

Attendance

Members of the Pensions Board

Employer representatives

Cllr Jasbir Jaspal
Paul Johnson
Ian Martin
Joe McCormick

Member representatives

Sharon Champion
Cllr Hazel Malcolm
Adrian Turner

Employees

Rachel Brothwood	Director of Pensions - West Midlands Pension Fund
Paul Carter	Regulatory Governance Manager - West Midlands Pension Fund
Jill Davys	Assistant Director - Investments and Finance- West Midlands Pension Fund
Dereck Francis	Democratic Services Officer - City of Wolverhampton Council
Rachel Howe	Head of Governance and Corporate Services- West Midlands Pension Fund
Amanda McDonald	Client Lead Auditor - City of Wolverhampton Council
Amy Regler	Head of Operations- West Midlands Pension Fund
Holly Slater	Governance Officer- West Midlands Pension Fund
Simon Taylor	Head of Pensions - West Midlands Pension Fund

Part 1 – items open to the press and public

Item No. Title

- 1 **Election of Chair**
Rachel Brothwood, Director of Pensions updated the Board on changes to its membership. An employer representative had been appointed from within the group of the Fund's admitted body employers but had subsequently had to step back due to work commitments. The Fund was looking to recruit from the same employer representative group and the position was being advertised and would be promoted at the Mid-Year Review event on 3 July. Other changes included the appointment of Councillor Jasbir Jaspal as an employer representative by City of Wolverhampton Council.

Resolved:

That Joe McCormick be elected Chair of the Board for the remainder of the Municipal Year 2019-2020.

2 **Election of Vice Chair**

Resolved:

That Adrian Turner be elected Vice-Chair of the Board for the remainder of the Municipal Year 2019-2020

3 **Apologies for absence**

Apologies for absence were submitted on behalf of Michael Foxall.

4 **Declarations of interests**

No declarations of interests were made.

Board members were requested to complete their annual declarations of interest form to Holly Slater, Governance Officer.

5 **Minutes of the previous meeting - 30 April 2019**

Resolved:

That the minutes of the meeting held on 22 January 2019 be approved as a correct record and signed by the Chair

6 **Matters arising**

With reference to Minute 8 (Audit 2019-2020), Rachel Brothwood, Director of Pensions reported that the audit of the Fund's Statement of Accounts for 2018-2019 had commenced. The Fund's external auditors, Grant Thornton had carried out an interim audit of the accounts and no areas of concern had been raised as part of this work. Their final report on the audit of the accounts would be presented to the Pensions Committee in September 2019.

7 **Times of Meetings 2019-2020**

Resolved:

That the following dates and times of meetings of the Board for 2019/2020 be noted:

21 October 2019 – 2pm

21 January 2020 – 2pm

28 April 2020 – 2pm

8 **Governance Update Report**

Rachel Howe, Head of Governance and Corporate Services presented the report on of the work of the Fund in delivering good governance in line with the Pension Regulator's code of practice and in meeting the expectation of the Scheme Advisory Board.

Resolved:

1. That the Scheme Advisory Board's annual report for 2018 be noted
2. That the Risk Register and the movement and management of risks across the Fund be noted.
3. That items being monitored through the Fund's compliance monitoring programme be noted.
4. That it be noted that publication of findings from the Pensions Regulator's engagement with LGPS funds is due over the Summer.

9 **Internal Audit Annual Report 2018-2019**

Amanda MacDonald, Client Lead Auditor, presented a report on the outcome of the programme for internal audit reviews completed during 2018-2019. No significant audit issues had arisen throughout the year and where identified weaknesses / improvements have been identified during the course of audit work, management have agreed recommendations. The Client Lead Auditor thanked the Fund's Management Team for their support on the internal audit reviews throughout the year.

Resolved:

That the internal audit report for 2018-2019 be noted.

10 **Regulatory Update**

Rachel Howe, Head of Governance and Corporate Services presented the update report on forthcoming and potential regulatory changes across the LGPS. The Fund continued to see and manage a series of change, with a number of consultations (both directly and indirectly related to the LGPS) issued within the last 3-6 months.

In response to questions, the Board received a brief overview of the Fund's response to the consultation on the introduction of a £95,000 cap on exit payments to public sector workers. A copy of the response would be forwarded to the Board. The Fund's primary concern was that the proposal was impacting a wider group of members than the "higher earners" targeted by the policy. Most notably, it had the potential to impact pension members with long service records on modest salaries. If the proposal was maintained in its current form, a further consultation would be needed to amend the LGPS Pensions Regulations.

Resolved:

That the updates to the current regulatory environment within the LGPS be noted.

11 **Business Performance and Data Management**

Rachel Howe, Head of Governance and Corporate Services presented the report on the work of the Fund in delivering improved data quality in line with the Pension Regulator's Code of Practice; and on an end of year overview of Fund performance against its set objectives.

In response to questions, Amy Regler, the Head of Operations confirmed that following a Tier 3 ill health benefits review, a decision is taken by the employer as to whether a member continued to be eligible to receive benefits on grounds of ill health. Those retiring and receiving Tier 3 benefits are granted this level as they are expected to be able to return to gainful employment within three years. The Fund was taking steps to ensure employers are aware of their responsibilities to review cases. The Scheme Advisory Board had noted that the ill health Tiering structure was an area which could be reviewed and simplified within the Pension Scheme.

Resolved:

1. That the Data Management Strategy adopted by the Fund be noted.
2. That the progress of work on the Monthly Submissions project be noted.
3. That the work to progress delivery of Annual Benefit Statements be noted.
4. That the Fund's Key Performance Indicators as an annual review be noted.
5. That the work of the Fund on delivering its Digital Transformation Programme be noted.

6. That the progress of GMP Reconciliation be noted.
7. That the reviewed and updated Pension Administration Strategy be noted.

12 **Pensions Administration Report from 1 April 2018 to 31 March 2019**

Amy Regler, Head of Operations presented the report on the work undertaken by the pensions administration service during the period 1 April 2018 to the 31 March 2019 for both the West Midlands Pension Fund (the Main Fund) and the West Midlands Integrated Transport Authority Pension Fund.

In response to a question, the Director of Pensions confirmed that the Fund had seen an increase in the number of scheme members with deferred benefits requesting quotations for early retirement from age 55 following the change to LGPS regulations in 2018.

Resolved:

That the pensions administration activity for both the West Midlands Pension Fund (the Main Fund) and the West Midlands Integrated Transport Authority Fund (the WMITA Fund) be noted.

13 **Customer Engagement Update**

Simon Taylor, Head of Pensions presented the report on the Fund's customer engagement activity from 1 January to 31 March 2019, in line with its Customer Engagement Strategy.

Reporting on the production of annual benefit statements (ABS), the Head of Operations said that indications were that between 75 to 80% of active member records would have an ABS produced in the first run. The Director of Pensions added that this was a significant improvement on the prior year and the Fund was continuing to work to improve both the issue rate and the cleansing of active member records as outstanding leaver notifications continued to be received from employers.

Councillor Hazel Malcolm praised the customer engagement work. She asked whether texts or emails were being used to communicate with members and whether the Fund had plans to reach out to members who could not engage digitally. The Head of Pension reported that videos were used in the member engagement events. The development programme was ongoing to review the key pieces of information scheme members needed to consider. Rachel Brothwood, Director of Pensions added that the Fund was conscious of digital exclusion and was developing a suite of methods to aid communications with scheme members which would continue to include highly valued face to face support. Leaflets and the roadshow bus were proving effective means of initial engagement leading to increased take-up of 'My Pensions Portal'. The Fund also issued communications via post and any member who wished to receive a paper copy of communications could opt in.

Resolved:

1. That the engagement activity and informed service development be noted.
2. That the Communications Policy Statement included at Appendix C to the report be noted.

14 **Funding Management Update**

Simon Taylor, Head of Pensions presented the report on funding management, including proposed changes to the Funding Strategy Statement following the introduction of Exit Credit legislation, and the 2019 actuarial valuation.

Adrian Turner asked about the potential impact of the Court's judgement on McCloud vs Judges Pension Scheme concerning the pause on the HM Treasury cost cap process. Rachel Brothwood, Director of Pensions reported that it would impact on benefits payable by the Scheme but until further information on rectification for the LGPS and Scheme guidance was forthcoming, the Fund could only continue to calculate and pay benefits in line with current regulations. The Director of Pensions further commented that the Fund was in discussion with its actuary regarding any impact on this year's actuarial valuation.

Resolved:

1. That progress on the revised Funding Strategy Statement effective 1 April 2019 be noted.
2. That the report and the associated update on progress with the 2019 actuarial valuation of both the West Midlands Pension Fund (the Main Fund) and the West Midlands Integrated Transport Authority Fund (the WMITA Fund) be noted.

15 **Annual Report and Accounts 2018-2019**

Jill Davys, Assistant Director, Investments and Finance presented the report on the preparation, approval and audit of the Statement of Accounts and the Annual Report for the year ending 31 March 2019 and their publication on the Fund's website.

In response to a question on the decrease in the value of the ITA Pension Fund, the Assistant Director reported that it was a closed to new members. It was also a mature scheme where benefits payable exceeded contributions receivable. The reduction in the value of the Fund was not related to the quality of the investments made.

Resolved:

1. That it be noted that the draft accounts have been prepared and certified by the Section 151 Officers as required by regulations.
2. That it be noted that the draft accounts for West Midlands Pension Fund were approved by Pensions Committee on 19 June 2019 and are now subject to audit by the Fund's external auditors, Grant Thornton, with the final version, including their audit opinion to be reported to the Committee in September.
3. That it be noted that the audit of the accounts for the West Midlands Integrated Transport Authority Pension Fund (WMITAPF) is nearing completion and the auditors anticipate issuing an unqualified opinion.

16 **LGPS Central Investment Pool Update**

Jill Davys, Assistant Director, Investments and Finance presented the key points from an update report on LGPS Central investment pool product development, transition and governance arrangements.

Sharon Champion reported that the recent Local Pension Board training event, facilitated by the Local Government Association on behalf of the Scheme Advisory Board, had been insightful and that it had been good to meet other Board members from the Partner Funds in LGPS Central.

Resolved:

That the update on the LGPS Central investment pool product development, transition and governance arrangements be noted.

17

Responsible Investment

Rachel Brothwood, Director of Pensions presented the main points from the report on the policies in place and work of the Fund in relation to responsible investment and in managing the risk and opportunities available in relation to Climate Change.

Resolved:

That the Fund's Responsible Investment Framework, Voting Principles and updated Compliance Statement with the UK Stewardship Code for Institutional Investors be noted.