

Attendance

Members of the Pensions Committee

Cllr Milkinderpal Jaspal (Chair)
Cllr Paul Appleby
Cllr Carol Hyatt
Cllr Paul Singh
Cllr Tersaim Singh (Vice-Chair)
Cllr Jane Francis
Cllr Asha Mattu
Cllr Zee Russell
Cllr Harbinder Singh
Cllr Leslie Kaye

Trade Union Observers

Malcom Cantello (Unison)
Martin Clift (Unite)
Ian Smith (Unite)

Employees

Rachel Howe	Head of Governance, Risk and Assurance
Amy Regler	Head of Operations
Chris Manning	Head of Finance
Laura Parker-Marsden	Governance Support Officer
Paul Nevin	Assistant Director - Investment Strategy
Jennifer Pearce	Senior Auditor
Hayley Reid	Regulatory Governance Manager
Holly Slater	Governance Officer
Simon Taylor	Assistant Director - Pensions
Mark Wilkes	Audit Business Partner
Fabrica Hastings	Democratic Services Officer
Jacob Stokes	Democratic Services Officer

Part 1 – items open to the press and public

Item No. *Title*

- 1 Apologies for absence (if any)**
Apologies were received from Councillor Luke Davies, Councillor Jasbinder Dehar, Councillor Angus Lees, Councillor Bally Singh, Martin Clift and Janice Wadrup.
- 2 Declarations of interests (if any)**
There were no declarations of interest.
- 3 Minutes of the previous meeting**
That the minutes of the meeting held on 21 June 2023 be approved as a correct record.
- 4 Matters arising**

The Chair welcomed new members to the Committee.

Malcom Cantello, Trade Union Representative, requested an update regarding McCloud employer support, in relation to those employers who were yet to submit the required data.

Rachel Howe, Head of Governance, Risk and Assurance advised that the Fund continued to engage with Employers on this issue following the receipt of guidance from the Local Government Association (LGA) on Data Management.

5 **Annual Governance Arrangements**

Hayley Reid, Regulatory Governance Manager, presented the report on the Annual Governance matters of the Pensions Committee,

In response to a query raised by Malcom Cantello, Trade Union Representative, the Committee were informed that the Fund's annual budget was compiled following an assessment of resource need and that a report on the Fund's workforce planning had been brought to the Committee in March alongside the report seeking approval of the annual budget. It was confirmed that the Committee would continue to receive reports on workforce planning.

Following a further question from Cllr Hyatt it was also confirmed that the Committee would continue to receive reports on the Fund's internal controls framework.

Resolved:

1. That the revised Terms of Reference for the Pensions Committee be updated to reflect the points raised during the meeting and approved.
2. That the re-appointment of the Unite and Unison Trade Union representatives for the municipal year 2023/24: be approved.
3. That the following dates and time of the meetings of the Pensions Committee: be noted.
 - 27 September 2023 at 10am
 - 13 December 2023 at 10am
 - 20 March 2024 at 10am

6 **Statement of Accounts 2022-23**

Christopher Manning, Head of Finance, presented the report on the draft Statement of Accounts for the year ending 31 March 2023, seeking approval for delegations to finalise and enable publication of the Statement of Accounts and Annual Report following Committee approval of the draft in September 2023, subject to completion of the external audit.

The Committee were advised that the Fund's accounts were subject to audit by the external auditor, Grant Thornton.

The Head of Finance advised that the position of the accounts was consistent with the performance of the Fund, reported to the Committee over the previous 12 months. A net asset value for the Fund of £19.7 billion as at 31 March 2023 was noted.

In response to questions raised by the members of the committee, it was confirmed by officers that:

- The cashflow for the Fund was reflective of the upfront payments made by employers in line with the triennial valuation.
- The assumed benefits and total liabilities of the Fund were based on actuarial assumptions.
- The likely increase in investment management costs in 2023/24 was linked to assets under management (AUM) and the implementation of the Fund's revised Investment Strategy.

Resolved:

1. That the draft Statements of Accounts for the year ending 31 March 2023 be approved.
2. That the delegation of authority to the Chair of Pensions Committee to approve the final Statement of Accounts once the audit is completed in September be approved.
3. That the delegation of authority to the Chair of Pensions Committee to approve the final publication of the Fund's 2022-2023 Annual Report following approval of the draft by Pensions Committee in September 2023 and ahead of the Local Government Pension Scheme (LGPS) Regulatory requirement to publish the Fund Annual Report and Accounts by 30 September be approved.
4. That the draft accounts have been certified by the Section 151 Officer as required by regulations be noted.
5. That the draft Statement of Accounts (and the Annual Report) for West Midlands Pension Fund will now be subject to audit by the Fund's external auditors, Grant Thornton be noted.

7 **Budget Monitoring and Quarterly Accounts to 31 March 2023**

Christopher Manning, Head of Finance, presented the report on the outturn at the end of the year ended 31 March 2023 and provided an update on the value of the net assets of the West Midlands Pension Fund at the end of the same quarter.

The Committee were asked to note the Fund's final outturn position, an underspend of £5.7 million which was in accordance with the forecast presented at previous meetings.

Resolved:

1. That the value of the net assets of the West Midlands Pension Fund at the end of quarter ended 31 March 2023 was £19.7 billion (£19.4 billion net investment assets) be noted.
2. That as at 31 March 2023, West Midlands Pension Fund delivered an underspend of £5.7m at year end attributable to £4.7m underspend on investment management expenses and £1.0m underspend on operational costs, primarily related to lower employee costs, be noted.

8 **Pensions Administration to 31 March 2023**

Amy Regler, Head of Operations, presented the report on the routine operational work undertaken by the Pensions Administration Service areas during the period 1 January 2023 – 31 March 2023 which included a high-level review of the work undertaken in preparation for the Fund's Pensions Administration System transition.

The Head of Operations noted the flexing of resource and work priorities over the period as the Fund prepared for the new Administration System, confirming the focus and priority was to ensure pension benefits were paid as they fell due.

The Head of Operations provided an overview of the Fund's Administering Authority Statement, outlining the Fund's approach and implementation of statutory discretions in the administration of pension benefits.

The Chair commended the team for the progress in developing the new administration system and the continuing service of Members during this period.

Resolved:

1. That the 5 applications for admission from employers into the Fund as detailed in Section 9 and Appendix E of this report be approved.
2. That the Fund's Administering Authority Policy Statement 2023 be approved.
3. That the performance and workloads of the key pension administration functions be noted.
4. That the development of the Fund's membership and participating employers be noted.
5. That the progress of the transition to the new pension administration system be noted.

9 **Customer Engagement Update**

Simon Taylor, Assistant Director – Pensions, presented the Fund's customer engagement activity from 1 January 2023 to 31 March 2023 and covered future planned customer engagement activity in the context of the Fund's Customer Engagement Strategy.

The Committee were presented with an overview of the engagement activity for the period, noting the planned engagement going forward to ensure members and employers were supported during the transition to new administration system.

The Assistant Director – Pensions, confirmed that the Fund had been reaccredited with Customer Services Excellence accreditation for a further 3 years, with 5 areas of compliance plus noted during the assessment, which had taken place in May.

Resolved:

1. That the engagement activity and informed service development be noted.
2. That the initial outcomes of the Customer Service Excellence re-accreditation be noted.

10 **Risk 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, highlighting the current areas of focus in the management of risk across the Fund.

The Head of Governance Risk and Assurance advised the Committee of the urgent decisions taken by the Chair following the meeting held on March 2023.

The Head of Governance, Risk and Assurance also highlighted the McCloud Remedy Consultation which had been published on 30 May 2023, which seeks to gain further understanding of the impact of McCloud on LGPS Members. It was confirmed that the Fund are in the process of reviewing the technical clarification provided in the consultation.

In response to a question raised by Malcom Cantello, Trade Union Representative, regarding the year end KPI's and deferred retirement payments, the Head of

Operations provided assurance that on average throughout the year casework had been processed in four days, against a target of five days.

Resolved:

1. That the Urgent Decisions taken by the Chair of the Pensions Committee 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 KPIs and action taken to support service delivery be noted.
4. That the compliance monitoring activity undertaken during the quarter be noted.

11 **Local Pensions Board Annual Governance**

Hayley Reid, Regulatory Governance Manager, presented the report on the work undertaken by the Local Pensions Board ("the Board") during the 2022-23 municipal year to meet the legislative requirement for producing an annual report.

Resolved:

1. That the Pensions Committee is asked to note the report, prepared annually in order to meet the legislative requirement for recording the work of the Local Pensions Board be noted.

12 **Internal Audit Plan Annual Report 2022-23**

Mark Wilkes, Audit Business Partner, and Jennifer Pearce, Senior Auditor, presented the report on the outcome of the work programme for internal audit for 2022 – 2023.

The Committee were advised that all internal audit reports had been rated as either substantial or satisfactory and that no significant control issues had been identified. Further, where recommendations had been made, they had been discussed with management and actions agreed. Based on the work undertaken during the year it was confirmed that internal audit had provided reasonable assurance that the Fund had adequate and effective governance, internal control and risk management arrangements in place.

In response to a question from Cllr Kaye, the Head of Finance confirmed that actions to address recommendations made as part of the audit were in the process of being implemented.

Resolved:

1. That the internal audit annual report for 2022 – 2023 be noted.

13 **Responsible Investment Activities**

Racheal Lem, Responsible Investment Officer, presented the report on the work undertaken in relation to responsible investment activities for the period 1 January to 31 March 2023.

In response to a question raised by Cllr Carol Hyatt regarding climate change engagements undertaken, the Responsible Investment Officer provided an overview of engagement methods, advising that engagement was undertaken on a long-term basis.

Resolved:

1. That the publication of the Fund's Annual Stewardship Report 2023 outlining the Fund's stewardship activities during 2022 aligned with the 2020 Stewardship Code [Appendix A – link provided within report] be noted.
2. That the Fund's engagement and voting activity for the three months ending 31st March 2023 [Appendices B and C] be noted.
3. That the issues discussed by LAPFF are set out in the Quarterly Engagement Report, which is available on the LAPFF website: [LAPFF Quarterly Engagement Report](#) for the quarter be noted.
4. That the voting and engagement activity of LGPS Central Ltd, as set out in the Quarterly Stewardship Report, is available on the LGPS Central website: [LGPS Central Quarterly Stewardship Report for the Quarter](#) be noted.
5. That the research and engagement activity undertaken by EOS at Federated Hermes, as set out in the Public Engagement Report, is available on the EOS website: [EOS Public Engagement Report](#) for the quarter be noted.

14 **Quarterly Investment Report to 31 March 2023**

Paul Nevin, Assistant Director – Investment Strategy, presented the report on the developments in investment markets, asset allocation and investment performance over the latest quarter in relation to the West Midlands Pension Fund (Main Fund and Admitted Body Separate Funds).

Resolved:

1. That the global market and investment update paper prepared by the Fund's Investment Consultant, Redington be noted.
2. That the asset Allocation and Performance Reporting for the Main Fund and Admitted Body Separate Funds be noted.

15 **Exclusion of press and public**

Resolved:

1. That in accordance with Section 100A (4) of the Local Government Act 1972, the press and public be excluded from the meeting for the following items of business as they involve the likely disclosure of exempt information falling within the paragraph 3 of Schedule 12A of the Act.

16 **Investment Strategy and Activity Update**

Paul Nevin, Assistant Director – Investment Strategy presented the report on the investment strategy and activity in the West Midlands Pension Fund (WMPF) and Admitted Body Separate Funds over the quarter.

Resolved:

1. That the update on the implementation of investment strategies for the Main Pension Fund and Admitted Body Separate Funds be noted.

17 **Annual Report on the Investment Advisory Panel**

Paul Nevin, Assistant Director – Investment Strategy presented the annual report on the work of the Investment advisory Panel for 2022-23.

Resolved:

1. That the Pensions Committee is asked to note the report of the Investment Advisory Panel for 2022/23 be noted.

18 **LGPS Central Pooling and Shareholder Update**

Rachel Howe, Head of Governance, Risk and Assurance presented the report on LGPS Central Pooling and Shareholder update.

Resolved:

1. That the Executive Director's update on Shareholder business relating to LGPS Central Limited be noted.

19

CEM Benchmarking

Paul Nevin, Assistant Director investment Strategy and Amy Regler, Head of Operations, presented the report on the CEM Benchmarking activities undertaken for the 2021/22 year.

Resolved:

1. That the results and key outcomes of the independent benchmarking exercises undertaken for the 2021/22 Scheme year for the Fund's Pension Administration Services and Investment Management be noted.

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Development of Fund Resources

Rachel Howe, Head of Governance, Risk and Assurance, presented the report on the Development of the Fund's resources.

Resolved:

1. That the Current Structure of the Organisation be noted.
2. That the Programme of Workforce Planning on-going to build a sustainable and resilient workforce be noted.
3. That the Fund's reaccreditation of Investors In People Gold Standard be noted.
4. That the external industry roles undertaken by the Senior Leadership Team in leading and supporting wider Local Government Pension Scheme (LGPS) development and change be noted.