GOVERNANCE COMPLIANCE STATEMENT

JUNE 2023

West Midlands Pension Fund

INTRODUCTION

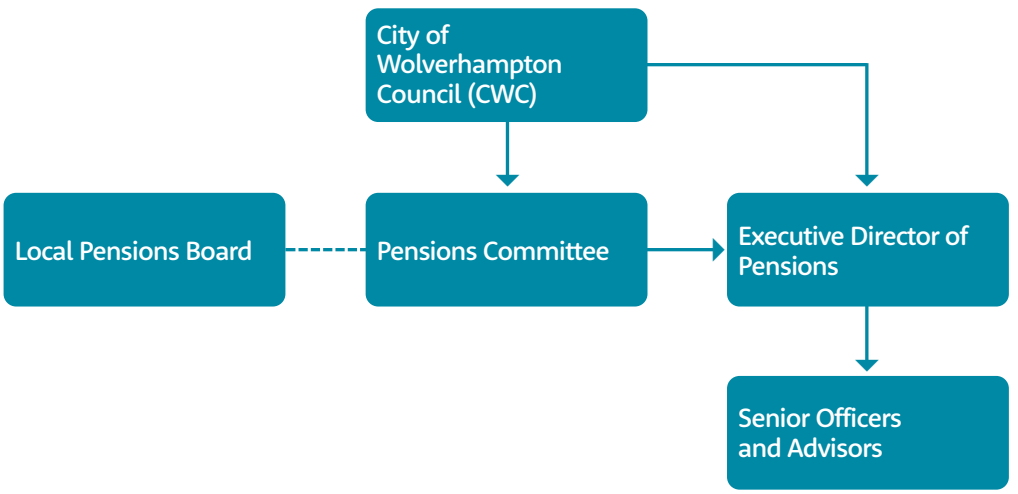
Regulation 55 of the Local Government Pension Scheme regulations 2013 requires all administering authorities for local government pension schemes to publish a Governance Compliance Statement setting out the Fund's governance arrangements. It should outline the extent of the Fund's compliance with guidance issued by the Secretary of State for Communities and Local Government (now DLUHC) and review that statement on an ongoing basis. This statement sets out the Fund's governance structure, scheme of delegation, and the terms of reference for its governing bodies, the Pensions Committee and the Local Pensions Board.

RELATIONSHIP WITH THE ADMINISTERING AUTHORITY – THE CITY OF WOLVERHAMPTON COUNCIL

The City of Wolverhampton Council (CWC) is the Administering Authority for the West Midlands Pension Fund (the Fund) under the Local Government Pension Scheme Regulations 2013 and is the Scheme Manager as defined by Section 4 of the Public Service Pension Act 2013. CWC are required, by virtue of the statutory provisions in the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2009 to manage the Pension Fund's assets and liabilities separately to those it holds to perform its functions as a local government authority and to carry out all other activities associated with the management and administration of the scheme, in accordance with legislation and statutory guidance for the benefit of its members, employers and other stakeholders.

GOVERNANCE STRUCTURE

Under its constitution and in accordance with Section 101 of the Local Government Act 1972 CWC have delegated responsibility for the management of the Fund to the Pensions Committee and the Executive Director of Pensions. As required by the Public Service Pensions Act 2013, CWC have also established a Local Pensions Board to assist in the good governance of the scheme by ensuring compliance with legislation and statutory guidance. The Fund's Governance arrangements are outlined in the diagram below.



THE PENSIONS COMMITTEE

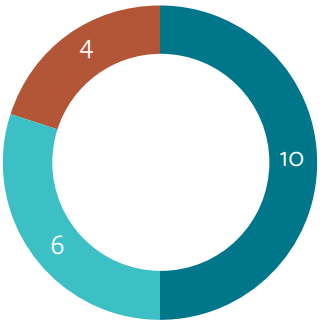
The Pensions Committee is responsible for exercising all of the functions that are required as an administering authority for a Local Government Pension Scheme under the Public Service Pensions Act 2013. Adhering to the principles required by Statutory Guidance, The Pensions Regulator's (TPR) Code of Practice and performing the duties set out in the Terms of Reference for the Pensions Committee as detailed in CWC's Constitution available on its website.

Members of the Pensions Committee are responsible for the Fund's activities, ensuring that the Fund is managed in the best interest of all its members, employers, and beneficiaries. Members of the Pension Committee must therefore take a non-political approach to the decisions they take.

The key duties of the Pensions Committee as set out in the terms of reference are as follows:

- To exercise all those functions of City of Wolverhampton Council which are required to be performed by it in its role as administering authority for the Local Government Pension Scheme under the Public Service Pensions Act 2013 (and any associated legislation) adhering to the principles required by Statutory Guidance.
- To adhere to the principles set out in the Statutory Guidance and Codes of Practice issued by the Scheme Advisory Board and The Pensions Regulator and undertake its duties in compliance with the obligations imposed on it as Scheme Manager.
- To approve the Fund's operational budget and receive reports on matters of staffing and employment where significant budget implications occur.
- To represent the views of members in the management and administration of the Fund.
- To ensure that equality issues are addressed in the development of policies and the provision of services and are appropriately monitored.
- To determine the investment strategy and supporting responsible investment policy and framework of the Fund in consideration of the long-term liabilities and duties to pay pension benefits.
- To monitor investment activity and the performance of the Fund's investments. To take independent and specialist advice on matters to be determined, including advice from Senior Officers of the Fund, adhering to the advice given when taking decisions.
- To ensure effective operational and financial risk management and to receive reports on actions identified in the Fund's internal control framework.
- Reviewing and adopting the statutory policies of the Fund, in accordance with the Fund's policy framework.
- On an annual basis to receive and approve the Annual Report and Accounts.

The membership of the Pensions Committee is detailed in the diagram below.



Committee Structure

- City of Wolverhampton Council Councillors
- Metropolitan District Councillors
- TU Representative Observers

The ten CWC Councillors and six Metropolitan District Councillors are all voting members of the Committee, the four Trade Union (TU) Representatives are invited to represent the Fund's members as observers and can participate in debate but do not have voting rights. Further details about the Pension Committee membership can be found in the Fund's Representation Policy which is available on the Fund's website. The Pensions Committee meet on a quarterly basis and are managed and operate as a Section 101 delegated Committee.

LOCAL PENSIONS BOARD

As required by the Public Service Pensions Act 2013, CWC 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. The terms of reference for the Local Pensions Board are available on the Fund's website.

The role the Local Pensions Board is to assist in the good governance of the Local Government Pension Scheme through the monitoring of compliance with statutory regulation and guidance and to act as a representative both for and on behalf of the employer and member base ensuring effective governance and administration in the management and payment of pension benefits.

Pensions Board members are non-political. They represent the Fund's members and employers (not political group, trade union or individual employer) and must consider the Fund's overriding objective, which is to pay members benefits when they fall due.

As detailed in the diagram below, the Pensions Board consists of five employer and five member representatives.

Local Pensions Board Structure

- Employer Representatives
- Member Representatives

Each member of the Board has a right to vote on matters brought before it. The positions of Chair and Vice Chair are appointed annually by vote of the membership, with a rotation of employer and member representatives each year. Further information with regards to representation on the Local Pensions Board can be found in the Representation Policy which is available on the Fund's website. Appointments to the Local Pensions Board are made in accordance with the Fund's Local Pensions Board Appointments process which is also available on the website. In line with Pensions Committee, the Board also meet on a quarterly basis.

The Board establishes an annual programme of work focused on the Fund's governance and administration, 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 investment governance and stewardship. A report on the work of the Pensions Board is provided to the Pensions Committee on an annual basis.

INVESTMENT POOLING

Role of Individual Administering Authority
In compliance with the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016, the West Midlands Pension Fund has outlined its approach to investment pooling in its Investment Strategy Statement. Working collectively with Partner Funds, the West Midlands Pension Fund created and owns LGPS Central Limited, an FCA regulated company responsible for product development and collective investment vehicles to meet the investment requirements of the eight administering authorities as its clients.

In conjunction with its Partner Funds, West Midlands Pension Fund takes two roles in this structure:

- **Role as Shareholder**
  To oversee, challenge and ensure the company's goals, ambitions and overall performance achieve the objectives set out in its annual business plan (including the budget), ensuring such business plan is fit for purpose in the context of its customers, their needs and ambitions, including the creation and delivery of products which meet those needs.
- **Role as Client/Customer**
  To receive services (under agreement) and to manage the performance of that agreement in line with contract management processes. The Chair of Pensions Committee meets with their counterparts from partner fund committees (to form LGPS Central Joint Committee) on a six-monthly basis to undertake a review of the services received from LGPS Central Limited.

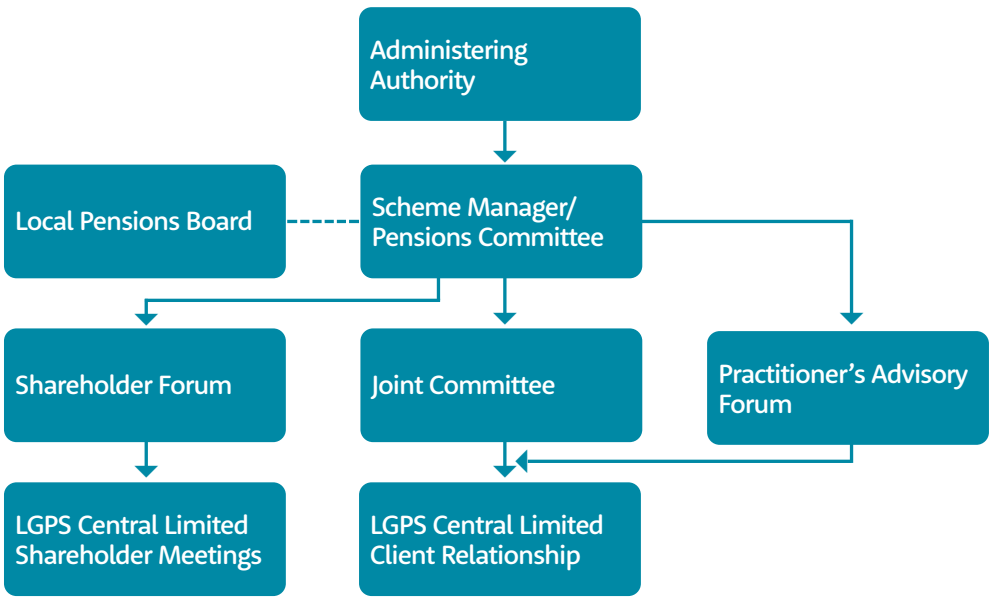
EXECUTIVE DIRECTOR OF PENSIONS

In accordance with Section 101 of the Local Government Act responsibility for the day-to-day administration, and investment management for the Fund within the policy's and strategies agreed by the Pensions Committee is delegated to the Executive Director of Pensions.

The Executive Director of Pensions has lead responsibility for the West Midlands Pension Fund in accordance with the statutory provisions imposed on administering authorities who hold a Local Government Pension Scheme function, as governed by the Public Service Pensions Act 2013 (and associated legislation).

By delegation from Pensions Committee, the Executive Director of Pensions holds the role of Shareholder representative at LGPS Central Limited company meetings. The full delegations to the Executive Director of Pensions are available in CWC's constitution.

The Executive Director of Pensions may authorise Senior Officers from within the Fund to exercise on their behalf the functions delegated to them. Any decisions taken under this authority shall remain the responsibility of the Executive Director of Pensions who shall remain accountable and responsible for such decisions.



ACCOUNTABILITY AND PUBLICATION OF INFORMATION

Details of Pensions Committee and Local Pensions Board meetings, including minutes agendas and reports presented are publicly available on the administering authority's website. Members of the Local Pensions Board have full access to the information presented to the Pensions Committee and vice-versa.

Meetings of the Pensions Committee are open to members of the public.

The Pensions Board workplan is published on the Fund's website and a report on the work of the Pensions Board is presented annually to the Pensions Committee. Papers for the meetings of the Board are published on the Council's website alongside committee papers.

The Fund prepares and publishes a Corporate Plan and an annual Pension Fund Report and Accounts detailing Fund activities and performance during the year. The Annual Report includes details of the training records for members of the Fund's governing bodies (The Pensions Committee and Local Pensions Board), with copies available on the Fund website.

GOVERNING BODY KNOWLEDGE AND SKILLS

The Fund is required by law (section 248a of the Public Service Pensions Act 2013), and statutory guidance (Pensions Regulator's Code of Practice and Scheme Advisory Board Statutory Guidance), to ensure that members of its governing bodies (the Pensions Committee and the Local Pensions Board), have an appropriate level of knowledge and understanding, to undertake the roles and functions of the positions they have been appointed to.

The Fund have established a governing bodies' training policy which is available on its website. The policy sets out the Fund's approach to supporting governing body members to meet statutory expectations in relation to knowledge and understanding through a tailored and structured training programme

GOVERNING BODY CONFLICTS OF INTEREST

A conflict of interest is defined as a financial or other interest which is likely to prejudice a person's ability to undertake the functions of the role they have been appointed to. A conflict could arise where an individual has been appointed to a governing body (the Pensions Committee or Local Pensions Board) who at the same time has a separate personal interest or responsibility (financial or otherwise) in a matter being discussed. The Fund has established a Conflicts of Interest policy that sets out its approach to identifying, monitoring, and managing conflicts which is available on its website. Members of the Pensions Committee and Local Pensions report are required to complete annual declarations of interest and the Fund maintains a register of interests declared. Declaration of Interests is also a standing agenda item at all meetings of both The Pensions Committee and the Local Pensions Board. In addition, elected members are expected to follow the polices agreed by their local authority, including the relevant Councillor Code of Conduct.

COMPLIANCE STATEMENT

The Fund fully complies with the best practice guidelines on governance, issued by the Department for Levelling Up, Housing and Communities (DLUHC). For details, see the table below.

Principle	Fully Compliant
A - Structure The Management of the administration of benefits and strategic management of Fund assets clearly rests with the main committee established by the appointing Council.	✓
That representatives of participating LGPS employers, admitted bodies and scheme members (including pensioner and deferred members) are members of either the main or secondary committee established to underpin the work of the main committee.	✓
That where a secondary committee or panel has been established, the structure ensures effective communication across both levels.	✓

Principle	Fully Compliant
That where a secondary committee or panel has been established, at least one seat on the main committee is allocated for a member from the secondary committee or panel.	✓
B Representation That all key stakeholders are afforded the opportunity to be represented within the main or secondary committee (the Local Pensions Board) structure. These include: • Employing authorities (including non-scheme employers (e.g. admitted bodies)) • Scheme members (including deferred and pensioner scheme members) • Independent professional observers • Expert advisers	✓
That where lay members sit on a main or secondary committee, they are treated equally in terms of access to papers and meetings, training and are given full opportunity to contribute to the decision-making process, with or without voting rights.	✓
Selection and role of lay members	
That committee or panel members are made fully aware of the status, role and function they are required to perform on either a main or secondary committee.	✓
That at the start of any meeting, committee members are invited to declare any financial or pecuniary interest related to specific matters on the agenda	✓
Voting	
The policy of individual administering authorities on voting rights is clear and transparent, including the justification for not extending voting rights to each body or group represented on main LGPS committees	✓
Training/Facility time/Expenses	
That in relation to the way in which statutory and related decisions are taken by the administering authority, there is a clear policy on training, facility time and reimbursement of expenses in respect of members involved in the decision-making process	✓
That where such a policy exists, it applies equally to all members of committees, sub-committees, advisory panels or any other form or secondary forum.	✓

Principle	Fully Compliant
Meetings	
That the administering authority's main committee or committees meet at least quarterly.	✓
That an administering authority's secondary committee or panel meet at least twice a year and is synchronised with the dates when the main committee sits.	✓
That administering authorities who do not include lay members in their formal governance arrangements, provide a forum outside of those arrangements by which the interests of key stakeholders be represented.	✓
Access	
That subject to any rules in the council's constitution, all members of main and secondary committees or panels have equal access to committee papers, documents and advice that falls to be considered at meetings of the main committee.	✓
Scope	
That administering authorities have taken steps to bring the wider scheme issues within the scope of their governance arrangements.	✓
Publicity	
That administering authorities have published details of their governance arrangements in such a way that stakeholders with an interest in the way in which the scheme is governed, can express an interest in wanting to be part of those arrangements.	✓

Version control:

Version	Author	Document Title	Approved By	Approval Date	Next Review
1	Rachel Howe	Governance and Compliance Statement 2020	Pensions Committee	25 March 2020	March 2021
2	Hayley Reid	Governance and Compliance Statement 2021	Pensions Committee	23 June 2021	June 2022
3	Hayley Reid	Governance and Compliance Statement 2022	Pensions Committee	29 June 2022	Dec 2023

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