale**. This includes setting of appropriate investment strategies, the appointment of capable investment managers, and the monitoring and reporting of investment managers' performance, with appropriate action being taken in the event of underperformance.

#### **Investments, Funding & Actuarial KRA Commentary:**

The Fund's asset valuation as at 30 Sep 2020 of £3bn was greatly impacted by COVID-19 and there remains a lot of volatility in the financial markets that is envisaged to remain for



many months to come.

As detailed in the next section, the Fund has generated an average annual return of 4.5% compared to its benchmark of 3.7% over the 3 years to 30 09 2020.

Over the year to 30 09 2020 the Fund generated a return of 1.4% compared to its benchmark of -2.3%.

A [proposal to extend full GMP indexation](#) that would have a relatively small adverse impact on liabilities for us has been issued by the government.

## 4 INVESTMENT TARGETS

4.1 The 2019 actuarial valuation set the following real annual discount rates:

- a) Past service: Consumer Prices Index + 1.65%.
- b) Future service: Consumer Prices Index + 2.25%.

4.2 The assumed annual Consumer Prices Inflation is +2.4%.

4.3 Therefore our annual return on investment targets are 4.05% (for deficit recovery payments) / 4.65% (for future service contributions).

4.4 To achieve this, we are a partner in LGPSC, have set benchmarks for our sectors and have achieved the 3-year returns shown in the right column of the table below:

Sector	Benchmark	Average annual Performance over the 3 years to 30 Sep 2020 v benchmark
Far East Developed	FTSE All World Asia Pacific Index + 1.5%	4.7% (0.5% above benchmark)
Emerging Markets	FTSE All World Emerging Market index +2.0%	Not available as new fund invested from July 2019
United Kingdom	FTSE All Share Index	-3.1% (0.1% above benchmark)
North America	FTSE All World North America - Developed Series Index	13.7% (0.1% above benchmark)
Europe ex - UK	FTSE All World Europe ex UK Index - Developed Series Index	3.0% (0.1% below benchmark)
Global (alternatives)	40% GPAE - FTSE-Research Affiliates Fundamental Index (RAFI) Dev 1000 Equity Fund, 30% GPBK - MSCI World Mini Volatility Index, 30% STAJ - CSUF - STAJ	8.1% (0.1% above benchmark)
Fixed Interest	Barclays Global Aggregate Corporate Bond Index – Hedged into GBP	Not available as only invested March 2020
	EQT Corporate Private Debt - Absolute Return 6.5%	Not available as only invested May 2018
Property / Infrastructure	Various absolute benchmarks for different fund managers	Property 4.0% (2.9% below benchmark) Infrastructure 6.6% (2.3% below bmark)

## 5 ADMINISTRATION KPIs

5.1 We measure our performance against CIPFA industry standard targets for our key pension administration processes. We have regular meetings that review how we are performing on a case by case basis (% processed within target) and our average performance for all the cases

of a process (average turnaround). This informs our resource allocation between processes and highlights which processes to seek to improve.

5.2 A commentary on the tables below is provided earlier in the shaded KRA: Administration section (that follows section 3.7).

<b>Activity / Process</b>	<b>Number processed in Sep 2020</b>	<b>% Processed within KPI in Sep 2020</b>		<b>Av turnaround (working days) in Sep 2020</b>	<b>Target turnaround (working days)</b>		<b>2020/2021 Year to date average number processed per month</b>
Joiners notification of date of joining	0	0		n/a	40		111
Process and pay refund	18	100		2	10		16
Calculate and notify deferred benefits	10	90		17	30		39
Letter notifying actual retirement benefits	91	100		3	15		42
Letter notifying amount of dependant's benefits	9	100		1	10		6
Letter acknowledging death of member	16	100		2	05		15
Letter detailing CETV for divorce	10	100		2	45		7
Letter notifying estimate of retirement benefits	99	92		5	15		76
Letter detailing transfer in quote	11	100		2	10		13
Process and pay lump sum retirement grant	100	100		16	23		64
Letter detailing transfer out quote	24	92		4	10		20
Letter detailing PSO implementation	0	n/a		n/a	15		0

<b>Activity / Process</b>	<b>Number processed for year to date i.e. 1 April – 30 Sep 2020</b>	<b>% Processed within KPI for year to date i.e. 1 April – 30 Sep 2020</b>	<b>% Processed within KPI in the last quarter i.e. 1 Jul – 30 Sep 2020</b>	<b>Av turnaround (working days) for year to date i.e. 1 April – 30 Sep 2020</b>	<b>Av turnaround (working days) in last quarter i.e. 1 Jul – 30 Sep 2020</b>	<b>Target turnaround (working days)</b>
Joiners notification of date of joining	669	76	18	18	49	40
Process and pay refund	98	100	100	3	3	10
Calculate and notify deferred benefits	236	97	96	11	10	30
Letter notifying actual retirement benefits	256	100	100	3	2	15
Letter notifying amount of dependant's benefits	38	100	100	3	2	10
Letter acknowledging death of member	90	98	95	3	2	05
Letter detailing CETV for divorce	42	100	100	3	3	45
Letter notifying estimate of retirement benefits	456	96	96	4	4	15
Letter detailing transfer in quote	79	96	93	4	3	10
Process and pay lump sum retirement grant	389	100	100	16	15	23
Letter detailing transfer out quote	124	98	96	3	3	10
Letter detailing PSO implementation	0	n/a	n/a	n/a	n/a	15

## 6 BUDGET

In addition to the commentary provided earlier in the shaded KRA: Accounting section (that follows section 3.7), detailed reporting of our budget position is provided twice a year to Pensions Committee and included in [our annual reports](#).

<b>Fund Investment</b>	20/21	21/22	22/23
INVESTMENT MANAGEMENT FEES	11,382,600	12,190,400	13,122,600
Investment Administration Recharge	142,300	145,100	142,300
Investment Custodial and related services	367,200	374,500	382,000
Investment Professional fees	81,000	71,500	72,000
Performance Measurement	15,500	15,800	16,100
INVESTMENT ADMINISTRATION COSTS	606,000	606,900	618,100
<b>Scheme Administration</b>			
Pension scheme Administration recharge	995,700	973,600	996,000
Actuarial services	240,000	300,000	240,000
Audit	27,500	27,500	27,500
Legal Fees	33,500	33,500	33,500
Committee and Governance recharge	11,000	11,000	11,000
SCHEME ADMINISTRATION COSTS	1,307,700	1,345,600	1,308,000
GRAND TOTAL (Excluding Investment Mgt Fees)	1,913,700	1,952,500	1,926,100
GRAND TOTAL (Including Investment Mgt Fees)	13,296,300	14,142,900	15,048,700

### Appendix 1 – Operational Plan: Projects

This appendix summarises the work that we are doing to achieve particular aims. For us a project is a piece of work that is something that we would not do on a daily basis like processing a retirement. Some of our projects recur annually.

It uses the following acronyms / abbreviations:

AA	Asset allocation
A/C	Accounting
Ac	Academies
Admiss	Admission
Admit	Admitted
AH	Aquila Heywood
BCP	Business Continuity Plan

Bods	Bodies
Calcs	Calculations
CARE	Career average revalued earnings
CB	Corporate bonds
CEM	<a href="#">CEM Benchmarking Inc</a>
<u>Cert</u>	<u>Certificate</u>
CIPFA	<a href="#">Chartered Institute of Public Finance &amp; Accountancy</a>
Coll	Colleges
Config	Configuration
Conts	Contributions
Covs	Covenants
Cttee	Pensions Committee
EM	Emerging markets
Engage	Engagement
Er	Employer
Expend	Expenditure
FI	Fixed interest
FRS	Financial Reporting Standards
FSS	<a href="#">Funding Strategy Statement</a>
GMP	Guaranteed Minimum Pension
Gov	Governance
Inc	Income
Inv	Investments, Funding & Actuarial
KRA	Key result area
LGPS	Local Government Pension Scheme
LGPSC	<a href="#">LGPS Central Limited</a>
Manag	Management
MHCLG	<a href="#">The Ministry of Housing, Communities and Local Government</a>
ONS	<a href="#">Office for National Statistics</a>
Q	Query
Recti	Rectification
Rtn	Return
SAB	<a href="#">Scheme Advisory Board</a>
Sch	Scheduled bodies
SF	Superannuation Fund
SI	Statutory Instrument
Sub	Pension Investment Sub-committee
Term	Termination
TBD	To be determined
TPR	<a href="#">The Pensions Regulator</a>
Y/End	Year end

Appendix 2 (Good Governance Position Statement)

Appendix 3 (Objectives for the Fund's Investment Advisor)

~ ENDS ~

Operational Plan: Projects 5 November 2020 NOTES:	KRA	Aspiration	Lead	Start	Nov 20	Dec 20	Jan 21	Feb 21	Mar 21	Apr 21	May 21	Jun 21	Jul 21	Aug 21	Sep 21	Oct 21	Nov 21	Dec 21	Comments
11 LGPS Central budget (various)	A/C	1	RW	Oct-17		Cttee			Cttee			Cttee				Cttee		Cttee	√ to date and scheduled
12 Annual Report & Accounts / associated docs (30 11 20)	A/C	2	RW	Jan-20	Publish						to Audit	Cttee		signed off	Publish	Cttee			2020 on schedule
15 ONS Inc / Expend return (quarterly)	A/C	1	RW	Jan-20			¼ rtn			¼ rtn			¼ rtn			¼ rtn			√ to date and scheduled
16/17 MHCLG SF3 LGPS Funds account (310821)	A/C	1	RW	Jul-21										Annual					√ 2020 and 2021 scheduled
18 TPR Occupational Pension Schemes Survey (310321)	A/C	1	LP	Mar-21					Annual										√ 2020 and 2021 scheduled
19 CEM investment benchmarking (310721)	A/C	1	RW	Jun-20									Annual						scheduled for scheme year 18/19
14 CIPFA benchmarking (311020)	Admin	6	LP	Jun-20		Cttee										Annual		Cttee	2020 scheduled
1 GMP reconciliation and rectification (TBD)	Admin	7	BC	Apr-18			letters out		recti										now expect to write to members Jan 2021 due to HMRC delaying
2 GMP equalisation (TBD)	Admin	7	BC	TBD															running later than expected as awaiting guidance
4 Valuation / FSS / pots / admis + term policies (310321)	Admin	7	RW	Apr-19															reviewing FSS re SI 2020 No 893
8 Enveloping procurement (290220)	Admin	5	BC	Aug-18															running later than expected but interim solution with Adare live
32 Reprocare pension admin system	Admin	4		May-20		Cttee			AH notice							AH contrac		Cttee	existing contract reviewed and spec of requires being finalised
10 Pension Administration Strategy review (010421)	Admin	10	CF	Jan-21				consult	Cttee	publish									√ 2020 and 2021 scheduled
13 Review data quality (TPR) (TBD)	Admin	4	LP	Jan-21									Annual						√ 2020 Mercer and Heywood
25 Revalue CARE accounts (06 04 2021)	Admin	4	SH	Mar-21						System config.									√ 2020 and 2021 scheduled
26 Provide FRS info (various)	Admin	7	AL	Jan-20		admit bods			Sch				Coll	Ac				admit bods	√ to date and scheduled
3 Branding and digital strategy (TBD)	Engage	5	CF	Oct-18															awaiting pension admin system re-procure
20 Monitor employer covenants / pots / conts	Engage	10	RW	Jan-20		Cttee	ask ers		Cttee	reset erconts		Cttee				Cttee		Cttee	Pfaroe in place
21 Deferred annual benefit statements (310821)	Engage	9	CF	Jan-21								Annual	Q manag						√ 2020 and 2021 scheduled
22 Employee annual benefit statements (310821)	Engage	9	CF	Jan-21					Y/End					Annual	Q manag				√ 2020 and 2021 scheduled
23 Pensioner P60s (290521)	Engage	3	SH	Jan-21							Annual	Q manag							√ 2020 and 2021 scheduled
24 Payslips reflecting pension increase (300421)	Engage	3	SH	Jan-21						Annual									√ 2020 and 2021 scheduled
27 Pension Savings Statements (061021)	Engage	3	LP	Jan-21												Annual			√ 2020 and 2021 scheduled
29 Pensioner newsletter / life cert (30 11 20)	Engage	9	CF	Jan-20	Annual												Annual		√ 2020 and 2021 scheduled
28 /30 Good Governance (TBD)	Gov Staff	11	RW	TBC															Inv adviser objectives and position statement reviewed
33 McCloud: data collection; er rates; and calcs	Admin	3	LP	Aug-20					Cttee							Cttee			plan being developed
5/6 Review of Asset Allocation / ISS (31 03 21)	Inv	14	RW	Apr-20	Sub	Cttee			Cttee			Cttee Sub			Sub	Cttee	Sub	Cttee	√ 2020 and 2021 scheduled
9 Increase assets managed by LGPS Central Limited	Inv	14	RW	Feb-19		Cttee			Cttee			Cttee Sub				Cttee		Cttee	√ for EM / CB and looking into infrastructure / private debt

**Proposed Worcestershire Pension Fund Position Statement: Good Governance**

**Business Plan November 2020 Appendix 2**

This position statement has been prepared to summarise how we are taking forward the LGPS Scheme Advisory Board’s (SAB) Good Governance workstream in preparation for draft statutory guidance being issued. The numbering relates to the recommendations in the November 2019 Hymans Robertson Phase II [report](#) ‘Good governance in the LGPS’. We are also closely monitoring SAB’s Responsible investment guidance workstream.

<b>Good Governance proposal</b>	<b>Current position</b>	<b>Identified actions</b>
<b>A. General</b>		
A.1 MCHLG will produce statutory guidance to establish new government requirements for funds to effectively implement the proposals below. (“the Guidance”)	Still awaiting draft guidance to review and benchmark	Prepare for guidance
A.2 Each administering authority must have a single named officer who is responsible for the delivery of all LGPS related activity for the fund (‘the LGPS senior officer’)	Our Chief Financial Officer is so named	No further action needed
A.3 Each administering authority must publish an annual governance compliance statement that sets out how they comply with the governance requirements for LGPS fund as set out in the Guidance. This statement must be signed by the LGPS senior officer and, where different, co-signed by the S151 officer	We publish a governance compliance statement as part of <a href="#">our annual reports</a> .  This has been updated in the 2019/20 Annual Report	Benchmark our governance compliance statement against the guidance and peers annually
<b>B. Conflicts of interest</b>		
B.1 Each fund must produce and publish a conflicts of interest policy which includes details of how actual, potential and perceived conflicts are addressed within the governance of the fund, including reference to key conflicts identified in the Guidance	Elected members’ (not officers’) conflicts of interest are declared at the start of each Pensions Committee meeting	Review best practices employed at other funds (including private sector) to help identify possible conflicts and approaches in preparation for producing a policy
B.2 The Guidance should refer all those involved in the management of the LGPS, and in particular those on decision making committees, to the guide on statutory and fiduciary duty which will be produced by the SAB	Awaiting draft guidance	To ensure that all those involved in the management of the LGPS are aware of this position statement and consider training and guidance to Fund members.

Good Governance proposal	Current position	Identified actions
<b>C. Representation</b>		
<p>C.1 Each fund must produce and publish a policy on the representation of scheme members and non-administering authority employers on its committees, explaining its approach to representation and voting rights for each party</p>	<p>Information about the Pensions Committee is available <a href="#">via</a> our website. The Pension Board's terms of reference are available <a href="#">via</a> our website.  <a href="#">Our annual reports</a>, <a href="#">our Investment Strategy Statement</a> and para K of appendix 1 of <a href="#">the Worcestershire County Council constitution</a> contain information about representation.</p>	<p>Review whether the current position remains adequate annually using comparator Funds to benchmark practices.</p>
<b>D. Knowledge and understanding</b>		
<p>D.1 Introduce a requirement in the Guidance for the key individuals within the LGPS, including LGPS officers and pensions committee members, to have the appropriate level of knowledge and understanding to carry out their duties effectively</p>	<p>We use a knowledge and skills questionnaire for new elected members and key officers, using them to form action plans as to how gaps can be resolved. Our elected members' training programme is tabled at most Pensions Committee meetings. Our officers participate in training provided by the LGA, attend the annual LGPS conference, are on the distribution list for <a href="#">LGPC bulletins</a> and develop the</p>	<p>This was updated in 2020 and will be reviewed in 2021 to update the knowledge and skills questionnaire for all members.</p> <p>We will review that the current position remains adequate at the year- end (annually) through a gap analysis and draw up appropriate training plans to address.</p>



Good Governance proposal	Current position	Identified actions
	LGPS knowledge of our employers through <a href="#">monthly employer newsletters</a> .	
D.2 Introduce a requirement for s151 officers to carry out LGPS relevant training as part of their CPD requirements to ensure good levels of knowledge and understanding	Our s151 officer's previous role was the most senior officer at another LGPS fund and skills framework completed 18 months ago.	s151 to also complete skills framework assessment and address within his CPD programme.
D.3 Administering authorities must publish a policy setting out their approach to the delivery, assessment and recording of training plans to meet these requirements	Our current training policy was tabled at the <a href="#">17th March 2020 Pensions committee meeting</a>	Review annually with Pension Board the current policy. The review should take account of the level and scope of training for officers, the latest external training available and the attendance records of elected members.
D.4 CIPFA and other relevant professional bodies should be asked to produce appropriate guidance and training modules for S151 officers to consider including LGPS training within their training qualification syllabus	Awaiting guidance.	To respond to CIPFA and CIPP, expected guidance and consider peer / CIPFA / LGA review.
<b>E. Service delivery for the LGPS function</b>		
E.1 Each administering authority must document key roles and responsibilities relating to its LGPS fund and publish a roles and responsibilities matrix setting out how key decisions are reached. The matrix should reflect the host authority's scheme of delegation and constitution and be consistent with the descriptions and business processes	The <a href="#">Worcestershire County Council constitution</a> and <a href="#">our annual reports</a> contain information about roles and responsibilities, and we have job descriptions for every officer's role.	To publish a matrix that meets the requirements of the guidance and clarifies the role and responsibility of everyone involved in every stage of the processes we carry out during a member's administration lifecycle.
E.2 Each authority must publish an administration strategy	We comply with this requirement.	To conclude our 2020 annual review of our <a href="#">Pension Administration Strategy</a> by taking account of all employer feedback to our proposed changes resulting from our consultation.

Good Governance proposal	Current position	Identified actions
		To benchmark our strategy for completeness and innovation with comparator funds to continual develop.
E.3 Each administering authority must report the fund's performance against an agreed set of indicators designed to measure standards of the service	These are included in <a href="#">our annual reports</a> and the quarterly Business Plans tabled at <a href="#">Pensions Committee meetings</a>	To use this information to allocate resources between processes and to re-engineer processes.  To continually work with the Pension Board to check and develop our KPIs and seek out benchmarking.
E.4 Each administering authority must ensure their committee included in the business planning process. Both the committee and LGPS senior officer must be satisfied with the resource and budget allocated to deliver the LGPS service over the next financial year	Quarterly Business Plans are tabled at <a href="#">Pensions Committee meetings</a>	To review the effectiveness of our Business Plans.
E.5 Each administering authority must give proper consideration to the utilisation of pay and recruitment policies, including appropriate market supplements, relevant to the needs of their pensions function. Administering authorities should not simply apply general council staffing policies such as recruitment freezes to the pensions function	Our recruitment and staffing levels are not constrained by Worcestershire County Council and we are able to use market forces adjustments.	To seek out what information, for example from CIPFA benchmarking, is available about pay in the LGPS.
<b>F. Compliance and improvement</b>		
F.1 Each administering authority must undergo a biennial independent Governance Review and, if applicable, produce the required improvement plan to address any issues identified. IGR reports to be assessed by a SAB panel of experts	We do not currently do this.	Prepare for guidance but are keen to explore peer review as noted in F2 below and will seek to explore options if guidance is not forthcoming quickly.
F.2 LGA to consider establishing a peer review process for LGPS Funds	We do not currently do this.	Prepare for guidance and investigate external benchmarking, like <a href="#">PASA</a>

## Business Plan November 2020 Appendix 3

### Proposed objectives for WPF Investment advisor

Task	Current Position as at end of September 2020	KPI / Outcome
<p>A. Provide qualitative general advice to the Fund on markets, RI, risk and strategies that have no direct monetary decisions but shape the Fund's thinking at relevant Pensions Committee, Pension Investment Sub Committee, local Pension Board (as required) and meetings with Officers.</p>	<ul style="list-style-type: none"> <li>• Detailed investment updates are provided for each Pension Investment Sub Committee with a shorter more summarised version to the Pensions Committee.</li> <li>• The investment advisor has attended all the Pension Investment Sub Committee and Pensions Committee meetings.</li> </ul>	<ul style="list-style-type: none"> <li>• Attend all Pensions Committee and Pension Investment Sub-Committee meetings unless for unforeseen unavoidable circumstances and meeting attendance being agreed in advance of Committee timetable publication.</li> <li>• Provide quarterly written reports to Committees in line with Committee timescales and reporting requirements, which include questions for Officers and Councillors to use at meetings with investment managers and a yearly review for publication in the Fund's annual report. Highlighting areas upon which members' attention should be focused.</li> </ul>
<p>B. Monitoring the Fund's portfolios and considering and providing general advice on the desirability of retaining particular classes of assets or of changing them.</p>	<ul style="list-style-type: none"> <li>• Regular performance review meetings have been taken with all our investment managers at least half yearly and quarterly for our active investment managers.</li> <li>• The investment advisor has been integral to these meetings and has provided appropriate challenge where needed as well as highlighting poor performance to the Committee and put managers on 'watch' where required.</li> <li>• The investment advisor helped to develop and shape the 2020</li> </ul>	<ul style="list-style-type: none"> <li>• Attend all quarterly review meetings with 'active' investment managers unless for unforeseen unavoidable circumstances and meeting attendance being agreed in</li> </ul>

Task	Current Position as at end of September 2020	KPI / Outcome
	<p>strategic asset allocation review which sets the Fund's asset allocation direction for the next 3 to 5 years and was agreed by Pensions Committee in December 2019.</p>	<p>advance of Committee timetable publication.</p> <ul style="list-style-type: none"> <li>Any areas of poor performance highlighted, challenged and solutions identified.</li> <li>The Pensions and Pension Investment Sub Committees were satisfied with the value for money represented by the services.</li> </ul>
<p>C. Support the Fund with achieving timely and cost-effective implementation of the Fund's investment decisions, where appropriate considering the evolution of the LGPS Central pool.</p>	<ul style="list-style-type: none"> <li>The investment advisor has attended meetings and provided guidance where the Fund is seeking to transition investments to the pool.</li> <li>He has also signposted to additional technical advice required for the actual transition process.</li> <li>Also, regular performance meetings have been held with LGPSC and appropriate challenge made where under-performance is happening.</li> </ul>	<ul style="list-style-type: none"> <li>Ensure a focus on key risk / return priorities.</li> <li>Any areas of misalignment with the Fund's objectives and / or poor performance highlighted, challenged and solutions identified.</li> </ul>
<p>D. Provide other ad-hoc support and advice as required by either the Pensions and Pension Investment Sub Committee or the Fund's other service providers.</p>	<ul style="list-style-type: none"> <li>Advice and support have been provided for an ESG audit and a climate risk scenario report besides the regular support described above.</li> </ul>	<ul style="list-style-type: none"> <li>Any ad hoc support and advice provided in line with agreed service specifications and on a timely basis.</li> </ul>

Task	Current Position as at end of September 2020	KPI / Outcome
		<ul style="list-style-type: none"> <li>• Advisor's fee shared and updated at year end with open report of any additional fees earned through advice.</li> <li>• Conflicts register updated at least half yearly, and upon any changes to the investment advisor as soon as they are known to that person.</li> </ul>
<p>E. Oversight of the relationship between the Fund and the pool, ensuring what the pool offers complies with strong transition, sound governance and the requirements of the Fund.</p>	<ul style="list-style-type: none"> <li>• Regular performance meetings have been held with LGPSC and appropriate challenge made where under-performance is happening.</li> <li>• Ad hoc discussions are also held with the chief executive of LGPSC and his lead officers where necessary.</li> </ul>	<ul style="list-style-type: none"> <li>• Attend all quarterly performance review meetings with LGPS Central where the Fund has invested unless for unforeseen unavoidable circumstances and meeting attendance being agreed in advance of Committee timetable publication.</li> <li>• Any areas of poor performance highlighted, challenged and solutions identified.</li> </ul>
<p>F. Support the fund in training, through transparent general advice.</p>	<ul style="list-style-type: none"> <li>• The investment advisor has provided training and helped source a number of training events.</li> </ul>	<ul style="list-style-type: none"> <li>• Pensions, Pension Investment Sub Committee and Pension Board satisfied with the quality and content of any training requested.</li> </ul>

Task	Current Position as at end of September 2020	KPI / Outcome
<p>G. Ensure the Fund complies with relevant investment pensions regulations, legislation and supporting guidance, and reflects the policies approved by the Pensions Committee.</p>	<ul style="list-style-type: none"> <li>• There have been no instances of non-compliance with relevant regulations or policies.</li> </ul>	<ul style="list-style-type: none"> <li>• No instances of non-compliance with relevant regulations or policies.</li> </ul>