



West Midlands Pension Fund

Birmingham City Council

Economy & Skills Overview & Scrutiny Committee

Rachel Brothwood
Director of Pensions

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West Midlands Pension Fund

- One of the UK's largest pension funds
- Providing pension benefits to thousands of your employees and former employees
- Support for local economy and skills
- Global investment and engagement programme
- Recognised industry leader



West Midlands Within the LGPS



WMPF as at 31 March 2019

Total members

323,795

Total employers

673

- Local authorities
- Academies
- Universities
- Voluntary groups
- Contractors

Total assets

£15.7billion

Funding level

81%



2016 Actuarial Valuation

WMITA Pension Fund – closed membership of 4,961; total assets £490m

National Scheme report 2018

Total members

5.8 million

Total employers

14,800

Total assets

£275 billion

- 88 regional funds
- West Midlands Pension Fund is one of the largest
- In top 25 UK pension funds by asset size –



Pensions Services

“ Working in partnership with employers across the region to deliver pension benefits promised to local government employees ”

HR

Recruitment and retention tool



Liaison

Information and support



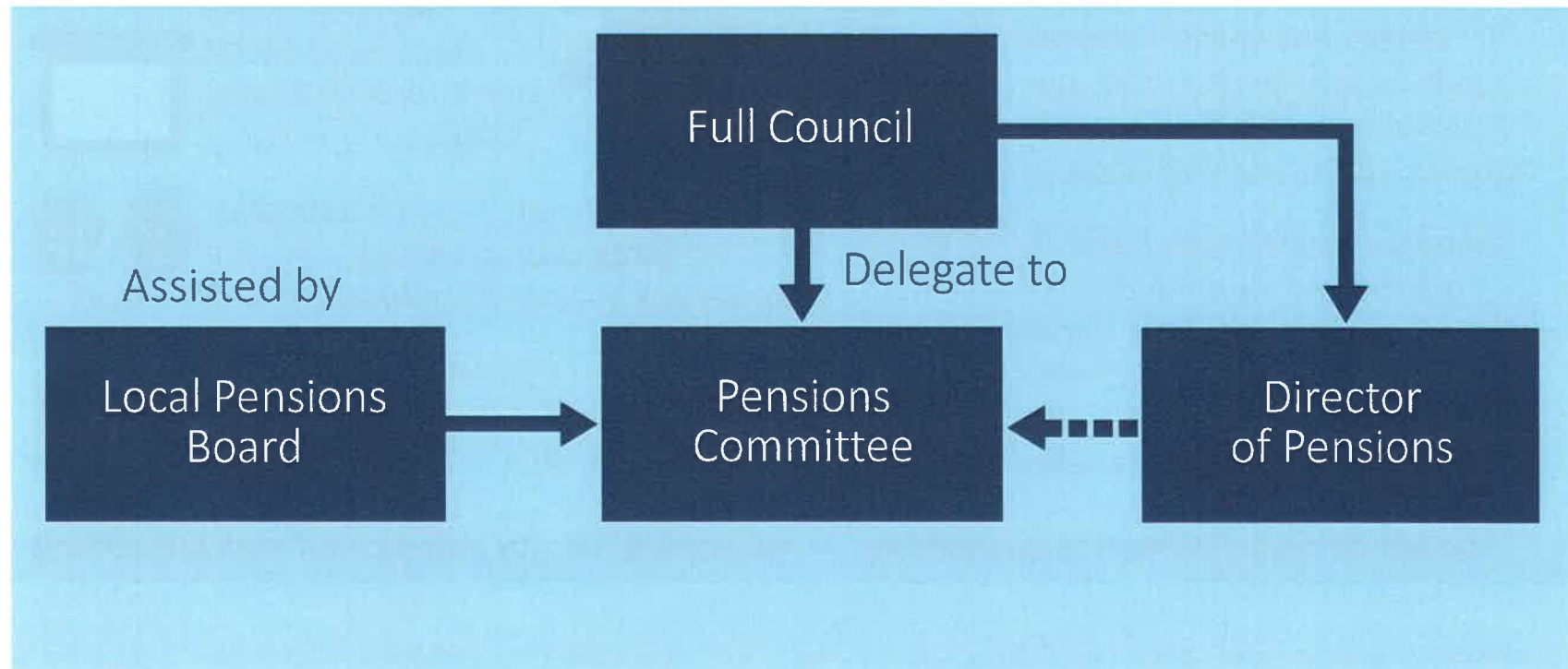
Financial

Collect contributions and invest to manage cost



Administering authority role – a statutory function of the City of Wolverhampton Council

Governance Structure



Local Authority representation on both the Pensions Committee and Local Pension Board

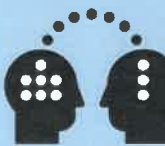
Information and Support to Birmingham City Council



Supporting your current and former employees



600 BCC members have attended 26 **face-to-face** pension information events 2019 FY to date



Over 100 events have been provided and over 30 days of **individual meetings** over the last three years



7,000 BCC members have their own online **personal Pension Portal** account



Supporting you as a scheme employer



Regular **programme of communications and events** including employer brief, peer group, mid year and annual general meeting events, and targeted consultation meetings



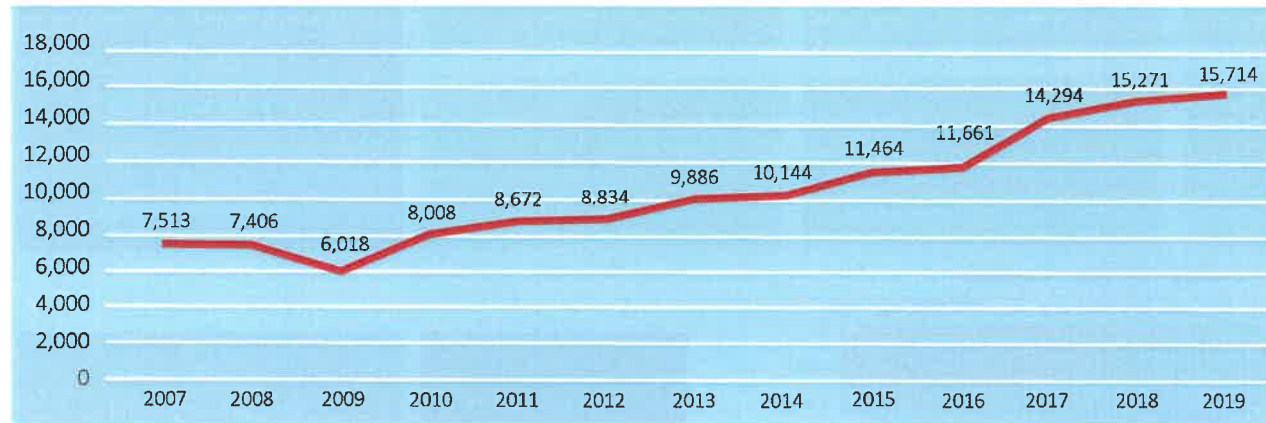
Direct engagement with key BCC officer groups (payroll, finance) with bespoke support on specific pensions issues and change events

Providing on-the-ground support to BCC and pension members to inform and aid with planning and decision making

Investment Strategy and Asset Growth

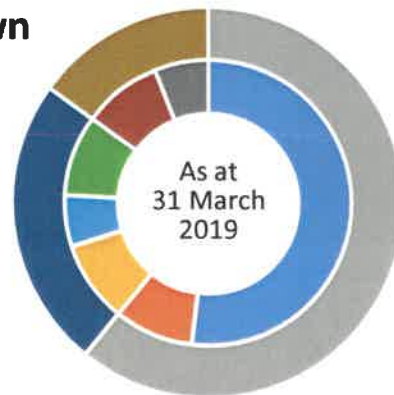


Fund value £ million



**Winner of MSCI
2019 UK Property
Award – portfolio
return in excess
of 8% p.a. over
three years**

Asset breakdown 31 March 2019

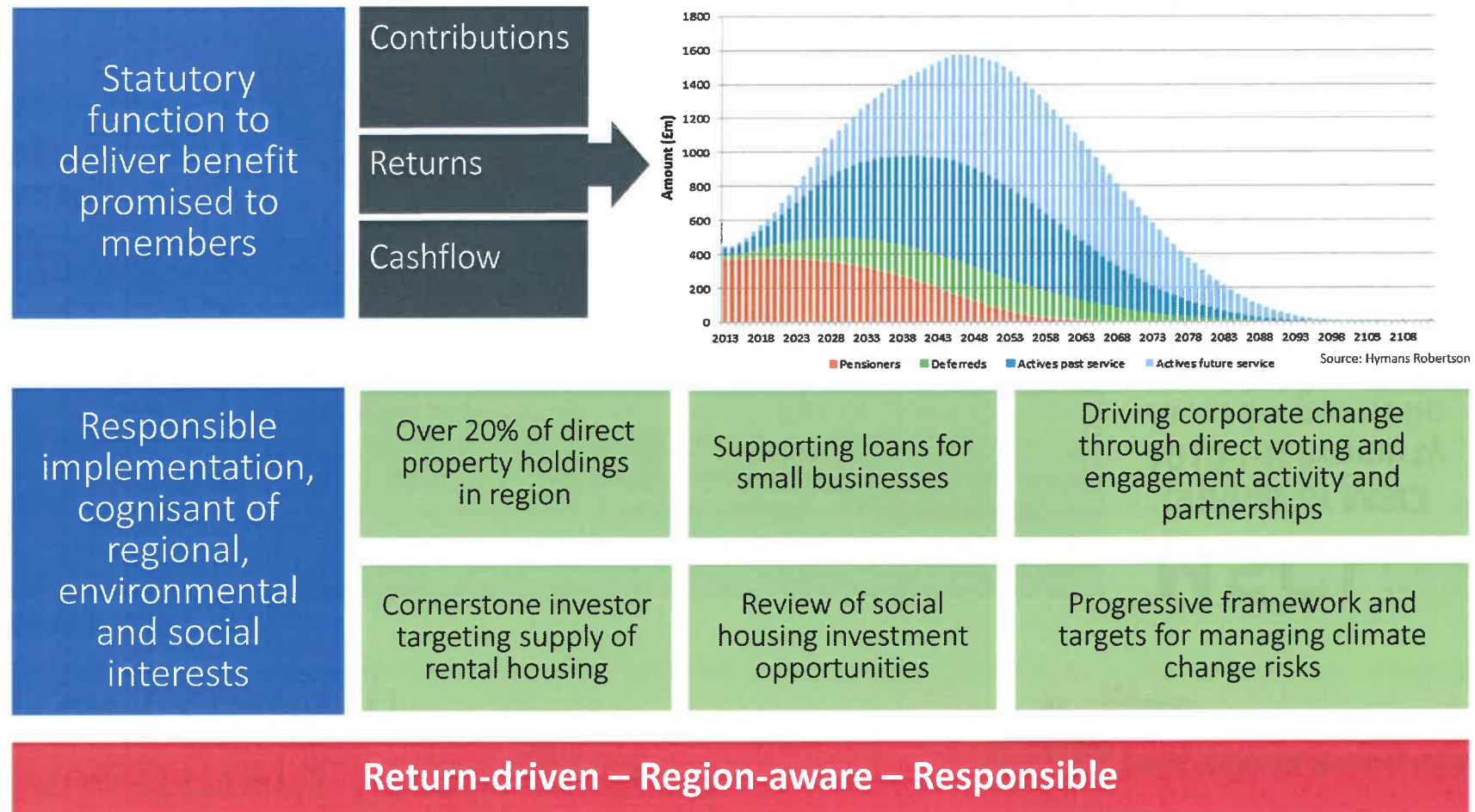


Growth 61%	Quoted equity	52%
	Private equity	8%
Income 24%	Property	9%
	Infrastructure & real estate	6%
	Other	9%
Stabilising 15%	Gilts and bonds	9%
	Cash and cashflow matching	6%

£ 5.5 billion added from asset returns generated over five years to 31 March 2019



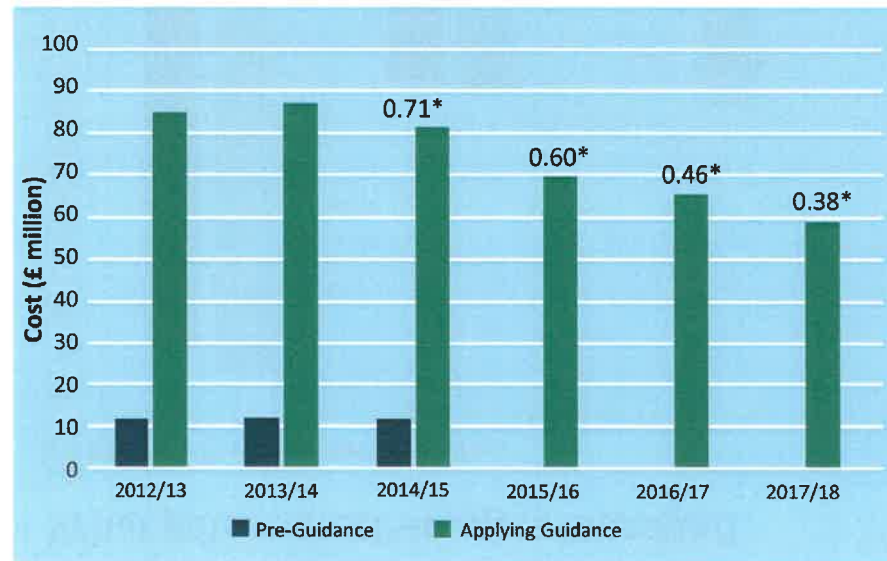
Dual Approach to Investment





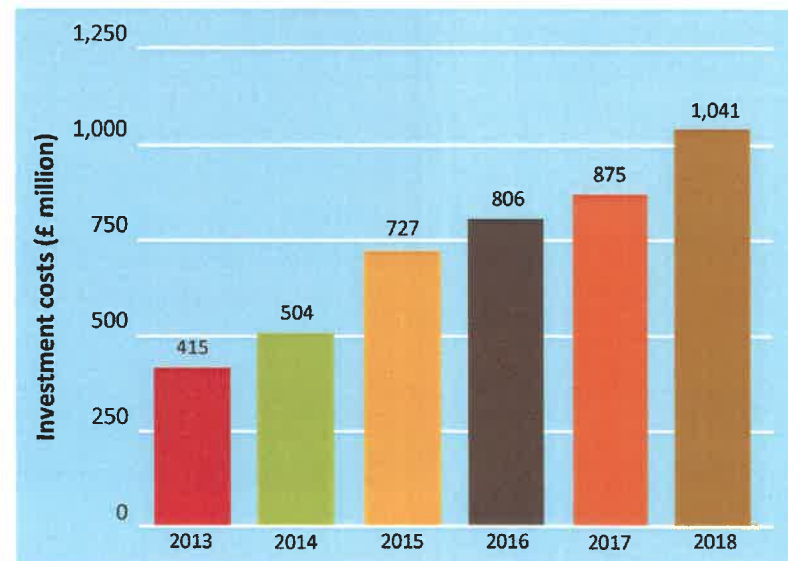
Investment Cost Transparency

WMPF reported investment management costs



*Costs as a percentage of assets under management

LGPS sheds light on investment costs...



Source: LGPS Scheme Advisory Board

WMPF cost attribution by asset class 2017/18

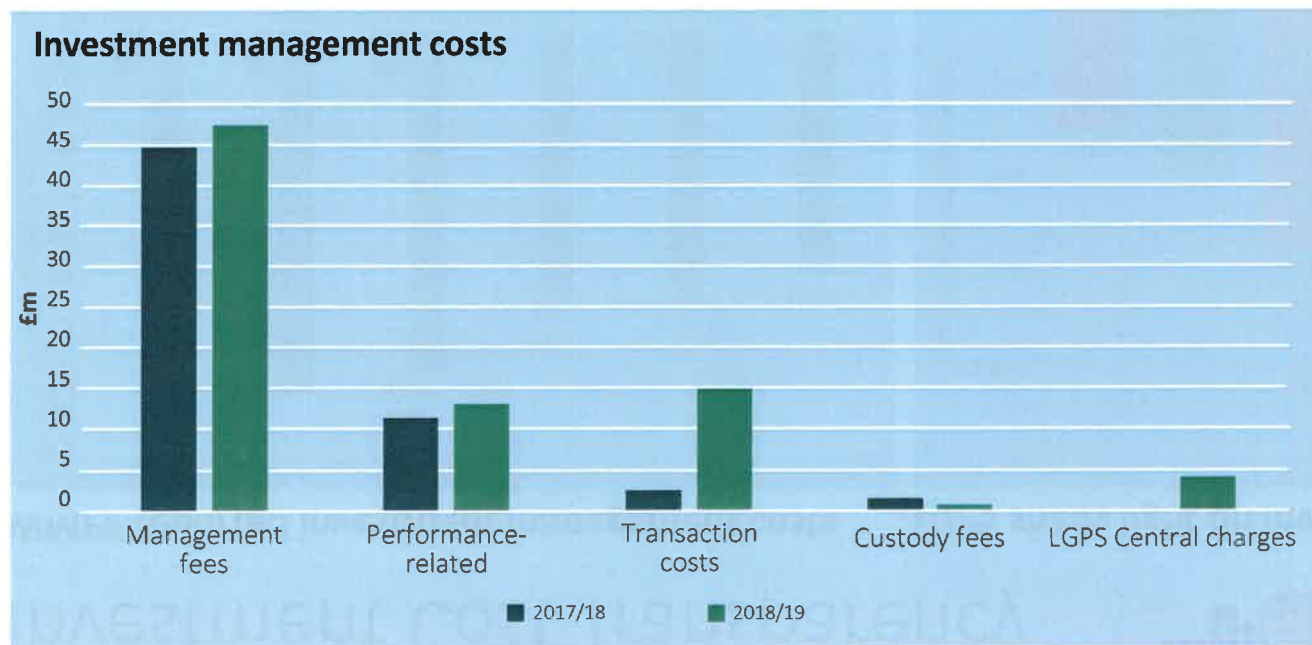


WMPF reduced by 50% over last four years; cost disclosure increases across LGPS



New Initiative for 2019

- Pilot of industry-wide templates
- Further engagement with investment managers
- New levels of transparency from re-measurement
- What gets measured, gets managed



Continuing industry-wide drive for transparency and efficiency

Investment Added Value

5-Year net value added versus excess cost

(Your 5-year: net value added 95 bps, cost savings 17 bps ¹⁾)



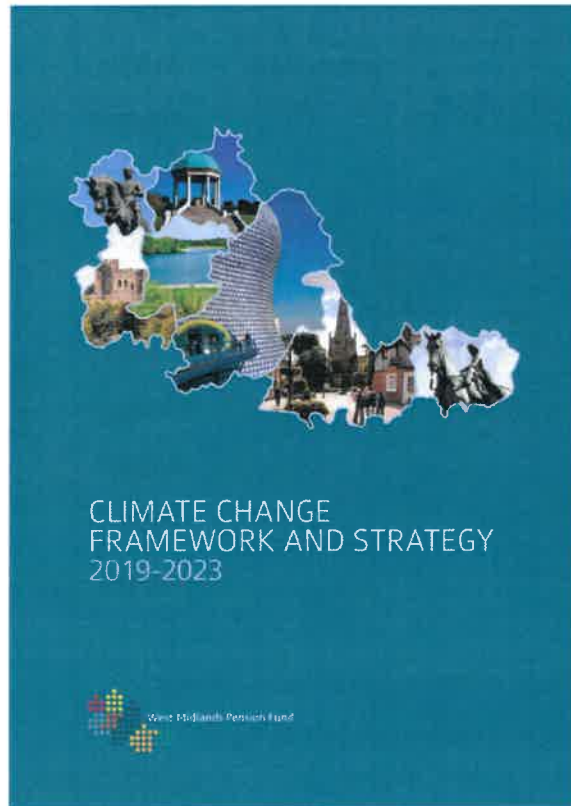
Key observations of the five years to 31 March 2018

- WMPF generated a net return of 0.3% p.a. above the LGPS median and 1.0% p.a. above the global median
- Net added value was 0.9%, above the LGPS median of 0.1% and global median of 0.2%



Independent global pension survey – best like-for-like comparison available

Leading Responsible Investment and Climate Change Framework



- Acknowledge physical and transformation risks
- Potential investment, employer and member impacts over long term
- Suite of policies to address risks
- Driven by evidence-based beliefs
- Strong engagement ethos, delivering change for good
- Targets and monitoring set to manage climate risk
- Aiming for “gold” standard reporting and oversight

Alive and proactive on issues important to our stakeholders

Partnership Approach to Delivery



Cost savings and
efficiencies

Investment opportunities

Responsible stewardship



Frontier
Development
Capital
Business without boundaries



Signatory of:



Collaborative and output-focused



External Recognition



“...teams have developed proactive approaches to communicating with a deep understanding of, and commitment to, Customer Service Excellence demonstrating continual service improvement” **July 2019**



“The Fund continues to fully deploy the range of practices advocated by the IIP Standard and has made a wide range of improvements to its people management practices since the last assessment took place. **August 2018**



“Our review has identified a number of areas of good practice and compliance with the requirements of the GDPR. **Baker Lomax, October 2018**



“Thank you for engaging with us in an open and transparent way...we have learnt a considerable amount about the operational challenges faced by you... **April 2019**



“...above and beyond normal practice for LGPS funds. **March 2019**



House of Commons
Environmental Audit
Committee

“Seven [of top 25 UK funds]... have committed to reporting on climate change risks and opportunities.... West Midlands Pensions Fund – reported in...2017. **May 2018**

Q&A



