

Attendance

Members of the Pensions Board

Employer Representatives

Paul Johnson (Chair) – (Virtual)
Joe McCormick
Ian Martin
Mark smith
Jacqueline Carman – (Virtual)

Member Representatives

Julian Allum (Vice-Chair)
Sharon Champion
Stan Ruddock
Adrian Turner
Terry Dingley – (Virtual)

Observer Members

Steve Smith – (Virtual)

Employees

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| Rachel Brothwood | Executive Director of Pensions - West Midlands Pension Fund |
| Rachel Howe | Head of Governance, Risk and Assurance - West Midlands Pension Fund |
| Amy Regler | Head of Operations |
| Shiventa Sivanesan | Assistant Director, Investment Management and Stewardship |
| Simon Taylor | Assistant Director, Pensions |
| Karina Thomas | Head of People and Corporate Services |
| Hayley Reid | Regulatory Governance Manager – (Virtual) |
| Laura Parker-Marsden | Governance Support Officer |
| Holly Slater | Governance Officer |

Part 1 – items open to the press and public

Item No. *Title*

- 1 Apologies for Absence**
No apologies for absence were received.
- 2 Declaration of Interests**
There were no declarations of interest made.

3 **Minutes of Previous Meeting**

That the minutes of the previous meeting be approved as a correct record.

4 **Matters Arising**

There were no matters arising.

5 **Compliance and Assurance**

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

The Head of Governance, Risk and Assurance provided an overview of the Pensions Board nomination process, noting the seats due for re-nomination. In line with the appointments process the Board agreed to convene an appointments panel, Mark Smith and Joe McCormick – employer representatives volunteered to support the panel.

The Head of Governance, Risk and Assurance provided an overview of the Fund's quarterly assurance monitoring, noting the Fund's Key Performance Indicators (KPIs) and compliance monitoring updates. It was highlighted that, in relation to KPIs, from a Governance and Assurance perspective, there are no concerns with overall performance and delivery of Fund service areas.

Resolved:

1. That an appointments panel is convened to receive nominations for the 2023-2024 democratic year.
2. That the seats for nomination are confirmed.
3. That the latest Strategic Risk Register and areas being closely monitored in the current environment be noted.
4. That the Fund's KPIs and action taken to support service delivery be noted.
5. That the compliance monitoring activity undertaken during the quarter be noted.
6. That the Fund's Annual Report and Accounts which have been published on the Fund's website in accordance with the statutory deadline of 1 December 2022 be noted.

6 **Delivering our Corporate Plan**

Rachel Brothwood, Executive Director of Pensions, presented the report providing the Board with an update on the work of the Fund in achieving its deliverables and targets as set out in the Corporate Plan 2022-2027.

The Executive Director of Pensions highlighted the number of regulatory changes and consultations that the Fund continues to await. It was also noted that the Fund had responded to the Department for Levelling Up, Housing and Communities (DLUHC) consultation on climate risk and reporting within the Local Government Pension Scheme (LGPS) and were awaiting outcomes.

In response to a question with regards to staffing and retention of key Fund officers, the Executive Director of Pensions confirmed that although there remains a risk, it was not unique to the Fund or the LGPS. The Executive Director of Pensions was pleased to report that the Fund had recruited to the vacant Assistant Director of Investment Strategy position. It was noted that the Fund continues to seek resolution

for the challenging market conditions in relation to recruitment and retention of staff, which involved reviewing roles, testing the market in different ways and ongoing employee development and training in order to build resilience within the Fund. It was agreed that an update on Fund Resources would be brought to the next Local Pensions Board meeting.

Resolved:

1. That the work undertaken by the Fund to work towards the goals and ambitions outlined in the Corporate Plan 2022 – 2027 be noted.

7 **Investment Governance**

Shiventa Sivanesan, Assistant Director – Investment Management and Stewardship, presented the report on investment governance.

It was noted that the Pensions Committee had approved both the Responsible Investment Framework and the publication of the Fund's Taskforce for Climate-related Financial Disclosure (TCFD) Report at their meeting on 14 December 2022 and that both documents had been published to the Fund's website.

Resolved:

1. That the update on investment governance matters including those in relation to responsible investment and investment pooling be noted.
2. That publication of the Fund's 2022 TCFD Report be noted.
3. That the Fund's 2022 Responsible Investment Framework be noted.

8 **Pensions Administration Report from 1 July to 30 September 2022**

Amy Regler, Head of Operations, presented the quarterly Pensions Administration Report providing an overview of the operational works undertaken by the Pension Administration service.

It was also noted that the KPIs are currently cumulatively achieving the 90% target for the year to date. The Head of Operations also drew the Board's attention to the positive response received from the overseas existence checking of deferred members, achieving a 60% verification success rate, which was higher than anticipated. A review will take place for those members from whom the Fund did not receive a response.

In response to a question around how admitted bodies are admitted to the Fund, the Head of Operations confirmed that each application is considered on an individual basis with appropriate due diligence. Further information with regards to the due diligence checks undertaken and employer covenant risk rating was provided by the Assistant Director – Pensions.

A further question was asked around the percentage of complaints being upheld and whether this was considered as high. The Head of Operations advised that the percentage upheld had slightly increased in the quarter linked to an increase in workload, complexity and changing regulations. The Head of Operations assured the Board that there were no concerns regarding the percentage of complaints that had been upheld.

Resolved:

1. That the 17 applications for admission from employers into the Fund as detailed in section 9 and Appendix E of this report be noted.
2. That the performance and workloads of the key pension administration functions be noted.
3. That the development of the Fund's membership and participating employers be noted.
4. That the outcomes of the Fund's deferred overseas existence exercise be noted.

9 **Customer Engagement Update**

Simon Taylor, Assistant Director – Pensions, presented the report on customer engagement, encompassing member engagement and communications.

The Assistant Director – Pensions highlighted an article that had been included in the December 2022 addition of the Local Government Chronicle, containing a case study on the Fund, its engagement and approach towards retirement planning.

Resolved:

1. That the engagement activity and informed service development be noted.

10 **2022 Actuarial Valuation Update**

Simon Taylor, Assistant Director – Pensions, presented the report providing an update on the actuarial valuation. The Assistant Director – Pensions highlighted the changes in approach from 2019, namely the adoption of a risk-based approach for determining contribution outcomes.

It was noted that the Fund would continue to consult on the Funding Strategy Statement over February 2023, to refine and enhance its approach from 2019, to reflect the diverse makeup of the Fund's employer base and the change in economic backdrop.

A Board member commented that the information the Assistant Director – Pensions and his colleagues had provided to the further education (FE) sector was very well received, noting that the information was helpful and informative.

A question was raised around what impact the recent Office of National Statistics (ONS) announcement on FE reclassification to the public sector would have on risk ratings. The Assistant Director – Pensions confirmed that the covenant ratings have not moved at this stage. This is largely due to uncertainty of what this change translates to in relation to the security of LGPS pension liabilities.

In response to a question raised regarding whether employer contributions have reduced following the actuarial valuation, the Assistant Director – Pensions confirmed that in general, contributions are broadly stable.

Resolved:

1. That the report and the associated update on progress with the 2022 actuarial valuation, including the two Admitted Body Sub Funds (ABSFs) be noted.
2. That the headline results of the 2022 actuarial valuation be noted.
3. That the consultation undertaken and planned activity over the forthcoming quarter be noted.

11

Pension Administration System Change Project Update

Amy Regler, Head of Operations, provided a presentation updating Board Members with regards to the Fund's Pensions Administration System Change Project. The presentation provided an overview of the system and its functionality.

In response to a question regarding the procurement of the new system, the Head of Operations confirmed that appropriate due diligence had been undertaken throughout the procurement process, with assessment based on both price and quality.

Resolved:

1. That the progress with the transition of the pension administration system to the Fund's new software supplier which was on schedule to complete Q2 2023 be noted.