ANNUAL REPORT 2019 AND ACCOUNTS

West Midlands Pension Fund

Introduction

Contents

The Chair of the Pensions Committee and the Director of Pensions Statement

Leading Evolution in a Developing Landscape

A changing regulatory landscape continued to dominate the Fund work programme during 2018/19, along with significant strides forward in both service development and investment pooling.

Our efforts have not gone unnoticed and we welcome the positive recognition of our governance and risk management by the industry and our regulators, together with an award for the strong returns generated by our direct *UK Property Investment* portfolio at 8.3% per annum over the three years to 31 December 2018.

The Fund remains at the forefront of Responsible Investment and Cost Transparency, launching a market-leading *Climate Change Strategy and Framework* in March 2019 and piloting a new industry standard for institutional investment cost data ahead of launch by the *Cost Transparency Initiative*, a collaboration between the PLSA, Investment Association and Local Government Pension Scheme (LGPS), in May 2019.

Our administration systems and processes have continued to evolve during the year, accommodating Scheme changes, completing the transition to monthly employer data submission and developing tools to support engagement with our growing employer base.

As regulations and guidance for administering the Local Government Pension Scheme (LGPS) and managing the Fund's investments continue to develop we have engaged in review and consultations to support scheme-wide development. We have worked to proactively shape Fund policy and set high standards of governance and transparency to ensure we are well placed to continue to deliver value for money and a well-run Fund for the benefit of all our stakeholders.

Councillor Steve Simkins
Chair of the Pensions Committee

Councillor Ian Brookfield
Leader of the City of Wolverhampton Council and former Chair

Engaging to Improve Outcomes

We are proud of our strong track-record for Stakeholder engagement and have continued to deliver enhancements to our pension member and employer information services, noting a 30% increase in footfall at our Autumn member roadshow events and record attendance at employer coaching sessions as demand for pension support continues to grow. Our pension member portal and new video shorts have proved an effective tool in enabling engagement in retirement financial planning with *My Pension Portal* registrations now in excess of 84,000.

Our employer engagement activity has increased during the year. Alongside our ongoing data exchange and clearing work, we have supported employers through their own structural changes in development of a new online employer portal and in preparation for the 2019 actuarial valuation. Our employer AGM in November 2018 included our first employer panel discussion and our Mid-Year Review in July 2019, a demonstration of the developing *Employer Hub* portal. We welcome and thank the employers who are supporting development and pilot of new tools and functionality.

As we continue to develop the services valued by our pension members and employers, a programme of training has been delivered to continue to support the Fund Pensions Committee, Local Pensions Board and Fund officers. In addition to attaining our Investors in People Gold accreditation in 2018, we continue to develop a range of knowledge and skills across pension administration, finance, risk and investment and support attainment of relevant professional qualifications.

Independent reviews of Fund governance and administration processes, Pensions Committee and Local Pensions Board effectiveness were carried out during the year. These gave a pleasing report on our engagement and commitment to continuous improvement, noting the adoption of policies and practices which are leading within the LGPS.

We continue to attract and retain a high calibre of employees, with a number of internal promotions and a strong response to recruitment campaigns, building capacity to continue to transform through progressive change and organic growth. As the first year

Introduction

The Chair of the Pensions Committee and the Director of Pensions Statement

Rachel Brothwood
Director of Pensions

of our graduate and intern programme draws to a close, we are pleased to note the positive added value and thank those who have made this a huge success as we welcome the increase in applications for next year.

Driving Performance and Cost Efficiencies

The Fund has delivered a strong performance across all areas during the year, meeting and maintaining targets set across a range of operational, customer and financial indicators. Where performance was impacted by spikes in demand and regulatory change, measures were put in place to manage the work limiting the impact on our customers with our overall customer satisfaction levels remaining above target. Fund costs were within budget with governance and administration expenditure at £23.11 per member for the year, below average for the LGPS.

During a difficult and turbulent year for global investment markets, the Fund assets returned 5.2% over the year. Macro-economic and geopolitical risks continue to dominate considerations on Fund asset allocation, with a wider strategic review currently underway in conjunction with the 2019 actuarial valuation. Strong returns have been delivered over the five-year period to 31 March 2019, at 9.2% per annum and 0.6% ahead of benchmark.

Following adoption of new investment cost templates and an increase in investment manager reporting, reported investment costs were above the level estimated at the start of the year and stood at £79.9m (0.51% of assets under management). Noting the increased oversight of LGPS funds to deliver return and avoid cost leakage, we welcome this increased reporting which has enabled the Fund to truly challenge its value for money on investments.

Over the five years to 31 March 2018, our independent global benchmarking, now in its third year, concluded the Fund's implementation of investment strategy continued to add value at low cost relative to both LGPS and non-LGPS peers when assessed on a like-for-like basis, with investment return 1.00% per annum above and costs 0.17% below the global median.

Within the first year of LGPS investment pooling and following the launch of LGPS Central, the Fund has transitioned and invested £6.5 billon into pooled vehicles. Savings of note include an estimated £1 million pa reduction in investment management costs on the Fund's global active equity portfolio. In-year transition costs, together with the costs of set-up and management of the pool company, LGPS Central Limited, mean savings in investment management costs will be offset in the start up phase of the company. Progress

The Chair of the Pensions Committee and the Director of Pensions Statement

against the original business case for the pool continues to be monitored, together with investment performance. From inception in March 2019 to 30 June 2019, the Fund's holdings in the LGPS Central Global Active Equity sub fund returned 8.3%.

Investing to Increase Capacity

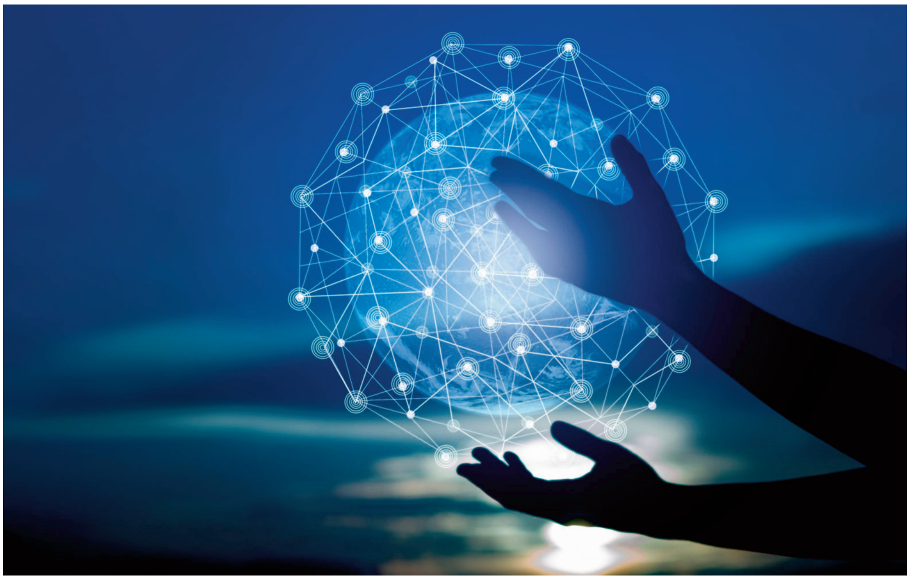
Operational efficiencies and developments continue to progress within areas of Pension Fund administration, including data, systems and benefit operations. Roll-out of hybrid mail with large volumes printed off-site will commence over the next few months, enhancing efficiency and security of processing activity. Our wider Digital Transformation Program is set to support increasing employer and pension member self-service with greater bulk processing planned to help manage increasing demand and activity. Development and planning work during 2018/19 will emerge through a series of enhancements during 2019 and 2020.

Recruitment remains a key priority for the Fund, targeting resources to retain performance and service standards and build specialist skill sets required, for example in investment, actuarial, systems and governance to enable the Fund to continue to deliver strategic priorities through cost effective implementation.

Responsible Scheme Manager, Investor and Employer

During the year the Fund participated in The Pensions Regulator's "deep dive" into the LGPS, as one of a handful of funds chosen to assist the Regulator build an understanding of governance and administration practices within the LGPS. At time of writing we await publication of their report on the LGPS but were pleased with initial feedback on practices observed at the Fund. Aligned with findings of the Fund's own governance review, The Pensions Regulator has noted a number of areas of good practice observed from its engagement with the LGPS.

The Fund's key policy and strategy statements have been reviewed and updated during the year including further development of our *Responsible Investment Framework*. Following a portfolio Climate Risk Review and development of more explicit beliefs around Climate Change, the Pensions Committee has taken steps through the four-year *Climate Change Strategy and Framework* to monitor and contain exposures to risks within the Fund. To support implementation of this strategy and attainment of targets set within, the Fund has worked collaboratively with the investment pool company and other Partner Funds in LGPS Central to appoint five managers to a Global Sustainable Equity framework. Alongside this we continue to employ an active strategy to investment stewardship and through the pool Responsible Investment Working Group, held in July 2019, a Summit attended by all pool Partner Funds focusing on our core Stewardship Themes including Climate Change.



We continue to engage in local investment opportunities and building local talent, noting in particular, property and housing investment within the West Midlands region and the pool of strong candidates who have joined our teams from local schools, colleges and universities. Our employee forum continues to develop and support initiatives to enhance our workplace and leading on fund raising to support nominated local and national charities. Over the year, Fund employees have worked together to raise a record £2,500.

Working in Partnership

We continue to work in partnership with the industry, other pension funds and our advisers and suppliers to develop and deliver Fund priorities. Through partnerships with other institutional investors the Fund has seen a greater response from company engagement and has been able to deliver cost savings in investment management.

Introduction

The Chair of the Pensions Committee and the Director of Pensions Statement

New functionality within the administration systems has been developed for use across the LGPS client base and our pension member communication initiatives have been shared to develop those rolled-out across the LGPS.

During the year we have undertaken a number of scheduled adviser reviews including covenant, legal and investment to ensure we have the best support in place to meet the ongoing requirements of the Fund. We thank those who have actively supported the Fund in navigating developments during the year.

The Fund has been represented and has presented at a range of forums and events during the year including those provided by the Local Government Chronicle, Room 151, Pension and Lifetime Savings Association and Local Authority Pension Fund Forum and continues to be active within a range of scheme-wide initiatives and groups including Cross-Pool, CIPFA pensions panel and the Scheme Advisory Board.

The Year Ahead

Following his appointment as Leader of the City of Wolverhampton Council in May 2019, Councillor Ian Brookfield, the former Chair of Pensions Committee, has stepped away from this role after two years as its leader and five years as a member. Councillor Steve Simkins was appointed Chair in May and now leads the Committee having been a member for the last two years. Councillor Simkins was also a founding member of the Local Pensions Board when it was first established in 2015.

He is supported in his Chair's role by Councillor Milkinderpal Jaspal as Vice-Chair.

We await a number of key developments in relation to the scheme which could impact on the management and operations of the Fund – outcomes of the McCloud and Cost Management process stand to affect scheme benefits whilst a range of recent consultations (on Fair Deal, Local Valuations and Investment Pooling to name a few) and developing guidance will influence review of Fund policy and practice.

The Fund maintains an active risk register to monitor developments and prepare for potential changes and we continue to review and update our response as further details emerge.

The actuarial valuation and investment strategy review are key projects for 2019/20 and we have already started our employer-wide programme of engagement. We also continue to actively recruit to support day-to-day delivery of pension administration and member services, delivery of investment and funding strategy, supported by a team of technical specialists, expert in their field.

We thank our Pensions Committee, Local Pensions Board and all Fund officers for their ongoing hard work to ensure the successful delivery of the Fund and look forward to the year ahead.

Councillor Steve Simkins
Chair of the Pensions Committee

Councillor Ian Brookfield
Leader of the City of Wolverhampton Council and former Chair

Rachel Brothwood
Director of Pensions

Date: September 2019

Management and Financial Performance

Financial Performance

Darshan Singh

Financial Report

The primary functions of the Finance team are to make payments to pensioners and suppliers, to collect income due to the Fund and to account for all of the Fund's activities including its investments.

Financial Performance

Getting the most for our money is important to the Fund and, it is with this in mind, that we are pleased to note a cost of administration, oversight and governance per member of £23.11 for 2018/19 compared to the budget target of £25.76.

This represents the successful deployment of strong financial controls and expense management across the Fund.

One of our key focuses again this year has been on the cost of investment management arrangements. The Fund has been working closely with the PLSA, the Investment Association and LGPS Scheme Advisory Board on new cost transparency initiatives and was part of a pilot group testing and developing industry-wide cost reporting templates. These enhanced schedules captured, for West Midlands, some further previously unreported costs. Whilst the Fund has already been taking a transparent approach with investment management costs as far as possible, the new cost capture templates have enabled even higher levels of transparency from the investment managers. Consequently, as at the end of March 2019, investment management costs were reported as £10 million over the amount estimated for budgeting purposes at the start of the year. The review of 2018/19 investment costs was completed in May 2019 following several months engagement with the Fund's investment managers. The results this year reflect improved cost capture coupled with higher manager response rates, with greater detail, particularly in relation to transaction costs.

Looking to the future, it will be critical for the Fund to continue to demonstrate efficiency and cost-effectiveness to our members and employers. The Finance function will support this by ensuring that planning and forecasting is timely and complete, that management information is accurate and relevant and that all expenditure decisions are carefully scrutinised.

Outturn 2018/19: Operating Budgets

The following table sets out the Fund's outturn for 2018/19 compared to budget. The net position was an overspend of £8.7 million, the main reasons for this being:

- Increase in reported investment management fees (£10.3m) primarily attributable to greater transparency over transactions costs following early adoption of new industry wide reporting templates developed with the Cost Transparency Initiative
- LGPS Central Limited costs came in under budget and there was a saving of £0.6m recognising the need to avoid building up costs too early but rather in line with product development.
- Savings of £0.5m across staffing, supplies and services, professional fees and communications & computing costs.
- £0.5m in recharges and income above that budgeted at the start of the year

	2018/19 budget £'000	2018/19 actual £'000	2018/19 variance £'000
Employees	5,527	5,369	(158)
Premises	221	271	50
Transport	65	51	(14)
Other supplies and services	1,177	1,006	(171)
Professional fees	1,171	1,111	(60)
Communications and computing	534	372	(162)
Support services	544	560	17
Income	(180)	(679)	(499)
Sub total	**9,059**	**8,061**	**(998)**
External investment management costs	65,201	75,562	10,361
LGPS Central Limited charges	4,425	3,771	(654)
Total	**78,685**	**87,394**	**8,709**
Funded by:			
West Midlands Pension Fund	77,935	86,644	8,709
West Midlands ITA Pension Fund	750	750	0
Net budget	**78,685**	**87,394**	**8,709**

Introduction

Management and Financial Performance

Financial Performance

LGPS Central Limited Set-Up Costs

	Direct £'000	Indirect £'000	Total £'000	Cumulative £'000
Set-up costs:				
Recruitment	0	0	0	27
Procurement	0	0	0	2
Other support costs	0	0	0	284
Staff costs	0	0	0	142
Other costs	0	0	0	59
Share purchase costs	0	0	0	2,000
Total set-up costs	**0**	**0**	**0**	**2,514**

The pool was fully set up by 31 March 2018, therefore no set-up costs were incurred in the 2018-19 financial year. However, set-up costs totalling £502k were refunded to the Fund in February 2019.

Outturn 2018/19: Cost-Per-Member: West Midlands Pension Fund

Cost-per-member is a critical measure for the Fund of its cost-effectiveness. The table below sets out the cost-per-member in 2018/19 compared to budget and last year using the CIPFA standard categories. The key measure kept under review as part of the Fund's service plan monitoring is the combined cost of administration, oversight and governance which was £23.11 per member in 2018/19.

	2017/18 actual	2018/19 budget	2018/19 actual
Total administration costs (£000)	3,826	4,693	5,068
Administration cost per member (£)	12.21	14.98	15.65
Total oversight and governance costs (£000)	2,776	3,378	2,415
Oversight and governance cost per member (£)	8.86	10.78	7.46
Total administration, oversight and governance cost per member (£)	**21.07**	**25.75**	**23.11**
Total investment management costs (£000)	60,168	69,864	79,911
Investment management cost as a percentage of investment assets	**0.39%**	**0.43%**	**0.51%**

Outturn 2018/19: Cost-Per-Member: West Midlands ITA Pension Fund

	2017/18 actual	2018/19 budget	2018/19 actual
Total administration costs (£000)	90	90	90
Administration cost per member (£)	18.01	17.68	18.21
Oversight and governance costs:			
West Midlands Pension Fund	30	30	30
West Midlands Combined Authority	22	-	22
External fees and charges	111	-	87
Total oversight and governance costs (£000)	163	30	139
Oversight and governance cost per member (£)	32.62	5.90	28.13
Total administration, oversight and governance cost per member (£)	**50.63**	**23.58**	**46.34**
Total investment management costs (£000)	698	630	830
Investment management cost as a percentage of investment assets	**0.14%**	**0.13%**	**0.17%**

Management and Financial Performance

Financial Performance

Outturn 2018/19: West Midlands Pension Fund

Across the Fund, the year-end position was £299.9 million below that forecast. The main reasons for this were:

- Investment returns (including income) being lower than the returns assumed in the forecast (£221.8 million).
- Contributions income being lower (£61.8 million) than forecast as a result of accounting adjustments to balances brought forward from 2017/18. (Unadjusted contributions receivable were in line with forecast.)
- Improved cost transparency templates coupled with higher manager response rates and greater detail (particularly in relation to investment transaction costs) resulting in the capture of £9.5 million more than originally budgeted for investment management expenses.

	2018/19 forecast £m	2018/19 actual £m	2018/19 variance £m
Contributions and benefits			
Contributions receivable	(334.5)	(272.7)	61.8
Other income	(16.0)	(14.5)	1.5
Benefits payable	582.3	589.7	7.4
Other payments	0.3	4.4	4.1
Net transfers (in)/out	-	(6.2)	(6.2)
Net cost of pensions	**232.1**	**300.7**	**68.6**
Returns on investments			
Investment income	(211.0)	(237.2)	(26.2)
Changes in value of investments	(693.2)	(445.2)	248.0
Net return on investments	**(904.2)**	**(682.4)**	**221.8**
Management expenses	**77.9**	**87.4**	**9.5**
Net (increase)/decrease in the Fund during the year	**(594.2)**	**(294.3)**	**299.9**
Net assets of the Fund at the beginning of the year	15,419.8	15,419.8	-
Net assets of the Fund at the end of the year	**16,014.0**	**15,714.1**	**(299.9)**

Outturn 2018/19: West Midlands ITA Pension Fund

Across the Fund, the year-end position was £13.9 million lower than forecast. This was due mainly to investment income and returns, with income being £2.1 million lower than forecast and returns £11.4 million lower.

	2018/19 forecast £m	2018/19 actual £m	2018/19 variance £m
Contributions and benefits			
Contributions	(11.8)	(11.1)	0.7
Other employer contributions	(2.9)	(2.8)	0.1
Benefits payable	30.6	30.0	(0.6)
Net cost of pensions	**15.9**	**16.1**	**0.2**
Investment income	(19.3)	(17.2)	2.1
Changes in value of investments	(11.0)	0.4	11.4
Net return on investments	**(30.3)**	**(16.8)**	**13.5**
Management expenses	**0.8**	**1.0**	**0.2**
Net (increase)/decrease in the Fund during the year	**(13.6)**	**0.3**	**13.9**
Opening Fund balance	492.0	492.0	
Closing Fund balance	**505.6**	**491.7**	**(13.9)**

Introduction

Management and Financial Performance

Financial Performance

Medium-Term Forecasts – Operating Budgets

The following tables set out the Fund's medium-term forecasts for its operating budgets and express these in terms of cost-per member. Over the medium term, the costs of administration, oversight and governance per member are forecast to remain broadly stable. The cost of investment management per member is forecast to grow; however, this solely reflects anticipated growth in the value of the Funds' assets.

	2019/20 budget £'000	2020/21 forecast £'000	2021/22 forecast £'000	2022/23 forecast £'000	2023/24 forecast £'000
Employees	7,358	7,230	7,375	7,523	7,673
Premises	302	308	314	320	326
Transport	37	38	39	40	41
Other supplies and services	430	439	448	457	466
Service development	949	450	450	450	450
Professional fees	1,483	1,363	1,390	1,418	1,446
Communications and computing	585	597	609	621	633
Support services	634	647	660	673	686
Income	(584)	(595)	(607)	(619)	(631)
Sub Total	**11,195**	**10,477**	**10,678**	**10,883**	**11,090**
External investment management costs	65,936	69,892	74,086	78,531	83,243
LGPS Central Limited charges	4,669	4,949	5,246	5,561	5,895
Total	**81,800**	**85,318**	**90,010**	**94,975**	**100,228**
Funded by:					
West Midlands Pension Fund	81,050	84,568	89,260	94,225	99,478
West Midlands ITA Pension Fund	750	750	750	750	750
Net budget	**81,800**	**85,318**	**90,010**	**94,975**	**100,228**

Medium-Term Forecasts: Cost-Per-Member: West Midlands Pension Fund

	2019/20 budget	2020/21 forecast	2021/22 forecast	2022/23 forecast	2023/24 forecast
Total administration, oversight and governance costs (£000)	10,444	9,727	9,928	10,133	10,340
Cost of administration, oversight and governance per member (£)	**31.55**	**28.72**	**28.57**	**28.40**	**28.22**
Total investment management costs (£000)	70,606	74,842	79,332	84,092	89,138
As percentage of forecast net assets	**0.47%**	**0.47%**	**0.47%**	**0.47%**	**0.47%**

Medium-Term Forecasts: Cost-Per-Member: West Midlands ITA Pension Fund

	2019/20 budget	2020/21 forecast	2021/22 forecast	2022/23 forecast	2023/24 forecast
Total administration, oversight and governance costs (£000)	120	120	120	120	120
Cost of administration, oversight and governance per member (£)	**23.58**	**23.58**	**23.58**	**23.58**	**23.58**
Total investment management costs (£000)	630	630	630	630	630
As percentage of forecast net assets	**0.12%**	**0.12%**	**0.12%**	**0.12%**	**0.12%**

Management and Financial Performance

Financial Performance

Medium-Term Forecasts – West Midlands Pension Fund

This table sets out forecasts for the main Fund over the period to 2023/24.

	2018/19 actual £m	2019/20 forecast £m	2020/21 forecast £m	2021/22 forecast £m	2022/23 forecast £m	2023/24 forecast £m
Contributions and benefits						
Contributions receivable	(272.7)	(350.0)	(660.0)	(674.0)	(694.0)	(715.0)
Other income	(14.5)	(16.0)	(17.0)	(17.0)	(17.0)	(17.0)
Benefits payable	589.7	610.0	639.0	669.0	698.0	728.0
Other payments	4.4	-				
Net transfers (in)/out	(6.2)	-				
Net cost of pensions	**300.7**	**244.0**	**(38.0)**	**(22.0)**	**(13.0)**	**(4.0)**
Returns on investments						
Investment income	(237.2)	(219.0)	(230.0)	(242.0)	(257.0)	(272.0)
Changes in value of investments	(445.2)	(720.0)	(754.0)	(796.0)	(844.0)	(895.0)
Net return on investments	**(682.4)**	**(939.0)**	**(984.0)**	**(1,038.0)**	**(1,101.0)**	**(1,167.0)**
Management expenses	**87.4**	**82.0**	**85.0**	**90.0**	**95.0**	**100.0**
Net (increase)/decrease in the Fund during the year	**(294.3)**	**(613.0)**	**(937.0)**	**(970.0)**	**(1,019.0)**	**(1,071.0)**
Net assets of the Fund at the beginning of the year	15,419.8	15,714.1	16,327.1	17,264.1	18,234.1	19,253.1
Net assets of the Fund at the end of the year	**15,714.1**	**16,327.1**	**17,264.1**	**18,234.1**	**19,253.1**	**20,324.1**

Medium-Term Forecasts – West Midlands ITA Pension Fund

	2018/19 actual £m	2019/20 forecast £m	2020/21 forecast £m	2021/22 forecast £m	2022/23 forecast £m	2023/24 forecast £m
Contributions and benefits						
Contributions receivable	(11.1)	(12.0)	(12.0)	(12.0)	(12.0)	(12.0)
Other employer contributions	(2.8)	(3.0)	(3.0)	(3.0)	(3.0)	(3.0)
Benefits payable	30.0	32.0	33.0	34.0	35.0	36.0
Net cost of pensions	**16.1**	**17.0**	**18.0**	**19.0**	**20.0**	**21.0**
Returns on investments						
Investment income	(17.2)	(20.0)	(20.0)	(21.0)	(21.0)	(22.0)
Changes in value of investments	0.4	(11.0)	(12.0)	(12.0)	(12.0)	(13.0)
Net return on investments	**(16.8)**	**(31.0)**	**(32.0)**	**(33.0)**	**(33.0)**	**(35.0)**
Management expenses	**1.0**	**1.0**	**1.0**	**1.0**	**1.0**	**1.0**
Net (increase)/decrease in the Fund during the year	**0.3**	**(13.0)**	**(13.0)**	**(13.0)**	**(12.0)**	**(13.0)**
Net assets of the Fund at the beginning of the year	492.0	491.7	504.7	517.7	530.7	542.7
Net assets of the Fund at the end of the year	**491.7**	**504.7**	**517.7**	**530.7**	**542.7**	**555.7**

Introduction

Management and Financial Performance

Financial Performance

Pension Overpayments

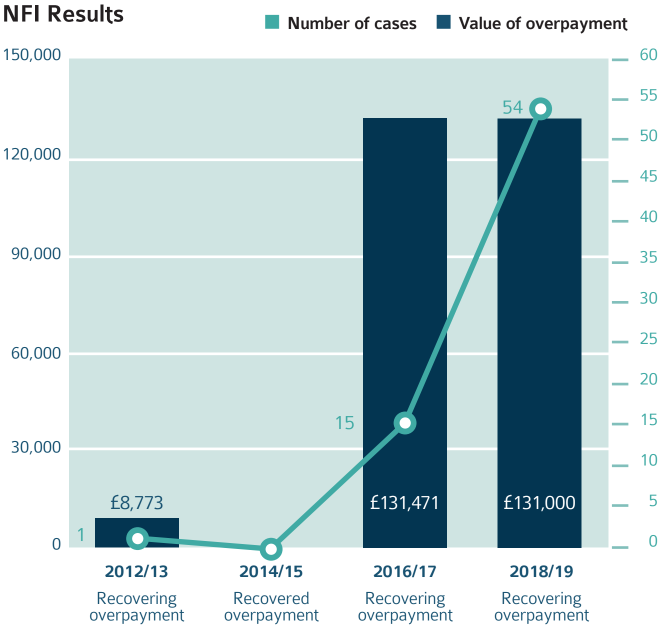
The Fund seeks to minimise and recover, where appropriate, any overpayments made to members. The majority of these cases arise from late notification of a member's death. The following table sets out overpayments for the last three years.

Year	Pension overpayment (£)	% of gross pension
2016/17	506,441.35	0.12
2017/18	353,352.29	0.08
2018/19	**321,039.40**	**0.07**

Minimising Fraud

The Fund participates in the National Fraud Initiative (NFI), which is a biennial process. The last initiative was undertaken in 2018/19 and the necessary recoveries arising from identified overpayments are being pursued. The results from previous years are shown in the following chart.

NFI Results



In addition to participating in the NFI, the Fund undertakes a regular programme of mortality screening to help identify possible unnotified deaths in a timely manner. Following the year end, the Fund has engaged with a new third party provider (through the National LGPS Frameworks for Member Data Services) to provide an enhanced investigative mortality screening service which will further support the programme of work underway and ensure more reliable up to date records and assist in the reduction of potential data breaches and overpayments.

Timeliness of Contributions

The receipt of contributions is monitored and reported to the Senior Management Team on a monthly basis in the form of a key performance indicator (KPI). The table below details the KPI during 2018/19; this shows the percentage of contributions received by the 19th of the following month in which contributions have been deducted from the employers' payroll (calculated on a cumulative basis).

Month	KPI % West Midlands Pension Fund	KPI % ITA Fund
April 2018	94.90	92.5
May	96.07	87.5
June	96.97	97.8
July	98.66	97.4
August	96.86	97.1
September	96.31	96.7
October	96.58	96.4
November	97.02	96.2
December	97.21	97.4
January 2019	97.29	97.2
February	97.29	97.1
March	97.54	96.9

Darshan Singh
Head of Finance

Date: September 2019

Management and Financial Performance

Risk Management

West Midlands Pension Fund is committed to developing and implementing a risk management and assurance framework which provides a systematic and consistent approach to the managements of risks which have the ability to threaten the delivery of the Fund's strategic objectives.

The Fund has an operational risk policy that defines a coherent and consistent approach to the operational risk management for both the Fund and also as part of the framework involved with the assurance required with LGPS Central Ltd via the investment pool risk register. The Fund's strategic risk register was comprehensively reviewed and redesigned in 2018. This provides a comprehensive Fund-wide methodology that uses a common risk understanding throughout the Fund enabling a consistent approach by risk owners and controllers at all levels.

This framework involves:

- defining the Fund's operational risk appetite;
- defining, identifying and categorising the operational risks within the Fund;
- defining the methodology used to measure and assess the significance of the identified risk;
- assigning responsibility to officers owning the mitigating actions required to reduce the risk exposure to an acceptable risk appetite;
- assigning responsibility for monitoring the effects of the mitigation actions; and
- an established reporting and escalating mechanism for risk issues to all levels in order to ensure transparency and aid the decision-making process.

The Fund promotes a culture of risk management throughout the organisation and is supported in its risk oversight by senior management of the Fund. The Fund's risk management supports innovative solutions as it carefully considers benefits, alongside the risks which may occur and the essential steps taken to effectively manage those risks.

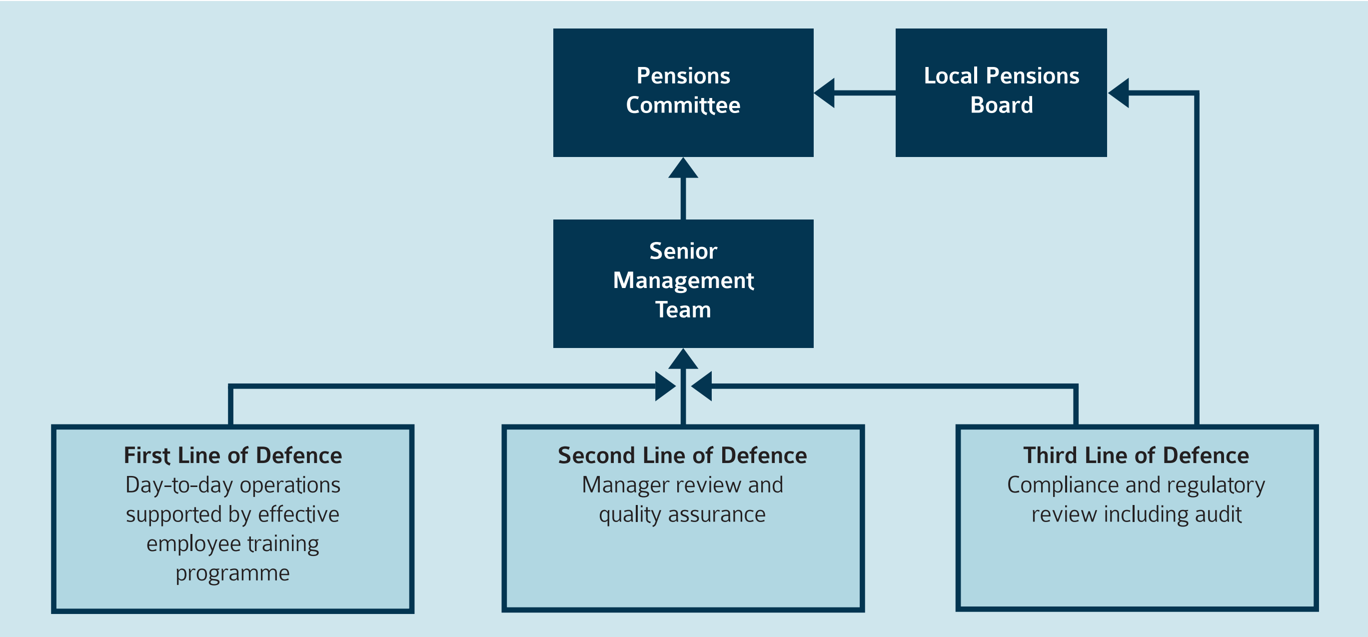
A key element of risk management is the structured delegation of powers from the administering authority to the Pensions Committee and then to the Director of Pensions, supported by senior officers.

The Senior Management Team are responsible for monitoring and advising the Pensions Committee on current risk exposures, ensuring future risk strategies are in place, maintaining a business-wide risk culture. During the year, the Fund completed a comprehensive review of its risk framework and implemented new processes further embedding the positive risk culture. The Fund uses operational risk maps that flow into the strategic risk register ensuring any new risks, including administrative, management, financial and investment risks, are identified and the correct controls are in place to be managed effectively. During the year, the Fund provided training to its staff on risk management and reporting to assist in the monitoring of its risk profile and the effectiveness of internal controls.

Introduction

Management and Financial Performance

Risk Management



Horizon scanning enables the Fund to identify, evaluate and manage changes in the risk environment, preferably before they manifest as a risk or become a threat to the Fund. Additionally, horizon scanning can identify positive areas for the Fund to develop its business and services, taking opportunities where these arise. The Fund works collaboratively with stakeholders and statutory bodies to horizon scan and be attentive and responsive to change.
By implementing mechanisms to horizon scan the Fund is able to respond to changes or emerging issues in a coordinated manner. Issues identified through horizon scanning link into and inform the business planning process and consider ongoing risks to services. Staff are encouraged to bring to the attention of their managers potential issues identified in their areas which may impact on the Fund delivering on its objectives.

The outputs from horizon scanning are reviewed and used in the development of the Fund's strategic priorities, policy objectives and development. The scope of horizon scanning covers, but is not limited to:

- legislation (primary and secondary);
- regulatory changes LGPS/TPR/FCA/ICO;
- Government white papers;
- Government consultations;
- trends in public attitude towards pensions;
- investment strategy including ESG;
- LGPS industry best practice;
- local demographics; and
- seeking stakeholders' views

The risk register is regularly monitored by the Director of Pensions and the Senior Management Team to ensure new risks have been identified and mitigation controls remain appropriate. The risk register is overseen by the administering authority's internal audit which issue recommendations to the Fund, providing an additional layer of assurance for the risk oversight.
The methodology used for the assessment and mitigation of risks has been endorsed by the Chartered Institute of Public Finance & Accountancy (CIPFA).

The key risk mitigation controls in place are stress tested on a regular basis to ensure that they are sufficiently resilient to ensure the Fund meets its strategic objectives.

Management and Financial Performance

Risk Management

Components of Internal Control

Third Party Risks

Employers

Risks emanating from defaulting employers, such as late payment of contributions, are monitored on an ongoing basis by the Fund's Finance and Employer Relations teams. Proactive discussions and meetings are held with regular reporting to the Head of Pensions. Furthermore, key employer risks are monitored on an ongoing basis by the Fund's Senior Management Team. Controls and procedures have been put in place to ensure that the scheme is compliant with The Pension Regulator Code of Practice. During 2018-19, no employers were reported to The Pensions Regulator.

It is recognised that Fund services are very dependent upon third party contracts ranging from IT through to investment managers. All are subject to regular review and monitoring with compliance visits targeted at the more significant risk areas for example, exception reporting.

Introduction

Management and Financial Performance

Risk Management

The Fund's key risks identified as part of the risk management process, together with actions to mitigate them, are detailed in the table below.

O - Operational R - Regulatory
F - Financial Rep - Reputational

Theme	Risk	Relevant strategy
Operational	1 Resourcing and retention 2 Capacity to deliver services 3 High volume of service change and development with reliance on key service providers 4 Loss of key knowledge and skills 5 Increasing diversity in Fund members and employers	Noting the challenge across the LGPS to secure highly-skilled individuals across all service areas, the Fund is responding to that challenge through its workforce development strategy and structured training program. Having the right people with the right skills, knowledge and behaviour is fundamental to the work of the Fund. Recognising the challenge across the LGPS to recruit the people with a good fit of knowledge and skills, it is important to the ongoing success of the Fund that it is able to offer attractive opportunities and development in the context of a challenging and changing environment. Local demand for pension and finance/ investment resource continues to create recruitment challenges. Ensuring people are confident in their roles leads to improved efficiency and productivity in working practice and promotes an inclusive environment where collectively and individually our team members contribute to the success of the Fund, as well as finding new ways to achieve personal development and job satisfaction. The Fund's own training policy and appraisal programme supports building experience, skills and professional qualifications. The Fund works with its providers to shape and develop their services ensuring they are fit for purpose in responding to change. Through effective horizon scanning, the Fund is able to identify and prioritise key service developments utilising expertise built both in house and with our partners, to ensure effective monitoring of controls and ensure projects are managed to deliver successful outcomes.
Financial	6 Adequate monitoring of funding strategy and employer covenant strength 7 Volatility in investment markets (including climate risk) 8 Ongoing development and delivery of investment pooling	The Fund has a diversified investment portfolio across geographical and sector investments and monitors employer covenant strength and funding development to enable early identification of potential strains on contribution rates. The Fund aims to ensure its investment portfolio, funding strategy and employer covenant framework are resilient to climate-related risks over the short, medium and long term. This includes the risk of failing to identify climate-related investment opportunities. For an effective first line of defence, the Fund integrates climate change into investment processes including selection and due diligence of assets. The aim is to decarbonise the portfolio through purposeful stewardship. The Fund incorporates climate risk identification and analysis into its covenant and funding processes. This is monitored and used to inform strategy reviews over the medium and longer term. In collaboration with partner funds, the Fund has developed transition planning and an assurance framework, working collaboratively with LGPS Central Limited to monitor the delivery of asset pooling.

Theme	Risk	Relevant strategy
Regulatory	9 Regulatory change and its currently unknown implications 10 Greater oversight from governing bodies with, as yet, unknown reporting requirements	The Fund keeps abreast of developments, participating in consultation and calls for evidence and collaborations with other LGPS funds. A number of regulatory changes were made and consultations issued during 2018/19, impacting scheme benefits and terms for employer participation and asset pooling. Arrangements and guidance for New Fair Deal, employer exit, asset pooling and member exit provisions (the long-awaited £95k cap), together with benefit changes from the cost management process could, as details emerge, materially impact Fund administration and implementation of investment strategy. Following an initial review in 2015 of the role of the administering authority for the LGPS and how this could be distinguished from a local authority in its role as scheme employer, the Scheme Advisory Board for England and Wales announced a follow on review as part of its 2018/19 work programme. In October 2018 the Board clarified that the follow-on review, developing options for change, was intended to help and assist with the management of potential conflicts of interest between the pension fund and the local authority whilst retaining local democratic accountability. The options under consideration seek to improve governance by increasing the degree of separation between the scheme manager function and host authority. The Board is expected to consult widely with a range of stakeholders ahead of considering recommendations for change and the Fund is well-placed to participate in those consultations helping to shape the future of the LGPS.
Reputational	11 Ability to respond to our customers' changing demands in the way they engage	The Fund continues to grow as an organisation, not just in member and employer numbers but also in the diversity of its customer base. With increasing demands for services, together with evolving preferences and expectations on access, working practices and approach will continue to evolve to support a growing range of channels.

Introduction

Pensions Administration

Operations and Pension Services

Background

The West Midlands Pension Fund's ("the Fund") administration functions cover a wide range of aspects from processing of member benefits, maintenance of our administration system to include regulatory updates, through to onboarding of employers and engagement with our customers.
The dedicated teams are constantly evolving to service the needs of the second largest LGPS membership base and one of the largest LGPS employer bases in England and Wales.

Employees of all local and joint authorities and many other public bodies in the West Midlands region have automatic access to the LGPS via the Fund (unless eligible for an alternative public sector scheme) and a wide range of other bodies providing a public service or undertaking a contract are also eligible to join the Fund via a resolution or admission agreement.

The administration function is accountable to the Pensions Committee, the Local Pensions Board, participating employers and scheme members in terms of overall effectiveness and value for money.

The LGPS is a contracted-out defined benefit scheme with benefits defined under statutory regulations (LGPS Regulations) which are not affected by the Fund's investment performance or market conditions.

2018/19 has been a busy year for the Pension Administration teams with the scheme and Fund experiencing some significant changes over the year.

Value-For-Money Statement

To ensure the effectiveness of the administration services, the Fund is monitored through internal and external audits and, as mentioned later in this section, in 2018/19 engaged with an additional third party organisation to review the efficiency of the service. Furthermore, to demonstrate efficiency, the Fund participates in benchmarking exercises with other local government pension funds which provides a comparison of key performance indicators overtime against national averages.

Simon Taylor

Amy Regler

In 2018/19, the Fund has widened this benchmark to encompass other public and private pension funds internationally.

The Fund continues to invest in resources and technology systems which are detailed throughout the report and demonstrates the commitment to ensure value for money for our stakeholders.

Key Activities and Performance

Benefit Operations

Overall for 2018/19, as our employer and membership numbers grow the volume of casework also continues to grow. Across the Operations teams the Fund has seen a 21% increase in the number of processes commenced, and a 13% increase in the number of processes completed compared to the previous year 2017/18. This increase in work volumes represents a combination of continuing work with employers to target historical data quality issues, changes to regulations, and the introduction of new employer policies and or regulations for example, auto enrolment staging dates and changes to annual leave policies.

The Fund has a suite of operational KPIs which look at the timeliness we provide information to members and processing their payments. Overall, a cumulative improved performance across the KPIs can be seen from the previous year, and this improvement is a key focus for the Fund going forward. With the scheme change in 2018/19, allowing deferred members to access their benefits at age 55, the Fund received 59% more member requests for quotes compared to the previous year. This unprecedented amount of requests impacted our performance against our normal processing timescales.

A summary of the cumulative performance against these targets and the administrator casework is outlined on pages 46 and 47.

Pensions Administration

Operations and Pension Services

Member Communications
In line with our *Customer Engagement Strategy*, we seek to place our customers at the heart of everything we do, ensuring the Fund drives continuous improvement and develops working practices, systems and processes which are informed and prioritised according to the needs of those customers.

The Fund's dedicated Member Services Team are committed to supporting employers by providing information to members on a wide range of pension matters at the members' workplace, offering a variety of different ways to engage with and support our members. These include face-to-face consultations, My Pensions Portal drop-in sessions and a suite of presentations which mirror a member's customer journey from introduction to the LGPS, all the way to supporting members' pre-retirement. During the course of 2018/19 the Fund delivered events across the West Midlands region to over 6,350 members as displayed below:

Employer Engagement and Communications
The Fund has published our revised *Pensions Administration Strategy* (PAS) for 2019. This followed consultation with our employer base and includes more detail on the support available from the Fund to employers. In light of the revised PAS we continue to review the way in which we report performance to our employers as well as the timing of this information. The aim is to highlight any areas of underperformance relative to standards set in the PAS, which will help to identify issues early and monitor resolution, as well as providing for greater support where required.

We continue to deliver and are developing our employer coaching sessions to support new employers, those with staff changes or those with a need for refresher training. These sessions help to increase understanding of employer responsibilities and how the Fund and employers work together to deliver benefits to members. Our employer peer group has provided valuable feedback during the year and assisted in the development and roll-out of further initiatives and service improvements. The Fund also provides a quarterly employer briefing note to update our employers with important information and topical issues, as well as special briefing notes on bespoke topics. In total, the Fund engaged one-to-one with 249 employers directly (via a face-to-face meeting or scheduled teleconference call) and provided 23 group engagements during 2018/19 as summarised on the next page.

Coverage 2018/19 (concentration represented by size of dot)

Summary of events 2018/19 and attendance levels

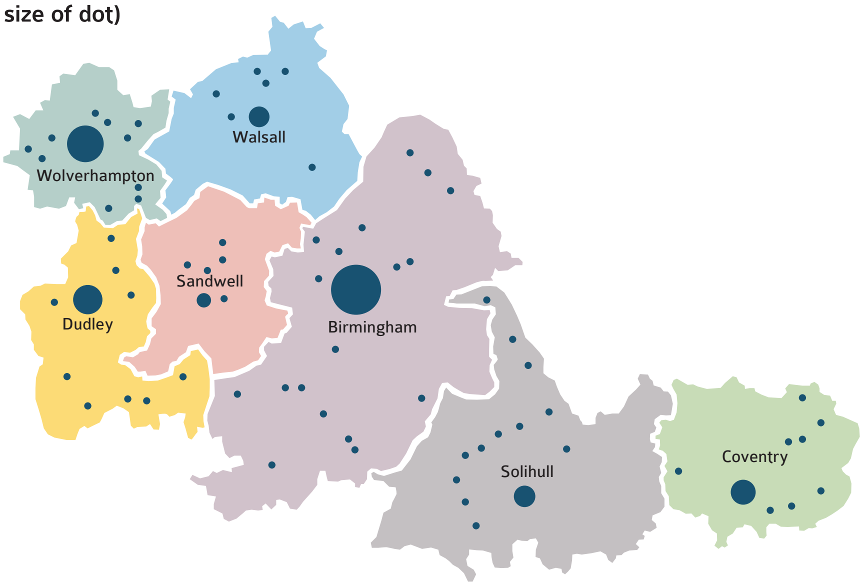
Event type	Number	Attendance
Pre-retirement	13	183
LGPS and You	65	1,754
Induction	21	381
Pension Tax	8	110
Bespoke	4	205
Portal	1	60
1:2:1s	124	1,192
Roadshows	35	1,984
Market Events	17	488
Total	**288**	**6,357**

Introduction

Pensions Administration

Operations and Pension Services

Coverage of direct engagement for 2018/19 (concentration represented by size of dot)



Summary of engagement activity 2018/19

Engagement Activity	Number
Briefing Notes	5
Coaching Sessions	5
Employer Peer Group	5
Bespoke Presentations/Updates	8
Total	**23**

Customer Satisfaction

The Fund encourages feedback via a range of different channels, such as surveys issued following member events and telephone calls and general satisfaction surveys placed on our website.

The table below provides a high-level summary of compliments and complaints received from our members during 2018/19, many of which were able to be translated into service improvements going forward.

Compliments received	132
Complaints received	256
Complaints upheld	117

Key Projects and New Initiatives

Process Efficiency

In 2018/19 the Fund engaged with a third-party provider to undertake an independent review of our operational processes, ensuring the Fund continues to meet its ongoing statutory duties as well as being able to prepare for the future through proactive assessment of forthcoming challenges and service development. The report noted the Fund’s good work in its administration of pension benefits, commenting that the Fund is forward thinking in its aims and objectives relating to administration and has a robust administration system with automated workflow, providing a transparent audit trail.

In addition, it was highlighted that team members appeared confident in their roles with excellent knowledge of processes and pension benefits.

Member Event Surveys

A 'post retirement' survey was piloted during the first quarter of 2019 which gave us a valuable insight into the retirement journey. As a result, we will be rolling out this survey on a monthly basis to gather a continual feedback stream and to collate a representative amount of data to base business improvements on. The number of 'post event' customer satisfaction surveys are expanding, with surveys being piloted to new joiners, deferred retirees and to members who have transferred in or out of the scheme.

Digital Communication

Our feedback and analytics suggest that increasing numbers of customers are wanting to use digital services to manage their pension benefits. As a result, a number of improvements have been made and are planned to expand our customer offering, such as:

- videos and webinars as a tool for enhanced pension awareness;
- targeted bulk email communication, for example dedicated to awareness of pensions scams;
- update our employer and member website pages to make more information readily available, improve self-service options, and enhance the look and feel; and
- increase the availability of online support, interaction and literature

Pensions Administration

Operations and Pension Services

Digital Transformation

Work continues to develop our systems through digital transformation, with a number of areas progressing in 2018/19. The aim of the programme is to support the Fund to transform our business areas through the use of information and technology to drive business efficiencies and cost savings whilst improving the service we provide to our members and employers. The Fund is working in partnership with our software supplier to improve the way we interact with our employers via our online portal.

GMP Reconciliation

The Fund has progressed work on the reconciliation of guaranteed minimum pension (GMP) records with HMRC. This work follows the Government's announcement that, with effect from 6 April 2016 a new single tier state pension would be introduced, and contracting-out of the additional state pension would cease. The project has continued to make significant progress through 2018/19 and all query cases were raised with HMRC by the December 2018 deadline. Since the baseline was established the number of unreconciled cases has reduced by more than 203,000, with most remaining unreconciled cases awaiting a response from HMRC. In 2019/20 the project will progress into the rectification phase which is expected to take approximately 12 months from initiation.

Preparation for the 2019 Actuarial Valuation and Associated Data Quality

In preparation for the forthcoming actuarial valuation, the Fund commenced initial engagement with a number of employers to include raising awareness of data quality and the associated potential impact upon liabilities. As a result, the Fund worked closely with a number of employers, having implemented targeted Data Improvement Plans aimed at improving specific elements of individual employer data, which was monitored and reported on. This process aligned to the Fund's prior introduction of monthly data submissions, which has improved both the timeliness and accuracy of data received.

Working in Partnership

Responding to Consultations

The Fund responded to a number of consultations during the year, some of which involved policy matters relating to amendment of the scheme's design and others aimed at the wider pensions industry. In summary, these included:

- **Pensions Dashboards**
  In December 2018 the DWP opened a consultation on the implementation of a pensions dashboard, a service which will let people access their pension information in a single place online, in a clear and simple form. Putting individuals in control of their data, it is intended to bring together their pensions information from multiple sources, which can then be accessed at a time of their choosing.

- **New Fair Deal**
  In January 2019 a further consultation was published by MHCLG on this matter and its application for the LGPS. The key proposals within this consultation included introduction of the concept of a "protected transferee" and a new status of employer "deemed employer" as an alternative to existing admission bodies.

- **Late Retirement Factors**
  MHCLG issued a consultation in March 2019 around the implementation of new late retirement factors and the associated methodology.

Working with The Pensions Regulator (TPR)

As part of TPR's 2018-2021 corporate plan, a greater emphasis on cohort working was introduced, with the LGPS being listed as one such cohort. The Fund has worked closely with TPR both as an individual fund and as part of a collective through the LGPS Metropolitan Pension Fund group (METS), to assist in their understanding of the scheme, the challenges involved, and demonstrating compliance with TPR's code of practice.

This process has involved extensive two-way engagement with TPR and resulted in enhancing consistency, improving controls in place, and sharing and developing best practice amongst funds.

Wider Collaboration

During 2018/19 the Fund has worked closely with a number of national groups to drive improvements to administrative procedures, share best practice and develop initiatives for the wider LGPS. Examples include the following:

- Developing communications for the wider LGPS in conjunction with the Local Government Association (LGA) to include the designing of an annual benefit statement and production of member videos.
- Engagement with the Chartered Institute of Public Finance (CIPFA) on annual accounting standards for participating employers.
- A longstanding founder member of the LGPS National Frameworks, we have supported in the rolling-out of a number of new frameworks, as well as revisiting existing ones, to enable more efficient and effective procurement within the LGPS.

Simon Taylor
Head of Pensions

Amy Regler
Head of Operations

Date: September 2019

Introduction

Governance Arrangements

Governance Compliance Statement 2019

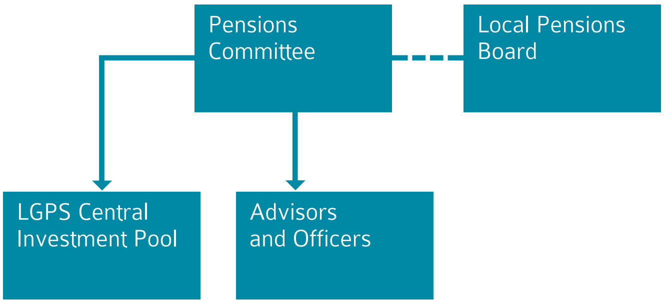
Compliance and Best Practice

The Fund is required to publish a compliance statement under Regulation 73A of the Local Government Pension Scheme Regulations 1997 (as amended) and review that statement on an ongoing basis under Regulation 31 of the 2008 Regulations. Under Regulation 31 (3) (c) there is a requirement to measure the Fund's governance arrangements against a number of standards set out within guidance issued by the Ministry for Housing, Communities and Local Government (MHCLG).

In accordance with this requirement, what follows is the Fund's assessment of its compliance with the standards as outlined.

Governance of the Fund

Principle A requires funds to establish a formal committee structure; to comply with this, the Fund's governance arrangements has four key elements:



Pensions Committee

The management and administration of benefits and strategic investment strategy is fundamentally the responsibility of the Pensions Committee established by the City of Wolverhampton Council (the administering authority) which has representation from the seven West Midlands metropolitan district councils and local trade unions.

The Committee administers the scheme in accordance with the regulations and best practice and determines the strategic management of the assets based upon the professional advice it receives and in consideration of its overriding duty to pay members' benefits when they fall due.

Rachel Howe

The roles of the members and the Committee are as follows:

1. To discharge the functions of the administering authority for the application of the Local Government Pension Scheme in the West Midlands.
2. To put in place and monitor the arrangements for the administration of contributions and payments of benefits as required by the scheme, ensuring contributions are invested appropriately and assets are able to meet payments when due to members.
3. To determine and review the provision of resources made available for the discharge of the function of the administering authority.
4. To set strategic asset allocation and monitor investment performance.

The key duties in discharging this role are:

1. To be responsible for compliance with legislation and best practice;
2. To review and agree the Investment Strategy Statement and Funding Strategy Statement for both funds;
3. To monitor funding and investment activity and the performance of the Fund's investments;
4. To produce and maintain a Pension Administration Strategy, Governance Compliance Statement, Communications Statements and publish a Pension Fund Annual Report;
5. To determine employer admission policy and agreements;
6. To appoint and monitor an investment pool operator to manage the assets of the Fund;
7. To appoint Committee advisors;
8. To determine detailed management budgets; and the Fund's Service Plan
9. To administer all aspects of the West Midlands Pension Fund on behalf of City of Wolverhampton Council and the West Midlands Integrated Transport Authority Pension fund under S101 Local Government Act 1972 delegation from the WM Combined Authority.

Governance Arrangements

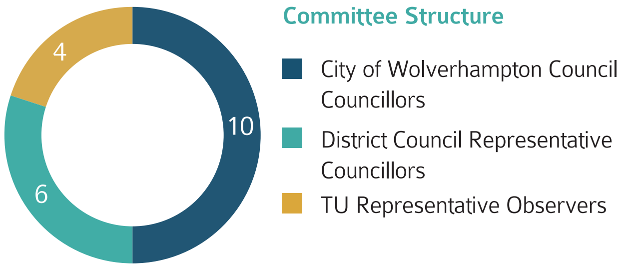
Governance Compliance Statement 2019

The Director of Pensions oversees the implementation of Fund policy and the management of the day-to-day operational functions through the Fund's service areas. The Committee are advised and supported by the Managing Director, Director of Pensions, Assistant Director, Heads of Service and Senior Finance and Legal Officers from the City of Wolverhampton Council.

Trade Union Representation

The Fund invites trade unions to sit on the Pensions Committee as observers on behalf of our pension scheme members. Four representatives are invited from the three main trade unions as recognised by the City of Wolverhampton Council. The trade union observers are invited to sit and debate matters at committee meetings and receive the same access to papers, meetings and training opportunities as other Committee members.

Committee Structure



Local Pensions Board

As required by the Public Service Pensions Act 2013, the City of Wolverhampton Council as administering authority established the Local Pensions Board to assist in the good governance of the scheme by ensuring the Fund's compliance with legislation and statutory guidance.

Consisting of six member and six employer representatives, two of which are Wolverhampton elected councillors. The Board publishes an annual workplan focussing on the Fund's governance and administration processes, monitoring the Fund's compliance with statutory and regulatory guidance and working with officers to ensure the highest standards are met. The workplan covers the broad range of functions undertaken by the Fund including data management, financial management, funding policy and implementation of investment strategy.

Both the Pensions Board and Pensions Committee operate as Section 101 delegated committees (as defined in the 1972 Local Government Act). Therefore, information that is presented to the Committee, is available to members of the Board and vice-versa. The establishment of the Pensions Board as a S101 committee reflects compliance with Principle G of statutory guidance.

Both local governance bodies perform a joint role for the WMPF and WMITA Fund.

Integrated Transport Authority Pension Fund

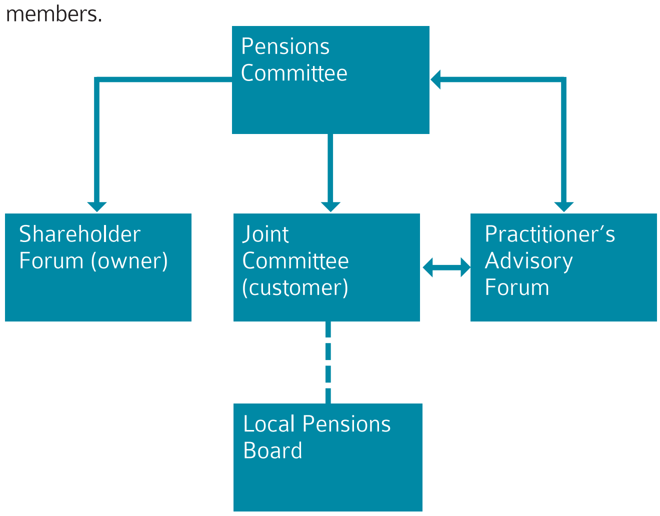
In addition to the management and administration of pensions on behalf of the local authority employers within the West Midlands, the Fund also undertakes this role on behalf of the West Midlands Integrated Transport Authority (WMITA) by delegation under S101 of the Local Government Act 1972.

The governance arrangements set out in this policy apply to the Fund's management of the WMITA Fund also with the additional requirement to report back to WMITA once a year.

Investment Pooling

Following the launch of the pool company, LGPS Central Limited on 1 April 2018, the Funds, as two of the nine partner pension funds across the LGPS Central Investment Pool, continue to work with the company to further develop the required 'business as usual' governance over-sight and monitoring arrangements.

The City of Wolverhampton Council (representing both Funds) sits as a shareholder of the company on the Shareholder Forum. Both Funds are customers of the company and are represented on the Joint Committee. The Joint Committee is advised by the Practitioners Advisory Forum on which the Director of Pensions sits as advisor. Additionally, the Local Pensions Board plays a role in assisting with investment pooling governance and reporting, further improving accountability and transparency for LGPS scheme employers and members.



Advisors and Officers

Pension investment, funding and administration are complex areas and the Fund recognises the need for its Committee and Pensions Board members to receive appropriate and timely training and advice. Against this background, its principal advisors are as follows:

i High level advice on general management from the Managing Director of the City of Wolverhampton Council (also Head of Paid Service).

ii Legal and general administrative advice and management from the Senior Legal Officer of the City of Wolverhampton Council who is also the monitoring officer for the Council.

Introduction

Governance Arrangements

Governance Compliance Statement 2019

iii Financial and technical advice from the Director of Pensions who is the lead senior support officer and has direct responsibility for implementing funding and investment strategy; budget and service delivery; risk management and compliance through a team of professionally qualified staff and the investment pool LGPS Central Limited.

iv Senior pensions officers are responsible for employer relationships, data quality, finance, operations, pensions benefits administration and communications.

v The Council's Director of Finance is also the Section 151 Officer for the Fund (with the Assistant Director – Investments and Finance, as the Deputy Section 151 Officer for the Fund, having operational responsibility on a day-to-day basis).

vi Independent assurance on the Fund's risk management, governance and internal controls processes from the Council's Internal Audit function

vii A range of external specialist advisors are appointed, covering areas such as:

- Investment strategy and asset allocation
- Funding strategy and employer covenant review
- Alternative security arrangements and specialist agreements
- Corporate governance and responsible investment issues

Details of the Fund's advisers are published in the Fund's annual report and accounts.

Fund Mission Statement, Objectives and Priorities

Each year, through the adoption of the five-year Service Plan, the Pensions Committee determine corporate priorities for the Fund. The Service Plan outlines how those priorities will be met through detailed corporate priorities and how progress will be monitored through the Fund's performance framework.

Pensions Committee hold the responsibility of monitoring the performance framework through regular reporting provided by Fund officers on areas such as key performance indicators and corporate priority monitoring. The Fund's Service Plan is published on its website.

In line with ensuring the achievement of Fund objectives, the Pensions Committee also have oversight of the Fund's management of risk. The Fund sets out its approach to risk management within the Internal Controls Framework which can also be found on the Fund's website.

Role of Council Members

The City of Wolverhampton Council is responsible for administering and discharging the functions as administering authority for the West Midlands Pension Fund and the WMITA Pension Fund. In addition to discharging the administration of benefits, recording of contributions, etc, the Council is also responsible for the investment of the employer and member contributions. In accordance with Principle B of the statutory guidance, because the Fund covers the majority of local government employees in the West Midlands, as well as many admitted bodies, representatives from all seven metropolitan district councils are invited to serve on the Committee. There is also active representation on behalf of the employees and pensioners from trade union representatives.

When considering the advice and determining investment policy, Committee members need to understand the special obligations placed upon them. These responsibilities are additional to those carried out as an elected member of a local authority. Duties include managing the Fund in accordance with the regulations and to do so prudently and impartially on behalf of all the beneficiaries – in many ways acting as quasi-Trustees. This sometimes means that they may have to make decisions that in other political circumstances they may choose not to make. The overriding consideration for them as Trustees, however, has to be for the benefit of the Fund and its contributors and beneficiaries. The advice of the Fund's advisors is very important in discharging this responsibility. Trustees can delegate some of their powers but not the responsibilities that go with them. They are not expected to be qualified to give investment advice or to initiate investment policy, but must be aware of what is proposed by their advisors and be sure that it is relevant to the needs of the Fund and within their powers.

In practice, Trustees typically discharge their duty by ensuring that they have a systematic and clear way of agreeing their strategy and policies with the advisors they employ. Testing adherence to policy on a regular basis is essential. These requirements will consist of meetings and regular written reports with professional advisors whose skills and judgments can be relied upon. So far as the Fund is concerned, the advice is provided mainly by Council officers and the advisers detailed in the Annual Report and Accounts.

In addition to the setting of policy and investment parameters for the Fund, Committee will at least annually review the performance of LGPS Central in terms of service delivery, product development and progress towards meeting the objectives (aligned to Government criteria) to deliver increased capacity to invest with strong governance and enhanced returns (after cost).

Any concerns will be raised through the Joint Committee and Practitioner's Advisory Forum.

Standard Required of a Trustee

The standard required of a Trustee in exercising their powers of investment is that they must take such care as an ordinary prudent person would take if they were minded to make an investment for the benefit of other people for whom they felt morally bound to provide. That duty includes the duty to seek advice on matters which the Trustees do not understand, such as the making of investments, and on receiving that advice to act with the same degree of prudence.

Governance Arrangements

Governance Compliance Statement 2019

This requirement is not discharged merely by showing that the Trustee has acted in good faith and with sincerity. Honesty and sincerity are not the same as prudence and reasonableness. Accordingly, although a Trustee who takes advice on investments is not bound to accept and act upon the advice, unless in addition to being sincere, he/she is acting as an ordinary prudent person would act.

Role of a Local Pensions Board Member

"The scheme manager (Pensions Committee) for a scheme has a Pensions Board with responsibility for assisting the scheme manager to comply with the scheme regulations and other legislation relating to the governance and administration of the scheme and any requirements imposed by the regulator. The Pensions Board must also assist the scheme manager with such other matters as the scheme regulations may specify."

A member of the Local Pensions Board of a public service pension scheme must be conversant with:

- the rules of the scheme, and
- any document recording policy about the administration of the scheme which is for the time being adopted in relation to the scheme.

A member of a Local Pensions Board must have knowledge and understanding of:

- the law relating to pensions, and
- any other matters which are prescribed in regulations.

The degree of knowledge and understanding required is that:

- appropriate for the purposes of enabling the individual to properly exercise the functions of a member of the Local Pensions Board

In appointing representatives to the Local Pensions Board, the Committee must be satisfied:

- that a person to be appointed as a member of the Local Pensions Board does not have a conflict of interest, and
- from time to time, that none of the members of the Local Pensions Board has a conflict of interest

Each member or proposed member of a Local Pensions Board must provide such information as is reasonably required for the purposes of reviewing actual or potential conflicts of Local Pensions Board members.

A conflict of interest may arise when Local Pensions Board members must fulfil their statutory role of assisting the scheme manager in securing compliance with the scheme regulations, other legislation relating to the governance and administration of the scheme and any requirements imposed by the regulator or with any other matter for which they are responsible, whilst having a separate personal interest (financial or otherwise), the nature of which gives rise to a possible conflict with their statutory role. Further information on the role of a Local Pensions Board member can be found within the Governance section of the Fund's website.

Committee and Officers' Knowledge and Skills

Committee and officers' knowledge and skills is recognised as important, and a range of measures are in place to equip them to undertake their role.

In compliance with Principle E of the MHCLG statutory guidance, the Fund places the knowledge and capacity of its Pensions Committee and Pensions Board members at the forefront of its good governance ensuring Committee and Pensions Board members and officers have the relevant skills and knowledge to perform their roles. The Fund applies the CIPFA Knowledge and Skills Framework to achieve this objective and meets the legislative requirements set out in the Public Service Pensions Act 2013.

Framework

Six areas of knowledge and skills have been identified as core technical requirements for those associated with LGPS pension funds:

- Pensions legislation and governance context
- Pension accounting and auditing standards
- Financial services procurement and relationship management
- Investment performance and risk management
- Financial markets and products knowledge
- Actuarial methods, standards and practices

It is not the intention that Trustees should individually become technical experts, but collectively they have the ability, knowledge and confidence to question and challenge the information and advice they are given, and to make effective and rational decisions.

Officers advising members and implementing decisions should have a more detailed knowledge appropriate to their duties.

Officers are expected to demonstrate their professional competency against the framework through appropriate 'continuing professional development' (CPD) arrangements'.

The Fund has an approved trustee and Pensions Board member training policy, and includes in its Annual Report and Accounts details of the knowledge and skills development undertaken by these groups. The Fund also has in place effective training monitoring and is able to demonstrate

- how the framework has been applied
- what assessment of training needs has been undertaken
- what training has been delivered against the identified training needs

Introduction

Governance Arrangements

Governance Compliance Statement 2019

Representation of Other Interested Parties

The Fund is open to any organisation with a direct interest attending the regular Committee meetings to observe proceedings, and the Fund will engage with employing bodies on significant issues affecting them so their views can be taken into account before a decision is made, eg, three-yearly actuarial valuations.

The Fund will provide information on its website and directly to employing bodies on issues in which they may have an interest. The Local Pensions Board is seen as the main area of involvement of active, deferred and pensioner members as well as our broad range of employer groups who are represented on the Board, and on the Fund's Employer Peer Group.

The Fund does engage directly with individual members providing relevant information, the content determined by the responses to the information provided and requested.

Further information on the Fund's approach to engagement and involvement with scheme employers and members can be found in the Customer Engagement Strategy and the Employer Engagement Roadmap.

In providing opportunities to engage with various stakeholder groups, The Fund determines that it complies with Principle I of the statutory guidance.

Origins of the Fund and Responsibilities

Following the 1974 reorganisation, all Council employees in the area (excluding teachers, police and fire officers) were members of the West Midlands Superannuation Fund with the former county council as administering authority. The 1986 reorganisation led to the City of Wolverhampton Council becoming the administering authority for the Fund and local government employee pensions other than teachers, police and fire officers in the West Midlands. Responsibility for discharging the administering authority role is delegated to the Pensions Committee which has representatives from the metropolitan district councils as the largest employers and four trade union representatives nominated from across the region.

The changes in responsibility for the delivery of Council services has seen a growing number of private sector firms and voluntary organisations becoming members of the Fund in respect of the workforce that delivers public services with the largest employer group being academies.

The LGPS regulations set out the responsibilities of the key parties which are summarised below. Further details are available on the Fund's website where operational and management arrangements are set out.

The administering authority (the City of Wolverhampton Council) through the Fund:

- Collects employer and employee contributions.
- Invests surplus monies in accordance with the regulations and agreed strategy.
- Ensures that cash is available to meet liabilities as and when they fall due.
- Manages the valuation process in consultation with the Fund's actuary.
- Prepares and maintains an FSS (Funding Strategy Statement) and an ISS (Investment Strategy Statement), both after consultation with interested parties.
- Monitors all aspects of the Fund's activities and funding.

The administering authority discharges its responsibilities with the active involvement from the major employers, the district councils and trade union representatives combined with consultation with other interested parties.

The individual employers:

- Deduct contributions from employees' pay.
- Pay all contributions as determined by the actuary, promptly by the due date.
- Exercise discretions within the regulatory framework.
- Make additional contributions in accordance with agreed arrangements in respect of, for example, early retirement funding strain.
- Notify the administering authority promptly of all changes to membership, or as may be proposed, which affect future funding.
- Discharge their responsibility for compensatory added years which the administering authority pays on their behalf and is subsequently recharged to them.
- Comply with the requirements of the Fund in relation to its Pension Administration Strategy and data quality.

The Fund's actuary:

- Prepares valuations including the setting of employers' contribution rates after agreeing assumptions with the administering authority and having regard to the FSS.
- Sets employers' contribution rates in order to secure the Fund's solvency having regard to the aims of maintaining contribution rates that are as constant as possible.

Governance Arrangements

Governance Compliance Statement 2019

Appendix 1: Statement of Compliance to Guidance

To further outline the Fund's compliance against the statutory guidance, what follows is an assessment of the Fund's governance arrangements against each principle.

	Not Compliant				Fully Compliant
Principle A- Structure					✓
Principle B- Membership					✓
Principle C- Selection					✓
Principle D- Voting					✓
Principle E- Training					✓
Principle F- Meetings					✓
Principle G- Access					✓
Principle H- Scope					✓
Principle I- Publicity					✓

Notes:

Principle B (a) and (b) – are not applicable to the Fund
Principle F (b) and (c) – are not applicable to the Fund

Introduction

Governance Arrangements

Investment Pooling

LGPS Central investment pool has been formed to enable the pooling of assets of nine administering authorities of the Local Government Pension Scheme (Partner Funds). In order to effect the pooling, the nine Partner Funds have established an FCA regulated operator of collective investment vehicles, which is also appointed as the Asset Manager for those vehicles. This company is LGPS Central Limited.

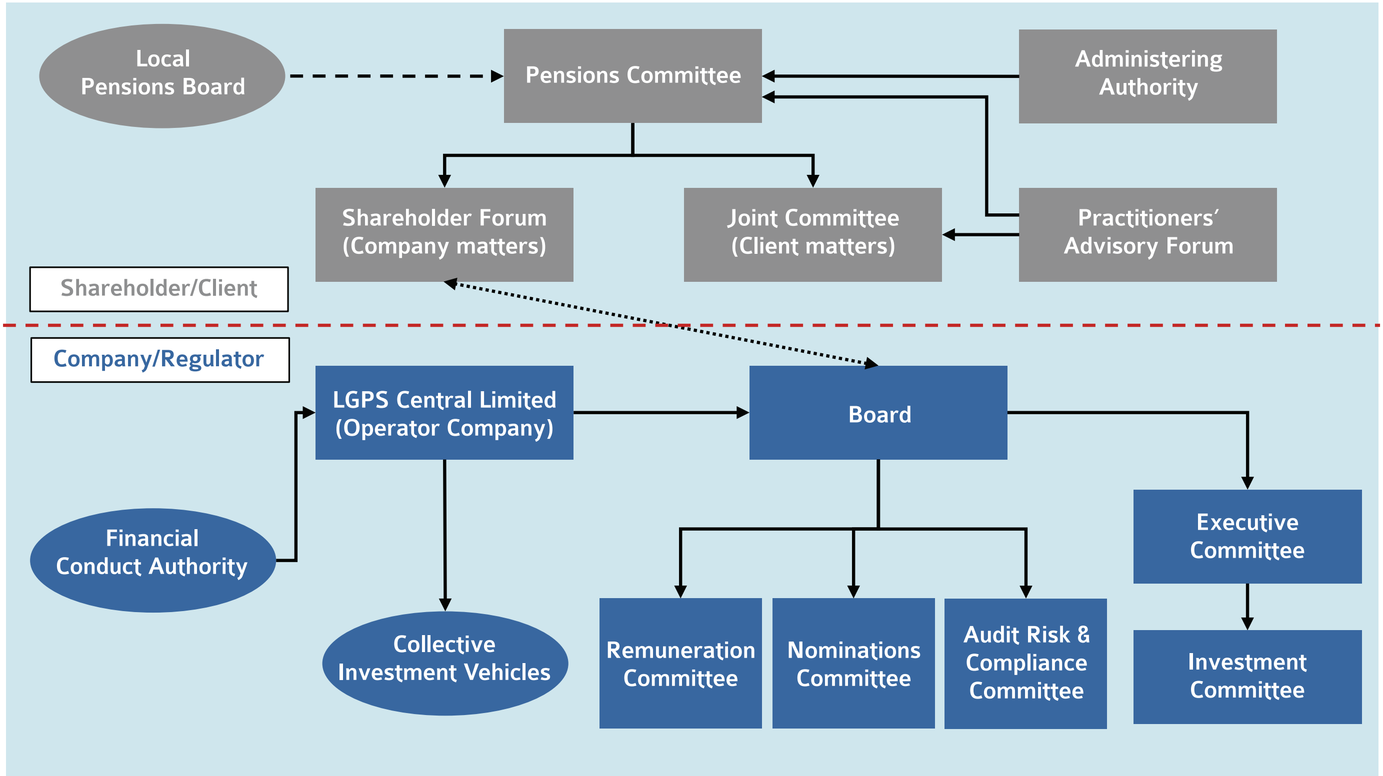
LGPS Central Limited (The Company) is wholly owned by the Partner Funds who are its customer and also shareholders.

The Company's investment performance and capability is overseen by the Partner Funds on a day-to-day basis by the Senior Fund Officers via the Practitioner's Advisory Forum and formally on a bi-annual basis by the Joint Committee, which is constituted of representatives from each of the Partner Funds.

Company performance is overseen by shareholder representatives from the nine administering authorities of the Partner Funds both on an ongoing basis and formally once a year at its AGM.

The Partner Funds and the Company work collaboratively to build the investment capabilities required to ensure that the Partner Funds are able to efficiently and effectively deliver their strategic asset allocations in line with the guiding principles. However, to hold the Company to account and to meet FCA requirements for a regulated asset manager, the governance structure is designed to ensure sufficient independence between Partner Funds and the Company during implementation and ongoing management of the Investment Sub-Funds.

The following diagram shows the governance structure in place at LGPS Central investment pool.



Introduction

Governance Arrangements

Investment Pooling

Roles and Responsibilities

Shareholders
As owners of the Company, Partner Funds act in the capacity of shareholder in relation to the Company. As shareholders, the Partner Funds have a one fund, one vote responsibility at Company meetings. The matters on which the shareholders vote are outlined in the Shareholder Agreement which details the relationship of the Company to its shareholders. As shareholders, the Partner Funds undertake an oversight and scrutiny role in the management of the company, ensuring it delivers for customers, is operating within budget and is achieving its strategic aims.

Executive Board
The Board is collectively responsible for promoting the success of the Company by directing and supervising the Company's affairs, having due regard to its shareholders, customers and other stakeholders. The Board's role is to provide entrepreneurial leadership of the Company within a framework of prudent and effective controls which enable risk to be managed. The Board sets the Company's strategic aims, ensures the necessary financial and human resources are in place for the Company to meets its objectives and reviews management performance. The Board sets the Company's values and standards and ensures that its obligations to its shareholders, customers and other stakeholders are understood and met.

Joint Committee
The Joint Committee is formed of Partner Fund representatives and sit in the capacity of customer of LGPS Central Limited. In this capacity, the Partner Funds have appointed LGPS Central Limited as their investment manager and consider the delivery of services as set out in the Investment Management Agreements/Client Services Agreements. It is the collaborative vehicle through which Partner Funds provide collective oversight of the performance and direction of LGPS Central investment pool.

Practitioner's Advisory Forum
This is formed of officers from the Partner Funds who provide expert advice and support to the shareholder representatives and Joint Committee. Acting in the capacity of the role from their own administering authority, the Practitioner's Advisory Forum support elected members in their decision making and challenge of LGPS Central investment pool and LGPS Central Limited.

Governance Arrangements

Member Training Record

The Public Service Pensions Act 2013 provides for the regulation of the LGPS by The Pensions Regulator and, accordingly, the increased emphasis on Pensions Committee and Pensions Board training, knowledge and understanding. The Fund's Pensions Committee and Pensions Board training policy is approved each year by Pensions Committee, and as part of the policy training activity undertaken is recorded and reported to Committee. By implementing and participating in the training policy, Committee and Board members will be better placed to make well-informed decisions and, consequently, will be able to comply with the increased requirements of the regulator and the overarching governance requirements of the scheme.

A major factor in the governance arrangements of the Fund is to ensure that Committee and Board members and officers have the relevant skills and knowledge through application of the CIPFA Knowledge and Skills Framework. Seven areas of knowledge and skills have been identified as core technical requirements for those members associated with LGPS pension funds:

- Pensions legislation and governance context
- Pensions administration
- Pension accounting and auditing standards
- Financial services procurement and relationship management
- Investment performance and risk management
- Financial markets and products knowledge
- Actuarial methods, standards and practices

Arrangements for regular training are in place with training delivered through a number of means including in-house structured training events, conferences, training delivered at Committee meetings, as well as briefings and research material.

Training activity undertaken is recorded and quarterly training returns are sent out to all Pensions Committee members asking them to record additional activity such as online training or reading.

In the period 2018/19, training included the following:

- Financial markets and current economic conditions
- Investment pooling (including an LGPS Central Limited Stakeholder Day and regular updates on the progress of investment pooling)
- Pensions accounting and auditing standards
- Investment strategy, performance and risk management
- Responsible investment
- Pensions legislation and the regulatory environment
- Fund and wider LGPS governance
- Pensions administration
- Fund service development (including customer engagement and digital transformation)

All new members were invited to attend the induction course and a total of 1,019.25 hours were undertaken in 2018/19 with 16 members exceeding the three days (22 hours) requirement.

The Fund is a member of LAPFF, which is an investor membership body consisting of 80 UK public funds that engages with investee companies on issues such as climate change, corporate governance and employee relations. The Director of Pensions sits on the LAPFF Executive Committee and regularly attends LAPFF meetings and its activities. This engagement together with direct engagement and engagement undertaken through partnership organisations including LGPS Central investment pooling are reported on a quarterly basis to members of the Pensions Committee.

The Committee also undertakes external training with partner bodies such as LAPFF and PLSA providing wider industry insight which affords the opportunity for Pensions Committee members to engage with their counterparties and learn from each other.

Details of the training reports and presentations provided to the Pensions Committee during 2018/19 are as follows:

20 June 2018	2016 Actuarial Valuation- Government Actuary Department (GAD) Section 13 Review
5 September 2018	Investing in a time of climate change LGPS Central Limited Progress review and plan for 2018-19
12 December 2018	A Guide to UK Economy and Current Economic Conditions
27 March 2019	Sustainable Investing

In summary, the Fund invests significant resources into the development of its Committee and Pensions Board members, firmly believing that the benefits over the long term are essential to the effective governance and management of the Fund.

Area	Pensions Committee reports	Presentation	Off-site training & education
Investment governance	✓		✓
Investment			
Strategies	✓		✓
Asset use	✓		✓
Corporate governance	✓		
Economies	✓	Quarterly	✓
Role of members	✓ (Annual/website)		
Scheme administration	✓	Occasionally	✓
Data quality	✓	Occasionally	✓
Employer covenant	✓	Occasionally	✓
Actuarial valuation process	✓	Occasionally	✓

Governance Arrangements

Member Training Record

Membership	Number of Pensions Committee meetings attended	Voting rights	Training hours
Councillor Muhammad Afzal	2	Yes	39.00
Councillor Harbans Singh Bagri	4	Yes	52.00
Councillor Ian Brookfield (Chair)	4	Yes	116.00
Councillor Alan Butt	4	Yes	34.00
Mr Malcolm Cantello (trade union representative)	4	No	160.50
Mr Martin Clift (trade union representative)	0	No	39.00
Councillor Sandra Hevican	4	Yes	49.00
Councillor Keith Inston (Vice-chair)	4	Yes	81.00
Councillor Jasbir Jaspal	4	Yes	76.00
Councillor Steve Clark (May 2018 - November 2018)	1	Yes	20.00
Councillor Peter Lowe (November 2018 - May 2019)	0	Yes	0.00
Councillor John Mutton	2	Yes	23.25
Mr Alan Phillips (trade union representative) (April 2018 - August 2018)	0	No	50.00
Councillor Angela Sandison	4	Yes	40.00
Councillor Steve Simkins	3	Yes	55.50
Councillor Clare Simm	4	Yes	55.00
Councillor Paul Singh	3	Yes	68.50
Mr Ian Smith (trade union representative)	1	No	21.00
Councillor Jane Stevenson	4	Yes	42.00
Councillor Paul Sweet	2	Yes	2.00
Councillor Angela Underhill	3	Yes	28.00
Ms Janice Wadrup (trade union representative)	0	No	17.50
Total			**1,069.25**

Rachel Howe
Head of Governance and Corporate Services

Date: September 2019

Introduction

Internal Audit

The internal audit service is provided by the City of Wolverhampton Council, the Fund's administering authority.

The purpose of internal audit is to provide the Directors, Section 151 Officer, Pensions Committee and Pensions Board with an independent and objective opinion on the adequacy and effectiveness of the governance, risk management and control processes operated within the Fund.

Internal audit forms one element of the assurance framework which helps the Fund identify and manage risks which may impede the achievement of business objectives.

Internal audits are conducted in accordance with the Public Sector Internal Audit Standards. Based on the work completed during the year, the implementation of recommendations made to management, and assurances available to the Fund by other providers in addition to internal audit, reasonable assurance can be given that that the Fund has adequate and effective governance, risk management and internal control processes.

Internal audit work undertaken during the 2018-2019 financial year:

- Annual benefits statements
- Pensions Administration Strategy
- GDPR
- Transfer of assets
- Members' communication
- Trustee governance arrangements
- Payroll
- Key financial systems
- Follow-up of previous year recommendations
- LGPS Central assurance framework

In addition, 33 financial appraisals have been completed on behalf of the Fund during the year. These help the Fund assess whether organisations requesting admitted body status will be able to meet their financial obligations. Internal audit have also contributed to the working groups for members of LGPS Central, establishing assurance frameworks and control processes.

Internal audit act as the Fund's key contact for the Cabinet Office's National Fraud Initiative. Additionally, support and advice is provided throughout the year on risk, control and governance issues.

Our People

The West Midlands Pension Fund prides itself on its corporate responsibility ethos, encouraging our stakeholders and external partners to align with us in our mission to be good stewards of the Fund and for the people it serves.

Our People

In this demanding and ever-changing environment, the success of West Midlands Pension Fund is achieved through the determination, enthusiasm, and professionalism of its Committee members, Local Pensions Board and officers.

Without this, it would be difficult to develop the business and achieve our goals, and we are thankful to our employees for all that they bring to the Fund.

West Midlands Pension Fund

The Fund has 139 employees as of 31 March 2019 split across finance and investments, operations, pension services, governance and corporate services. In the past 12 months, 30 new employees joined the organisation, bringing with them an array of skills and abilities gained from experience working in a range of sectors and organisations. 25 employees were promoted (this includes employees that moved from temporary to permanent positions with the Fund).

Using engagement methods such as Staff Forum, regular team meetings, face-to-face quarterly briefings and annual surveys, we ensure that our employees are given a voice in the day-to-day operation of the Fund.

All our officers are expected to abide by a set of principles set out in the seven principles of public life. These are:

2018/19 Achievements

Accreditations

Since the year-end, the Fund has again retained the Customer Service Excellence accreditation with a number of areas highlighted as 'compliance plus'. In particular the assessor noted "teams have developed proactive approaches to communicate with a deep understanding and commitment to Customer Service Excellence demonstrating continual service improvement". In 2017, the Fund was awarded Gold Status under Investors in People, moving forward from the silver accreditation it achieved three years ago. IIP defines what it takes to lead, support and manage people well to achieve results. The Fund was recognised for its "learning and development culture".

INVESTORS IN PEOPLE | Gold

The West Midlands Pension Fund prides itself on its corporate responsibility ethos, encouraging our stakeholders and external partners to align with us in our mission to be a good corporate citizen.

Introduction

Our People

More information about these principles can be found on the Governance section of the Fund's website, wmpfonline.com

The Association of Chartered Certified Accountants and the Chartered Institute of Public Finance and Accountancy have both granted West Midlands Pension Fund 'Approved Employer' status, demonstrating that ACCA and CIPFA members will receive the highest standards of training and development when employed by the Fund.

The Fund is a registered centre for the provision of the Pensions Management Institute (PMI) and is able to facilitate exams at its office, which enables staff to undertake qualifications in a familiar environment.

Training and Development

During 2018/19 staff at the Fund completed over 5,878 hours of training, covering structured in-house training, external training and self-guided reading and learning.

Promotions and Qualifications

The Fund is pleased to have promoted 25 employees to different roles. The organisation also actively encourages staff development to gain additional skills and experience. To this end, five members of staff were seconded to internal posts within the Fund.

This year, the Fund has supported colleagues in achieving PMI qualifications, investment management certificate, Prince 2, ACCA and CIPD as well as supporting on a range of soft skill developments such as presentation skills and emotional well-being.

Health, Safety and Well-Being

The Fund is committed to providing a safe and healthy working environment for all of our employees and any stakeholder visiting our place of work. We try to ensure that we:

- reduce and, if possible, eliminate any hazards;
- educate our staff on health and safety and fire awareness;
- prevent injuries at work;
- and comply with all requirements of The Health and Safety at Work Act 1974.

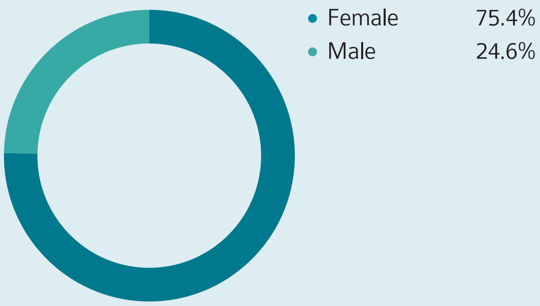
In partnership with our administering authority, the City of Wolverhampton Council, all Fund employees are also able to access a 'wellness at work' programme including:

- subsidised health insurance;
- subsidised gym and leisure club memberships;
- workstation assessments;
- first-aid training;
- free health checks and nutrition sessions;
- access to occupational health and employee assistance program.

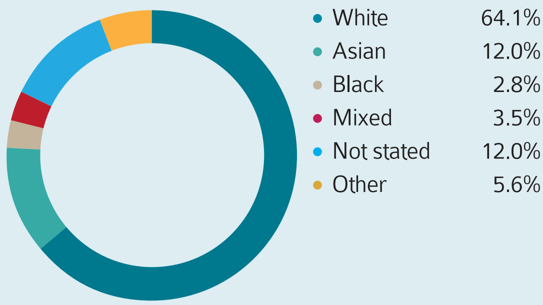
The Fund also has a robust business continuity plan, which was updated and tested during the period. Staff receive annual training on the content and procedures included in the business continuity plan.

Employee Information at 31 March 2019

Gender Balance of the Fund (%)



Ethnic Profile (%)



Our Community

Charitable Activities

Between April 2018 and March 2019 the Fund raised £2,500 for the following:

- Samaritans
- Mind
- Macmillan Coffee Morning
- Mayor's Charity
- Children in Need
- Birmingham Children's Hospital
- Save the Children
- Compton Care

Introduction

Communications Report

Alongside our communication deliverables, the Funds had three primary focus points in its communication strategy for 2018/2019. These were:

- to expand our digital footprint to enhance engagement with members, employers and stakeholders;
- to ensure we kept all the Fund's customers up to date and inform them about relevant changes; and
- to encourage members to engage with their pension provisions through signing up to use the Fund's self-service platform – Pensions Portal.

Executive Summary

The Fund reviews its *Communications Policy Statement* annually, ensuring that it reflects and meets the changing needs of the LGPS members, employers and the local government pension environment overall.

The production of a *Communications Policy Statement* has been a requirement since April 2006 for all pension fund administrating authorities.

The document outlines how the Fund will engage and communicate with:

- all scheme members and their representatives
- prospective scheme members and employers;
- contributing employers;
- Pensions Committee and Pensions Board
- our staff; and
- external stakeholders (such as the media and interest groups)

The *Communications Policy* and *Customer Engagement Strategy* are available on the Fund's website.

Andy Hemming

Communications Deliverables

The Fund communicates with our customers in a variety of ways and communications through a number of channels such as electronic, face-to-face events and print.

2018/19 has seen the launch of the "Be Pension Smart" communications campaign which was designed to raise member awareness of the importance of understanding and managing their pension provisions and planning for the future.

The Fund continues to evolve its customer engagement annual plan which is tracked monthly and published on the Fund's website. The plan provides an overview of the methods and timing of the Fund's communication and engagement with our various stakeholders.

In 2018/2019 the Fund partnered with several organisations including the Local Government Association and other LGPS funds to write bespoke pieces for publications. An example of this was obtaining feedback from members to improve the national LGPS template for active member annual benefit statements. This collaboration ensures that we develop best practice across the LGPS as a whole, for the benefit of employers and members.

The Fund continues with its regular communication which includes, amongst other activities

- regularly updating our website content and design;
- producing quarterly newsletters for employers;
- producing annual newsletters, bespoke to our membership categories; and
- providing both members and employers with a variety of face to face support and events.

Closing Summary

The Fund prides itself on delivering communications of a high standard, ensuring it is well placed to deal with changes and developments in the new financial year.

Andy Hemming
Communications & Events Officer

Date: September 2019

Communications Policy Statement

Background

The West Midlands Pension Fund ("The Fund") is one of the UK's largest pension funds managing and administering the pension interests of over 320,000 members and more than 670 scheme employers as at 31 March 2019. It is administered by the City of Wolverhampton Council on behalf of all West Midlands local authority bodies.

Our core mission is to ensure that our members receive their pension benefits when they fall due, contributing together for our members' future. Through increasing dialogue with our customers on the Local Government Pension Scheme (LGPS), its membership and benefits, the West Midlands Pension Fund carries out its role as administering authority in partnership with employers playing a key role in enabling employers to meet their statutory obligations assisting members' planning their retirement.

This Communications Policy Statement outlines how the Fund will communicate with its members and employers ensuring information is provided in a clear and concise way, readily available to our customers when they need it.

In April 2006, the Local Government Pension Scheme regulations were amended to state that each pension fund administering authority is required to prepare, publish and review regularly its communications policy statement, the regulations outline what funds are required to publish.

This document outlines the Fund's communications policy in line with that requirement and covers the following categories in our regular communication activity:

1. Communicating with scheme members;
2. Member self-service (the Pensions Portal);
3. Communicating with members' representatives;
4. Communicating with prospective members;
5. Communicating with employing authorities;
6. Customer Engagement Strategy.

1 Communicationg With Scheme Members

The Fund has adopted a Customer Engagement Strategy setting out the opportunities for communication with members and employers, as well as outlining opportunities for individuals to engage directly with the Fund at various stages of the pension lifecycle.

While the Fund can choose its engagement opportunities, there are a number of statutory communications which the Fund is required to provide and publish to its members. This strategy sets out how the Fund responds to that statutory requirement of communicating with members.

Annual Benefit Statement

An annual benefit statement is made available online for all active and deferred members who are contributing to the Fund or have not received payment of their deferred benefits at the previous financial year. These statements are made available through the Fund's pensions portal self-service facility. Benefit statements can be issued in paper form on written request.

If there is an instance where a benefit statement cannot be made available, we will notify members and their employers by letter, setting out the reason for the inability to produce a statement.

wmpfonline.com

The Fund maintains an extensive online resource at wmpfonline.com containing information about the scheme and the details about the current activities of the Fund. There are also links to other relevant partner organisations.

Scheme Literature

An extensive range of scheme literature is produced and updated by the Fund for all categories of member. Copies of scheme literature are made available at the Fund's website, wmpfonline.com with direct links to the national LGPS member site www.lgpsmember.org

Telephone Helpline: 0300 111 1665

A dedicated low-call rate telephone customer service telephone line is provided for scheme members and is publicised in all outgoing communications.

Pension Roadshows

Throughout the year there may be changes to scheme benefits or the regulations which determine scheme benefits which are legally required to be communicated to members. This is known as 'disclosure'.

The Fund complies with its statutory duty to provide details and information to members that affects the calculation and/or their entitlement to access their pension benefits through publication of documents, information leaflets and where necessary, direct mailings to members affected by the changes.

Pensioner Pay Advice Slip and Annual Newsletter

All Fund members in receipt of a pension receive a combined pay advice slip and P60 in April of each year. In the months of May through to March, we will only send a pay advice slip when there is a variance of £10 in their gross or net payment. For scheme pensioners that are paid quarterly and annually, the Fund will issue a pay advice every time a payment is made (June, September, December and March).

Scheme pensioners can also register to use the Fund's pensions portal where pay advice information can be viewed electronically and printed at any time following the payment date.

Mailed with the April combined pay advice slip/P60 is an annual newsletter providing updates on the Fund and its performance. Members are still able to receive monthly and hard copy payslips by writing into the Fund to request copies.

Introduction

Communications Policy Statement

2 Member Self-Service (the Pensions Portal)

An online portal gives members secure access to their LGPS records. The facility provides members with the opportunity to update their personal details, ask questions about their benefits, view annual benefit statements and run pension estimate calculations as well as change nominations. Members in receipt of a pension are also able to view and change UK bank details via the portal.

3 Communicating With Members' Representatives

Materials available to members are also available on request to their representatives or through wmpfonline.com

In compliance with the data protection laws, the Fund is unable to communicate with family members unless authority has been received from the member. The Fund is also unable to communicate with third parties such as financial advisors or solicitors with express consent.

For more information on third party access to information and how the Fund manages data in line with data protection, please visit www.wmpfonline.com/dataprotection

4 Communicating With Prospective Members

Scheme Booklet and Website
Upon appointment with their employer, all prospective scheme members will be provided with a link to the Fund's website where they can access scheme booklets. The website also provides information to help members make an informed decision about contributing to the LGPS, the 50:50 scheme and how to opt out of the scheme.

Corporate Induction Courses
Fund officers will attend employer induction events to present to prospective scheme members the benefits of being a member of the LGPS.

Trade Unions
We work with the trade unions to ensure the scheme is understood by all interested parties. Training days for branch officers can be provided upon request, and the Fund ensures that all pension-related issues are communicated effectively with the trade unions through their representative on the Pensions Committee and Local Pensions Board.

5 Communicating With Scheme Employers

e-Newsletter
An electronic newsletter, entitled Employer's Briefing Note is issued on a bi-monthly basis to all employers. This is used to communicate the activities of the Fund and inform of any regulatory changes which may impact on the employer's function or their members' pension benefits.

wmpfonline.com and Employer Hub
The Fund maintains a dedicated area of its website for scheme employers containing news, learning materials and other electronic resources.

Each employer can request to join the Fund's employer hub. This allows them secure access to the membership details of their current employees. The hub provides employers with the ability to make changes to member records including working hours and personal details. The portal also provides the facility to calculate early retirement estimates and any associated early retirement costs.

Dedicated Telephone Helpline: 0300 111 6516
A dedicated low-call rate employer customer service line is provided for scheme employers. This allows the Fund to respond to employer generated telephone calls at peak times.

Annual General Meeting and Mid-Year Review for Employers
The Fund invites each employer to our annual general meeting each winter. This event is used to communicate strategic issues, performance, legislation changes and triennial valuation matters. In addition to this, the Fund also holds a mid-year employer event each summer where employers are kept up to date with important issues through presentations and roundtable discussions.

Employer Peer Group
A group consisting of a cross-section of Fund employers meet quarterly to provide feedback on the communication initiatives planned by the Fund for fellow employers.

6 Prospective Employers

The Fund's Employer Services team works with new and prospective employers to help their understanding of their obligations under the LGPS Regulations. The team liaise with new employers to produce the necessary admission agreements providing confirmation of their duties as a new scheme employer through coaching sessions and 1-2-1 engagement via the employer helpline.

7 Customer Engagement Strategy

In line with the Fund's objectives, the Customer Engagement Strategy plays a key role in ensuring the Fund drives continuous improvement and develops working practices, systems and process which are informed and prioritised according to the needs of our customer base.

We actively engage with our customers to keep them informed about the scheme, the performance of the Fund in the delivery of its services, ensuring these meet both the legal and regulatory duty of scheme administration as set out in The Pension Regulator's Code of Practice, and the Fund's own objectives for service development.

Our success is dependent on building and maintaining good working relationships with our employers and scheme members and this strategy aims to ensure customer focus is embedded in Fund operations and exhibited in our behaviours.

Our strategy outlines:

a Our aims and objectives

b Our values and behaviours

c Our customers and stakeholders

d How our customers can engage with the Fund

Communications Policy Statement

Our Customer Engagement Strategy is updated annually and is available from wmpfonline.com/corporateinfo

8 Customer Feedback Policy

Customer Feedback

When seeking feedback, the Fund encourages contact through every available medium and will address any comments, compliments or complaints received in any form.

Contact may be made through our customer helpline, verbally on the phone, by letter, email or through feedback forms from one of our events or roadshows.

We also host a feedback form on our website: wmpfonline.com

Exceptions

While the Fund will always try to address any contact received from customers, there may be occasions where we will not be able to deal with the query under this process, either because it is covered by a different policy or because we are unable to for reasons of business/commercial sensitivity.

The types of areas that we won't deal with through this process include the following:

- Staff/ex-staff complaints about employment matters including grievances or disciplinary hearings.
- Cases where legal action has started.
- Questions or comments that might lead to the release of commercially sensitive information (where this applies the customer will be informed this is the reason).
- Complaints about trustees or Pensions Board members.
- Where the matter is already being dealt with another way.

The Fund will offer support and assistance to anyone wanting to provide feedback on our services and where it is not deemed appropriate to deal with the feedback under this policy; we will try to assist by directing them to a more appropriate channel or procedure.

Process: Complaints

When dealing with complaints the Fund will always try to resolve a customer's comments in the first instance. However, we understand that sometimes customers may feel that the response they receive does not address their concerns.

Where we have made a mistake, we will always try to put it right and the way we might do this includes:

- making an apology;
- providing a full explanation of the circumstances that lead to the mistake;
- reviewing our procedures to ensure they are as effective as possible, achieving what they are designed to achieve;
- identifying training needs among staff.

What Will Happen to Your Complaint?

To ensure a fair and balanced approach, the Fund has created a three-stage complaints process, each of which progressing in escalation.

Under each process, the investigating officer is required to highlight any potential training needs or staff development opportunities feeding this back to the manager for the service area involved.

Informal Process

Where possible, the Fund will always deal with complaints at the first point of contact. Often customers contact the Fund via our helpline and it is the responsibility of our call handlers to ensure customers calling to complain are given every opportunity to explain their concerns. Call handlers will try and resolve the matter at this point reducing the need for further action.

There will be times when our call handlers are unable to resolve a query raised or the customer requires a further explanation. Where this occurs, the formal complaints process will begin and the matter will be formally logged as a complaint and passed to the Fund's Regulatory Compliance Team.

Stage One

Where a complaint cannot be resolved in the first instance or is received via email/letter/written correspondence, this will start the Stage One process which requires the person receiving the complaint to notify the Fund's Customer Services Manager. The complaint will be logged on the central system.

The complainant will receive an acknowledgment that their correspondence has been received and is being reviewed by the Fund's Customer Services Manager.

When investigating the complaint, the Fund officer will speak to staff members involved and, where necessary, review members' records.

A response will be issued within 15 days of receiving the complaint. Should this deadline need to be extended in order to provide the opportunity for further investigation, the complainant will be notified before the 15-day deadline.

Stage Two

Where a complaint cannot be resolved under Stage One or the complainant believes their concerns have not been adequately addressed, the matter will progress to Stage Two.

When a complaint progresses to Stage Two, it will be investigated by a senior manager at the Fund, usually the Head of Governance, who will review the complaint, review the response provided under Stage One and consider whether the issue has been addressed.

As with Stage One, an acknowledgment will be sent to the complainant confirming their complaint is being considered under the Stage Two process and a full response issued within 15 days.

Stage Three

Should a complaint not be resolved under Stage One or Stage Two, and a member or employer wants to progress further with their

Introduction

Communications Policy Statement

complaint, the matter will then progress to Stage Three where the complainant has a right to ask the Director of Pensions to review their complaint and the responses received.

There may be occasions where a complaint details an event or a circumstance that suggests something has happened that is so serious, it will progress automatically to the Stage Three process.

Under Stage Three, the Director will review all correspondence relating to the complaint and will conduct an investigation as to whether all appropriate action has been taken.

A response will be issued within 21 days.

Local Government Ombudsman
Stage Three is the final stage of the Fund's complaints process. Should a complainant remain unhappy with the response received, they do have a right of appeal to The Local Government Ombudsman.

The Local Government Ombudsman does not usually investigate or respond to complaints unless the in-house process has been exhausted. Complainants will therefore need to progress through all three stages of the Fund's complaints process before the Ombudsman will become involved.

The Ombudsman may be contacted at the address below:
Local Government Ombudsman
PO Box 4771
Coventry
CV4 0EH
Tel: 0300 061 0614
Website: www.lgo.org.uk

The Pension Regulator
The Public Service Pensions Act 2013 gave additional powers to The Pensions Regulator for the oversight of local government pension funds. They may be contacted via their website at www.thepensionsregulator.gov.uk

Internal Dispute Resolution Process (IDRP)
The Fund is required to have in place an internal dispute resolution process for responding to complaints from members which relate to:

a their entitlement to join the scheme;

b benefit entitlement on leaving the scheme; and

c an employer deciding not to exercise a discretion to waive a reduction for deferred members over 55.

This is a different process to the Fund's feedback process, which is designed to deal with complaints concerning the Fund's failure to comply with its own adopted service standards.

IDRP is a complaint regarding a member's statutory right to pension benefits and more information can be found on the Fund's website wmpfonline.com

Officer Contacts

Customer Services Manager
pensionfundenquiries@wolverhampton.gov.uk

Employer Services
wmpfemployerliaison@wolverhampton.gov.uk

Management and Financial Performance

Fund Highlights

323,795
Total scheme members

£15.7bn
Net assets of the Fund

£272.7m
Total contributions

673
Active scheme employers

139
Staff employed by the Fund (FTE)

121,035
Contributing members

106,769*
Deferred members

95,991
Pensioner members

38.3
Full-time equivalent staff in the Benefit Operations team

8,454
Scheme members to Benefit Operations staff ratio

2,760
Average cases per Benefit Operations staff

* includes unpaid/unclaimed refunds and beneficiaries

Management and Financial Performance

Scheme Management and Advisors as at 31 March 2019

Pensions Committee 2018/19

City of Wolverhampton Council

Civic Centre
St. Peter's Square
Wolverhampton
WV1 1SH

city.direct@
wolverhampton.gov.uk

General enquiries:
01902 551155

Switchboard:
01902 556556

Minicom:
01902 555554

Fax:
01902 551195

Council

- **Councillor I Brookfield** (Chair)
- **Councillor K Inston** (Vice-Chair)
- **Councillor H Bagri**
- **Councillor A Butt**
- **Councillor J Jaspal**
- **Councillor S Simkins**
- **Councillor C Simm**
- **Councillor P Singh**
- **Councillor J Stevenson**
- **Councillor P Sweet**

Districts

- **Councillor M Afzal**
  Birmingham City Council
- **Councillor J Mutton**
  Coventry City Council
- **Councillor P Lowe**
  Dudley MBC
- **Councillor S Hevican**
  Sandwell MBC
- **Councillor A Sandison**
  Solihull MBC
- **Councillor A Underhill**
  Walsall MBC

Observer Members

- **M Cantello** - Unison
- **M Clift** - Unite
- **I Smith** - Unite
- **A Phillips** - GMB

Administering Authority Officers

- **T Johnson**
  Managing Director
- **R Brothwood**
  Director of Pensions
- **J Davys**
  Assistant Director – Investments and Finance
- **S Taylor**
  Head of Pensions
- **R Howe**
  Head of Governance and Corporate Services
- **A Regler**
  Head of Operations
- **D Singh**
  Head of Finance
- **K O'Keefe**
  Monitoring Officer
- **C Nye**
  Section 151 Officer

Main External Advisors and Service Providers

Independent Auditor
Grant Thornton UK LLP

Investment Consultants
Hymans Robertson LLP
Redington Limited
(from April 2019)

Actuary
Barnett Waddingham LLP

Regional Asset Pool
LGPS Central Limited
Mander House
Wolverhampton
WV1 3NB

Custodian of Assets
HSBC Global Investment Services

Banker
NatWest

AVC Providers
Prudential Assurance Company Ltd

Equitable Life Assurance Society

Legal Advisor
City of Wolverhampton Council Legal Services

HMRC references
SCON number: S2700178F
ECON number: E3900002R
PSTR number: 003299101RC
PSTR sub-number: 49/16109

Administrative Management Performance – Overall Fund Statistical Information

Key Membership Statistics

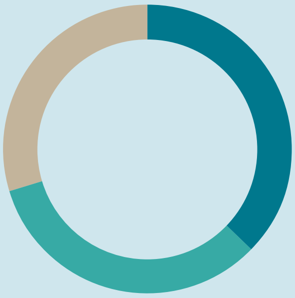
Year	Active	Deferred	Preserved refunds	Pensioner	Beneficiary	Totals
31 March 2015	104,250	83,521	7,677	70,587	11,523	**277,558**
31 March 2016	107,984	86,161	8,171	73,781	11,777	**287,874**
31 March 2017	117,005	87,369	9,222	76,521	11,975	**302,092**
31 March 2018	118,093	92,928	10,637	79,479	12,262	**313,399**
31 March 2019	121,035	95,066	11,703	83,434	12,557	**323,795**

Active Members
The Fund has a total active membership of **121,035**. Since 31 March 2018, the number of contributing employees in membership has increased by **2,942**

Deferred Members
These are former contributors who have left their pension rights with the Fund until they become payable at normal retirement date.

Pensioner Members
Pensions and other benefits amounting to **£589.7m** were paid in the year to retired members.

Fund Members by Type



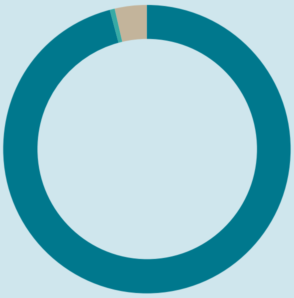
- Active 121,035
- Deferred 106,769
- Pensioner 95,991

Employer Details
A summary of the number of employers in the Fund analysed by scheduled bodies and admitted bodies which are active (with active members) and ceased (no active members but with some outstanding pension liabilities) is given in the table below:

	Active	Ceased	Total
Scheduled body	469	4	**473**
Admitted body	204	20	**224**
Total	**673**	**24**	**697**

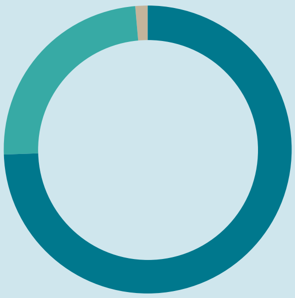
Benefit Operations – Membership Movement

Member Movements During the Year – Admissions to the Fund



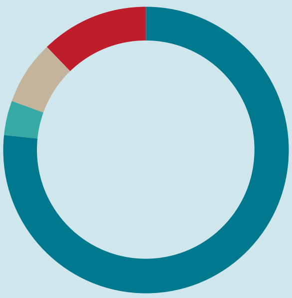
Employees with no previous service	19,760
Employees with transfers from other pension schemes	85
Employees with transfers from other local government pension schemes	741
Total	**20,586**

Withdrawals from the Fund



Members entitled to deferred benefits	5,997
Members awarded immediate retirement benefits	1,968
Benefits awarded following a member's death in service	90
Total	**8,055**

New Pensioners in Year 2018/19 by Type of Retirement



Retirement type	No. of cases
Early	4,575
Ill health	235
Late	442
Normal	714
Total	**5,966**

Management and Financial Performance

Administrative Management Performance – Overall Fund Statistical Information

Employer and Customer Feedback

The Fund regularly collects feedback from its customers at all events held throughout the year, as well as following contact with customer services and issue of benefit information.

Employers

Employer Feedback

Mid-Year Review

AGM

Customers

Customer Feedback

Internal Dispute Resolution Procedure (IDRP)

In the 2018/2019 financial year, five cases were investigated under Stage 1 of the procedure against the Fund. All five cases have been dismissed.

Nine cases have been received for Stage 2 investigation. Of these cases, seven were non-medical matters and two related to ill-health matters. The latter cases were referred for independent medical opinion where appropriate. In total one case is still ongoing and eight cases have been dismissed.

Administrative Management Performance – Overall Fund Statistical Information

Age Analysis – Number of Members

Status (age in years)	0-4	5-9	10-14	15-19	20-24	25-29	30-34	35-39	40-44	45-49	50-54
Active	0	0	0	643	4,729	9,187	11,228	13,792	14,040	18,206	20,839
Beneficiary pensioner	7	40	138	240	107	21	18	30	52	139	361
Deferred	0	0	0	8	596	3,636	7,516	10,415	11,205	15,449	19,676
Deferred ex spouse	0	0	0	0	0	0	0	2	6	30	64
Pensioner	0	0	0	0	0	0	4	16	39	137	449
Pensioner deferred	0	0	0	0	0	0	0	1	0	2	10
Pensioner ex spouse	0	0	0	0	0	0	0	0	0	0	0
Preserved refund	0	0	0	57	1,031	1,356	909	1,114	1,238	1,414	1,749
Total	7	40	138	948	6,463	14,200	19,675	25,370	26,580	35,377	43,148

Status (age in years)	55-59	60-64	65-69	70-74	75-79	80-84	85-89	90-94	95-99	100+	Total
Active	16,994	9,062	1,835	455	25	0	0	0	0	0	121,035
Beneficiary pensioner	600	879	1,254	1,854	2,006	2,102	1,692	765	227	25	12,557
Deferred	17,075	8,173	727	154	43	34	72	51	14	0	94,844
Deferred ex spouse	58	37	0	0	0	0	0	0	0	0	197
Pensioner	4,419	14,555	21,653	18,377	11,341	6,962	3,790	1,322	284	32	83,380
Pensioner deferred	8	2	2	0	0	0	0	0	0	0	25
Pensioner ex spouse	0	6	20	21	5	1	1	0	0	0	54
Preserved refund	1,505	1,052	76	64	37	38	19	23	19	2	11,703
Total	40,659	33,766	25,567	20,925	13,457	9,137	5,574	2,161	544	59	323,795

Administrative Management Performance – Overall Fund Statistical Information

In 2018/19	Cases outstanding as at 01/04/18	Number of cases commenced in year	Number of cases completed in year	Number of cases outstanding as at 31/03/19	% of completed cases in year
Deaths - initial letter acknowledgement death of active/ deferred/pensioner member	20	2,902	2,899	23	99%
Deaths - letter notifying amount of dependent's benefit	593	3,115	3,295	413	89%
Retirements - letter notifying estimate of retirement benefits (includes all retirement types; normal, ill health, early, late etc.) (active)	369	2,245	2,293	321	88%
Retirements - letter notifying estimate of retirement benefits (includes all retirement types; normal, ill health, early, late etc.) (deferred)	457	6,651	6,041	1,067	85%
Retirements - letter notifying estimate of retirement benefits (includes all retirement types; normal, ill health, early, late etc.) (total)	**826**	**8,896**	**8,334**	**1,388**	**86%**
Retirements - Letter notifying actual retirement benefits (includes all retirement types; normal, ill health, early, late etc.) (active)	2	2,163	2,159	6	100%
Retirements - Letter notifying actual retirement benefits (includes all retirement types; normal, ill health, early, late etc.) (deferred)	12	3,681	3,650	43	99%
Retirements - Letter notifying actual retirement benefits (includes all retirement types; normal, ill health, early, late etc.) (total)	**14**	**5,844**	**5,809**	**49**	**99%**
Retirements - process and pay lump sum retirement grant (include all retirement types; normal, ill health, early, late etc.) (active)	62	2,148	2,188	22	99%
Retirements - process and pay lump sum retirement grant (include all retirement types; normal, ill health, early, late etc.) (deferred)	36	3,672	3,614	94	97%
Retirements - process and pay lump sum retirement grant (include all retirement types; normal, ill health, early, late etc.) (total)	**98**	**5,820**	**5,802**	**116**	**98%**
Deferment - calculate and notify deferred benefits	4,645	15,933	9,829	10,749	48%
Transfers in - letter detailing transfer ***in*** quote	36	362	255	143	64%
Transfers in - letter detailing transfer ***in***	42	175	164	53	76%
Transfers out - letter detailing transfer ***out*** quote	388	1,586	1,526	448	77%
Transfers out - letter detailing transfer ***out***	22	272	276	18	94%
Refund - process and pay a refund	500	6,128	6,130	498	92%

Administrative Management Performance – Overall Fund Statistical Information

Performance indicator		KPI target	Achieved (%)	Number of cases completed within KPI
Deaths - initial letter acknowledging death of active/deferred/pensioner member		5 days	97%	2,932
Deaths - letter notifying amount of dependent's benefit		5 days	93%	490
Retirements - letter notifying estimate of retirement benefits (including all retirement types; normal, ill health, early, late etc.)	Active	15 days	64%	1,390
	Deferred	30 days	56%	3,039
Retirements - letter notifying actual retirement benefits (including all retirement types; normal, ill health, early, late etc.)	Active	5 days	99%	2,171
	Deferred	5 days	97%	2,609
Retirements - process and pay lump sum retirement grant (including all retirement types; normal, ill health, early, late etc.)	Active	5 days	92%	2,035
	Deferred	5 days	94%	3,477
Deferment - calculate and notify deferred benefits		15 days	49%	4,512
Transfers in - letter detailing transfer ***in*** quote		10 days	97%	160
Transfers out - letter detailing transfer ***out*** quote		20 days	95%	924
Refund - process and pay a refund		5 days	98%	2,898

Management and Financial Performance

Contributions Receivable by Employer

Employer	Employer's contributions	Employees' contributions
Birmingham CC	12,770,303.26	22,294,961.73
Coventry CC	130,824.26	8,407,558.33
Dudley MBC	1,121,681.57	8,558,208.62
Sandwell MBC	25,083,562.86	9,013,541.21
Solihull MBC	539,099.93	4,949,583.01
Walsall MBC	1,375,539.21	6,457,740.85
Wolverhampton CC	59,794,167.34	6,868,902.88
Black Country Museum Trust Ltd	130,245.37	18,445.61
Birmingham Institute for the Deaf	32,070.05	1,058.75
Central England Law Centre	20,996.28	6,465.96
Age Concern Birmingham VSOP	178.24	128.99
Wolverhampton Grammar School	70,642.29	28,236.50
Chelmsley Wood Town Council	23,606.11	6,803.87
Wolverhampton Voluntary Sector Council	43,177.23	10,009.52
Wolverhampton Polytechnic	30,044.12	-
Fordbridge Parish Council	4,858.82	1,999.14
Birmingham City University	7,136,791.92	2,309,920.72
Coventry University	11,406,887.19	3,984,821.47
University of Wolverhampton	9,093,468.65	2,431,554.79
West Midlands Fire and Civil Defence Authority	145,458.69	810,788.02
The Chief Constable for West Midlands Police	17,943,752.13	6,661,641.20
University College Birmingham	1,678,124.37	505,162.33
Bournville College of Further Education	804,900.00	-
South and City College Birmingham	3,655,023.61	683,429.55
Birmingham Metropolitan College	3,783,310.25	733,331.39
Hereward College	839,292.61	159,682.16
Dudley College of Technology	1,673,507.04	513,485.87
Halesowen College	472,683.70	180,686.44
King Edward VI College	315,553.93	93,398.49
Sandwell College	631,684.27	341,459.92
Solihull College	1,501,283.61	460,756.56
Walsall College	1,453,285.00	499,308.16
Cadbury Sixth Form College	121,103.16	20,234.16
Joseph Chamberlain Sixth Form College	219,829.93	97,632.64
Coventry and Solihull Waste Disposal Company Ltd	92,258.20	5,671.49
New Park Village Tenant Management Organisation	31,524.34	4,320.01
West Midlands Growth Company Ltd	113,698.80	20,788.14
Lighthouse Media Centre	10,780.48	535.32
Friendship Care and Housing Ltd	43,218.91	3,832.97
St Columba's Church Day Centre	20,188.89	4,596.23
Sandwell Community Caring Trust	134,455.65	39,014.82
Palfrey Community Association	14,986.47	6,704.57
The Penderels Trust Ltd	20,208.55	4,429.34
Bushbury Hill Estate Management Board	36,013.72	14,482.29
Brownhills Community Association	23,293.84	2,554.32
Smiths Wood Parish Council	5,617.40	1,342.92
Sickle Cell and Thalassaemia Group	25,328.73	6,027.12

Contributions Receivable by Employer

Employer	Employer's contributions	Employees' contributions
Coventry Sports Trust Ltd	190,786.71	31,972.19
Optima Community Association	317,178.83	39,635.38
Delves East Estate Management Ltd	39,940.16	3,699.91
City of Wolverhampton College	1,709,302.78	356,834.42
Home-Start (Stockland Green/Erdington)	110,995.48	1,975.56
Meriden Parish Council	4,608.60	1,075.91
Wildside Activity Centre	1,305.25	888.67
Whitefriars Housing Group	2,833,880.28	672,391.33
Manor Farm Community Association	26,468.00	7,548.00
Bloomsbury Local Management Organisation Ltd	164,656.26	30,349.38
Galliford (UK) Ltd	31,226.34	2,238.80
Lieutenancy Services (WM) Ltd	10,869.79	14.43
Home-Start (Birmingham South)	4,412.00	-
Castle Bromwich Parish Council	23,414.46	7,003.81
Steps to Work (Walsall) Ltd	115,377.53	19,246.15
Home-Start (Walsall)	11,187.20	1,905.96
Murray Hall Community Trust	86,241.65	8,021.28
Sandbank Tenant Management Organisation Ltd	12,871.66	3,144.57
Walsall Housing Group	1,738,873.84	1,043,068.82
Amey Highways Ltd	23,712.47	5,415.23
Leamore Residents Association Ltd	37,483.80	7,733.15
Northern Housing Consortium Ltd	90,909.25	42,998.30
Walsall City Academy - Thomas Telford MAT	183,414.94	55,946.43
WATMOS Community Homes	230,510.74	89,785.12
Chuckery Tenant Management Organisation Ltd	16,026.19	5,088.17
Voyage Care Limited	-4,748.21	866.53
Black Country Partnership NHS Foundation Trust	62,658.38	6,191.13
Solihull Community Housing	1,233,785.53	417,772.92
Sandwell Leisure Trust	739,622.90	253,181.88
Grace Academy - Tove Learning Trust	552,839.17	164,073.81
Pell Frischmann Consultants Ltd	7,429.26	1,458.52
Enterprise (AOL) Ltd (Telford/Wrekin)	6,179.48	1,527.20
Mitie PFI Ltd	6,504.78	1,854.37
Wolverhampton Homes	3,803,596.25	1,158,599.47
Enterprise Managed Services Ltd (Wolverhampton)	78,886.67	50,417.36
Integral UK Ltd (Coventry)	3,054.95	288.93
Black Country Consortium Ltd	190,647.56	92,718.74
Kingshurst Parish Council	3,437.40	823.32
Service Birmingham Ltd	-53,677.36	28,758.24
BME United Ltd	30,179.21	7,000.28
Sandwell Academy - Thomas Telford MAT	264,742.66	71,342.13
Dovecotes Tenant Management Organisation Ltd	55,132.82	14,832.44
Midland Heart Ltd	41,008.60	4,332.97
Engie Services Limited	114,345.37	19,674.04
Shireland Collegiate Academy Trust	354,940.57	118,894.47
Enterprise Managed Services Ltd (Solihull)	101,160.61	38,459.26
Q3 Academy - Quaerere Academies Trust	329,191.60	93,445.65

Management and Financial Performance

Contributions Receivable by Employer

Employer	Employer's contributions	Employees' contributions
Housing and Care 21 Ltd	181,740.58	73,376.06
Alliance in Partnership (Camp Hill)	3,277.59	1,037.66
Titan Partnership Ltd	3,497.11	449.38
CTC Kingshurst Academy - Tudor Grange Academies Trust	326,232.83	64,800.27
RSA Academy	184,663.22	60,150.30
BAM Construct UK Ltd	21,007.55	6,618.56
Ormiston Shelfield Community Academy	277,883.97	70,433.24
Tarmac Ltd	162,558.89	47,623.02
Bespoke Cleaning Services Ltd (Wton College)	13,350.88	2,721.04
Ormiston Sandwell Community Academy	161,816.81	54,322.35
Park Hall Academy- Arden Multi-Academy Trust	151,252.77	46,754.58
E-ACT Heartlands Academy	108,206.98	32,486.25
E-ACT Shenley Academy	109,948.96	37,927.94
ARK St Albans Academy	218,286.00	49,645.56
Agilisys Ltd (Rowley/Smethwick)	1,773.84	1,008.72
KGB Cleaning and Support Services Ltd (Bishop Ulathorne School)	1,393.65	669.92
Sidney Stringer Academy Trust	465,692.44	129,208.08
Amey LG Ltd	1,304,759.51	311,804.95
King Edward VI Sheldon Heath Academy - KEVI AT Birmingham	186,214.84	60,821.31
E-ACT North Birmingham Academy	134,608.94	40,127.96
Harborne Academy	152,741.29	38,989.99
Arden Academy- Arden Multi-Academy Trust	296,732.10	85,001.43
Balfour Beatty Living Places Limited (Coventry)	60,685.97	9,682.26
SERCO Ltd (Sandwell)	830,817.29	214,453.76
Park Hall Infant Academy.	65,894.74	18,461.29
St Patricks Church of England Primary Academy	45,802.92	11,150.19
Tudor Grange Academy Solihull Trust - Tudor Grange Academies Trust	268,258.44	59,738.00
Quadron Services Ltd	223,689.32	57,708.14
John Henry Newman Catholic College	267,583.69	72,658.19
Agilisys Ltd (OCOS/WODO/TIPTON	3,194.04	990.72
Windsor High School and Sixth Form - Windsor Academy Trust	322,985.28	104,717.18
Wood Green Academy Trust	203,354.07	55,105.36
Ninestiles An Academy - Summit Learning Trust	537,828.62	134,394.28
Lordswood Girls School and Sixth Form Centre	215,036.38	57,911.24
Ryders Hayes Academy Trust	118,769.14	31,550.70
Kings Norton Girls School and Language College	138,763.88	46,138.68
Shire Oak Academy - The Mercian Trust	311,925.71	67,343.23
Bartley Green School	147,411.35	59,330.97
Blue Coat Church of England School and Music College	242,773.72	74,008.89
Queen Marys High School - The Mercian Trust	125,181.81	24,400.30
Queen Marys Grammar School - The Mercian Trust	177,189.18	41,839.91
Sutton Coldfield Grammar School for Girls Academy Trust	243,440.54	51,557.52
Whitley Academy	279,087.69	75,374.02
Aston Manor Academy	192,570.94	52,735.45
Creative Support Limited	1,587.51	1,157.12
Heart of England School	205,460.91	46,097.50
Light Hall School	184,886.98	42,886.73

Contributions Receivable by Employer

Employer	Employer's contributions	Employees' contributions
Pegasus Academy - Dudley Academies Trust	131,373.63	36,163.85
Barr Beacon School - Matrix Academy Trust	210,430.86	46,222.37
Rookery School	132,607.91	31,226.42
Finham Park School Academy	245,390.72	78,894.44
Langley School	218,867.29	48,891.74
Alderbrook School	178,051.78	54,915.22
Lode Heath School	152,389.69	35,158.80
The Westwood Academy - Kenilworth Multi-Academy Trust	208,328.58	46,576.22
Holyhead School	262,789.51	78,051.25
Fairfax School - Fairfax Multi-Academy Trust	337,121.10	80,318.84
The West Coventry Academy	324,878.32	71,219.59
Deanery Church of England School	112,531.24	35,861.39
Plantsbrook School - Plantsbrook Learning Trust	312,839.68	70,786.29
Oldbury Academy	193,523.37	68,700.92
Hillcrest School and Sixth Form Centre	149,558.72	35,206.33
Ormiston George Salter Academy	241,301.80	73,759.57
King Edward VI Camp Hill School for Boys - KEVI AT Birmingham	125,763.62	20,188.07
King Edward VI Camp Hill School for Girls - KEVI AT Birmingham	101,204.51	22,732.59
King Edward VI Handsworth School- KEVI AT Birmingham	146,476.55	26,273.62
King Edward VI Five Ways School - KEVI AT Birmingham	172,192.10	32,415.72
King Edward VI Aston School - KEVI AT Birmingham	146,091.12	33,393.26
Beacon Hill Academy - Dudley Academies Trust	233,502.35	63,568.09
Arthur Terry Learning Partnership	920,297.01	214,676.61
The Kingswinford School Academy - Windsor Academy Trust	135,167.61	43,394.24
Nishkam School Trust	134,563.56	52,988.05
Heath Park Academy - Central Learning Partnership Trust	276,282.60	54,644.28
Lawrence Cleaning (St Stephens School)	1,568.84	510.60
The Streetly Academy	249,011.91	82,322.43
NSL Limited (Solihull)	-941.67	1,117.70
New Heritage Regeneration Ltd	41,283.44	19,625.28
Ormiston Forge Academy	252,286.24	72,450.03
Earls High School (The) - Stour Vale Academy Trust	176,509.09	47,325.13
Interserve Catering Services Ltd (Smethwick)	35,555.12	7,568.62
Interserve Catering Services Ltd (Rowley)	5,977.55	1,366.26
Park Hall Junior Academy	91,340.20	26,256.59
Joseph Leckie Academy	395,382.89	79,815.86
E-ACT Willenhall Academy	476,804.86	176,615.91
Hall Green Secondary School - An academy	177,171.70	54,692.18
Rockwood Academy - The Core Education Trust	211,856.50	64,925.10
Birmingham Museums Limited	104,830.81	75,746.06
Bishop Vesey's Grammar School	144,036.31	43,896.20
Mesty Croft Academy	92,441.04	26,777.54
Mytime Active	38,436.13	18,816.65
Wilson Stuart School - Education Impact Academy Trust	389,572.40	104,147.61
Hockley Heath Academy	47,051.65	11,499.92
Warren Farm Primary School	114,987.91	24,424.75
Aldridge School - The Mercian Trust	238,786.97	55,067.78

Management and Financial Performance

Contributions Receivable by Employer

Employer	Employer's contributions	Employees' contributions
Moseley Park Academy- Central Learning Partnership Trust	121,944.22	39,541.56
St Johns C of E Primary School	134,114.98	32,030.55
Coundon Court Academy	330,892.40	68,767.45
Barr View Primary & Nursery Academy	150,936.88	36,426.56
Timberley Academy Trust	278,263.36	90,578.08
Engie FM Limited (Broadway School)	14,537.60	4,224.13
Engie FM Limited (Park View School)	6,703.61	510.57
Engie FM Limited (International school)	651.15	754.91
Engie FM Limited (Saltley School)	-679.59	605.56
Engie FM Limited (Moseley school)	9,820.12	3,122.14
Engie FM Limited (George Dixon School)	42,536.79	1,523.56
Engie FM Limited (Waverley School)	13,655.89	3,079.80
Lend Lease Construction (Europe) Ltd (Park View & International School)	15,388.07	6,371.43
Lend Lease Construction (Europe) Ltd (Moseley School)	909.60	950.45
Lend Lease Construction (Europe) Ltd (George Dixon School)	10,555.95	3,164.42
Lend Lease Construction (Europe) Ltd (Waverley School)	6,198.21	2,150.35
Lend Lease Construction (Europe) Ltd (Four Dwellings School)	9,487.35	2,587.55
Victoria Park Primary Academy - Victoria Academies Trust	237,101.66	67,755.30
Erdington Hall Primary Academy - Summit Learning Trust	110,232.68	19,512.35
Balsall Common Primary Academy - Central Schools Trust	120,229.25	30,926.85
Woodlands Academy of Learning	122,804.62	31,692.36
Acivico (Design Construction and Facilities Management) Ltd	1,615,218.69	369,848.72
Acivico (Building Consultancy) Ltd	166,382.38	99,703.22
Aston University Engineering Academy Birmingham	92,494.64	35,478.62
Sandwell Community Caring Trust (Sandwell Care Homes)	77,192.68	31,708.43
Carillion Plc (Highfields And Pennfields)	18,052.57	95.06
St Michael's CofE Primary Academy Handsworth - Birmingham Diocesan Multi-Academy Trust	60,832.93	16,635.78
St Mary's C of E Primary Academy & Nursery	109,097.15	22,990.74
Green Meadow Primary School - Excelsior MAT	126,477.74	27,488.94
ARK Tindal Primary Academy	86,683.54	20,172.77
George Dixon Academy	181,908.12	53,557.02
Nansen Primary School- The Core Education Trust	185,945.91	33,360.07
4 Towers TMO Limited	16,249.97	6,477.16
Handsworth Wood Girls Academy - Kevi at Birmingham	193,640.33	45,254.86
Dorrington Academy Trust	164,549.70	36,879.19
ARK Kings Academy	186,262.79	46,893.91
Interserve Facilities Management Ltd (OCOS/WODO/Tipton Schools)	41,010.20	4,517.63
Interserve Facilities Management Ltd (Rowley Campus)	9,188.67	2,436.03
St Peters Collegiate C of E Academy Trust	255,974.29	51,302.49
Jubilee Academy Mossley - Academy Transformation Trust	67,471.05	15,740.99
S4E Limited	85,580.45	37,771.08
Nechells Primary E-ACT Academy	35,153.21	9,516.56
Ormiston Academies Trust	163,809.90	176,625.37
East Birmingham Network Academy	86,881.08	36,519.60
Croft Primary Academy - The Elliot Foundation Academies Trust	67,975.60	17,131.43
Lordswood Boys School - Central Academies Trust	96,505.87	18,239.54
Chilwell Croft Academy - Equitas Academies Trust	133,521.25	36,547.87

Contributions Receivable by Employer

Employer	Employer's contributions	Employees' contributions
Lawrence Cleaning Ltd (Parkfield School)	2,155.57	586.99
Elite Cleaning and Environmental Services Ltd (Walsall)	17,100.00	-
Goldsmith Primary Academy - Windsor Academy Trust	123,797.79	30,961.29
Kings Rise Academy - The Elliot Foundation Academies Trust	151,927.05	40,153.53
Alston Primary School - Leigh Trust	245,548.15	46,329.76
Greenholm Primary School	122,662.86	31,064.65
Blue Coat Church of England (Walsall) Trust	181,779.86	45,425.58
Caludon Castle School - Castle Phoenix Trust	227,355.80	78,625.07
Percy Shurmer Primary Academy - Academies Enterprise Trust	131,492.14	34,352.28
Woden Primary - Central Learning Partnership Trust	69,623.18	22,600.53
West Walsall E-ACT Academy	106,433.50	37,964.00
Birmingham Ormiston Academy	128,832.31	52,566.09
ABM Catering Ltd (Bordesley Green)	5,038.86	1,307.23
Places for People Leisure Limited (Harborne Pool)	14,660.20	3,837.75
SIPS Education Ltd	829,077.36	303,495.54
Alliance in Partnership (King Edward VI Sheldon Heath)	19,843.19	5,085.59
Lend Lease Construction (Europe) Ltd (HML Stockland Green and Broadway)	1,096.19	1,107.23
Engie FM Limited (HM and Stockland Green School)	36,089.92	8,575.07
Aspens-Services Limited (Gosford Park School)	2,532.21	595.19
St Clements C of E Academy Nechells - Birmingham Diocesan Multi Academy Trust	57,172.38	16,074.36
Oasis Community Learning - Blakenhale Junior	49,569.36	10,621.08
Oasis Community Learning - Woodview School	191,984.51	57,722.25
Oasis Community Learning - Blakenhale Infants	102,900.51	26,934.63
Lea Forest Primary Academy - Academies Enterprise Trust	135,812.76	31,866.11
Four Dwellings Primary Academy - Academies Enterprise Trust	120,769.31	26,815.90
Tame Valley Academy - University of Wolverhampton MAT	63,349.91	15,503.34
Shirestone Community Academy - The Elliot Foundation Academies Trust	92,682.49	23,784.88
Oasis Community Learning - Short Heath Primary	108,872.19	26,261.59
Aldersley High School - Amethyst Academies Trust	232,345.03	54,800.31
Yardleys School	217,392.34	60,134.13
Woods Bank Academy- The Elliot Foundation Academies Trust	93,104.75	17,851.88
Billesley Primary Academy - The Elliot Foundation Academies Trust	214,097.63	48,824.81
Merritts Brook E-ACT Primary Academy	38,393.30	11,658.02
St Michael's CE Primary School - Birmingham Diocesan Multi-Academy Trust	117,518.15	24,384.27
Reedswood E-ACT Primary Academy	74,924.07	24,188.52
James Brindley School	301,219.76	117,051.96
Oaklands Primary - Summit Learning Trust	111,847.88	27,169.75
Greenwood Academy - Academies Enterprise Trust	249,012.96	62,837.00
Tudor Grange Primary Academy St James - Tudor Grange Academies	47,500.65	11,462.61
Mansfield Green E-ACT Primary Academy	78,618.23	23,982.21
Parkfield Community School - Excelsior Multi-Academy Trust	124,039.38	45,143.71
Urban Enterprises (Bournville) Ltd	1,082.01	519.14
City Road Academy - Inspire Education Trust	165,520.73	30,651.47
Culture Coventry	-	69,507.70
Bramford Primary School - Griffin Schools Trust	139,793.75	22,557.97
Bristnall Academy - Academy Transformation Trust	234,768.45	59,314.39
Redhill School - Stour Vale Academy Trust	290,356.43	63,678.77

Management and Financial Performance

Contributions Receivable by Employer

Employer	Employer's contributions	Employees' contributions
Edgar Stammers Academy - University of Wolverhampton MAT	116,208.78	28,908.06
Knowle CE Primary Academy	149,198.33	31,512.16
St Joseph's - John Paul II Multi-Academy	113,707.88	22,294.53
St Nicholas's - John Paul II Multi-Academy	66,568.72	10,207.12
Holy Cross - John Paul II Multi Academy	73,104.67	10,476.14
Bishop Walsh - John Paul II Multi Academy	249,457.30	41,993.23
Q3 Tipton - Quaerere Academies Trust	238,350.65	70,501.83
St John's and St Peter's CofE Academy - All Saints Multi Academy Trust	48,523.73	10,061.41
St George's CofE Primary School - Birmingham Diocesan Multi-Academy Trust	83,011.55	16,055.80
Acocks Green Primary School	157,630.03	35,827.12
Premier Support Services Ltd (Alumwell Infant School)	913.10	225.31
Washwood Heath Academy- Washwood Heath MAT	516,337.24	115,667.38
Perry Hall Primary School - Perry Hall MAT	140,730.14	36,380.39
Oasis Community Learning - Matthew Boulton	80,423.26	15,686.92
Four Dwellings Academy - Academies Enterprise Trust	181,213.08	41,604.96
Oasis Community Learning - Hobmoor Primary	141,131.94	25,693.10
Timbertree Primary - United Learning Academies	38,470.17	9,688.98
George Betts Academy - The Elliot Foundation Academies Trust	157,203.68	35,331.74
Hamstead Hall Academy - Hamstead Hall Academy Trust	390,716.18	71,020.00
Corngreaves Primary - United Learning Academies	59,900.50	12,292.49
Shireland Hall Academy - The Elliot Foundation Academies Trust	202,832.80	55,166.86
Stretton Primary Academy - Diocese of Coventry MAT	67,315.00	16,426.51
St Laurence's Primary Academy - Diocese of Coventry MAT	117,850.56	24,474.38
Yarnfield Academy-Summit Learning Trust	203,276.11	35,092.37
President Kennedy School - The Futures Trust	433,390.61	108,283.60
Hawkesley Church Primary Academy - Birmingham Diocesan Multi-Academy Trust	117,847.08	16,342.04
Birchills Academy - St Chads Academies Trust	139,565.20	40,853.40
Montgomery Primary Academy - Academies Enterprise Trust	156,613.14	43,652.99
Fairway Primary Academy - University of Wolverhampton MAT	88,258.09	16,915.87
Cheswick Green Parish Council	2,675.52	704.04
Jubilee Park Academy - Summer Park MAT	101,602.24	18,052.89
Ocker Hill Junior Academy - Ocker Hill Academy Trust	69,529.50	16,627.35
Three Spires Academy - RNIB Specialist Learning Trust	117,222.52	25,684.98
Silvertrees Academy Trust	162,690.17	27,558.84
Pegasus Academy - Summit Learning Trust	75,014.21	12,863.96
Alliance in Partnership Ltd (Harborne Primary School)	6,116.80	1,254.86
St Edmund's Catholic Academy - St Francis and St Clare Catholic MAC	309,288.03	73,269.60
SS Mary & Johns Catholic Primary Academy - St Francis and St Clare Catholic MAC	60,332.73	12,586.89
St Teresa's Catholic Primary Academy - St Francis and St Clare Catholic MAC	37,677.45	8,697.12
Holy Trinity CE Primary Academy (Handsworth) - Birmingham Diocesan Multi-Academy Trust	89,994.16	17,152.29
SS Peter and Paul Catholic Primary Academy and Nursery - St Francis and St Clare Catholic MAC	71,822.30	13,690.38
St Michael's Catholic Primary Academy and Nursery - St Francis and St Clare Catholic MAC	67,719.91	14,730.56
Tiverton Academy - The Elliot Foundation Academies Trust	85,426.20	17,227.26
St Joseph's Academy - St John Bosco Catholic Academy Trust	41,048.60	12,653.72
Bishop Milner Academy - St John Bosco Catholic Academy Trust	159,365.75	37,543.70
St Chads Academy - St John Bosco Catholic Academy Trust	37,744.28	7,506.35
Bentley Heath Church of England Primary School	82,223.18	18,179.26

Contributions Receivable by Employer

Employer	Employer's contributions	Employees' contributions
Reaside Academy - University of Wolverhampton MAT	65,683.00	12,425.54
Aspens-Services Limited (Phoenix Collegiate)	8,371.08	1,871.58
St George's CofE Academy Newtown - Birmingham Diocesan Multi-Academy Trust	73,334.03	19,738.47
St Bartholomew's C of E Primary Academy - Diocese of Coventry MAT	89,533.23	16,485.47
Coventry University Enterprises Ltd	167,714.22	73,144.10
Hill Farm Primary School - Castle Phoenix Trust	139,115.84	32,744.20
The Orchards Primary Academy - University of Wolverhampton MAT	95,569.12	17,419.63
Wednesbury Oak Primary Academy	107,929.10	21,825.57
Robin Hood Primary Academy	185,207.75	38,730.06
Woodhouse Primary Academy - University of Wolverhampton MAT	217,451.44	40,170.76
Broadway Academy	300,660.00	67,553.45
Places For People Leisure Limited (Wolverhampton)	1,514.24	1,553.94
Radford Primary Academy - Sidney Stringer Academy Trust	87,122.72	18,251.95
Ernesford Grange Community Academy - Sidney Stringer Academy Trust	251,431.49	51,082.60
Chivenor Primary School - Griffin Schools Trust	107,724.10	17,174.28
Rivers Primary Academy - Windsor Academy Trust	60,711.14	14,321.99
Walsall Studio School - The Mercian Trust	8,653.21	4,457.54
Waverley Studio College - The Waverley Education Foundation Ltd	13,994.07	6,875.01
Twickenham Primary Academy	160,089.49	34,453.01
Grestone Primary Academy - Hamstead Hall Academy Trust	196,663.61	39,313.32
St Paul's C of E Primary Academy	84,374.24	18,075.85
Kingswood Trust	15,128.24	5,228.40
Leigh Primary School - Leigh Trust	235,830.98	42,533.11
University of Wolverhampton Multi Academy Trust	51,244.21	31,422.96
Wodensborough Ormiston Academy	280,544.91	48,977.50
Ridgewood High School - Stour Vale Academy Trust	157,080.13	33,243.22
Carillion (Ambs) Ltd (Heath Park Academy)	22,424.75	-
Aspens-Services Limited (Courthouse Green Primary School)	5,027.06	1,247.45
Wolverhampton Girls High School	180,817.51	36,918.47
St Judes Academy - St Chad's Academies Trust	135,067.78	28,859.52
Oasis Community Learning - Foundry Primary	77,395.62	12,569.71
Riverbank Academy - Sidney Stringer Academy Trust	199,968.25	46,225.31
Churchill Contract Catering Ltd (Whitehall School)	-	1,370.27
Berrybrook Primary School - Perry Hall MAT	51,473.28	12,376.32
Reach Free School Trust	45,919.98	13,437.39
WMG Academy for Young Engineers (Coventry)	72,738.34	25,228.17
Cottesbrooke Infant and Nursery School	127,767.12	29,472.84
Alliance in Partnership Ltd (Unity Cluster)	14,254.00	3,583.74
Atalian Servest Food Co Ltd (Synergy Schools)	46,845.80	2,610.64
APCOA Parking UK Ltd (Wolverhampton)	5,374.80	1,723.05
Smestow School - University of Wolverhampton MAT	258,376.32	38,175.40
Northwood Park Primary Academy - SHINE Academies	144,239.77	36,388.47
Marston Green Infant Academy	113,902.98	34,037.56
Smith's Wood Primary Academy	167,177.51	40,712.92
Bespoke Cleaning Ltd (Westwood Academy)	1,175.02	389.31
Police and Crime Commissioner West Midlands	226,161.21	93,265.75
ABM Catering Limited (Aldermoor Farm Primary School)	5,062.66	1,473.30

Management and Financial Performance

Contributions Receivable by Employer

Employer	Employer's contributions	Employees' contributions
Northern House School Academy Trust	76,076.28	23,614.36
Taylor Shaw (Great Barr Birmingham)	24,282.46	5,729.26
St Johns C of E Primary Academy - Diocese Coventry MAT	50,106.95	8,226.12
Atalian Servest Food Co Ltd (John Gulson)	1,778.90	472.72
Heathlands Academy - University of Wolverhampton MAT	150,708.96	31,888.73
Wednesfield High Academy - University of Wolverhampton MAT	186,763.22	32,297.55
Albert Bradbeer Primary School - University of Wolverhampton MAT	193,287.48	34,829.11
Alliance in Partnership Ltd (Broadway)	17,012.20	4,209.08
Birmingham Solihull Mental Health NHS Foundation Trust	1,721.52	556.92
Action Indoor Sports Birmingham CIC Ltd	3,751.60	1,208.76
Pendergate Ltd	4,798.44	1,293.54
Sacred Heart Academy - Romero MAC	102,197.29	23,102.71
St Gregory's School Coventry - Romero MAC	74,099.53	13,387.97
Good Shepherd Primary School - Romero MAC	69,825.87	13,170.58
SS Peter and Paul Catholic Primary School - Romero MAC	40,031.76	13,277.56
St John Fisher School - Romero MAC	100,198.36	20,399.55
St Patrick's Catholic School - Romero MAC	84,129.31	15,534.80
Cardinal Wiseman Catholic Academy - Romero MAC	364,894.95	57,729.09
Corpus Christi Catholic Primary School - Romero MAC	78,785.82	22,092.65
All Saints National Academy - St Chads Academy Trust	65,416.25	15,320.38
Alliance In Partnership Ltd (Greenfields Primary School)	3,034.65	902.62
Aspens-Services Limited (Old Church School)	1,770.64	350.31
Aspens-Services Limited (Rough Hay School)	7,182.73	1,703.97
CUL Academy Trust Limited	2,111.99	879.11
Aspens-Services Limited (Salisbury School)	4,257.22	834.19
Aspens-Services Limited (Aldridge School)	7,376.05	3,351.09
Bournville School - Fairfax Multi-Academy Trust	246,549.79	50,656.31
St Gregory's Catholic Primary Academy - St Catherine of Siena MAC	71,986.58	14,492.64
Our Lady & St Hubert's Catholic Primary Academy - St Catherine of Siena MAC	120,249.95	27,155.69
St Francis Xavier Catholic Primary Academy - St Catherine of Siena MAC	91,352.95	18,652.73
St Philip's Catholic Primary Academy- St Catherine of Siena MAC	87,395.22	19,707.25
The University of Birmingham School	113,720.74	47,683.78
Aspens-Services Limited (Pinfold Street Primary)	1,060.76	307.07
Devonshire Infant Academy - Victoria Academies Trust	190,518.05	35,517.96
Seva Free School- Sevak Education Trust	52,951.63	18,329.77
Compass Contract Services (UK) Ltd (Yardleys School)	6,792.63	1,840.62
Devonshire Junior Academy - Victoria Academies Trust	117,781.91	27,412.59
Town Junior School - Plantsbrook Learning Trust	71,182.70	15,346.00
St Brigid's Catholic Primary School - Lumen Christi MAT	119,407.02	27,153.63
St Columba's Catholic Primary School - Lumen Christi MAT	82,102.98	18,295.50
St Joseph's Catholic Primary School - St Nicholas Owen Catholic MAC	60,424.75	11,465.15
Our Lady of Fatima Catholic Primary School - St Nicholas Owen Catholic MAC	48,108.70	14,672.70
St Mary's Catholic Primary School - St Nicholas Owen Catholic MAC	68,523.05	16,749.41
Calthorpe Academy	673,784.82	179,157.23
Crestwood School - Invictus Education Trust	131,703.50	32,641.67
Hillstone Primary School	214,878.81	45,266.24
Ellowes Hall Sports College - Invictus Education Trust	266,812.64	71,980.44

Contributions Receivable by Employer

Employer	Employer's contributions	Employees' contributions
Wyndcliffe Primary School - Leigh Trust	216,340.62	42,242.74
Brownmead Academy - Washwood Heath MAT	105,984.52	24,340.39
Manor Primary School - Manor Multi Academy Trust	151,348.95	39,444.43
Aspens-Services Ltd (Sladefield Infants School)	6,921.96	1,366.63
ABM Catering Limited (Allesley)	3,863.74	1,174.02
St Johns C of E Primary Academy - St Chad's Academy Trust	34,974.74	9,960.74
Change Grow Live Ltd	21,236.91	19,887.89
St Martin's C of E Primary School - St Martin's MAT	38,539.06	10,615.69
St Paul's Catholic Primary School - Lumen Christi MAT	91,068.98	16,975.91
St James Catholic Primary School - Lumen Christi MAT	72,954.67	20,509.08
St Joseph's Catholic Primary School - Lumen Christi MAT	59,780.88	16,411.69
St Thomas Aquinas Catholic School - Lumen Christi MAT	360,225.67	69,349.45
Field View Primary School - St Martin's MAT	94,428.60	21,115.09
Walsall Adult Community College	-10,300.00	-
Futurelets Ltd	149,171.49	45,995.46
Churchill Contract Services Limited (Walsall College)	13,258.38	3,269.80
ABM Catering (St Andrew's CE Infant School)	2,003.04	480.47
NSL Limited (BCC)	34,322.71	6,101.89
Jervoise School - DRB Ignite MAT	81,267.14	17,590.85
Wychall Primary school - DRB Ignite MAT	179,414.35	35,927.70
Holy Rosary Catholic Primary Academy - St Francis and St Clare Catholic MAC	72,180.17	14,571.75
St Mary's Catholic Primary - St Francis and St Clare Catholic MAC	142,377.63	28,111.23
Our Lady & St Chad Catholic Academy - St Francis and St Clare Catholic MAC	165,868.20	35,252.57
Corpus Christi Catholic Primary Academy - St Francis and St Clare Catholic MAC	71,504.74	13,691.66
St Thomas CE Academy - All Saints Multi Academy Trust	141,600.43	43,439.42
Birmingham Community Leisure Trust (North East Contract)	465,564.61	118,914.20
Birmingham Community Leisure Trust (South West Contract)	189,650.68	47,249.48
Saltley Academy - Washwood Heath Multi-Academy Trust	271,284.88	62,828.29
Barr's Hill School Academy - The Futures Trust	243,368.30	54,446.87
Alliance in Partnership Ltd (Brownhills School)	7,173.70	1,593.02
Places for People Leisure Limited (Sparkhill)	9,111.27	2,228.38
Walsgrave C of E Academy-Inspire Education Trust	98,919.22	25,315.03
Clifford Bridge Academy - Inspire Education Trust	85,329.40	19,194.74
Whittle Academy - Inspire Education Trust	73,373.64	20,302.13
Lyndon Academy - Summit Learning Trust	184,508.14	42,252.66
Waverley School - The Waverley Education Foundation Ltd	328,668.59	77,254.25
Academy Transformation Trust	435,245.12	144,143.27
TnS Catering Management Limited (Potters Green School)	5,197.91	1,358.51
TnS Catering Management Ltd (Moat House School)	5,964.22	1,482.52
Heathfield Primary School-Prince Albert Community Trust	97,698.76	19,829.53
Bloxwich Academy - Matrix Academy Trust	224,611.98	31,995.79
Moor Green Primary Academy - REAch2 Academy Trust	79,270.82	17,910.42
Prince Albert Primary School - Prince Albert Community Trust	276,278.61	67,293.63
Beechwood C of E Primary School - DRB Ignite MAT	56,664.20	9,964.52
The British Sikh School- The Khalsa Academies Trust	16,636.95	6,405.19
Northfield Manor Primary Academy - Victoria Academy Trust	153,226.71	35,016.98
ARK Chamberlain Primary Academy	45,506.10	10,131.35

Management and Financial Performance

Contributions Receivable by Employer

Employer	Employer's contributions	Employees' contributions
ARK Boulton Academy	243,093.32	49,904.24
Aspens-Services Ltd (South Wolverhampton and Bilston Academy)	1,778.10	338.39
Regent Office Care Ltd (Ormiston Shelfield Academy)	3,133.39	836.60
ABM Catering Ltd (John Shelton Community Primary School)	1,855.15	716.93
Alliance In Partnership Ltd (Coventry South Cluster Group)	11,761.27	3,213.40
The Edge Academy	23,415.99	8,914.09
The Bromley-Pensnett Primary School - DRB Ignite MAT	109,320.41	21,859.06
Manor Way Primary Academy - Windsor Academy Trust	51,126.36	12,533.53
Dickens Heath Parish Council	3,285.12	731.51
West Midlands Construction UTC Trust	45,923.85	17,424.97
Alliance in Partnership Limited (St Matthias School)	1,561.83	367.08
Elston Hall Primary School - Elston Hall Multi- Academy Trust	203,100.73	49,516.46
Sidney Stringer Free Primary School - Sidney Stringer Academy Trust	42,787.13	15,773.62
Health Futures UTC	39,840.86	16,570.15
Carillion (Ambs) Ltd (St Matthias)	32,679.34	-
Bickenhill & Marston Green Parish Council	15,753.39	4,262.28
The King Solomon International Business School	107,316.03	38,334.66
Westcroft Sport and Vocational College- Central Learning Partnership Trust	104,716.30	35,848.93
Compass Contract Services (UK) Ltd (Diocese of Coventry Multi Academy Trust)	14,178.26	2,777.48
The Romero Catholic Academy	66,299.44	29,214.76
Inspire Education Trust	20,539.00	7,051.27
Aspens-Services Ltd (Bartley Green)	17,270.45	4,342.56
Aspens-Services Ltd (St Peters Collegiate)	21,653.62	4,710.46
Highfields School	301,140.16	68,350.41
Finham Primary School - Finham Park MAT	66,417.10	17,558.71
Engie Regeneration Holdings Ltd	298,282.34	79,633.00
Manor Park Primary Academy - REAch2 Academy Trust	154,807.27	36,618.65
Wates Construction Ltd (West-Central)	319,365.65	85,470.39
Northern House School (City of Wolverhampton)	151,039.96	33,700.96
Pool Hayes Academy- Academy Transformation Trust	280,942.61	51,155.89
Nonsuch Primary School - Birmingham Diocesan Multi-Academy Trust	84,200.81	16,116.19
Grove Primary School - St Martin's Multi Academy Trust	105,847.95	22,161.88
Highfield Junior and Infant School - Prince Albert Community Trust	234,846.02	40,089.03
Dunstall Hill Primary School - Perry Hall MAT	78,220.24	15,118.24
Priory Education Services Ltd	340,052.51	85,459.18
Wates Construction Ltd (East)	857,693.95	232,894.55
Aston Tower Community Primary School- Aston Tower Multi-Academy Trust	170,791.73	30,123.77
Wolverhampton Vocational Training Centre- Central Learning Partnership Trust	32,960.79	14,281.49
Compass Contract Services (UK) LTD (Hall Green Secondary School)	29,145.49	6,076.85
Fortem Solutions Limited (BHAM South)	639,214.66	179,082.02
Alliance in Partnership Ltd (Pedmore Primary School)	3,119.13	700.25
Lodge Farm Primary School - Northwood Park Educational Trust - SHINE Academies	109,641.68	20,370.36
Alliance in Partnership Ltd (Glenmead Primary School)	-175.26	145.61
Palmers Cross Primary Academy - Elston Hall Multi Academy Trust	78,965.41	14,586.68
Dodd Group (Midlands) Ltd	52,637.80	15,377.16
Mazars Ltd (Walsall MBC)	8,769.60	3,513.15
Finham Park 2 - Finham Park Multi Academy Trust	59,918.40	18,148.55

Contributions Receivable by Employer

Employer	Employer's contributions	Employees' contributions
Prospects Services (Coventry and Warwickshire)	6,218.23	1,933.86
Royal Sutton Coldfield Town Council	24,800.31	10,415.33
Aspens-Services Ltd (Cannon Park Primary School)	1,966.25	584.68
Yew Tree Community Junior and Infant School - Inspire Education Community Trust	161,485.27	25,027.66
North Walsall Primary Academy - Academy Transformation Trust	80,200.05	13,506.57
Lyng Hall School- Finham Park MAT	151,940.51	46,986.61
Fibbersley Park Academy - Victoria Academies Trust	218,369.07	35,338.65
Hob Green Primary School - DRB Ignite MAT	104,821.70	21,968.56
Damson Wood Infant Academy - Central Schools Trust	83,344.60	13,992.15
Aspens-Services Ltd (St Peter's Catholic School Solihull)	10,898.64	2,384.32
Streetsbrook Infant and Early Years Academy- Streetsbrook Academy Trust	127,963.87	26,763.73
Princethorpe Infant School - DRB Ignite MAT	114,373.89	20,083.73
The Oval Primary School - DRB Ignite MAT	232,497.67	36,592.95
Audley Primary School - DRB Ignite MAT	337,998.48	58,284.48
Aspens-Services Ltd (Heartlands Academy)	6,723.69	1,591.12
KCLS Limited (Manor Park Primary School)	78.82	17.62
Aspens-Services Ltd (Nechells Academy)	1,451.52	262.48
Aspens-Services Ltd (Merritts Brook Academy)	4,443.33	775.82
Aspens-Services Ltd (St George's C of E Academy)	8,670.78	1,896.49
Lend Lease Construction (Europe) Limited (The Sixth Form College Solihull)	3,839.63	1,254.63
Aspens-Services Ltd (Mansfield Green Academy)	9,014.89	1,944.36
Gossey Lane Academy - Washwood Heath MAT	93,553.43	17,316.64
Leasowes High School - Invictus Education Trust	241,846.69	50,173.01
Aspens-Services Ltd (West Walsall E-ACT Academy)	15,510.63	3,473.98
Erdington Academy - Fairfax Multi-Academy Trust	332,628.49	61,920.93
Smith's Wood Academy - Fairfax MAT	337,124.11	60,194.36
Summerhill Primary Academy - Summer Park MAT	418,300.51	77,337.40
Conway Primary School - Create Partnership Trust	128,354.21	19,500.36
Greet Primary School - Create Partnership Trust	369,716.77	64,460.22
Alliance in Partnership Ltd (Holy Family Catholic Primary School)	1,199.00	234.01
Alliance in Partnership Ltd (Christ the King Catholic Primary School)	3,249.33	775.52
Alliance in Partnership Ltd (St Thomas More Catholic School)	6,960.29	2,014.76
Aspens-Services Ltd (Whitgreave Junior School)	4,967.58	1,157.70
Sodexo Ltd (Oasis Community Learning)	25,274.05	7,818.13
West Midlands Combined Authority	127,102.52	1,276,488.71
Alliance in Partnership Ltd (Heart of England School)	5,379.27	1,164.20
Dovetail Group (UK) Ltd (Alderbrook School)	7,236.12	1,461.90
Edward the Elder Primary - Elston Hall MAT	109,359.87	17,613.37
St Bartholomew's CE Primary School - St Bartholomew's CE Multi Academy Trust	107,564.26	21,399.66
Northern House School (City of Wolverhampton) Primary PRU	53,992.01	12,313.34
Tenterfields Primary Academy - Windsor Academy Trust	61,665.83	13,319.63
Taylor Shaw Ltd (Broadway Academy)	10,023.24	2,447.46
St Francis CE Primary School and Nursery - Fioretti Trust	98,606.65	13,906.32
Aspens-Services Ltd (Hillcrest School)	4,251.74	932.25
Hill Avenue Academy - Manor MAT	45,101.15	8,882.60
East Park Academy - Manor MAT	250,719.91	45,641.95
Stanton Bridge Primary School - Stanton Bridge Multi Academy Trust	75,834.39	15,085.64

Management and Financial Performance

Contributions Receivable by Employer

Employer	Employer's contributions	Employees' contributions
Cromwell Primary School - Cromwell Learning Community Academy Trust	93,219.70	18,281.94
Broadmeadow Special School - Central Learning Partnership Trust	181,692.63	27,964.18
Hearsall Community Academy - Inspire Education Trust	99,148.79	20,566.82
Bushbury Lane Academy - REAch2 MAT	61,217.12	11,314.09
Quinton Church Primary School - Birmingham Diocesan Multi-Academy Trust	57,372.93	9,609.81
Canterbury Cross Primary School - Canterbury Cross Educational Trust	201,324.92	30,024.21
Cedars Academy- Robin Hood MAT	122,384.80	22,440.70
Courthouse Green Primary School - Triumph Multi-Academy Trust	223,853.73	47,359.15
Great Barr Academy - The Shaw Education Trust	649,090.09	106,086.37
Firs Primary School - Washwood Heath MAT	224,520.49	33,627.33
Topcliffe School - Community Education Partnership Trust	134,120.51	23,812.38
Parkgate Primary School - The Futures Trust	235,477.12	42,183.47
Phoenix Academy - Academy Transformation Trust	73,124.13	12,576.62
Westminster Primary School - Westminster Academy Trust	163,429.91	27,838.37
Bordesley Village Primary School - Cromwell Community Learning Trust	140,421.03	19,289.04
Stirchley Primary School - Evolve Education Trust	98,072.27	14,249.90
Aspens-Services Ltd (Joseph Leckie Academy)	18,868.53	3,657.96
Keresley Grange Academy - The Futures Trust	108,807.49	21,398.97
Heart of Birmingham Vocational College	77,466.71	18,684.24
Miquill Catering Ltd (Colton Hills)	-	784.49
Miquill Catering Ltd (Woodfield Junior)	15,681.00	3,313.91
Colley Lane Primary Academy - Windsor Academy Trust	229,985.59	47,148.04
Moreton School - Amethyst Academy Trust	294,273.06	43,379.12
Cockshut Hill School - Summit Learning Trust	330,681.60	66,332.08
Chandos Primary School - The Elliot Foundation Academies Trust	247,131.51	35,759.80
Woodside Community School and Little Bears Nursery - Hales Valley Multi-Academy Trust	175,675.82	35,284.42
Lutley Primary School - Hales Valley Multi-Academy Trust	146,565.14	31,546.25
Aspens-Services Ltd (St Martin's MAT)	5,519.07	1,172.04
Lapal Primary School - Hales Valley Multi-Academy Trust	81,658.28	16,306.00
Sandwell Children's Trust	2,273,958.52	960,642.02
Caterlink Ltd (John Paul II Multi Academy)	18,981.97	4,192.14
Murray Hall Community Trust (Rowley and Tipton)	11,093.60	3,034.43
Churchill Contract Services Ltd (Finham Park MAT)	19,067.63	3,461.24
King Edward VI Handsworth Grammar School For Boys - Kevi at Birmingham	257,978.94	41,857.93
The Bridge School - Forward Education Trust	243,812.18	39,152.91
Hodge Hill Primary School - Create Partnership Trust	203,121.61	27,904.61
Brays School - Forward Education Trust	511,380.33	92,612.61
Hallmoor School - Forward Education Trust	329,041.06	49,811.01
Compass Contract Services Uk Ltd (Arthur Terry LP)	40,527.88	8,694.34
Dame Elizabeth Cadbury School - Matrix Academy Trust	232,060.72	34,329.18
Matrix Academy Trust	65,189.85	20,044.75
Caterlink Ltd (The Futures Trust)	16,456.36	3,427.94
Foxford Community School - Castle Phoenix Trust	218,692.50	33,469.50
WMG Academy for Young Engineers (Solihull)	47,008.77	12,277.76
Aspens-Services Limited (Fairfax Mat)	30,315.91	7,440.93
Greenwich Leisure Limited	351,399.45	89,825.65
Turves Green Primary School - Excelsior Multi Academy Trust	144,555.52	23,587.02

Contributions Receivable by Employer

Employer	Employer's contributions	Employees' contributions
Thorns Collegiate Academy - Shireland Collegiate Academy Trust	166,832.62	33,383.89
Mellors Catering Services (Grestone Academy)	18,207.41	3,476.99
St Stephen's Church of England Primary School - St Stephen's Church of England MAT	80,238.46	14,818.17
Holyhead Primary Academy - Shireland Collegiate Academy Trust	61,124.45	7,889.26
Parkfield Primary School - St Stephen's Church of England MAT	58,134.99	10,171.76
Tile Cross Academy - Washwood Heath MAT	298,944.56	35,105.51
Caldmore Primary Academy - Academy Transformation Trust	131,059.35	25,891.22
Action for Children (West Bromwich and Wednesbury)	20,373.68	6,139.01
Action for Children (Smethwick and Oldbury)	46,045.75	11,820.21
Aspens-Services Ltd (Merridale Primary School)	2,523.02	527.63
Aspens-Services Ltd (Bantock Primary School)	6,263.26	1,393.19
Aspens-Services Ltd (Lanesfield Primary School)	4,652.89	854.13
Stoke Park School - The Futures Trust	233,857.70	46,600.30
Churchill Contract Services Ltd (Wodensfield Primary School)	3,051.07	630.85
Churchill Contract Services Ltd (Stoke Park School and Community Technology College)	9,834.85	1,995.96
Coventry College	1,504,033.37	274,523.62
Netherbrook Primary School - Learning Link MAT	158,642.02	32,648.85
Dudley Wood Primary School - Learning Link MAT	134,457.67	25,207.89
Ormiston SWB Academy	255,039.30	69,857.68
Sledmere Primary School - Learning Link MAT	154,873.18	30,894.18
Compass Contract Services (UK) Ltd (Moseley School)	9,931.72	2,077.47
Kates Hill Primary School - Learning Link MAT	161,089.06	32,731.21
Woodfield Primary School - St Bartholomew's COE MAT	130,701.34	22,305.37
Woodfield Junior School - St Bartholomew's COE MAT	61,235.65	9,487.82
The Link Academy - Dudley Academies Trust	242,599.01	48,654.43
St James Academy - Dudley Academies Trust	167,415.76	31,880.06
Birmingham Diocesan Multi-Academy Trust	25,236.58	9,071.73
The Sixth Form College - Summit Learning Trust	282,558.03	82,241.94
T(n)S Catering Management Ltd (Fibbersley Park School)	11,272.90	2,253.97
Olive Hill Primary School - Stour Vale Academy Trust	93,201.90	18,914.98
Caterlink Ltd (Stoke Park School)	7,740.22	1,615.27
Goldthorn Park Primary - Elston Hall MAT	109,468.50	17,425.42
Pendergate Ltd (Lea Forest Academy)	839.66	171.08
Ormiston NEW Academy	229,660.40	51,017.68
LGPS Central Limited	397,759.77	86,000.74
Priory Primary School - Hales Valley MAT	164,410.29	34,772.46
Hurst Hill Primary School - Hales Valley MAT	89,397.03	16,502.89
Netherton COE Primary School - Diocese of Worcester MAT	122,322.13	23,418.78
Small Heath Leadership Academy - STAR Academies	309,997.10	50,980.00
Leigh COE Primary Academy - Diocese of Coventry MAT	77,811.44	16,133.89
The Active Wellbeing Society Limited	66,245.52	19,861.65
Churchill Contract Services Ltd (Greswold Primary School)	344.64	78.98
Birmingham Children's Trust Ltd	-	3,357,897.42
Jewson Limited (Dudley MBC)	9,033.01	2,490.76
D'Eyncourt Primary School - Central Learning Partnership Trust	90,267.48	14,244.16
Churchill Contract Services Ltd (Finham Park School)	9,579.73	2,058.15
Change Grow Live (Walsall MBC)	43,817.25	3,189.97

Management and Financial Performance

Contributions Receivable by Employer

Employer	Employer's contributions	Employees' contributions
Villiers Primary School - SHINE Academies	191,675.62	30,473.34
City Academy - The Core Education Trust	56,442.55	17,877.43
Jewellery Quarter Academy - Core Education Trust	47,469.80	17,369.15
Central Academy - The Core Education Trust	101,761.66	31,576.24
Arena Academy - The Core Education Trust	174,236.97	39,081.16
Ark Victoria Academy	96,451.50	33,508.71
Richard Lee Primary School - Castle Phoenix Trust	84,568.69	12,953.88
Woodthorne Primary School - Perry Hall MAT	45,022.93	8,060.15
Alliance in Partnership Ltd (Edgewick Primary School)	1,324.36	319.47
Miquill Catering Ltd (Acocks Green Primary School)	7,468.41	1,654.20
Tameside Primary Academy - Shireland Collegiate Academy Trust	127,824.04	22,748.64
Coppice Performing Arts School - Central Learning Partnership	129,564.85	24,866.84
Peoples Future Limited	16,045.40	5,532.84
Aspens-Services Ltd (Blue Coat C of E Academy)	1,665.47	330.72
Aspens-Services Ltd (Whitgreave Infant School)	2,525.39	699.16
Dudley Academies Trust	11,772.90	7,113.49
St Margaret's C of E Primary School - Birmingham Diocesan Multi-Academy Trust	39,952.10	7,765.32
Holy Trinity Catholic School - St Teresa of Calcutta MAC	51,950.00	-
St Thomas' C of E Primary School - Manor MAT	25,175.16	3,731.08
St Alban's C of E Primary School - Manor MAT	13,527.16	2,499.09
Archbishop Ilsley Catholic School - St Teresa of Calcutta MAC	65,750.00	-
The Pedmore High School - Invictus Education Trust	91,416.98	19,624.26
Aspens-Services Ltd (Lordswood Girls School)	13,391.42	3,156.52
Birchfield Primary School - Prince Albert Community Trust	193,640.11	28,966.30
Wilson Stuart UCB Partnership Trust	38,002.78	11,131.02
Solihull Alternative Provision Academy	42,535.23	15,457.48
Princethorpe Junior School - DRB Ignite MAT	19,982.19	3,744.76
Titan Aston Academy - Titan Education Trust	4,995.05	1,827.20
SS Mary & John Catholic Primary School - John Paul II Multi-Academy	69,758.34	10,608.64
Brookfields Primary School - Create Partnership Trust	66,782.78	9,991.89
Aspens-Services Ltd (Yardleys School)	2,713.37	470.75
Marlborough Infant School - Leigh Trust	38,180.59	5,079.44
Marlborough Junior School - Leigh Trust	46,656.65	6,164.93
SS Peter & Paul Catholic Primary School - John Paul II Multi-Academy	26,163.21	3,850.07
The Ladder School - The Mercian Trust	5,972.45	1,977.77
Springfield Primary Academy - REAch2 Academy Trust	57,425.28	8,079.03
Trinity C of E Primary Academy - St Chads Academy Trust	15,829.27	2,971.06

Investment Policy and Performance

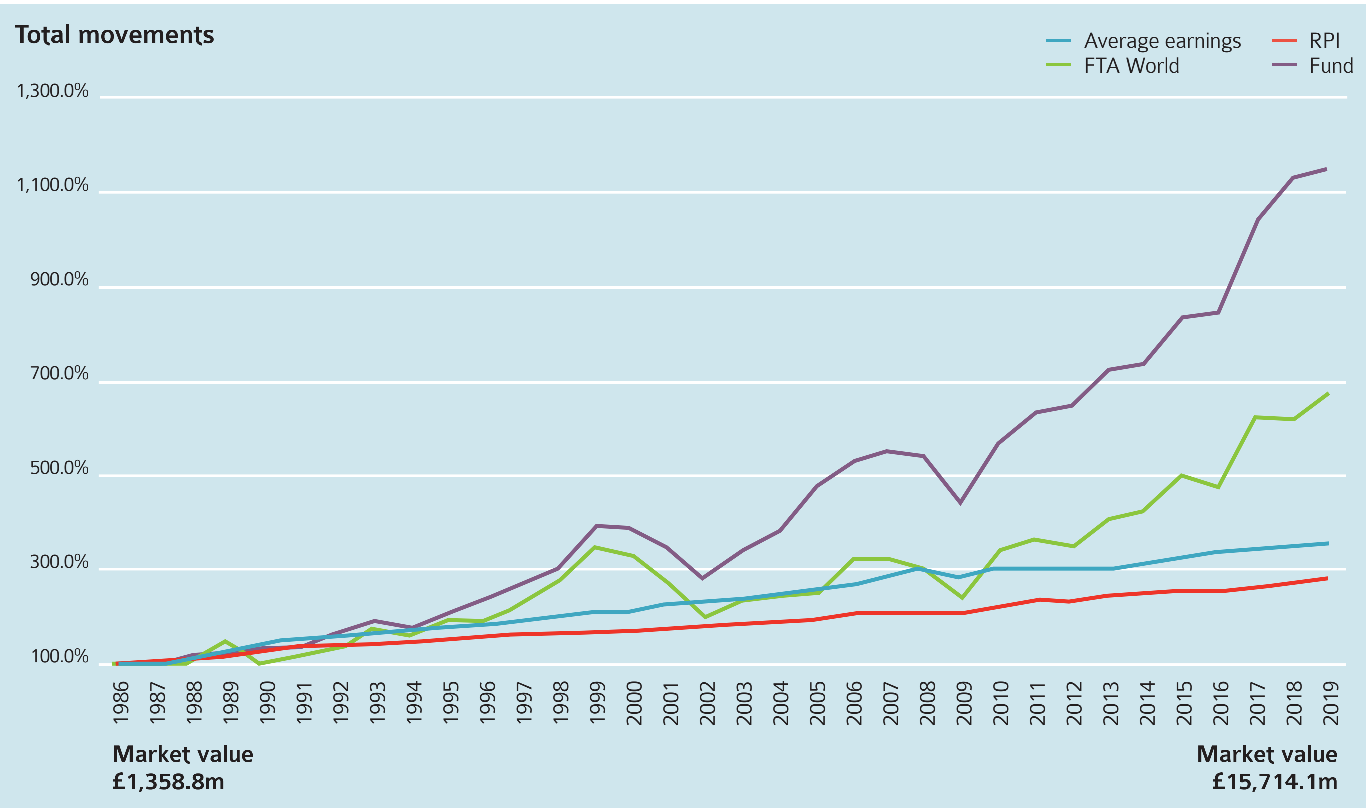
Investment Strategy

The investment strategy of the Fund is carried out in accordance with the *Investment Strategy Statement* and the Fund's investment beliefs. The core objectives are to achieve target returns, ensure the solvency of the Fund and its ability to pay pensions.

Jill Davys

Investment Policy

At the beginning of the period, the market value of the Fund's net assets was £15.4 billion. By the end of March 2019, the value of those assets was £15.7 billion +1.9% reflecting positive net cashflow and appreciation in market value in the assets under management. The graph below illustrates the cumulative movement of the Fund's asset value since 1986 resulting from the implementation of investment policies, market movements and net cash inflows.



The Fund was slightly negative in terms of cashflow from net contributions and investment income compared to benefits paid out to scheme members. This reflected the prior year's advance payments by a number of the large employers in 2017/18 following the triennial actuarial valuation.

Investment Policy and Performance

Investment Strategy

Asset Allocation

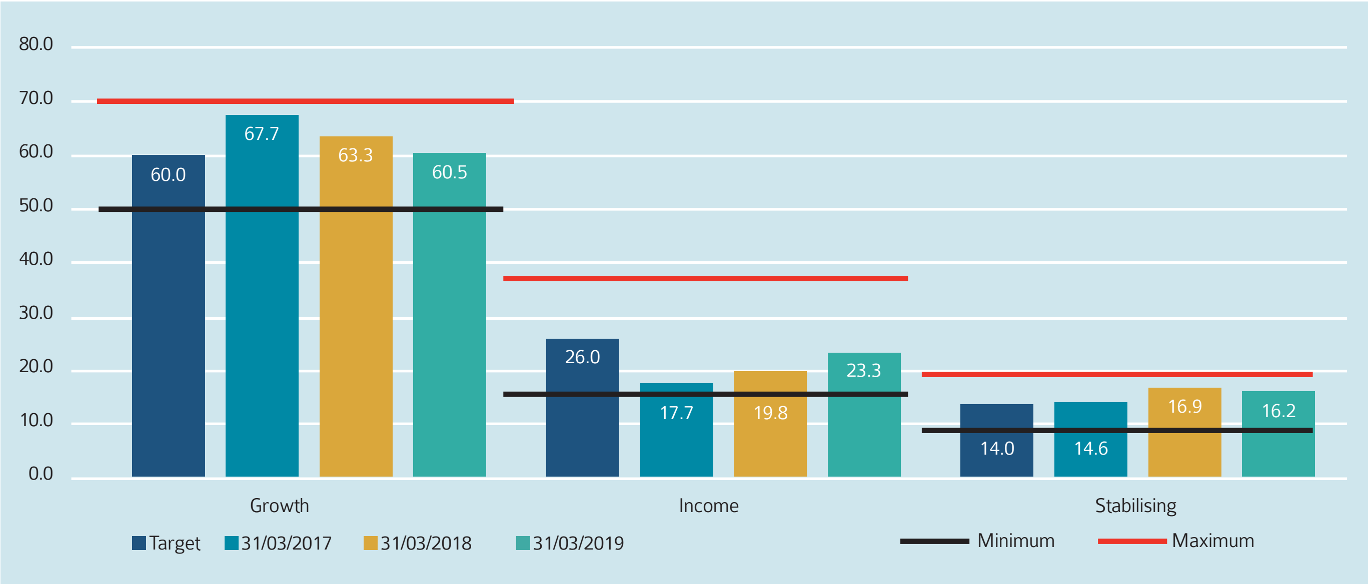
The following table shows a summary of the asset distribution for the year ended 31 March 2019 compared with the strategic risk bands agreed by the Pensions Committee. The Fund's closing market value of £15.7 billion reflects a net investment of £1.69 billion and £1.58 billion appreciation of investments during the period.

	Overall target allocation %	Closing levels %	Under/ overweight % +/-	Closing market value £m
Portfolio				
Growth assets				
UK equities				
LGPS Central Limited ACS sub-fund	8.0	8.0	0.3	1,244
Other UK		0.3		48
Global equities	40.0			
LGPS Central Limited Global Ex UK ACS sub-fund	22.5	23.4	2.8	3,650
LGPS Central Limited Global Dividend Growth ACS sub-fund		1.8		283
LGPS Central Limited Global Equity Active ACS sub-fund	5.0	5.1	0.1	791
Emerging markets	7.5	8.1	0.6	1,264
Other global	5.0	5.7	0.7	885
Private equity	10.0	6.6	(3.4)	1,028
Special opportunities	2.0	1.5	(0.5)	237
Total growth	**60.0**	**60.5**	**0.5**	**9,430**
Income assets				
Property	10.0	8.6	(1.4)	1,334
Emerging market debt	3.0	4.0	1.0	626
Other fixed income	3.5	3.0	(0.5)	464
Real assets and infrastructure	6.0	5.4	(0.6)	848
Insurance-linked	3.0	2.3	(0.7)	359
Total income	**26.0**	**23.3**	(2.7)	**3,631**
Stabilising assets				
Index-linked gilts	5.0	5.9	0.9	921
UK gilts	2.0	2.0	0.0	318
Corporate bonds	2.0	2.6	0.6	411
Cash	2.0	3.7	1.7	570
Cashflow matching	3.0	1.9	(1.1)	294
Total stabilising	**14.0**	**16.1**	2.1	**2,514**
Total	**100.0**	**100.0**	**-**	**15,575**
Long-term debtors and current assets				139
Total net assets of Fund at 31 March 2019				**15,714**

Investment Strategy

All main asset classes closed within their wider strategic risk bands, the table below shows the movements within the strategic benchmarks over the year.

Progress Against Strategic Benchmarks



The investment strategy allocation is determined in accordance with the regulations (LGPS - Management and Investment of Funds - Regulations 2016) and its formulation is set out in the Fund's Investment Strategy Statement.

In April 2018, the Fund transitioned £5.3bn of assets to the new Investment Pool company, LGPS Central Limited, into the passive sub-funds. This followed the company going live in January 2018 and launching a series passive equity sub-funds, in line with the government timetable for the commencement of investment pooling. The Fund also subsequently transitioned assets from external global equity mandates (£0.8bn) into a new global active equity sub-fund launched in January.

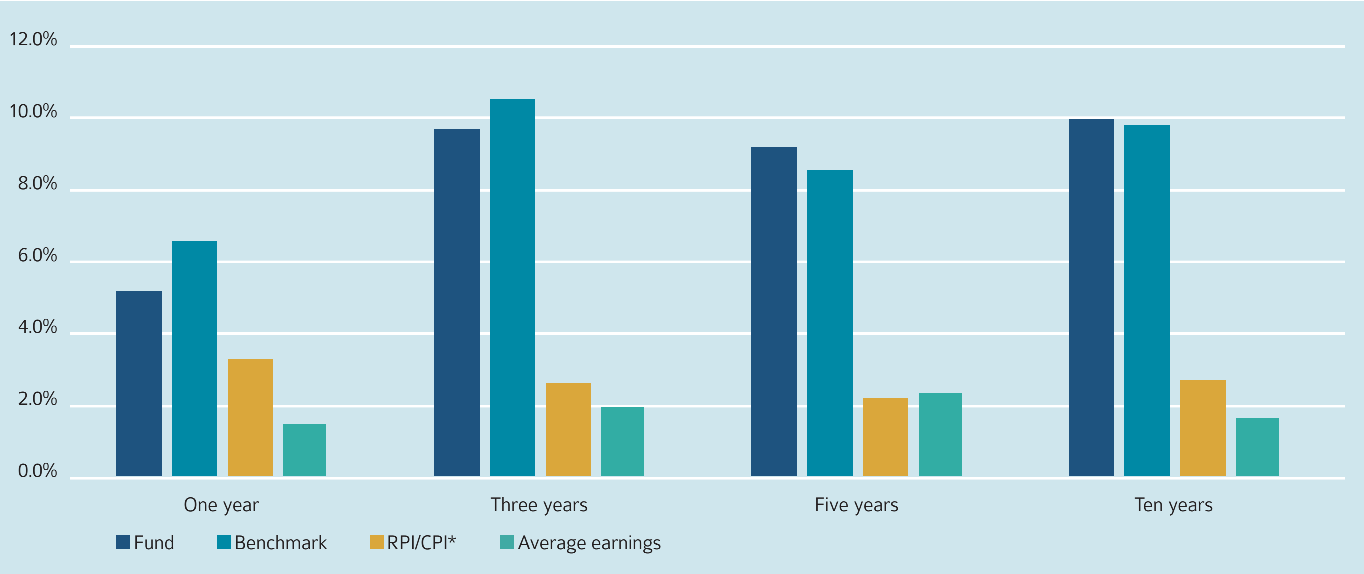
The Fund has continued to look for opportunities to increase its exposure to income assets funded by reducing exposure to growth assets. This has been primarily focused on increasing investments in infrastructure, with purchases in wind farms, a global infrastructure fund and motorway service stations being made during the last financial year. Other key investments were an allocation to multi-asset credit and US Treasury Inflation Protection Securities (US TIPs). Given the strong performance of growth assets over recent years the Fund has taken the opportunity to decrease exposure in this area and build in some more downside protection with the allocation to income and stabilising assets. The Fund also undertook a consolidation exercise of its private equity holdings during the year taking advantage of the strong demand for secondary private equity assets, seeing discounts narrow significantly providing the opportunity for the Fund to rationalise the private equity holdings within the portfolio.

Investment Policy and Performance

Investment Strategy

The Fund's returns over one, three, five and ten years compared to its bespoke benchmark, retail prices index (RPI) and average earnings are illustrated in the chart shown below:

Comparative Returns Over One, Three, Five and Ten Years to 31 March 2019

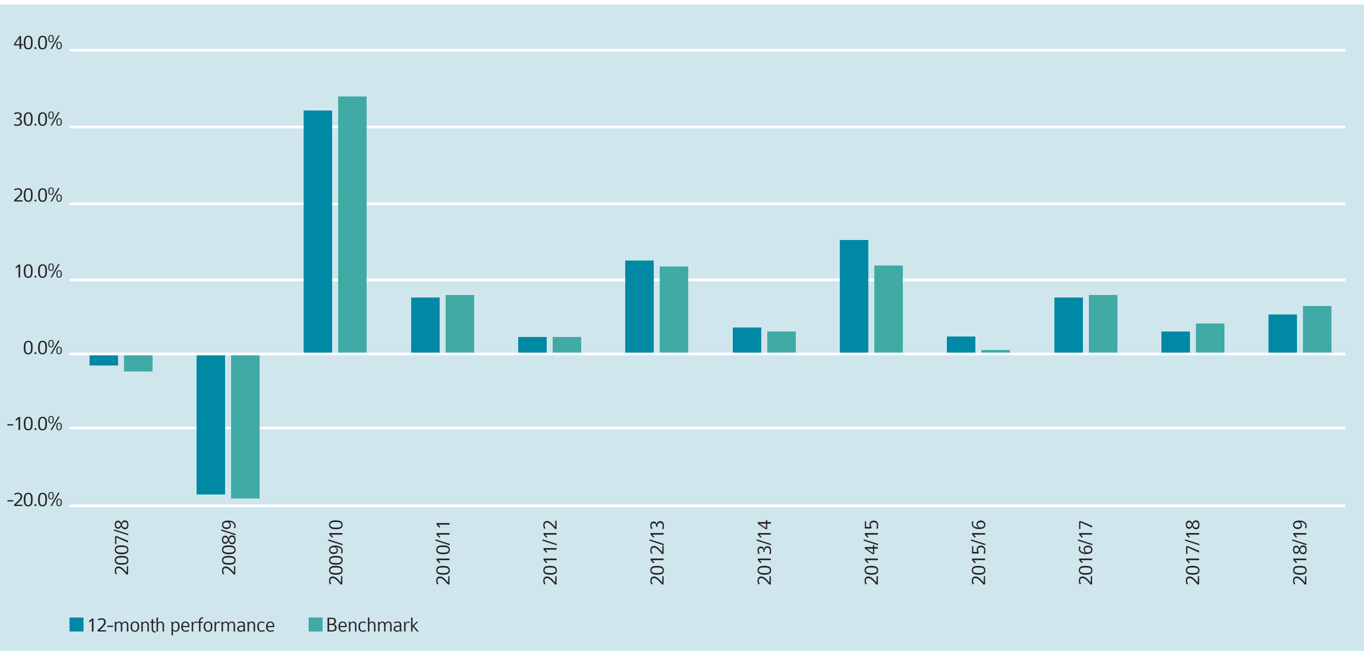


In the year to 31 March 2019, the Fund delivered a return of 5.2%, compared to its bespoke benchmark of 6.6%. All major asset classes delivered positive returns over the year, although there were clearly periods of heightened volatility during the year, with markets being impacted at various times over concerns over the outlook for growth, trade wars and geopolitical uncertainty.

Longer term returns against the benchmark remain positive with a return of 9.2% per annum achieved by the Fund in the five years to 31 March 2019, ahead of the bespoke benchmark return of 8.6%. Returns over the 10 years to end March were 10% compared to the benchmark of 9.8%. All returns are significantly in excess of both inflation and average earnings.

Longer term individual annual returns are shown in the table below:

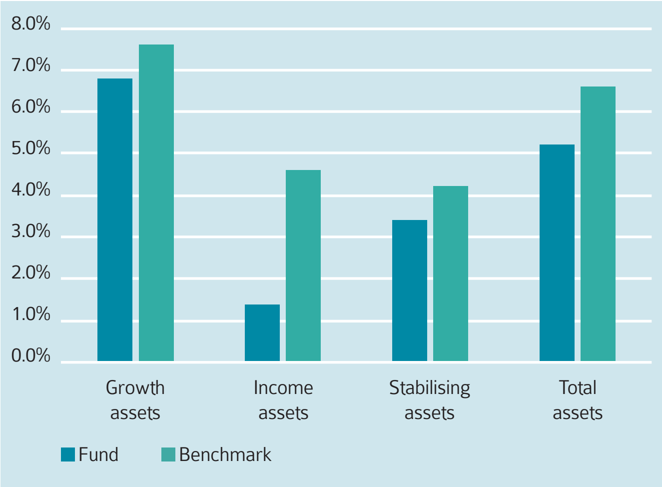
Annual Performance versus Benchmark



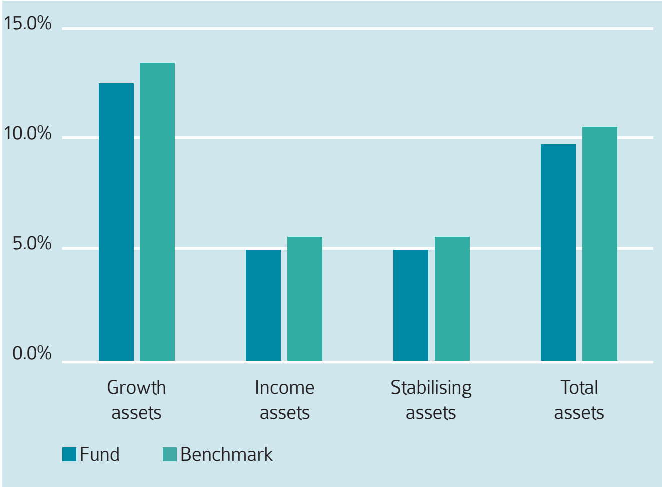
Investment Strategy

The following graph illustrates the returns of the Fund's main asset classes for both the year and three years ended 31 March 2019 and compares them to the returns from its bespoke benchmark.

Fund Returns - Year Ended 31 March 2019

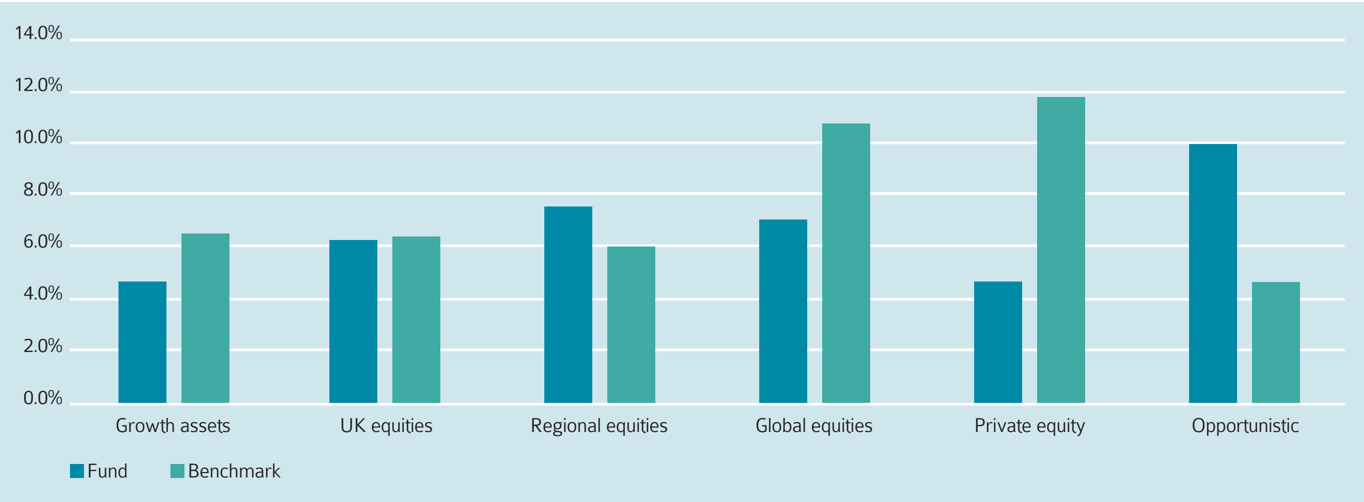


Three Year Performance to 31 March 2019



The graph below illustrates the returns of the different investment categories with the growth asset portfolio during the last financial year.

Growth Asset Returns - Year Ended 31 March 2019



Equity markets around the globe remained in positive territory for 2018/19, although there were significant periods of volatility in particular during the third quarter when markets had a setback, worrying about valuations, trade wars and geopolitical tensions, before recovering strongly in the final quarter of the year. Performance was more muted particularly in the final quarter of the year when volatility returned to stock markets. Performance in the growth sector was mixed, with regional equities and in particular emerging market equities performing strongly with all the Fund's external providers beating the benchmark. The growth sector also saw a significant amount of change during the year, with the transition of passive assets across to LGPS Central Limited at the start of the year. The active global equities portfolios with an overall value-based approach did less well, although the external active manager assets performed in line with benchmark, this was offset by the internal active. During the year the Fund transitioned the external assets to the new LGPS Central Limited global active equity sub-fund and the internal portfolio was transitioned to a broader based global equity strategy pending transition to new sustainable global equity mandates which were procured as part of a framework by the Fund during the year. The new sustainable global equity mandate is more closely aligned to the Fund's responsible investment beliefs, offering the opportunity to manage climate risk whilst delivering accretive performance going forwards.

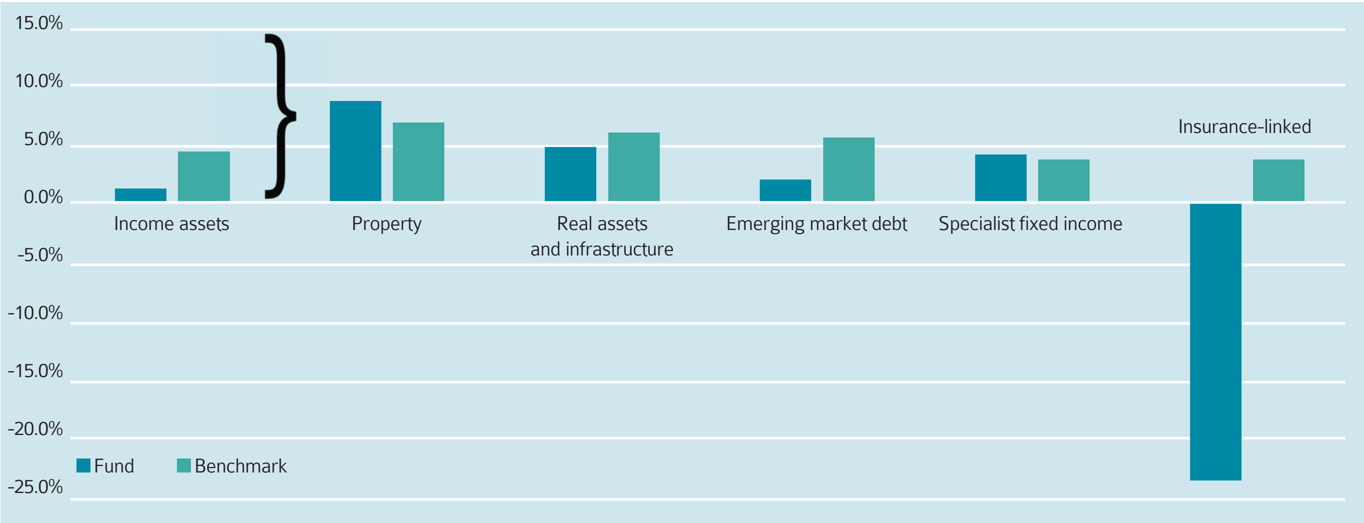
Investment Policy and Performance

Investment Strategy

The Fund took the opportunity during the year to undertake a consolidation exercise with the Private Equity portfolio, given that demand for secondary assets was strong and the discounts on potential sales narrowed considerably due to the flood of money going into this space. In the short term this has impacted performance but has left the Fund in a much better position to reshape the portfolio and target new opportunities including allocating to co-investments and direct investments, which help to reduce the cost of accessing this asset class, which again can have an impact on performance. During the year the Fund made commitments to a number of co-investment opportunities as well as the LGPS Central Limited 2018 vintage fund, with drawdowns commencing in the new financial year.

The graph below illustrates the returns of the different income asset classes:

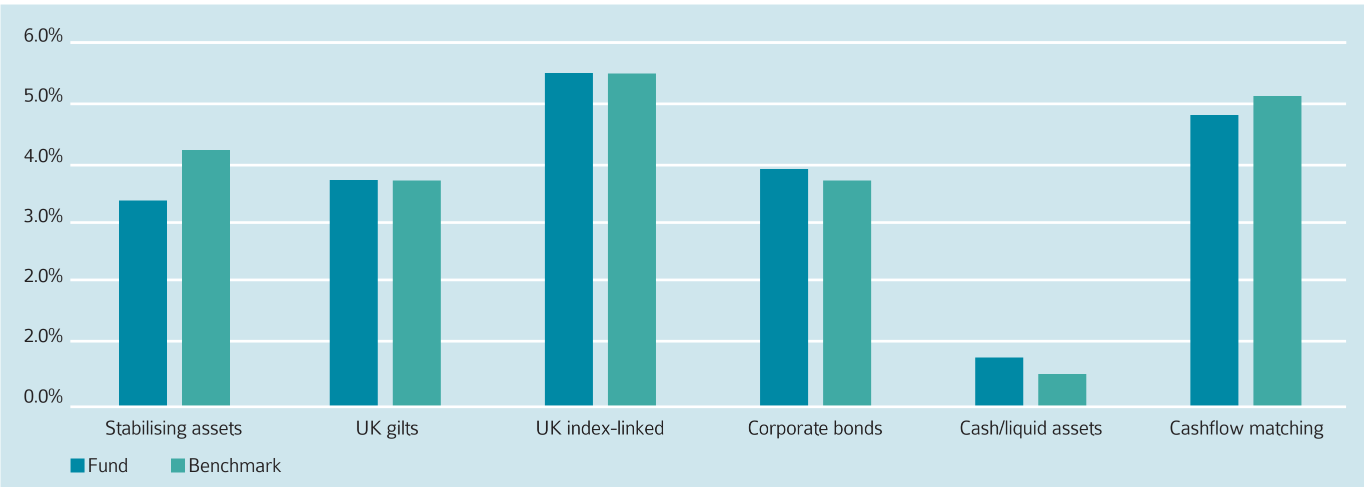
Income Asset Returns - Year Ended 31 March 2019



Within the income portfolio, strong performances were delivered by the property and the specialist fixed income segments of the portfolio, with the Fund winning an award for the best performing large property fund over a 10-year period from MSCI. Whilst emerging market debt and infrastructure underperformed against benchmark over the year, it was the underperformance of the insurance linked sector which significantly impacted the Fund. Exposure to a higher level of natural disasters across the globe but in particular hurricanes and Californian wildfires meant that this area was hit by very large insurance claims losses.

The graph below shows the returns from the Fund's investments that make up the stabilising assets and the performance over the last year:

Stabilising Asset Returns - Year Ended 31 March 2019



Overall most asset sections within the stabilising portfolio performed in line or slightly above benchmark with the exception of the cashflow matching assets which were slightly behind benchmark over the year. As noted earlier initial investments were made in Treasury Inflation Protection Securities during the year as a defensive measure against broader market falls.

Jill Davys
Assistant Director - Investments and Finance

Date: September 2019

Investment Policy and Performance

Top Twenty Direct Equity Holdings and Top Twenty Indirect Holdings

Top Twenty Direct Equity Holdings

1	Tencent ORD HKD 0.00002 (ASM)	29,640,242.59
2	HDFC Bank ADS (Reps 3 ORD)	25,158,069.49
3	Taiwan Semiconductor Mfg ORD TWD 10	24,628,769.08
4	AIA Group Ltd ORD USD1	23,728,350.36
5	Alibaba Group ADR USD 0.000025	21,674,955.76
6	ICBC (H) ORD CNY1	21,663,723.14
7	Tingyi (Cayman) ORD USD 0.005	21,411,754.27
8	Bank Mandiri ORD IDR 500	21,137,024.19
9	Wal-Mart de Mexico ORD NPV	20,643,347.18
10	Ping An Group Chn H ORD CNY1	19,504,706.23
11	Magnit PJSC (Reps 0.2 ORD)	18,816,048.26
12	Inner Mongolia-A ORD CNY 1	18,720,136.50
13	iShares MSCI India Index ETF	18,599,290.71
14	Universal Robina PHP1	17,173,009.66
15	Macquarie (ITC) CWTS 070219	16,577,700.14
16	Taiwan Semi ADR (Reps 5 ORD)	16,561,335.94
17	Yum China Inc Com USD 0.01	15,580,616.64
18	Samsung Elec ORD KRW 100	15,109,880.96
19	Fomento Economico Mexico UTS (Rep 1b +4d)	14,884,237.21
20	Sands China Ltd ORD USD 0.01	14,665,007.57

Top Twenty Indirect Equity Holdings

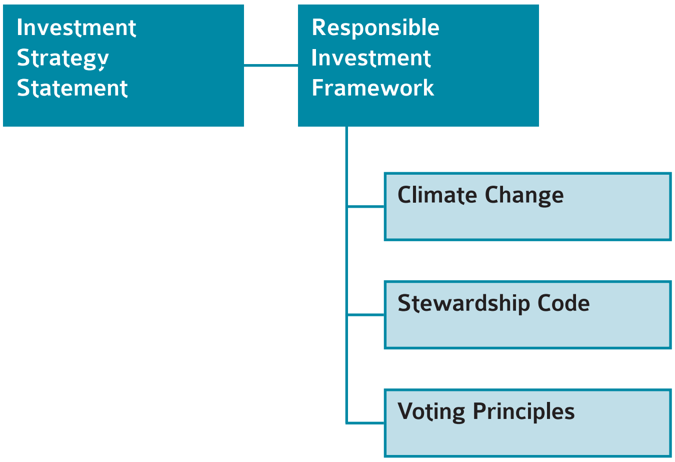
1	LGPS Central Global Ex UK Passive Equity Fund (Class A Acc)	3,649,763,774.69
2	LGPS Central UK Equity Passive Fund (Class A Acc)	1,244,092,266.98
3	Legal & General All Stocks Index-Linked Gilts Fund	920,601,102.69
4	LGPS Central Global Eq Active Multi Manager Fd (Class A Acc)	791,180,573.91
5	Capital Group Emerging Markets Debt Fund	386,533,547.36
6	Schroder All Maturities Corporate Bond Fund	330,007,863.41
7	CQS Credit Multi-Asset Fund (Class E1)	305,801,168.83
8	LGPS Central Global Eq Dividend Gth Factor Fd (Class A Acc)	282,986,020.10
9	Credit Suisse IRIS Balanced Fund	173,550,626.47
10	Legal & General All Stocks Gilts Fund	172,735,639.49
11	Amundi Funds Bond Global Emerging Hard Currency	144,752,807.88
12	Legal & General Overseas Bond Fund	100,348,744.79
13	Amundi Funds Bond Global Emerging Local Currency	97,978,564.85
14	BlackRock Aquila Life World ex-UK Equity Index	85,288,420.86
15	Legal & General Investment Grade Corporate Bond All Stocks Index Fund	82,048,951.38
16	Capital Dynamics Asia	72,364,268.09
17	JP Morgan Infrastructure Investments Fund	72,152,258.16
18	Kames UK Active Value Unit Trust	64,098,210.23
19	Baillie Gifford Diversified Growth Fund C Acc	59,191,245.48
20	Markel CATCo Reinsurance Fund Ltd. - Limited Diversified Arbitrage Fund Series A Sub-Series 41	56,661,362.75

Responsible Investment

Section 1: Our Approach

Our *Responsible Investment Framework*, *Compliance Statement with the UK Stewardship Code*, and *Voting Principles*, were reviewed and approved in June 2019. We continue to manage responsible investment (RI) through a three-pillar approach comprising Selection, Stewardship and Transparency and Disclosure. We show in Figure 1 the documentation underpinning our approach to RI.

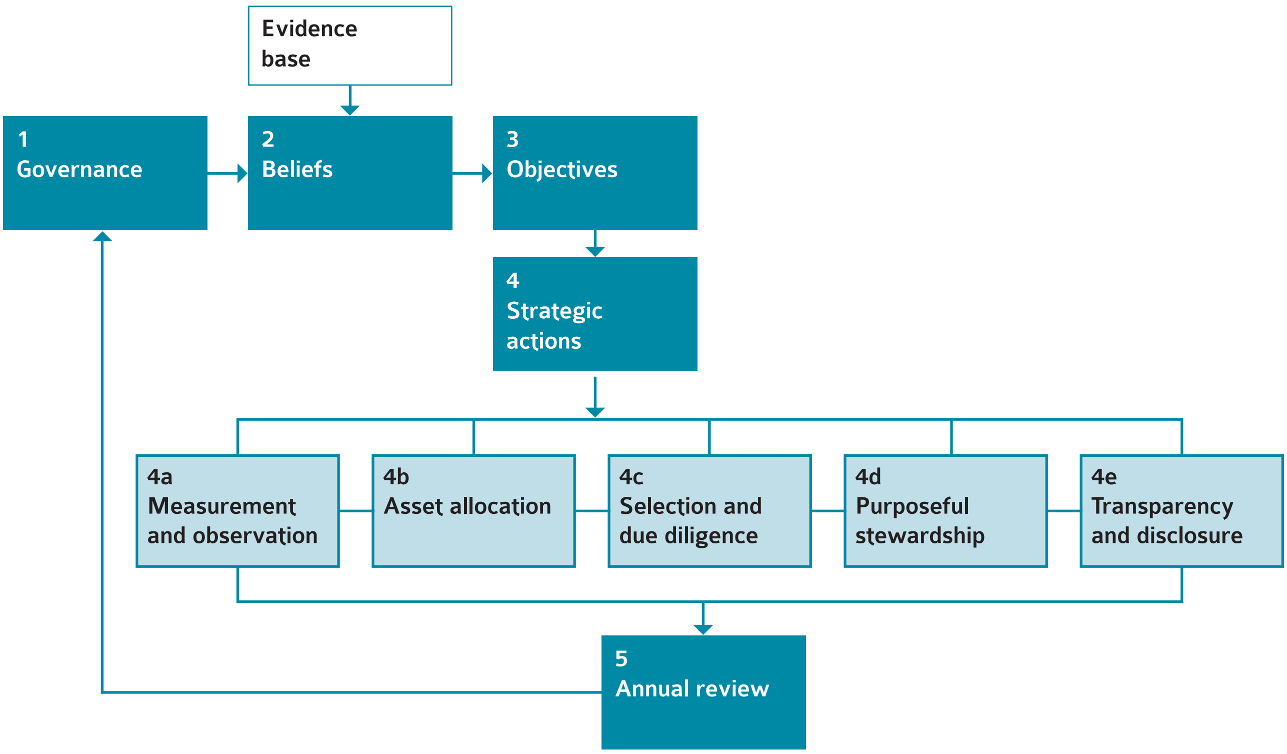
Figure 1



A large part of our focus this year has been on the development of our approach to managing the risks and opportunities associated with climate change. The Fund has long recognised the financial materiality of a changing climate, and of changing climate policy, but we have this year taken steps to recognise this more formally. Climate change risk is now referenced as one of our mainstream asset risks within our *Investment Strategy Statement (ISS)*. Our ISS also includes twelve investment beliefs relating to climate change, which form the basis of a document newly approved by the Pensions Committee in 2019, the *WMPF Climate Change Framework and Strategy*.

In the *Climate Change Framework and Strategy*, the Fund expresses strong support for the Paris Agreement on climate change, and acknowledges the importance of collaboration in bringing the Paris Agreement to bear. We have articulated four-year strategic actions to reduce our exposure to thermal coal producers and increase our exposure to low carbon and sustainable investments. Going forward the Fund will report against the details of the *Climate Change Framework and Strategy*, supported by LGPS Central Limited ("LGPS Central") and other partners. The Fund has worked with LGPS Central to develop a Climate Risk Monitoring Service to assist with the delivery. For the third year in a row, we have used the recommendations of the Taskforce on Climate-related Financial Disclosures (TCFD) to disclose our approach to managing climate risks (see below).

Figure 2: Depiction of the *Climate Change Framework and Strategy*



Responsible Investment

The Fund has been a Tier 1 signatory to the UK Stewardship Code for several years. The UK Stewardship Code is undergoing a major update, and the Fund has supported the move to a more progressive articulation of stewardship which seems to be taking shape in the new code. In particular, the Fund welcomes the specific reference to climate change within the code's principles, and we advocate for the definition of stewardship being expanded towards a 'stakeholder' model of finance, and including reference to society and the environment, not just companies and investors.

Working together with seven regional partner funds, the Fund has established LGPS Central, a company which will provide opportunities for participating funds to pool their investments, thereby achieving cost savings. The Fund continues to work with LGPS Central to help deliver the Fund's strategic RI priorities through a common RI framework.

Section 2: Selection

As made clear in the *Responsible Investment Framework*, the Fund integrates an ESG assessment into the selection of its assets. This is achieved in a manner tailored to the asset class in question. In addition, the Fund makes specific allocations to low carbon and sustainable investments.

During the year in review, the Fund led in the creation of a framework for investing in Global Sustainable Equities – i.e. portfolios of investments whose strategy for outperforming the market is to invest in companies with strong sustainability credentials. Having surpassed rigorous assessment criteria and committing to the LGPS code of transparency, the five managers appointed to the framework are AGF, Baillie Gifford, Impax, RBC and WHEB. It is expected that up to £1bn is awarded to managers on this framework during its first year, which would mark the largest allocation to actively managed sustainable equities ever made in the UK.

Case Study: WHEB Asset Management

For every £million invested in WHEB's Sustainability Fund, 800 tonnes of CO_2e emissions are avoided and 10m litres of wastewater are treated. Energy efficiency and wastewater treatment are expected to be growth industries as policies are introduced to combat climate change, and as water scarcity becomes an increasing issue for a growing populace.

WHEB

The Fund's infrastructure is dominated by allocations to renewable energy. During the year in review, the Fund allocated around £100m to a direct investment in a portfolio of UK-based wind farms. The wind farms generate 550MW of power, which is about enough to power all the homes of the Fund's c300,000 scheme members.

'Low-carbon' index investment has gained a lot of attention in recent years. Recognising that a successful low-carbon transition requires not just less carbon but also more green innovation, the Fund has decided to invest in a new kind of low carbon index product. LGPS Central has launched the All World Equity Climate Multi Factor Fund, which has reduced exposure to carbon intensive companies, but increased exposure to companies producing low-carbon solutions. Companies that are transitioning their business models, therefore, are not excluded from the index, which aligns with the Fund's new *Climate Change Framework and Strategy*.

Investment Policy and Performance

Responsible Investment

Section 3: Stewardship

Engaging Our Portfolio Companies

Through LGPS Central Limited, WMPF utilises Hermes EOS' global engagement team to further our stewardship ambitions at the companies in which we invest. During the last year, Hermes EOS engaged with 593 companies in WMPF's portfolios on a range of 1,816 environmental, social, governance, strategy, risk and communication issues and objectives. Hermes EOS' holistic approach to engagement means that it typically engages with companies on more than one topic simultaneously.

Global

Hermes EOS engaged with **593** companies over the last year

Environmental	**23.0%**
Social and ethical	**18.5%**
Governance	**39.2%**
Strategy, risk and communication	**19.3%**

Australia and New Zealand

Hermes EOS engaged with **ten** companies over the last year

Environmental	**30.7%**
Social and ethical	**23.1%**
Governance	**30.8%**
Strategy, risk and communication	**15.4%**

Developed Asia

Hermes EOS engaged with **104** companies over the last year

Environmental	**18.3%**
Social and ethical	**20.4%**
Governance	**39.8%**
Strategy, risk and communication	**21.5%**

Emerging Markets

Hermes EOS engaged with **34** companies over the last year

Environmental	**27.9%**
Social and ethical	**14.7%**
Governance	**27.1%**
Strategy, risk and communication	**30.3%**

Europe

Hermes EOS engaged with **144** companies over the last year

Environmental	**22.4%**
Social and ethical	**17.4%**
Governance	**39.9%**
Strategy, risk and communication	**20.3%**

North America

Hermes EOS engaged with **183** companies over the last year

Environmental	**26.2%**
Social and ethical	**18.2%**
Governance	**39.5%**
Strategy, risk and communication	**16.1%**

UK

Hermes EOS engaged with **118** companies over the last year

Environmental	**21.1%**
Social and ethical	**19.6%**
Governance	**42.1%**
Strategy, risk and communication	**17.2%**

Responsible Investment

A summary of the 1,816 issues and objectives on which Hermes EOS engaged with companies in the Fund's portfolios over the last year is shown below.

Environmental

Environmental topics featured in **23.0%** of engagements over the last year

- Climate change **73.6%**
- Forestry and land use **2.4%**
- Pollution and waste management **8.9%**
- Supply chain management **9.1%**
- Water **6.0%**

Social and ethical

Social topics featured in **18.5%** of engagements over the last year

- Bribery and corruption **6.3%**
- Conduct and culture **16.7%**
- Diversity **9.8%**
- Human capital management **20.5%**
- Human rights **33.3%**
- Labour rights **10.7%**
- Tax **2.7%**

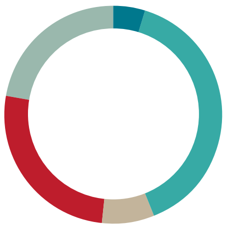
Governance

Governance topics featured in **39.2%** of engagements over the last year

- Board diversity, skills and experience **23.9%**
- Board independence **16.2%**
- Executive remuneration **38.8%**
- Shareholder protection and rights **14.3%**
- Succession planning **6.8%**

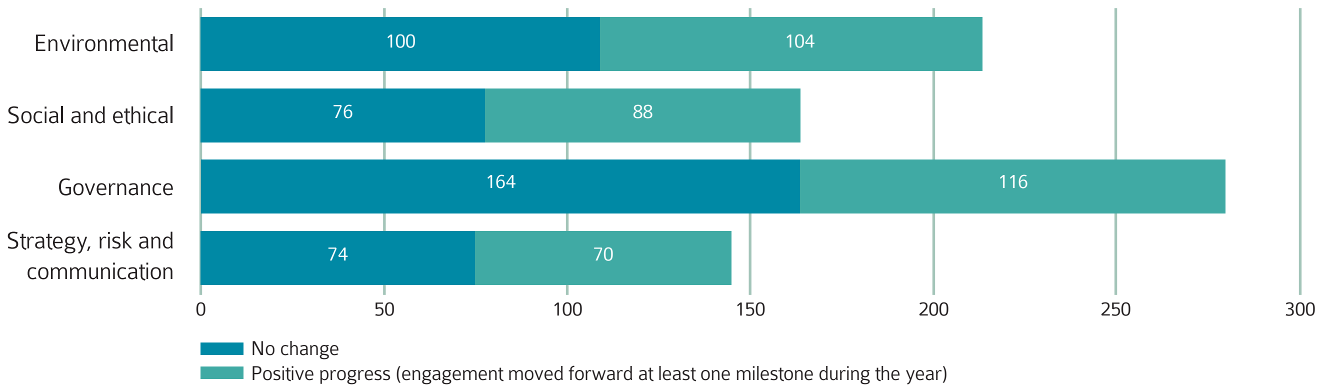
Strategy, risk and communication

Strategy, risk and communication topics featured in **19.3%** of engagements over the last year



- Audit and accounting **4.8%**
- Business strategy **39.3%**
- Cyber security **7.7%**
- Integrated reporting and other disclosure **25.9%**
- Risk management **22.3%**

Hermes EOS made solid progress in delivering engagement objectives across regions and themes for LGPS Central Limited. The following chart describes how much progress has been made in achieving the milestones set for each engagement.



Investment Policy and Performance

Responsible Investment

Stewardship Themes

In 2018-19 the Fund focussed on three stewardship themes: climate change, diversity and cyber security.

Climate Change

The Fund has sought to exert its influence both on the climate policy agenda and on the companies in which the fund invests. Working with partners we have argued for strong climate disclosure requirements in the UK (principally via the Taskforce for Climate-related Financial Disclosures (TCFD)), for global climate action (by signing the Global Investor Statement on Climate Change), and for companies to cease affiliations with trade associations that engage in lobbying activities that undermine the climate agenda.

Our climate change work has continued via the Climate Action 100+ (CA100+) initiative, through both Hermes EOS and LGPS Central Limited. CA100+ engages 161 of the most carbon intensive companies globally, with three engagement objectives: appropriate climate governance, best practice disclosure (via TCFD), and changes to business models that align with the Paris Agreement. One notable engagement success was achieved at Royal Dutch Shell. Working with Church of England Pensions Board and Robeco, the company agreed to set targets for its total emissions inventory – including those emitted by customers of the company – such that the business is decarbonised in line with the Paris Agreement. In addition, around 1,200 senior managers will have their remuneration contingent on the attainment of the company's climate goals. Whilst engagement work with the company will continue in the year ahead, the success proves the value of a long-term engagement strategy.

Diversity

The Fund has supported or led a number of engagements through the 30% Club Investor Group. In addition, the Fund has a policy of voting against boards of companies where there has been insufficient progress on diversity and inclusion. The Fund believes that businesses are stronger the more they consider the entirety of the workforce, and the more they promote a meritocratic and inclusive culture.

LGPS Central Limited led an engagement with Tullow Oil, which at the time the engagement was initiated, had no females on its board of directors. This compares to the Hampton-Alexander target – which the Fund supports – of at least 33%. Writing to the newly appointed Chair, the importance of a diverse board and talent pipeline befitting its geographical footprint was made clear. The Chair made it clear that diversity would be a strategic priority and thanked shareholders for raising the matter. Shortly thereafter director announcements were made which took the gender diversity of the board to 33%, and the number of ethnic minority directors to two (above the Parker Review target of at least one).

Cyber Security

Vulnerabilities in a company's cyber security can lead to a significant loss of value, through breaches and potential fines. During the year in review British Airways was fined £200m after customer data relating to 380,000 transactions were compromised. Through partnership organisations including the Principles for Responsible Investment (PRI), we have sought to ensure that companies have the right governance and procedures in place to minimise the risk of breach.

The PRI engagement group targeted 65 companies, achieving improved shareholder disclosure and internal practices in many instances. LGPS Central led engagements with two UK-listed banks, and were impressed with a focus on training, embedding a risk-aware culture, leadership in a UK context, and collaboration with peers and national bodies such as GCHQ, National Cyber Security Centre and Cyber Security Alliance. However, these good practices were not always reflected in the companies' public disclosures, which was considered to be an opportunity missed. These assessments were fed back and both companies' cyber risk ratings improved following the engagement.

Stewardship Themes 2019-20

In the year ahead we have, along with our partners in the LGPS Central pool, selected four stewardship themes:

- Climate change
- Single use plastics
- Tax transparency
- Technology and disruptive industries

There will be reporting against progress in each theme featured in LGPS Central's quarterly reporting, as referenced in the Fund's quarterly reporting on responsible investment.

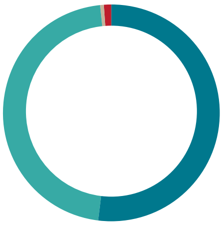
Responsible Investment

Voting Summary[1]

During the last year, the Fund voted on 6,192 resolutions at 618 meetings. At 287 of those meetings, we opposed one or more resolutions, while at four meetings, we abstained. We voted with management by exception at six meetings and supported management on all resolutions at 321 meetings.

Global

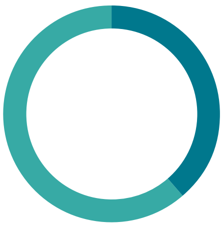
We voted at **618** meetings (**6,192** resolutions) over the last year.



- Total meetings in favour **51.9%**
- Meetings against (or against AND abstain) **46.4%**
- Meetings abstained **0.7%**
- Meetings with management by exception **1.0%**

Australia and New Zealand

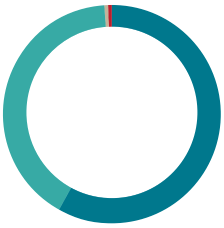
We voted at **80** meetings (**445** resolutions) over the last year.



- Total meetings in favour **38.8%**
- Meetings against (or against AND abstain) **61.2%**

Developed Asia

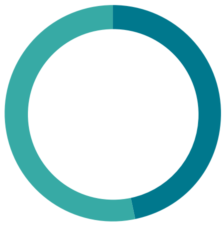
We voted at **211** meetings (**1,789** resolutions) over the last year.



- Total meetings in favour **58.3%**
- Meetings against (or against AND abstain) **40.8%**
- Meetings abstained **0.5%**
- Meetings with management by exception **0.4%**

Emerging Markets

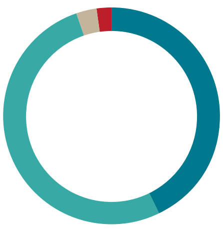
We voted at **64** meetings (**576** resolutions) over the last year.



- Total meetings in favour **46.9%**
- Meetings against (or against AND abstain) **53.1%**

Europe

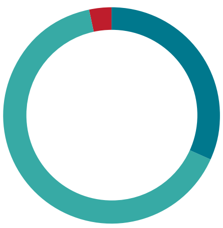
We voted at **98** meetings (**1,500** resolutions) over the last year.



- Total meetings in favour **42.9%**
- Meetings against (or against AND abstain) **52.0%**
- Meetings abstained **3.1%**
- Meetings with management by exception **2.0%**

North America

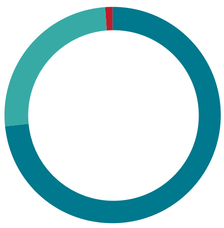
We voted at **63** meetings (**686** resolutions) over the last year.



- Total meetings in favour **31.7%**
- Meetings against (or against AND abstain) **65.1%**
- Meetings with management by exception **3.2%**

UK

We voted at **102** meetings (**1,196** resolutions) over the last year.



- Total meetings in favour **73.5%**
- Meetings against (or against AND abstain) **25.5%**
- Meetings with management by exception **1.0%**

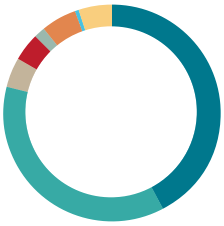
[1] Please note that our votes are executed through LGPS Central, according to WMPF's Voting Principles. LGPS Central switched its provider of voting services in September 2018, and the data displayed above relate to voting outcomes since October 2018. WMPF's and LGPS Central's full voting records are available on their respective websites.

Investment Policy and Performance

Responsible Investment

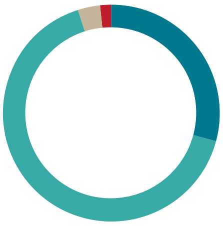
The resolutions where we voted against management or abstained are shown below.

Global
We voted against or abstained on **686** resolutions over the last year.



Board structure	42.4%
Remuneration	36.6%
Shareholder resolution	4.5%
Capital structure and dividends	4.2%
Amendments and articles	1.5%
Audit and accounts	5.5%
Poison pill/Anti-takeover device	0.3%
Other	5.0%

Australia and New Zealand
We voted against or abstained on **123** resolutions over the last year.

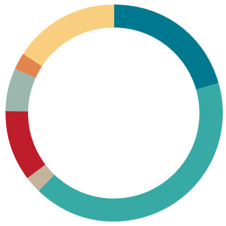


Board structure	29.3%
Remuneration	65.9%
Shareholder resolution	3.3%
Capital structure and dividends	1.5%

Developed Asia
We voted against or abstained on **179** resolutions over the last year.

Board structure	57.0%
Remuneration	14.5%
Shareholder resolution	2.8%
Capital structure and dividends	5.0%
Amendments and articles	1.1%
Audit and accounts	16.2%
Other	3.4%

Emerging Markets
We voted against or abstained on **77** resolutions over the last year.



Board structure	20.8%
Remuneration	41.6%
Shareholder resolution	2.6%
Capital structure and dividends	10.4%
Amendments and articles	6.5%
Audit and accounts	2.6%
Other	15.5%

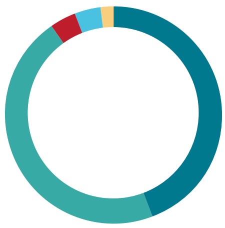
Europe
We voted against or abstained on **170** resolutions over the last year.

Board structure	47.1%
Remuneration	30.0%
Shareholder resolution	4.1%
Capital structure and dividends	4.7%
Amendments and articles	1.8%
Audit and accounts	4.1%
Other	8.2%

North America
We voted against or abstained on **85** resolutions over the last year.

Board structure	40.0%
Remuneration	43.5%
Shareholder resolution	15.3%
Other	1.2%

UK
We voted against or abstained on **52** resolutions over the last year.



Board structure	44.3%
Remuneration	46.2%
Capital structure and dividends	3.8%
Poison pill/Anti-takeover device	3.8%
Other	1.9%

Responsible Investment

Section 4: Climate Risk and TCFD

Engaging Our Portfolio Companies

The Fund for the third year has opted to use the TCFD recommendations framework to disclose its approach to climate risk management.

Governance	
Recommended Disclosure (a) Describe the board's oversight of climate-related risks and opportunities.	The Pensions Committee is responsible for managing climate-related issues, as part of its remit of having responsibility for the Fund's investment policy. Climate change is considered in strategy setting: the Fund's *Investment Strategy Statement* includes climate change within its list of asset risks. *The Responsible Investment Framework*, and the *Climate Change Framework & Strategy* are reviewed by the Pensions Committee on an annual basis. Committee members receive annual training on the Fund's climate change strategy. A report on responsible investment - including climate change - is received by the committee on a quarterly basis to monitor progress.
Recommended Disclosure (b) Describe management's role in assessing and managing climate-related risks and *opportunities.*	Day-to-day management of the Fund's climate change strategy is delegated to the Fund's Investment Team, with oversight from the Director of Pensions. LGPS Central, which has been established to provide opportunities for the Fund to pool its investments and thereby save costs, assists the Fund's Investment Team in assessing and managing climate-related risks. As detailed in the *Climate Change Framework & Strategy*, the Fund leverages partnerships and initiatives - including the PRI, IIGCC, LAPFF and TPI - to identify and manage climate risk. The Director of Pensions is accountable to the Pensions Committee for delivery of the climate change strategy.

Strategy	
Recommended Disclosure (a) Describe the climate-related risks and opportunities the organisation has identified over the short, medium, and long term.	The Fund considers climate-related issues across the short-, medium- and long-term, and employs strategies relevant to each time horizon. Short and medium term risk include policy and technology risks medium and long term risks include physical impact and resource availability. Risks - and risk management strategies - vary significantly by asset class. For example, policy risk could crystallise in the relatively short term, and this could impact listed equity valuations. By contrast, resource availability could materialise over the medium and longer term, and could impact real assets. The Fund identifies climate-related issues through research and collaboration (notably with the PRI, IIGCC, TPI, CA100+, LAPFF). The Fund has made use of the TPI Toolkit to observe climate risk management in large listed equity stocks.
Recommended Disclosure (b) Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning.	The primary impact of a crystallisation of climate risk would be to the Fund's investment strategy, and the secondary impact would be to the funding strategy. The Fund's *Climate Change Framework & Strategy* sets out the Fund's approach to managing the risks associated with each. The Fund's investments are managed externally, and expectations on responsible investment (RI) and climate change are therefore codified in written agreements such as IMAs, side letters, and LPAs. External fund managers' approaches to RI and climate change are considered before appointment and on an ongoing basis. From time to time the Fund reviews climate opportunities, with the aim of investing where positive environmental outcomes are expected to correlate with positive financial performance, and to align with the Fund's investment strategy at large.
Recommended Disclosure (c) Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.	In 2018-19 the Fund engaged the expertise of an external contractor to understand the returns impact of climate change risks and opportunities on the Fund's portfolio given four climate and policy scenarios over the long term. Since the portfolio is well diversified and has allocations to real assets and the renewable energy sector, climate change risks have a relatively limited impact on returns across the four scenarios considered (according to the methodology and assumptions employed). The scenario analysis fed into the Fund's development of its *Climate Change Framework & Strategy*, and therefore to ongoing investment strategy. Whilst the Fund recognises the difficulty in constructing a meaningful methodology for scenario testing investment portfolios, due in part to inadequate disclosure from portfolio companies we will be seeking to undertake climate scenario analysis again in the year ahead.

Investment Policy and Performance

Responsible Investment

Risk Management	
Recommended Disclosure (a) Describe the organisation's processes for identifying and assessing climate-related risks.	Climate-related risks and opportunities are recognised in the Fund's *Investment Strategy Statement*, and further expanded on in the *Climate Change Framework & Strategy*. The Fund has worked with LGPS Central to develop a Climate Risk Monitoring Service, and this will be the primary means through which the Pensions Committee will identify and assess climate risks going forward. Idiosyncratic risks are managed on a delegated basis by the Fund's appointed fund managers.
Recommended Disclosure (b) Describe the organisation's processes for managing climate-related risks.	The Fund manages climate risk in different ways according to the nature, duration, magnitude and time horizon of the risk itself. The main management techniques are asset allocation and investment stewardship. For examples relating to asset allocation, please see above. For the Fund's existing allocations, for example to regional passive equity funds, climate risk could affect market-wide performance – for example through carbon pricing in the EU – or could affect particular sectors within a market – for example through changes in subsidies. The Fund's strategies are to engage hard and soft regulators (in order to promote efficient market outcomes) and to engage through partner organisations as many companies and industry bodies as possible, which collectively ought to have an improving market-wide effect. Further information on climate stewardship is presented above.
Recommended Disclosure (c) Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organisation's overall risk management.	Climate change is recognised in the Fund's mainstream asset risks within the *Investment Strategy Statement* and expanded upon in the *Climate Change Framework & Strategy*. These documents are reviewed at least annually.
Metrics and Targets	
Recommended Disclosure (a) Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process.	To date, the Fund's preferred metrics have been (within climate scenario analysis) returns impact given various climate scenarios, and a heat map showing the asset classes with the greatest exposures to this risk factor and (for climate stewardship) stewardship data (the extent of voting and engagement activity) which includes climate change stewardship (e.g. climate change resolutions at fossil fuel companies, remuneration linked to GHG KPIs or engaging portfolio companies on climate risks). Having reviewed the use of metrics, the Fund has worked with LGPS Central to develop a Climate Risk Monitoring Service, and this will be the source of the Fund's metrics going forward.
Recommended Disclosure (b) Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks.	We provide here the carbon footprints of our ACS listed equity funds. These funds track an index, so the carbon footprint of the benchmark is in each case the same as that of the fund. • Global Ex-UK Passive Equities: 232.13 tCO2e/$m revenue • UK Passive Equities: 179.34 tCO2e/$m revenue • Dividend Growth Equities: 257.24 tCO2e/$m revenue *Data from Bloomberg, as of 31/03/2019. We have used the weighted average method, as recommended by the TCFD.*
Recommended Disclosure (c) Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets.	The Fund has reviewed the use of targets. As per the *Climate Change Framework & Strategy* the Fund has articulated a number of Strategic Actions within the following areas: (a) Measurement & Observation (b) Asset Allocation (c) Selection and Due Diligence (d) Purposeful Stewardship (e) Transparency & Disclosure. Within (b) Asset Allocation, the Fund has announced a four-year target to reduce its exposure to pure-play thermal coal producers to less than 1% of the Fund, and to increase exposure to low carbon and sustainable investments to 10-15% of the Fund.

Responsible Investment

Section 5: Partnerships

PENSIONS AND LIFETIME SAVINGS ASSOCIATION

Pensions and Lifetime Savings Association
The Pensions and Lifetime Savings Association is a national association with a ninety-year history of helping pension professionals run better pension schemes. Its purpose is simple: to help everyone to achieve a better income in retirement. It works to get more money into retirement savings, to get more value out of those savings and to build the confidence and understanding of savers.

IIGCC
Institutional Investors Group on Climate Change

Institutional Investors Group on Climate Change (IIGCC)
The Institutional Investors Group on Climate Change (IIGCC) is a forum for collaboration on climate change for European investors. The IIGCC brings investors together to use their significant collective influence to engage in dialogues with policymakers, investors and companies to accelerate the shift to a low carbon economy.

PRI Principles for Responsible Investment

United Nations Principles for Responsible Investment (UNPRI)
The United Nations-backed Principles for Responsible Investment Initiative (PRI) is a network of international investors working together to put the six Principles for Responsible Investment into practice.

Transition Pathway Initiative

Transition Pathway Initiative (TPI)
The Fund is a founder partner of the Transition Pathway Initiative (TPI), which launched in January 2017. The TPI helps investors to make informed judgements about how companies with the biggest impacts on climate change are adapting their business models to prepare for the transition to a low carbon economy. TPI involves asset owners working together with the Grantham Research Institute on Climate Change and the Environment at the London School of Economics and Political Science (LSE), supported by data from FTSE Russell.

Local Authority Pension Fund Forum

Local Authority Pension Fund Forum (LAPFF)
The Local Authority Pension Fund Forum (LAPFF) exists to promote the investment interests of local authority pension funds, and to maximise their influence as shareholders while promoting corporate social responsibility and high standards of corporate governance among the companies in which they invest.

30% Club
GROWTH THROUGH DIVERSITY

30% Club
The Fund is a member of the 30% Club Investor Group and has signed the Investor Group's Statement of Intent. The 30% Club Investor Group has the following purposes: co-ordinate the investment community's approach to diversity, in particular to explain the investment case for more diverse boards and senior management teams; exercise our ownership rights, including voting and engagement, to effect change on company boards and within senior management teams; encourage all investors to engage on the issue of diversity with chairs of boards and senior management teams.

Investment Policy and Performance

Assets Held as at 31 March 2019

1 Quoted Equities

The Fund has direct holdings of quoted equities predominantly in emerging markets. The number and amount of individual stocks held will vary according to investment decisions taken on a day-to-day basis, but it is likely at any point in time the Fund will hold over 160 stocks. In respect of the UK, US, Europe, Pacific Basin and Japan, the Fund now holds the majority of its significant quoted stocks indirectly through the pooling agent's passive and active equity funds.

- LGPS Central UK Equity Passive Fund
- LGPS Central Global Ex UK Passive Equity Fund
- LGPS Central Global Equities Dividend Growth Factor Fund
- LGPS Central Global Equities Active Multi Manager Fund

2 Equities Funds

The Fund also has separate interests in the following funds:

- Blackrock Aquila Life World Ex UK
- Principle Capital Investment Trust
- Legal and General UK Smaller Companies Index Fund

3 Specialist Vehicles

The Fund also has interests in the following funds:

Real Assets and Infrastructure

- Alterna Core Capital Asset Fund
- AMP Capital Asian Giants Infrastructure Fund
- Black River Agriculture Fund 2
- Blackstone Cleantech Ventures
- EISER Infrastructure Capital Equity Partners
- EQT Infrastructure Fund
- Blackrock(First Reserve) Energy Infrastructure Fund
- Global Infrastructure Partners
- Goldman Sachs International Infrastructure Fund
- Hg Renewable Power Partners
- Impax Energy
- Impax New Energy Fund II
- Infracapital Partners
- Innisfree PFI Secondaries
- Insight Global Farmland Fund
- John Laing Group
- JPMorgan Asian Infrastructure & Related Resources Opportunity Fund
- JP Morgan IIF
- Welcome Break
- PIP Dalmore
- PIP EDF
- PIP Multi Strategy Infrastructure
- Red Funnel
- Riverstone/Carlyle Renewable Energy Fund II
- SteelRiver Infrastructure Fund North America
- Thames Tideway Tunnel
- Waste Resources Fund

Absolute Returns

- Baillie Gifford Diversified Growth Fund C
- BlueCrest Mercantile Fund
- CEMOF II Master Co-Investment Partners
- Cairn Pathfinder Fund I
- CATco Reinsurance Fund
- Coriolis Horizon Fund Class E
- Credit Suisse IRIS Fund
- Dorchester Capital Secondaries Offshore Fund II
- Dorchester Capital Secondaries Offshore Fund III
- Dorchester Capital Secondaries Offshore Fund IV
- Finance Birmingham Ltd
- Frontier Development Capital
- Millennium & Copthorne Hotels plc
- Oak Hill Advisors Strategic Credit Fund
- Oaktree Principal Fund V
- Sciens Aviation Special Opportunities Offshore Fund
- Sciens Aviation Special Opportunities Offshore Fund II

Indirect Property

- AEW European Property Investors Special Opportunities Fund
- Beacon Capital Strategic Partners VI
- Blackrock Residential Opportunities Fund
- Bluehouse Accession Property III
- Bridges Property Alternatives III
- Bridges Property Alternatives IV
- Bridges Sustainable Property Fund Unit Trust
- Dune Real Estate Fund II
- Goldman Sachs Developing Markets Real Estate
- Hearthstone Residential Fund
- High Street Equity Advisors Fund III
- Igloo Regeneration Partnership
- Kames Capital Property Unit Trust
- Kames Capital UK Active Value Unit Trust II
- Mansford UK Feeder A
- Newcore Strategic Situations IV LP
- North Haven Real Estate Fund VII
- Morgan Stanley AIP Phoenix Fund
- Phoenix Asia IV Limited
- Phoenix Asia V Ltd
- Pramerica PLA Residential III
- Rockspring Peripheral Europe Ltd (PELP)
- RREEF European Value Added Fund
- Silk Road Asia Value Partners
- Sveafastigheter Fund III AB
- Vision Brazil Real Estate Opportunities Fund I
- Vision Brazil Real Estate Opportunities Fund II

Fixed Interest

- CQS Credit Multi-Asset Fund - CLASS E1
- GS Mezzanine Partners V, LP
- Highbridge Mezzanine Fund
- Highbridge Speciality Loan Fund III
- Legal & General Gilts
- Legal & General Index Linked Gilts
- Legal & General Invt Grade Cp Bnd Fund
- Legal & General Overseas Bonds
- LIFFE-LONG GILT Future
- Newton Global Dynamic Fund
- Park Square Cap Ptnrs II
- Prudential/M&G UK Companies Financing Fund
- Royal London Asset Management
- Schroder Corporate Bond Fund
- US Treasury Inflation-Protected Securities

Emerging Market Debt

- Capital International Emerging Market Debt A15
- Amundi Global EM Local I8
- Amundi Global EM Hard I8

4 Direct Property Holdings

The Fund has investments in the following:

Property – Agricultural

- Cleveland Estate
- Backford & Wincham Industrial Estate
- Stagsden Land
- Butlers Marston Est

Property – Industrial

- Southampton (Canberra Road)
- Horsham (Parsonage Way)
- Weybridge (Brooklands Industrial Estate)
- Bristol (Kingswood Industrial Estate)
- Birmingham (Midpoint Park)
- Hayes (Elystan Business Centre Unit)
- Birmingham, Merlin Park
- Birmingham – Premier House
- London Powergate Busines
- Basingstoke (West Ham Industrial Estate)

Assets Held as at 31 March 2019

Property – Offices
- Bath (Manvers Street)
- Birmingham (Newhall Street)
- Birmingham (St Philips)
- Bristol (1 Rivergate)
- Edinburgh (Citypoint)
- Leeds (Citypoint)
- London (Wardour Street)
- London (South West House)
- London (Whitfield Street)
- Reading (Thames Valley)
- Uxbridge (Otter House)

Property – Retail Warehouses
- Birmingham (The Fort)
- Bristol (Longwell Green)
- Clifton Moor
- Coventry (Ryton)
- Hayes (Uxbridge Road Retail Park)
- High Wycombe (Sytner)
- London (Waxlow Road)
- Oxford (Botley Retail Park)
- Pontefract (Racecourse Retail Park)
- South Ealing (89C)
- Sydenham

Property – Shopping Centre
- Bury St Edmunds (Arc)

Property – Shops
- Glasgow (Buchanan Street)

Property – Supermarkets
- Birmingham (Great Barr - Asda)
- Hattersley (Tesco)
- Wood Green (Morrisons)

Actuary's Statement as at 31 March 2019

Actuary's Statement

Introduction

The last full triennial valuation of the West Midlands Pension Fund was carried out as at 31 March 2016 as required under Regulation 62 of the Local Government Pension Scheme Regulations 2013 and in accordance with the Funding Strategy Statement of the Fund. The results were published in the triennial valuation report dated March 2017.

Asset Value and Funding Level

The smoothed market value of the Fund's assets as at 31 March 2016 for valuation purposes was £11,569m which represented 81% of the Fund's accrued liabilities of £14,219m at that date, allowing for future increases in pay and pensions in payment. The deficit at the valuation date was therefore £2,650m.

2016 Valuation Results

The valuation also showed that a primary rate of contribution of 18.3% of pensionable pay pa was required from employers. The primary rate is calculated as being sufficient, together with contributions paid by members, to meet all liabilities arising in respect of service after the valuation date. It allowed for the new LGPS benefit structure which became effective from 1 April 2014.

In addition, further "secondary" contributions were required in order to pay off the Fund's deficit by no later than 31 March 2036. The total secondary contributions payable by all employers, present in the Fund as at 31 March 2016, over the three years to 31 March 2020 was estimated to be as shown below:

Secondary contributions	2017/18	2018/19	2019/20
Average as a % of payroll	9.9%	9.8%	9.7%
Total monetary amounts	£165,305,125	£167,877,425	£168,922,479

In practice, each employer was assessed individually in setting the minimum contributions due from them over the inter-valuation period, details of which can be found in the formal report on the actuarial valuation dated March 2017.

Contribution Rates

The contribution rates, in addition to those paid by the members of the Fund, are set to be sufficient to meet:

- The annual accrual of benefits allowing for future pay increases and increases to pensions in payment when these fall due;
- plus an amount to reflect each participating employer's notional share of the Fund's assets compared with 100% of their liabilities in the Fund, in respect of service to the valuation date.

Assumptions

The assumptions used to value the benefits at 31 March 2016 are summarised overleaf

Updated Position Since the 2016 Valuation

Since March 2016, investment returns have been better than assumed at the 2016 triennial valuation. The liabilities will have increased due to the accrual of new benefits. Overall, we expect an improvement in funding level since 31 March 2016 though there may be a higher primary rate due to lower real discount rates reflecting lower expectations of future real investment returns.

The next actuarial valuation is due as at 31 March 2019 and the resulting contribution rates required by the employers will take effect from 1 April 2020. We will continue to monitor the financial position of the Fund on a regular basis.

Graeme Muir FFA
Partner
Barnett Waddingham LLP

Actuary's Statement

Assumption	31 March 2016
Discount rate	Non-orphan liabilities - 4.7% pa Orphan liabilities – 3.3% pa
Consumer price inflation (CPI)	2.4% pa
Salary increases	In line with CPI (circa 1% pa) over the period to 31 March 2020 and 3.9% pa thereafter, in addition to a promotional scale set with reference to tables published by the Government Actuary's Department (GAD)
Pension increases on GMP	Funds will pay limited increases for members that have reached SPA by 6 April 2016, with the Government providing the remainder of the inflationary increase. For members that reach SPA after this date, we have assumed that Funds will be required to pay the entire inflationary increases.
Volatility reserve	Category two employers – 5% loading on past service liabilities Category three employers – 10% loading on past service liabilities
Pre-retirement mortality	Set with reference to GAD tables with a rating of 120% for males and 135% for females
Post-retirement mortality	CMI self-administered pension schemes (SAPS) tables with scheme and member category-specific adjustments: **Type** / **Base table** / **Adjustment (M/F)** Pensioners / S2PA / 110%/105% Dependants (current) / S2PMA/S2DFA / 140%/110% Life expectancies are assumed to improve in line with the 2015 CMI model with a long-term rate of improvement of 1.5% pa
Retirement	For each tranche of benefit, the "tranche retirement age" is the earliest age a member could retire with unreduced benefits. Each member is assumed to retire at the weighted average of these for all tranches of benefit.
Commutation	Members will convert 50% of the maximum possible amount of pension into cash.

Statement of Accounts

Independent Auditor's Report

Independent Auditor's Report to the Members of City of Wolverhampton Council on the Consistency of the Financial Statements of West Midlands Pension Fund Included in the Pension Fund Annual Report

Opinion

The financial statements of West Midlands Pension Fund (the 'pension fund') administered by the City of Wolverhampton Council (the "Authority") for the year ended 31 March 2019 which comprise the Fund Account, the Net Assets Statement and the notes to the pension fund financial statements, including a summary of significant accounting policies are derived from the audited pension fund financial statements for the year ended 31 March 2019 included in the Authority's Statement of Accounts (the "Statement of Accounts").

In our opinion, the accompanying pension fund financial statements are consistent, in all material respects, with the audited financial statements in accordance with proper practices as defined in the CIPFA/ LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2018/19 and applicable law.

Pension Fund Annual Report and Accounts – Pension fund financial statements

The Pension Fund Annual Report and Accounts and the pension fund financial statements do not reflect the effects of events that occurred subsequent to the date of our report on the Statement of Accounts. Reading the pension fund financial statements and the auditor's report thereon is not a substitute for reading the audited Statement of Accounts and the auditor's report thereon.

The audited financial statements and our Report thereon

We expressed an unmodified audit opinion on the pension fund financial statements in the Statement of Accounts in our report dated 31 July 2019.

Director of Finance's responsibilities for the pension fund financial statements in the Pension Fund Annual Report

Under the Local Government Pension Scheme Regulations 2013 the Director of Finance of the Authority is responsible for the preparation of the pension fund financial statements, which must include the Fund Account, the Net Asset Statement and supporting notes and disclosures prepared in accordance with proper practices. Proper practices for the pension fund financial statements in both the Statement of Accounts and the Pension Fund Annual Report and Accounts are set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2018/19.

Auditor's responsibility

Our responsibility is to express an opinion on whether the pension fund financial statements in the Pension Fund Annual Report and Accounts are consistent, in all material respects, with the audited pension fund financial statements in the Statement of Accounts based on our procedures, which were conducted in accordance with International Standard on Auditing 810 (Revised), Engagements to Report on Summary Financial Statements.

Use of our report

This report is made solely to the members of the Authority, as a body, in accordance with Part 5 paragraph 20(5) of the Local Audit and Accountability Act 2014 and as set out in paragraph 43 of the Statement of Responsibilities of Auditors and Audited Bodies published by Public Sector Audit Appointments Limited. Our audit work has been undertaken so that we might state to the Authority's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Authority and the Authority's members as a body, for our audit work, for this report, or for the opinions we have formed.

Grant Patterson, Key Audit Partner
for and on behalf of Grant Thornton UK LLP, Local Auditor

Birmingham

27 November 2019

Statement of Responsibilities

The Council's Responsibilities

The Council is required to:

i Make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. In this Council, that officer is the Director of Finance.

ii Manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets.

iii Approve the Statement of Accounts.

The Director of Finance's Responsibilities

The Director of Finance is responsible for the preparation of the Council's Statement of Accounts in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom (the Code).

In preparing this Statement of Accounts, the Director of Finance has:

i Selected suitable accounting policies and then applied them consistently.

ii Made judgements and estimates that were reasonable and prudent.

iii Complied with the Code.

The Director of Finance has also:

i Kept proper accounting records which were up to date.

ii Taken reasonable steps for the prevention and detection of fraud and other irregularities.

Certification of the Director of Finance

I certify that the above responsibilities have been complied with and the Statement of Accounts herewith presents a true and fair view of the financial position of the Council as at 31 March 2019 and its income and expenditure for the year ended on the same date.

Claire Nye
Director of Finance
31 July 2019

Statement of Accounts

Fund Account

2017/18 £m		Note	2018/19 £m
	Contributions & benefits		
(1,205.9)	Contributions receivable	8	(272.7)
(25.6)	Transfers in	9	(43.5)
(14.5)	Other income	10	(14.5)
(1,246.0)	**Total contributions and other income**		**(330.7)**
555.9	Benefits payable	11	589.7
41.0	Payments to and on account of leavers	12	37.3
0.7	Other payments		4.4
597.6	**Total benefits and other expenditure**		**631.4**
66.8	**Management expenses**	13	**87.4**
	Returns on investments		
(248.7)	Investment income	14	(237.9)
7.7	Taxes on income		0.7
312.8	Changes in value of investments	16	1,557.0
(615.6)	Profits and losses on disposal of investments		(2,002.2)
(543.8)	**Net return on investments**		**(682.4)**
(1,125.4)	**Net (increase) in the Fund during the year**		**(294.3)**
14,294.4	**Net assets of the Fund at the beginning of the year**		**15,419.8**
15,419.8	**Net assets of the Fund at the end of the year**		**15,714.1**

Net Assets Statement

2017/18 £m		Note	**2018/19 £m**
	Investment assets (at market value)	15	
188.5	Bonds		339.8
1,494.2	UK equities		40.0
6,343.5	Overseas equities		1,301.3
5,351.9	Pooled investment vehicles		11,481.8
862.8	Property		980.7
-	Derivatives - futures		20.7
44.9	Derivatives - forward foreign exchange		1.0
126.0	Foreign currency holdings		690.6
830.1	Cash deposits		821.8
0.4	Other investment assets		51.8
45.2	Outstanding dividend entitlement and recoverable withholding tax		0.5
15,287.5	**Investment assets**		**15,730.0**
	Investment liabilities (at market value)	15	
	Derivatives - forward foreign exchange		(2.8)
	Other investment liabilities		(152.1)
-	**Investment liabilities**		**(154.9)**
15,287.5	**Net investment assets**		**15,575.1**
0.1	**Long-term investments**		**-**
25.1	**Long-term debtors**	19	**113.7**
151.4	**Current assets**	20	**47.3**
(44.3)	**Current liabilities**	21	**(22.0)**
15,419.8	**Net assets of the Fund at the end of the year**		**15,714.1**

Statement of Accounts

Notes to the Accounts

1 General Information

The description in this note is a high-level summary of the Fund's activities.

West Midlands Pension Fund is part of the Local Government Pension Scheme and is administered by the City of Wolverhampton Council on behalf of all local authorities in the West Midlands and other employers who have members in the Fund. Membership of the Fund is available to all local government employees including non-teaching staff of schools and further and higher education corporations in the West Midlands region together with employees of scheduled and admitted bodies. At 31 March 2019, the Fund had 673 participating employers and 323,795 members as set out in the following table.

A full list of participating employers can be found in the Further Information section on page 149.

31 March 2018 No.		**31 March 2019 No.**
118,093	Active members	121,035
91,741	Pensioner members	95,991
103,565	Deferred members	106,769
313,399	**Total**	**323,795**

The responsibility for administering the Fund is delegated to the Council's Pensions Committee. It meets at approximately quarterly intervals and has members from each of the seven metropolitan district councils in the West Midlands. A Pensions Board was also in operation during 2018/19. Membership of the Committee and Board can be found on the City of Wolverhampton Council website: http://wolverhampton.moderngov.co.uk/mgListCommittees.aspx?bcr=1

The scheme is governed by the Public Services Pensions Act 2013. The Fund is administered in accordance with the following secondary legislation:

i The Local Government Pension Scheme Regulations 2013 (as amended)

ii The Local Government Pension Scheme (Transitional Provisions, Saving and Amendments) Regulations 2014 (as amended)

iii The Local Government Pensions Scheme (Management and Investment of Funds) Regulations 2016

The scheme is a contributory defined benefit pension scheme. Benefits are funded by contributions and investment earnings. Contributions are made by active members of the Fund in accordance with the LGPS Regulations 2013 and range from 5.5% to 12.5% of pensionable pay for the financial year ending 31 March 2019. In addition to employee contributions, employers' contributions are paid as set based on triennial actuarial funding valuations. The valuation in relation to 2018/19 contribution rates was conducted at 31 March 2016. Employer contribution rates during 2018/19 ranged from 10.2% to 44.7% of pensionable pay.

Major changes were introduced to the LGPS from 1 April 2014, in particular the move from basing pensions on final salaries to career-average revalued earnings (CARE) with an accrual rate of 1/49th and pensions uprated annually in line with the consumer prices index. Pension entitlements accrued prior to this date continue to be based on final salary.

Further to direction from government, local authority investment pools have been created to bring together the investment assets of local authority pension funds into eight Investment Pools. LGPS Central Limited (LGPSC), the company established to manage investments on behalf of nine LGPS funds including West Midlands Pension Fund, received authorisation from the Financial Conduct Authority in 2018 and the LGPS Central regional asset Pool went live on 1 April 2018.

The Pool's first three sub-funds covering passive equity assets were launched at the start of April and on 3 April 2018, following approval from Pensions Committee, West Midlands Pension Fund transitioned assets to the value of £4.886bn and cash of £247m to the LGPS Central sub-funds.

In January 2019, the Fund agreed to a commitment of £200m in the LGPS Central Limited - Private Equity Scottish Limited Liability Partnership. No investments were made during the 2018/19 financial year as the first call on the commitment came in April 2019.

In February, the Fund, along with five other LGPS Central Pool Partner Funds, transitioned a further £789m of assets to the LGPS Central Limited - Global Equity Active Multi-Manager sub-fund.

Work is underway to develop further LGPS Central Limited sub-funds in collaboration with LGPS Central Pool Partner Funds and the Fund will continue to review the decision to transition assets on a case by case basis dependent on the sub-fund meeting the strategic requirements of WMPF. The transition of Fund assets into products offered by LGPS Central Limited is expected to take several years.

Following the transfer of in-house investment and finance team members to LGPS Central Limited on 1 April 2018, West Midlands Pension Fund retained LGPS Central Limited to provide advice and execution services on a number of legacy portfolios. It is likely that some of these advisory and execution mandates will continue to remain in place for an extended period due to the illiquid nature of the investments and the cost effectiveness of transition.

2 Basis of Preparation

The Statement of Accounts summarises the Fund's transactions for the 2018/19 financial year and its financial position as at 31 March 2019. The accounts have been prepared in accordance with the *Code of Practice on Local Authority Accounting in the United Kingdom 2018/19* (the Code) which is based upon International Financial Reporting Standards (IFRS), as amended for the UK public sector.

The accounts summarise the transactions of the Fund and report on the net assets available to pay pension benefits. The accounts do not take account of obligations to pay pensions and benefits which fall due after the end of the financial year. The actuarial present value of promised retirement benefits, valued on an International Accounting Standard (IAS) 19 basis, is disclosed at note 6 of these accounts.

Notes to the Accounts

3 Statement of Accounting Policies

a) Fund Account
In the Fund Account, income and expenditure are accounted for in the year in which they accrue by the creation of payables and receivables at the year-end where necessary. However, provision has not been made where the amount payable or receivable in relation to transfers was not agreed at the year end (see note 9).

b) Contribution Income
Contributions receivable have been included in the accounts on the accruals basis at the rates recommended by the Fund's actuary for basic contributions. Additional contributions (including past service deficit contributions and excluding additional voluntary contributions) as notified by employers for the period have also been included. Past service deficit contributions are accounted for in the year in which they are payable under the schedule of contributions set by the scheme actuary.

Employers' augmentation contributions and pensions strain contributions are accounted for in the period in which the liability arises. Any amount due in year but unpaid is classed as a current financial asset with amounts due after the following year classed as long-term financial assets.

Where employing organisations have not submitted all of the certified returns of contributions payable by the due date for preparation of these accounts, an estimate has been made based on the monthly returns actually received from these bodies.

c) Transfers To and From Other Schemes
Transfer values represent the amounts received and paid during the year for members who had either transferred benefits in or out of the scheme as at 31 March 2019, calculated in accordance with the Local Government Pension Scheme Regulations (see notes to the accounts). Transfers in respect of individuals are accounted for when received or paid which is normally when the member liability is accepted or discharged. Group transfers are accounted for on an accruals basis in accordance with the terms of the transfer agreement.

Transfers in from members wishing to use the proceeds of their additional voluntary contributions to purchase scheme benefits are accounted for on a receipts basis and are reported within transfers in.

d) Investment Income

i) Interest Income
Interest income is recognised in the Fund Account as it accrues using the effective interest rate of the financial instrument as at the date of acquisition or origination.

ii) Dividend Income
Dividend income is recognised on the date the shares are quoted ex-dividend. Any amount not received by the end of the reporting period is disclosed in the Net Assets Statement as a current financial asset.

iii) Distributions from Pooled Funds
Distributions from pooled funds are recognised at the date of issue. Any amount not received by the end of the reporting period is disclosed in the Net Assets Statement as a current financial asset.

iv) Property-Related Income
Property-related income (consisting primarily of rental income from operating leases) is recognised on a straight-line basis over the term of the lease. Any lease incentives granted are recognised as an integral part of the total rental income, over the term of the lease. Contingent rents based on the future amount of a factor that changes other than with the passage of time, such as turnover rents, are only recognised when contractually due.

v) Changes in the Value of Investments
Changes in the net market value of investments (including investment properties) are recognised as income and comprise all realised and unrealised profits/losses during the year.

vi) Stock Lending Income
Stock lending income is accounted for on a cash basis.

e) Taxation
The Fund is a registered public service scheme under section 1(1) of Schedule 36 of the Finance Act 2004 and as such is exempt from UK income tax on interest received and from capital gains tax on the proceeds of investments sold. Income from overseas investments suffers withholding tax in the country of origin unless exemption is permitted. Irrecoverable tax is accounted for as an expense as it arises.

f) Benefits Payable
Pensions and lump sum benefits payable include all amounts known to be due as at 31 March 2019. Any amounts due but unpaid are disclosed in the Net Assets Statement as current liabilities.

g) Financial Assets
The LGPS Central Pool trading company, LGPS Central Limited, only became licensed to trade on 1 April 2018. The Pension Fund's view is that for 31 March 2019, cost is therefore an appropriate estimate of the fair value of shares held in this company.

Financial assets are included in the Net Assets Statement on a fair value basis as at the reporting date. A financial asset is recognised in the Net Assets Statement on the date the Fund becomes party to the contractual acquisition of the asset. From this date, any gains or losses arising from changes in the fair value of the asset are recognised in the Fund Account.

The values of investments as shown in the Net Assets Statement have been determined at fair value in accordance with the requirements of the Code and IFRS 13 (see note 17 to the accounts). For the purposes of disclosing levels of fair value hierarchy, the Fund has adopted the classification guidelines recommended in Practical Guidance on Investment Disclosures (PRAG/Investment Association, 2016).

h) Freehold and Leasehold Properties
These have been valued at their open market value. Property is valued by the Fund’s valuers on an annual basis. The market values included in these accounts are contained in a valuation report by Savills plc (in accordance with Royal Institute of Chartered Surveyors valuation standards) as at 31 March 2019. One third of the commercial property portfolio is valued fully in March each year with the remaining two thirds being a 'desktop' valuation. Agricultural properties were valued by Browns, agricultural valuers, at the same date.

i) Foreign Currencies
Investments held in foreign currencies have been valued as set out in paragraph g) above and translated at exchange rates ruling at 31 March 2019.

Dividends, interest and purchases and sales of investments have been accounted for at the spot market rates at the date of transaction. End of year spot market exchange rates have been used to value cash balances held in foreign currency bank accounts, market values of overseas investments and purchases and sales outstanding at 31 March 2019.

Statement of Accounts

Notes to the Accounts

j) Derivatives
The Fund uses derivative financial instruments to manage its exposure to specific risks arising from its investment activities. The Fund does not hold derivatives for speculative purposes.

k) Movement in the Net Market Value of Investments
Any gains or losses arising on translation of investments into sterling are accounted for as a change in the market value of investments.

l) Cash and Cash Equivalents
Cash comprises cash in hand and demand deposits. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and that are subject to minimal risk of changes in value.

m) Financial Liabilities
The Fund recognises financial liabilities at fair value as at the reporting date. A financial liability is recognised in the Net Assets Statement on the date the Fund becomes party to the liability. From this date, any gains or losses arising from changes in the fair value of the liability are recognised by the Fund.

n) Management Expenses
The Fund discloses its management expenses in accordance with the CIPFA guidance Accounting for Local Government Pension Scheme Management Expenses 2016.

All administrative expenses are accounted for on an accruals basis. The costs of Fund officers are recharged to the Fund along with all other costs incurred directly on Fund activities and an apportionment for corporate support services provided by the administering authority.

All investment management expenses are accounted for on an accruals basis. External investment management and custodian fees are agreed in management or custody agreements governing the administration of the individual mandates. Fees are generally based on the valuation of the underlying investments either being managed or in safe custody. In addition, performance-related fees are negotiated with a number of managers and the amounts of such fees are provided in a note to the accounts.

Where a management fee notification has not been received by the time of preparing these accounts, an estimate based upon the market value of the relevant mandate is used for inclusion in the Fund Account.

The cost of external investment advice is included in investment management expenses as is the cost of any 'in-house' Fund investment activity.

o) Actuarial Present Value of Promised Retirement Benefits
The actuarial present value of promised retirement benefits is assessed on a triennial basis by the scheme actuary in accordance with the requirements of IAS 19 and relevant actuarial standards. As permitted under the Code, the Fund has opted to disclose the actuarial present value of promised retirement benefits by way of a note to the Net Assets Statement (see note 5).

p) Additional Voluntary Contributions
The Fund provides an additional voluntary contributions (AVC) scheme for its members, the assets of which are invested separately from those of the Fund. The Fund has appointed Prudential and Equitable Life as its AVC providers. AVCs are paid to the provider by employers and are specifically for providing additional benefits for individual contributors. Each contributor receives an annual statement showing the amount held in their account and the movements in the year. AVCs are not included in the accounts in acccordance with section 4(1)(b) of the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016 but are disclosed as a note only (see note 22).

4 Critical Judgements in Applying Accounting Policies

Unquoted Private Equity Investments
The valuation of unquoted securities is based on the latest investor reports and financial statements provided by the fund managers of the underlying funds adjusted for transactions arising after the date of such reports. A discount may be applied by the fund manager where trading restrictions apply to such securities. Where the first investor valuation report has not been received from the fund manager the security is valued at cost. The value of unquoted private equity at 31 March 2019 was £1,010.4 million (£1,191 million at 31 March 2018).

Pension Fund Liability
The pension fund liability is calculated every three years by the appointed actuary with annual updates in the intervening years. The methodology used is in line with accepted guidelines and in accordance with IAS 19. Assumptions underpinning the valuations are agreed with the actuary and are summarised in note 6. This estimate is subject to significant variances based on changes to the underlying assumptions.

5 Assumptions Made About the Future and Other Major Sources of Estimation Uncertainty

Actuarial Present Value of Promised Retirement Benefits

Uncertainties
Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. Barnett Waddingham, the Fund's consulting actuaries, are engaged to provide expert advice about the assumptions to be applied.

Effect if actual results differ from assumptions
The effects on the net pension liability of changes in individual assumptions can be measured. For instance, an increase in the discount rate assumption would result in a decrease in the pension liability; however, an increase in assumed earnings inflation or assumed life expectancy would significantly increase the pension liability as detailed by the Fund's Consulting Actuary below:

Change in assumptions – year ended 31 March 2019	Approx. % increase in liabilities	Approx. monetary value £m
0.5% p.a. decrease in discount rate	9%	2,089.6
1 year increase in member life expectancy	4%	834.5
0.5% p.a. increase in salary increase rate	1%	217.4
0.5% p.a. increase in CPI inflation	8%	1,861.5

Notes to the Accounts

Fair Value

Uncertainties
Certain types of investments are not publicly listed and, as such, there is a degree of estimation involved in their valuation.

Effect if actual results differ from assumptions
The use of estimates for investment values is greatest for those assets classified at Level 3 which means there is a risk that these investments may be over/under stated in the accounts. The total value of Level 3 investments is £3,401.1m at 31 March 2019 (£3,265.3m at 31 March 2018). The assets classified as Level 3 and the sensitivity of the valuation methods employed is described in note 17.

6 Actuarial Valuation of the Fund

A full actuarial valuation of the Fund was made as at 31 March 2016 by the Fund's Actuary, G Muir of Barnett Waddingham LLP. The Actuary has determined the contribution rates with effect from 1 April 2017 to 31 March 2020.

On the basis of the assumptions adopted, the valuation revealed that the value of the Fund's assets of £11,569.0 million represented 81% of the funding target of £14,219.0 million at the valuation date. The valuation also showed that a primary rate of contribution of 18.6% of pensionable pay per annum was required from employers. The common rate is calculated as being sufficient, together with contributions paid by members, to meet all liabilities arising in respect of service after the valuation date.

In general, the Fund applies a maximum deficit recovery period of 20 years. The aim is to achieve 100% solvency over the period and to provide stability in employer contribution rates.

In practice, each individual employer's position is assessed separately and the contributions required are set out in the report dated 31 March 2017. In addition to the certified contribution rates, payments to cover additional liabilities arising from early retirements (other than ill-health retirements) will made to the Fund by the employer.

The funding plan adopted in assessing the contributions for each individual employer is in accordance with the Funding Strategy Statement (FSS). Different approaches adopted in implementing contribution increases and deficit recovery periods are as determined through the FSS consultation process.

As a result of the valuation, a revised Rates and Adjustments certificate was prepared for the three years commencing 1 April 2017. For comparison purposes, the figures for the two preceding years are also shown. The minimum payable by the seven councils was certified as shown at the bottom of this page:

The amounts shown in brackets are due in the year where the Council has opted to make a cash payment in advance. These amounts were received by the Fund in April 2017. The valuation was carried out using the projected unit actuarial method and the main actuarial assumptions used for assessing the Funding Target and the common contribution rate were as follows:

	2016	2013
Rate of return on investments:	4.7% per annum	5.6% per annum
Rate of pay increases:	3.9% per annum	4.35% per annum
Rate of increases in pensions in payment (in excess of guaranteed minimum pension):	2.4% per annum	2.6% per annum

The assets were assessed at market value.

The latest triennial actuarial valuation of the Fund was completed at 31 March 2016 and this was conducted by the Fund's Actuary, Barnett Waddingham. Based on the results of this valuation, the contribution rates payable by the individual employers were revised with effect from 1 April 2017. The Actuarial Valuation 2016 report can be found on the Fund's website by following the link www.wmpfonline.com/CHttpHandler.ashx?id=12682&p=0

Future service rate (% of pay) plus lump sum (£)	2015/16	2016/17	2017/18	2018/19	2019/20
Birmingham City Council	12.9% plus £41,870,400	13.4% plus £43,724,800	15.3% plus £61,800,000 (£125.0m)	16.8% plus £61,800,000 (£124.0m)	18.3% plus £61,500,000 (£124.2m)
Coventry City Council	12.7% plus £12,395,000	13.1% plus £15,518,000	16.8% plus £12,000,000 (£31.1m)	16.8% plus £12,000,000 (£31.1m)	16.8% plus £12,000,000 (£31.1m)
Dudley Metropolitan Borough Council	12.7% plus £9,174,000	13.2% plus £10,931,000	15.4% plus £9,500,000 (£30.2m)	17.0% plus £9,700,000 (£31.3m)	18.6% plus £9,600,000 (£32.3m)
Sandwell Metropolitan Borough Council	13.1% plus £15,323,200	13.1% plus £19,227,200	14.7% plus £16,900,00 (£16.9m)	16.2% plus £17,000,000 (£16.9m)	17.7% plus £16,900,000 (£17.0m)
Solihull Metropolitan Borough Council	12.9%	13.5%	14.7% plus £5,000,000 (£15.6m)	16.5% plus £5,100,000 (£16.6m)	18.4% plus £5,100,000 (£17.4m)
Walsall Metropolitan Borough Council	13.2% plus £14,835,000	13.2% plus £15,518,000	15.4% plus £14,000,000 (£28.0m)	16.9% plus £14,800,000 (£30.2m)	18.3% plus £15,000,000 (£31.5m)
City of Wolverhampton Council	13.1% plus £9,900,000	13.5% plus £10,900,000	15.5% plus £13,300,000 (£29.2m)	16.8% plus £14,000,000	18.1% plus £14,600,000

Statement of Accounts

Notes to the Accounts

Actuarial Present Value of Promised Retirement Benefits for the Purposes of IAS 26
IAS 26 requires the present value of the Fund's promised retirement benefits to be disclosed and for this purpose, the actuarial assumptions and methodology used should be based on IAS 19 rather than the assumptions and methodology used for funding purposes.

To assess the value of the benefits on this basis, the following financial assumptions have been used:

	31 March 2018	31 March 2019
Rate of return on investments: (discount rate)	2.55% per annum	2.40% per annum
Rate of pay increases:	3.85% per annum*	3.90% per annum*
Rate of increases in pensions in payment (in excess of guaranteed minimum pension):	2.35% per annum	2.40% per annum

*Includes a corresponding allowance to that made in the actuarial valuation for short-term public sector pay restraint.

The value of the Fund's promised retirement benefits for the purposes of IAS 26 as at 31 March 2018 was estimated as £22,063.7 million. The effect of the changes in actuarial assumptions between 31 March 2018 and 31 March 2019 as described above is to increase the liabilities by £792.3 million. Adding interest over the year increases the liabilities by a further £557.4 million and allowing for net benefits accrued/paid over the period increases the liabilities by £443.1 million which includes any increase arising as a result of early retirements/augmentations. A change in mortality rates assumptions has decreased the liabilities by £1,265.2 million.

The net effect of all the above is that the estimated total value of the Fund's promised retirement benefits as at 31 March 2019 is therefore £22,591.3 million.

7 Taxation

1 Value-Added Tax (VAT)
The Fund (as part of the City of Wolverhampton Council) pays VAT collected on income in excess of VAT payable on expenditure to HMRC. The accounts are shown exclusive of VAT.

2 Taxation of Overseas Investment Income
The Fund receives interest on its overseas bonds gross but a variety of arrangements apply for the taxation of dividends on overseas equities in the various markets.

In some markets, a lower-than-standard tax rate is available, either as a result of a double tax treaty in place between the UK and the investment country (eg, Poland, Canada, Italy, Sweden) or based on favourable domestic legislation (eg, Australia, Czech Republic, Singapore). Where this is the case, relief may be granted at source based on documentation already on file (eg, USA, Belgium, Australia, Finland, France and Norway), or ex post via reclaim forms submitted to the local tax authorities (eg, Austria, Denmark, Germany, Netherlands, Switzerland and Spain).

There are also markets where relief is not possible - either no double taxation agreement exists (eg, Brazil, Colombia, Lebanon), or a 'subject to tax' clause prevents UK pension funds from benefiting from treaty rates (eg, Israel, Malaysia, Portugal). In such cases, the full amount of tax is withheld and is final.

8 Contributions Receivable

Contributions receivable by type

2017/18 £m		**2018/19 £m**
	From employers	
619.3	Contributions	105.3
440.0	Past service deficit	40.2
0.4	Augmented membership	-
34.6	Additional cost of early retirement	24.2
1,094.3		**169.7**
	From members	
111.0	Basic contributions	102.3
0.6	Additional contributions	0.7
111.6		**103.0**
1,205.9	**Total contributions**	**272.7**

Following the actuarial valuation as at 31 March 2016, some employers chose to pay their full three-year future service and past service deficit contributions as a lump sum in 2017/18. The lump sums paid by the seven councils and accounted for last year are shown in the table in note 6. Additionally, having paid £5.5m on account in January 2018, City of Wolverhampton Council paid the balance of its 2018/19 and 2019/20 future service and past service deficit contributions by lump sum payment of £57.3m on 30 April 2018. The additional contributions above represent the purchase of added membership or additional benefits under the pension scheme.

Contributions receivable by type of employer

2017/18 £m		**2018/19 £m**
55.8	Administering authority	54.8
1,113.9	Scheme employers	190.0
36.2	Admitted employers	27.9
1,205.9	**Total**	**272.7**

9 Transfers In

2017/18 £m		**2018/19 £m**
-	Group transfers	14.9
25.6	Individual transfers	28.6
25.6	**Total**	**43.5**

Notes to the Accounts

10 Other Income

2017/18 £m		**2018/19 £m**
	Benefits recharged to employers	
7.8	Compensatory added years	7.7
6.7	Pensions increases	6.8
14.5	**Total**	**14.5**

11 Benefits Payable

Benefits payable by type

2017/18 £m		**2018/19 £m**
	Pensions	
410.3	Retirement pensions	434.7
28.5	Widows' pensions	29.2
1.0	Children's' pensions	1.0
5.1	Widowers' pensions	5.5
0.2	Ex-spouse	0.2
0.2	Equivalent pension benefits	0.2
0.2	Cohabiting partners	0.3
445.5	**Total pensions**	**471.1**
	Lump sum benefits	
98.8	Retiring allowances	106.0
11.6	Death grants	12.6
110.4	**Total lump sum benefits**	**118.6**
555.9	**Total benefits payable**	**589.7**

Benefits payable by type of employer

2017/18 £m		**2018/19 £m**
45.0	Administering authority	49.8
469.7	Other scheduled employers	490.6
41.2	Admitted employers	49.3
555.9	**Total**	**589.7**

12 Payments To and On Account of Leavers

2017/18 £m		**2018/19 £m**
36.4	Individual transfers	32.7
1.7	Refunds of contributions	1.9
0.1	State scheme premiums	0.1
2.8	Bulk pension transfer increases	2.6
41.0	**Total**	**37.3**

13 Management Expenses

2017/18 £m		**2018/19 £m**
3.8	Administrative costs	5.1
58.9	Investment management expenses, comprising:	79.9
44.6	- Management fees	47.5
11.4	- Performance-related fees	13.0
2.3	- Transaction costs	15.2
0.6	- Custody fees	0.4
-	- LGPS Central Limited	3.8
2.8	Oversight and governance costs	2.4
1.3	LGPS Central Limited	-
66.8	**Total management costs**	**87.4**

Included in administrative costs of £5.1m above are external audit fees of £50,438 (2017/18: £48,618). The charge for 2018/19 comprises the current year audit fee of £37,438 and £13,000 invoiced by Grant Thornton for additional audit work required in 2017/18.

Performance related fees are negotiated with a number of managers. Included in external management of investments are performance related fees of £13.0 million in 2018/19 and £11.4 million in 2017/18.

The guidance requires that external investment management fees that are deducted from asset values (rather than invoiced and paid directly) are shown gross. Wherever possible, the figures are based on actual costs disclosed by the manager; where actual costs were not available, best estimates have been made using other available information.

14 Investment Income

2017/18 £m		**2018/19 £m**
	Dividends and interest	
	Bonds	
7.7	UK private sector – quoted	7.5
	Equities	
58.0	UK private sector – quoted	9.2
142.9	Overseas	51.9
	Pooled investment vehicles	
14.9	UK private sector – quoted	103.1
0.3	Overseas equities	7.0
2.9	Interest on cash deposits	5.2
2.9	Stocklending	0.9
0.9	Other investment income	0.5
230.5	**Total dividends and interest**	**185.3**
23.8	Property management income	62.5
(5.6)	Property management expenses	(9.9)
18.2	**Total property management**	**52.6**
248.7	**Total investment income**	**237.9**

Statement of Accounts

Notes to the Accounts

Stocklending

The stocklending programme provides for direct equity investments to be lent. At the year end the value of quoted equities on loan was £215.8m (2018: £353m) in exchange for which the custodian held collateral worth £238.6m (2018: £394.8m) representing 111% of stock lent (2018: 112%). These equities continue to be recognised in the Fund's financial statements and the collateral consists of acceptable securities and government debt.

During the period the stock is on loan, the voting rights on the loaned stock pass to the borrower.

There are no liabilities associated with the loaned assets.

Other Investment Income

Other investment income includes the following: class action income and tax refunds.

15 Net Investment Assets

2017/18 £m		**2018/19 £m**
	Bonds	
188.5	UK companies – segregated (external)	187.9
-	Overseas sovereign – index linked	151.9
188.5		**339.8**
	UK equities	
1,492.2	Quoted	38.0
2.0	Unquoted	2.0
1,494.2		**40.0**
	Overseas equities	
4,627.8	Quoted	27.5
1,715.7	Quoted – segregated (external)	1,273.8
6,343.5		**1,301.3**
	Pooled investment vehicles	
	Managed funds	
563.1	UK fixed interest	584.8
820.1	Other fixed interest	1,112.3
872.3	UK quoted, index linked	920.6
-	UK quoted equities (pooled assets)	1,244.1
-	Overseas quoted equities (pooled assets)	4,723.9
610.0	Infrastructure	818.5
1,191.0	Private equity	1,010.4
553.2	UK absolute returns	530.4
48.3	Overseas absolute returns	61.0
51.4	UK property	60.0
170.6	Overseas property	167.5
	Unit trusts	
162.1	UK quoted equities	162.8
302.7	Overseas equities	85.3
7.1	Overseas property	0.2
5,351.9		**11,481.8**

2017/18 £m		**2018/19 £m**
	Property	
806.8	UK freehold	934.2
56.0	UK leasehold*	46.5
862.8		**980.7**
	Derivative contracts	
-	Futures	20.7
44.9	Forward currency contracts	1.0
44.9		**21.7**
	Foreign currency holdings	
2.2	Australian dollars	0.5
0.5	Canadian dollars	0.6
0.5	Czech koruna	1.0
0.7	Danish kroner	0.5
11.5	Euro	208.8
0.6	Hong Kong dollars	239.4
0.6	Hungarian forints	0.5
1.1	Japanese yen	5.4
0.6	New Zealand dollars	0.5
0.6	Norwegian kroner	0.5
0.5	Polish zloty	0.5
0.6	Singapore dollars	0.8
3.5	Swedish kroner	2.9
4.1	Swiss francs	3.1
0.6	Turkish lira	0.6
97.8	United States dollars	225.0
830.1		**690.6**
	Cash deposits	
830.1	UK	488.0
-	US	333.8
126.0		**821.8**
	Other investments	
0.4	Broker balances	51.8
45.2	Outstanding dividend entitlement and recoverable withholding tax	0.5
45.6		**52.3**
15,287.5	**Total investment assets**	**15,730.0**
	Investment liabilities	
	Derivative contracts	
-	Forward currency contracts	(2.8)
-		**(2.8)**
	Other liabilities	
-	Amounts payable for purchases	(152.1)
-		**(152.1)**
-	**Total investment liabilities**	**(154.9)**
15,287.5	**Net investment assets**	**15,575.1**

* All leasehold properties are held on long leases

Segregated accounts are held separately from the main account by the global custodian and contain assets managed by some of the Fund's external managers.

Notes to the Accounts

The following investments represent more than 5% of the net assets of the Fund. These companies are registered in the UK.

31 March 2018 Market value £m	% of total market value	Security	31 March 2019 Market value £m	% of total market value
-	-	LGPS Central Limited Global Ex UK Passive Equity Fund	3,649.8	23.5
-	-	LGPS Central Limited Global UK Passive Equity Fund	1,244.1	8.0
-	-	LGPS Central Limited Global Equity Active Multi-Manager Fund	791.2	5.1
773.9	5.1	Legal & General - All Stocks Index-Linked Gilts Fund	920.6	5.9

The proportion of the market value of investment assets managed in the regional asset pool and by each external manager at the year-end is set out below.

31 March 2018 Market value £m	**% of total market value**		**31 March 2019 Market value £m**	**% of total market value**
Investments managed by LGPS Central Limited regional asset pool:				
-	-	Global equities	4,723.9	30.4
-	-	UK equities	1,244.1	8.0
-	**-**		**5,968.0**	**38.4**
Investments managed outside of LGPS Central Limited regional asset pool:				
7,986.2	52.4	In-house	2,579.3	16.6
162.1	1.1	Managers: UK quoted	162.8	1.0
1,232.0	8.1	Managers: emerging markets	1,273.8	8.2
786.4	5.2	Managers: global equities	85.3	0.5
2,444.0	16.0	Managers: fixed interest	2,805.6	18.2
229.1	1.5	Managers: indirect property	227.7	1.5
610.0	4.0	Managers: infrastructure funds	818.5	5.3
601.5	3.9	Managers: absolute return	591.4	3.8
1,191.0	7.8	Managers: private equity	1,010.4	6.5
15,242.3	**100.0**		**9,554.8**	**61.6**
45.2		Outstanding dividend entitlement and recoverable withholding tax	52.3	
15,287.5		**Net investment assets**	**15,575.1**	

Analysis of Derivatives

Objectives and Policies for Holding Derivatives

During the year the Fund approved the use of both forward foreign currency hedging and exchange traded futures contracts for the purpose of hedging exposures to reduce risk in the Fund and to gain exposure to assets more efficiently than holding the underlying asset. The use of derivatives is managed in line with the investment management agreements in place between the Fund and the various investment managers.

a) Futures

During the year, the Fund made a decision to transition assets out of an internal global equity portfolio and into a new sustainable global equities mandate. Recognising that there would be some lead time in implementing this strategy, as and when the existing portfolio was realised, proceeds were invested in global equity futures pending transition to the sustainables mandate. The Fund has also invested in gilt futures to help align the weighting in this area with its strategic target and as a tool for risk management. The use of futures enables the Fund to invest cash in higher returning assets at relatively lower cost whilst retaining flexibility to switch money cheaply into the income assets that the Fund may be targeting. The Fund will continue to use futures to manage transitions, ensuring efficient portfolio management and potentially manage active currency risk not covered by the passive hedging strategy. The economic exposure represents the notional value of stock purchased under futures contracts and is therefore subject to market movements.

b) Forward foreign currency

To reduce the volatility associated with fluctuating currency rates, the Fund has a passive currency programme in place. The Fund commenced its currency hedging programme in September 2017 following approval by Committee to amend the Strategic Investment Allocation Benchmark to reflect the passive currency management programme. The Fund's hedging programme aims to protect returns in sterling terms and reduce currency risk by targeting a 50% hedge ratio based on the strategic weight of each region with a rebalancing taking place on a monthly basis to reflect changing market values.

Statement of Accounts

Notes to the Accounts

c) Open forward currency contracts

Settlement	Currency bought	Local value £m	Currency sold	Local value £m	Asset value £m	Liability value £m
One to six months	GBP	700.1	EUR	809.3	1.0	-
One to six months	GBP	354.5	JPY	51,202.0	-	(1.3)
One to six months	GBP	1,992.0	USD	2,607.2	-	(1.5)
Open forward currency contracts at 31 March 2019					1.0	(2.8)
Net forward currency contracts at 31 March 2019						**(1.8)**
Prior year comparative						
Open forward currency contracts at 31 March 2018					44.9	-
Net forward currency contracts at 31 March 2018					**44.9**	**-**

d) Open exchange traded futures contracts

Type	Expires	Economic exposure £m	Market value 31 March 2018 £m	Economic exposure £m	Market value 31 March 2018 £m
Assets					
UK equity	Under one year	-	-	59.9	1.1
Overseas equity	Under one year	-	-	730.4	19.3
UK bond	Under one year	-	-	150.0	0.3
Total assets					**20.7**

16 Investment Market Value Movements Analysis

	Value as at 31 March 2018 £m	Purchases at cost £m	Sales at book value £m	Investment management fees deducted at source £m	Change in market value £m	Value at 31 March 2019 £m
Bonds	188.5	151.3	-	-	-	339.8
UK equities	1,494.2	0.2	(1,091.0)	(0.8)	(362.6)	40.0
Overseas equities	6,343.5	13.9	(3,545.7)	(2.1)	(1,508.3)	1,301.3
Pooled investment vehicles	5,351.9	7,820.1	(1,861.4)	(59.3)	230.5	11,481.8
Property	862.8	120.5	(18.1)	-	15.5	980.7
	14,240.9	**8,106.0**	**(6,516.2)**	**(62.2)**	**(1,624.9)**	**14,143.6**
Derivative contracts						
Futures	-	51.7	(4.2)	-	(26.8)	20.7
Forward foreign exchange	44.9	167.0	(308.4)	-	94.7	(1.8)
	14,285.8	**8,324.7**	**(6,828.8)**	**(62.2)**	**(1,557.0)**	**14,162.5**
Broker balances	0.4					51.8
Outstanding dividend entitlement and recoverable withholding tax	45.2					0.5
Amounts payable for purchases of investments	-					(152.1)
Foreign currency	126.0					690.6
Cash deposits	830.1					821.8
	15,287.5					**15,575.1**

Notes to the Accounts

The change in market value of investments comprises increases and decreases in the market value of investments held at any time during the year.

Purchases also include transfers in of investments, take-over of shares etc. and invested income. Sales proceeds include all receipts from sales of investments, transfers out of investments, take-over proceeds etc. and reductions in cash deposits including profits or losses realised on the sale.

Transaction costs are included in the cost of purchases and sale proceeds. Transaction costs include costs charged directly to the Fund such as fees, commissions, stamp duty and other fees. Transaction costs during the year amounted to £15.2 million (2017/18: £2.3 million). In addition to the transaction costs disclosed below, indirect costs are incurred through the bid-offer spread of investments within pooled investment vehicles. The amount of indirect costs is not separately provided to the Fund.

31 March 2018 £m		**31 March 2019 £m**
2.3	Equities - overseas quoted	15.2
2.3		**15.2**

The volatility of investment markets is an ever-present and longstanding feature of pension fund management and valuations may vary, either up or down, throughout each day when exchanges are open.

The change in the value of investments during 2017/18 is set out below:

	Value as at 31 March 2017 £m	**Purchases at cost £m**	**Sales at book value £m**	**Investment management fees deducted at source £m**	**Change in market value £m**	**Value at 31 March 2018 £m**
Bonds	192.4	-	-	-	(3.9)	188.5
UK equities	1,368.4	329.2	(134.2)	-	(69.2)	1,492.2
Overseas equities	5,920.3	983.1	(512.0)	-	(47.9)	6,343.5
Pooled investment vehicles	5,574.4	1,797.5	(1,657.0)	(46.2)	(316.8)	5,351.9
Property	756.4	75.6	(25.8)	(1.5)	58.1	862.8
	13,811.9	**3,185.4**	**(2,329.0)**	**(47.7)**	**(379.7)**	**14,240.9**
Derivative contracts						
Futures	-	1,394.5	(1,413.0)	-	18.5	-
Forward foreign exchange	-	15,453.6	(15,457.1)	-	48.4	44.9
	13,811.9	**20,033.5**	**(19,199.1)**	**(47.7)**	**(312.8)**	**14,285.8**
Broker balances	0.2					0.4
Outstanding dividend entitlement and recoverable withholding tax	24.7					45.2
Foreign currency	111.8					126.0
Cash deposits	304.1					830.1
Total investments	**14,252.7**					**15,287.5**

The change in market value of investments comprises increases and decreases in the market value of investments held at any time during the year. The profits and losses on the sale of investments shown in the Fund Account include an additional £616.3 million which represents profit realised on sale of the Fund's assets.

Statement of Accounts

Notes to the Accounts

16i Property Holdings

The Fund's investment property portfolio comprises a number of directly owned properties which are leased commercially to various tenants. Details of these directly owned properties are as follows:

2017/18 £m		2018/19 £m
756.4	**Opening balance**	**862.8**
75.6	Additions	120.5
(27.1)	Disposals	(18.1)
57.9	Net change in market value	15.5
862.8	**Closing balance**	**980.7**

There are no restrictions on the realisability of the property or the remittance of income or proceeds on disposal and the Fund is not under any contractual obligation to purchase, construct or develop any of these properties nor does it have any responsibility for any repairs, maintenance or enhancements.

The future minimum lease payments receivable by the Fund are as follows:

31 March 2018 £m		31 March 2019 £m
50,031	Within one year	40,056
192,879	Between one and five years	142,444
223,218	Later than five years	164,249
466,128	**Total future lease payments due under existing contracts**	**346,749**

The receivables above have been reduced by a credit loss allowance of 1% per annum reflecting the Fund's expected loss from late or non-recovery of rents from tenants. This deduction is based on advice from the Fund's property letting agents.

17 Fair Value - Basis of Valuation

The basis of the valuation of each class of investment assets is detailed below. There has not been any change in the valuation techniques used during the year. All assets have been valued using fair value techniques which represent the highest and best price available at the reporting date.

Asset type	Valuation level	Basis of valuation	Observable and unobservable inputs	Key sensitivity
Market quoted investments	1	Published bid market price ruling on 31 March 2019.	n/a	n/a
Quoted bonds	1	Market bid price based on current yields.	n/a	n/a
Futures	1	Published exhange prices at 31 March 2019.	n/a	n/a
Unquoted bonds	2	Average of broker prices.	Evaluated price feeds.	n/a
Pooled investments - overseas unit trusts and property funds	2	PIV are stated at the bid price quoted or the closing single market prices.	Net asset value (NAV) based pricing set on a forward-pricing basis.	n/a
Forward foreign exchange derivatives	2	Market forward exchange rates at 31 March 2019.	Exchange rate risk.	n/a
Freehold and leasehold properties	3	Valued at fair value at the year-end using the investment valuation reports of Savills Plc. One third of the commercial property portfolio is valued fully in March each year, with the remaining two thirds being a 'desktop' valuation. Agricultural properties are valued by Browns at the year end.	Existing lease terms and rentals, independent market research, tenant covenant strength, estimated vacancy levels, estimated rental growth, discount rate.	Significant changes in rental growth, vacancy levels or discount rate could affect valuations.
Unquoted equity (includes private equity, infrastructure and absolute return/diversified growth funds)	3	Value is based on the latest investor reports and financial statements provided by the fund managers of the underlying funds, transactions arising after the date of such reports.	Earnings before interest, tax, depreciation and amortisation (EBITDA) multiple, revenue multiple, discount for lack of marketability.	Could be affected by material events occuring between the date of the financial statements provided and the Fund's own reporting date, by changes to expected cashflows, and by any differences between audited and unaudited accounts.

Notes to the Accounts

Sensitivity of level 3 assets

The table below details the Fund's review of financial information provided by independent advisors. The valuation methods detailed above are likely to be accurate to within the ranges and, as set out below, the consequent potential impact on the closing value of investments at 31 March 2019.

Level 3 assets	Valuation range % (+/-)	Valuation at 31 March 2019 £m	Valuation at increase £m	Valuation decrease £m
Freehold and leasehold property	14.3	980.7	1,120.9	840.5
Private equity	28.3	1,010.4	1,296.3	724.5
Infrastructure	20.1	818.5	983.0	654.0
Absolute return/diversified growth	12.5	591.5	665.4	517.6
Total		**3,401.1**	**4,065.6**	**2,736.6**

17i Fair Value Hierarchy

The valuation of financial instruments has been classified into three levels according to the quality and reliability of information used to determine fair values. Criteria utilised in the instrument classifications are detailed below:

Level 1

Financial instruments at Level 1 are those where the fair values are derived from unadjusted quoted prices in active markets for identical assets or liabilities. Products classified as level 1 comprise quoted equities, quoted fixed interest securities, quoted index linked securities and unit trusts. Listed investments are shown at bid prices. The bid value of the investment is based on the bid market quotation of the relevant stock exchange.

Level 2

Financial instruments at Level 2 are those where quoted market prices are not available; for example, where an instrument is traded in a market that is not considered to be active, or where valuation techniques are used to determine fair value and where these techniques use inputs that are based significantly on observable market data.

Level 3

Financial instruments at Level 3 are those where at least one input that could have a significant effect on the instrument's valuation is not based on observable market data. Such instruments would include unquoted equity investments and hedge fund of funds, which are valued using various valuation techniques that require significant judgement in determining appropriate assumptions.

The values of the investments in private equity, infrastructure and absolute return/diversified growth funds are based on the latest investor reports and financial statements provided by the fund managers of the underlying funds. Valuations are undertaken quarterly and an adjustment is made to roll forward the latest available valuation to 31 March as appropriate.

The values of the investments in hedge funds are based on the net asset value provided by the fund manager. Assurances over the valuation are gained fron the independent audit of the value.

The following table provides an analysis of the financial assets and liabilities of the pension fund grouped into levels 1 to 3, based on the level at which fair value is observable.

Value at 31 March 2019	Quoted market price Level 1 £m	Using observable inputs Level 2 £m	With significant unobservable inputs Level 3 £m	Total £m
Financial assets				
Financial assets at fair value through profit and loss	7,576.0	3,188.2	2,420.4	**13,184.6**
Non- financial assets at fair value through profit and loss			980.7	**980.7**
Financial liabilities at fair value through profit and loss		(2.8)		**(2.8)**
Net financial assets	**7,576.0**	**3,185.4**	**3,401.1**	**14,162.5**

Value at 31 March 2018	Quoted market price Level 1 £m	Using observable inputs Level 2 £m	With significant unobservable inputs Level 3 £m	Total £m
Financial assets				
Financial assets at fair value through profit and loss	9,172.8	1,802.8	2,402.5	**13,378.1**
Non- financial assets at fair value through profit and loss			862.8	**862.8**
Net financial assets	**9,172.8**	**1,802.8**	**3,265.3**	**14,240.9**

Statement of Accounts

Notes to the Accounts

17ii Reconciliation of Fair Value Measurements Within Level 3

Period 2018/19	Market value 1 April 2018 £m	Transfers into level 3	Transfers out of level 3 £m	Purchases during the year £m	Sales during the year £m	Unrealised gains/ losses £m	Realised gains/ losses £m	Market value 31 March 2019 £m
Freehold and leasehold property	862.8	-	-	120.5	(18.1)	8.1	7.4	980.7
Private equity	1,191.0	-	-	220.1	(247.8)	(356.7)	203.8	1,010.4
Infrastructure	610.0	-	-	239.6	(30.5)	(10.8)	10.2	818.5
Absolute return/diversified growth	601.5	-	-	285.8	(261.3)	27.0	(61.5)	591.5
Total	**3,265.3**	**0.0**	**0.0**	**866.0**	**(557.7)**	**(332.4)**	**159.9**	**3,401.1**

18 Investment Capital Commitments

Investment commitments at the end of the financial year in respect of future payments were:

31 March 2018 £m		31 March 2019 £m
907.6	Non-publicly quoted equities and infrastructure	814.6
107.1	Property	103.9
1,014.7		**918.5**

These amounts relate to outstanding commitments due on funds held in the private equity, fixed interest, absolute return and alternative investment portfolios.

19 Long-Term Debtors

31 March 2018 £m		31 March 2019 £m
-	Private equity consolidation proceeds	82.6
25.1	Early retirement costs	28.9
-	Reimbursement of lifetime tax allowances	2.2
25.1	**Total**	**113.7**

As part of a consolidation exercise, the Fund sold a number of small limited partnership private equity holdings in the secondary markets for the total sum of £184.6m. £102m of the proceeds were received by 31 March 2019 and the balance is receivable in two instalments of £29.3m due by 28 August 2020 and £53.3m due by 29 September 2020. The total outstanding of £82.6m is therefore included as long term debtors. The Fund has agreed for certain employers to defer payment of amounts due to meet early retirement costs and £28.9m is due after the following financial year (2017/18: £25.1m).
The instalments due in 19/20 are reported in current assets.

20 Current Assets

31 March 2018 £m		31 March 2019 £m
	Receivables and prepayments	
	Contributions receivable	
98.0	- Employers' future service	11.8
20.2	- Employers' past service deficit	4.7
11.7	- Members	9.6
24.8	Other receivables	19.0
154.7	**Total receivables and prepayments**	**45.1**
(3.3)	Cash	2.2
151.4	**Total current assets**	**47.3**

Note: Following the bulk transfer of Magistrates Courts Committee staff to the Civil Service Pension Scheme on 31 March 2005, it was calculated by Mercer Limited that the Fund is due to receive a total of £27.7 million. This is to be paid in 10 equal and annual instalments commencing on 15 April 2011 and finishing on 15 April 2020 together with interest payments resulting in annual income of £3.3 million. The balance due included in Other receivables at 31 March 2019 is £3 million (31 March 2018: £6.3 million).

21 Current Liabilities

31 March 2018 £m		31 March 2019 £m
	Payables and receipts in advance	
(2.0)	Pensions and lump sum benefits	(5.9)
(42.3)	Other payables	(16.1)
(44.3)	**Total**	**(22.0)**

Notes to the Accounts

22 Additional Voluntary Contributions

As well as joining the Fund, scheme members can pay into an additional voluntary contribution (AVC) scheme run by two AVC providers. Contributions are paid directly from scheme members to the AVC providers.

The contributions are not included within the Fund accounts, in line with regulation 4 (2) (b) of the Pension Scheme (Management and Investment of Funds) Regulations 2009. The table opposite shows the activity for each AVC provider in the year.

31 March 2018 Equitable Life £m	31 March 2018 Prudential £m		31 March 2019 Equitable Life £m	31 March 2019 Prudential £m
1.9	**38.7**	**Opening value of the Fund**	**1.8**	**37.8**
0.1	6.4	Income	-	5.9
(0.3)	(8.5)	Expenditure	(0.3)	(7.6)
0.1	1.2	Change in market value	0.1	1.5
1.8	**37.8**	**Closing value of the Fund**	**1.6**	**37.6**

23 Post-Year-End Transactions

There were no post-year-end transactions that require disclosure in the accounts.

24 Financial instruments

Net gains and losses on financial instruments

31 March 2018 £m		31 March 2019 £m
	Financial assets	
419.3	Fair value through profit and loss	(1,545.7)
	Financial liabilities	
	Fair value through profit and loss	(26.8)
419.3	**Total**	**(1,572.5)**

Classification of Financial Instruments

The following table analyses the carrying amounts of financial instruments by category. No financial instruments were reclassified during the accounting period.

31 March 2018 Fair value through profit and loss £m	31 March 2018 Assets at amortised cost £m	31 March 2018 Financial liabilities at amortised cost £m		31 March 2019 Fair value through profit and loss £m	31 March 2019 Assets at amortised cost £m	31 March 2019 Financial liabilities at amortised cost £m
			Financial assets			
188.5			Bonds	339.8		
1,494.2			UK equities	40.0		
6,343.5			Overseas equities	1,301.3		
5,351.9			Pooled investment vehicles	11,481.8		
44.9			Derivative contracts	21.7		
	952.8		Cash		1,514.6	
	70.8		Other investment balances		166.0	
	154.7		Debtors		45.1	
13,423.0	**1,178.3**			**13,184.6**	**1,725.7**	
			Financial liabilities			
			Derivative contracts	(2.8)		
			Other investment balances			(152.1)
		(44.3)	Creditors			(22.0)
13,423.0	**1,178.3**	**(44.3)**		**13,181.8**	**1,725.7**	**(174.1)**
	14,557.0				**14,733.4**	

Notes to the Accounts

25 The Nature and Extent of Risks Arising from Financial Instruments

Risk Management
The Fund's activities expose it to a variety of financial risks including:

Investment risk	- the possibility that the Fund will not receive the expected returns.
Credit risk	- the possibility that the other parties might fail to pay amounts due to the Fund.
Liquidity risk	- the possibility that the Fund might not have funds available to meet its commitments to make payments.
Market risk	- the possibility that financial loss might arise as a result of stock market movements. Currency risk, other price risk and interest rate risk are types of market risk.

The Fund's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the resources available to fund services. Policies covering specific areas relating to the Fund are as follows:

Investment Risk
In order to achieve its statutory obligations to pay pensions, the Fund invests its assets, including employer and employee contributions, in a way that allows it to meet its liabilities as they fall due for payment. It does this by investing with regard to liabilities through the triennial actuarial valuation followed by an appropriate asset allocation. During the year, the Fund targeted an 86% exposure to return seeking assets such as equities, property, other alternatives with equity-like returns, including emerging market debt and higher return fixed interest investments. The remaining 14% is allocated to stabilising assets, such as UK Government bonds or gilts, both index linked and conventional.

Risks in return-seeking assets include market risk (the greatest risk), issuer risk and volatility, which are partly mitigated by diversification across asset classes, global markets and investments funds. Mitigating interest rate risk and inflation risk points to significant investment in bonds, but doing so at the expense of return-seeking assets would increase the costs of funding. Stabilising assets backed by the UK Government are considered low risk. However, corporate bonds carry some additional issuer risk.

Counterparty risk
In deciding to effect any transaction for the Fund, considerable steps are taken to ensure that the counterparty is suitable and reliable, that the transaction is in line with the Fund's strategy and that the terms and circumstances of the transaction are the best available in the relevant market at the time. Comprehensive due diligence processes are in place to ensure that any potential counterparty is authorised and regulated, competent to deal in investments of the type and size contemplated and has appropriate administration arrangements with regard to independent auditors, robust administration and accounting, relevant legal structure and experienced staff.

Credit risk
The Fund's deposits with financial institutions as at 31 March 2019 totalled £821.8 million in respect of temporary loans and treasury management instruments (31 March 2018: £830.1 million). The Fund's surplus cash may be placed with an approved financial institution on a short-term basis and in accordance with the cash management policy and restrictions set out in the Compliance Manual. The policy specifies the cash deposit limit with each approved counterparty, as determined by a comprehensive scoring exercise undertaken by Fund officers using specialist rating and market research data, which is reviewed on a regular basis.

Notes to the Accounts

Proposed counterparties are assessed using an amalgamation of credit ratings and market research with the resulting 'score' determining the suitability and individual limit in each case. Due diligence is conducted on potential money market funds with criteria such as AAA rating, same day access and minimum assets under management being prerequisite. A credit rating sensitivity analysis as at 31 March 2019 is shown below:

Credit Rating Sensitivity Analysis

Summary	Long-term Fitch rating*	Value at 31 March 2018 £m	Value at 31 March 2019 £m
Money market funds			
HSBC Sterling Liquidity Fund	Aaa-mf	100.0	157.4
HSBC USD Liquidity Fund Class H	Aaa-mf	-	333.8
LGIM Liquidity Fund	Aaa-mf	230.0	111.0
Insight Liquidity Fund	AAAmmf	250.0	0.9
Aberdeen Liquidity Fund (Lux)	Aaa-mf	153.2	-
Short-term deposits			
Principality Building Society	BBB+	25.0	-
Nottingham Building Society	Baa1	10.0	-
Leeds Building Society	A-	-	-
Barclays	A	-	-
Skipton Building Society	A-	-	-
Coventry Building Society	A	15.0	-
The City of Liverpool Council		10.0	-
London Borough of Barking & Dagenham		10.0	-
Reading Borough Council		10.0	-
London Borough of Haringey		10.0	-
Bank deposit accounts			
NatWest Corporate Cash Manager Account			129.9
CBRE Client Account West Midlands Met Authority			15.7
GBP Current Accounts	AA-	2.9	-
HSBC Global Active	AA-	4.0	73.1
Total		**830.1**	**821.8**

* Moody's rating used if no Fitch rating available

Liquidity Risk

The Fund has a comprehensive daily cash flow management procedure which seeks to ensure that cash is available as needed. Due to the cashflow management procedures and the liquidity of certain asset types held, there is no significant risk that the Fund will be unable to raise cash in order to meet its liabilities. The Fund actually uses this liquidity risk to its benefit, taking advantage of the illiquidity premium found in investments such as private equity.

Foreign Exchange Risk

The Fund's exposure to foreign exchange risk is managed through the diversification of portfolios across sectors, countries and geographic regions, along with continuous monitoring and management of holdings. In addition, the Fund's currency exposure is managed in line with the daily cash management policy.

Securities Lending

As at 31 March 2019, £215.8 million of stock was on loan to an agreed list of approved borrowers through the Fund's custodian in its capacity as agent lender (31 March 2018: £353 million). The loans were covered by non-cash collateral in the form of equities, gilts, DBVs and G10 sovereign debt, totalling £238.6 million, giving a margin of 10.6% (2017/18, £394.8 million, margin of 11.8%).

Collateral is marked to market, adjusted daily and held by a tri-party agent on behalf of the Fund. Net income from stocklending amounted to £0.9 million during the year (2017/18: £2.9 million) and is detailed in note 12 to the accounts. The Fund retains its economic interest in stocks on loan and therefore the value is included in the Fund valuation. There is, however, an obligation to return collateral to the borrowers; therefore, its value is excluded from the Fund valuation. The securities lending programme is indemnified, giving the Fund further protection against losses.

Statement of Accounts

Notes to the Accounts

Reputational Risk

The Fund's prudent approach to the collective risks listed above and compliance with best practice in corporate governance, ensures that reputational risk is kept to a minimum.

Other Price Risk

Other price risk represents the risk that the value of a financial instrument will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or foreign exchange risk), whether those changes are caused by factors specific to the individual instrument or its issuer, or factors affecting all such instruments in the market. The Fund is exposed to share and derivative price risk which arises from investments held by the Fund for which the future price is uncertain. The Fund mitigates price risk through diversification and the selection of securities and other financial instruments is monitored by the Council to ensure it is within limits specified in the Fund investment strategy.

Other Price Risk - Sensitivity Analysis

Following analysis of historical data and expected investment return movement during the financial year, in consultation with the Fund's performance advisors, the Fund has determined that the following movements in market price risk are reasonably possible for the 2018/19 reporting period:

Market Risk - Other Price Risk

Asset type	Value as at 31 March 2019 £m	% Change	Value on increase £m	Value on decrease £m
UK equities	1,446.9	16.6%	1,687.1	1,206.7
Global equities (ex UK)	6,110.5	16.9%	7,143.2	5,077.8
Property	227.7	14.3%	260.3	195.1
Fixed interest*	2,957.5	8.3%	3,203.0	2,712.0
Private equity	1,010.4	28.3%	1,296.3	724.5
Alternatives**	1,409.9	16.8%	1,646.8	1,173.0
Total Fund (See note below)	**13,162.9**		**15,236.7**	**11,089.1**

*includes exposure to fixed interest gilts, index-linked gilts, corporate bonds, cash, high yield debt, emerging market debt, mezzanine debt, convertibles and senior loans.

**includes exposure to absolute return (£591.4m) and infrastructure (£818.5m)

The total Fund volatility taking into account the expected interactions between the different asset classes shown, based on the underlying volatilities and correlations of the assets, in line with mean variance portfolio theory is 10.5%. On this basis, the total value on increase is £14,545 million and the total value on decrease is £11,780.8 million. Due to the approach taken to determine the total Fund volatility (in which the beneficial impact of diversification is recognised), the monetary impact on the total Fund assets is determined using the total Fund volatility, which is lower than the sum of the monetary impact for each asset class.

Asset type	Value as at 31 March 2018 £m	% Change	Value on increase £m	Value on decrease £m
UK equities	1,656.3	16.8%	1,934.6	1,378.0
Global equities (ex UK)	6,646.2	17.9%	7,835.9	5,456.5
Property	1,091.9	14.3%	1,248.0	935.8
Fixed interest*	2,444.0	8.3%	2,646.9	2,241.1
Private equity	1,191.0	28.3%	1,528.1	853.9
Alternatives**	1,211.5	16.2%	1,407.8	1,015.2
Total Fund (See note below)	**14,240.9**		**16,601.3**	**11,880.5**

*includes exposure to fixed interest gilts, index-linked gilts, corporate bonds, cash, high yield debt, emerging market debt, mezzanine debt, convertibles and senior loans.

**includes exposure to absolute return (£601.5m) and infrastructure (£610.0m)

Notes to the Accounts

Currency Risk - Sensitivity Analysis

Currency risk represents the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Fund is exposed to currency risk on financial instruments that are denominated in any currency other than the functional currency of the Fund (£UK). The Fund holds both monetary and non-monetary assets denominated in currencies other than £UK.
The following tables summarise the Fund's currency exposure as at 31 March 2019 and 31 March 2018:

Currency Risk by Asset Class

Asset type	Value as at 31 March 2019 £m	% Change	Value on increase £m	Value on decrease £m
Global equities (ex UK)	6,110.5	10.0%	6,721.6	5,499.5
Private equity	1,010.4	10.0%	1,111.4	909.4
Fixed interest	2,957.5	10.0%	3,253.3	2,661.8
Alternatives	1,409.9	10.0%	1,550.9	1,268.9
Property funds	167.5	10.0%	184.3	150.8
Liquid assets	1,074.0	10.0%	1,181.4	966.6
Total	**12,729.8**		**14,002.9**	**11,457.0**

Asset type	Value as at 31 March 2018 £m	% Change	Value on increase £m	Value on decrease £m
Global equities (ex UK)	6,646.2	10.0%	7,310.8	5,981.6
Private equity	1,191.0	10.0%	1,310.1	1,071.9
Fixed interest	2,444.0	10.0%	2,688.4	2,199.6
Alternatives	1,211.5	10.0%	1,332.7	1,090.4
Property funds	229.1	10.0%	252.0	206.2
Liquid assets	126.0	10.0%	138.6	113.4
Total	**11,847.8**		**13,032.6**	**10,663.1**

Interest Rate Risk

The Fund invests in financial assets for the primary purpose of obtaining a return on investments. These investments are subject to interest rate risks, which represent the risk that the fair value or future cashflows of a financial instrument will fluctuate because of changes in market interest rates.

The Fund's direct exposure to interest rate movements as at 31 March 2018 is set out below. These disclosures present interest rate risk based on the underlying financial assets at fair value:

Interest Rate Risk - Sensitivity Analysis

The Fund recognises that interest rates can vary and can affect both income to the Fund and the value of the net assets available to pay benefits. The Fund's consulting actuary has advised that the assumed interest rate volatility is 100 basis points (BPS) per annum.

The analysis that follows assumes that all other variables, in particular exchange rates, remain constant, and shows the effect in the year on the net assets available to pay benefits of a +/-100 BPS change in interest rates:

Asset type	Carrying amount as at 31 March 2019 £m	Change in year in the net assets available to pay benefits +100BPS £m	-100BPS £m
Index-linked gilts	920.6	(203.5)	203.5
Gilts	172.7	(20.0)	20.0
Corporate bonds	585.1	(49.6)	49.6
Gilt future*	150.3	(13.1)	13.1
US TIPS	151.9	(18.5)	18.5
Total	**1,980.6**	**(304.7)**	**304.7**

*Economic exposure

Statement of Accounts

Notes to the Accounts

Asset type	Carrying amount as at 31 March 2018 £m	Change in year in the net assets available to pay benefits +100BPS £m	-100BPS £m
Index-linked gilts	872.3	(183.2)	183.2
Gilts	166.6	(17.3)	17.3
Corporate bonds	585.1	(50.1)	50.1
Total	**1,624.0**	**(250.6)**	**250.6**

26 Impairment for Bad and Doubtful Debts

The following additions and write offs of pension payments were reported in this financial year in line with the Fund's policy:

Additions Analysis

Individual value	Number	Total £
Less than £100	8	206.40
£100 - £500	1	106.71
Over £500	2	2,297.30
Total	**11**	**2,610.41**

Write-off Analysis

Individual value	Number	Total £
Less than £100	2	150.56
£100 - £500	52	11,319.38
Over £500	21	66,268.39
Total	**75**	**77,738.33**

27 Related Parties

Pensions administration and certain investment functions are performed by the City of Wolverhampton Council and the costs shown in note 13 above are recharged to the Fund. Contributions of £64.1 million were receivable from the City of Wolverhampton Council for 2018/19 (2017/18: £35.8 million). Having paid £5.5m on account in January 2018, City of Wolverhampton Council paid the balance of its 2018/19 and 2019/20 future service and past service deficit contributions by lump sum payment of £57.3m on 30 April 2018. Balances owed by and to the Council at the year end are shown in notes 19, 20 and 21.

Pensions Committee

Eight members of the Pensions Committee are also members of the Fund as set out below:
Pensioner: Councillors Bagri, Butt, Inston, Mutton and Underhill
Active: Councillor Hevican
Deferred: Councillors Brookfield and Simkins

Each member of the Pensions Committee is required to declare any interests relevant to the matters being discussed at each meeting.

There are five employing bodies of the Fund in which a member of the Committee has declared an interest for 2018/19. Contributions from each of these are set out below.

Contributions receivable 2017/18 £000		**Contributions receivable 2018/19 £000**
5,730	West Midlands Fire and Rescue Service	-
4,497	Wolverhampton Homes	4,890
174	Wolverhampton Girls High School	218
18	Kingswood Trust	21
-	Wolverhampton City Council	64,100
-	Birmingham Museums Trust	175

Notes to the Accounts

LGPS Central Limited
LGPS Central Limited has been established to manage investment assets on behalf of nine Local Government Pension Scheme (LGPS) funds across the Midlands. It is jointly owned in equal shares by the eight administering authorities participating in the LGPS Central Pool, of which City of Wolverhampton Council, as the administering authority for West Midlands Pension Fund, is one of the shareholders. Each authority has one Class A voting share in LGPS Central Limited.

The West Midlands Pension Fund paid £0.355m of set-up costs in relation to LGPS Central Limited in 2018/19 bringing the Pension Fund's total share of set-up costs to £0.502m. These set up costs have been reimbursed by LGPS Central Limited in full to the Pension Fund in 2018/19.

LGPS Central Limited launched its first products on 3 April 2018, a range of passive equity funds which the Fund has invested in from launch. Additionally, the Fund has agreed a number of advisory agreements covering a range of asset classes within the fixed income portfolio and wider illiquid portfolios. LGPS Central Limited has also provided the Fund with execution only services in the management of forward currency hedging positions. The charges in respect of these services totalled £1.699m in 2018/19 (2017/18: £nil). The amount outstanding in respect of these services at 31 March 2019 was £0.202m (2017/18: £nil).

The Pension Fund was invoiced £2.071m in respect of Governance, Operator Running and Product Development costs by LGPS Central Limited for 2018/19 (2017/18: £nil). The amount outstanding in respect of these services at 31 March 2019 was £0.370m (2017/18: £nil).

LGPS Central Limited has let office space from City of Wolverhampton Council since 1 April 2018 on a sub leasing arrangement. The rental income and rates receivable by City of Wolverhampton Council from LGPS Central Limited in 2018/19 totalled £81,798 and the reimbursement of associated utilities and maintenance charges for 2018/19 totalled £8,021. In addition, West Midlands Pension Fund provided graphic design services to LGPS Central Limited for a fee of £11,770.

LGPS Central Limited is an admitted body and employs staff that are active members of the West Midlands Pension Fund. Consequently, LGPS Central Limited paid contributions to the Fund on behalf of staff totalling £274,764 (2017/18: £8,582).

City of Wolverhampton Council, via the Pension Fund, has invested £1.315m in LGPS Central Limited class B shares and £0.685m in class C shares in 2017/18 and these are both balances at this year end.

Key Management Personnel
The Fund's current senior management comprises six individuals: the Director of Pensions, Assistant Director (Finance & Investments), the Head of Operations, the Head of Pensions, the Head of Governance and Corporate Services and the Head of Finance. The total salary paid to the senior management team in 2018/19 was £458,000 (2017/18: £481,000). In addition to this, employer's pension contributions of £138,000 (2017/18: £130,000) were met from the Fund in respect of these individuals.

28 Events After the Reporting Date

Section 13 of the Public Services Pensions Act 2013 introduced an independent review of local LGPS actuarial valuations and employer contribution rates. The Government Actuary's Department (GAD) was appointed to undertake the review and make recommendations to the responsible authority, the Ministry of Housing Communities and Local Government (MHCLGJ. The Section 13 report in relation to the 2016 actuarial valuation was finalised and published on 29 September 2018.

With respect to the West Midlands Integrated Transport Authority Pension Fund, the report raised a concern that, in the absence of any participating statutory employers, there was a risk to payment of member benefits in the event that neither of the existing participating employers was able to meet future contribution requirements. GAD recommended the administering authority, in this case the West Midlands Combined Authority (WMCA), put in place a plan to address the risk. The WMCA has therefore been in discussions with West Midlands Pension Fund regarding a proposed merger of the Funds to mitigate against these concerns. A formal consultation begins on 23 July 2019.

Pension Administration Strategy - March 2019

1 Introduction And Regulatory Context

This is the Pension Administration Strategy (PAS) of West Midlands Pension Fund (the Fund) in relation to the Local Government Pension Scheme (LGPS), which is administered by the City of Wolverhampton Council (the administering authority).

The Pension Administration Strategy is kept under review and revised to reflect changes to LGPS regulations and Fund policies and working practices. This document sets out a framework outlining the policies and performance standards to be achieved by the Fund and employers and is developed through a consultation process, to enable provision of a cost-effective and high quality pension administration service.

The LGPS is a statutory scheme and governed by regulations. The current regulations appertaining to administration are the LGPS Regulations 2013 (As Amended). In discharging their roles and responsibilities under these regulations, the Fund and employers are also required to comply with any pertinent overriding legislation and take appropriate recognition of any regulatory guidance or Code of Practice issued by The Pension Regulator.

In addition to the manangement and administration of pensions on behalf of the local authority employers within the West Midlands, the Fund also undertakes this role on behalf of the West Midlands Integrated Transport Authority (WMITA) by delegation under S101 of the Local Government Act 1972.

The roles, responsibilities and performance standards/measurements set out in this strategy apply equally to the WMITA employers and to the Fund's management of the WMITA fund.

An efficient and effective scheme administration service requires the following:

- Clear point of contact, roles and responsibility
- Timely exchange of information and payment of contributions
- Complete and accurate notifications and communications
- Early notification of material changes
- Clear and timely responses to requests and queries

This strategy outlines the performance expected and the monitoring in place to support service delivery.

2 Aims

In line with the Fund's objectives, the aim of the PAS is to partner with our employers to provide a high quality service to our members delivered through efficient working practices.

We do that through detailing the expected performance of the Fund and its employers in meeting both the legal and regulatory duty of scheme administration as set out in The Pension Regulator's Code of Practice.

The efficient delivery of the benefits of the scheme is reliant upon effective administrative procedures being in place between the Fund and scheme employers, most notably the timely exchange of accurate information in relation to scheme members.

The primary method of exchange is via the employer web portal providing a secure link which can be tracked for audit purposes.

This Pension Administration Strategy sets out the expected levels of performance of the Fund and the scheme employers. The strategy provides details about the monitoring of performance levels and the action(s) that could be taken where standards are not met by employers and/or when persistent non-compliance occurs.

The Pension Administration Strategy, of which this iteration is effective from April 2019, was introduced in April 2015, with revisions since that date captured in this document. The Fund will continue to keep the strategy and policy document under review and update as required to reflect changes in scheme regulations and Fund working practices.

3 Roles and Responsibilities

Overriding legislation dictates minimum standards that pension schemes should meet in providing certain pieces of information to the various parties associated with the LGPS. In addition, regulatory guidance sets out a number of requirements for the Fund and scheme employers to provide information to each other, scheme members and prospective scheme members, dependants, other pension arrangements or other regulatory bodies.

Pension Administration Strategy - March 2019

3.1 Scheme Employer

3.1.1 Duties and Responsibilities

Function/Task		Expectation
1	**General information**	
1.1	Confirm nominated representative(s) to receive information from the Fund via the submission of a completed contact form via employer web portal	By 30 April each year (to be submitted via employer web portal) or within 30 days of becoming a scheme employer
1.2	Appoint a person (the adjudicator) to consider disputes under stage 1 of the pension internal dispute process (IDRP) and provide full up-to-date contact details to the Fund	Notify Employer Services at the Fund within 30 days of becoming a scheme employer or following the resignation of the current adjudicator
1.3	Formulate, publish and keep under review policies in relation to all areas where the employer may exercise a discretion within the LGPS[1]	A copy of the policy document is to be submitted to the Employer Services team at the Fund within one month of the change in policy
1.4	Distribute any information provided by the Fund to scheme members/potential scheme members (eg, scheme benefits or benefit statement production)	In a timely manner, as required
1.5	Notify the Fund in advance of any employer initiatives, (eg, employer mergers) policy decisions or practices which could have an impact on LGPS member benefits to include, but not limited to, bulk transfer changes	As soon as possible once the decision has been made or initiative/ practice has been finalised as a minimum Where possible, earlier contact is preferable to enable the Fund to discuss and understand the implications
2	**Contributions**	
2.1	Remit employer and employee contributions to the Fund due each month	By 19th of the following month
2.2	Implement changes to employer contribution rates as instructed by the Fund at the date specified by the Fund's actuary	In line with the Rates Adjustment Certificate issued by the actuary following each triennial valuation or following review in line with the LGPS regulations or on commencement as a scheme employer within the Fund as notified in writing
2.3	Provide a breakdown of monthly employer and AVC contributions for reconciliation against payment[2]	By 19th of the following month
2.4	Ensure and arrange for the correct deduction of employee contributions from a member's pensionable pay and throughout their membership in the scheme (including any periods of leave)	As required, typically monthly
2.5	Manage the deduction of all additional contributions or amend such deductions, as appropriate	As required
2.6	Arrange for the deduction of AVCs and payment over of contributions to the AVC provider(s) and inform the Fund as required	As required, typically monthly
2.7	Make additional Fund payments in relation to early payment of benefits from flexible the Fund retirement, redundancy or business efficiency retirement or where a member retires early with employer's consent and a funding strain cost arises	Within 30 days of receipt of invoice from

[1] For further information on which regulations require a policy, please see Regulation 60 in The Local Government Regulations 2013 (www.lgpsregs.org)

[2] Breakdown needs to be provided on an individual employer basis where payment is made in respect of more than one participating employer, eg, where responsible for client payroll

Pension Administration Strategy - March 2019

Function/Task		Expectation
3	**Contracting out of service**	
3.1	Notify the Fund of the contracting out of services which will involve a TUPE transfer of staff to another organisation so that information can be provided to assist in the decision	Where possible, three months prior but at latest the point of deciding to tender
3.2	Work with the Fund to arrange for an admission agreement or such other admission arrangement and documentation as required, to be put in place when contracting out a service, and assist in ensuring it is complied with	Three months in advance of the date of contract
3.3	Notify the Fund if the employer ceases to admit new scheme members or is considering membership of the Fund	As soon as the decision is made (early discussion with the terminating Fund is encouraged)
4	**General administration and change notifications in relation to active members**	
4.1	Provide the Fund with the following member information on one monthly file (via employer web portal): • New joiners • Changes in employees' circumstances which may impact Fund benefits (eg, movement in and out of the 50/50 scheme, marital or civil partnership status, maternity, paternity, career break, etc.) • Employee and employer contributions and earnings Employer must ask the member for a statement in writing listing all the person's previous periods of employment	On a monthly basis, by the 19th of the following month, as part of the monthly submission upload via the employer web portal Members must be issued with a form A1 within three months from the date the person becomes a member
4.2	Notify the Fund (via employer web portal) when a member is due to retire including an accurate assessment of final pay details and authorisation of the reason for retirement	• Notify the Fund when a member is due to retire: - up to one month following the date of retirement if the date of retirement is before normal pension age (NPA) or; - ASAP once final earnings are known, typically three weeks before and no later than one week after the date of leaving, if the member's benefits are payable on or after their normal pension age (NPA)[1] S4 retirement/death in service form (S4RB) to be submitted via employer web portal[2]
4.3	Notify the Fund (via employer web portal) when a member leaves employment including an accurate assessment of final pay details	Within 30 days of month end of date of leaving S4 early leaver form (S4EL/OPT) to be submitted via employer web portal[2]
4.4	Notify the Fund (via employer web portal) of the death of a scheme member	As soon as practicable, but within a maximum of ten days of the employer being notified S4 retirement/death in service form (S4RB) to be submitted via employer web portal[2]
4.5	Review payment of Tier 3 ill-health benefits	After benefits have been in payment for 18 months

[1] Notification should not be given prior to the final earnings being known to avoid recalculation of member benefits

[2] On receipt of the appropriate S4 notification, where data is incomplete or inaccurate this may lead to delays in processing by the Fund should queries need to be raised

Pension Administration Strategy - March 2019

3.1.2 Performance Measurements

The table below sets out the areas that employer performance will be routinely measured. The Fund will periodically review other employer responsibilities to ensure performance is in line with the expectations detailed in this strategy.

Performance area		Measurement (working days where applicable)
1	**Contributions**	
1.1	Remit employer and employee contributions to the Fund in full by the 19th of the following month	Payment of monthly employee and employer contributions Under the Pensions Act 2004 and the Public Service Pensions (Record Keeping and Miscellaneous Amendments) Regulations 2014, The Pensions Regulator may be notified if the above requirement is not met
1.2	Provision of breakdown of employee, employer and AVC contributions for reconciliation against payment	Receipt of breakdown by 19th of the following month
2	**General administration and change notifications in relation to active members**	
2.1	Submission of a monthly data file and web remittance advice via employer web portal which includes the following in month data: • New joiners • Changes in employees' circumstances which may impact Fund benefits (eg, movement in and out of the 50/50 scheme, marital or civil partnership status, maternity, paternity, career break, etc.) • Employee and employer contributions and earnings paid within that period	By the 19th of the following month
2.2	To ensure optimum accuracy of monthly data files received.	Less than 5% of the active member count as at 1 April to error on import into the pension administration system
2.3	The rectification of an accurate monthly data file where it has been necessary to return the file due to data inaccuracies	Within 20 days of receipt of file
2.4	Notify the Fund when a member is due to retire including an accurate assessment of final pay details and authorisation of the reason for retirement retirement	• Notify the Fund when a member is due to retire: - up to one month following the date of if the date of retirement is before normal pension age (NPA) or; - ASAP once final earnings are known, typically three weeks before and no later than one week after the date of leaving, if the member's benefits are payable on or after their normal pension age (NPA) S4 form to be submitted via employer web portal
2.5	Notify the Fund when a member leaves membership including an accurate assessment of final pay details using the method stipulated by the Fund S4 form to be submitted via employer web portal	Within 30 days of month end of date of leaving
2.6	Respond to enquiries from the Fund in regards to member notifications and submitted forms (ie, S15, N15 etc)	Within ten days from receipt of enquiry

Pension Administration Strategy - March 2019

In line with The Pension Regulator's Code of Practice, the Fund in conjunction with its employers has implemented a two-stage process for dealing with pension disputes when a member is unhappy with the first instance decision.

The table below details the expected timeframe for managing this internal dispute resolution process. Further details can be found in the Fund's Internal Dispute Resolution Procedure.

Performance area		Measurement (working days where applicable)
3	**IDRP**	
3.1	Notify the Fund's compliance team of the receipt of a complaint under the IDRP process	Within two days of receiving the complaint
3.2	Notify the Fund's compliance team that the first-stage decision has been issued	Within five days of issuing the decision
3.3	Timeframe for resolution of IDRP Notifying if timeframe is not going to be met	Two months Immediately when known not going to meet original timeframe
3.4	Responding to Fund enquiries when Fund dealing with Stage 2	Within five days

3.2 West Midlands Pension Fund

3.2.1 Duties and Responsibilities

In setting the expectation of employers, the Fund recognises that the relationship and delivery of services, is also reliant on the Fund's performance and duties to its employers.

The table below outlines the key responsibilities of the Fund, what actions it will take and the timescales of its own performance in delivering the service to members and employers. It is focused on the key activities which scheme employers and scheme members are involved in and should not be viewed as an exhaustive list.

Function/Task		Expectation
1	**General information**	
1.1	Regularly review the Fund's Pensions Administration Strategy and consult with all scheme employers	In advance of the policy being adopted and following consultation taking place during the year of the revision
1.2	Regularly review the Fund's Funding Strategy Statement as required, not least with each triennial valuation, following consultation with scheme employers and the Fund's actuary	Publish by 31 March following the valuation date or as required
1.3	Regularly review the Fund's Communication Policy Statement	Annual review and publish within 30 days of the policy being agreed by the Pensions Committee
1.4	Regularly review the Fund's termination policy statement and publish as appended to the Funding Strategy Statement	Within 30 days of any changes being made to the policy
1.5	Review and communicate the Fund's publications listed below: • Annual report • Annual statement of accounts • Governance and compliance statement	By 31 October following the year-end

Pension Administration Strategy - March 2019

Function/Task		Expectation
2	**Contribution requirements**	
2.1	Consult with employers on the outcomes of the triennial valuation	At least three months in advance of the signing of the final rates and adjustment certificate
2.2	Notify employers of contribution requirements for three years effective from the April following the actuarial valuation date	At least six weeks before the actuary signs off the rates and adjustment certificate
2.3	Notify new scheme employers of their contribution requirements	The latter of within six weeks of receipt of the notification of admission application or commencement as a scheme employer
3	**Support for employers**	
3.1	Provide support for employers through: • A dedicated helpline • Employer coaching • Employer Peer Group • Employer newsletters • Online support guides • Feedback on data quality • Face-to-face meetings (one-to-one where appropriate) • Employer web portal query support • Email support before each session for relevance and benefit • Member Services presentations and roadshows	• Dedicated helpline Monday - Thursday 8.30am - 5.00pm, Friday 8.30am - 4.30pm • Employer Forums to be held twice per annum (usually May/June and November/December) • Written communication as per the Fund's communication policy • Newsletters to be issued quarterly • Online support to be reviewed and updated regularly • Employer coaching and peer group content to be reviewed. Sessions to be held quarterly for each
3.2	Organise and provide coaching sessions on the roles and responsibilities of an employer in the Fund	Quarterly and upon request or as required for scheme employers
3.3	Notify scheme employers and scheme members of changes to the scheme rules	As per disclosure requirements with inclusion of an overview in the Employer Brief
3.4	Provide a facility (via employer web portal) for employers to calculate estimates and early retirement costs for active members	On an ongoing basis
3.5	Production and maintenance of an IDRP employer guide	On an ongoing basis
4	**General administration and member communications**	
4.1	Produce annual benefit statements for active members as at 31 March and deferred members as at pensions increase date in April	By 31 August following the year-end
4.2	Produce and issue pension savings statements each year to members who have exceeded their annual allowance	By 6 October (provided receipt of all relevant information from scheme employer) following the year-end
4.3	Publish and keep up to date all forms required for completion by scheme members or employers	Within 30 days from any revision
4.4	Provide feedback on errors contained in monthly data submission files	Within 20 working days of the later of the 19th of each month or the date the file is received by the Fund

Pension Administration Strategy - March 2019

3.2.2 Performance Measurements

The Fund routinely reviews performance across all areas including the Pension Administration Strategy, which is monitored and reviewed by the Pensions Committee and Local Pensions Board. Regular reporting is undertaken, and performance is also reported annually in the Fund's annual report and accounts. The table below sets out the Fund's key performance indicators in relation to processing scheme member records and benefits.

Function/Task		Expectation
1	**New joiners**	
1.1	Set up a new starter and provide statutory notification to the member	Within 20 days of receipt of correct data file from a scheme employer
2	**Transfers**	
2.1	Transfer in quotations processed	Within ten days of receipt of all the required information
2.2	Transfer notification of transferred in membership to be notified to the scheme member	Within ten days of receipt of payment
2.3	Transfer out quotations processed	Within 20 days
2.4	Transfer out payments processed	Within ten days
3	**Additional contributions**	
3.1	Notify the scheme employer of any scheme member's election to pay additional pension contributions (APCs), including required information to enable deductions to commence	Within ten days of receipt of election from scheme member
3.2	Process scheme member requests to pay/amend/cease additional voluntary contributions (AVCs)	Within five days of receipt of request from scheme member
4	**Leavers**	
4.1	Deferred benefits calculated and confirmed to member	Within 15 days of receipt of all necessary information
	Refund details calculated and issued	Within ten days of receipt of all necessary information
4.2	Refund payments	Within five days of receipt of all necessary information from member
5	**Deferred into payment**	
5.1	Provision of deferred retirement options to member	Within 30 days of the member's eligible payment date or receipt of request from a member
5.2	Deferred retirement benefits processed for payment following receipt of election	Lump sum payment within five days of receipt of all necessary documentation First pension payment on next available payroll run
6	**Retirements**	
6.1	Provision of retirement options to members	Within 15 days of receipt of all necessary information
6.2	New retirement benefits processed for payment following receipt of election	Lump sum payment within five days of receipt of all necessary documentation First pension payment on next available payroll run

Pension Administration Strategy - March 2019

Function/Task		Expectation
7	**Deaths**	
7.1	Acknowledgement of a death	Within five days of receiving the notification
7.2	Notification of benefits payable to dependents	Within five days of receiving the required information
7.3	Payment of death lump sum will be made	Within ten days of receipt of all the required information
8	**Customer service**	
8.1	>85% of calls received to the customer helpline to be answered	>85%
8.2	>85% of calls received to the employer helpline to be answered	>85%
8.3	Provide an answer or acknowledgement to an enquiry from a scheme members/scheme employers/personal representatives/dependents and other authorised persons	Within ten days from receipt of enquiry
8.4	Acknowledge member complaints on initial receipt	Within five days of receipt
8.5	Issue full response to member complaints	Within 20 days of receipt
8.6	Monitor IDRP cases and target completion of stage 1 and stage 2 reviews	Within two months. For further information, please see the Fund's IDRP policy

Pension Administration Strategy - March 2019

1 Monitoring Performance

4.1 Working with our Employers

The Fund recognises that engagement is key to helping us understand our employers' individual circumstances, their challenges and their outcomes. Engaging with employers helps to build positive working relationships and ensures processes create efficiencies and better outcomes for the Fund, our members, and employers. The consistent application of standards across all employers enables fair and value for money service.

The Fund will seek to work closely with employers when identifying areas of poor performance. At the earliest opportunity, the Fund will provide training and development to aid improvement of service levels in the future. Where performance issues are identified, in the first instance, the Fund will work to resolve the issues informally. However, where this is not possible and persistent sub-standards occur (with no measurable improvement demonstrated by the employer), additional steps may be taken by the Fund in line with its powers under the LGPS Regulations 2013.

The Fund aims to meet the training and development needs of its employers using (but not limited to) employer coaching, quarterly bulletins, website guidance and through day-to-day contact via email and telephone. There is also an open invite to visit the Fund's office to meet with a member of the Employer Services team, subject to notice, to discuss any aspect of co-operation, expectations and responsibilities.

4.2 Approach to Managing Performance

Ensuring compliance with the LGPS regulations and this administration strategy is the responsibility of the Fund and scheme employers. This section describes the ways in which performance and compliance will be monitored. The Fund and scheme employers are to ensure that all functions and tasks are carried out to the agreed quality standards. On a regular basis, the Fund will monitor, measure and report on both the Fund's and scheme employers' compliance with the agreed service standards outlined in this document.

The Fund will undertake a formal review of performance against the pension administration strategy on an annual basis and liaise with employers in relation to any concerns on performance. The Fund monitors its own performance against key performance indicators. Monitoring occurs on a monthly basis and is reported to the Fund's Pensions Committee on a quarterly basis. The performance of scheme employers against the standards set out in this document are incorporated into the reporting to the Committee, as appropriate, to include data quality. The Fund will also report back to employers about their individual performance, identifying any areas for improvement including outstanding data items.

Where persistent and ongoing failure occurs in relation to administration requirements and no improvement is demonstrated by an employer, and/or willingness is shown by the employer to resolve the identified issue(s), the following sets out the steps that will be taken in dealing with this situation:

- Write to the scheme employer, setting out area(s) of non-compliance with performance standards and offer support and, where applicable, request attendance at a training/coaching session.
- Where no improvement has been demonstrated by the employer, or where there has been a failure to take agreed action by the scheme employer, or no response is received to the initial letter, the scheme employer will be asked to attend a conference call/ meeting with representatives of the Fund to discuss area(s) of non-compliance with performance standards and to agree an action plan to address them. Where appropriate, the originating employer will be informed and expected to work with the Fund to resolve the issues.
- If no improvement is seen within one month or a scheme employer is unwilling to attend a meeting to resolve the issue, the Fund will issue a formal written notice, setting out:
  - the area(s) of non-compliance with performance standards that have been identified;
  - the steps taken to resolve those area(s); and
  - provide notice that the additional costs will now be reclaimed.
- An invoice will be issued detailing the additional cost incurred, taking account of time and resources in resolving the specific area(s) of poor performance and in accordance with the charging scale set out in this document. A report will be presented annually to the Pensions Committee detailing charges levied against scheme employers and outstanding payments.
- If poor performance continues and impacts the Fund's ability to perform statutory functions and/or measures are not being taken by the employer to address this, the Fund may need to report the employer to The Pensions Regulator.

4.3 Policy on Charging Employers for Poor Performance

The LGPS regulations provide pension funds with the ability to recover from a scheme employer any additional costs associated with the administration of the scheme incurred as a result of the poor level of performance of that scheme employer. Where any such additional costs are to be recovered by the Fund, written notice will be provided stating:

- the reasons that the scheme employer's poor performance contributed to the additional cost;
- the amount of the additional cost incurred;
- the basis for calculation of the additional cost; and
- the provisions of the administration strategy relevant to the decision to give notice.

It is the policy of the Fund to recover additional costs incurred in the administration of the scheme as a direct result of the poor performance of any scheme employer (including the administering authority). With the objective of ensuring fairness across employers in avoiding other employers paying more to cover the higher administration costs incurred by others.

Please note that where an employer fails to pay any amount due to the Fund (other than monthly contributions) within 30 days, interest for late payment will be charged accordingly. This includes charges and recharges levied under this policy.

Pension Administration Strategy - March 2019

4.4 Penalties for Sub-Standard Performance

4.4.1 Provision of Information

Item	Input/Penalties
Failure to make payment of monthly contributions and/or provision of breakdown of contributions for reconciliation against payment	The Fund will be unable to prepare cashflow information to facilitate the provision of annual accounting standards (FRS102, IAS19) by the Fund actuary or any other actuarial firm.

4.4.2 Charging Scales for Administration

The table below sets out the charges which the Fund will levy on a scheme employer who fails to meet the standards required. Each item is referred to in the 'Scheme Employer Performance Measurement' section of this document.

Function/Task		Expectation
1	**Payment of future service contributions** Failure to make payment of monthly employee and employer contributions[1] in full by the 19th of the following month (but by the 22nd of the month where payment is made electronically)	£100 per occasion plus interest[2]
2	**Monthly data collection** Failure to comply with the following requirements: • Submission of the member data file by 22nd of the following month • Submission of the web remittance advice by 22nd of the following month	£50 for each month the data file and/or web remittance advice is received after 22nd (ie, both items must be received so as to incur no penalty). There after for each monthly data file the charge will increase as follows: • 5p per member[3] per working day late for the first month following the deadline • 10p per member[3] per working day late for the second month following the deadline • 15p per member[3] per working day late for the third month following the deadline and every month thereafter A minimum daily rate will be set at: • £5 per day for the first 30 days following the deadline • £10 per day for the second 30 days following the deadline • £15 per day for the third 30 days and thereafter following the deadline Assessment of the overall charge will be made in aggregate at year-end of 31 March (final monthly file to be received by 19 April) to include any charges in (3) below. Invoices will subsequently be issued where a charge is applicable
3	**Monthly data quality review[4]** Quality of the information provided to be below the acceptable tolerance level set at 5% of the employer active member count[3] (tolerance level will be assessed in aggregate until year-end date of the monitoring period)	The Fund will recover costs for the work involved to resolve these errors. Costs will be based on officer hourly rates, but will be determined based on the resources required to address errors above the tolerance in aggregate over a 12-month period and will be levied to include any charges incurred as a result of (2) above

Pension Administration Strategy (PAS)

Pension Administration Strategy - March 2019

Function/Task		Expectation
4	**Quality and timeliness of the provision of data** To provide the Fund with accurate data (as detailed in the regulations) in a timely manner as specified in this strategy	The Fund will recover costs for the additional work involved to resolve these issues, in the context of persistent poor performance. Costs will be based on officer hourly rates and will be determined based on the resources required
5	**Bulk member record amendments** Correction or amendments of member records en masse as a result of employer initiatives, policy decisions or prior incorrect notifications	The Fund will recover the cost for the work involved. Costs will be based on officer hourly rates

4.5 Feedback From Employers

Employers who wish to provide feedback on the performance of the Fund against the standards in this administration strategy should email comments (noting PAS feedback in the email subject) to wmpfemployerliaison2@wolverhampton.gov.uk

[1] Future service contributions including additional contributions, eg, APP and APCs

[2] Interest will be charged in accordance with Regulation 44 of the LGPS administration regulations, which states interest should be charged at Bank of England base rate plus one per cent

[3] For the purposes of monitoring and the application of charges the active member count will be set as at 1 April of the monitoring period (ie, based on the monthly data file for the 1 April in the monitoring period)

[4] A file will be rejected for one or more of the following reasons:
- Incorrect file layout
- Data formatting issues, eg, mandatory fields not populated, inclusion of incorrect characters, ie, speech marks, etc.
- The key financials in the data file do not balance with the final statement

Funding Strategy Statement (FSS)

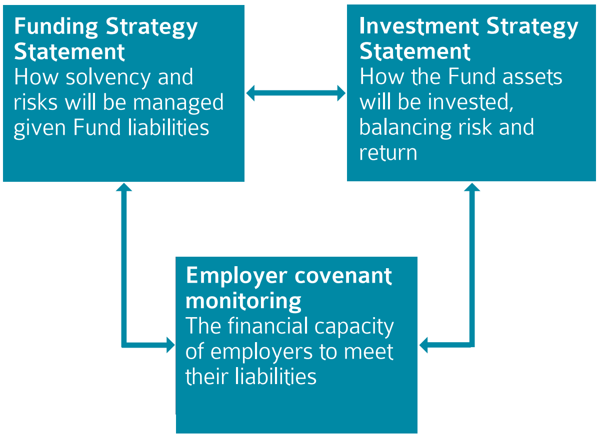
Funding Strategy Statement - March 2019

1 Introduction

1.1 LGPS regulations require administering authorities to prepare and maintain a Funding Strategy Statement (FSS) having regard to the guidance produced by The Chartered Institute of Public Finance and Accountancy (CIPFA) and the Fund's Investment Strategy Statement (ISS). Revised regulations came into effect in 2013 and revised CIPFA guidance was issued in September 2016. This statement has been prepared by the West Midlands Pension Fund in accordance with the latest regulations and guidance and following consultation with appropriate persons. It reflects the shift in focus towards the regulatory requirement for administering authorities to ensure contributions are set at a level to achieve Fund solvency and long-term cost efficiency.

1.2 LGPS regulations require administering authorities to prepare and maintain a Funding Strategy Statement (FSS) having regard to the guidance produced by The Chartered Institute of Public Finance and Accountancy (CIPFA) and the Fund's Investment Strategy Statement (ISS). Revised regulations came into effect in 2013 and revised CIPFA guidance was issued in September

1.3 The statements and framework relate as follows:



1.4 The FSS summarises the Fund's approach ensuring contributions are sufficient to meet its liabilities, and includes reference to the Fund's other policies; it is not an exhaustive statement of policy on all issues.

The FSS underpins:

- the rates and adjustments certificate (confirming employer contribution rates for the period to the next triennial valuation);
- the Fund's policies on employer admissions and cessations; and
- actuarial factors for valuing bulk transfers, early retirement costs and the costs of buying added service.

1.5 The FSS reflects the statutory nature of the Local Government Pension Scheme (LGPS), particularly the defined benefits payable and the benefit guarantee. The FSS sets out how benefits will be funded over the long term through an accountable, transparent process with full disclosure of valuation methodology and assumptions.

1.6 The benefits payable under the LGPS are guaranteed by statute. The scheme is a defined benefit arrangement with a final salary element for service accrued prior to 1 April 2014 and career average revalued earnings ('CARE') benefits accruing on and after this date. There is also a '50:50' option under which members can elect to pay 50% of the contribution rate to accrue 50% of the benefits.

1.7 The Fund, like many other similar public and private sector funded schemes, had a gap between its assets and pension liabilities (a funding shortfall) on review at 31 March 2016. A number of factors have contributed to the development of the funding gap and increases in contribution rates for employers most notably:

- increases in life expectancy and pensions longevity; and
- falling long-term interest rates and the expectations for future investment returns.

This strategy addresses the recovery of the funding shortfall in addition to setting future contributions to cover the ongoing cost of benefit accrual.

Employer Contributions

The required levels of employee contributions are specified in the regulations. Employer contributions are determined in accordance with the regulations (which require that an actuarial valuation is completed every three years by the actuary and production of a rates and adjustments actuarial certificate specifying the 'primary' and 'secondary' rate of the employer's contribution).

Primary Rate

The 'primary rate' for an employer is the contribution rate required to meet the cost of the future accrual of benefits, ignoring any past service surplus or deficit, but allowing for any employer-specific circumstances, such as its membership profile, the funding strategy adopted for that employer, the actuarial method used and/or the employer's covenant. The primary rate for the whole fund is the weighted average (by payroll) of the individual employers' primary rates.

Secondary Rate

The 'secondary rate' is an adjustment to the primary rate to arrive at the total rate of contribution each employer is required to pay. The secondary rate may be expressed as a percentage adjustment to the primary rate, and/or a cash adjustment in each of the three years beginning 1 April in the year following the actuarial valuation. In line with previous valuations, each employer will have a cash adjustment to the primary rate to reflect their funding level.

Secondary rates for the whole Fund in each of the three years shall also be disclosed. These will be the calculated weighted average based on the whole Fund payroll in respect of percentage rates and the total amount in respect of cash adjustments.

Funding Strategy Statement - March 2019

2 Purpose of the Funding Strategy Statement

2.1 The FSS focuses on how employer liabilities are measured, the pace at which these liabilities are funded, and how employers pay contributions to ensure their own liabilities are fully funded. The purpose of this FSS is:

- to establish a clear and transparent fund-specific strategy which will identify how employers' liabilities are best met going forward;
- to take a prudent longer term view of funding those liabilities;
- to ensure that the regulatory requirements to set contributions so as to ensure the solvency and long-term cost efficiency of the Fund are met; and
- to support the desirability of maintaining as nearly constant a primary contribution rate as possible, as defined in Regulation 62(5) of the LGPS Regulations 2013.

2.2 The FSS supports the process of ensuring adequate funds are put aside on a regular basis to meet future benefit payments. This framework is designed to ensure the funding strategy is both cohesive and comprehensive for the Fund as a whole, recognising that there will be conflicting objectives that need to be balanced and reconciled. Whilst the funding strategy applicable to individual employers or categories of employers must be reflected in the FSS, its focus should at all times be on those actions that are in the best long-term interests of the Fund. Consequently, the FSS is a single all-employer encompassing strategy for the administering authority to implement and maintain.

3 Consultation

3.1 LGPS regulations require the administering authority to consult with such persons it considers appropriate in the maintenance and review of the FSS. CIPFA provides further guidance that this must include meaningful dialogue at officer and elected member level, with council tax raising authorities and with corresponding representatives of participating employers.

3.2 As part of the 2016 valuation, the Fund undertook a number of employer briefing sessions and outlined funding strategy at its 2016 AGM. Both covered key changes to the FSS from the prior version dated April 2014. A copy of the FSS was sent to each employer, the Fund's Pensions Committee (elected members), Local Pensions Board (including member and employer representatives), investment advisers and other interested parties including the Fund employer peer group. The Fund also hosted one-to-one consultation meetings with employers, on request.

3.3 Employers participating in the Fund have been consulted on the contents of this FSS and consideration has been given to their views accordingly. However, the FSS represents a single strategy for the Fund as a whole, adjusted for employer groups/categories based on the advice of the Fund actuary, Barnett Waddingham, who has also been consulted in preparing the content of this FSS.

3.4 More recently, the Fund has made a revision of the FSS in light of the LGPS Amendment Regulation, effective 14 May 2018, which introduced the concept of "exit credits". Consultation with employers was undertaken in March/April 2019/20.

3.5 Wider review and consultation will be undertaken during 2019/20 as a matter of course as part of the 2019 actuarial valuation.

4 Aims and Purposes of the Fund

4.1 The aims of the Fund are to:

- manage employers' liabilities effectively and ensure that sufficient resources are available to meet all liabilities as they fall due;
- enable primary contribution rates to be kept as nearly constant as possible and (subject to the administering authority not taking undue risks) at reasonable cost to the taxpayers, scheduled, resolution and admitted bodies, while achieving and maintaining Fund solvency and long-term cost efficiency, which should be assessed in light of the risk profile of the Fund and employers, and the risk appetite of the administering authority and employers alike; and
- seek returns on investment within reasonable risk parameters.

The purpose of the Fund is to:

- receive monies in respect of contributions, transfer values and investment income; and
- pay out monies in respect of Fund benefits, transfer values, costs, charges and expenses, as defined in the Local Government Pension Scheme Regulations and as required in the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016 (or the equivalent in Scotland and Northern Ireland).

5 Responsibilities of the Key Parties

5.1 The administering authority is required to:

- operate the Fund;
- collect employer and employee contributions, investment income and other amounts due to the Fund as stipulated in LGPS regulations;
- pay from the Fund the relevant entitlements as stipulated in the LGPS regulations;
- invest surplus monies in accordance with the LGPS regulations;
- ensure that cash is available to meet liabilities as and when they fall due;
- take measures as set out in the regulations to safeguard the Fund against the consequences of employer default;
- manage the valuation process in consultation with the Fund's actuary;

Funding Strategy Statement - March 2019

- prepare and maintain an FSS and an ISS, both after proper consultation with interested parties; and
- monitor all aspects of the Fund's performance and funding and amend the FSS/ISS accordingly.

The individual employer is required to:

- deduct contributions from employees' pay correctly;
- pay all ongoing contributions, including employer contributions determined by the Fund actuary and set out in the rates and adjustments certificate, promptly by the due date;
- develop a policy on certain discretions and exercise those discretions as permitted within the regulatory framework;
- make additional contributions in accordance with agreed arrangements in respect of, for example, augmentation of Fund benefits and early retirement strain;
- notify the administering authority promptly of all changes to active membership which affect future funding; and pay any exit payments on ceasing participation in the Fund.

The Fund actuary should:

- prepare valuations including the setting of employers' contribution rates at a level to ensure Fund solvency and long-term cost efficiency after agreeing assumptions with the administering authority and having regard to the FSS and the LGPS regulations;
- prepare advice and calculations in connection with bulk transfers and the funding aspects of individual benefit-related matters such as pension strain costs, ill-health retirement costs, compensatory costs, etc.
- provide advice and valuations on the exiting of employers from the Fund;
- provide advice to the administering authority on bonds or other forms of security against the financial effect on the Fund of employer default;
- assist the administering authority in assessing whether employer contributions need to be revised between valuations as permitted or required by the regulations; and
- ensure that the administering authority is aware of any professional guidance or other professional requirements which may be of relevance to his or her role in advising the Fund.

6 Key Changes Since 2013

- Simplification – single discount rate to cover both past and future service.
- Employer categorisation – based on strength of covenant and type of employer, employers have been placed into three categories which then drive the associated funding strategy (funding target and deficit recovery period).
- Ill-health strain cost insurance – provision of an option to insure against the employer strain costs which can arise from a member receiving Tier 1 or Tier 2 ill-health early retirement benefits.
- Exit credits (from April 2019) – clarification of funding assessment for individual employees upon exit from the Fund. Changes reflected in the Termination Policy (incorporated within Appendix 3) in more detail.

7 Solvency Issues and Target Funding Levels

7.1 LGPS regulations require each administering authority to achieve Fund solvency and long-term cost efficiency by means of employer contribution rates established by triennial valuation. LGPS administering authorities prudentially seek to achieve an appropriate balance between the income stream from contributions and investments and maintaining the ability to pay pension benefits as and when they fall due over the life of the Fund.

7.2 Securing solvency and long-term cost efficiency is a regulatory requirement whereas a constant as possible a primary contribution rate remains only a desirable outcome. Administering authorities should avoid continually extending deficit recovery periods at each and subsequent actuarial valuations. Over time and given stable market conditions, administering authorities should aim to reduce deficit recovery periods.

7.3 The LGPS regulations require the long-term funding objectives to achieve and maintain assets sufficient to cover 100% of the projected accrued liabilities. The level of assets necessary to meet this 100% funding objective is known as the funding target. The role of the actuary in performing the necessary calculations and determining the key assumptions used, is an important feature in determining the funding requirements.

7.4 The Fund recognizes the different characteristics of the variety of participating employer organisations, and will set funding strategy (including funding target and deficit recovery contributions) appropriately having regard to factors such as:

- strength of covenant, and security of future income streams;
- support or guarantee arrangements from scheme employers; and
- prospective period of participation in the Fund, and specifically the implications if the employer has closed membership of the Fund to new employees.

7.5 The Fund's policy with regards participation of non-scheduled scheme employers, including termination issues, is set out in Appendix 3 'Policy on Termination Funding for Admission Bodies'

7.6 The approach to the actuarial valuation process and key assumptions used at each three-yearly valuation are consulted upon and the valuation forms part of the consultation undertaken with the FSS.

Funding Strategy Statement - March 2019

7.7 Under Section 13(4)(c) of the Public Service Pensions Act 2013 The Government Actuary's Department (GAD) (as the person appointed by the responsible authority) must, following an actuarial valuation, report on whether the rate of employer contributions to the Fund are set at an appropriate level to ensure the solvency of the Fund and long-term cost efficiency of the LGPS.

7.8 In developing the funding strategy, the administering authority has had regard to the likely outcomes of the subsequent review under Section 13(4)(c) and has considered implications for its key performance indicators as determined by the Scheme Advisory Board where appropriate, i.e. in England and Wales.

Determination of the Funding Target

7.9 The principal method and assumptions to be used in the calculation of the funding target are set out in Appendix 1.

7.10 Underlying these assumptions there are two tenets:

- that the Scheme is expected to continue for the foreseeable future; and
- favourable investment returns can play a valuable role in achieving adequate funding over the longer term.

This allows the Fund to take a longer term view when assessing the contribution requirements for certain employers.

7.11 As part of each valuation, separate employer contribution rates are assessed by the actuary for each participating employer. These rates are assessed taking into account the experience and circumstances of each employer, following a principle of no cross-subsidy between the various employers in the Fund.

In attributing the overall investment performance obtained on the assets of the Fund to each employer, a pro-rata principle is adopted. The general approach is effectively one of applying a notional individual employer investment strategy identical to that adopted for the Fund as a whole.

7.12 The extent to which the financial health and capacity of employers impacts on their ability to withstand funding risk and increase contributions in the future is taken into account in setting the funding target as is the nature and expected future participation of non-local authority employers in the Fund.

7.13 To reflect the wide range of participating employers, the Fund has applied a past service volatility reserve for employers according to employer risk category. This volatility reserve limits the reliance on future investment returns for employers who are either:

- not government-backed in nature and may not, in the view of the administering authority, be able to withstand the funding risk; or
- are on a path to exiting the Fund.

8 Deficit Recovery Plan and Employer Contributions

8.1 The period over which an employer's past service deficit is to be recovered will be dependent on a number of factors, including the type and nature of the employer, any supporting guarantee or other forms of security, such as a charge on assets, where these can be provided.

8.2 In general, a maximum deficit recovery period of 20 years will apply, reduced from 22 years in 2013. Employers can elect a shorter period if they prefer and all contributions paid will be allocated to their individual asset share on future funding review. A shorter period may be applied in respect of particular employers where the administering authority considers this to be warranted (see below).

8.3 The Fund does not believe it appropriate for the total level of contributions to the Fund to reduce where substantial deficits remain unless there is a compelling reason to do so.

A shorter maximum deficit recovery period may therefore apply to individual employers and, the Fund will apply shorter standard deficit recovery periods linked to employer categorisation, following allocation based on covenant and employer structure.

Further detail on employer categorisation and the impact on deficit recovery plan periods is set out in Appendix 2.

Employer contributions will be expressed and certified as two separate elements:

- the **primary rate**: a percentage of pensionable payroll in respect of the cost of the future accrual of benefits
- the **secondary rate**: a schedule of annual lump-sum amounts, payable over the three years to 2019/20 increasing annually in line with the valuation funding assumption for long-term pay growth (unless otherwise noted), in respect of deficit recovery.

Both elements are subject to review from April 2020 based on the results of the 2019 actuarial valuation.

Where significant increases in employer contributions were required from April 2017, and an employer provided evidence to the Fund that these were not affordable, the increase from the contributions payable in the year 2017/18 may have been implemented in steps, at the discretion of the administering authority and as agreed with individual employers prior to April 2017, noting that rates will need to increase to the level indicated, no later than 2019/20.

Where an employer has a guarantee from a statutory body participating in the Fund, or from another organisation approved for that purpose by the administering authority, the administering authority will recognise the requirement for the guarantor to be kept abreast of the funding position of the relevant employer, and share funding information with the guarantor on request, unless the employer indicates otherwise in writing to the Fund.Any employing body with a surplus of assets over liabilities may have a reduction in contributions to reflect the surplus applied over a period of 20 years.

Funding Strategy Statement - March 2019

Employers are required to meet all costs of early retirement strain (non ill-health) by immediate capital to the Fund.

In all cases, the administering authority reserves the right to apply a different approach as its sole discretion, taking into account the risk associated with an employer in proportion to the Fund as a whole.

Where the administering authority does agree to an alternative contribution plan for a particular employer, as described above, this will represent an employer-specific funding plan, and will be documented separately, together with any conditions surrounding this agreement.

On the cessation of an employer's participation in the Fund, the actuary will be asked to make a termination assessment unless the ceasing employer is a pass-through employer.

Any deficit in the Fund in respect of the employer will be due to the Fund as a termination contribution, unless it is agreed by the administering authority and the other parties involved that the assets and liabilities relating to the employer will transfer within the Fund to another participating employer. Details of the approach to be adopted for such an assessment on termination are set out in the Termination Policy (incorporated as Appendix 3) in the 2019 FSS.

8.4 In determining the funding and contribution strategy above, the administering authority has had regard to:

- the responses made to the FSS consultation with employers, representatives and other interested parties;
- relevant guidance issued by the CIPFA Pensions Panel;
- the need to balance a desire to attain the funding target as soon as possible against the short-term cash constraints of participating employers; and
- the administering authority's views on the relative strength of the participating employers' covenants.

8.5 For employers where it is understood that in the event that they were unable to meet their pension obligations to the Fund, their liability would fall on other Fund employers, an employer risk reserve has been established as contingency. The reserve is based upon a review of those employers without a guarantor and the associated liability exposure and the contributions required to establish this reserve have been built into rates assessed for all employers within the Fund at this valuation. This reserve is subject to review at subsequent actuarial valuations.

9 Links To Investment Policy Set Out in the Investment Strategy Statement (ISS)

9.1 The Fund has, for many years, regularly used an asset liability study and stochastic modelling in order to assist the process of formulating a strategic asset allocation. The outcomes are reflected in the Fund's ISS.

9.2 The Fund's investment strategy has been considered and reviewed in conjunction with the 2016 valuation and the FSS. In particular, the future return expectations of the main asset classes in which the Fund invests have been considered in determining the prudent allowance for future investment returns and extent of reliance on these by employers is outlined in this FSS.

10 The Identification Of Risks And Countermeasures

10.1 Evaluating risks that may impact on the funding strategy and expectations of future solvency is crucial to determining the appropriate measures to mitigate those risks.

The FSS identifies those key risks specific to the Fund and the measures being taken or assumptions made to counter those risks.

10.2 Some of the key risks taken into account are:

Investment risk – the risk of investments not performing (income) or increasing in value (growth) as forecast. Examples of specific risks would be:

- assets not delivering the required return (for whatever reason, including manager underperformance);
- systemic risk with the possibility of interlinked and simultaneous financial market volatility;
- insufficient funds to meet liabilities as they fall due;
- inadequate, inappropriate or incomplete investment and actuarial advice is taken and acted upon; and
- counterparty failure.

Liquidity/maturity risk – changes in local government will impact upon the maturity profile of the LGPS and have potential cash flow implications. The increased emphasis on outsourcing and other alternative models for service delivery, which result in active members leaving the LGPS; transfers of responsibility between different public sector bodies; scheme changes which might lead to increased opt-outs; the implications of spending cuts (the ONS recently reported that employment in local government was at its lowest levels since 1999) – all of these will result in workforce reductions that will reduce membership, reduce contributions and prematurely increase retirements in ways that may not have been taken account of fully in previous forecasts.

Liability risk – life expectancy and other demographic changes resulting in benefits being paid for longer. In addition, inflation, interest rate and salary inflation will all impact upon future liabilities.

Regulatory and compliance risk – changes to legislation can impact on scheme benefits, new entrants, member options, administration and funding and investment strategy. Increased disclosure, transparency and reporting could also impact funding approaches risking a 'race to the bottom' and 'herd' behaviour. Any changes agreed and proposed are evaluated and taken into account in the actuarial valuation and closely monitored between valuations in case any action is required.

Funding Strategy Statement - March 2019

Employer risks – Sustainability of an employer or their ability to meet their liabilities within the agreed funding strategy. The Fund's approach to the outcome of the valuation has had regard to balancing the needs of funding the liabilities and the cost to employers. This is reflected in the approach of placing employers into different categories and greater tailoring of funding strategy to individual employers, taking into account the risks associated with the investment strategy.

As outlined in the Fund's employer covenant framework, a risk assessment of the sustainability of all employers has been undertaken seeking to establish the risk of an employer failing to meet their pension liabilities. This has been used to determine an appropriate pace of funding. In determining the actual recovery period to apply for any particular employer or employer grouping, the administering authority may take into account some or all of the following factors:

- the size of the funding shortfall;
- the business plans of the employer;
- the assessment of the financial covenant of the employer; and the security of future income streams
- any contingent security available to the Fund or offered by the employer such as guarantor or bond arrangements, charge over assets, etc; and
- length of expected period of participation in the Fund.

A number of organisations have significant financial challenges due to falling revenues and/or income streams. The Fund will work with these bodies to ensure all interests are considered and an acceptable funding strategy for the pension liabilities is achieved that does not put the Fund's position at an increased risk. In respect of bodies that have fixed-term funding, the aim is that a fully funded position should be achieved with a high degree of certainty by the end of the funding period.

Governance Risks

Examples of risk include:

- administering authority unaware of structural changes in an employer's membership (e.g. large fall in employee members, large number of retirements);
- administering authority not advised of an employer closing to new entrants; and
- an employer ceasing to exist with insufficient funding or adequacy of a bond.

The Fund has established inter-valuation monitoring and working relations with its employers to ensure changes are detected, discussed, evaluated and appropriate action agreed. This includes regular reviews of funding levels and the assessment of the financial standing of employers that are not tax-raising bodies.

Insurance of Certain Benefits

The Fund has explored insurance cover to help mitigate employer financial implications of unexpected additional ill-health costs, with the primary advantage being the protection of employers with weaker covenants or smaller workforce against the significant strain costs that can arise following an ill-health early retirement. The Fund has considered the associated risk mitigation and employer desirability across the Fund as a whole following extensive consultation. As a result, following quotations, the Fund has facilitated access to an ill-health insurance arrangement since April 2017. Any employer can elect this cover at an additional cost (premium).

Funding Strategy Statement - March 2019

Appendix 1: Actuarial Valuation As At 31 March 2016

Method and Assumptions Used in Calculating the Funding Target Method

The actuarial method to be used in the calculation of the funding target is the 'projected unit' method, under which the salary increases assumed for each member are projected until that member is assumed to leave active service by death, retirement or withdrawal from service. This method implicitly allows for new entrants to the Fund on the basis that the overall age profile of the active membership will remain stable. As a result, for those employers which are closed to new entrants, an alternative method is adopted (the 'attained age' method), which makes advance allowance for the anticipated future ageing and decline of the current closed membership group in order to maintain a stable rate of contributions.

Financial Assumptions

- **Investment Return (Discount Rate)**
  One of the key valuation assumptions is the discount rate. The actuary estimates the future benefit cashflows which will be made to and from the Fund in the future. These cashflows are then discounted to a present day value using the discount rate. This value is essentially the estimated amount of money which, if invested now would be sufficient together with the income and growth in the accumulating assets to make these payments in future, using a prudent assumption about future investment returns (discount rate).

  The discount rate assumption is 4.7% pa which has been derived using the Fund's current investment strategy and a weighted set of assumed investment returns. A lower discount rate assumption of 3.3% pa has been used to value orphan liabilities (those no longer linked to an active employer) which are backed by a cashflow matching investment sub fund.

- **Volatility Reserve**
  A past service volatility reserve is included for those employers in category 2 or 3. This limits reliance on future investment return and represents an addition to the funding target (5% or 10% of liabilities) for those employers who are either less able to withstand funding risk; are not government-backed in some way; or are on a path to exiting the Fund. In practice, this increases the pace of funding and provides a cushion against future periods of lower than expected investment returns.

- **Inflation (Consumer Prices Index - CPI)**
  The assumption for CPI inflation is derived from the RPI assumption of 3.3% pa, which is based on information published by the Bank of England. A deduction is made to the RPI assumption due to the different ways that the indices are calculated which the Fund actuary has estimated to be 0.9% pa. In addition, the inflation risk premium (often used to reflect any long-term impact of supply/demand distortions in market yields used to estimate future RPI) has been assumed to be zero. This results in a CPI inflation assumption of 2.4% pa.

- **Salary Increases**
  The assumption for long-term real salary increases (salary increases in excess of price inflation) will be determined by an allowance of 1.5% pa over the inflation assumption as described above. Some allowance for promotional increases has also been included through the application of a salary scale.

  To recognise the relatively low level of general salary increases, many employers have indicated they expect to grant in the near future, and as budgeted for in the short term by many employers, the Fund has applied an assumption of CPI (currently circa 1%) pay growth over the next four years reverting to 3.9% (CPI plus 1.5%) thereafter.

- **Pension Increases**
  Increases to pensions are assumed to be in line with the inflation (CPI) assumption described above. This is modified appropriately to reflect any benefits which are not fully indexed in line with CPI (e.g. guaranteed minimum pensions in respect of service prior to April 1997).

Mortality/Life Expectancy

The mortality in retirement assumptions will be based on the most up-to-date information in relation to self-administered pension schemes published by the Continuous Mortality Investigation (CMI), making allowance for future improvements in longevity. The mortality tables used are adjusted to reflect the Fund specific experience analysis undertaken to inform current life expectancy. For all members, it is assumed that the accelerated trend in longevity seen in recent years will continue in the longer term and as such, the assumptions build in a minimum level of longevity 'improvement' year on year in the future in line with the CMI projections subject to a minimum rate of improvement of 1.5% pa.

Commutation

It has been assumed that, on average, members will take 50% of the additional tax-free cash available to them, as well as their accrued lump-sum entitlement. The option which members have to commute part of their pension at retirement in return for a lump-sum is a rate of £12 cash for each £1 pa of pension given up.

Other Demographics

Following an analysis of Fund experience carried out by the actuary and national LGPS carried out by the Government Actuary Department, the proportions married/civil partnership assumption and allowances for withdrawals and early retirements has been modified from the last valuation.

No allowance will be made for the future take-up of the 50:50 option. Where any member has actually opted for the 50:50 scheme, this will be allowed for in the assessment of the rate for the next three years.

Expenses

Expenses are met by the Fund, in accordance with the regulations. For the 2016 valuation, administration expenses have been considered in setting the discount rate. This approach will be reassessed at each valuation. Investment expenses have been allowed for implicitly in determining the discount rates.

Funding Strategy Statement - March 2019

Discretionary Benefits
The costs of any discretion exercised by an employer in order to enhance benefits for a member through the Fund will be subject to additional contributions from the employer as required by the regulations as and when the event occurs. As a result, no allowance for such discretionary benefits has been made in the valuation. Full details of the assumptions adopted are set out in the actuary's formal valuation report.

Employer Asset Share
The Fund is a multi-employer pension fund that is not formally unitised and so individual employer asset shares are calculated at each actuarial valuation. This means it is necessary to make some approximations in the timing of cashflows and allocation of investment returns when deriving the employer asset share.

In attributing the overall investment performance obtained on the assets of the Fund to each employer a pro-rata principle is adopted. This approach is effectively one of applying a notional individual employer investment strategy identical to that adopted for the Fund as a whole unless agreed otherwise between the employer and the Fund at the sole discretion of the administering authority.

At each review, cashflows into and out of the Fund relating to each employer, any movement of members between employers within the Fund, along with investment return earned on the asset share, are allowed for when calculating asset shares at each valuation.

Other adjustments are also made on account of the funding positions of orphan bodies which fall to be met by all other active employers in the Fund.

Comparison of Key Financial Assumptions – 2016 and 2013 Actuarial Valuations

Assumption	2016	2013
Discount rate	4.7% pa	4.6% pa
Volatility reserve	5.0%/10.0% loading on past service liability for 'Category 2' or 'Category 3' employers	n/a
Inflation/pension increases (CPI)	2.4% pa	2.6% pa
Salary increases - Short term - Long term - Salary increments	 1.0% pa for four years 3.9% pa (CPI plus 1.5% pa) Age-related allowance	 1.0% pa for three years 4.35% pa (CPI plus 1.75% pa) No allowance

Summary of Key Whole Fund Assumptions Used for Calculating Funding Target

Financial Assumptions

Discount rate (for non-orphan liabilities)	4.7% per annum
Discount rate (for orphan liabilities)	3.3% per annum
Short-term salary increases	CPI (circa 1% per annum) for four years
Long-term salary increases	3.9% per annum
Inflation/pension increases (CPI)	2.4% per annum
Volatility reserve – category 2 employers	5% loading on past service liability
Volatility reserve – category 3 employers	10% loading on past service liability

Funding Strategy Statement - March 2019

Mortality Assumptions

Pre-retirement mortality - base table	GAD tables (table B8) with a rating of 120% for males and 135% for females. Saved here http://www.lgpsregs.org/index.php/dclg-publications/dclg-other
Post-retirement mortality - base table	CMI self-administered pension schemes (SAPS) tables with scheme-specific adjustments as appropriate following analysis by Barnett Waddingham's longevity table.
Allowances for improvements in	2015 CMI model with a long-term rate of life expectancy improvement of 1.5% pa

Type	Base table	Adjustments (M/F)
Normal health	S2PA	110%/105%
Ill health	S2PA	Normal health
Dependants	S2PMA/S2DFA	140%/110%

Other Demographic Assumptions

Partner age difference	Males are three years older than females
Proportion married	75% of males and 70% of females have an eligible dependant at retirement or early death
Promotional salary scale	Use GAD table (table b9) saved here: http://www.lgpsregs.org/index.php/dclg-publications/dclg-other
Allowance for withdrawals	Use GAD table (table b7) saved here: http://www.lgpsregs.org/index.php/dclg-publications/dclg-other
Allowance for cash commutation	Members will take an additional 50% of the remaining maximum tax-free cash available after members have taken the standard 3/80ths cash sum for pre-April 2008 service
Allowance for early retirements (non-ill-health)	Each member retires at their weighted average 'tranche retirement age', i.e. for each tranche of benefit, the earliest age they could retire with unreduced benefits
Allowance for 50:50 membership	We have assumed that existing members will continue to participate in their current section

Funding Strategy Statement - March 2019

Appendix

Employer Categorisation

The Fund has had in place an employer covenant monitoring framework since 2010, which takes into account a number of financial, funding and structural factors to allocate each individual employer under a risk banding (RAG rated). More information can be found in the Fund's 'Employer Risk Management Framework' located on our website.

The purpose of this covenant framework, and the associated outcomes in terms of funding strategy, is to ensure that employers who are not as secure are not unduly subsidised by those employers with a strong covenant. Given the wide range of employer covenant strength, the Fund has determined the need for some employers to contribute more in order to mitigate those risks. Such an approach helps to ensure equitable treatment for all participating employers, with all contributions paid by an employer allocated to their asset share.

In addition and overlaying the covenant risk banding, employer type, nature (e.g. government backing), and expected duration in the Fund has been considered in order to allocate employers into a category for funding purposes.

Outlined below are the categories and what these mean in terms of deficit recovery period and funding strategy, in general:

Allocated Category[1]	Fund Covenant Risk Rating	General Features
Category 1	Green	Government-backed/ guarantee for Government-backed organisation and over 100% funded
Category 2	Green/Amber	Guarantee/Strong balance sheet relative to pension liability
Category 3	Red/Critical (Black)	Exiting/Weak balance sheet relative to pension liability

- **Category 1**
  - Maximum recovery period of 20 years
- **Category 2**
  - Maximum recovery period of 15 years
  - Volatility reserve of 5% loading on past service liabilities
- **Category 3**
  - Maximum recovery period of 10 years
  - Volatility reserve of 10% loading on past service liabilities

Transferee Admission Bodies

For transferee admission bodies where admission to the LGPS is via a contract or other arrangement, the maximum recovery period will be aligned to the contract length, capped at the maximum recovery period for category of employer or the maximum recovery period of 20 years (whichever is lower), or as otherwise agreed with the ceding local authority.

For transferee admission bodies where closed to new entrants, the maximum recovery period will be aligned to the future working lifetime of its membership, if less than the contract length, capped at the maximum recovery period for category of employer or the maximum recovery period of 20 years (whichever is lower), or as otherwise agreed with the ceding local authority.

Community Admission Bodies

For community admission bodies, where closed to new entrants (or deemed to be so based on membership activity over previous six years), the maximum recovery period will be aligned to the future working lifetime of its membership, capped at the maximum recovery period for category of employer or the maximum recovery period of 20 years (whichever is lower), or such other period agreed by the employer and approved by the administering authority.

Academies

Academies will be treated in accordance with the factors and legislation that lead to their creation. In July 2013, the Department for Education (DfE) provided a guarantee that in the event of the closure of an academy trust, any outstanding liabilities, where not met from the trust's assets on closure, would be met by the DfE in full. However, the DfE has the right to withdraw the guarantee at any time and in practice has not always (based on limited experience to date which is being explored further with the DfE) paid the full debt to the Fund. Grounds for withdrawing the guarantee include if the contingent liability levels set by the DfE are exceeded or if projected costs are no longer affordable from within the DfE's existing budget or are not approved by Treasury. The Treasury also reserves the right to re-assess the approval of the guarantee at a later date due to spending considerations or policy developments.

Therefore, to reflect the DfE guarantee, to include the potential for it to be withdrawn or amended, all academies will be considered to have the same covenant strength and placed in the employer category 2. However, so as to distinguish the unique nature of academies in terms of the Fund's employer base and reflecting the additional level of security the guarantee provides when compared to bodies with no guarantee, the Fund will adopt a 20-year recovery for all academies. This treatment is consistent with the recovery period applied to district councils from which the academies convert.

Contribution rates for academies will be calculated to meet the broad intentions of ensuring they are in a similar financial position in respect of pension liabilities pre- and post-transfer to academy status at inception. The policy applied to academies will be reviewed from time to time and as and when any further guidance emerges.

[1] Note that within the preliminary results issued to employers the category's were labelled 'low', 'medium' and 'high', these correspond to category 1, 2 and 3 respectively in the table above.

Funding Strategy Statement - March 2019

Further Education Colleges
In 2013, the Local Government Association (LGA) provided guidance which confirmed that further education colleges were stand-alone organisations with no backing if they fail and, therefore, of an increased risk profile to the Fund.

In addition, in October 2016, the Department for Education (DfE) released the response to a consultation on developing an insolvency regime for the further education and sixth form college sector. Essentially, the main focus of the consultation was to put in place procedures for colleges, broadly in line with those afforded to companies under the Insolvency Act 1986 (IA86), e.g., in the private sector, to facilitate the rehabilitation of a college where possible; and where not, an orderly winding-up through voluntary or compulsory liquidation. The primary intention is continuity of service to protect learners via the introduction of a Special Administration Regime (SAR).

Whilst the Fund appreciates there is a robust financial monitoring and intervention regime planned for such organisations post-area review, the new regime could represent a greater degree of risk for the Fund and its other participating employers.

The categorisation of further education colleges represents the financial risk review and nature of employer relative to other employers in the Fund. The Fund will continue to review how the funding strategy applies to this group of employers, as the sector consolidates following the Area Review and the insolvency regime is finalised.

Any pension liability resulting from a college which becomes insolvent falls on the other employers within that Fund and ultimately the taxpayer; therefore, measures need to be in place to ensure that the associated risk is mitigated as much as possible. In line with guidance from CIPFA, the Fund is required to guard against the consequences of the risk of employer default.

Appendix 3: Policy On Termination Funding For Employers

1 Introduction

1.1 This document details the West Midlands Pension Fund's (the Fund) policy on the methodology for assessment of ongoing contribution requirements and termination payments on the cessation of an employer's participation in the Fund. This document also covers the Fund's policy on admissions into the Fund and sets out the considerations for current and former admission bodies. It supplements the general policy of the Fund as set out in the Funding Strategy Statement (FSS).

1.2 Admission bodies are required to have an 'admission agreement' with the Fund. In conjunction with the regulations, the admission agreement sets out the conditions of participation of the admission body including which employees (or categories of employees) are eligible to be members of the Fund. Wherever possible, the Fund will seek a guarantor body within the Fund for all admissions.

1.3 Scheme employers have a statutory right to participate in the LGPS and their staff, therefore, can become members of the LGPS at any time, although some organisations (Part 2 Scheme Employers) do need to designate eligibility for its staff.

2 Principles

2.1 **Termination of an Employer's Participation**
An employer's participation within the Fund ceases when they no longer have any active members within the Fund. This could happen for a number of reasons, typically:

- The last active member participating in the Fund leaves, retires or transfers to another employer and ceases to be a member of the Fund and the employer does not wish to admit any more employees to that admission agreement.
- For admission bodies, the contract to which the admission agreement relates, comes to an end or is terminated prematurely.
- The employer ceases to exist, for example it goes into liquidation or is taken over by/merged with another organisation.

When an employer's participation comes to an end, or is prematurely terminated for any reason, employees may transfer to another employer, either within the Fund or elsewhere. If this is not the case, the employees will retain pension rights within the Fund, i.e. either deferred benefits or immediate retirement benefits.

In addition to any liabilities for current employees, the Fund will also retain liability for payment of benefits to former employees, i.e. to existing deferred and pensioner members except where this is a complete transfer of responsibility to another Fund with a different administering authority.

Funding Strategy Statement - March 2019

Where an admission agreement is open (or for scheme employers) and the last active member ceases membership of the scheme, the Fund will approach the relevant employer with regards to its intentions for bringing in new active members. Where an intention to allow new active members to join the scheme is identified, the Fund's policy is to allow the employer six months from the date the active member left to admit such members. During this six-month period, the Fund will require payment of a lump-sum amount broadly equivalent to the percentage of contributions calculated by the Fund actuary, based upon the pensionable payroll used in the previous actuarial valuation. It is advised this lump-sum is paid on a monthly basis, or where the period is known until the next active member joins the scheme, a prorated payment can be calculated.

In the event an employer with an open admission agreement, or a scheme employer exceeds the six-month period without any active members having joined the scheme under that agreement, the Fund will enforce termination of the employer's participation in the scheme.

2.2 **Open Admission Agreements**

An open agreement potentially allows any employee of the contractor involved in the provision of the outsourced services to become a member of the LGPS. For example, new recruits the contractor employs in the provision of the outsourced service may become members of the LGPS.

It is possible under certain circumstances that an employing body can apply to transfer all assets for current and former members' benefits to another LGPS fund in England and Wales. In these cases, no termination assessment is required as there will be no longer any orphan liabilities in the Fund. Therefore, a separate assessment of the assets to be transferred will be required.

2.3 **Pre-funding for Termination**

An employing body may choose to pre-fund for termination, i.e. to amend their funding approach to a least-risk methodology and assumptions. This will substantially reduce the risk of an uncertain and potentially large debt being due to the Fund at termination. However, it is also likely to give rise to a substantial increase in contribution requirements, when assessed on the least-risk basis.

For any employing bodies funding on such a least-risk strategy, a notional investment strategy will be assumed as a match to the liabilities. In particular, the employing body's notional asset share of the Fund will be credited with an investment return in line with the least-risk funding assumptions adopted rather than the actual (largely equity related) investment return generated by the actual asset portfolio of the Fund. The Fund reserves the right to modify this approach in any case, whether it might materially affect the finances of the scheme, or depending on any case specific circumstances.

2.4 **Administering Authority Options Relating to Admission Bodies**

As noted at paragraph 1.2, a guarantor within the Fund will be sought for all admissions.

Prior to admission to the Fund, an admission body is required to carry out an assessment of the level of risk on premature termination of the contract to the satisfaction of the administering authority. If the risk assessment and/or bond amount is not to the satisfaction of the administering authority (as required under the LGPS regulations), it will consider and determine (in particular in cases where there is no guarantor within the Fund) whether:

In order to protect other Fund employers, when considering applications for admission body status where there is no guarantor within the Fund, the administering authority can determine that:

- the admission body must pre-fund for termination with contribution requirements assessed using the least-risk methodology and assumptions; or
- the admission body's application is refused; or
- other requirements as considered appropriate in the circumstances will apply.

Some aspects that the administering authority may consider when deciding whether to apply any of the options above, in the absence of a guarantor, are:

- uncertainty over the security of the organisation's funding sources, e.g. the admission body relies on voluntary or charitable sources of income or has no external funding guarantee/reserves;
- if the admission body has an expected limited lifespan of participation in the Fund; and
- the average age of employees to be admitted and whether the admission is closed to new joiners.

In order to protect other Fund employers, where it has been considered undesirable to provide a bond, a guarantee must be sought in line with the LGPS regulations.

Funding Strategy Statement - March 2019

3 Management of Termination of Admission Agreements

3.1 **Notification of Termination**
In many cases, termination of the employing body's participation is an event that can be foreseen, for example in the case of admission bodies, because the organisation's operations may be planned to be discontinued and/or the admission agreement is due to cease. Under the regulations, in the event of the administering authority becoming aware of such circumstances, it can amend an employer's minimum contributions such that the value of the assets of the employing body is neither materially more nor materially less than its anticipated liabilities at the date it appears to the administering authority that it will cease to be a participating employer. In such cases, employing bodies are requested to open a dialogue with the Fund to commence planning for the termination as early as possible, preferably at least six months in advance of the event.

Where termination is disclosed in advance, the Fund will operate procedures to reduce volatility risks to the debt amount in the run up to actual termination of the employer's participation. The Fund reserves the right to modify this approach in any case where it might materially affect the finances of the scheme, or depending on any case-specific circumstances.

3.2 **Ongoing Review**
The Fund operates a management framework aimed at reducing its exposure to risk through termination of employer participations in conjunction with monitoring of the strength of employer covenant. As part of this review, the Fund endeavours to anticipate when participation might cease and analyses member movements with a view to the last active member of an employing body ceasing membership of the Fund. In addition, aligned to the evaluation of employer covenant strength, the Fund considers where there might be employers with funding difficulties in order to attempt to pre-empt circumstances culminating in termination of an employing body's participation.

Where the Fund's review highlights areas for concern, the policy is for a proactive approach whereby dialogue is opened with the employer and, if appropriate, a meeting is scheduled to discuss the issues facing both parties. The aim of such meetings is to widen employers' awareness of the implications upon termination of an admission agreement and where possible to attempt to take steps designed to alleviate funding issues.

It should be noted that the Fund adopts such an approach in the interest of both the Fund and outgoing bodies. It is, however, reliant upon the information available, particularly in assessing the strength of covenant. It is, therefore, vital that organisations contact the Fund at the earliest instance once they become aware that termination of an employer's participation may be a possibility.

4 Implementation

4.1 **New Admissions**
The Fund will apply the above principles to the admission of new employing bodies into the Fund, and to the methodology for assessment of a termination payment on the cessation of such an employing body's participation in the Fund.

4.2 **Transferee Admission Bodies (TABs)**
Transferee admission bodies are a category of admission body that generally will have a guarantor in the Fund. This is due to the regulations requiring that, in the event of any unfunded liabilities on the termination of the admission, the contribution rate for the relevant scheme employer should be revised.

Any risk sharing arrangements agreed between the scheme employer and the TAB must be documented in the commercial agreement between the two parties and not the admission agreement. On termination of a TAB admission, any orphan liabilities in the Fund will be subsumed by the relevant scheme employer, acting as guarantor.

The admission body is required to carry out an assessment of the level of risk on premature termination of the contract to the satisfaction of the administering authority. This assessment would normally be based on advice in the form of a 'risk assessment report' provided by the actuary to the Fund. As the scheme employer is effectively the ultimate guarantor for these admissions to the Fund, it must also be satisfied (along with the administering authority) over the level (if any) of any bond requirement.

In the absence of any other specific agreement between the parties, deficit recovery periods for TABs will be set in line with the Fund's general policy as set out in the FSS. An exception to the above policy applies if the guarantor is not a participating employer within the Fund, including if the guarantor is a participating employer within another LGPS fund. In order to protect other employers within the Fund, the administering authority may in this case treat the admission body as if it has no guarantor.

4.3 **Community Admission Bodies (CABs)**
Historically, there was no requirement to carry out an assessment of the level of risk on termination of the admission agreement for a CAB until changes were made to the regulations via the Miscellaneous Regulations in 2012. For bodies admitted under previous legislation, despite no requirement to do so, the administering authority may have, nevertheless, decide to carry out such a risk assessment, where appropriate. As noted above, all admission bodies are now required to carry out an assessment of the level of risk on premature termination of the contract to the satisfaction of the administering authority.

The Fund's policy is to consider applications on a case-by-case basis, in line with the principles set out above. In general, if any risk assessment or determination of a bond amount is not to the satisfaction of the administering authority, or if a guarantor body (of sufficient standing acceptable to the Fund) is not forthcoming, the admission will either not be approved or the admission body will be required to pre-fund for termination

Funding Strategy Statement - March 2019

with contribution requirements assessed using a least risk methodology and assumptions, or other requirements may be applied. Where bond agreements are to the satisfaction of the administering authority, the level of the bond amount will be subject to review on a regular basis.

Deficit recovery periods will be determined consistent with the policy set out in the FSS. The administering authority may, however, determine based on risk an employer-specific deficit recovery period will apply.

4.4 **Exiting the Fund**

When an employer's participation in the Fund terminates and the employer becomes an 'exiting employer', the LGPS Regulations require that a termination valuation is carried out. The purpose of this valuation is to determine the level of any surplus or deficit in an exiting employer's share of the Fund as at the exit date and whether the exiting employer is liable to pay an exit payment or is entitled to receive an exit credit in such circumstances.

A deficit upon termination of an employer's participation might arise in the following scenarios (please note that this list is not exhaustive):

a Non-payment of contributions to the Fund by an employing body prior to closure.

b Premature termination of an employing body's participation where market values are depressed relative to the liabilities in respect of the employing body.

c The actual experience is less favourable than the assumptions used in setting contribution rates for that employer – for instance, higher than expected rates of early retirement on favourable terms or pay increases.

d Additional liabilities created as a result of the employing body closing, in particular the possible payment of immediate retirement benefits to all those over age 55 at that time.

The method used to calculate the termination valuation will ultimately depend on the characteristics of the exiting employer and in particular whether there is another scheme employer within the Fund that is prepared to act as a guarantor or succession employer for any residual liabilities and also in the context of the materiality of any impact on other participating scheme employers' contributions.

Where liabilities are "orphaned" without sufficient assets to cover the liabilities all remaining scheme employers that have active members in the Fund will have to cover any deficit arising from these liabilities via their own employer contributions, as assessed at each actuarial valuation (as required under Regulation 62 of the LGPS Regulations) or sooner if the liability profile of the employer is materially changed.

4.5 **a) Policy for Employers With a Guarantor Participating in the Fund**

Where the exiting employer has either:

- a guarantee from a scheme employer participating in the Fund with tax-raising powers;
- a guarantee from a central government department;
- or a guarantee from a scheme employer participating in the Fund, which benefits from a central government guarantee

then the default policy of the Fund is for the exit funding position to be based on a least risk basis, with the discount rate based upon government gilt yields of appropriate duration to the liabilities. In this instance, the scheme employer providing the guarantee will subsume all assets and liabilities from the exiting employer. No exit credit will be paid to, or any exit debt required from, the exiting scheme employer, unless the exiting employer is in surplus on the least risk valuation basis. The assets and liabilities will be subsumed within those of the guarantor employer, with future contribution requirements reassessed at each actuarial valuation.

However, for Schedule 2, Part 3 employers, where the service or contract is due to be transferred to another scheme employer participating in the Fund, subject to agreement from the guarantor, the Fund will consider the transfer of active member liabilities to the new employer based on the funding level of the previous exiting employer, as assessed in line with the assumptions consistent with the most recent actuarial valuation basis (ie, partially-funded upon commencement). This is based on the premise that the new employer has a reasonable prospect of retaining contributing employees and/or there is likely to be a succession employer to inherit liabilities.

In this instance the exiting employer will not be required to pay any exit debt and the scheme employer providing the guarantee subsumes all deferred and pensioner liabilities in respect of the exiting employer. In line with the "pass-through" arrangements outlined below, the new employer will pay the same contribution rate (primary rate only) as the scheme employer providing the guarantee scheme employer until next review.

b) Policy for Employers Without a Guarantor Participating in the Fund

Where the exiting employer does not have a guarantee as outlined in (a.) above this means that there may not be any future scheme employer or guarantor to make good any shortfall between assets and liabilities. In order to protect other scheme employers from having to meet these liabilities in the future the Fund will need to ensure that there are enough assets in the Fund that are unlikely to fall in value and provide certainty to pay benefits. This is on the basis that, upon cessation, employers in this category are no longer subject to ongoing funding but have instead exited the Fund and do not have a scheme employer to subsume their assets and liabilities. Accordingly, the policy of the Fund is for assessment of the exit funding position to be based on a least risk basis, with the discount rate based upon government gilt yields of appropriate duration to the liabilities.

Funding Strategy Statement - March 2019

4.6 **Pass-through Arrangements**
The Fund's policy from April 2019 is for the default arrangement to be for all new Schedule 2, Part 3 employers to pay the same primary contribution rate as the guarantor employer. The Fund will not obtain an actuarial assessment upon termination, instead the scheme employer providing the guarantee employer must accept full responsibility for the Schedule 2 Part 3 scheme employer's ("contractor's") assets and liabilities in the Fund, and will correspondingly be entitled to benefit from any surplus within the Fund relating to those liabilities. This arrangement is known as a pass-through arrangement.

The contribution rates for all employers will be reviewed at each subsequent actuarial valuation in line with Regulation 62 of the LGPS Regulations.

The Fund's policy is for these pass-through arrangements to be documented in the service contract between the guarantor employer and the Schedule 2, Part 3 scheme employer, but where not agreed, the default will be for these arrangements to be included in the Fund's tripartite admission agreement.

As an alternative to the pass-through arrangement, if the guarantor employer and contractor agree to a standard admission agreement and notify the Fund within one month of the contract commencement date, the Fund may, at its discretion, implement such an admission agreement without reference to pass-through.

The administering authority reserves the right to modify this approach on a case-by-case basis, at its sole discretion, if the circumstances warrant it based on the advice of the Fund actuary and taking into account the risk associated with an employer in the context of the Fund as a whole. For instance, in the highly unlikely event that parties insisted upon access to the Fund through a statutory route, but did not wish to participate on a pass-through arrangement then the Fund would need to consider funding the new employer on a least risk basis.

4.7 **Recovery of Deficits**
In the event that an employer's participation in the Fund terminates, a number of varied scenarios will arise for the recovery of deficits, most commonly:

- Employees transfer to a new employer body within the Fund and the successor body takes responsibility for any associated pension liabilities (including those for former employees) and any funding deficits that exist on cessation of the original employing body.
- Where an employer ceases to participate in the Fund and there is no successor body involved, the recovery of deficit initially focuses on the employing body itself and the Fund requires that body to make full and final payment of the least risk deficit.
- In the final event of failure to recover any deficit payment from the employing body, the Fund would place responsibility for the payment of deficit upon any guarantor, which might already exist under the terms of the employer's participation or could be sought to cover the deficit, usually as the original guarantor employer.
- In the event of the employing body going into liquidation, the liquidators would be contacted with a view to extracting as much of the termination deficit from the proceeds of the business as possible. The Fund would act as a creditor and reserves the right to appoint an agent to reclaim monies owed by whatever means necessary.

4.8 **Payment of Any Deficit**
If it is determined there is a deficit and the employer is required to make a payment to the Fund, the administering authority will confirm to the employer the amount payable.

Unless the likely cost of doing so negates the amount that can be recovered by the Fund, the administering authority will pursue an outgoing body (including the liquidator, receiver, administrator or successor body if appropriate) for any deficit. The administering authority will also pursue any indemnity provider or guarantor for payment where applicable.

The Fund's policy is for any deficit upon termination to be recovered through a single lump-sum payment to the Fund (unless agreed otherwise by the administering authority at their sole discretion). In circumstances of late payment, the Fund will request payment of the appropriate interest amount and expenses, in addition to the termination deficit identified, as calculated by the Fund actuary. The Fund may consider permitting an exiting body to spread payment over a short period, where it considers that this does not pose a material risk to the solvency of the Fund. In such instances, the Fund may request the organisation provides appropriate security to support consideration of a payment plan and, if this is not satisfactory, consideration will be given to an independent financial and governance review. Any payment plan implemented will need to be legally documented with any associated costs covered by the exiting employer.

4.9 **Payment of Any Surplus**
In the instance it is determined by the Fund actuary, based on the parameters set out in 4.5 and 4.6, that a surplus exists upon employer exit, in accordance with LGPS Regulation 64 (2ZA), the Fund will pay this surplus, to the exiting employer. Any payment to or from the Fund may need to be adjusted for expenses incurred by the Fund. In addition, there will be no interest applied to exit credits unless agreed with the administering authority.

The administering authority also reserves the right to modify this approach on a case-by-case basis at its sole discretion, if circumstance warrant it based on the advice of the Fund actuary.

Investment Strategy Statement - March 2019

1 Introduction

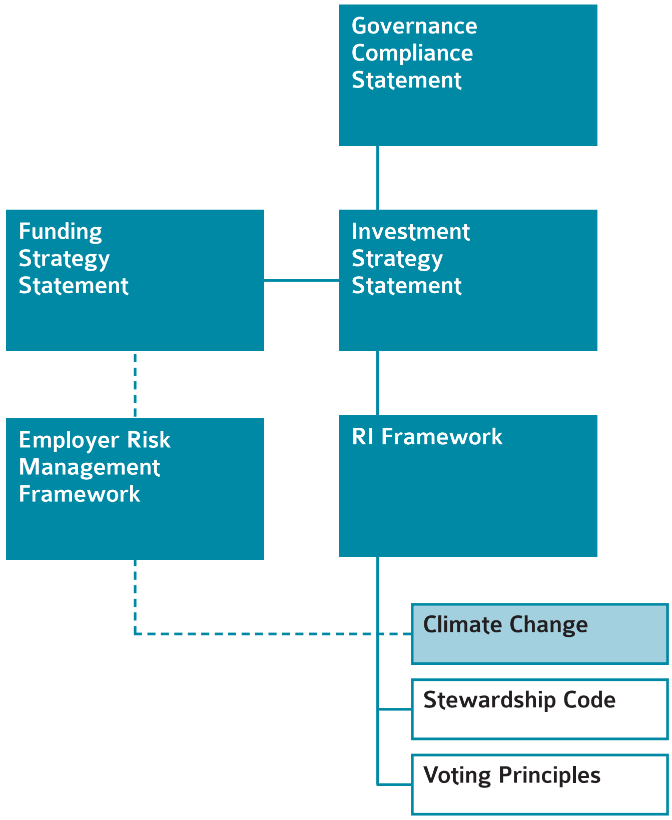
This is the Investment Strategy Statement (the 'ISS') of the West Midlands Pension Fund (the Fund) as required by regulation 7 of the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016 (the 'Regulations'). In preparing the ISS, the Pensions Committee has consulted with such persons as it considered appropriate.

The City of Wolverhampton Council is the administering authority for the Fund under the regulations. The City of Wolverhampton Council delegates responsibility for the administration and management of the Fund to the Pensions Committee. The Managing Director of the City of Wolverhampton Council delegates certain responsibilities to the Director of Pensions who, in turn, delegates to the internal officers and external fund managers. The Investment Advisory Panel advises the Director of Pensions on investment issues relating to the Fund.

The Pensions Committee has oversight of the implementation of the management arrangements for the Fund's assets and comprises of representatives from the seven district councils and three local trade unions. The Fund has a statutory Local Pensions Board whose role is to assist in the good governance of the scheme by ensuring compliance with statutory and regulatory duty. Neither the Local Pensions Board nor the Investment Advisory Panel have any decision-making powers. Roles and responsibilities are set out in more detail in Appendix A.

The Committee's investment objectives are represented by the Strategic Investment Allocation Benchmark (SIAB) included as Appendix B. This reflects the Committee's views on the appropriate balance between generating long-term investment return and taking account of market volatility and the risk and nature of the Fund liabilities. The Fund's Statement of Investment Beliefs, as adopted by the Pensions Committee, are set out in Appendix C. These were extended in December 2018 to more explicitly document beliefs in relation to climate change.

The ISS is subject to review at least every three years and from time to time on any material changes to any aspects of the Fund, its liabilities, finances and its attitude to risk which are judged to have a bearing on the stated investment policy. In line with other Fund policies, the ISS is reviewed annually. In preparing the ISS, the Committee has considered advice from the Fund's investment consultant.



2 Fund Objectives

The primary objective of the Fund is to provide pension and lump-sum benefits for members on their retirement and/or benefits on death, before or after retirement, for their dependents, on a defined benefits basis.

The Committee aims to fund the Fund in such a manner that, in normal market conditions and within a reasonable period, all accrued benefits are fully covered by the value of the Fund's assets and that an appropriate level of contributions is agreed by the employers to meet the cost of future benefits accruing. For employee members, benefits will be based on service completed but will take account of future salary increases. Following the introduction of the career average revalued earnings (CARE) Scheme from April 2014, benefits accrued after this date will be based on the salary in each year of service but will take account of future inflation increases.

The Fund's approach to delivery is based on the following objectives:

- Partnering for success
- Responsible asset owner, employer and local community partner
- Investing to increase capacity
- Drive efficiency and cost savings
- Engage to improve outcomes for customers

The funding objectives are set out in the Funding Strategy Statement.

Investment Strategy Statement - March 2019

3 Risk

The Fund is exposed to a number of risks which pose a threat to the Fund meeting its objectives. These risks are set out and monitored as part of a formal risk register. In summary, the principal risks affecting the Fund are as follows:

Funding Risks

a) The risk of a deterioration in the funding level of the Fund. This could be due to assets failing to grow in line with the developing cost of meeting liabilities or economic factors such as unexpected inflation increasing the pension and benefit payments.

The Fund manages this risk by setting a Strategic Investment Allocation Benchmark (SIAB) that seeks to achieve the appropriate balance between generating a satisfactory long-term return, while taking account of market volatility and the nature of the Fund's liabilities. It assesses risk relative to that benchmark by monitoring the Fund's asset allocation and investment returns relative to the benchmark. It also assesses risk relative to liabilities by monitoring the delivery of benchmark returns relative to liabilities.

b) The risk of changing demographics such as improvement in longevity and other demographic factors, increasing the cost of benefits.

The Fund monitors this by reviewing mortality and other demographic experience and assumptions which could influence the cost of the benefits. These assumptions are considered formally at the triennial valuation.

c) **Systemic risk**, ie, the possibility of failure of asset classes and/or active investment managers results in an increase in the cost of meeting the liabilities. The Fund mitigates systemic risk through a diversified portfolio with exposure to a wide range of asset classes, portfolio holdings and different management styles.

d) **Inflation risk**
The Fund mitigates inflation risk through holding a portfolio of growth and inflation-linked assets. Inflation risk is considered annually in the review of the SIAB and triennially as part of the actuarial valuation.

e) **Future investment return (discount rate) risk**
The funding and investment strategies are interlinked and discount rate risk is mitigated through derivation based on the underlying long term investment strategy.

Discount rates are considered annually in the review of the SIAB and triennially as part of the actuarial valuation.

f) **Currency risk**
The risk that the currency of the Fund's SIAB underperforms relative to sterling (ie, the currency of the liabilities).

The currency risk of the benchmark is considered annually in the review of the SIAB. Recommended changes will be expressed through changes in the benchmark and implemented by the investment managers.

The Fund is aware that investing in overseas equities introduces an element of currency risk, and has implemented a passive hedging strategy to cover approximately 50% of its overseas equity assets. In addition the Fund will consider taking additional action to mitigate potentially significant risks as and when they are identified.

Asset Risks (the Portfolio Versus the SIAB)

a) Concentration risk that a significant allocation to any single asset category and its underperformance relative to expectation would result in difficulties in achieving funding objectives.

b) Illiquidity risk that the Fund cannot meet its immediate liabilities because it has insufficient liquid assets.

c) Currency risk that the currency of the Fund's assets underperforms relative to the SIAB.

d) Manager underperformance when the Fund managers fail to achieve the rate of investment return assumed in setting their mandates.

e) Responsible investment (RI) risks that are not given due consideration by the Fund or its investment managers.

The Fund manages these asset risks by:

- constraining how far Fund investments deviate from the SIAB by setting diversification guidelines and the SIAB strategic ranges;
- investing in a range of investment mandates, each of which has a defined objective, performance benchmark and manager process which, taken in aggregate, constrain risk within the Fund's expected parameters;
- investing across a range of liquid assets, including quoted equities and bonds. This recognises the Fund's need for some access to liquidity in the short term;
- robust financial planning and clear operating procedures for all significant activities including regular review and monitoring manager performance against their mandate and investment process;
- appointing several investment managers. In doing so the Fund has considered the risk of underperformance by any single investment manager; and
- the Fund actively addresses environmental, social and governance risks through implementation of its Responsible Investment (RI) Framework and its Compliance with the UK Stewardship Code for Institutional Investors. Key elements include selection, stewardship and disclosure.
- **Climate change risk** – the Fund believes that there may be significant climate change risk which could impact on it's ability to meet its long-term liabilities and will look to assess, monitor and manage these risks within the portfolio and has established a separate climate change policy setting out its approach to this risk.

The Fund invests in accordance with the investment restrictions stipulated by the Local Government Pension Scheme (Management and Investment of Funds) Regulations (as updated).

Operational Risk

a) Transition risk of incurring unexpected costs in relation to the transition of assets among managers.

When carrying out significant transitions, the Fund takes professional advice and considers the appointment of specialist transition managers in order to mitigate this risk when it is cost effective to do so.

Investment Strategy Statement - March 2019

b) Custody risk of losing economic rights to Fund assets, when held in custody or when being traded.

These risks are managed by:

- the use of a global custodian for custody of assets;
- the use of formal contractual arrangements for all investments; and
- maintaining independent investment accounting records.

c) Credit default with the possibility of default of a counter party in meeting its obligations. The Fund monitors this type of risk by means of:

- maintaining a comprehensive risk register with regular reviews;
- operation of robust internal compliance arrangements;
- in-depth due diligence prior to making any investment; and
- maintaining an approved counterparty list with regular review of credit ratings.

The Fund monitors and manages risks in all areas through a process of regular scrutiny/oversight and reporting of KPIs of its service providers and audit of the operations they conduct for the Fund.

4 Investment Strategy

The Committee has translated its objectives into a suitable strategic investment allocation benchmark (SIAB) and structure for the Fund (set out in Appendix B) taking into account both the liability structure and the objectives set out above. The Fund benchmark is consistent with the Committee's views on the appropriate balance between generating a satisfactory long-term return on investments whilst taking account of market volatility and risk and the nature of the Fund's liabilities. The investment beliefs in Appendix C also help in formulating the investment strategy. Outperformance of 0.5% per annum over rolling three-year periods above the customised benchmark for the Fund is targeted.

The Committee monitors investment strategy relative to the agreed asset allocation benchmark and strategic ranges.

If ranges are breached, then appropriate action is taken by the fund manager. In addition to ongoing monitoring, the investment strategy is formally reviewed by Pensions Committee each year. Furthermore, specific consideration is given to investment strategy in the light of information arising from each triennial actuarial valuation.

5 Diversification

The Fund will be diversified across multiple asset classes with different risk return expectations and correlations to deliver the targeted return of the Fund. Appendix B shows the Strategic Investment Allocation Benchmark (SIAB) and strategic ranges.

The Fund will use risk attribution provided by independent advisors to assess diversification benefits.

6 Day-To-Day Management of the Assets

Investment Management Structure

The Pensions Committee retains responsibility for the investment strategy of the Fund but has delegated oversight of its implementation to the Director of Pensions, advised by the Investment Advisory Panel.

The day-to-day management of the Fund's investments is led by the Assistant Director - Investment and Finance, supported by an internal team, investment consultant and external managers including the pool company, LGPS Central Limited. Further details are set out in Appendix A.

The internal investment team is responsible for the day-to-day management of the assets including implementation of the strategic asset allocation within the benchmark ranges set out in the SIAB. This is supported by the Investment Advisory Panel and advice from the appointed investment consultants.

External Investment Managers

The Fund has appointed a number of external investment managers all of whom are authorised under the Financial Services and Markets Act 2000 to undertake investment business.

The investment managers are required to comply with LGPS investment regulations and operate within investment mandates set by the Fund.

Investment Pooling

A significant amount of investment is implemented through LGPS Central Limited following the setting up of a local authority shareholder owned FCA-regulated company, alongside seven Partner Funds and launched in April 2018. This comprises a mix of directly managed sub-funds along with a number of advisory mandates which the Fund has in place to assist with the day-today management of the assets. Both the individual sub-funds and the advisory portfolios are set a clear investment mandate with an accompanied investment process.

Oversight of performance is the responsibility of the Assistant Director, Investments & Finance working with the Director of Pensions.

Expected Return on the Investments

Over the long-term, it is expected that the investment returns will be at least in line with the assumptions underlying the actuarial valuation (the discount rate). The individual mandates are expected to match or exceed the specific targets set for each portfolio over time.

Investment Restrictions

Operating within LGPS regulations, the Fund determines investments that are acceptable and approved as such by the Pensions Committee. The valuation of specific investments, from those acceptable, are made using the Fund's due diligence procedures and in accordance with its Investment Compliance Manual.

Suitable 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 and non-government bonds, currencies, money markets, commodities, traded options, financial futures and derivatives, alternative strategies (including insurance linked securities and loans), private equity and debt markets, infrastructure and property. Investment may be made in-house, indirectly (via pooled funds or partnership agreements), in physical assets or using

Investment Strategy Statement - March 2019

derivatives. The Fund will also use external managers to carry out stock lending ensuring suitable controls/risk parameters are put in place to prevent losses. Where an asset class/strategy is not expected to help in delivering the risk adjusted investment return required it will not be held.

When new asset classes are proposed, approval is sought from the Pensions Committee after receiving advice on their suitability and diversification benefits.

The Fund may make use of contracts for difference and other derivatives either directly or in pooled funds when investing in these products, for the purpose of efficient portfolio management or to hedge specific risks.

The Fund, after seeking appropriate investment advice, has agreed specific benchmarks with each manager so that, in aggregate, they are consistent with the overall asset allocation for the Fund. The Fund's investment managers will hold a mix of investments which reflects their views relative to their respective benchmarks. Within each major market and asset class, the managers will maintain diversified portfolios through direct investment or pooled vehicles and a mix of asset types across a range of geographies in order to provide diversification of returns.

Additional Assets

Assets in respect of members' additional voluntary contributions are held separately from the main Fund assets. These assets are held with Equitable Life and the Prudential Assurance Company Limited. Members have the option to invest in with-profits funds, unit-linked funds and deposit funds.

The Fund monitors, from time to time, the suitability and performance of these vehicles. No new business is being placed with Equitable Life.

Realisation of Investments

In general, the Fund's investment managers have discretion in the timing of realisations of individual investments and in considerations relating to the liquidity of those investments. The Fund's liquidity characteristics are monitored on a regular basis and the majority of the Fund's investments may be realised quickly, if required. Private equity, infrastructure and a number of the Fund's alternative investments, may be difficult to realise quickly in certain circumstances The Fund will ensure that the liquidity of the investments is suitable to meet future cashflow requirements.

Monitoring the Performance of Fund Investments

The performance of all assets and investments is independently measured by an external provider. In addition, officers of the Fund meet all investment managers (both segregated and pooled) regularly to review their arrangements and the investment performance. The Pensions Committee meets regularly and reviews markets and Fund performance at least annually.

7 Day-To-Day Custody of the Assets

The Fund has appointed a custodian with regard to the safekeeping of the assets in the Fund and other investment administrative requirements.

8 Securities Lending

Securities lending is undertaken in respect of the Fund's quoted equities holdings through the custodian/asset servicer. There is a formal securities lending agreement and approved collateral. Securities lending may also take place in pooled investment vehicles held by the Fund including those developed with LGPS Central Limited.

9 Pooling

The Fund is part of the LGPS Central pool with the understanding that the pooled investments will benefit from lower investment costs, greater investment capability and access to more uncorrelated asset classes. As a local authority-owned and FCA-registered investment manager, the pool company, LGPS Central Limited is required to provide governance, transparency and reporting to give the Fund assurance that its investment instructions are being carried out appropriately.

The Fund intends to invest all its assets into the LGPS Central pool, transitioning over time and maintaining operational cash balances within the Fund. Investment strategy will continue to be set by the Pension Committee who will also continue to oversee implementation of the investment strategy with the assistance of Fund officers and independent advisors.

10 Responsible Investment

The Fund's approach to responsible investment is set out below and further detailed in its Responsible Investment Framework. The Fund believes that effective management of financially material responsible investment (RI) including climate change risks should support the Fund's requirement to protect returns over the long term. The Fund seeks to integrate responsible investment factors (adding corporate governance, environmental and social factors to the existing financial factors) into the investment process across all relevant asset classes. The Fund votes on all investments where possible and engages with companies when engagement will add value to the Fund.

The Fund is a signatory to the Stewardship Code (see www.wmpfonline.com) and the Principles of Responsible Investment. The Fund works with like-minded investors to promote best practice in long-term stewardship of investments. The Fund will not seek to exclude investments that are not barred by UK law.

RI Beliefs and Guiding Principles

The Fund's RI beliefs and guiding principles underpin its RI approach.

RI Integration

The Fund believes that effective management of financially material RI risks should support the Fund's requirement to protect returns over the long term. Investment managers incorporate RI into their investment process. With regard to climate change risk, the Fund recognises that the scale of the potential impact is such that a proactive and precautionary approach is needed in order to address it setting out in more detail the Fund's approach to climate change within its separate Climate Change Framework and Strategy.

RI investments will be considered where any non-financial benefit is aligned with a positive financial benefit.

The Fund considers RI to be relevant to the performance of the entire Fund across asset classes.

Investment Strategy Statement - March 2019

There are some investment opportunities arising from environmental and social challenges which can be captured so long as they are aligned with the Fund's investment objectives and strategy.

The Fund recognises the need to operate at a market-wide level to promote improvements that will help it to deliver sustainable long-term growth.

Engagement Versus Exclusion
Investee companies with robust governance structures should be better positioned to handle the effects of shocks and stresses of future events. There is risk but also opportunity in holding companies that have weak governance or financially material RI issues. Thus, the Fund prefers to adopt a policy of risk monitoring and engagement in order to positively influence company behaviour and enhance shareholder value, influence that would be lost through a divestment approach. The Fund extends this principle of 'engagement for positive change' to the due diligence, appointment and monitoring of external fund managers who are at an early stage of developing their RI approach.

The Fund believes that it will improve its effectiveness by acting collectively with other likeminded investors because it increases the likelihood that it will be heard by the company, fund manager or other relevant stakeholder compared with acting alone.

Voting
Where practical, the Fund aims to vote in every single market in which it invests in alignment with corporate governance best practice guidelines. In the interests of sending a consistent signal to investee companies, the Fund has decided to use a third party provider for analysis of governance issues and executing its proxy voting rights across all markets in which it invests. At the present time, the Fund believes that the advantage of a consistent signal outweighs the inherent disadvantages to disconnecting the voting function from the investment and engagement decisions of external fund managers.

11 Compliance With the Statement

The Fund will monitor compliance with this statement. In particular, it will ensure its investment decisions are exercised with a view to giving effect to the principles contained in the statement, so far as is reasonably practicable.

12 Compliance With Myners

Following from the Myners' report of 2000 into institutional investment in the UK, the Government, after consultation, indicated it would take forward all of the report recommendations identifying investment principles to apply to pension schemes.

These principles cover the arrangements for effective investment management decision-making, setting and monitoring clear investment objectives, focus on asset allocation, arrangements to receive appropriate expert advice, explicit manager mandates, shareholder activism, use of appropriate investment benchmarks, measurement of performance, transparency in investment management arrangements and regular reporting.

The Myners' principles have since been updated, and the Fund continues to support and comply with them. Full details of compliance are set out in the Fund's Compliance with Myners' Statement which can be found on the Fund's website.

List of Appendices

- **Appendix A** – Roles and Responsibilities
- **Appendix B** – Strategic Allocation Investment Benchmark (SIAB) and Ranges
- **Appendix C** – Statement of Investment Beliefs

Investment Strategy Statement - March 2019

Appendix A – Roles and Responsibilities

Pensions Committee is the decision-making body of the Fund.

The City of Wolverhampton Council each year at annual council appoints elected councillors to sit on the Pensions Committee and invites nominations from the six other metropolitan district councils to sit as full members. These nominations are received each year.

As a statutory public service scheme, the Fund has a different legal status compared with trust-based schemes in the private sector. Although those making decisions relating to the Fund are required, in many ways, to act as if they were trustees in terms of their duty of care, they are subject to a different legal framework.

The key duties in discharging this role are:

- to monitor compliance with legislation and best practice;
- to determine admission policy and agreements;
- to monitor pension administration arrangements;
- to determine investment policy based upon a medium-term benchmark and quarterly reviews;
- to monitor policy;
- to appoint Committee advisors; and
- to determine management budgets.

The Pensions Committee also has oversight of the implementation of the management arrangements and key duties are:

- to monitor and review investment management arrangement including implementation through the LGPS Central pool;
- to review strategic investment opportunities;
- to monitor and review portfolio structures;
- to monitor implementation of investment policy;
- to advise on the establishing of policies in relation to investment management including the appointment and approval of independent advisors to the Fund;
- to monitor investment activity and the performance of the Fund; and
- to oversee the administration and investment management functions of the Fund.

The Director of Pensions oversees the implementation of the ISS and the management of the day-to-day operational functions through the delivery of Fund services. The Committee are advised and supported by the Director of Pensions, Senior Pensions Officers of the Fund, Independent advisors and Senior Finance and Legal Officers from the City of Wolverhampton Council.

Local Pensions Board

The role of the Local Pensions Board is to assist in the good governance of the scheme through the monitoring of Fund performance and adherence to statutory duties.

The Board consists of six employer and six member representatives consisting of five employer and five member representatives together with two City of Wolverhampton councillors, each sitting one as an employer representative and one as a member representative. The Pensions Board is not a decision-making body, nor does it hold a scrutiny function; its role is to assist in the compliance with statutory duties.

Investment Advisory Panel

The Investment Advisory Panel advises the Director of Pensions on investment issues relating to the Fund.

The Investment Manager

The Investment Manager carries out the investments for the Fund. Investment managers encompass both LGPS Central Limited and external providers with investment activity governed by investment management agreements (external providers) and the terms of the LGPS Central Limited Authorised Contractual Scheme and other legal entities (eg, limited partnerships). The Fund also maintains a number of investment advisory agreements with LGPS Central Limited which are subject to review on an ongoing basis.

Investment Strategy Statement - March 2019

Appendix B – Strategic Allocation Investment Benchmark (SIAB) and Ranges

	Medium-term asset allocation March 2018 %	%	Medium-term strategic range %
Growth			
Quoted equities	48.0		
Private equity	10.0		
Special opportunities	2.0		
Total growth		**60**	**50-70**
Income			
Property	10.0		
Emerging market debt	3.5		
Other fixed interest	3.5		
Real assets and infrastructure	6.0		
Insurance-linked	3.0		
Total income		**26**	**16-36**
Stabilising			
UK index-linked	5.0		
Government bonds	2.0		
Corporate bonds	2.0		
Cash/liquid assets	2.0		
Cashflow matching	3.0		
Total stabilising 1		**14**	**9-19**
Total Fund		**100**	

Investment Strategy Statement - March 2019

Appendix C – Statement of Investment Beliefs

The Fund's investment beliefs outline key aspects of how it sets and manages the Fund's exposures to investment risk. They are as follows:

Financial Market Beliefs

- There exists a relationship between the level of investment risk taken and the rate of expected investment return. As taking calculated risks does not guarantee returns, investment losses or below expected returns are possible outcomes.
- Markets are dynamic and are not always efficient, and therefore offer opportunities for skilled active managers.
- In making investments in illiquid assets, a return premium should be sought.
- Diversification is a key technique available to institutional investors for improving risk-adjusted returns.
- The Fund believes that investing for the long term can add value to the Fund as it allows the Fund manager to focus on long-term value and use short-term volatility to establish favourable investments.
- Where an asset class/strategy is not expected to help in delivering the risk-adjusted investment return required it should not be held.
- Currency risk should be reviewed and managed according to the benchmark set for currency hedging.

Investment Strategy/Process Beliefs

Clear investment objectives are essential. Return and risk should be considered relative to the Fund's liabilities, funding position and contribution strategy.

Risk should be viewed both qualitatively and quantitatively. Particular focus should be given to the risk of loss and also to the nature and likelihood of extreme events so that the Fund is not a forced seller of assets.

- Strategic asset allocation is a key determinant of risk and return, and thus is typically more important than manager or stock selection.
- Equities are expected to generate superior long-term returns relative to government bonds.
- Alternative asset class investments are designed to further diversify the portfolio and improve its risk-return characteristics.
- Active management can add value over time but it is not guaranteed and can be hard to access. Where generating 'alpha' is particularly difficult, passive management will be considered.
- Operational, counterparty, conflicts of interest and reputational risk need assessment and management, in addition to investment risk.
- Concentrated portfolios (smaller numbers of holdings or fewer external managers) allow for greater investment focus, lower investment costs and enable more focused engagement with responsible investment.
- Managing fees and costs matter especially in low-return environments. Fee arrangements with our Fund managers – as well as the remuneration policies of investee companies – should be aligned with the Fund's long-term interests.

Organisational Beliefs

- Effective governance and decision-making structures that promote decisiveness, efficiency and accountability are effective and add value to the Fund.
- Internal asset management (including internal management at LGPS Central Ltd) benefits the Fund through lower costs, greater transparency, customised responsible investment and increased focus. Management areas where it is difficult or not possible to obtain the right expertise should be managed externally.
- When outperformance of a desired benchmark is not possible, the Fund will use index funds, financial instruments or proxies (investments that share similar characteristics) to gain exposure to the asset class in the most cost-effective way.
- Investment costs are necessary to generate outperformance in asset classes where outperformance is achievable. Investment costs are a certain cost that should be fully transparent and managed by the operator in the best interests of the Fund.

Responsible Investment Beliefs

- Effective management of financially material ESG risks including climate change risks should support the Fund's requirement to protect returns over the long term.
- Investee companies with robust governance structures should be better positioned to handle the effects of shocks and stresses of future events.
- There are some investment opportunities arising from environmental and social challenges which can be captured so long as they are aligned with the Fund's investment objectives and strategy.
- Responsible investment should be integrated into the investment process
- The Fund will manage responsible investment factors through engagement rather than exclusions.

Investment Strategy Statement - March 2019

Evidence-Based Beliefs Related to Climate Change

The Economics of Climate Change	1	Following the Intergovernmental Panel on Climate Change ("IPCC"), we acknowledge that the Earth's climate is changing as a result of anthropogenic activity. Unabated, such change would be devastating for our way of life.
	2	Consistently with Lord Stern's research, we hold that the economic damages of unabated climate change are greater than the costs of precautionary mitigation.
	3	We believe that climate change is financially material across all major asset classes. In support of fiduciary duty, the risks and opportunities presented by climate change should be mitigated and exploited by asset allocation decisions, by individual investment decisions, and through purposeful stewardship.
	4	Climate change has the potential to impact the funding level of the pension fund through impacts on employer covenant, asset pricing, and longer-term inflation, interest rates and life expectancy.
	5	We strongly support the Paris Agreement on climate change.
The Energy Transition	6	An ambitious and just energy transition, aligned with the Paris Agreement, requires global greenhouse gas emissions ("GHGs") to peak around 2020, and to decline to net zero well before the end of this century.
	7	The energy transition will not occur by focussing only on suppliers of energy. The demand for energy must also undergo a major transformation.
	8	We think that market mechanisms, including a sufficient and stable carbon pricing regime, are important policy instruments to achieve meaningful GHG reductions.
	9	It is possible for a high-emitting company to shift its business model and thrive in the transition to a low carbon future.
Purposeful Climate Stewardship	10	We would be less likely to realise a Paris-aligned energy transition were responsible investors to cease owning and stewarding high emitting companies. Strong governance is essential for climate awareness and risk management.
	11	No individual investor is influential enough to act alone, nor is the investment industry sufficient to achieve the required rate of change. Policy makers, consumers, companies and investors all have a role to play.
	12	Climate-aware decisions can only be made with accurate, relevant, complete, and comparable data.

Administering Authority Policy Statement - March 2019

Under the LGPS Regulations, the Fund is required to formally publish its policy on "discretions". Discretions is taken to include where the administering authority is required to carry out a task, but an element of choice is seen to exist as to how the task is completed. Unless stated otherwise the references to regulations are set out below with the following prefixes used throughout the draft.

- **The Local Government Pension Scheme Regulations 2013 [prefix R]**
- **The Local Government Pension Scheme (Transitional Provisions, Savings and Amendment) Regulations 2014 [prefix TP]**
- **The Local Government Pension Scheme (Administration) Regulations 2008 [prefix A]**
- **The Local Government Pension Scheme (Benefits, Membership and Contributions) Regulations 2007 as amended) [prefix B]**
- **The Local Government Pension Scheme (Transitional Provisions) Regulations 2008 [prefix T]**
- **The Local Government Pension Scheme Regulations 1997 (as amended) [prefix L]**

Admission of Admission Bodies [Regulation R4, R3(5) RSch2]

The administering authority may make an admission agreement with any admission body. The administering authority can also make admission agreements with a Care Trust, NHS Scheme employing authority or Care Quality Commission. An admission agreement may take effect on a date before the date on which it is executed.

The Council will usually agree to an admission agreement with an admission body that is regarded as having a community of interest, provided it is satisfied about the long-term financial security of the body or it has a public sector guarantee. The administering authority will enter into an admission agreement with other admission bodies provided that any requirements it has set down are met. The Council may agree that the admission agreement may take effect on a date before the date on which it is executed.

Right to Terminate Admission Agreement [RSch2]

The administering authority has the right to terminate an admission agreement in prescribed circumstances. The Council shall retain the right to terminate an admission agreement in the event of:

a. The insolvency, winding up or liquidation of the admission body,

b. A material breach by the admission body of any of its obligations under the admission agreement or these Regulations which has not been remedied within a reasonable time, or

c. A failure by the admission agreement to pay any sums due to the fund within a reasonable period after receipt of a notice from the administering authority requiring it to do so.

Exit Payment [R64]

The administering authority may suspend (by way of issuing a suspension notice) for up to three years, an employer's obligation to pay an exit payment where the employer is again likely to have active members within the specified period of suspension.

Where an intention to allow new members to join the scheme is identified, the Council may allow the employer up to six months to admit such members.

Additional Pension Contributions [R16]

The administering authority may turn down a request to pay an additional pension contribution (APC) or shared-cost additional pension contribution (SCAPC) over a period of time where it would be impractical to allow such a request. The member would still be able to pay via a single lump-sum payment.

Due to the administration costs involved requests to pay additional pension contributions or shared-cost additional pension contributions over a period of time in order to address an absence from work of less than ten working days will be refused unless there are exceptional circumstances.

Medical Examination Required for Purchase of APC/SCAPC [R16]

The administering authority may require the member to undergo a medical at their own expense and may refuse an application if the authority is not satisfied that the member is in reasonably good health.

The Council will require that a member provides satisfactory medical evidence to ensure they can be reasonably expected to complete the contract undertaken and will not retire due to a pre-existing medical condition on health grounds. No medical shall be required if the member is paying for the additional pension by means of a lump-sum payment.

Payment of Additional Voluntary Contributions on the Death of a Member [R17]

The administering authority shall decide to whom to pay any AVC monies, including life assurance monies are to be paid to on death of a member.

The Council will decide based on the individual circumstances of the case, who should receive payment of the monies having regard to that it should be paid to or for the benefit of the member's nominee, personal representative or any person appearing to the authority to have been a relative or dependent of the member.

Provision of Estimates in Relation to Transfers of AVCs/FSAVCs [TP15 and A28]

The administering authority may charge a member for providing an estimate of additional pension that would result from a transfer of in house AVC/SCAVC contributions.

Members may request a quote free of charge. In the exceptional case an additional request is made, the Council reserve the right to charge.

Administering Authority Policy Statement - March 2019

Pension Accounts [R22]

A pension account may be kept in any form that the administering authority considers appropriate.

The Council will decide the form in which pension accounts are kept based upon any published information or best practice and in an efficient manner.

Concurrent Employment and the Absence of an Election Form [TP10]

The administering authority shall decide in the absence of an election form from the member within 12 months of ceasing a concurrent employment, and where there is more than one ongoing employment which on going employment the benefits from the concurrent employment should be aggregated with.

The one with the longest likely lifespan or the ongoing employment that is most similar to the one that has ceased will be selected.

Retirement Benefits [R30]

The administering authority, in cases where the current employer or the former employer has ceased to be a scheme employer, may consent to waive, in whole or in part the actuarial reduction where the member voluntarily draws their pension before normal pension age.

The administering authority may also in cases where the current employer or the former employer has ceased to be a scheme employer may consent to waive, in whole or in part the actuarial reduction on benefits paid on flexible retirement. Where a request is received, it will be considered on an individual basis and on its own merit. However, where there is a cost, and this cost will have to be spread across all employers, the cost has to be justified.

Strain on the Fund [R68]

The administering authority may require an employer who allows a member to retire by reason of flexible retirement, redundancy or business efficiency to pay the additional charge on the Fund. This also includes the cost where the employer has chosen to waive any reduction on flexible retirement or where the member voluntarily draws benefits before normal retirement age.

The Council will require an employer to make the appropriate payment to meet the additional charge where the member has retired early through flexible retirement, redundancy, business efficiency or where the employer has exercised their discretion to waive any reduction as a result of flexible retirement or voluntary retirement.

Switching on the Rule of 85 [TP Sch 2]

In cases where the current employer or former employer has ceased to exist, the administering authority may consent to switch on the 85-year rule where the member is voluntarily drawing benefits on or after age 55 and before age 60.

Where a request is received it will be considered on an individual basis and on its own merit. However, where there is a cost, as this cost will have to be spread across all employers, the cost has to be justified.

Waiving the Reduction [TP Sch 2 & B30]

In cases where the current employer or former employer has ceased to exist, the administering authority may consent to waive any actuarial reduction on the benefits on pre- and/or post-April 2014 benefits.

Where a request is received, it will be considered on an individual basis and on its own merit. However, where there is a cost as this cost will have to be spread across all employers the cost has to be justified.

Strain on the Fund [TP Sch 2]

The administering authority may require an employer to pay any additional costs as a result of the employer waiving the reduction in cases where the employer has consented to the early payment of on benefits before age 60 under Benefit Regulation 30.

The Council will normally require the employer to make the additional payment to meet any additional cost.

Extension of the Time Limit to Draw Benefits [R32]

The administering authority shall decide whether to extend the time limits in which a member must give notice of their wish to draw their benefits before normal retirement age or upon flexible retirement.

Where a request is received asking for the time limit to be extended, the individual circumstances will be considered on whether it is appropriate to extend the time limit.

Commutation of Small Pensions [R34, B39, T14, R39]

The administering authority may commute a small pension into a single lump sum.

The administering authority will commute small pensions when a member has made a request.

Independent Registered Medical Practitioner – Approval [R36 & A56]

The administering authority shall approve the choice of the medical practitioner used by the employer for ill-health retirement.

A medical practitioner who is registered with the General Medical Council and who has the appropriate qualifications specified in the regulations will be approved.

Certificate Produced by an IRMP Under the 2008 Scheme [TP12]

In cases where the employer or the former employer has ceased to exist to be a scheme employer, the administering authority can use a certificate produced by an IRMP under the 2008 scheme to make a determination under the 2014 scheme.

The certificate will be allowed except in circumstances of a particular case the certificate is not compliant with the requirements of the 2014 scheme.

Administering Authority Policy Statement - March 2019

Early Payment on Ill-Health Grounds - Deferred Member [R38]

In cases where the employer or the former employer has ceased to exist to be a scheme employer, the administering authority shall decide whether the deferred member meets the criteria of being permanently incapable of carrying out their former job and are unlikely to be capable of undertaking gainful employment before normal pension age or for at least three years whichever is sooner.

Where a request is received each case will be considered individually and a decision will be made based on the medical evidence and opinion provided by the independent registered medical practitioner.

Early Payment on Ill-Heath Grounds – Deferred Pensioner Member [R38]

In cases where the employer or the former employer has ceased to be a scheme employer, the administering authority can decide whether a deferred pensioner is unlikely to be capable of undertaking gainful employment before normal pension age because of ill health.

Where a request is received each case will be considered individually and a decision will be made based on the medical evidence and opinion provided by the independent registered medical practitioner.

Payment of the Death Grant [R40, R43, R46, TP17 & B23, B32, B35, TSCH & LI55]

The administering authority has absolute discretion in determining the recipients of any death grant payable from the scheme.

Normally the death grant will be paid to the nominated beneficiary or the death grant could be paid to the estate of the deceased. Where either or both of these options are seen to be inappropriate or impossible, the Council shall exercise its absolute discretion in as to who should receive the death grant.

No Double Entitlement - Benefits Due Under Two or More Regulations [R49 & B42]

The administering authority may decide in the absence of an election form from a member, which benefit is to be paid where the member would be entitled to a benefit under two or more regulations for the same period of scheme membership.

The member would be notified of the payment of the benefit that would provide the highest level of payment.

Admission Agreement Funds [R54]

The administering authority may establish an admission agreement fund.

The Council has chosen not to set up an admission agreement fund.

Governance Compliance Statement [R55]

The administering authority must prepare a governance policy stating whether the administering authority delegates its functions or part of its functions in relation to maintaining a pension fund to a committee, a sub-committee or an officer of the administering authority, and if they do so delegate, state:

- the terms, structure and operational procedures of the delegation;
- the frequency of any committee or sub-committee meetings; and
- whether representatives of employing authorities or members are included and if so whether they have voting rights.

The policy must also state:

- the extent to which a delegation, or the absence of a delegation, complies with Secretary of State guidance and to the extent it does not so comply, state the reasons for not complying; and
- the terms, structure and operational procedures appertaining to the Local Pensions Board.

The Governance Compliance Statement will be prepared, maintained and published. A copy will be made available on our website www.wmpfonline.com

Funding Strategy Statement [R58]

The administering authority must after appropriate consultation prepare maintain and publish a statement setting out its funding strategy. The statement has to be published no later than 31 March 2015.

The Funding Strategy Statement is prepared, maintained and published annually. A copy is available on our website www.wmpfonline.com

Pension Administration Strategy [R59]

The administering authority may prepare and publish a pension administration policy and the matters it should include.

The administering authority will publish a Pension Administration Strategy after consultation and it will be kept under review. A copy is available on our website www.wmpfonline.com

Communications Policy [R61]

The administering authority must prepare and publish its communication policy. It must set out its policy concerning communication with members, representatives of members, prospective members and scheme employers, as well as the format, frequency and method of communications, and the promotion of the scheme to prospective members and their employers.

The administering authority publishes and maintains a communications policy, a copy of which will be made available on our website www.wmpfonline.com

Administering Authority Policy Statement - March 2019

Revision of Employer's Contribution Rate [R64]

The administering authority may obtain from the actuary, a certificate revising the employer contribution rate, if there are circumstances which make it likely a scheme employer will become an exiting employer.

A revised additional rate and adjustments certificates regarding employer contributions will be obtained where it appears to be appropriate.

Aggregate Scheme Costs – Revised Certificates [R65]

The administering authority may obtain a new rates and adjustments certificate if the Secretary of State amends the regulations as part of the "cost sharing" arrangements.

A new rates and adjustments certificate will be obtained where it appears to be appropriate.

Employer Contributions – Dates for Payment [R69]

The administering authority shall decide on the dates which contributions are to be paid over to the Fund.

All contributions (apart from additional voluntary contributions) should be credited to the Fund without delay by the 19th of the month following the month in which they fall due.

Information Provided by Employers About Contributions – Frequency and Format [R69, TP23, 22 & R80]

The administering authority shall decide on the form and frequency of the information to accompany payments to the Fund.

The administering authority will provide to employers the specified formats that employers are to use for the submission of their data, which is to be provided monthly, in line with the payment of contributions. A notification will be issued each year to inform employers of the deadline to submit this data along with any format changes that will be required. The Fund requires this data to be submitted to them no later than 30 April.

Notice to Recover Costs Due to Employer's Performance [R70]

The administering authority will decide to issue the employer with a notice to recover additional costs incurred as a result of the employer's level of performance.

As detailed in the Pension Administration Strategy, the Council will review from time to time whether to issue an employer with notice to recover additional costs incurred as a result of the employer's level of performance.

Employer Payments – Interest on Overdue Payments [R71]

The administering authority may charge interest on payments by employers which are overdue.

The Council reserves the regulatory prescribed right to require interest to be paid when payments are overdue by more than one month. Interest must be calculated at one per cent above base rate on a day to day basis from the due date to the date of payment and compounded with three monthly rests.

Procedure to be Followed When Exercising Stage 2 Dispute Functions and the Manner in Which Those Functions are to be Exercised. [R76, A60, TP23 & R76]

The administering authority will decide how it will exercise its stage two dispute procedure and the procedure to be followed.

The review would be undertaken by a person not involved in the first stage decision and by a person appointed to deal with disputes referred to it under stage 2. The Council will ensure suitable procedures are in place.

Appeal to the Secretary of State Against Employer Decision [R79 & A63]

The administering authority may appeal to the Secretary of State against an employer decision or lack of an employer decision.

The Council will appeal to the Secretary of State if it believes an employer has made (or failed to make) a decision that is both wrong in law and material and where we have been unable to persuade the employer to alter its actions or inactions.

Exchange of Information [R80, TP22, 23]

The administering authority shall specify the information to be supplied by employers to enable the administering authority to discharge its function.

The Council will specify the information that is to be supplied by employers having regard to the regulatory requirements and best practice.

Making Payments in Respect of Deceased Person Without Probate/Letters of Administration [R82 & A52]

The administering authority may pay the whole or part of the amount due from the Fund to the personal representatives or any person appearing to be beneficially entitled to the estate without the production of probate or letters of administration where the amounts due are less the amount specified in section 6 of the Administration of Estates (Small Payments) Act 1965.

Payment will normally be made without the production of probate or letters of administration where the amount is below the specified amount.

Payments for Persons Incapable of Managing Their Affairs [R83, A52 & B27]

The administering authority may decide where a person (other than an eligible child) appears incapable of managing their affairs, to pay the whole or part of that person's pension benefits to another person to be applied for the benefit of the member.

Where in the Council's opinion a member is unable to manage their own affairs, then having considered the individual circumstances of the particular case they may decide to pay some or all of the benefits to someone else to be applied for the benefit of the member.

Administering Authority Policy Statement - March 2019

Date to Which Benefits Shown on Annual Benefit Statement are Calculated [R89]

The administering authority will decide the date to which benefits shown on the annual benefit statement are calculated.

The date will be selected in line with regulatory requirement and best practice.

Bulk Transfer (Transfer of Undertakings) [R98]

The administering authority must agree any bulk transfer payment.

The terms of the bulk transfer will be discussed with the Fund's actuary, and once all parties are in agreement payment will be made.

Transfers into the Fund and Extension of 12-Month Time Limit [R100]

The administering authority may accept a transfer value of pension rights into the Fund and may also extend the time limit of 12 months from the date the member first became an active member in their current employment.

The Council will accept a transfer value where a request is made. The Council will only agree to extend the time limit where the appropriate employer has agreed to extend the time limit.

Final Pay Reductions [TP3, 4, 8, 10, 17 & B10]

The administering authority will decide whether to use an average of three years pay for final pay purposes where the member has died before making an election.

The pay figure which provides the highest overall level of benefits will be selected.

Permanent Reductions in Pay - Certificates of Protection [TP3, 4, 8, 10, 17, TSch1 & L23]

The administering authority will decide for a member who has a certificate of protection who has died before making an election which pay figure should be used for final pay purposes.

The pay figure which provides the highest overall level of benefits will be selected.

Eligible Child – Ignoring Breaks in Education or Training [RSch1 & TP17]

The administering authority may treat a child as being in continuous educational or vocational training despite a break.

The Council will accept short breaks and also gap years as being breaks in education and will restart a suspended child's pension at the end of such a break or gap.

Financial Dependence /Interdependence of Cohabiting Partner [RSch1 & TP17]

The administering authority will decide upon the evidence required to determine the financial dependence or financial interdependence of the cohabiting partner and the scheme member.

The Council will provide details of the evidence required taking account of any guidance provided.

Abatement of pre-1 April 2014 Pension [TP & A70]

The administering authority shall decide whether and how to abate the pre-1 April 2014 pension element following re-employment of a scheme pensioner by a local government employer.

In the event of a scheme pensioner obtaining further employment with a scheme employer the pension will not be abated. The Fund resolved from 1 September 2006 not to abate pension on re-employment.

Extension of Time Period for Capitalisation of Added Years Contract [TP15, TSch1 & L83(5)]

The administering authority may extend the time allowed to a member who has an added years contract and who is made redundant to decide whether to pay a capital payment.

The Council will apply the prescribed three month time limit, unless there are individual circumstances which need to be considered in deciding whether to grant an extension of the time limit.

Recovery of Unpaid Employee Contributions as Debt/From Benefits [A45]

The administering authority may recover any outstanding employee contributions as a debt or as a deduction from the benefits.

The Council will, where practical deduct any unpaid employee contributions from the benefits relating to the membership to which the unpaid contributions relate.

Consent for Early Payment and Waiving of Reduction [B30 & TPSch]

Where the former employer has ceased to be a scheme employer, the administering authority may consent to waive the reduction for the payment of deferred benefits on compassionate grounds.

Where a request is received it will be considered individually and on its own merit. However, where there is a cost as this cost will have to be spread across all employers the cost has to be justifiable.

'Switch on' the 85-Year Rule for a Pensioner Member with Deferred Benefits

Where the former employer has ceased to be a scheme employer, the administering authority may consent to 'switch on' the 85-year rule for a pensioner member with deferred benefits voluntarily drawing benefits.

The Council would not normally 'switch on' the 85-year rule.

Administering Authority Policy Statement - March 2019

Application for Early Payment of a Suspended Tier 3 Ill Health Pension and Waiving Reduction [B30]

The administering authority may consent to the request for the early payment of pension for a member, who left with a tier 3 ill-health pension that is suspended and who now is aged between 55 and 60 where the former employer has ceased to be a scheme employer. The administering authority may also waive any reduction.

Where a request is received, it will be considered individually and on its own merit. However, where there is a cost, as this cost will have to be spread across all employers the cost has to be justifiable.

Request for Early Payment of Deferred Benefits on Ill-Health Grounds [B31]

The administering authority may decide to agree to a request from a deferred member for early payment of benefits on ill-health grounds where the former employer has ceased to exist.

The Council will obtain an opinion from an IRMP as to whether as the member meets the criteria of permanent ill health and reduced likelihood of gainful employment.

Spouses' Pensions Arising Under the 1995 Regulations Payable for Life

The administering authority shall decide to pay spouse's pensions for life for pre-1 April 1998 retirees/pre-1 April 1998 deferreds who die on or after 1 April 1998, rather than ceasing the pension during any period of marriage or cohabitation.

The Council has deemed that any spouses' pension that comes into payment is payable for life. This does not apply to spouses' pensions that ceased prior to 1 April 1998.

Further Information

Participating Employers in the Fund

Scheduled Bodies
Local Authorities
Birmingham City Council
City of Wolverhampton Council
Coventry City Council
Dudley Metropolitan Borough Council
Sandwell Metropolitan Borough Council
Solihull Metropolitan Borough Council
Walsall Metropolitan Borough Council

Major Employers
The Chief Constable for West Midlands Police
West Midlands Combined Authority
West Midlands Fire and Civil Defence Authority

Universities
Birmingham City University
Coventry University
University of Wolverhampton
University College Birmingham

Colleges of Further Education and Higher Education
With Active Members
Birmingham Metropolitan College
City of Wolverhampton College
Coventry College
Dudley College of Technology
Halesowen College
Hereward College
Joseph Chamberlain College
King Edward VI College
Sandwell College
Solihull College
South and City College Birmingham
Walsall College

Other Bodies
With Active Members
Academy Transformation Trust
Ace Academy - Education Central Multi-Academy Trust
Acocks Green Primary School
Albert Bradbeer Junior School - University of Wolverhampton MAT
Alderbrook School
Aldersley Academies Trust
Aldridge School - A Science College
All Saints National Academy - St Chads Academy Trust
Alston Primary School - Leigh Trust
Arden Academy - Arden Multi-Academy Trust

Further Information

Participating Employers in the Fund

Arena Academy - The Core Education Trust
ARK Boulton Academy
ARK Kings Academy
ARK St Albans Academy
ARK Tindal Primary Academy
ARK Victoria Academy
Arthur Terry Learning Partnership
Aston Manor Academy
Aston Tower Community Primary School - Aston Tower Multi-Academy Trust
Aston University Engineering Academy Birmingham
Audley Primary School - DRB Ignite MAT
Balsall Common Primary Academy - Central Schools Trust
Barr Beacon School - Matrix Academy Trust
Barr's Hill School - The Futures Trust
Bartley Green School
Beechwood C of E Primary School - DRB Ignite MAT
Bentley Heath Church of England Primary School
Berrybrook Academy - Perry Hall MAT
Bickenhill & Marston Green Parish Council
Billesley Primary Academy - The Elliot Foundation Academies Trust
Birchfield Primary School - Prince Albert Community Trust
Birchills Academy - St Chads Academies Trust
Birmingham Diocesan Academies Trust
Birmingham Museums Limited
Birmingham Ormiston Academy
Bishop Milner Academy - St John Bosco Catholic Academy Trust
Bishop Vesey's Grammar School
Bishop Walsh - John Paul II Multi-Academy
Bloxwich Academy - Matrix Academies Trust
Blue Coat Church of England (Walsall) Trust
Blue Coat Church of England School And Music Collete
Bordesley Village Primary School - Cromwell Community Learning Trust
Bournville School and Sixth Form Centre- Fairfax MAT
Bramford Primary - Griffin Schools Trust
Brays School - Forward Education Trust
Bristnall Hall Academy - Academy Transformation Trust
The British Sikh School - The Khalsa Academies Trust
Broadmeadow Special School - Central Learning Partnership Trust
Broadway Academy
The Bromley - Pensnett Primary School- DRB Ignite MAT
Brookfields Primary School
Brownmead Academy - Washwood Heath MAT
Caldmore Primary Academy - Academy Transformation Trust
Calthorpe Academy
Heart of Birmingham Vocational College
Caludon Castle School - Castle Phoenix Trust
Canterbury Cross Primary School - Canterbury Cross Educational Trust
Cardinal Wiseman Catholic School - Romero MAC

Participating Employers in the Fund

Castle Bromwich Parish Council
St James Academy - Dudley Academies Trust
Cedars Academy- Robin Hood Multi-Academy Trust
Central Academy - The Core Education Trust
Chandos Primary School - The Elliot Foundation Academies Trust
Chelmsley Wood Town Council
Cheswick Green Parish Council
Chilwell Croft Academy - Equitas Academies Trust
Chivenor Primary School - Griffin Schools Trust
City Road Academy - Inspire Education Trust
City Academy - The Core Education Trust
Clifford Bridge Academy - Inspire Education Trust
Cockshut Hill School - Summit Learning Trust
Colley Lane Primary Academy - Windsor Academy Trust
Conway Primary School - Create Partnership Trust
Coppice Performing Arts School - CLPT
Corngreaves Primary - United Learning Academies
Corpus Christi Catholic Primary - Pope John XXIII MAC
Corpus Christi Catholic Primary School - Romero MAC
Cottesbrooke Infant and Nursery School
Coundon Court Academy
Courthouse Green Primary School - Triumph Multi-Academy Trust
Coventry and Solihull Waste Disposal Company Limited
Coventry University Enterprises Limited
Crestwood School - Invictus Education Trust
Croft Primary Academy - The Elliot Foundation Academies Trust
Cromwell Primary School - Cromwell Learning Community Academy Trust
CTC Kingshurst Academy - Tudor Grange Academies Trust
Dame Elizabeth Cadbury School - Matrix Academy Trust
Damson Wood Infant Academy - Central Schools Trust
Deanery Church of England School
Devonshire Infant Academy - Victoria Academies Trust
Devonshire Junior Academy - Victoria Academies Trust
Dickens Heath Parish Council
Dorrington Academy Trust
Dudley Academies Trust
Dudley Wood Primary School - Learning Link MAT
Dunstall Hill Primary School - Perry Hall MAT
D'Eyncourt Primary School - Central Learning Partnership Trust
Earls High School (The) - Stour Vale Academy Trust
East Park Academy - Manor MAT
EBN Free School
Edgar Stammers Academy - University of Wolverhampton MAT
The Edge Academy
University Of Wolverhampton Multi Academy Trust
Edward the Elder Primary - Elston Hall MAT
Ellowes Hall Sports Academy - Invictus Education Trust
Elston Hall Primary School - Elston Hall Multi-Academy Trust

Further Information

Participating Employers in the Fund

Erdington Academy - Fairfax Multi-Academy Trust
Erdington Hall Primary Academy - Summit Learning Trust
Ernesford Grange Community Academy - Sidney Stringer Academy Trust
Fairfax School - Fairfax Multi-Academy Trust
Fairway Primary Academy - University of Wolverhampton MAT
Fibbersley Park Academy - Victoria Academies Trust
Field View Primary School - St Martin's Multi Academy Trust
Finham Park 2 - Finham Multi-Academy Trust
Finham Park School Academy
Finham Primary School - Finham Park MAT
Firs Primary School - Washwood Heath MAT
Fordbridge Parish Council
Four Dwellings Academy - Academies Enterprise Trust
Four Dwellings Primary Academy - Academies Enterprise Trust
Foxford Community School - Castle Phoenix Trust
Futurelets Ltd
George Betts Academy - The Elliot Foundation Academies Trust
George Dixon Academy
Goldsmith Primary Academy - Windsor Academy Trust
Good Shepherd Primary School - Romero MAC
Goldthorn Park Primary - Elston Hall MAT
Gossey Lane Academy - Washwood Heath MAT
Grace Academy
Great Barr Academy - The Shaw Education Trust
Great Barr Primary School
Green Meadow Primary School - Excelsior MAT
Greenholm Primary School
Greenwood Academy - Academies Enterprise Trust
Greet Primary School - Create Partnership Trust
Grestone Primary Academy - Hamstead Hall Academy Trust
Grove Primary School- St Martin's Multi Academy Trust
Hall Green Secondary School - An Academy
Hallmoor School - Forward Education Trust
Hamstead Hall Academy - Hamstead Hall Academy Trust
Handsworth Wood Girls Academy - Kevi At Birmingham
Harborne Academy
Hawkesley Church Primary Academy - Birmingham Diocesan Multi Academy Trust
Health Futures UTC
Hearsall Community Academy - Inspire Education Trust
Heart of England School
E-ACT Heartlands Academy
Heath Park Academy - Central Learning Partnership Trust
Heathfield Primary School - Prince Albert Community Trust
Heathlands Academy - University of Wolverhampton MAT
Beacon Hill Academy - Dudley Academies Trust
Highfield Junior and Infant School - Prince Albert Community Trust
Highfields School
Hill Avenue Academy - Manor MAT

Participating Employers in the Fund

Hill Farm Academy - Castle Phoenix Trust
Hillcrest School and Sixth Form Centre
Hillstone Junior and Infants Academy
Hob Green Primary School - DRB Ignite MAT
Hockley Heath Academy
Hodge Hill Primary School - Create Partnership Trust
Holyhead Primary Academy - Shireland Collegiate Academy Trust
Pegasus Academy - Dudley Acadmies Trust
Holy Cross - John Paul II Multi-Academy
Holy Rosary Catholic Primary - Pope John XXIII MAC
Holy Trinity C of E Primary Academy (Handsworth)
Holyhead School
Hurst Hill Primary School - Hales Valley MAT
Inspire Education Trust
James Brindley School
Jervoise School - DRB Ignite MAT
Jewellery Quarter Academy - The Core Education Trust
John Henry Newman Catholic College
Joseph Leckie Academy
Jubilee Academy Mossley - Academy Transformation Trust
Jubilee Park Academy - Summer Park Mat
Kates Hill Primary School - Learning Link MAT
Keresley Grange Primary Academy - The Futures Trust
King Edward VI Handsworth Grammar School For Boys - KEVI at Birmingham
King Edward VI Aston School - Kevi At Birmingham
King Edward VI Camp Hill School for Boys - KEVI AT Birmingham
King Edward VI Camp Hill School for Girls - KEVI AT Birmingham
King Edward VI Five Ways School - KEVI AT Birmingham
King Edward VI Handsworth School - KEVI AT Birmingham
King Edward VI Sheldon Heath Academy - KEVI AT Birmingham
The King Solomon International Business School
Kings Norton Girls' School and Language College
Kings Rise Academy - The Elliot Foundation Academies Trust
Kingshurst Parish Council
The Kingswinford School Academy - Windsor Academy Trust
Knowle CE Primary Academy
Langley School
Lapal Primary School - Hales Valley Multi-Academy Trust
Lea Forest Primary Academy - Academies Enterprise Trust
Leasowes High School - Invictus Education Trust
Leigh COE Primary Academy - Diocese of Coventry Multi-Academy Trust
Leigh Primary School - Leigh Trust
LGPS Central
Light Hall School
Lode Heath School
Lodge Farm Primary School - Northwood Park Educational Trust- Shine Academies
Lordswood Boys School - Central Academies Trust
Lordswood Girls School and Sixth Form Centre

Further Information

Participating Employers in the Fund

Lutley Primary School - Hales Valley Multi-Academy Trust
Lyndon Academy - Summit Learning Trust
Lyng Hall School - Finham Park MAT
Manor Park Primary Academy - REAch2 Academy Trust
Manor Primary School - Manor Multi Academy Trust
Manor Way Primary Academy - Windsor Academy Trust
Mansfield Green E-ACT Primary Academy
Marlborough Infant School - Leigh Trust
Marlborough Junior School - Leigh Trust
Marston Green Infant Academy
Matrix Academy Trust
Olive Hill Primary School - Stour Vale Academy Trust
Meriden Parish Council
Merritts Brook E-ACT Primary Academy
Mesty Croft Academy
Montgomery Primary Academy - Academies Enterprise Trust
Moor Green Primary Academy - REAch2 Academy Trust
Bushbury Lane Academy - REAch2 Academy Trust
Moreton School - Amethyst Academy Trust
Moseley Park Academy - Central Learning Partnership Trust
Nansen Primary School - The Core Education Trust
Nechells Primary E-ACT Academy
Netherbrook Primary School - Learning Link MAT
Netherton COE Primary School - Diocese of Worcester MAT
Ninestiles An Academy - Summit Learning Trust
Nishkam School Trust
Nonsuch Primary School - Birmingham Diocesan Multi Academy Trust
E-ACT North Birmingham Academy
North Walsall Primary Academy - Academy Transformation Trust
Northern House School (City of Wolverhampton)
Northern House School (City of Wolverhampton) Primary PRU
Northern House School Academy Trust
Northfield Manor Primary Academy - Victoria Academies Trust
Northwood Park Primary Academy - SHINE Academies
Oaklands Primary - Summit Learning Trust
Oasis Community Learning - Blakenhale Infants
Oasis Community Learning - Blakenhale Junior
Oasis Community Learning - Foundry Primary
Oasis Community Learning - Hobmoor Primary
Oasis Community Learning - Matthew Boulton
Oasis Community Learning - Short Heath Primary
Oasis Community Learning - Woodview School
Ocker Hill Junior Academy - Ocker Hill Academy Trust
Oldbury Academy
The Orchards Primary Academy - University of Wolverhampton MAT
Ormiston Academies Trust
Ormiston NEW Academy
Ormiston SWB Academy

Participating Employers in the Fund

Ormiston Forge Academy
Ormiston George Salter Academy
Ormiston Sandwell Community Academy
Ormiston Shelfield Community Academy
Our Lady and St Chads Catholic Academy - Pope John XXIII MAC
Our Lady and St Hubert's Catholic Primary Academy - St Catherine of Siena MAC
Our Lady of Fatima Catholic Primary School - St Nicholas Owen Catholic MAC
The Oval School- DRB Ignite MAT
Springfield Primary Academy - REAch2 Academy Trust
Palmers Cross Primary Academy - Elston Hall Multi-Academy Trust
Park Hall Academy - Arden Multi-Academy Trust
Park Hall Infant Academy
Park Hall Junior Academy
Parkfield Community School - Excelsior Multi-Academy Trust
Parkfield Primary School - St Stephen's Church of England Multi Academy Trust
Parkgate Primary School - The Futures Trust
Pegasus Academy - Summit Learning Trust
Percy Shurmer Primary School
Perry Hall Primary School - Perry Hall MAT
Phoenix Academy - Academy Transformation Trust
Plantsbrook School - Plantsbrook Learning Trust
Police and Crime Commissioner West Midlands
Pool Hayes Academy - Academy Transformation Trust
President Kennedy School - The Futures Trust
Prince Albert Primary School - Prince Albert Community Trust
Princethorpe Infant School - DRB Ignite MAT
Princethorpe Junior School - DRB Ignite MAT
Priory Primary School - Hales Valley MAT
Q3 Academy
Queen Mary's Grammar School - The Mercian Trust
Queen Mary's High School - The Mercian Trust
Quinton Church Primary School - Birmingham Diocesan Multi Academy Trust
Radford Primary Academy - Sidney Stringer Academy Trust
Reach Free School
Reaside Academy - University of Wolverhampton MAT
Redhill School - Stour Vale Academy Trust
Reedswood E-ACT Primary Academy
Richard Lee Primary School - Castle Phoenix Trust
Ridgewood High School - Stour Vale Academies Trust
Riverbank Academy - Sidney Stringer Academy Trust
Rivers Primary Academy - Windsor Academy Trust
Robin Hood Primary Academy
Rockwood Academy - The Core Education Trust
The Romero Catholic Academy
Rookery School
Royal Sutton Coldfield Town Council
RSA Academy
Ryders Hayes Academy Trust

Further Information

Participating Employers in the Fund

Sacred Heart Academy - Romero MAC
Saltley Academy - Washwood Heath MAT
Sandwell Academy - Thomas Telford Mat
Seva Free School - Sevak Educational Trust
E-ACT Shenley Academy
Shire Oak Academy Trust - The Mercian Trust
Shireland Collegiate Academy Trust
Shireland Hall Academy - The Elliot Foundation Academies Trust
Shirestone Community Academy - The Elliot Foundation Academies Trust
Sidney Stringer Academy Trust
Sidney Stringer Free Primary School - Sidney Stringer Academy Trust
Silvertrees Academy Trust
Sledmere Primary School - Learning Link MAT
Small Heath Leadership Academy - Star Academies
Smestow School - University of Wolverhampton MAT
Smith's Wood Academy - Fairfax Multi-Academy Trust
Smith's Wood Parish Council
Smith's Wood Primary Academy
Solihull Alternative Provision Academy
Solihull Community Housing
SS Mary and John's Catholic Primary Academy - Bishop Cleary Catholic MAC
SS Mary & John's Catholic Primary School - John Paul II Multi-Academy
SS Peter and Paul Catholic Primary Academy and Nursery - Bishop Cleary Catholic MAC
SS Peter & Paul Catholic Primary School - John Paul II Multi-Academy
SS Peter and Paul Catholic Primary School - Romero MAC
St Alban's Church of England Primary Academy - Manor Multi Academy Trust
St Bartholomew's C of E Primary Academy - Diocese of Coventry MAT
St Bartholomew's C of E Primary School - St Batholomew's CE Multi Academy Trust
St Brigid's Catholic Primary School - Lumen Christi Catholic MAT
St Chads Academy - St John Bosco Catholic Academy Trust
St Clement's C of E Academy Nechells - Birmingham Diocesan Multi Academy Trust
St Columba's Catholic Primary School - Lumen Christi Catholic MAT
St Edmund's Catholic Academy - Bishop Cleary Catholic MAC
St Francis CE Primary School and Nursery- Fioretti Trust
St Francis Xavier Catholic Primary Academy - St Catherine of Siena MAC
St George's Academy Newtown - Birmingham Diocesan Multi Academy Trust
St George's C of E Primary School - Birmingham Diocesan Multi Academy Trust
St Gregory's Academy - St Catherine of Siena MAC
St Gregory's School Coventry - Romero MAC
St James' Catholic Primary School - Lumen Christi Catholic MAT
St John Fisher Primary School - Romero MAC
St John's and St Peter's C of E Academy - All Saints Multi Academy Trust
St John's C of E Primary Academy - Diocese of Coventry MAT
St John's C of E Primary Academy - St. Chad's Academy Trust
St John's C of E Primary School
St Joseph's Catholic Primary School - Lumen Christi Catholic MAT
St Joseph's - John Paul II Multi-Academy
St Joseph's Academy - St John Bosco Catholic Academy Trust

Participating Employers in the Fund

St Josephs' Catholic Primary School - St Nicholas Owen Catholic MAC
St Jude's Academy - The Wulfrun Academies Trust
St Laurence's Primary Academy - Diocese of Coventry MAT
St Margaret's C of E Primary School - Birmingham Diocesan Multi Academy Trust
St Martin's C of E Primary School - St. Martin's Multi Academy Trust
St Mary's C of E Primary Academy and Nursery
St Mary's Catholic Primary - Pope John XXIII MAC
St Mary's Catholic Primary School - St Nicholas Owen Catholic MAC
St Michael's CofE Primary Academy Handsworth - Birmingham Diocesan Multi Academy Trust
St Michael's CE Primary School - Birmingham Diocesan Multi Academy Trust
St Michael's Catholic Primary Academy and Nursery - Bishop Cleary Catholic MAC
St Nicholas's - John Paul II Multi-Academy
St Patrick's Catholic Primary School - Romero MAC
St Patrick's Church of England Primary Academy
St Paul's C of E Primary Academy
St Paul's Catholic Primary School - Lumen Christi MAT
St Peter's Church of England Academy Trust
St Philip's Catholic Primary Academy - St Catherine of Siena MAC
St Stephen's Church of England Primay School - St Stephen's Church of England Multi Academy Trust
St Teresa's Academy - Bishop Cleary Catholic MAC
St Thomas Aquinas Catholic Primary School- Lumen Christi MAT
St Thomas CE Academy - All Saints Multi Academy Trust
St Thomas' Church of England Primary Academy - Manor Multi Academy Trust
Stanton Bridge Primary School - Stanton Bridge Multi-Academy Trust
Stirchley Primary School - Evolve Education Trust
Stoke Park School - The Futures Trust
The Streetly Academy
Streetsbrook Infant and Early Years Academy - Streetsbrook Academy Trust
Stretton Primary Academy - Diocese of Coventry MAT
Summerhill Primary Academy - Summer Park MAT
Sutton Coldfield Grammar School for Girls Academy Trust
Tame Valley Academy - University of Wolverhampton MAT
Tameside Primary Academy - Shireland Collegiate Academy Trust
Tenterfields Primary Academy - Windsor Academy Trust
The Ladder School - The Mercian Trust
The Bridge School - Forward Education Trust
The Link Academy - Dudley Academies Trust
The Pedmore High School - Invictus Education Trust
The Sixth Form College Solihull - Summit Learning Trust
The University of Birmingham School
Thorns Collegiate Academy - Shireland Collegiate Academy Trust
Tile Cross Academy - Washwood Heath MAT
Titan Aston Academy - Titan Education Trust
Three Spires Academy - RNIB Specialist Learning Trust
The West Coventry Academy
Timberley Academy Trust
Timbertree Primary - United Learning Academies
Tiverton Academy - The Elliot Foundation Academies Trust

Further Information

Participating Employers in the Fund

Topcliffe School - Community Education Partnership Trust
Town Junior School - Plantsbrook Academy Trust
Tudor Grange Academy Solihull Trust - Tudor Grange Academies Trust
Tudor Grange Primary Academy St James - Tudor Grange Academies Trust
Turves Green Primary School - Excelsior Multi-Academy Trust
Twickenham Primary Academy
Urban Enterprises (Bournville) Ltd
Victoria Park Primary Academy - Victoria Academies Trust
Villiers Primary School - SHINE Academies
Walsall City Academy - Thomas Telford MAT
Walsall Studio School- The Mercian Trust
Walsgrave C of E Academy - Inspire Education Trust
Warren Farm Primary School
Washwood Heath Academy - Washwood Heath MAT
Waverley School- The Waverley Education Foundation Ltd
Waverley Studio College - The Waverley Education Foundation Ltd
Wednesbury Oak Primary Academy
Wednesfield High Specialist Engineering Academy - University of Wolverhampton MAT
West Midlands Construction UTC Trust
West Walsall E-ACT Academy
Westcroft Sport and Vocational College - Central Learning Partnership Trust
Westminster Primary School - Westminster Academy Trust
The Westwood Academy
Whitley Academy
Whittle Academy - Inspire Education Trust
E-ACT Willenhall Academy
Wilson Stuart School
Wilson Stuart University College Birmingham Partnership Trust
Windsor High School And Sixth Form - Windsor Academy Trust
WMG Academy for Young Engineers (Solihull)
WMG Academy for Young Engineers
Woden Primary - Central Learning Partnership Trust
Wodensborough Ormiston Academy - Ormiston Academies Trust
Wolverhampton Girls High School
Wolverhampton Homes
Wolverhampton Vocational Training Centre - Central Learning Partnership Trust
Wood Green Academy Trust
Woodfield Infant School - St Bartholomew's COE MAT
Woodfield Junior School - St Bartholomew's COE MAT
Woodhouse Primary Academy - University of Wolverhampton MAT
Woodlands Academy of Learning
Woods Bank Academy - The Elliot Foundation Academies Trust
Woodside Community School and Little Bears Nursery - Hales Valley Multi-Academy
Woodthorne Primary School - Perry Hall MAT
Wychall Primary School - DRB Ignite MAT
Wyndcliffe Primary School - Leigh Trust
Yardleys School
Yarnfield Academy - Summit Learning Trust

Participating Employers in the Fund

Yew Tree Community Junior and Infant School - Inspire Education Community Trust

Community Of Interest Admission Bodies - Admitted Bodies
With Active Members
4 Towers TMO Limited
Acivico (Building Consultancy) Ltd
Acivico (Design Construction and Facilities Management) Ltd
Action Indoor Sports Birmingham CIC Limited
Birmingham Institute for the Deaf
Black Country Consortium Ltd
Black Country Museum Trust Ltd
Bloomsbury Local Management Organisation Ltd
BME United Ltd
Brownhills Community Association Limited
Bushbury Hill Estate Management Board Ltd
Central England Law Centre
Coventry Sports Trust Ltd
Culture Coventry
Dovecotes Tenant Management Organisation Ltd
Friendship Care and Housing Ltd
Home Start (Stockland Green/Erdington)
Home Start (Walsall)
Kingswood Trust
Lighthouse Media Centre
Manor Farm Community Association
West Midlands Growth Company Ltd
Midland Heart Ltd
Murray Hall Community Trust
Mytime Active
New Heritage Regeneration Ltd
New Park Village Tenant Management Organisation
Northern Housing Consortium Ltd
Optima Community Association
Palfrey Community Association
The Penderels Trust Ltd
S4E Limited
Sandbank Tenant Management Organisation Ltd
Sandwell Community Caring Trust
Sandwell Community Caring Trust (Sandwell Care Homes)
SIPS Education Ltd
Sandwell Leisure Trust
Sickle Cell And Thalassaemia Group
St Columba's Church Day Centre
Steps to Work (Walsall) Ltd
Titan Partnership Ltd
Voyage Care Limited
Walsall Housing Group
WATMOS Community Homes

Further Information

Participating Employers in the Fund

Whitefriars Housing Group
Wildside Activity Centre
Wolverhampton Grammar School
Wolverhampton Voluntary Sector Council

Transferee Admission Bodies
With Active Members
ABM Catering Ltd (Aldermoor Farm Primary School)
ABM Catering Ltd (Allesley)
ABM Catering Ltd (Bordesley Green School)
ABM Catering Ltd (John Shelton Community Primary School)
ABM Catering (St Andrews CE Infant School)
Accuro Fm Ltd (Hall Green Secondary School)
Action for Children (Smethwick and Oldbury)
Action for Children (West Bromwich and Wednesbury)
Agilisys Ltd (Rowley/Smethwick)
Agilisys Ltd (OCOS/WODO/Tipton)
Alliance in Partnership Ltd (Broadway)
Alliance in Partnership Ltd (Brownhills School)
Alliance in Partnership (Camp Hill)
Alliance in Partnership Ltd (Christ the King Primary School)
Alliance in Partnership Ltd (Coventry South Cluster Group)
Alliance In Partnership Ltd (Edgewick Primary School)
Alliance in Partnership Ltd (Greenfields Primary School)
Alliance in Partnership Ltd (Harborne Primary School)
Alliance in Partnership Ltd (Heart of England School)
Alliance in Partnership Ltd (Holy Family Catholic Primary School)
Alliance in Partnership Ltd (King Edward VI Sheldon Heath)
Alliance in Partnership Ltd (Pedmore Primary School)
Alliance in Partnership Ltd (St Matthias School)
Alliance in Partnership Ltd (St Thomas More Catholic School)
Alliance in Partnership Ltd (Unity Cluster)
Amey Highways Ltd
Amey LG Ltd
APCOA Parking (UK) Ltd (Wolverhampton)
Aramark Limited (Walsall College)
Aspens-Services Ltd (Aldridge School)
Aspens-Services Ltd (Bantock Primary School)
Aspens-Services Ltd (Bartley Green)
Aspens-Services Ltd (Blue Coat C of E Academy)
Aspens-Services Ltd (Cannon Hill Primary School)
Aspens-Services Ltd (Courthouse Green Primary School)
Aspens-Services Ltd (Fairfax MAT)
Aspen Services Ltd (Gosford Park School)
Aspens-Services Ltd (Heartlands Academy)
Aspens-Services Ltd (Hillcrest School)
Aspens-Services Ltd (Joseph Leckie Academy)
Aspens-Services Ltd (Lanesfield Primary School)

Participating Employers in the Fund

Aspens-Services Ltd (Lordswood Girls School)
Aspens-Services Ltd (Mansfield Green Academy)
Aspens-Services Ltd (Merridale Primary School)
Aspens-Services Ltd (Merritts Brook Academy)
Aspens-Services Ltd (Nechells Academy)
Aspens-Services Ltd (Old Church School)
Aspens-Services Ltd (Phoenix Collegiate)
Aspens-Services Ltd (Pinfold Street Primary)
Aspens-Services Ltd (Rough Hay School)
Aspens-Services Ltd (Salisbury School)
Aspens-Services Ltd (Shenley Academy)
Aspens-Services Ltd (Sladefield Infant School)
Aspens-Services Ltd (St George's C of E Academy)
Aspens-Services Ltd (St Martin's MAT)
Aspens-Services Ltd (St Peter's Catholic School, Solihull)
Aspens-Services Ltd (St Peters Collegiate)
Aspens-Services Ltd (West Walsall E-ACT Academy)
Aspens-Services Ltd (Whitgreave Infant School)
Aspens-Services Ltd (Whitgreave Junior School)
Balfour Beatty Living Places (Coventry)
BAM Construct UK Ltd
Bespoke Cleaning Services Ltd (Wolverhampton College)
Birmingham Children's Trust
Birmingham Community Leisure Trust (North East Contract)
Birmingham Community Leisure Trust (South West Contract)
Birmingham Solihull Mental Health NHS Foundation Trust
Catering Academy (John Gulson)
Catering Academy Ltd (Synergy Schools)
Caterlink Ltd (John Paul II)
Caterlink Ltd (The Futures Trust)
Caterlink Ltd (Stoke Park School)
Change, Grow, Live Ltd
Change, Grow, Live Ltd (Walsall MBC)
Churchill Contract Services Ltd (Finham Park MAT)
Churchill Contract Services Ltd (Finham Park School)
Churchill Contract Services Ltd - Langley School
Churchill Contract Services Ltd (Moat House Primary School)
Churchill Contract Services Limited (Stoke Park School and Community Technology College)
Churchill Contract Services Limited (Walsall College)
Churchill Contract Services Limited (Whitehall School)
Churchill Contract Services Ltd (Wodensfield Primary School)
Compass Contract Services (UK) Ltd (Diocese of Coventry MAT)
Compass Contract Services (UK) Ltd (Hall Green Secondary School)
Compass Contract Services (UK) Ltd (Moseley School)
Compass Contract Services (UK) Ltd (Uplands Junior School)
Creative Support Limited
Dodd Group (Midlands) Ltd
Dovetail Group (UK) Ltd (Alderbrook School)

Further Information

Participating Employers in the Fund

Engie Services Ltd
Engie FM Ltd (Broadway School)
Engie FM Ltd (HM and Stockland Green School)
Engie FM Ltd (Moseley School)
Engie FM Ltd (Waverley School)
Engie Regeneration Holdings Ltd
Enterprise Managed Services Ltd (Solihull)
Enterprise AOL Ltd (Telford/Wrekin)
Elite Cleaning and Environmental Services Ltd (Bloxwich Academy)
Elite Cleaning and Environmental Services Ltd (Walsall)
Fortem Solutions Ltd (Birmingham South)
Galliford (UK) Ltd
Greenwich Leisure Ltd
Housing and Care 21 Ltd
ICE Creates Ltd (Coventry CC)
Interserve Catering Services Ltd (Rowley)
Interserve Catering Services Ltd (Smethwick)
Interserve Facilities Management Ltd (OCOS/WODO/Tipton Schools)
Interserve Facilities Management Ltd (Rowley Campus)
Integral UK Ltd (Coventry)
Jewson Ltd (Dudley MBC)
KGB Cleaning & Support Services Ltd (Bishop Ulathorne School)
Lawrence Cleaning Ltd (Parkfield School)
Lawrence Cleaning Ltd (St Stephen's School)
Lend Lease Construction (Europe) Ltd (Four Dwellings School)
Lend Lease Construction (Europe) Ltd (George Dixon School)
Lend Lease Construction (Europe) Ltd (Moseley School)
Lend Lease Construction (Europe) Ltd (Park View & International School)
Lend Lease Construction (Europe) Ltd (HML Stockland Green Broadway School)
Lend Lease Construction (Europe) Ltd (The Sixth Form College Solihul)
Lend Lease Construction (Europe) Ltd (Waverley School)
Mazars Ltd (Walsall MBC)
Mellors Catering Services (Grestone Academy)
Mellors Catering Services (Kingswinford Academy)
Miquill Catering Ltd (Colton Hills)
Miquill Catering Ltd (Woodfield Junior)
Mitie PFI Ltd
Murray Hall Community Trust Ltd (Rowley and Tipton)
NSL Ltd (BCC)
NSL Ltd (Solihull)
Pell Frischman Consultants Ltd
Pendergate Ltd
PeoplesFuture Ltd
Places For People Leisure Ltd (Wolverhampton)
Places For People Leisure Ltd (Harborne Pool)
Places for People Leisure Ltd (Sparkhill)
Premier Support Services Ltd (Alumwell Infant School)
Priory Education Services Ltd

Participating Employers in the Fund

Prospects Services (Coventry and Warwickshire)
Quadron Services Ltd
Sandwell Children's Trust
Serco Ltd (Sandwell)
Service Birmingham Ltd
Sodexo Ltd (Oasis Community Learning)
Tarmac Ltd
Taylor Shaw Ltd (Broadway Academy)
Taylor Shaw (Great Barr Birmingham)
T(n)S Catering Management Ltd (Fibbersley Park School)
T(n)S Catering Management Ltd (Moat House School)
T(n)S Catering Management Ltd (Potters Green School)
Wates Construction Ltd (East)
Wates Construction Ltd (West-Central)

Employers Without Active Members
Adoption Support
Age Concern Birmingham
Age Concern Birmingham VSOP
Aquarius Action Projects
Area Health Authority
Asian Welfare Centre
Aston University
Balsall Parish Council
Baverstock Academy
Belgrade Theatre Trust Ltd
Bickenhill Parish Council
Birmingham Airport Ltd
Birmingham and Solihull Learning Exchange Ltd
Birmingham Heartlands Development Corporati
Birmingham International Airport
Birmingham Municipal TSB
Black Business in Birmingham
Black Country Careers Service
Black Country Connexions
Black Country Development Corporation
Black Country Museum Development Trust
Black Country Partnership NHS Trust Ltd
Black Country University Tech College
Burrowes Street Co-operative
BXL
Careers And Education Business Partnership
Central Careers
Cerebral Palsy Midlands
Community Justice National Training Organisati
Coventry Voluntary Service Council
Department of Transport
Druids Heath Tenant Management Organisation

Further Information

Participating Employers in the Fund

Dudley Zoo Development Trust
East Birmingham Family Service Unit
Edith Cadbury Nursery School
Elliot House
Enterprise (AOL) Ltd (Shrewsbury)
Enterprise (AOL) Ltd (Shropshire)
Enterprise AOL Managed Services Ltd
Equivalent Pension Benefits
Family Care Trust
Focus Housing Association Ltd
Heath Town Estate Management Board
Hockley Heath Parish Council
Home Start (Birmingham South)
JDM Accord Ltd (Tamworth BC)
Job Change Ltd
Josiah Mason College
Lieutenancy Services (West Midlands) Limited
Life Education Centres West Midlands
MAC (Cannon Hill Trust Ltd)
Manor Park Primary School
METRA
Midlands Housing Consortium
Millennium Point Trust
MITIE Property Services (UK) Ltd (Birmingham)
MLA West Midlands
Moseley and District Churches Housing Associa
National Urban Forestry Unit
Newman College
Pool Hayes Community Association
Relate
Rightstep Careers
Riverside Housing Association LTD
Sandwell Regeneration Company LTD
Selly Oak Nursery
SERCO (Stoke)
Serco Ltd (Stoke CC) wef Feb 08
Severn Trent Water Authority
Solihull Care
Solihull Care Trust
South Birmingham Family Service Unit
South Warwickshire Tourism Ltd
Springfield / Horseshoe Housing Management C
St Basil's Centre
St Francis Church of England Primary
St Peter's College
Sunderland ARC Ltd
Target Excel Plc (Magistrates Courts)
Taylor Shaw (Hodge Hill)

Participating Employers in the Fund

Three Tuns Neighbourhood Project
TSB PLC
University of Birmingham (Westhill)
University Of Warwick
Walsall Enterprise Agency Ltd
Walsall Regeneration Company
Wednesbury Education Action Zone
West Bromwich Afro-Caribbean Centre
West Midlands Childrens' Regional Planning Co
West Midlands County Council
West Midlands E-Learning Co.
West Midlands Examination Board
West Midlands Magistrates Courts Committee
West Midlands Residuary Body
West Midlands Transport Information Services Limited
West Midlands Valuation Tribunal
Wolverhampton Community Safety Partnership
Wolverhampton Network Consortium
Wolverhampton Race Equality Council
Woodlands Academy

Major Employers Who Have Participated in the Fund
Birmingham International Airport plc *Terminated*
Department of Transport *Terminated*
Department of Health and Social Security *Terminated*
Severn Trent Water Authority *Terminated*
Staffordshire and West Midlands Probation Trust *Terminated*
West Midlands Magistrates Courts Committee *Terminated*

Fund Highlights

4,942
Total scheme members

£491.7m
Net assets of the Fund

£11.1m
Total contributions

2
Active scheme employers

£30.1m
Total benefit payments

313
Contributing members

654*
Deferred members

3,975
Pensioner members

* includes unpaid/unclaimed refunds and beneficiaries

Scheme Management and Advisors as at 31 March 2019

Officers Administering the Fund

- **R Brothwood**
  Director of Pensions
- **S Taylor**
  Head of Pensions
- **A Regler**
  Head of Operations
- **J Davys**
  Assistant Director – Investments and Finance
- **R Howe**
  Head of Governance and Corporate Services
- **D Singh**
  Head of Finance

Investment Managers

- **Ballie Gifford**
- **Newton**
- **CQS Investment Management**
- **Legal & General Investment Management Ltd**

AVC Provider

- **Prudential and Equitable Life**

Actuary

- **Barnett Waddingham LLP**

Legal Advisor

City of Wolverhampton Council Legal Services

Banker

- **NatWest**

Auditor

- **Grant Thornton LLP**

West Midlands Combined Authority Finance Officers

- **L Horne**
  Finance Director

Scheme Administering Authority

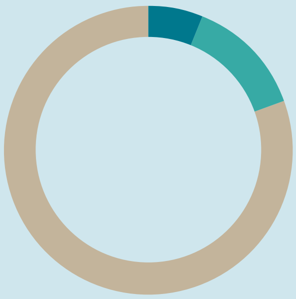
- **West Midlands Combined Authority**

Independent Investment Consultant

- **Hymans Robertson**

Administrative Management Performance – Overall Fund Statistical Information

Fund Members by Type

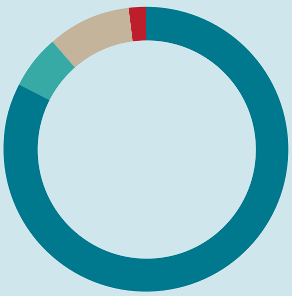


Active	313
Deferred	654
Pensioner	3,975

Number of Processes

Processes outstanding as at 31 March 2018	Processes completed in 2018/19	Processes utstanding as at 31 March 2019
120	2,302	195

New Pensioners in Year 2018/19 by Type of Retirement



Retirement type	No. of cases
Early	95
Ill health	7
Late	11
Normal	2
Total	**115**

Five-Year Detail

	Employer name	Active	Deferred	Preserved refunds	Pensioner	Beneficiary	Totals
2015	West Midlands Travel Ltd	518	849	16	3,160	499	5,042
	Preston Borough Transport	0	0	0	1	0	1
	Preston Bus Ltd	0	22	0	92	23	137
	Total	**518**	**871**	**16**	**3,253**	**522**	**5,180**
2016	West Midlands Travel Ltd	470	782	16	3,201	525	4,994
	Preston Borough Transport	0	0	0	1	0	1
	Preston Bus Ltd	0	16	0	94	24	134
	Total	**470**	**798**	**16**	**3,296**	**549**	**5,129**
2017	West Midlands Travel Ltd	402	748	16	3,220	552	4,938
	Preston Borough Transport	0	0	0	1	0	1
	Preston Bus Ltd	0	15	0	94	24	133
	Total	**402**	**763**	**16**	**3,315**	**576**	**5,072**
2018	West Midlands Travel Ltd	352	680	16	3,221	587	4,856
	Preston Borough Transport	0	0	0	1	0	1
	Preston Bus Ltd	0	26	0	91	23	140
	Total	**352**	**706**	**16**	**3,313**	**610**	**4,997**
2019	West Midlands Travel Ltd	313	627	16	3,233	627	4,816
	Preston Borough Transport	0	0	0	1	0	1
	Preston Bus Ltd	0	11	0	85	29	125
	Total	**313**	**638**	**16**	**3,319**	**656**	**4,942**

Administrative Management Performance – Administration and Key Operation Data

Age Analysis – Number of Members

Status (age in years)	0-4	5-9	10-14	15-19	20-24	25-29	30-34	35-39	40-44	45-49	50-54
Active	0	0	0	0	0	0	0	0	1	26	96
Beneficiary pensioner	0	0	1	7	1	0	0	2	2	5	9
Deferred	0	0	0	0	0	0	0	0	14	81	220
Deferred ex spouse	0	0	0	0	0	0	0	0	0	1	2
Pensioner	0	0	0	0	0	0	0	0	0	2	22
Pensioner ex spouse	0	0	0	0	0	0	0	0	0	0	0
Preserved refund	0	0	0	0	0	0	0	0	1	10	2
Total	**0**	**0**	**1**	**7**	**1**	**0**	**0**	**2**	**18**	**125**	**351**

Status (age in years)	55-59	60-64	65-69	70-74	75-79	80-84	85-89	90-94	95-99	100+	Total
Active	114	36	27	13	0	0	0	0	0	0	**313**
Beneficiary pensioner	33	43	88	148	155	116	43	3	0	0	**656**
Deferred	269	35	7	0	0	0	0	0	0	0	**626**
Deferred ex spouse	7	2	0.	0	0	0	0	0	0	0	**12**
Pensioner	66	419	665	882	721	408	120	11	0	0	**3,316**
Pensioner ex spouse	0	0	2	1	0	0	0	0	0	0	**3**
Preserved refund	3	0	0	0	0	0	0	0	0	0	**16**
Total	**492**	**535**	**789**	**1,044**	**876**	**524**	**163**	**14**	**0**	**0**	**4,942**

Active Members
The Fund has a total active membership of **313**. Since 31 March 2018, the number of contributing employees in membership has decreased by **39**.

Deferred Members
The Fund has a total of **654** deferred members. Since 31 March 2018, this has decreased by **68**.

Pensioner Members
The Fund has a total of **3,975**. Since 31 March 2018 this has increased by **52**.

Administrative Management Performance – Overall ITA Fund Statistical Information

In 2018/19	Cases outstanding as at 01/04/18	Number of cases commenced in year	Number of cases completed in year	Number of cases outstanding as at 31/03/19	% of completed cases in year
Deaths - initial letter acknowledgement death of active/ deferred/pensioner member	1	119	120	-	100%
Deaths - letter notifying amount of dependent's benefit	28	125	134	19	88%
Retirements - letter notifying estimate of retirement benefits (includes all retirement types; normal, ill health, early, late etc.) (active)	2	35	32	5	86%
Retirements - letter notifying estimate of retirement benefits (includes all retirement types; normal, ill health, early, late etc.) (deferred)	8	106	96	18	84%
Retirements - letter notifying estimate of retirement benefits (includes all retirement types; normal, ill health, early, late etc.) (total)	**10**	**141**	**128**	**23**	**85%**
Retirements - Letter notifying actual retirement benefits (includes all retirement types; normal, ill health, early, late etc.) (active)	-	32	32	-	100%
Retirements - Letter notifying actual retirement benefits (includes all retirement types; normal, ill health, early, late etc.) (deferred)	-	72	72	-	100%
Retirements - Letter notifying actual retirement benefits (includes all retirement types; normal, ill health, early, late etc.) (total)	**-**	**104**	**104**	**-**	**100%**
Retirements - process and pay lump sum retirement grant (include all retirement types; normal, ill health, early, late etc.) (active)	-	32	31	1	97%
Retirements - process and pay lump sum retirement grant (include all retirement types; normal, ill health, early, late etc.) (deferred)	-	72	70	2	97%
Retirements - process and pay lump sum retirement grant (include all retirement types; normal, ill health, early, late etc.) (total)	**-**	**104**	**101**	**3**	**97%**
Deferment - calculate and notify deferred benefits	2	7	9	-	100%

ITA Investment Policy and Performance

Investment Report

The investment strategy of the Fund is implemented in accordance with the Investment Strategy Statement and the Fund's investment beliefs. The core objectives are to achieve target returns, ensure the solvency of the Fund and its ability to pay pensions.

1 Investment Managers

At 31 March 2019, the market value of the ITA Pension Fund was £491.7m. The largest component of this was an insurance buy-in policy valued at £224.5m.

In the last year, approval was given to amend the Fund's strategic asset allocation at the Pensions Committee in March 2018. The Fund is in the process of implementing those changes with the introduction of a multi-asset credit fund and liability-driven investments. To fund the allocation to multi-asset credit (CQS), redemptions of approximately £47.5m from Legal & General equity and index linked holdings were made with £4.45m worth of redemptions coming from the diversified growth fund portfolios. The Fund's asset allocation and policy targets for growth and defensive are in line with their policy targets, pending the implementation of the liability-driven investment allocation. The balance of the Fund was held in liquid investments. Legal & General managed equities, gilts and corporate bonds, while Baillie Gifford and Newton managed diversified growth funds. The returns by managers and asset class are detailed below for 2017/18 and 2018/19.

As at year-end, the values of the funds under management (excluding the insurance buy-in policy) were as follows:

31 March 2018			31 March 2019	
Market value £m	% of total market value		Market value £m	% of total market value
154.5	62	Legal & General Investment Management	115.7	44
49.8	20	Baillie Gifford	48.0	18
46.3	18	Newton	47.3	18
-	-	CQS	52.6	20

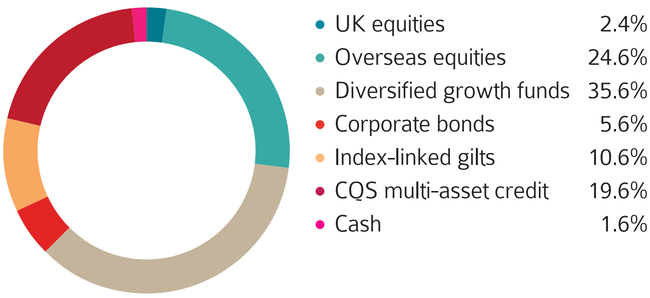
2 Investment Strategy Statement (ISS)

The Local Government Pension Scheme (Management & Investment of Funds) Regulations 2016, in force from 1 November 2016, require administering authorities to publish their first Investment Strategy Statement (ISS) by 1 April 2017 in accordance with statutory guidance issued by DCLG in September 2016. The first such statement was approved by the Pensions Committee in March 2017, with the most recent ISS being approved by the Pensions Committee in March 2019.

A copy of the current Investment Strategy Statement can be found on the Fund's website at www.wmpfonline.com/wmita

3 Asset allocation

The asset allocation of the ITA Pension Fund as at 31 March 2019 is shown in the chart below:



ITA Investment Policy and Performance

Investment Report

4 Review of Investment Performance

With the exception of corporate bonds, Legal & General manages its investments on a passive basis with the expectation of achieving market returns. Corporate bonds are managed on an active basis with the expectation of producing returns above the market using the manager's skills to outperform. The CQS Multi-asset credit fund (CQS MAC) is actively managed with a global mandate. The portfolio seeks to exploit opportunities primarily across the sub-investment grade credit space via a tactical, multi-asset approach with a target of LIBOR +4.5%. In respect of Newton and Baillie Gifford, unlike traditional portfolios, diversified growth funds do not measure their performance against market indices. Instead they aim to earn a consistent return above cash.

	Year ending 31 March				
	2015	**2016**	**2017**	**2018**	**2019**
Fund	+12.7%	-0.7%	+18.2%	+2.4%	+5.6%
Benchmark	+11.5%	+0.9%	+17.2%	+3.3%	+5.4%
Relative	+1.2%	-1.6%	+1.0%	-0.9%	+0.2%

The annualised performances of the Fund over one, three, five and ten years are detailed below:

	Year ending 31 March			
	One year	**Three years**	**Five years**	**Ten years**
Fund	5.6%	8.5%	7.4%	9.3%
Benchmark	5.4%	8.5%	7.5%	9.4%
Relative	0.2%	0.0%	-0.1%	-0.1%

During the year to 31 March 2019, the Fund outperformed the benchmark by 0.2%. The outperformance was attributable to the equities portfolio and the Newton diversified growth fund which helped the fund return +5.6% against a target of +5.4% for the 12-month period. The equity portfolio marginally outperformed its benchmark returning +7.1% compared to +7.0% for the benchmark. The fixed income sector produced a return of +2.8% matching the benchmark return.

The performance of the Fund is measured by an independent performance service, HSBC Securities Services. Investment returns are based on bid-point valuations.

5 Custodial and Accounting Arrangements

The ITA Pension Fund is composed of two employers that have different member profiles and funding levels, each with its own tailored investment strategy. A unitisation approach is taken to facilitate the requirements of both employers. HSBC provide the fund accounting services.

As the membership profile of the Fund advances towards maturity, its cashflow profile has changed due to falling receipts of pension contributions and rising pension payments. To mitigate this reduction in cash, three of the L&G funds (UK equities, index linked gilts, and corporate bonds) are distributing funds from which income is received on a monthly basis.

The ITA Pension Fund currently holds all of its investments in pooled investment vehicles managed by FCA-regulated fund managers with administrative and custody arrangements in place to support them. The Fund owns units in investment vehicles (rather than underlying assets) and obtains and reviews reporting from accountants' reports on internal controls from the relevant investment managers to ensure control arrangements are suitable and risks are effectively managed. Where direct investments are held by the ITA Pension Fund these are held by its Custodian, HSBC. Assets are held in the name of: HSBC Global Custody Nominee (UK) Ltd.

The custodian is authorised and regulated by the Financial Conduct Authority (FCA) and the Custodian shall take all reasonable steps to ensure the protection of the Client's assets in accordance with the FCA rules.

HSBC

Investment Report

2018/2019 Gross Returns	Legal & General Actual	Legal & General Index	CQS MAC Actual	CQS MAC Index	Baillie Gifford Actual	Baillie Gifford Index	Newton Actual	Newton Index
UK equities	6.8%	6.4%	-	-	-	-	-	-
World ex UK equities	7.2%	7.1%	-	-	-	-	-	-
Index-linked gilts	5.5%	5.5%	-	-	-	-	-	-
Non-government bonds	4.0%	3.7%	-	-	-	-	-	-
Multi-asset credit	-	-	1.2%	1.3%	-	-	-	-
Diversified growth funds	-	-	-	-	0.9%	4.2%	7.0%	4.7%
Total	**6.7%**	**6.5%**	**1.2%**	**1.3%**	**0.9%**	**4.2%**	**7.0%**	**4.7%**

2017/2018 Gross Returns	Legal & General Actual	Legal & General Index	CQS MAC Actual	CQS MAC Index	Baillie Gifford Actual	Baillie Gifford Index	Newton Actual	Newton Index
Equities	3.9%	3.8%	-	-	-	-	-	-
Index-linked gilts	0.5%	0.5%	-	-	-	-	-	-
Non-government bonds	1.8%	1.3%	-	-	-	-	-	-
Diversified growth funds	-	-	5.4%	3.9%	5.4%	3.9%	(2.2%)	4.4%
Total	**3.9%**	**3.8%**	**5.4%**	**3.9%**	**5.4%**	**3.9%**	**(2.2%)**	**4.4%**

Asset Allocation Benchmark and Actual – 31 March 2019	31 March 2019 Benchmark %	31 March 2019 Actual %
UK equities	2.9	2.4
Overseas equities	24.2	24.6
Diversified growth funds	35.5	35.6
Total growth	**62.6**	**62.6**
Index-linked gilts	8.6	10.6
Corporate bonds	8.6	5.6
Multi-asset credit	20.2	19.6
Cash	0.0	1.6
Total defensive	**37.4**	**37.4**
Total assets	**100.0**	**100.0**

Note: The Fund's ISS asset allocation benchmark includes a 17.1% allocation to liability-driven investment (LDI); however, recognising that this was still in the implementation phase during the financial year, the benchmark weightings and performance statistics do not reflect the LDI allocation at this stage.

Investment Report

The table below sets out the asset allocation approved by Pensions Committee in March 2019:

Asset Class	Total Fund %
Growth	
Quoted equities	27.1
Diversified growth funds	35.3
Total growth	**62.4**
Income and stabilising	
Multi-asset credit	20.3
LDI	17.1
Cash	0
Total income and stabilising	**37.4**

Largest Holdings

The Fund, as part of its risk management arrangements, now uses pooled vehicles only and has no direct shareholdings in companies (see note 13 of the accounts).

Asset Allocation Benchmark and Actual – 31 March 2018	31 March 2018 Benchmark %	31 March 2018 Actual %
UK equities	3.9	3.7
Overseas equities	34.5	36.0
Diversified growth funds	38.6	37.9
Total growth	**77.0**	**77.6**
Index-linked gilts	10.9	10.7
Corporate bonds	11.5	10.5
Cash	0.6	1.2
Total defensive	**23.0**	**22.4**
Total assets	**100.0**	**100.0**

ITA Actuary's Statement as at 31 March 2019

Actuary's Statement

Introduction

The last full triennial valuation of the West Midlands Integrated Transport Authority Pension Fund was carried out as at 31 March 2016 as required under Regulation 62 of the Local Government Pension Scheme Regulations 2013 and in accordance with the Funding Strategy Statement of the Fund. The results were published in the triennial valuation report dated March 2017.

Asset Value and Funding Level

The smoothed market value of the Fund's assets as at 31 March 2016 including the value of the insurance policy held with Prudential in relation to certain pension payments from the Fund was £463.9m. The value of the Fund's accrued liabilities was £568.6m at that date, allowing for future increases in pay and pensions in payment, resulting in a deficit of £104.7m. This corresponded to a funding level of 82%. The deficit of £104.7m was taken into account when considering the deficit contribution requirements for employers.

2016 Valuation Results

The valuation also showed that a primary rate of contribution of 25.1% of pensionable pay p.a. was required from employers. The primary rate is calculated as being sufficient, together with contributions paid by members, to meet all liabilities arising in respect of service after the valuation date. It allowed for the new LGPS benefit structure which became effective from 1 April 2014.

In addition, further "secondary" contributions were required in order to pay off the Fund's deficit. The total secondary contributions payable by the employers over the three years to 31 March 2020 was estimated to be as follows:

Secondary contributions	2017/18	2018/19	2019/20
Total monetary amounts	£7,625,000	£7,792,900	£7,639,700

Further details regarding the results of the valuation are contained in the formal report on the actuarial valuation dated March 2017. In addition to the certified contributions, payments to cover additional liabilities arising from early retirements (both ill health and non-ill health retirements) will be made to the Fund by the employers.

Contribution Rates

The contribution rates, in addition to those paid by the members of the Fund, are set to be sufficient to meet:

- The annual accrual of benefits allowing for future pay increases and increases to pensions in payment when these fall due;
- plus an amount to reflect each participating employer's notional share of the Fund's assets compared with 100% of their liabilities in the Fund, in respect of service to the valuation date.

Assumptions

The assumptions used to value the benefits at 31 March 2016 are summarised overleaf (split between the two employers).

Further details regarding the assumptions are contained in the formal report on the actuarial valuation dated March 2017. The Fund's invested assets were assessed at market value. The buy-in asset valuation was derived based on the assumptions set out in the report which are consistent with the assumptions to calculate the liabilities allowing for the profile of payments expected from the buy-in asset.

Updated Position Since the 2016 Valuation

As at 31 March 2019, the financial position of the Fund is estimated to be similar to that at the 2016 valuation.

The next actuarial valuation is due as at 31 March 2019 and the resulting contribution rates required by the employers will take effect from 1 April 2020. We will continue to monitor the financial position of the Fund on a regular basis.

Graeme Muir FFA
Partner
Barnett Waddingham LLP

ITA Actuary's Statement as at 31 March 2019

Actuary's Statement

Assumption	31 March 2016
Discount rate (West Midlands Travel Ltd)	Non-buy-in-pensioners – 4.5% pa Buy-in pensioners – 1.9% pa Buy-in asset valuation – 1.9% pa
Discount rate (Preston Bus Ltd)	2.8% pa
Consumer price inflation (CPI)	2.3% pa
Salary increases	2.3% pa in addition to a promotional scale set with reference to tables published by the Government Actuary's Department (GAD).
Pension increases on GMP	Funds will pay limited increases for members that have reached SPA by 6 April 2016, with the Government providing the remainder of the inflationary increase. For members that reach SPA after this date, we have assumed that funds will be required to pay the entire inflationary increases.
Pre-retirement mortality	Set with reference to GAD tables.
Post-retirement mortality	S2PA tables with a multiplier of 110% for current pensioners and future dependants
	140% of the S2PMA tables for current male dependants and 120% of the S2DFA tables for current female dependants.
Retirement	Each member retires at their weighted average "tranche retirement age" ie, for each tranche of benefit, the earliest age they could retire with unreduced benefits plus three years for active members of WMTL and plus two years for deferred members of WMTL. The future service rate has been calculated using the retirement assumption above plus one year rather than three years for active members.
Commutation	Members will convert 50% of the maximum possible amount of pension into cash.

ITA Statement of Accounts

Explanatory Foreword

The following statements comprise the Financial Report for the West Midlands Integrated Transport Authority (`ITA') Pension Fund (`the Fund'). The accounts cover the financial year from 1 April 2018 to 31 March 2019.

This report has been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2018/19 published by the Chartered Institute of Public Finance and Accountancy.

The report is set out in the following order:

- **Introduction** which provides general information on the background of the Fund, management and advisors and officers of the Fund and actuarial position.
- **Fund Account** which discloses the size and character of financial additions to, withdrawals from and changes to the value of the Fund during the accounting period, analysed between contributions and benefits, and returns on investments.
- **Net Assets Statement** which discloses the size and disposition of the net assets of the scheme at the end of the year.
- **Notes to the Fund Accounts** which gives supporting details and analysis concerning the contents of the financial statements.

Introduction

1 History of the Fund

The West Midlands Passenger Transport Authority Pension Fund was established on 29 November 1991 under the Local Government Superannuation (Miscellaneous Provisions) Regulations 1991. The Local Transport Act 2008 changed the names of all English Passenger Transport Authorities to Integrated Transport Authorities. This was effective from the 9 February 2009 under Statutory Instrument 2009 No. 107 (C.08), and the West Midlands Passenger Transport Authority Pension Fund was changed to the West Midlands Integrated Transport Pension Fund (`the Fund').

The West Midlands Integrated Transport Authority (ITA) was responsible for the administration of the Fund until 16 June 2016 when the responsibility passed to the West Midlands Combined Authority (WMCA) when it was established on 17 June 2016 under Statutory Instrument 2016 No 653 in exercise of the Local Democracy, Economic Development and Construction Act 2009. The effect of the order was that the WMCA was substituted for the ITA as the administering authority of the Fund. The City of Wolverhampton Council was appointed by the then ITA as agent to administer the Fund on its behalf. The name of the Fund remains unchanged. The scheme is governed by the Public Services Pensions Act 2013. The Fund is administered in accordance with the following secondary legislation:

- i The Local Government Pension Scheme Regulations 2013 (as amended)
- ii The Local Government Pension Scheme (Transitional Provisions, Saving and Amendments) Regulations 2014 (as amended)
- iii The Local Government Pensions Scheme (Management and Investment of Funds) Regulations 2016.

Following the transfer of ownership of West Midlands Travel Limited from local authority to employees' ownership, the West Midlands Passenger Transport Authority entered into an admission agreement with West Midlands Travel Limited whereby 5,556 existing employees of West Midlands Travel Limited transferred on 4 December 1991 from the West Midlands Metropolitan Authorities Pension Fund to the new Fund. The West Midlands Passenger Transport Authority also entered into an admission agreement with Preston Bus Limited, following their change from local authority to employee ownership. On 31 March 1993, 162 employees of the company were transferred from the Lancashire County Council Pension Fund to the West Midlands Passenger Transport Authority Fund. Preston Bus Limited decided during 2005/06 that it wished to terminate its active membership of the Fund and the Passenger Transport Authority agreed to this request.

Agreement was reached between Preston Bus Limited and 52 of their 56 existing members to terminate their active membership during 2005/2006 in return for a cash lump-sum payment. The four active members remaining at 31 March 2006 subsequently agreed to the same offer. There is no provision in the admission agreement for new employees of West Midlands Travel Limited to be admitted to the Fund.

2 Management of the Fund

WMCA, the administering authority has delegated the day-to-day management of the Fund to the West Midlands Pension Fund (WMPF) Pensions Committee who is also responsible for the strategic management of the assets of the Fund. The role of the Committee is to:

- Discharge functions of the administering authority for the application of the Local Government Pension Scheme Regulations for the West Midlands ITA Pension Fund;
- Put in place and monitor administration of contributions and payments of benefits as required by the regulations, and the proper management and investment of monies held for the purpose of paying benefits;
- Determine and review the provision of resources made available for discharge of the function of administrating authority.

3 Membership

Membership of the Fund at the year end was as follows:

31 March 2018 No.		**31 March 2019 No.**
352	Active members	313
3,923	Pensioner members	3,975
722	Deferred members	654
4,997	**Total**	**4,942**

ITA Statement of Accounts

Explanatory Foreword

4 Funding
The Fund is a defined benefit pension scheme. Benefits are funded by contributions and investment earnings. Contributions are made by active members of the Fund in accordance with the LGPS (Benefits, Membership and Contributions) Regulations 2013 and range from 5.5% to 12.5% of pensionable pay for the financial year ended 31 March 2019 depending on the level of pay.

In addition to employee contributions, employers' contributions are paid as set based on triennial actuarial funding valuations. The last such valuation was as 31 March 2016 which set contribution rates for the period 1 April 2017 to 31 March 2020. The next valuation will be at 31 March 2019, which will set contributions for the three years to 31 March 2023.

5 Benefits
With effect from 1 April 2008, new rules were introduced replacing the 1997 scheme. The principal changes were the replacement of 1/80th of pensionable pay for each year of pensionable service plus an automatic lump-sum of three times this amount by one based on 1/60th of pensionable pay for each year of pensionable service with no automatic lump-sum. Part of the annual pension can be commutated for one-off tax-free lump-sum at a rate of £12 cash for each £1 per annum of pension given up.

There are a range of other benefits provided under the scheme including early retirement, disability pensions and death benefits. Benefits are index-linked in order to keep pace with inflation. In June 2010, the Government announced that the method of indexation would change from the retail prices index to the consumer prices index. This change took effect from 1 April 2011.

Major changes were introduced to the LGPS from 1 April 2014, in particular the move from basing pensions on final salaries to career-average revalued earnings (CARE), with an accrual rate of 1/49th, and pensions uprated annually in line with the consumer price index. Pension entitlements accrued prior to this date continue to be based on final salary.

6 Bulk Annuity Insurance Arrangement
As an integral part of its risk management and reduction strategy the ITA, in 2011, approved a bulk annuity insurance buy-in and, following a comprehensive procurement process, the policy was put in place on 18 April 2012 with Prudential Retirement Income Limited (Prudential). The insurance cover provides that the insurer underwrites the risk for meeting the liabilities relating to West Midlands Travel Limited pensioners on the pension payroll at 11 August 2011. The insurance provider will pay the cost of the monthly pension payments for current pensioners whilst they or their dependants are entitled to a pension. The initial arrangements do not cover the Preston Bus Company liabilities or future West Midlands Travel Limited pension payments arising from new pensioners or inflation uplifts or pre-October 1986 service.

The financial effect of the buy-in is explained in note 14 to the accounts.

7 Annual Report
A separate annual report is produced for the Fund which provides more details about the Fund's management, financial and investment performance and also sets out the Fund's funding and investment strategy.

This report is included within the West Midlands Pension Fund annual report which is available on www.wmpfonline.com/annualreport

On behalf of the Combined Authority Board

Linda Horne
Finance Director
Date: 30 July 2019

Independent Auditor's Report

Independent Auditor's Report to the Members of West Midlands Combined Authority on the Consistency of the Financial Statements of West Midlands Integrated Transport Authority Pension Fund Included in the Pension Fund Annual Report and Accounts

Opinion

The financial statements of West Midlands Integrated Transport Authority Pension Fund (the 'pension fund') administered by the West Midlands Combined Authority (the "Authority") for the year ended 31 March 2019 which comprise the Fund Account, the Net Assets Statement and the notes to the pension fund financial statements, including a summary of significant accounting policies are derived from the audited pension fund financial statements for the year ended 31 March 2019 included in the Authority's Statement of Accounts (the "Statement of Accounts").

In our opinion, the accompanying pension fund financial statements are consistent, in all material respects, with the audited financial statements in accordance with proper practices as defined in the CIPFA/ LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2018/19 and applicable law.

Pension Fund Annual Report and Accounts – Pension fund financial statements

The Pension Fund Annual Report and Accounts and the pension fund financial statements do not reflect the effects of events that occurred subsequent to the date of our report on the Statement of Accounts. Reading the pension fund financial statements and the auditor's report thereon is not a substitute for reading the audited Statement of Accounts and the auditor's report thereon.

The audited financial statements and our Report thereon

We expressed an unmodified audit opinion on the pension fund financial statements in the Statement of Accounts in our report dated 31 July 2019.

The Finance Director's responsibilities for the pension fund financial statements in the Pension Fund Annual Report

Under the Local Government Pension Scheme Regulations 2013 the Finance Director of the Authority is responsible for the preparation of the pension fund financial statements, which must include the Fund Account, the Net Asset Statement and supporting notes and disclosures prepared in accordance with proper practices. Proper practices for the pension fund financial statements in both the Statement of Accounts and the Pension Fund Annual Report are set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2018/19.

Auditor's responsibility

Our responsibility is to express an opinion on whether the pension fund financial statements in the Pension Fund Annual Report and Accounts are consistent, in all material respects, with the audited pension fund financial statements in the Statement of Accounts based on our procedures, which were conducted in accordance with International Standard on Auditing 810 (Revised), Engagements to Report on Summary Financial Statements.

Use of our report

This report is made solely to the members of the Authority, as a body, in accordance with Part 5 paragraph 20(5) of the Local Audit and Accountability Act 2014 and as set out in paragraph 43 of the Statement of Responsibilities of Auditors and Audited Bodies published by Public Sector Audit Appointments Limited. Our audit work has been undertaken so that we might state to the Authority's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Authority and the Authority's members as a body, for our audit work, for this report, or for the opinions we have formed.

Grant Patterson, Key Audit Partner
for and on behalf of Grant Thornton
UK LLP, Local Auditor

Birmingham

27 November 2019

ITA Statement of Accounts

Fund Account and Net Assets Statement

Fund Account

2017/18 £'000		Note	**2018/19 £'000**
	Dealings with members, employers and others directly involved in the Fund		
(11,434)	Contributions	5	(11,135)
-	Transfers in from other pension funds	6	-
(2,756)	Other employer contributions	7	(2,831)
(14,190)			(13,966)
29,093	Benefits	8	30,079
882	Payments to and on account of leavers	9	-
3	Other payments	10	8
29,978			30,087
15,788	**Net withdrawals from dealing with members**		**16,121**
951	Management expenses	11	1,059
16,739	**Net withdrawals including Fund management expenses**		**17,180**
	Returns on investments		
(17,843)	Investment income	12	(17,267)
(4,740)	(Profits) and losses on disposal of investments and changes in the market value of investments	13	(13,372)
16,689	(Increase)/decrease in value of bulk annuity insurance buy-in	14	13,785
(5,894)	**Net return on investments**		**(16,854)**
10,845	**Net (increase)/decrease in the net assets available for benefits during the year**		**326**
502,884	Net assets of the Fund brought forward		492,039
492,039	**Net assets of the Fund carried forward**		**491,713**

Net Assets Statement

2018 £'000		Note	**2019 £'000**
250,593	Investment assets	13	263,529
238,333	Bulk annuity insurance buy-in	14	224,548
3,453	Current assets	15	4,441
(340)	Current liabilities	16	(805)
492,039	**Net assets of the Fund available to fund benefits at the period end**		**491,713**

These financial statements replaced the unaudited financial statements certified by Linda Horne on 20 May 2019. They were approved for issue by the Audit, Risk &Assurance Committee on 21 June 2019. Events after the Balance Sheet have been considered up to the date of approval.

Notes to the Accounts

1 Basis of Preparation

The Statement of Accounts summarises the Fund's transactions for the 2018/19 financial year and its position as at 31 March 2019. The accounts have been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2018/19 which is based upon International Financial Reporting Standards (IFRS), as amended for the iJK public sector.

The accounts summarise the transactions of the Fund and report on the net assets available to pay pension benefits. The accounts do not take account of obligations to pay pensions and benefits which fall due after the end of the financial year. The actuarial present value of promised retirement benefits, valued on an International Accounting Standard (IAS) 19 basis is disclosed in note 22 of these accounts.

The accounts have been prepared on a going concern basis as it is considered that the Fund will continue in operational existence for the foreseeable future by meeting its liabilities as they fall due for payment.

2 Summary of Significant Accounting Policies

Fund Account – Revenue Recognition

a) Contribution income

Normal contributions, both from the members and from the employer, are accounted for on an accruals basis at the percentage rate recommended by the Fund actuary in the payroll period to which they relate.

Employers' augmentation contributions and pensions strain contributions are accounted for in the period in which the liability arises. Any amount due in year but unpaid will be classed as a current financial asset. Amounts not due until future years are classed as long-term financial assets.

Employer deficit funding contributions are accounted for on the due dates on which they are payable under the schedule of contributions set by the scheme actuary or on receipt if earlier than the due date.

b) Transfers to and from other schemes

Transfer values represent the amounts received and paid during the year for members who have either joined or left the Fund during the financial year and are calculated in accordance with the Local Government Pension Scheme Regulations. Individual transfers in/out are accounted for when received/paid.

c) Investment income

i) Interest income

Interest income is recognised in the Fund Account as it accrues, using the effective rate of the financial instrument as at the date of acquisition or origination.

ii) Distributions from pooled funds

Distributions from pooled funds are recognised at the date of issue. Any amount not received by the end of the reporting period is disclosed in the Net Assets Statement as a current financial asset.

iii) Movement in the net market value of investments

Changes in the net market value of investments are recognised as income and comprise all realised and unrealised profits/ losses during the year.

iv) Benefits underwritten

The annuity purchased (see note 14) is treated in the accounts as an investment. Any income arising from this insurance contract to cover benefits underwritten is recognised in the Fund as investment income on an accruals basis.

v) Dividend income

Dividend income is recognised on the date of the cancellation of units at the mid-price in the pooled UK investments held with investment fund managers.

Fund Account – Expense Items

d) Benefits payable

Pensions and lump-sum benefits payable include all amounts known to be due as at the end of the financial year. Any amounts due but unpaid are disclosed in the Net Assets Statement as current liabilities.

e) Taxation

i) Value added tax

The Fund pays VAT collected on income in excess of VAT payable on expenditure to HMRC. The accounts are shown exclusive of VAT.

ii) Income tax

The Fund is a registered public service scheme under section 1(1) of Schedule 36 of the Finance Act 2004 and as such is exempt from UK income tax on interest received and from capital gains tax on the proceeds of investments sold. Income from overseas investments suffers withholding tax in the country of origin, unless exemption is permitted.

f) Administration expenses

All administration expenses are accounted for on an accruals basis.

The pension administration recharge from the City of Wolverhampton Council is calculated on a historical cost basis based on the proportion of time spent by the council's in-house pensions administration team on the Fund's activities.

g) Investment management expenses

All investment management expenses are accounted for gross on an accruals basis.

Fees of the external investment managers are agreed in the respective mandates governing their appointments. Each investment manager receives a fee for their service based on the market value of the assets they manage on the Fund's behalf. All managers have a specific target return against a benchmark.

Although not a shareholder, the Fund participates in LGPS Central Limited following the establishment of an investment pool company in conjunction with West Midlands Pension Fund and seven other Partner Funds. The company became operational on 1 April 2018, since which time all participating administering authorities in LGPS Central Limited became subject to a proportion of the costs on an assets under management basis for the investment company. These costs are included within external management fees.

The costs of the in-house fund management team are recharged to the Fund by the City of Wolverhampton Council on the same basis as the administration expenses recharge.

h) Oversight and governance costs

All oversight and governance expenses are accounted for on an accruals basis. Costs are split between employers on the basis of the unitised value of assets, including actuarial and professional fees.

ITA Statement of Accounts

Notes to the Accounts

Net Assets Statement

i) Financial assets
The Fund's financial assets include debtors (mainly contributions due from members and employers), cash and cash equivalents, investment assets and bulk annuity insurance buy-in. Such financial assets are recognised initially at cost.

Cash and cash equivalents comprise cash balances and call deposits. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses.

Debtors are recognised and carried at invoice or contract value less an allowance for any amounts which may not be collectable. Should such an amount become uncollectable it is written off to the Fund Account in the period in which it is recognised.

Investment assets are recognised in the Net Assets Statement on the date the Fund becomes party to the contractual acquisition of the asset. Subsequent to initial recognition investment assets and the insurance buy-in are measured at fair value with any gains or losses arising from changes in the fair value of the asset recognised by the Fund.

The values of investments as shown in the Net Assets Statement have been determined at fair value in accordance with the requirements of the Code and IFRS13 (see note 18). For the purposes of disclosing levels of fair value hierarchy, the Fund has adopted the classification guidelines recommended in Practical Guidance on Investment Disclosures (PRAG/Investment Association, 2016).

j) Financial liabilities
Financial liabilities include amounts due for benefits and management expenses. These creditors are recognised and carried at invoice or contract value. Should an amount become non-payable, it is written back to the Fund Account in the period in which it is recognised.

k) Foreign currency transactions
The Fund has no financial assets denominated in foreign currencies. Equities held overseas are valued in sterling at source.

l) Actuarial present value of promised retirement benefits
The actuarial present value of promised retirement benefits is assessed on a triennial basis by the scheme actuary in accordance with the requirements of IAS 19 and relevant actuarial standards. As permitted under IAS 26, the Fund has opted to disclose the actuarial present value of promised retirement benefits by way of a note to the Net Assets Statement (note 22).

m) Additional voluntary contributions
The Fund provides an additional voluntary contributions (AVC) scheme for its members, the assets of which are invested separately from those of the Fund. The Fund has appointed Prudential Assurance Company and Equitable Life as its AVC providers (new AVCs only with Prudential Assurance Company). AVCs collected are paid to the AVC providers by employers and are specifically for providing additional benefits for individual contributors. Each AVC contributor receives an annual statement showing the amount held in their account and the movements in the year.

AVCs are not included in the accounts in accordance with section 4(1)(b) of the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016 but are disclosed as a note only (note 17).

3 Critical Accounting Judgements, Estimates and Assumptions

Judgements – Pension Fund Liability
The pension fund liability is calculated every three years by the appointed actuary, with annual updates in the intervening years. The methodology used is in line with accepted guidelines and in accordance with IAS 19. Assumptions underpinning the valuations are agreed with the actuary and are summarised in note 21. This estimate is subject to significant variances based on changes to the underlying assumptions.

Assumptions Made About the Future and Other Major Sources of Estimation and Uncertainty

The financial statements contain estimated figures that are based on assumptions made about the future or that are otherwise uncertain. Estimates are made taking into account historical experience, current trends and other relevant factors. However, because balances cannot be determined with certainty, actual results could be materially different from the assumptions and estimates.

The items in the Net Assets Statement and the notes for which there is a significant risk of material adjustment in the forthcoming financial year are as follows:

Bulk Annuity Insurance Buy-in
The bulk annuity insurance buy-in is included in the Net Assets Statement as an asset and is valued by the Fund's actuaries. The assumptions used can be found in note 18.

Pension Fund Liability
Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. When actual experience is not in line with the assumptions adopted, a surplus or shortfall will emerge at the next actuarial valuation and will require a subsequent contribution adjustment to bring the funding back into line with target.

Notes to the Accounts

The effects on the net pension liability and funding level of changes in individual assumptions have been measured by the Fund's actuaries. The assumptions used are as follows:

31 March 2018	Assumption used	31 March 2019
2.50%	Discount rate	2.35%
2.35%	Salary increases	2.45%
2.35%	Pensions increases	2.45%

31 March 2018	Life expectancy from age 65 (years)	31 March 2019
	Retiring today:	
21.9	Males	20.9
24.0	Females	22.8
	Retiring in 20 years:	
24.0	Males	22.6
26.3	Females	24.7

The effect on the pension liability of changes in individual assumptions can be illustrated as follows:

Change in assumptions – year ended 31 March 2019	**Increase/(decrease) in pension liability**	
Adjustment to discount rate	+0.5%	-0.5%
Present value of total obligation	(£40.8m)	£44.0m
Adjustment to long term salary increase	+0.5%	-0.5%
Present value of total obligation	£2.5m	(£2.4m)
Adjustment to pension increases and deferred revaluation	+0.5%	-0.5%
Present value of total obligation	£41.3m	(£38.6m)
Adjustment to life expectancy assumptions	+1 year	-1 year
Present value of total obligation	£25.2m	(£24.2m)

4 Accounting Standards Issued But Not Yet Adopted

The Code of Practice on Local Authority Accounting in the United Kingdom (the Code) requires changes in accounting policy to be applied retrospectively unless alternative transitional arrangements are specified in the Code.

The Code requires local authorities to disclose information relating to the impact of an accounting change that will be required by a new standard under the International Financial Report Standard (IFRS) that has been issued but not yet adopted by the Code. For the 2018/19 financial year, the relevant standards are:

- Amendments to IAS 40 Investment Property: Transfer of Investment Property
- Annual Improvements to IFRS Standards 2014-2016 Cycle
- IFRIC 22 Foreign Currency Transactions and Advance Consideration
- IFRIC 23 Uncertainty over Income Tax Treatments
- Amendments to IFRS 9 Financial Instruments: Prepayments Features with Negative Compensation

Please refer to note 4 in the West Midlands Combined Authority's Statement of Accounts for 2018/19.

5 Contributions Receivable

2017/18 £'000		**2018/19 £'000**
	Employers	
2,813	Normal contributions	2,598
7,625	Deficit funding	7,793
248	Early retirement costs	52
10,686		10,443
	Members	
748	Normal contributions	692
-	Additional contributions	-
748		692
11,434	**Total by category**	**11,135**
	Analysed by member body:	
11,434	Admitted bodies	11,135
11,434	**Total by authority**	**11,135**

Employers' contribution rates following the 31 March 2016 valuation for the period 1 April 2017 to 31 March 2020 are detailed in note 21.

6 Transfers In From Other Pension Funds

There were no transfers in from other pension funds during the year (2018: none).

7 Other Employer Contributions

Pre-October 1986 pension increase liabilities are the responsibility of the West Midlands Combined Authority. The West Midlands Combined Authority makes monthly payments to the West Midlands Pension Fund who then transfers the payments into the Fund. During the year, payments of £2.831 m (2018: £2.756m) were made.

8 Benefits Payable

2017/18 £'000		**2018/19 £'000**
	Pensions	
23,350	Retirement pensions	23,869
2,141	Widows' pensions	2,381
10	Children's pensions	17
17	Widowers' pensions	19
25,518		26,286
3,538	Commutation and lump sum retirement benefits	3,415
37	Lump sum death benefits	378
29,093	**Total by category**	**30,079**
	Analysed by member body:	
29,093	Admitted bodies	30,079
29,093	**Total by authority**	**30,079**

Notes to the Accounts

9 Payments To and On Account of Leavers

2017/18 £'000		2018/19 £'000
	Transfers out	
882	Individual transfers out to other schemes and personal pensions	-
882	**Total**	**-**

During the year, no members transferred their pensions into other schemes and personal pensions (2018: eight).

10 Other Payments

2017/18 £'000		2018/19 £'000
3	Interest on late payments	8
3	**Total**	**8**

11 Management Expenses

2017/18 £'000		2018/19 £'000
	Administration expenses	
120	Administration - City of Wolverhampton Council	120
120		120
	Investment management expenses	
668	Management fees - external	800
30	Management fees - internal	30
698		830
	Oversight and governance costs	
22	Administration and accountancy - WMCA	22
8	Subscriptions	9
31	Actuarial fees	19
21	Audit fees - external auditor	16
(5)	Audit fees - PSAA refund	-
22	Performance monitoring service	20
9	Legal fees	8
23	Professional advisors' fees	13
2	Bank charges and interest	2
133		109
951	**Total**	**1,059**

12 Investment Income

2017/18 £'000		2018/19 £'000
6	Interest on cash deposits	29
16,337	Benefits underwritten	16,064
1,500	Dividend income	1,174
17,843	**Total**	**17,267**

Benefits underwritten relates to income received from the insurance contract with Prudential meeting the liabilities relating to West Midlands Travel Limited pensioners.

Dividend income relates to the notional dividend income payment (NDIP) which enables a policyholder to draw a regular income from the investment funds. The NDIP is based on the underlying yields from UK investments held by the relevant investment funds and is made available through cancellation of units of the investment funds at the mid-price.

Notes to the Accounts

13 Investment Assets

Reconciliation of movements in investments:

Movements during 2018/19	Market value 1 April 2018 £'000	Purchases during the year £'000	Sales during the year £'000	Management fees deducted £'000	Change in market value during the year £'000	Value at 31 March 2019 £'000
Pooled investment vehicles						
Quoted:						
UK - unitised insurance policies	63,302	-	(15,118)	-	1,639	49,823
Overseas - unitised insurance policies	91,203	-	(32,382)	-	7,097	65,918
Unquoted:						
Diversified growth funds	96,088	-	(4,450)	(302)	3,874	95,210
Diversified multi-asset credit funds	-	51,950	-	(134)	762	52,578
Total investments	**250,593**	**51,950**	**(51,950)**	**(436)**	**13,372**	**263,529**

Following a review of investment strategy with advisers, the decision was made to reduce the level of risk in the portfolio, consequently part of the investments in Legal and General, Baillie Gifford and Newton were sold and the proceeds re-invested in CQS Credit Multi-Asset Fund.

Prior year comparatives:

Movements during 2017/18	Market value 1 April 2017 £'000	Purchases during the year £'000	Sales during the year £'000	Management fees deducted £'000	Change in market value during the year £'000	Value at 31 March 2018 £'000
Pooled investment vehicles						
Quoted:						
UK - unitised insurance policies	65,028	-	(999)	-	(727)	63,302
Overseas - unitised insurance policies	87,586	-	(13)	-	3,630	91,203
Unquoted:						
Diversified growth funds	94,559	-	-	(308)	1,837	96,088
Total investments	**247,173**	**-**	**(1,012)**	**(308)**	**4,740**	**250,593**

Purchases include transfers in of investments, corporate actions, increases in cash deposits and increases in net settlements due. Sales proceeds include all receipts from sales of investments, transfers out of investments, corporate actions, reductions in cash deposits and reductions in net settlements due. The change in market value of investments during the year comprises all increases and decreases in the market value of investments held including profits and losses realised on sales of investments during the year.

ITA Statement of Accounts

Notes to the Accounts

Investments analysed by fund manager:

31 March 2018 Market value £'000	% of total fund		31 March 2019 Market value £'000	% of total fund
154,505	62%	Legal & General Investment Management	115,741	44%
49,832	20%	Baillie Gifford	47,956	18%
46,256	18%	Newton	47,254	18%
-	-	CQS Investment Management	52,578	20%
250,593	100%		263,529	100%

Investments analysed by security:

31 March 2018 Market value £'000	% of total fund		31 March 2019 Market value £'000	% of total fund
		UK equities		
9,488	4%	UK Equity Index	6,441	2%
9,488	4%		6,441	2%
		Overseas equities		
25,601	10%	Europe (ex UK) Equity Index	17,834	7%
29,381	12%	North America Equity Index	23,987	9%
10,035	4%	Japan Equity Index	6,645	2%
16,173	6%	World Emerging Markets Equity Index	10,617	4%
10,013	4%	Asia Pacific (ex Japan) Dev Equity Index	6,835	3%
91,203	36%		65,918	25%
		Gilts and bonds		
27,122	11%	All Stocks Index-Linked Gilts	28,461	11%
26,692	11%	Active Corporate Bond - All Stocks	14,921	6%
53,814	22%		43,382	17%
		Diversified growth funds*		
49,832	20%	Baillie Gifford	47,956	18%
46,256	18%	Newton	47,254	18%
96,088	38%		95,210	36%
		Diversified multi-asset credit funds*		
-	0%	CQS	52,578	20%
-	0%		52,578	20%
250,593	**100%**	**Total market value**	**263,529**	**100%**

*Diversified funds are multi-asset portfolios that are designed to provide equity type returns but with less volatility than an equity fund. All tactical asset allocation decisions are undertaken by the manager to suit the prevailing market conditions.

As part of its risk management arrangements, the Fund uses pooled investment vehicles and has no direct shareholding in companies.

Notes to the Accounts

14 Bulk Annuity Insurance Buy-in

As an integral part of the Fund's risk management and reduction strategy, a bulk annuity insurance buy-in was put in place during 2012/13. The insurance cover provides that the insurer underwrites the risk for meeting the liabilities relating to West Midland Travel Limited pensioners on the pension payroll at 11 August 2011 in return for the payment of a one-off premium.

Benefits recharged to Prudential during the year have been credited to the Fund account and the value of the buy-in recalculated at each year end by the consulting actuary (see note 18 for methodology) and recognised in the Net Assets Statement as follows:

31 March 2018 £'000		**31 March 2019 £'000**
255,022	Opening market value	238,333
	Movements in the year:	
3,572	Interest on buy-in	3,685
(16,337)	Level pensions paid	(16,080)
-	Change in demographic assumptions	(8,991)
(3,924)	Change in actuarial assumptions	7,601
(16,689)		(13,785)
238,333	**Closing market value**	**224,548**

The change in demographic assumptions is as a result of updating to the Continuous Mortality Investigation's model, CMI 2018 which was released in March 2019. The change in actuarial assumptions arises from the reduction in the discount rate from 1.6% at 31 March 2018 to 1.3% at 31 March 2019.

15 Current Assets

31 March 2018 £'000		**31 March 2019 £'000**
	Debtors	
240	Contributions due - employers	145
57	Contributions due - members	9
138	Other debtors	14
435		168
3,018	Cash balances	4,273
3,453	**Total**	**4,441**
	Analysis of debtors:	
164	Other local authorities and pension funds	9
271	Other entities and individuals	159
435	**Total**	**168**

Included within cash balances is £3.893m (2018: £2.960m) placed in the West Midlands Pension Fund's STIC Global STG Portfolio.

16 Current Liabilities

31 March 2018 £'000		**31 March 2019 £'000**
-	Benefits payable	462
340	Sundry creditors	343
340	**Total**	**805**
	Analysis of creditors:	
232	Central government bodies	241
-	Other local authorities and pension funds	7
108	Other entities and individuals	557
340	**Total**	**805**

17 Additional Voluntary Contributions

As well as joining the Fund, scheme members can pay into an additional voluntary contribution (AVC) scheme run by two AVC providers. Contributions are paid directly from scheme members to the AVC providers.

The contributions and the investments are not included within the Fund accounts, in line with regulation 4 (1) (b) of the Pension Scheme (Management and Investment of Funds) Regulations 2016. The table below shows the activity for each AVC provider in the year.

31 March 2018 Equitable Life £'000	31 March 2018 Prudential £'000		**31 March 2019 Equitable Life £'000**	**31 March 2019 Prudential £,000**
172	**719**	**Opening value of the Fund**	**76**	**702**
1	119	Income	-	112
(100)	(157)	Expenditure	(1)	(342)
3	21	Change in market value	3	141
76	**702**	**Closing value of the Fund**	**78**	**613**

Notes to the Accounts

18 Fair Value - Basis of Valuation

The basis of the valuation of each class of investment assets is set out below. There has not been any change in the valuation techniques used during the year. All assets have been valued using fair value techniques which represent the highest and best price available at the reporting date.

Asset type	Valuation level	Basis of valuation	Observable and unobservable inputs	Key sensitivities
Pooled investment vehicles - quoted unitised insurance policies	1	Closing bid price if both bid and offer prices are published.	Not required	Not required
Pooled investment vehicles - diversified growth and diversified credit funds	2	Diversified growth funds and diversified credit funds invest in a variety of liquid assets. Values are derived from several sources including the use of quoted market prices and valuation techniques used by external managers based on significantly observable market data.	NAV based pricing set on a forward pricing basis.	Not required
Bulk annuity insurance buy-in	3	Provided by the Fund's actuary based on a roll-forward of the value placed on the buy-in as part of the 2016 triennial actuarial valuation, allowing for estimated level pensions paid and the change in the discount rate used to value the buy-in.	Key underlying inputs for the valuation are the discount rate and life expectancy. Discount rate has been set at 1.3% with reference to the 13-year point of the Bank of England nominal gilt yield curve, consistent with the 2016 valuation of the Fund.	Adjustments to discount rate and life expectancy.

Sensitivity of Assets Valued at Level 3

The key underlying inputs for the buy-in valuation are the discount rate and life expectancy. The impact of changes as calculated by the Fund's actuary is shown below:

Change in assumptions – year ended 31 March 2019	Increase/(decrease) in value of buy-in	
Adjustment to discount rate	+0.5%	-0.5%
Value of buy-in	(£11.4m)	£12.0m
Adjustment to life expectancy assumptions	+1 year	-1 year
Value of buy-in	£10.3m	(£9.9m)

Fair Value Hierarchy

Asset and liability valuations have been classified into three levels, according to the quality and reliability of information used to determine fair values. Transfers between levels are recognised in the year in which they occur.

Level 1

Assets and liabilities at level 1 are those where the fair values are derived from unadjusted quoted prices in active markets for identical assets or liabilities. Products classified as level 1 comprise quoted equities, quoted fixed securities, quoted index linked securities and unit trusts.

Level 2

Assets and liabilities at level 2 are those where quoted market prices are not available; for example, where an instrument is traded in a market that is not considered to be active, or where valuation techniques are used to determine fair value.

Level 3

Assets and liabilities at level 3 are those where at least one input that could have a significant effect on the instrument's valuation is not based on observable market data.

The following table provides an analysis of the financial assets and liabilities of the Fund grouped into Levels 1 to 3, based on the level at which the fair value is observable. There have been no transfers between levels during the year.

Notes to the Accounts

Value at 31 March 2019	Quoted market price Level 1 £'000	Using observable inputs Level 2 £'000	With significant unobservable inputs Level 3 £'000	Total £'000
Financial assets				
Financial assets at fair value through profit and loss	115,741	147,788	224,548	488,077
Net financial assets	**115,741**	**147,788**	**224,548**	**488,077**

A reconciliation of fair value measurements within level 3 is shown in note 14.

Value at 31 March 2018	Quoted market price Level 1 £'000	Using observable inputs Level 2 £'000	With significant unobservable inputs Level 3 £'000	Total £'000
Financial assets				
Financial assets at fair value through profit and loss	154,505	96,088	238,333	488,926
Net financial assets	**154,505**	**96,088**	**238,333**	**488,926**

19 Financial Instruments

The following table analyses the carrying amounts of financial instruments by category and Net Assets Statement heading. No financial instruments were reclassified during the accounting period.

31 March 2018				**31 March 2019**		
Fair value through profit and loss £'000	Financial assets at amortised cost £'000	Financial liabilities at amortised cost £'000		**Fair value through profit and loss £'000**	**Financial assets at amortised cost £'000**	**Financial liabilities at amortised cost £'000**
			Financial assets			
250,593	-	-	Investment assets	263,529	-	-
238,333	-	-	Bulk annuity insurance buy-in	224,548	-	-
-	3,018	-	Cash balances	-	4,273	-
-	435	-	Debtors	-	168	-
488,926	**3,453**	**-**		**488,077**	**4,441**	**-**
			Financial liabilities			
	-	(108)	Creditors	-	-	(557)
488,926	**3,453**	**(108)**		**488,077**	**4,441**	**(557)**

Net (Gains) and Losses on Financial Instruments

31 March 2018 £'000		**31 March 2019 £'000**
	Financial assets	
	Designated at fair value through profit and loss:	
(4,740)	Investment assets	(13,372)
16,689	Bulk annuity insurance buy-in	13,785
11,949		413
(6)	Financial assets at amortised cost	(29)
11,943	**Total**	**384**

ITA Statement of Accounts

Notes to the Accounts

20 Nature and Extent of Risks Arising From Financial Instruments

The Fund's primary long-term risk is that the Fund's assets will fall short of its liabilities (ie, promised benefits payable to members). Therefore, the aim of investment risk management is to minimise the risk of an overall reduction in the value of the Fund and to maximise the opportunity for gains across the whole Fund portfolio. The Fund achieves this through asset diversification to reduce exposure to market risk (price risk, currency risk and interest rate risk) and credit risk to an acceptable level. In addition, the Fund manages its liquidity risk to ensure there is sufficient liquidity to meet the Fund's forecast cash flows. The Fund manages these investment risks as part of its overall pension fund risk management programme which focuses on the unpredictability of financial markets, and seeks to minimise potential adverse effects on the resources available to fund services.

Responsibility for the Fund's risk management strategy rests with the West Midlands Pension Fund Pensions Committee. Risk management policies are established to identify and analyse the risks faced by the Fund's activities. Policies are reviewed regularly to reflect changes in activity and in market conditions. Policies covering specific areas relating to the Fund are as follows:

Investment Risk
In order to achieve its statutory obligations to pay pensions, the Fund invests its assets, including employer and employee contributions, in a way that allows it to meet its liabilities as they fall due for payment. It does this by matching assets to liabilities through the triennial actuarial valuation and an appropriate asset allocation.

During the year, excluding the bulk annuity buy-in, the Fund targeted a 60-70% exposure to equities as `growth' assets and 30-40% to `matching' assets, such as UK bonds or gilts which provide the best match for liabilities, ie, payments of benefits to members in future years. Risks in growth assets include market risk (the greatest risk), issuer risk and volatility, which are mitigated by diversification across asset classes, markets and sectors. Mitigating interest rate risk and inflation risk points to significant investment in bonds, but doing so at the expense of `growth' assets may increase the costs of funding. `Matching assets' backed by the UK Government are considered low risk, with corporate bonds carrying some additional issuer risk.

Counterparty Risk
In deciding to effect any transaction for the Fund, considerable steps are taken to ensure that the counterparty is suitable and reliable, that the transaction is in line with the Fund's strategy and that the terms and circumstances of the transaction are the best available in the relevant market at the time. Comprehensive due diligence processes are in place to ensure that any potential counterparty is authorised and regulated, competent to deal in investments of the type and size contemplated and has appropriate administration arrangements with regard to independent auditors, robust administration and accounting, relevant legal structure and experienced staff.

Legal agreements are implemented and continuous monitoring of counterparties is undertaken by fund officers in relation to suitability and performance, in addition to compliance with regulatory and fund-specific requirements.

Credit Risk
The Fund's deposits with financial institutions as at 1 April 2018 or the 31 March 2019 are disclosed in note 15. The Fund's surplus cash may be placed with an approved financial institution on a short-term basis and in accordance with the cash management policy and restrictions set out in the Compliance Manual. The policy specifies the cash deposit limit with each approved counterparty, as determined by a comprehensive scoring exercise undertaken by fund officers using specialist rating and market research data, which is reviewed on a regular basis.

Liquidity Risk
The Fund has a comprehensive daily cash flow management procedure which seeks to ensure that cash is available as needed. When additional deposits are required to meet future pension payrolls, cash is provided by one of the investment managers (in accordance with the asset allocation) who will liquidate a small proportion of assets under management as instructed by the Fund. Due to the cash flow management procedures and the liquidity of the assets held, there is no significant risk that the Fund will be unable to raise cash in order to meet its liabilities.

Currency Risk
Currency risk represents the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Even though the Fund has no financial assets denominated in foreign currencies, it is exposed to currency risk on its overseas equity portfolio as the movement in value takes account of changes in exchange rates of the underlying investments.

The aim of investment risk management is to minimise the risk of an overall reduction in the value of the Fund and to maximise the opportunity for gains across the whole fund portfolio. The Fund achieves this through asset diversification to reduce exposure to market risk (price risk, currency risk and interest rate risk) and credit risk to an acceptable level.

Notes to the Accounts

Price Risk Sensitivity Analysis

Price risk represents the risk that the value of a financial instrument will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or foreign exchange risk), whether those changes are caused by factors specific to the individual instrument or its issuer or factors affecting all such instruments in the market.

Potential price changes are determined based on the observed historical volatility of asset class returns. `Riskier' assets such as equities will display greater potential volatility than bonds as an example, so the overall outcome will depend largely on the Fund's asset allocations. In consultation with the Fund's performance advisors, the Fund has determined that the following future movements in market price risk are reasonably possible based on 2018/19 closing values:

Asset type	Value £'000	% Change	Value on increase £'000	Value on decrease £'000
UK equities	6,441	16.6%	7,510	5,372
Overseas equities	65,918	16.9%	77,058	54,778
Total bonds	14,921	8.9%	16,249	13,593
Index linked	28,461	8.3%	30,823	26,099
Diversified growth funds	95,210	12.5%	107,111	83,309
Diversified multi-asset credit funds	52,578	7.7%	56,627	48,529
Cash	4,273	0.5%	4,294	4,252
Total assets	**267,802**		**299,672**	**235,932**

The potential price changes on the 2017/2018 closing values are shown below for comparison purposes:

Asset type	Value £'000	% Change	Value on increase £'000	Value on decrease £'000
UK equities	9,488	16.8%	11,082	7,894
Overseas equities	91,203	17.9%	107,528	74,878
Total bonds	26,692	8.7%	29,014	24,370
Index linked	27,122	8.3%	29,373	24,871
Diversified growth funds	96,088	12.6%	108,195	83,981
Cash	3,018	0.5%	3,033	3,003
Total assets	**253,611**		**288,225**	**218,997**

Interest Rate Risk and Sensitivity Analysis

The Fund's investments are subject to interest rate risks, which represent the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Fund's direct exposure to interest rate movements as at 31 March 2018 and 31 March 2019 is set out below. These disclosures present interest rate risk based on the underlying financial assets at fair value:

Carrying amount as at 31 March 2018 £'000	Change in year in the net assets available to pay benefits £'000	£'000	Asset type	**Carrying amount as at 31 March 2019 £'000**	**Change in year in the net assets available to pay benefits £'000**	**£'000**
	+100BPS*	-100BPS*			+100BPS*	-100BPS*
3,018	30	(30)	Cash and cash equivalents	4,273	43	(43)
53,814	538	(538)	Fixed interest securities	43,382	434	(434)
56,832	**568**	**(568)**	**Total change in assets**	**47,655**	**477**	**(477)**

*BPS —basis points

Regulatory Risk

These include any changes to pension regulations, eg, more favourable benefits packages and/or HMRC rules. In order to manage this risk, changes to regulations are continuously monitored.

ITA Statement of Accounts

Notes to the Accounts

21 Funding Arrangements

In line with the Local Government Pension Scheme Regulations 2013, the Fund's actuary undertakes a funding valuation every three years for the purpose of setting employer contribution rates for the forthcoming triennial period. The last such valuation took place as at 31 March 2016. As a result, employers' contributions have been adjusted from 1 April 2017.

The key elements of the funding policy are:

- to ensure the long-term solvency of the Fund, ie, that sufficient funds are available to meet all pension liabilities as they fall due for payment
- to ensure that employer contributions rates are as stable as possible
- to minimise the long-term cost of the scheme by recognising the link between assets and liabilities and adopting an investment strategy that balances risk and return
- to reflect the different characteristics of employing bodies in determining contribution rates where the administering authority considers it reasonable to do so
- to use reasonable measures to reduce the risk to other employers and, ultimately, to the council tax payer from an employer defaulting on its pension obligations.

The results of the valuation as at 31 March 2013 and 31 March 2016 and the actuarial assumptions used are shown below.

Valuation results	31 March 2016 valuation	31 March 2013 valuation
Funding target as % of existing and prospective liabilities	100%	100%
Common rate of employer's contributions (calculated using the attained age method)	25.1%	21.5%
Market value of the Fund	£464m	£449m
Actuarial value of the Fund	£569m	£563m
Funding level in relation to past service liabilities	82%	84%
Offset to allow for market changes after the valuation date*	n/a	(£28m)
Deficit in relation to past service	(£105m)	(£86m)

*allows for impact on assets and liabilities

Valuation assumptions	2016 valuation	2013 valuation
Discount rate - West Midlands Travel Limited		
Pre-retirement (non-retired members)	4.5% pa	5.5% pa
Post-retirement (non-retired members)	As above	3.5% pa
Post-retirement (retired members - non buy-in)	As above	3.5% pa
Post-retirement (retired members - buy-in)	1.9% pa	3.0% pa
Buy-in asset valuation	1.9% pa	2.5% pa
Discount rate - Preston Bus Limited		
Pre-retirement	2.8% pa	5.0% pa
Post-retirement	As above	3.0% pa
Salary increases	2.3% pa	2.6% pa
Pension increases in payment	2.3% pa	2.6% pa
Retired members' mortality - base tables	S2PA tables with a multiplier of 110% for current pensioners (both normal and ill-health) and future dependants	CMI self-administered pensions schemes (SAPS) tables with scheme and member category specific adjustments
Retired members' mortality - future improvements	CMI 2015 model methodology with 1.5% pa long-term trend	CMI 2013 model methodology with 1.25% pa long-term trend
Commutation assumption	Members will commute pension to provide a lump sum of 50% of the additional maximum allowed under HMRC rules and this will be at a rate of £12 lump sum for £1 of pension	50% of retiring members will take the maximum tax-free lump available and 50% will take the standard 3/80ths cash sum for pre-April 2008 service

Key: CMI – The Continuous Mortality Investigation S2PA – Post-retirement mortability tables

Notes to the Accounts

Following the 31 March 2016 valuation, employers' contribution rates for the period from 1 April 2017 to 31 March 2020 have been set at 25.1% per annum plus £7,300,000 (2017/18), £7,467,900 (2018/19) and £7,639,700 (2019/20) for West Midlands Travel Limited. The contributions have taken into consideration the support of the Group guarantee which has been extended following discussions as part of the valuation process. The contributions certified are conditional on the guarantee remaining in place for the employer relating to its participation in the Fund.

A rate of 0% plus £325,000 per annum was determined as the appropriate rate for Preston Bus Limited following the 31 March 2016 valuation. This followed the decision by Preston Bus Limited to opt out of the scheme in February 2006. The annual lump-sum only payment will continue to be paid in order to cover the past service default that has accrued.

If non-ill-health retirements exceed those provided for in the valuation, it may be necessary to review the employers' contribution rate. The funding method adopted is known as the ‘attained age method’ which is consistent with the funding objective and appropriate as the Fund is closed to new members and has an ageing membership profile.

The Fund's assets at 31 March 2016 valuation was £464m, of this £256m was in respect of the buy-in asset value with the remaining representing the Fund's invested assets.

The next valuation will be at 31 March 2019, which will set contributions for the three years to 31 March 2023.

22 Actuarial Present Value of Promised Retirement Benefits

In addition to the triennial funding valuation, the Fund's actuary also undertakes a valuation of the Fund liabilities, on an IAS 19 basis, every year using the same base data as the funding valuation rolled forward to the current financial year, taking account of changes in membership numbers and updating assumptions to the current year.

In order to assess the value of the benefits on this basis, the actuary has updated the actuarial assumptions (set out below) from those used for funding purposes (see note 21). The actuary has also used valued ill health and death benefits in line with IAS 19. Demographic assumptions are the same as those used for funding purposes.

The actuarial present value of promised retirement benefits at 31 March 2019 was £600.0m (2018: £619.3m). The Fund accounts do not take account of liabilities to pay pensions and other benefits in the future.

The liabilities above are calculated on an IAS 19 basis and therefore differ from the results of the 2016 triennial funding valuation because IAS 19 stipulates a discount rate rather than a rate which reflects market rates.

31 March 2018		**31 March 2019**
2.50%	Discount rate	2.35%
2.35%	Salary increases	2.45%
2.35%	Pensions increases	2.45%

Following the recent McCloud and Sargeant judgement which relate to age discrimination within the Judicial and Fire Pension Schemes respectively, it is unclear how this judgement will yet to be applied to Local Government Pension Scheme (LGPS) members' past or future service benefits. However, the actuaries have estimated the possible impact on the employer's defined benefit obligation on the Fund to be less than £0.6m. This is a national issue common to all public sectors.

On the High Court's recent ruling on the equalisation of Guaranteed Minimum Pension (GMP) between genders, the valuation assumption taken by the actuaries is that the Fund will pay limited increases for members that have reached State Pension Age (SPA) by 6 April 2016, with the Government providing the remainder of the inflationary increase, and for members that reach SPA after this date, the actuaries have assumed that the Fund will be required to pay the entire inflationary increase. Therefore the actuaries do not believe any adjustments to the value placed on the liabilities are needed.

23 Related Party Transactions

The West Midlands Combined Authority recharges administrative costs incurred to the Fund. The recharges for the year ended 31 March 2019 are £22,000 (2018: £22,000), as detailed in note 11. There are no other related party disclosures, as none of the members of the West Midlands Pension Fund Pensions Committee or the employees of the Fund's advisors and officers who hold key positions are members of the Fund.

24 Events After the Reporting Date

Section 13 of the Public Services Pensions Act 2013 introduced an independent review of local LGPS actuarial valuations and employer contribution rates. The Government Actuary Department (GAD) was appointed to undertake the review and make recommendation to the responsible authority, the Ministry of Housing Communities and Local Government (MHCLG). The Section 13 report in relation to the 2016 actuarial valuation was finalised and published on 29 September 2018.

The report raised a concern that, in the absence of any participating statutory employers there was a risk to payment of member benefits in the event that neither participating employer was able to meet future contribution requirements. GAD recommended the administering authority (WMCA) put in place a plan to address this risk and in view of this WMCA has been in discussions with West Midlands Pension Fund with regards to a proposed merger of the Fund to address these concerns. A formal consultation begins on 23 July 2019.

WMCA consider the risk raised in the GAD report has been mitigated by the proposed merger.

ITA Funding Strategy Statement (FSS)

Funding Strategy Statement - March 2017

The Fund is required to carry out an actuarial valuation every three years and review and set the funding strategy and employer contribution rates for the following three years. The latest actuarial valuation was carried out in March 2016 with the funding strategy review playing an integral role in it. The current version was approved by Pensions Committee in March 2017.

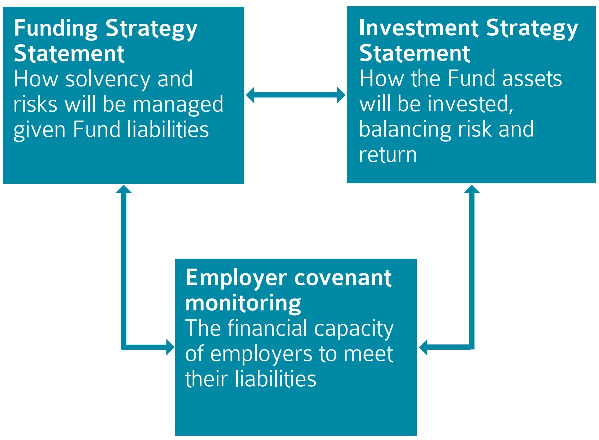
A link to the previous statement can be found here:
http://www.wmpfonline.com/CHttpHandler.ashx?id=4588&p=0

1 Introduction

1.1 The LGPS regulations require administering authorities to produce a Funding Strategy Statement (FSS) having regard to the guidance produced by The Chartered Institute of Public Finance and Accountancy (CIPFA). Revised regulations came into effect in 2013 and revised CIPFA guidance was issued in September 2016. This statement has been prepared in accordance with the regulations and following consultation with appropriate persons. It reflects the shift in focus towards the regulatory requirement for administering authorities to ensure contributions are set at a level to achieve Fund solvency and long-term cost efficiency.

1.2 The FSS is supported by the Investment Strategy Statement (ISS), which replaces the SIP from April 2017, and the Fund's approach to employer covenant monitoring. Together these ensure an integrated approach to funding strategy and risk management.

1.3 The statements relate as follows:



1.4 The Fund's actuary takes account of the FSS in his actuarial work for the Fund, most notably the actuarial valuation process. The FSS summarises the Fund's approach ensuring contributions are sufficient to meet its liabilities.

1.5 The FSS reflects the statutory nature of the Local Government Pension Scheme (LGPS), particularly the defined benefit nature and the benefit payable guarantee. The FSS sets out how benefits will be funded over the long-term through an accountable, transparent process with full disclosure of relevant details and assumptions.

1.6 The scheme is a defined benefit arrangement with principally final salary-related benefits from contributing members up to 1 April 2014 and career-averaged revalued earnings (CARE) benefits earned thereafter. There is also the introduction of a '50/50 scheme option', where members can elect to accrue 50% of the full scheme benefits and pay 50% of the normal member contribution.

1.7 Against this background, the key considerations in determining the funding strategy, taking advice from the actuary, are:

a) the appropriate time period for targeting funding recovery taking into account the closed nature of the scheme, but also the ongoing nature of the sponsoring organisations; and

b) the strength of covenant of the sponsoring organisations, their funding sources, and any guarantee arrangements in place.

1.8 The Fund, like many other similar public and private sector funded schemes, has a gap between its assets and pension liabilities (a funding shortfall). A number of factors have contributed to the development of the funding gap and increases in contribution rates for employers most notably:

- increases in life expectancy and pensions longevity; and
- falling long-term interest rates and the expectations for future investment returns.

This strategy addresses the recovery of the funding shortfall in addition to setting future contributions to cover the ongoing cost of benefit accrual.

Employer Contributions
The required levels of employee contributions are specified in the regulations. Employer contributions are determined in accordance with the regulations (which require that an actuarial valuation is completed every three years by the actuary and production of a rates and adjustments actuarial certificate specifying the 'primary' and 'secondary' rate of the employer's contribution).

Primary Rate
The 'primary rate' for an employer is the contribution rate required to meet the cost of the future accrual of benefits, ignoring any past service surplus or deficit, but allowing for any employer-specific circumstances, such as its membership profile, the funding strategy adopted for that employer, the actuarial method used and/or the employer's covenant.

Secondary Rate
The 'secondary rate' is an adjustment to the primary rate to arrive at the total rate of contribution each employer is required to pay. The secondary rate may be expressed as a percentage adjustment to the primary rate, and/or a cash adjustment in each of the three years beginning 1 April in the year following the actuarial valuation. In line with previous valuations, each employer will have a cash adjustment to the primary rate to reflect their funding level.

Secondary rates for the whole Fund in each of the three years shall also be disclosed.

Funding Strategy Statement - March 2017

2 Purpose of the Funding Strategy Statement in Policy Terms

2.1 The purpose of this FSS is:

- to establish a clear and transparent fund-specific strategy which will identify how employers' liabilities are best met going forward;
- to take a prudent longer term view of funding those liabilities;
- to ensure that the regulatory requirements to set contributions so as to ensure the solvency and long-term cost efficiency of the Fund are met; and
- to support the desirability of maintaining as nearly constant a primary contribution rate as possible, as defined in Regulation 62(5) of the LGPS Regulations 2013.

2.2 The FSS supports the process of ensuring adequate funds are put aside on a regular basis to meet future benefit payments. This framework is designed to ensure the funding strategy is both cohesive and comprehensive for the Fund as a whole, recognising that there will be conflicting objectives that need to be balanced and reconciled. Whilst the funding strategy applicable to individual employers must be reflected in the FSS, its focus should at all times be on those actions that are in the best long-term interests of the Fund.

Consequently, the FSS is a single all-employer encompassing strategy for the administering authority to implement and maintain.

3 Consultation

3.1 LGPS regulations require the administering authority to consult with such persons it considers appropriate in the maintenance and review of the FSS. CIPFA provides further guidance that this must include meaningful dialogue at officer and elected member level, with council tax raising authorities and with corresponding representatives of participating employers.

3.2 Employers participating in the Fund have been consulted on the principles of this FSS and consideration has been given to their views accordingly. However, the FSS represents a single strategy for the Fund as a whole, adjusted for individual employers based on the advice of the Fund actuary, Barnett Waddingham, who has also been consulted.

4 Aims and Purposes of the Fund

4.1 The aims of the Fund are to:

- manage employers' liabilities effectively and ensure that sufficient resources are available to meet all liabilities as they fall due;
- enable primary contribution rates to be kept as nearly constant as possible and (subject to the administering authority not taking undue risks) at reasonable cost to the taxpayers, scheduled, resolution and admitted bodies, while achieving and maintaining Fund solvency and long-term cost efficiency, which should be assessed in light of the risk profile of the Fund and employers, and the risk appetite of the administering authority and employers alike; and
- seek returns on investment within reasonable risk parameters.

4.2 The purpose of the Fund is to:

- receive monies in respect of contributions, transfer values and investment income; and
- pay out monies in respect of Fund benefits, transfer values, costs, charges and expenses, as defined in the Local Government Pension Scheme Regulations and as required in the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016 (or the equivalent in Scotland and Northern Ireland).

5 Responsibilities of the Key Parties

5.1 The LGPS regulations set out the responsibilities of the key parties which are summarised below.

The administering authority is required to:

- operate the Fund;
- collect employer and employee contributions, investment in come and other amounts due to the Fund as stipulated in LGPS regulations;
- pay from the Fund the relevant entitlements as stipulated in the LGPS regulations;
- invest surplus monies in accordance with the LGPS regulations;
- ensure that cash is available to meet liabilities as and when they fall due;
- take measures as set out in the regulations to safeguard the Fund against the consequences of employer default;
- manage the valuation process in consultation with the Fund's actuary;
- prepare and maintain an FSS and an SIP/ISS, both after proper consultation with interested parties;
- monitor all aspects of the Fund's performance and funding and amend the FSS/ISS accordingly.

The administering authority discharges its responsibilities in consultation with the two employers and through delegation to the Pensions Committee of the West Midlands Pension Fund.

5.2 The individual employer is required to:

- deduct contributions from employees' pay correctly;
- pay all ongoing contributions, including employer contributions determined by the Fund actuary and set out in the rates and adjustments certificate, promptly by the due date;
- develop a policy on certain discretions and exercise those discretions as permitted within the regulatory framework;
- make additional contributions in accordance with agreed arrangements in respect of, for example, augmentation of Fund benefits and early retirement strain;

ITA Funding Strategy Statement (FSS)

Funding Strategy Statement - March 2017

- notify the administering authority promptly of all changes to active membership which affect future funding; and
- pay any exit payments on ceasing participation in the Fund.

5.3 The Fund's actuary:

The Fund actuary should:

- prepare valuations including the setting of employers' contribution rates at a level to ensure Fund solvency and long-term cost efficiency after agreeing assumptions with the administering authority and having regard to the FSS and the LGPS regulations;
- prepare advice and calculations in connection with bulk transfers and the funding aspects of individual benefit-related matters such as pension strain costs, ill-health retirement costs, compensatory added years costs, etc;
- provide advice and valuations on the exiting of employers from the Fund;
- provide advice to the administering authority on bonds or other forms of security against the financial effect on the Fund of employer default;
- assist the administering authority in assessing whether employer contributions need to be revised between valuations as permitted or required by the regulations; and
- ensure that the administering authority is aware of any professional guidance or other professional requirements which may be of relevance to his or her role in advising the Fund.

6 Solvency Issues and Target Funding Levels

6.1 LGPS regulations require each administering authority to achieve Fund solvency and long-term cost efficiency by means of employer contribution rates established by triennial valuation. LGPS administering authorities prudentially seek to achieve an appropriate balance between the income stream from contributions and investments and maintaining the ability to pay pension benefits as and when they fall due over the life of the Fund.

6.2 Securing solvency and long-term cost efficiency is a regulatory requirement whereas a constant as possible a primary contribution rate remains only a desirable outcome. Administering authorities should avoid continually extending deficit recovery periods at each and subsequent actuarial valuations. Over time and given stable market conditions, administering authorities should aim to reduce deficit recovery periods.

6.3 The Fund is mature and has a funding gap. It takes an appropriate cautious view on determining employing body contribution rates to meet future liabilities through operating a fund with individual employer investment strategies that reflect this view. It aims to allow short-term investment market volatility to be managed, so as not to cause volatility in employing body contribution rates.

6.4 The LGPS regulations require the long-term funding objectives to achieve and maintain assets sufficient to cover 100% of the projected accrued liabilities. The level of assets necessary to meet this 100% funding objective is known as the funding target. The role of the actuary in performing the necessary calculations and determining the key assumptions used, is an important feature in determining the funding requirements.

The Fund recognizes the different characteristics of the variety of participating employer organisations, and will set funding strategy (including funding target and deficit recovery contributions) appropriately having regard to factors such as:

- strength of covenant, and security of future income streams;
- support or guarantee arrangements provided; and
- prospective period of participation in the Fund, and specifically the implications if the employer has closed membership of the Fund to new employees.

Under Section 13(4)(c) of the Public Service Pensions Act 2013 the Government Actuary's Department (GAD) (as the person appointed by the responsible authority) must, following an actuarial valuation, report on whether the rate of employer contributions to the Fund are set at an appropriate level to ensure the solvency of the Fund and long-term cost efficiency of the LGPS.

6.5 In developing the funding strategy, the administering authority has had regard to the likely outcomes of the subsequent review under Section 13(4)(c) and has considered implications for its key performance indicators as determined by the Scheme Advisory Board where appropriate, ie, in England and Wales.

Determination of the Funding Target and Recovery Period

6.6 The principle method and assumptions to be used in the calculation of the funding target and cost of future accrual are set out in the Appendix.

6.7 Underlying these assumptions are the following three tenets:

- That the scheme is expected to continue for the foreseeable future over the run-off of the liabilities for current and former members.
- Favourable investment performance can play a valuable role in achieving adequate funding over the longer term.
- The contributions reflect the employers' current financial strength including any separate guarantees in place, subject to the agreement of the guarantor.

6.8 As part of each valuation, separate employer contribution rates are assessed by the actuary for each participating employer. These rates are assessed, taking into account the experience and circumstances of each employer, following a principle of no cross subsidy between the employers in the scheme. Fund assets have been unitised, with units allocated to each employer and the two employers have different underlying investment strategies.

Funding Strategy Statement - March 2017

The period over which an employer's past service deficit is to be recovered will be dependent on a number of factors, including the nature of the employer, any supporting guarantee or other forms of security.

The administering authority, following consultation with the participating employers as part of the 2016 actuarial valuation, has adopted the following principles.

- The deficit recovery plan for Preston Bus will be based on an overall recovery period of around three years. This reflects an acceleration of the funding plan agreed in 2013, following an improvement in the funding level for this employer.
- The deficit recovery plan for West Midlands Travel Limited (WMTL) will extend over 15 years to 31 March 2032, as long as a suitable financial guarantee remains in place to the satisfaction of the administering authority.
- All early retirements (including those on the grounds of ill health) from the Fund will give rise to an additional charge to the employer, calculated on a case-by-case basis for each retirement.
- Employer contributions payable to the Fund include an element to cover the expected administrative costs involved, incurred by the administering authority. This expenses allowance will be expressed as annual £s amounts, allocated to each employer by reference to total membership.
- Deficit contributions will continue to be assessed and expressed as annual £s amounts.
- In addition to any deficit contributions required to rectify a shortfall of assets below the funding target, contributions will be required to meet the cost of future accrual of benefits for members after the valuation date (the 'primary' rate).

In determining the above objectives, the administering authority has had regard to:

- the responses made to the consultation with employers on the valuation;
- relevant guidance issued by the CIPFA Pensions Panel;
- the administering authority's views on the strength of the participating employers' covenants in achieving the objective.

Employer contributions will be expressed and certified as two separate elements:

- The primary rate: a percentage of pensionable payroll in respect of the cost of the future accrual of benefits.
- The secondary rate: a schedule of annual lump sum amounts, payable over the three years to 2019/20. For WMTL these amounts (together with the amount due to cover expected administration costs) will increase annually in line with the valuation funding assumption for long-term pay growth (2.3% pa). Both elements are subject to review from April 2020 based on the results of the 2019 actuarial valuation.

7 Links to Investment Policy Set Out in the Statement of Investment Principles (SIP)

7.1 The Fund's investment strategy has been considered and reviewed in conjunction with the valuation and the FSS. In particular, the future return expectations of the main asset classes in which the Fund invests have been considered in determining the prudent allowance for future investment returns and extent of reliance on these by employers is outlined in this FSS. It will continue to be monitored by the Investment and Funding Strategy Panel which includes representatives from the authority and employers.

8 The Identification of Risks and Countermeasures

8.1 Evaluating risks that may impact on the funding strategy and expectations of future solvency is crucial to determining the appropriate measures to mitigate those risks. The FSS identifies those key risks specific to the Fund and the measures being taken or assumptions made to counter those risks.

8.2 Some of the key risks taken into account and responses are:

Financial

- Changes to the employers' ability to make pension contributions to the Fund.
- Investment markets fail to perform in line with expectations.
- Investment fund managers fail to achieve performance targets over the longer term.
- Pay and price inflation significantly more or less than anticipated.
- The effect of a possible increase in employer's contribution rate on the employers' business outlook.
- Failure of Prudential to fulfil obligations under the buy-in policy.

Employer covenant is monitored and formally independently assessed as part of each triennial actuarial valuation. The Fund undertakes a three-yearly review of its investment strategy taking into account investment risk and future benefit payments to determine a bespoke investment strategy that for a variety of future economic outcomes gives a higher degree of certainty that the investment objectives will be achieved. Investment strategy and beliefs are set out in the ISS, with managers and their benchmarks chosen to reflect and implement the ISS. Investment management briefs reflect the importance of capturing at least a market rate of return and minimising the risk of significantly underperforming an investment market.

Demographic

- The longevity horizon of beneficiaries continues to expand.
- Cost of early retirements.

The Fund has in place policies and procedures to identify for employing bodies the impact of these factors and agrees how they will be managed in terms of annual contribution rates and/or as special additional contributions.

Funding Strategy Statement - March 2017

Regulatory

- Changes to regulations, eg, more favourable benefits package, potential new entrants to scheme.
- Changes to national pension requirements, ie, via the national cost model and/or HMRC rules.

These changes agreed and proposed are evaluated and taken into account in the actuarial valuation and closely monitored between valuations in case any action is required.

Employers will make contributions to the Fund as cases are approved for early retirement and other employing body discretions that, when exercised, alter future liabilities.

Governance

- The administering authority is unaware of structural changes in an employer's membership (for example, large fall in employee members, large number of retirements).
- An employer ceasing to exist with insufficient funding or adequacy of a bond/guarantee.
- Changes in the level of covenant or guarantee arrangements provided by the employers to the Fund. The Fund has established inter-valuation monitoring and working relations with its two employers to ensure changes are detected, discussed, evaluated and appropriate action agreed. This includes regular reviews of funding levels, and the assessment of the financial standing of employers and any guarantee arrangements in place.

The Fund's approach to the outcome of the 2016 valuation has had regard to balancing the needs of funding the liabilities and the cost to the employers, taking into account the following:

- provision of any financial guarantees
- financial standing of the body
- known activities and working activities
- maturity of workforce
- de-risking of liabilities through the bulk annuity policy
- risk management through changes to the investment strategy

This analysis indicates the risk to the Fund's solvency and ability to meet prior liabilities to be within acceptable bounds. It will, however, continue to be monitored.

Funding Strategy Statement - March 2017

Appendix

Actuarial Valuation as at 31 March 2016

Method and Assumptions Used in Calculating the Funding Target Method

The funding method adopted is known as the attained age method. The attained age method is consistent with the funding objective and is appropriate for the Fund given the fact that it is closed to new members and has an ageing membership profile. The salary increases assumed for each member are projected until the member is assumed to leave active service.

Financial Assumptions

Investment Return (Discount Rate)

One of the key valuation assumptions is the discount rate. The actuary estimates the future benefit cashflows which will be made to and from the Fund in the future. These cashflows are then discounted to a present day value using the discount rate. This value is essentially the estimated amount of money which, if invested now would be sufficient together with the income and growth in the accumulating assets to make these payments in future, using a prudent assumption about future investment returns (discount rate).

The discount rate assumptions for each employer have been derived using the employer's current investment strategy and a weighted set of assumed investment returns, adjusted for prudence and to reflect the employer's liability profile and employer covenant. The discount rate, in respect of buy-in pensioner members, reflects the buy-in policy backing these liabilities.

Inflation (Consumer Prices Index)

The assumption for CPI inflation is derived from the RPI assumption of 3.2% pa, which is based on information published by the Bank of England. A deduction is made to the RPI assumption due to the different ways that the indices are calculated which the Fund actuary has estimated to be 0.9% pa. In addition, the inflation risk premium (often used to reflect any long term impact of supply/demand distortions in market yields used to estimate future RPI) has been assumed to be zero. This results in a CPI inflation assumption of 2.3% pa.

Salary Increases

The assumption for salary increases including allowance for promotional increases, will be set as the CPI inflation assumption described.

Pension Increases

Increases to pensions are assumed to be in line with the inflation (CPI) assumption described above. This is modified appropriately to reflect any benefits which are not fully indexed in line with CPI (eg, guaranteed minimum pensions in respect of service prior to April 1997).

Mortality/Life Expectancy

The mortality in retirement assumptions will be based on the most up-to-date information in relation to self-administered pension schemes published by the Continuous Mortality Investigation (CMI), making allowance for future improvements in longevity.

The mortality tables used are adjusted to reflect the Fund specific experience analysis undertaken to inform current life expectancy. For all members, it is assumed that the accelerated trend in longevity seen in recent years will continue in the longer term and as such, the assumptions build in a minimum level of longevity 'improvement' year on year in the future in line with the CMI projections subject to a minimum rate of improvement of 1.5% per annum.

Commutation

It has been assumed that, on average, members will take 50% of the additional tax-free cash available to them, as well as their accrued lump-sum entitlement. The option which members have to commute part of their pension at retirement in return for a lump-sum is a rate of £12 cash for each £1 pa of pension given up.

Other Demographics

Following an analysis of Fund experience carried out by the actuary and national LGPS carried out by the Government Actuary Department, the proportions married/civil partnership assumption and allowances for withdrawals and early retirements has been modified from the last valuation. No allowance will be made for the future take-up of the 50:50 option. Where any member has actually opted for the 50:50 scheme, this will be allowed for in the assessment of the rate for the next three years.

Expenses

Expenses are met out the Fund, in accordance with the regulations. In line with the 2013 valuation, an explicit allowance and additional contributions will be made to cover expected administration expenses. This approach will be reassessed at each valuation. Investment expenses have been allowed for implicitly in determining the discount rates.

Discretionary Benefits

The costs of any discretion exercised by an employer in order to enhance benefits for a member through the Fund will be subject to additional contributions from the employer as required by the regulations as and when the event occurs. As a result, no allowance for such discretionary benefits has been made in the valuation.

Full details of the assumptions adopted are set out in the actuary's formal valuation report.

Funding Strategy Statement - March 2017

Appendix

Summary of Key Whole Fund Assumptions Used for Calculating Funding Target

Financial assumptions	31 March 2016
Discount rate - West Midlands Travel Ltd	
Pre-retirement (non-pensioners)	4.5% pa Derived using returns on individual asset classes combined with an allowance for prudence.
Post-retirement (non-pensioners)	As above.
Post-retirement (non-buy-in pensioners)	As above.
Post-retirement (buy-in pensioners)	Based on 13-year yield, 1.9% pa (smoothed).
Buy-in asset valuation	Based on 13-year yield,1.9% pa (smoothed).
Discount rate - Preston Bus Ltd	
Pre-retirement	2.8% pa Derived using returns on individual asset classes combined with an allowance for prudence.
Post-retirement	As above.
Retail price inflation (RPI)	Based on 18-year yield,3.2% pa (smoothed).
Consumer price inflation (CPI)	2.3% pa (deduction of 0.9% from RPI assumption).
Salary inflation	2.3% pa (in line with CPI).
Mortality Assumptions	
Pre-retirement mortality - base table	Set with reference to GAD tables.
Post-retirement mortality - base table	S2PA tables with a multiplier of 110% for current pensioners (both normal and ill-health) and future dependants. 140% of the S2PMA tables for current male dependants and 120% of the S2DFA table for current female dependants.
Allowance for improvements in life expectancy	2015 CMI model with a long-term rate of improvement of 1.5% pa. 1.5% pa.
Other Demographic Assumptions	
Partner age difference	Males are three years older than their spouse and females are three years younger than their spouse.
Proportion married	85% of members have an eligible dependant at retirement or earlier death.
Allowance for withdrawals	Same as used by Government Actuary's Department when LGPS reforms were designed and based on analysis of incidence of death, retirement and withdrawal for local authority funds.
Promotional salary scale	Set with reference to GAD tables.
Allowance for cash commutation	Members will commute pension at retirement to provide a lump-sum of 50% of the additional maximum allowed under HMRC rules and this will be at a rate of £12 lump-sum for £1 of pension.
Allowance for expenses	Expenses of administration are allowed for by each employer paying an explicit additional contribution. Investment expenses are met by an implicit assumption made in the derivation of the discount rate assumption.

Funding Strategy Statement - March 2017

Financial assumptions	31 March 2016
Allowance for early retirements (non-ill health)	Each member retires at their weighted average 'tranche retirement age' ie, for each tranche of benefit, the earliest age they could retire with unreduced benefits plus three years for active members of WMTL and plus two years for deferred members of WMTL. The future service rate has been calculated using the retirement assumption above plus one year rather than three years for active members.
Allowance for early retirements (ill health)	Additional capital contributions will be paid by the employer in respect of the cost of these retirements.
Allowance for 50:50 membership	It is assumed that opted-in active members will continue to pay 50% of contributions for 50% of benefits under the new scheme.
Allowance for discretionary benefits	No allowance.

Investment Strategy Statement - March 2019

1 Introduction

This is the Investment Strategy Statement (the 'Statement') of the West Midlands Integrated Transport Authority Pension Fund (the Fund) as required by regulation 7 of the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016 (the 'Regulations'). This statement is available to anyone with an interest in the Fund and the public generally.

The overall investment policy for the West Midlands Integrated Transport Authority falls into two parts.

- The strategic management of the assets which rests with the Integrated Transport Authority (the administering authority), now part of the West Midlands Combined Authority, who have delegated this responsibility to the Pensions Committee of the West Midlands Pension Fund (the Committee). The Committee has representation from all seven metropolitan district councils within the West Midlands. The Committee determines the strategic management of the assets based upon the professional advice it receives and the investment objectives as set out in Section 2 below.
- The remaining elements of policy are part of the day-to day management of the assets which is delegated to the external managers and the Director responsible for the West Midlands Pension Fund at the City of Wolverhampton Council and described in Section 6. The Committee will review this statement in response to any material changes to any aspects of the Fund, its liabilities, finances and its attitude to risk which they judge to have a bearing on the stated investment policy. This review will occur no less frequently than every three years to coincide with the actuarial valuation.

The responsibilities of relevant parties are set out in Appendix B.

2 Investment Objectives

The Committee has set the following objectives:

- Have resources available to meet the Fund's liabilities for pensions and other benefits provided when they fall due.
- Seek returns that are consistent and match those available in the major investment markets and are comparable with other institutional investors.
- Emphasise markets that over time are likely to give better returns having regard to the risks relative to the maturity of the Fund's liabilities.
- Acknowledge the risk of investing and have regard to best practice in managing that risk.

3 Roles and Responsibilities

The risk tolerance of the Fund is gauged working with the Pensions Committee, the Investment and Funding Strategy Panel and independent advisors through the setting of investment beliefs, funding and investment objectives which drive the strategic asset allocation, band and benchmarks. The Investment and Funding Strategy Panel, Fund investment officers and advisors monitor the risk of the Fund liabilities versus the benchmark. Risk taken against that benchmark is monitored using a risk register and risk management tools.

The Fund is exposed to investment, operational, governance and funding risks. These risks are identified, measured, monitored and then managed.

The principal risks affecting the Fund are as follows:

a The risk of a deterioration in the funding level of the Fund due to investment markets not performing as forecast. The diversification of the investments balances this risk against the objective of seeking the better performing markets in which there is relatively good liquidity.

b The risk that the investment managers, in their day-to-day management of the assets, will not achieve the rate of investment return expected by the Committee. To limit their exposure to the risk of significantly underperforming, the Committee invests the Fund's investments in diversified core holdings, a mixture of equities, bonds and diversified growth funds producing a high level of probability of achieving near market rates of return at a relatively low cost.

c Any investment decision carries with it risks of different types (for example, risk of underperformance, risk from mismatching, risk from underfunding etc). The Committee recognises these different types of risk and seeks to minimise them as far as possible by regular monitoring of the performance of the Fund managers, seeking advice on the suitability of the assets with regard to the Fund's liabilities, regularly receiving advice from a range of professional advisors and ensuring that the Fund's portfolio is suitably diversified.

d **Inflation risk:** The Fund mitigates inflation risk through holding a portfolio of growth and inflation-linked assets. Inflation risk is considered triennially as part of the actuarial valuation.

e **Changing demographics:** The risk of changing demographics such as improvement in longevity and other demographic factors, increasing the cost of benefits. The Committee monitors this by reviewing mortality and other demographic experience and assumptions which could influence the cost of the benefits. These assumptions are considered formally at the triennial valuation.

Buy-in Strategy

During 2012, the Fund arranged an insurance 'buy-in' of part of the liabilities for pensions in payment at that time, to more effectively manage the investment, interest and longevity risks.

ITA Investment Strategy Statement (ISS)

Investment Strategy Statement - March 2019

4 Investment Strategy

The Committee sets a long-term investment strategy (the mix of asset types) in regard to the Fund's liability structure and the investment objectives set out in section 2. This is reviewed at least every three years, after each actuarial valuation. It will not make tactical asset allocation decisions unless market movements or related issues suggest otherwise.

As a result of the buy-in impacting the liabilities of only one of the underlying employers, a separate 'non-buy-in' investment strategy has been implemented for the participating employer that was not involved in the buy-in. This strategy, together with the 'post-buy-in' strategy (for the employer that was involved in the buy-in) is outlined in Appendix A. As at 31 December 2018, the 'buy-in' policy represented 49% of the total Fund assets.

In 2015, the assets attributable to the Fund's two employers were unitised so that they are now separately identified. There is a governance benefit from unitisation – it is the best method of providing the level of robustness required when Fund assets are formally assigned to individual employers. It also provides greater flexibility for the future, facilitating bespoke investment strategy and management arrangements for each employer segment.

The Fund will be diversified across multiple asset classes with different risk return expectations and correlations to deliver the targeted return of the Fund.

The Fund will use risk attribution provided by independent advisors to assess diversification benefits.

5 Day-to-Day Management of the Assets

Investment Management Structure

The Fund invests its main assets in portfolios operated by external investment managers, all of whom are authorised under the Financial Services and Markets Act 2000 to undertake investment business. The investment managers are required to comply with LGPS investment regulations. The Committee is satisfied that the spread of assets by type and the investment managers' policies on investing in individual securities within each type provides adequate diversification of investments.

Suitable 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 and non-government bonds, currencies, money markets, commodities, traded options, financial futures and derivatives, alternative strategies (including insurance linked securities and loans), private equity and debt markets, infrastructure and property. Investment may be made in physical assets or using derivatives.

The Fund may also use external managers to carry out stocklending ensuring suitable controls/risk parameters are put in place to prevent losses. Where an asset class/strategy is not expected to help in delivering the risk-adjusted investment return required it will not be held.

When new asset classes are discovered not listed above, then approval will be sought from the Committee after receiving advice on its suitability and diversification benefits.

Expected Return on the Investments

Appendix A shows the benchmark asset allocations for the fund and its two sub-funds, the Fund is rebalanced back to target allocations periodically when it moves outside tolerance ranges or the level of cash make it prudent to do so.

Over the long term, it is expected that the investment returns will be at least in line with the assumptions underlying the triennial actuarial valuation. The individual portfolios should match or exceed the specific market benchmarks set for each portfolio over time.

Investment Restrictions

The investment management arrangements prohibit the holding of investments not defined as 'investments' in the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016. Operating within the investment regulations, the Fund determines investments that are acceptable and approved as such by the Committee.

Additional Assets

Assets in respect of members' additional voluntary contributions are held separately from the main Fund assets. These assets are held with Equitable Life and the Prudential Assurance Company Limited. Members have the option to invest in with-profits funds, unit-linked funds and deposit funds.

The Committee monitors from time to time the suitability and performance of these vehicles. No new business is being placed with Equitable Life.

Realisation of Investments

In general, the Fund's investment managers have discretion in the timing of realisations of investments and in considerations relating to the liquidity of those investments. The Fund is mature in terms of benefit liabilities and has a strong cash outflow on a regular basis. The need to realise investments is reviewed as appropriate by the Investment and Funding Strategy Panel.

Monitoring the Performance of Fund Investments

The performance of the investment managers is independently measured. In addition, officers of the Fund meet the investment managers regularly to review their management of the portfolio together with the reasons for the background behind the investment performance. The Investment and Funding Strategy Panel meets at least quarterly to review markets and managers.

7 Pooling

The Fund is part of the LGPS Central pool with the understanding that the pooled investments will benefit from lower investment costs, greater investment capability and access to more uncorrelated asset classes. As a local authority-owned and FCA-registered investment manager the pooling company, LGPS Central Limited is required to provide governance, transparency and reporting to give the Fund assurance that its investment instructions are being carried out effectively.

The Fund intends to invest all its assets into the LGPS Central pool with the exception of the buy-in strategy and some cash balances that will remain with the Fund.

Investment Strategy Statement - March 2019

7 Responsible Investment

The Fund's approach to responsible Investment is set out below and further detailed in our Responsible Investment Framework. The Fund believes that effective management of financially material responsible investment risks should support the Fund's requirement to protect returns over the long term. The Fund seeks to integrate responsible investment factors (adding corporate governance, environmental and social factors to the existing financial factors) into the investment process across all relevant asset classes. The Fund will vote on all investments where possible and engage with companies when engagement will add value to the Fund.

The Fund works with like-minded investors to promote best practice in long term stewardship of investments. The Fund will not seek to exclude investments that are not barred by UK law.

Corporate Governance

The Fund recognises its responsibility as an institutional investor to support and encourage good corporate governance practices in the companies in which it invests. The Fund considers that good corporate governance can contribute to business prosperity by encouraging accountability between boards, shareholders and other stakeholders. Good corporate governance also plays a major role in encouraging corporate responsibility to shareholders, employees and wider society. The Fund supports good corporate governance in the companies in which it invests and the challenging of companies who do not meet the standards or reasonable expectations set by their peers.

RI Beliefs and Guiding Principles

The Fund's RI beliefs and guiding principles underpin its RI approach.

RI Integration

The Fund believes that effective management of financially material RI risks should support the Fund's requirement to protect returns over the long term. Investment managers incorporate RI into their investment process. With regard to climate change risk, the Fund recognises that the scale of the potential impact is such that a proactive and precautionary approach is needed in order to address it setting out in more detail the Fund's approach to climate change within its separate Climate Change Framework and Strategy.

RI investments will be considered where any non-financial benefit is aligned with a positive financial benefit.

The Fund considers RI to be relevant to the performance of the entire Fund across asset classes.

There are some investment opportunities arising from environmental and social challenges which can be captured so long as they are aligned with the Fund's investment objectives and strategy.

The Fund recognises the need to operate at a market-wide level to promote improvements that will help it to deliver sustainable long-term growth.

8 Compliance With This Statement

The Fund will monitor compliance with this statement. In particular it will obtain confirmation from the investment managers that they exercised their powers of investment with a view to giving effect to the principles contained in the statement so far as is reasonably practicable.

The Fund undertakes to advise the investment managers promptly and in writing of any material change to this statement.

9 Compliance With Myners

Following from the Myners' report of 2000 into Institutional Investment in the UK, the Government, after consultation, indicated it would take forward all of the report recommendations and identified ten investment principles to apply to pension schemes.

These principles cover the arrangements for effective investment management decision-making, setting and monitoring clear investment objectives, focus on asset allocation, arrangements to receive appropriate expert advice, explicit manager mandates, shareholder activism, use of appropriate investment benchmarks, measurement of performance, transparency in investment management arrangements and regular reporting.

The Myners' principles have since been updated and consolidated into six. The Fund supports the principles and complies with the principles. Full details of compliance are set out in the Fund's Myners' Compliance Statement which can be found on the Fund's website.

List of Appendices

- **Appendix A** – Target Asset Allocation
- **Appendix B** – Roles and Responsibilities
- **Appendix C** – Statement of Investment Beliefs

Investment Strategy Statement - March 2019

Appendix A – Target Asset Allocation

Asset class	Total Fund %	National Express % (post-buy-in)*	Preston Bus % (non-buy-in)
Growth			
Quoted equities	27.1	28.0	15.0
Diversified growth funds	35.3	38.3	0
Total growth	**62.4**	**66.3**	**15.0**
Income and stabilising			
MAC	20.3	19.7	27.5
LDI	17.1	14.0	57.0
Cash	0.0	0.0	0.5
Total income and stabilising	**37.4**	**33.7**	**85.0**

*The buy-in (excluded from the target asset allocation above) represented 49% of total Fund assets as of 31 December 2018
The tolerance ranges for the combined funds are as follows:

60-70% Growth

30-40% Defensive

ITA Investment Strategy Statement (ISS)

Investment Strategy Statement - March 2019

Appendix B – Roles and Responsibilities

Pensions Committee
Pensions Committee is the decision-making body of the Fund. The City of Wolverhampton Council each year at annual council appoints elected councillors to sit on the Pensions Committee and invites nominations from the six other metropolitan district councils to sit as full members. These nominations are received each year.

As a statutory public service scheme, the Fund has a different legal status compared with trust-based schemes in the private sector. Although those making decisions relating to the Fund are required, in many ways, to act as if they were trustees in terms of their duty of care, they are subject to a different legal framework.

Role of Pensions Committee

- To discharge the functions of the administering authority for the application of the Local Government Pension Scheme Regulations for the West Midlands ITA Pension Fund.
- To put in place and monitor the administration of contributions and payments of benefits as required by the regulations, and the proper management and investment of monies held for the purpose of paying benefits.
- To determine and review the provision of resources made available for the discharge of the function of administrating authority.

Key Duties:

Pensions Committee

- Monitor compliance with the legislation and best practice.
- Determine investment policy based on recommendation:
- Appoint committee advisers.

Investment and Funding Strategy Panel

- Monitor investment management arrangements.
- Review strategic investment opportunities.
- Monitor implementation of investment policy.
- Monitor investment activity and performance of the Fund.
- Oversee the administration of investment management functions of the Fund

Investment Advisory Panel

- The Investment Advisory Panel advises the Director of Pensions on investment issues relating to the Fund.

Appendix C – Statement of Invesment Beliefs

The Fund's investment beliefs outline key aspects of how it sets and manages the Fund's exposures to investment risk. They are as follows:

Financial Market Beliefs

- There exists a relationship between the level of investment risk taken and the rate of expected investment return. As taking calculated risks does not guarantee returns, investment losses or below expected returns are possible outcomes.
- Markets are dynamic and are not always efficient, and therefore offer opportunities for skilled active managers.
- In making investments in illiquid assets, a return premium should be sought.
- Diversification is a key technique available to institutional investors for improving risk-adjusted returns.
- The Fund believes that investing for the long term can add value to the fund as it allows the Fund manager to focus on long-term value and use short-term volatility to establish favourable investments.
- Where an asset class/strategy is not expected to help in delivering the risk adjusted investment return required it should not be held.

Investment Strategy/Process Beliefs
Clear investment objectives are essential. Return and risk should be considered relative to the Fund's liabilities, funding position and contribution strategy.

Risk should be viewed both qualitatively and quantitatively. Particular focus should be given to the risk of loss and also to the nature and likelihood of extreme events so that the Fund is not a forced seller of assets.

- Strategic asset allocation is a key determinant of risk and return, and thus is typically more important than manager or stock selection.
- Equities are expected to generate superior long-term returns relative to government bonds.
- Alternative asset class investments are designed to further diversify the portfolio and improve its risk-return characteristics.
- Active management can add value over time but it is not guaranteed and can be hard to access. Where generating 'alpha' is particularly difficult, passive management is preferred.
- Operational, counterparty, conflicts of interest and reputational risk need assessment and management, in addition to investment risk.
- Concentrated portfolios (smaller numbers of holdings or fewer external managers) allow for greater investment focus, lower investment costs and enable more focused
- Engagement with responsible investment.
- Managing fees and costs matter especially in low-return environments. Fee arrangements with our Fund managers – as well as the remuneration policies of investee companies – should be aligned with the Fund's long-term interests.

Investment Strategy Statement - March 2019

Evidence-Based Beliefs Related to Climate Change

The Economics of Climate Change	1	Following the Intergovernmental Panel on Climate Change ("IPCC"), we acknowledge that the Earth's climate is changing as a result of anthropogenic activity. Unabated, such change would be devastating for our way of life.
	2	Consistently with Lord Stern's research, we hold that the economic damages of unabated climate change are greater than the costs of precautionary mitigation.
	3	We believe that climate change is financially material across all major asset classes. In support of fiduciary duty, the risks and opportunities presented by climate change should be mitigated and exploited by asset allocation decisions, by individual investment decisions, and through purposeful stewardship.
	4	Climate change has the potential to impact the funding level of the pension fund through impacts on employer covenant, asset pricing, and longer-term inflation, interest rates and life expectancy.
	5	We strongly support the Paris Agreement on climate change.
The Energy Transition	6	An ambitious and just energy transition, aligned with the Paris Agreement, requires global greenhouse gas emissions ("GHGs") to peak around 2020, and to decline to net zero well before the end of this century.
	7	The energy transition will not occur by focussing only on suppliers of energy. The demand for energy must also undergo a major transformation.
	8	We think that market mechanisms, including a sufficient and stable carbon pricing regime, are important policy instruments to achieve meaningful GHG reductions.
	9	It is possible for a high-emitting company to shift its business model and thrive in the transition to a low carbon future.
Purposeful Climate Stewardship	10	We would be less likely to realise a Paris-aligned energy transition were responsible investors to cease owning and stewarding high emitting companies. Strong governance is essential for climate awareness and risk management.
	11	No individual investor is influential enough to act alone, nor is the investment industry sufficient to achieve the required rate of change. Policy makers, consumers, companies and investors all have a role to play.
	12	Climate-aware decisions can only be made with accurate, relevant, complete, and comparable data.