

Attendance

Members of the Pensions Board

Employer Representatives

Paul Johnson (Vice-Chair)
Ian Martin - V
Joe McCormick
Mark Smith

Member Representatives

Adrian Turner (Chair)
Julian Allam
Sharon Champion

Observer Member

Steve Smith

Employees

Rachel Brothwood	Director of Pensions - West Midlands Pension Fund
Rachel Howe	Head of Governance and Corporate Services - West Midlands Pension Fund
Hayley Reid	Regulatory Governance Manager
Shiventa Sivanesan	Assistant Director – Investment Management and Stewardship
Holly Slater	Governance Officer
Simon Taylor	Assistant Director – Pensions
Amy Regler	Head of Operations

Part 1 – items open to the press and public

Item No. *Title*

- 1 Apologies for Absence**
Apologies were received from:
Cllr Reynolds, Employer Representative, Stan Ruddock, Member Representative and Jacqueline Carman, Employer Representative.
- 2 Declaration of Interests**
There were no declarations of interest made.
- 3 Minutes Approval**
That the minutes of the previous meeting be approved as a correct record.

4 **Matters Arising**

There were no matters arising.

5 **Governance and Assurance**

Rachel Howe, Head of Governance and Corporate Services, presented the report on the work of the Fund to deliver a well governed scheme.

The Head of Governance and Corporate Services outlined the proposed changes to both the Board's Terms of Reference and the Appointments Policy which included the proposal to move to a two-year nomination cycle, enabling the Board to retain knowledge and skills in light of forthcoming regulatory changes.

Marginal improvement across the Fund's Operational Key Performance Indicators (KPI's) were highlighted during the quarter.

On presentation of the Fund's Strategic Risk Register, it was noted that the risk around ensuring effective governance had been increased to reflect forthcoming regulatory changes and the impact on Fund resources. A new risk, market volatility, had been added to the risk register this quarter to reflect the market uncertainty and ongoing volatility resulting from changing geopolitical and economic environment.

The Board were provided with an overview of Governing Body training activities for the quarter and reminded to submit training hours so they could be included in monitoring records.

Resolved:

1. That the revised Terms of Reference for the West Midlands Pension Fund (WMPF) Local Pensions Board be approved.
2. That the revised Local Pensions Board Appointments policy be approved.
3. That the Board note the Fund's key performance indicators.
4. That the Board note the latest Strategic Risk Register and the areas being closely monitored in the current environment.
5. That the Board note the compliance monitoring activity undertaken during the quarter.
6. That the Board note the Governing Body Training activities undertaken during the quarter.

6 **Pensions Administration Report from 1 October to 31 December 2021**

Amy Regler, Head of Operations, presented the report on the routine operational work undertaken by the Pensions Administration service area during the period 1 October to 31 December 2021.

The Board were advised that there had been a slight fall in KPI performance during the quarter and that this reflected higher workload volumes. The Operations Team continue to review incoming work and put plans in place to address high volume areas.

The Head of Operations provided an overview of the process for overseas existing checking, it was noted that this year's check had seen an improvement in response rate with 91% verification success.

Resolved:

1. That the Board note performance and workloads of the key pension administration functions.
2. That the Board note the development of the Fund's membership and participating employers.

7 **Customer Engagement Update**

Simon Taylor, Assistant Director – Pensions, presented the report on the Fund's customer engagement activity from 1 July 2021 to 30 September 2021 and to cover future planned customer engagement activity in the context of the Fund's Customer Engagement Strategy.

It was noted that customer satisfaction for the period had fallen below target to 85%, this was in part due to a higher than usual volume of queries alongside the delivery of statutory exercises such as the Guaranteed Minimum Pension (GMP) reconciliation.

An update with regards to engagement with Prudential, the Fund's Additional Voluntary Contribution (AVC) provider, was given. It was noted that since initial engagement and ongoing dialogue with Prudential, retirement benefits were now being paid in accordance with KPI's and call waiting times had reduced.

In response to a question regarding whose responsibility it was to review Prudential's performance, the Head of Governance and Corporate Services confirmed that contracts for AVC's were between the member and Prudential and that Prudential were regulated by the Financial Conduct Authority (FCA). The Fund is responsible for providing the AVC facility, appointing and monitoring the provider, and options available to members.

It was noted that the Member Services Team had been providing a mixture of face to face and digital engagement since February 2022 and that pensions roadshows had recommenced with an average of 50 attendees per roadshow.

Following a question with regards to operational impact on both administration and engagement from the office move, the Assistant Director of Pensions and the Head of Operations noted that there had been no operational impacts as a result of the office move, with teams now transitioned across to the new space and hybrid working arrangements.

The Director of Pensions noted that the new office space would allow the Fund to further develop and deliver services in line with customer requests and expectations.

Resolved:

1. That the Board note the engagement activity and informed service development.
2. That the Board note the specific engagement with Prudential regarding AVC provision.

8 **External Audit Plan 2022**

Femi Olatunde, Interim Head of Finance, presented the report informing Board members of the plan for the external audit of the Fund's Annual Report and Accounts for 2021/22. The Interim Head of Finance outlined the process for completion of the

external audit and highlighted the following documents produced by the Grant Thornton, the Fund's external auditors:

1. Audit Plan
2. Audit Risk Assessment.

Resolved:

1. That the Board notes the management responses to questions from the external auditors, Grant Thornton LLP, as part of their audit planning.
2. That the Board notes the external audit plan for the 2021/2022 Annual Report and Accounts as prepared by Grant Thornton.

9 **Internal Audit Plan 2022 - 2023**

Amanda MacDonald, Audit Business Partner, presented the report outlining the work programme for internal audit during 2022-23. It was noted that the plan had been informed by the Fund's Risk Register and covered key areas that had been discussed and agreed with Senior Managers.

A report outlining the outcomes from audits completed during 2021-22 is due to be presented to the next meeting of the Pensions Board.

Resolved:

1. That the Board notes the internal audit plan for 2022-23.

10 **Regulatory Update**

The Board received an update on the Regulatory Environment from the Director of Pensions, the Head of Operations and the Head of Governance and Corporate Services, covering the areas highlighted below and noting the work the Fund is doing to stay informed and prepare for change:

1. McCloud Remedy
2. Pensions Dashboards
3. Review of Transfer Out Requests
4. Pension Regulator's Code of Practice
5. Public Service Pensions and Judicial Officers Bill (PSPJO Bill)
6. Levelling Up White Paper.

In response to a question on checks completed when members transfer their pension to overseas pension schemes, the Head of Operations confirmed that necessary checks were completed in respect of overseas schemes and that these checks were in accordance with relevant regulatory requirements. Amanda MacDonald, Audit Business Partner, noted that Internal Audit had completed a review in respect of the Fund's procedures for transfers out and concluded substantial controls were in place.

Resolved:

1. That the Board notes the forthcoming regulatory changes across the Local Government Pension Scheme (LGPS) environment and the Fund's response to them.

11 **Corporate Plan 2022 - 2027**

Rachel Howe, Head of Governance and Corporate Services, presented the report providing an overview of the Fund's Corporate Plan for 2022 – 2027, confirming the areas of focus and drivers for change over the next five years, together with the

goals and ambitions for continuing to develop the Fund and deliver a high-quality service to our customers.

The Head of Governance and Corporate Services confirmed that the plan was still in draft format and would be updated with final figures following the approval of the Fund's accounts and publication on the Fund's website.

Resolved:

1. That the Board notes the Corporate Plan 2022-2027.

12 **2022 Actuarial Valuation Update**

Simon Taylor, Assistant Director for Pensions, presented the report providing the Board with an update on matters relevant to the triennial review of the Funding Strategy Statement over 2022/23 and delivery of the 2022 Actuarial Valuation. The Assistant Director highlighted the inclusion of climate related risk assessments within employer covenant monitoring and thanked Board members for their engagement and involvement in 'road testing' some of the work being undertaken by the Fund in preparation for the valuation.

Resolved:

1. That the Board notes the Progress on the transition of the Fund actuary service provider.
2. That the Board notes the report and the associated update on progress with the 2022 Actuarial Valuation for the Fund.
3. That the Board notes the update on the associated Employer Covenant Review in the context of the Fund's Integrated Risk Management Framework, to include exposure aligned to climate risk.

13 **Investment Governance**

Shiventa Sivanesan, Assistant Director for Investment Management and Stewardship, presented the report providing an update on investment related matters and an update on responsible investment activities, together with the ongoing development of LGPS Central Investment Pool.

It was noted that the Fund's Investment Strategy Statement had been subject to annual review and approval by the Pensions Committee, prior to the in-depth review scheduled for 2023, in line with the valuation. The Assistant Director highlighted the approval from the Pensions Committee to place a hold on the Fund's increased allocation to emerging market equities pending wider review.

Resolved:

1. That the Board notes the update on investment governance matters including those in relation to responsible investment and investment pooling.
2. That the Board notes the annual review of WMPF's Investment Strategy Statement (ISS).