

## Attendance

### Members of the Pensions Board

#### Employer Representative

Jacqueline Carman

Paul Johnson

Ian Martin

Joe McCormick (Chair)

#### Member Representative

Sharon Champion

Stan Ruddock

Adrian Turner (Vice-Chair)

#### Employees

Rachel Brothwood

Jill Davys

Peter Farrow

Rachel Howe

Lauren Pote

Hayley Reid

Amy Regler

Simon Taylor

Kirsty Tuffin

Director of Pensions - West Midlands Pension Fund

Assistant Director - Investments and Finance – West Midlands Pension Fund

Head of Audit Services

Head of Governance and Corporate Services - West Midlands Pension Fund

Governance Support Officer – West Midland Pension Fund

Regulatory Governance Manager – West Midlands Pension Fund

Head of Operations – West Midlands Pensions Fund

Head of Pensions - West Midlands Pension Fund

Democratic Services Officer

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## Part 1 – items for discussion

**Please note:** The Pension Board meeting scheduled for 28 April 2020 was cancelled due to Covid-19. The 09 July 2020 meeting took place virtually but was not broadcast live via the City of Wolverhampton Council website however, the agenda pack discussed at the meeting was open to the press and public. A review will take place for the proceedings for the meeting scheduled on 20 October 2020.

*Item No.*      *Title*

- 1            **Apologies for absence**  
Apologies were received from Councillor Jasbir Jaspal.

2        **Declarations of interest**

There were no declarations of interest submitted.

3        **Minutes of the Previous Meeting**

That the minutes of the previous meeting held on 21 January 2020 be approved as a correct record.

4        **Matters arising**

There were no matters arising.

5        **Annual Governance Report**

Rachel Howe, Head of Governance and Corporate Services, presented the report on the Annual Governance matters of Local Pensions Board in line with the good governance requirements of the Pensions Regulator and the Scheme Advisory Board (SAB).

The Board were advised that changes made to the Pensions Board Terms of Reference, as per appendix A of the report, had been highlighted in blue. Changes had been made to ensure regulatory updates had been clearly incorporated and. The Pensions Board were asked to approve the nomination from the GMB Trade Union for the vacant member representative seat and to approve the deferment of the appointment of the employer representative nomination till October 2020. The Board were also asked to confirm the continuation of the roles of the Chair and Vice-Chair, in light of the current situation and in line with the arrangements for Pensions Committee.

Resolved:

1. That the revised Terms of Reference for the Local Pensions Board be approved.
2. That the continuation of the roles of the current Chair and Vice-Chair of the Local Pension Board until October 2020, noting the current environment, be approved.
3. That the nomination from the GMB Trade Union for the vacant member representative seat and the deferment of the completion of appointment to the vacant employer representative seat until October 2020 be approved.
4. Confirmed the following dates and time of the meetings of the Local Pension Board:  
Pensions Board – 2pm  
9 July 2020  
20 October 2020  
26 January 2021  
27 April 2021
5. Approved the Local Pension Board work-plan for the 2020-2021 municipal year.
6. That the Local Pension Board Conflicts of Interest policy be approved.
7. That the Training Policy developed for members of the Fund's governing bodies which was approved by the Pensions Committee on 17 June 2020 be noted.
8. That the publication of the national Scheme Advisory Board (SAB)'s annual report be noted.

- 6 **Internal Audit Annual Report 2019 - 2020 and Internal Audit Plan 2020 - 2021**  
Peter Farrow, Head of Audit, presented the report on the outcome of the work programme for internal audit for 2019 – 2020 and to outline the work programme for internal audit during 2020-2021.

The Board were advised that for 2019-2020 six audit reviews had taken place, none of which had been rated 'limited' (red), three had been rated 'satisfactory', three 'substantial' and no recommendations had been made. The Internal Audit Plan 2020-2021 had suggested possible audits to be completed in 2020-2021, outlined in the report and Pensions Board would be kept updated.

In response to a question from Paul Johnson, Peter Farrow, Head of Internal Audit confirmed that action had been taken in relation to the Treasury Management recommendation with satisfactory controls in place.

Resolved:

1. That the internal audit report for 2019 – 2020 be noted.
2. That the internal audit plan for 2020 – 2021 be noted.
3. That it be agreed that the Pensions Board be kept up to date on future audit reviews.

- 7 **Legal and Compliance update**  
Rachel Howe, Head of Governance and Corporate Services, presented the report on the work of the Fund to deliver a well governed scheme.

The Committee were advised that in line with the assurance framework the report provided an update on the risk management of the Fund and risks rated red had been the cause of external factors outside the Fund's control.

Resolved:

1. That the risk movements, as reported and monitored through the year from April 2019 – March 2020 be noted.
2. That the latest strategic risk-register and areas being closely monitored in the current environment be noted.
3. That the Fund's Investment Risk and Assurance Framework developed as part of the Fund's Internal Controls Framework be noted.
4. That the compliance monitoring activity undertaken during the quarter be noted.

- 8 **Business Performance and Service Plan Update**  
Rachel Howe, Head of Governance and Corporate Services, presented the report on how the Fund delivered the priorities set out in the 2019 - 2024 Service Plan and provided an update on the Fund's performance as measured by its Key Performance Indicators.

Resolved:

1. That the performance of the Fund in working to deliver its corporate priorities as outlined in the 2019 – 2024 Service Plan be noted.
2. That the Fund's KPIs for year-end performance together with a year on year overview be noted.

9 **Annual Report and Accounts 2019 - 2020**

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 2020.

The Board were advised that the Net Assets of the Fund had slightly dropped at the end of the financial year – 31 March 2020 to £15.3 billion but had increased back to £15.7 billion in June 2020 in reflection of market recovery. In response to a question asked by the Board it was advised that it was unclear at this stage what the impact of market volatility on the Fund's assets would be longer term. More regular monitoring of the Fund's asset allocation and portfolio positioning was currently in place and would continue.

Resolved:

1. That the draft Statement of Accounts for West Midlands Pension Fund (incorporating the merger with the West Midlands ITA Pension Fund (WMITA Pension Fund) have been prepared and certified by the Section 151 Officer as required by regulations be noted.
2. That Subject to audit by the Fund's external auditors, Grant Thornton, the final version and audit opinion, together with the draft Annual Report will be reported to the Pensions Committee in September 2020 and the Local Pensions Board in October.
3. That the Accounts and Audit (Coronavirus) (Amendment) Regulations 2020 have extended the statutory accounting deadlines for completion of draft and final Statement of Accounts be noted.
4. That it be agreed that a further report on the Statement of Accounts be provided to the Pensions Board in October 2020.

10 **Customer Engagement Update**

Simon Taylor, Head of Pensions, presented the report on the Fund's customer engagement activity, in the short-term primarily based around the Covid-19 outbreak and the support available from the Fund, to include assurance of continued service delivery and future planned customer engagement activity in the context of the Fund's Customer Engagement Strategy.

The Board were advised that an employer resilience survey had been conducted and the findings could be found in appendix B of the report. The Board were also informed that calls to customer services had changed in nature since Covid-19 and customer services employees had been provided with support and training to enabling them to be responsive to the different nature of calls being received to include increased rate of handling bereavement and loneliness.

Resolved:

1. That the postponement of review and potential revision to the Pensions Administration Strategy (PAS) and the associated consultation, as approved by Pensions Committee, be noted.
2. That the engagement activity and customer support provided in the context of the Covid-19 restrictions be noted.
3. That the high-level overview of planned activity and changes made to the annual Customer Engagement Plan be noted

11 **Pensions Administration Report to 31 March 2020**

Amy Regler, Head of Operations, presented the report on the routine operational work undertaken by the pension's administration service areas during the period 1 October 2019 to 31 March 2020.

In response to a question from the Board, the Head of Operations confirmed that the Fund was monitoring deaths reported as Covid-related as certificates were received and that these had accounted for around 10% of overall deaths notified in the period.

Resolved:

1. That the pensions administration activity and that performance targets were met across the key benefit operations processes during the reporting period be noted.
2. That the impact of COVID19 on the workload volumes for pension administration be noted.
3. That the update on the progress of the Fund's Digital Transformation Programme be noted.
4. That the updated the Administering Authority Discretions Policy for 2020.

12 **Data Management**

Rachel Howe, Head of Governance and Corporate Services, presented the report on the Fund's Data Management Strategy and the work of the Fund in delivering good data management in line with statutory requirements.

The Board were advised that work on the Annual Benefit Statements (ABS) 2020 would commence that week and figures would be available within a couple of weeks, ahead of the 31 August deadline.

Resolved:

1. That the Data Management Strategy updated for 2020 be noted.
2. That the ongoing work of the Fund to manage, monitor and effect good data management be noted.

13 **2019 Valuation**

Simon Taylor, Head of Pensions, presented the report on the finalised 2019 actuarial valuation and a summary of the national position and associated reviews.

The Board were advised that following request to MHCLG, the Fund had been granted an extension to the timescale for finalising the WMITA Pension Fund 2019 valuation and associated report until 30 June 2020. The Board noted that the Main Fund funding level had increased by 13% over the three years to the 2019 actuarial valuation at 31 March 2019 and the total contributions expected to be paid to the Fund over the three years from April 2020 slightly increased overall compared to those payable following the 2016 actuarial valuation.

Resolved:

1. That the finalisation of the 2019 actuarial valuation and the associated actuarial Rates and Adjustment certificate signed 31 March 2020 be noted.

2. That the revised Funding Strategy Statement implemented for the Fund following consultation as part of the 2019 actuarial valuation be noted.
3. That the ongoing activity to oversee changes in employer funding arrangements and wider review of outcomes of the 2019 actuarial valuation be noted.

14

### **Investment Governance**

Jill Davys, Assistant Director, Investments and Finance, presented the report on investment related matters including review of the Fund's Investment Strategy, the ongoing development of LGPS Central Investment Pool and the Fund's responsible investment activities.

In response to a question raised, the Board were advised that WMPF investment under the stewardship of the LGPS Central pool was around 80% of Fund assets with 40% of assets directly invested in LGPS Central Ltd sub-funds.

In presenting the Responsible Investment Framework, the Board note that the Fund had reviewed and set four overarching themes for engagement with a continued focus on Human Rights and Climate Change.

Resolved:

1. That the revised Investment Strategy Statement in place for the Fund following review in conjunction with the 2019 actuarial valuation, consultation and approval in March 2020 be noted.
2. That the Fund's updated Responsible Investment Framework incorporating updated Stewardship themes for the next three years, approved in June 2020, be noted.
3. That the Fund's Investment Risk and Assurance Framework, approved in June 2020, be noted.
4. That the update on investment governance matters including those in relation to responsible investment and investment pooling be noted.

15

### **Fund Response to Covid-19**

Rachel Howe, Head of Governance and Corporate Services, presented the report on the Fund's response to the current global pandemic.

The Board were provided with assurance of the Fund's service delivery and its ability to pay pension benefits when they fall due. The Board were advised of the steps that would be taken to ensure the ongoing safety of the Fund's employees in the preparation for re-opening of the Fund's office space. Members of the Pensions Board gave praise for the work of the Fund's employees during the current crisis.

Resolved:

1. That the steps taken by the Fund to protect employees, mitigate impact and maintain service delivery during the current global health crisis be noted.
2. That the national picture across pensions and the LGPS in responding to the crisis be noted.
3. That the steps being taken to review the current office environment and assess the potential for colleagues to return to the office be noted.

16 **Any Other Business**

Rachel Brothwood, Director of Governance, advised the Board that LGPS consultation on remedy for the McCloud ruling was expected to commence within a few weeks and once identified the Fund would be reaching out to employers to confirm additional data and information where required for implementation. It was noted that review and change to member benefits would apply automatically across the Scheme, member did not need to apply or make individual representation. The Board were asked to contact Officers if they wished to undertake any additional training not already signposted to them.