

## Attendance

### Members of the Pensions Board

#### Employer representatives

Jacqueline Carman  
Paul Johnson  
Joe McCormick (Vice-Chair)  
Mike Sutton

#### Employee representatives

Sharon Campion (Chair)  
Michael Foxall  
Adrian Turner

#### Observer

George Hickman

#### Employees

Rachel Brothwood	Director of Pensions - 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
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

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## Part 1 – items open to the press and public

*Item No.*    *Title*

- 1 Apologies for absence**  
Apologies for absence were received on behalf of Jan Britton and Steve Carter.
- 2 Declaration of interests**  
No declarations of interests were received for the meeting.

3 **Minutes of the previous meeting - 22 January 2019**

Resolved:

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

4 **Pension Board Annual Governance 2019**

Regarding the expiry of Mike Sutton's term of office on the Pensions Board, the Chair placed on record her thanks and appreciation to Mike Sutton for his contributions to the work of the Board during his time as a Board Member and wished him well for the future.

Rachel Howe, Head of Governance and Corporate Services presented for approval a Conflicts of Interests Policy, and role profile and job description for Local Pension Board Members, which had been developed in line with the good governance guidance and standards set by the Pensions Regulator. The Head of Governance also reported that in line with the annual cycle of elections onto the Board for 2019/2020, a nomination had been received from Unite, the Union to appoint George Hickman to the vacant member representative seat. Mr Hickman was present at the meeting in an observer capacity. The employer body representative had also been confirmed and the Fund was in dialogue with nominee Mark Wildman, on the responsibilities and commitment required of the role, following acceptance of his application by the Appointments Panel.

Resolved:

1. That the appointment of Mark Wildman to the vacant employer representative seat be approved.
2. That the Conflicts of Interest Policy be approved.
3. That the role profile and Job Description for a Local Pensions Board Member be approved.
4. That the nomination of George Hickman received from Unite the Union to the vacant member representative seat be noted.

5 **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 changes, with a number of consultations (both directly and indirectly related to the LGPS) issued within the last 3-6 months.

Rachel Brothwood, Director of Pensions reported that over 90 responses had been received to an informal consultation on revised investment pooling guidance. The outcomes to the consultation were awaited from Government. The Director also updated the Board on the Government's plans to introduce a £95,000 cap on payouts for public sector workers when they leave their jobs. The Government had previously held consultations on the proposal and five documents had recently been issued for the consultation. Clarity on the detail and impact of the proposal would be sought in preparing a response on behalf of the Fund.

Paul Johnson understood that a previous consultation on this issue had led to a rush of public sector workers retiring. The Director of Pensions noted that this proposal had led to loss of experienced resource across the sector and additional work for the Fund due to retirement pension strain costs, measured by the LGPS, being caught in the calculation of exit payments. Under the proposal, more moderate earners with

longer service would also be impacted by the proposed cap. The Fund and the Local Government Association would be making representations to Government in response

Resolved:

The current regulatory environment, consultations which could impact the Local Government Pension Scheme and the steps the Fund is taking to prepare for those changes be noted.

## 6 **Governance Report**

Rachel Howe, Head of Governance and Corporate Services presented an update on the work of the Fund in delivering a well governed scheme and on amendments to the statutory Governance Compliance and Administering Authority Discretion Statements for 2019.

Members of the Board welcomed the increase in the production of the Annual Benefit Statements (ABS) from 70% to 85% since the last meeting in January 2019. The Head of Governance and Corporate Services reported that the current performance was close to the maximum level of ABS that the Fund could produce without employer support/information (88%).

The Director of Pensions thanked members of the Board who had completed the questionnaires as part of the external governance review of the Fund, that had been circulated at the last meeting. The Fund was reflecting on the feedback and reviewing the Board's training programme accordingly. An update on the Board's training hours was tabled for information and update where necessary.

Resolved:

1. That the top ten risks for this quarter and their movement be noted.
2. That the quarterly compliance monitoring be noted
3. That the work of the Fund to continue maximising the production of Annual Benefit Statements for members be noted.
4. That the updated Governance Compliance Statement and Administering Authority Discretions Policy Statement be noted
5. That feedback from engagement with the Pensions Regulator, together with the outcomes of the Fund's independent governance review be noted.
6. That progress in consideration of potential merger of the West Midlands Integrated Transport Authority Pension Fund with the West Midlands Pension Fund.

## 7 **Service Plan 2019-2024**

Rachel Howe, Head of Governance and Corporate Services presented the report on the work of the Fund to ensure ongoing review of service delivery which meets the standards and expectations of its members and employers.

Resolved:

1. That the Fund's Service Plan 2019-2024 be noted.
2. That the Fund's Key Performance Indicators be noted.

8      **Audit 2019-2020**

Rachel Howe, Head of Governance and Corporate Services presented an overview of the plan for the external audit of the Fund's Annual Report and Accounts for 2018/2019 and on an outline of the internal audit work programme for 2019/2020.

In response to questions, Rachel Brothwood, Director of Pensions reported that an interim external auditor report on the Fund's Statement of Accounts for 2018/2019 would be presented to the next meeting of the Pensions Committee in June at the end of the external audit process.

The Director also reported that the Government was revisiting the review of 2014 on how administering authorities performed their role alongside functions of the wider Local Authority hosting the funds. The review will include a closer look at the role of section 151 officers (senior finance officer often tasked with oversight of the fund and local authority finances) and potential conflicts of interest, together with how these can be managed in practice.

The Board also discussed controls the Fund had in place to detect/prevent fraud. The Director of Pensions reported that the Fund had an anti-money laundering policy incorporated in its policy. The Fund also has an authorised signature list in its control measures but the need for both Fund officers, employers and members to be vigilant was noted. In terms of clauses within the Funds policies on cyber fraud, Jill Davys, Assistant Director, Investments and Finance reported that the policies on cybercrime were arranged by the administering authority, the City of Wolverhampton Council. Representatives from the Fund's Management Team also sat on the City Council's Cyber Security Group.

Resolved:

1. That the external audit plan for the 2018/2019 Annual Report and Accounts as prepared by Grant Thornton be noted.
2. That the internal audit plan for 2019/2020 as prepared by City of Wolverhampton Council Internal Audit be noted.

9      **Customer Engagement**

Simon Taylor, Head of Pensions presented the update report on the Fund's customer engagement activity to date, in line with its Customer Engagement Strategy.

The Chair praised the positive work taking place by the teams responsible for Customer Engagement.

Resolved:

1. That the engagement activity and informed service development be noted
2. That the updated Customer Engagement Strategy and Plan for the forthcoming year be noted.

10      **Pensions Administration Report from 1 December 2018 to 28 February 2019**

Amy Regler, Head of Operations presented the report on the work undertaken by the pension's administration service during the period 1 December 2018 to the end of February 2019 for both the West Midlands Pension Fund (the Main Fund) and the West Midlands Integrated Transport Authority Pension Fund.

Rachel Brothwood, Director of Pensions referred to the increase in the number of employers within the Fund and highlighted that as at December there were 199 admitted bodies in the Fund, approaching 1/3<sup>rd</sup> of Fund employers, noting the importance of. representation from this group on the Board.

Resolved:

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

11 **Digital Transformation and Exploitation Programme**

Amy Regler, Head of Operations presented the report on a summary of the Fund's Digital Transformation and Exploitation Programme and on progress made with key projects within the programme.

Rachel Brothwood, Director of Pensions asked that the PowerPoint slides that were circulated at the training session prior to the meeting be forwarded to those members who were not able to attend.

Resolved:

The developments identified and being progressed as part of the Fund's Digital Transformation and Exploitation Programme (DTEP) to increase administration capacity and efficiency.

12 **Funding Management Update**

Rachel Brothwood, Director of Pensions presented the report on an update 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.

Rachel Brothwood, Director of Pensions reported that the Fund had developed a strategy and framework on this issue to guide further assessment and consideration of these risk factors within the investment and funding strategies of the Fund. She drew the Boards attention to evidence-based beliefs related to climate change as contained in the Framework and Strategy document. The Director also noted ongoing engagement activity around the Fund's core themes, including climate risk, where business strategies and performance were starting to more closely recognise and align to climate risk management in response to wide-spread engagement from institutional investors.

Resolved:

The proposed changes to the Funding Strategy Statement and attaching Termination Policy, subject to finalisation following consultation closing 30 April be noted.

13 **Responsible Investment and Climate Change**

Rachel Howe, Head of Governance and Corporate Services presented the report on an update 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.

Rachel Brothwood, Director of Pensions commented that there was huge interest in climate change at the moment. The Fund had a strategy and framework on this issue based on principles. She drew to the Boards attention evidence based beliefs

related to climate change as contained in the Framework and Strategy document. The Director also reported that the Fund supported the Paris Commitment to Climate Change. Companies like BP were integrating climate change into its investment and recruitment plans.

Resolved:

That the Fund's Responsible Investment Framework and the recently approved Framework and Strategy for Managing the risks and opportunities presented by climate change be noted.

14

**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.

Resolved:

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