

## Attendance

### Members of the Pensions Board

#### Employer Representatives

Paul Johnson (Chair)  
Joe McCormick  
Ian Martin  
Mark Smith  
Jacqueline Carmen

#### Member Representatives

Terry Dingley  
Sharon Champion  
Stan Ruddock  
Adrian Turner

#### 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 |
| Chris Manning        | Head of Finance   |
| Femi Olatunde        | Finance Project Consultant  |
| Hayley Reid          | Regulatory Governance Manager                                       |
| Holly Slater         | Governance Officer  |
| Simon Taylor         | Assistant Director – Pensions                                       |
| Amy Regler           | Head of Operations  |
| Laura Parker-Marsden | Governance Support Officer  |

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

*Item No.*     *Title*

- 1 Apologies for Absence**  
Apologies were received from Steve Smith (Observer Member), Julian Allam (Vice Chair) and Councillor Sandra Samuels (Employer Representative).
- 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 outlined the Conflicts Management policy and the reviewed and updated Debit Recovery policy which had both been included within the report for noting.

The Head of Governance, Risk and Assurance noted that the risks included within the Fund's Strategic Risk Register had remained static throughout the quarter. It was noted that both recruitment and resourcing and investment volatility remained high risks and that the Fund continued to await the publication of statutory guidance and regulations over the coming months, noting that delays and unforeseen changes in these could further impact on the risk environment.

The Board were advised of the statutory delivery of the Fund's Annual Benefit Statement (ABS). Statements had been delivered to 99.6% of eligible deferred members and to 90.7.% of eligible active members. All statements had been published on member portals in advance of the 31 August 2022 deadline.

The Head of Governance, Risk and Assurance highlighted the Local Government Pension Scheme (LGPS) England and Wales: Governance and reporting of climate risks consultation for the Board, which had been included as a background paper to the report.

A question was raised around self-reporting ABS production rates to the Pensions Regulator (tPR). The Head of Governance, Risk and Assurance explained that the Fund will not be self-reporting to tPR based on production levels achieved and continued increase year-on-year.

The Fund was complimented on the progress made in relation to the issuance of ABS statements.

In response to a question around cyber security and how cyber risk is assured, the Head of Operations, Amy Regler, explained that the Fund carries out a cyber assurance exercise and takes part in an independent cyber risk management benchmarking exercise, specific to LGPS pension funds. It was further confirmed that the Fund compares favourably in this area relative to other organisations and continues to demonstrate a progressive control environment.

A request was received for the Board to receive further training around the management of cyber risks.

Resolved:

1. The latest Strategic Risk Register and areas being closely monitored in the current environment be noted.
2. The compliance monitoring activity undertaken during the quarter be noted.

3. The Fund's Key Performance Indicators (KPI) and action taken to support service delivery be noted.
4. The statutory delivery of the Annual Benefit Statements be noted.

## 6 **Annual Report and Accounts 2021-2022**

Femi Olatunde, Finance Project Consultant, presented the report on the finalisation of the Statement of Accounts and the Annual Report for the year ending 31 March 2022, and the latter's publication on the Fund's website in advance of the statutory deadline of 1 December 2022.

It was noted to Board that the Committee had approved a delegation to the Chair and Vice-Chair to approve the final Statement of Accounts upon completion of the external audit and that the external auditor had indicated that an unmodified audit opinion would be issued in respect of the Fund's accounts.

In response to a question around meeting the deadline to publish the Statement of Accounts and the Annual Report, the Executive Director of Pensions confirmed that the Fund's Annual Report and Accounts would be published prior to the deadline. However, it was noted that the Fund's accounts are included in the Statement of Accounts for the City of Wolverhampton Council (CWC) and would be certified by external audit at the same time as CWC's accounts, certification of which had been delayed pending the introduction of a statutory instrument. The Executive Director confirmed that this was a national issue outside of the Fund's and CWC's control and a note to this effect would be included on the Fund's website alongside the Annual Report on publication.

Resolved:

1. Delegation of the authority to the Chair and Vice-Chair of Pensions Committee to approve; the final Statement of Accounts, once the audit is completed, and the final publication of the Fund's 2021-2022 Annual Report, as agreed by the Committee in June 2022 be noted.
2. Progress on the Fund Audit and development of the draft Annual report for West Midlands Pension Fund (WMPF) be noted.

## 7 **Investment Governance**

Rachel Brothwood, Executive Director of Pensions, presented the report on Investment Governance and provided an update on investment governance matters.

The Executive Director was pleased to confirm that the Financial Reporting Committee (FRC) had confirmed the Fund's continued status, as a signatory to the UK Stewardship Code, following the Fund's second annual stewardship report submission. The Executive Director of Pensions further outlined the Fund's focus on climate strategy (including the Climate Risk Framework and reporting in line with recommendations of the Task-Force on Climate Related Financial Disclosures (TCFD)), with the latest annual climate risk report on track for publication in December 2022.

The Executive Director noted that it is now expected that the pending update to guidance in relation to investment pooling in the LGPS will be published for consultation next year.

In relation to a further question asked in relation to the consideration of ethical matters in investments, for example human rights, the Executive Director of Pensions confirmed that the Fund takes a responsible approach to investment and the actions taken by the Fund in relation to core engagement themes, including human rights, were outlined in the Fund's Responsible Investment Framework, noting that the Fund seeks to influence and drive positive change by embedding consideration into investment processes throughout the investment value chain.

Resolved:

1. The update on investment governance matters including those in relation to responsible investment and investment pooling be noted.
2. The Fund has retained its signatory status to the UK Stewardship Code, following submission of its second Annual Stewardship Report to the Financial Reporting Council (FRC) in April 2022 be noted.

## 8 **Pensions Administration Report to 30 June 2022**

The Head of Operations, Amy Regler, presented the report on the routine operational work undertaken by the Pensions Administration Service during the period 1 April 2022 – 30 June 2022.

The Head of Operations advised the Board of an increase in outstanding case work, due to the profile of the Fund's membership with a high volume of deferred members attaining their retirement age during the period.

The Head of Operations highlighted two instances where KPI's (the provision of retirement quotes for active and deferred members), had not been achieved during the period. It was noted that the Fund routinely sees an increase in the provision of retirement quotes at this time of year and measures had been put in place to mitigate the impact with an improvement in Fund processing performance compared to the same period during the previous year.

In relation to KPIs and answered calls coming into the Fund, a question was raised around differences between traffic on both the employer and member lines. The Assistant Director-Pensions confirmed that the member line call volumes are very sensitive to both media (external) and Fund-led communications, whereas the employer line experience more stable volumes, subject to both Scheme and Employer change and developments in the Fund's employer portal. The Board were also reassured that there are no significant areas of concern in relation to the volume of calls being answered.

Resolved:

1. Performance and workloads of the key pension administration functions be noted.
2. Development of the Fund's membership and participating employers be noted.

## 9 **Customer Engagement Update**

Simon Taylor, Assistant Director of Pensions, presented the report on the Fund's customer engagement activity from 1 April to 30 June 2022 and to cover future

planned customer engagement activity in the context of the Fund's Customer Engagement Strategy.

The Assistant Director- Pensions drew the Board's attention to the Communications Policy and Customer Engagement Strategy, which had been reviewed and approved by the Pensions Committee, summarising the changes in both documents and highlighting the new opportunities for engagement afforded to the Fund by the move to its new premises.

It was noted that the Fund had received re-accreditation of its Customer Services Excellence award, receiving a compliance plus rating and extra recognition for certain areas of delivery.

The Board were further advised that as a mark of respect to the Queen, all Fund events scheduled from the 12 September - 21 September 2022 had been postponed. The Pensions Awareness Week covered in section 6.4 of the report had now been planned for later in the year.

In response to a question raised in relation to sign up rates to the Pension Portal, the Assistant Director- Pensions confirmed that registrations do continue to grow.

A Board member commented that affordability of the scheme, such as the 50/50 options may be something to promote more.

A further question was raised regarding the award the Fund won for their Pensions Awareness Campaign. The Assistant Director- Pensions explained the background of the Campaign and highlighted that this year's approach had been expanded to include deferred as well as active members, with an ongoing focus on promoting both the option of reduced member contributions under the 50/50 section as an alternative to opt out and retirement planning.

It was noted that excellent feedback has been received from a member whose organisation had been visited by the pension roadshow bus. It was reported that staff who attended were delighted, and the visit was very much valued.

Resolved:

1. The Customer Engagement Strategy and Communications Policy as set out in Appendices B and C be noted.
2. The re-accreditation of the Fund for Customer Service Excellence for 2022 be noted.

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### **2022 Actuarial Valuation Update**

Simon Taylor, Assistant Director- Pensions, presented the report on the triennial Actuarial Valuation Update. This is also aligned to the associated review on employer convenance.

A presentation was delivered by the Executive Director of Pensions and the Assistant Director- Pensions on; the valuation, how assumptions are used to measure pension liabilities, managing risk and the principles applied to consideration of future long term rates of inflation, longevity, and investment returns. The funding approach and associated assumptions are documented in the Funding Strategy Statement.

The Assistant Director- Pensions also discussed covenant monitoring and the associated review.

Resolved:

1. The report and the associated update on progress with the 2022 Actuarial Valuation of the Fund be noted.
2. 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 be noted.