

Attendance

Members of the Pensions Board

Employer Representative

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

Member Representative

Adrian Turner (Vice-Chair)
Stan Ruddock
Sharon Champion

Employees

Rachel Brothwood	Director of Pensions - West Midlands Pension Fund
Rachel Howe	Head of Governance and Corporate Services - West Midlands Pension Fund
Lauren Pote	Governance Support Officer – West Midlands Pension Fund
Hayley Reid	Regulatory Governance Officer - West Midlands Pension Fund
Amy Regler	Head of Operations – West Midlands Pensions Fund
Darshan Singh	Head of Finance – West Midlands Pension Fund
Holly Slater	Governance Officer - West Midlands Pension Fund
Simon Taylor	Assistant Director, Pensions – West Midlands Pensions Fund
Kirsty Tuffin	Democratic Services Officer – City of Wolverhampton Council
Fabrica Hastings	Democratic Service Assistant – City of Wolverhampton Council

Part 1 – items for discussion

Item No. *Title*

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

Please note: Adrian Turner, Member Representative, left the meeting at 2:15pm. Jacqueline Carman, Employer Representative left the meeting at 2:15pm due to technical issues but the meeting remained quorate.

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 20 October 2020 be approved as a correct record.

4 **Matters arising**

Rachel Brothwood, Director of Pensions, advised the Board, as per item 11 of the minutes of the previous meeting, that the audit had now been completed and the Pension Fund annual report had been published on the Funds website, prior to the 1 December 2020 deadline.

Members welcomed Mark Smith, Employer Representative, to the Pension Board.

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 Board were advised that Mark Smith had been appointed to the vacant employer seat on the Pension Board and that ongoing engagement with the trade unions would continue for member representatives, into the new municipal year.

As part of the Fund's risk management, the main risks highlighted were the capacity within Fund resources with recruitment ongoing, the impact of several regulatory changes and covid-19. The risk on the delivery of service to members had reduced following the work of the Fund's pension services teams, that had developed alternative member engagement methods in light of the covid-19.

The Board were advised that the Fund received six Freedom of Information (FOI) requests this quarter, all of which were responded to within the Council deadlines, set in accordance with statutory timescales.

Rachel Howe advised that Fund officers would circulate the annual Local Pension Board survey to members once issued by the Scheme Advisory Board.

Resolved:

1. That the appointment of Mark Smith to the vacant employer representative seat be noted.
2. That the latest strategic risk-register and areas being closely monitored in the current environment be noted.
3. That the compliance monitoring activity undertaken during the quarter be noted.
4. That the Fund's Key Performance Indicators and the action taken to support service delivery be noted.

6 **Covid-19 Response**

Rachel Howe, Head of Governance and Corporate Services, presented the report on the Fund's response to the covid-19 pandemic and the steps being taken to mitigate service delivery impact.

The Board were advised that the payment of members' pensions had been determined as an essential service and therefore, the Fund's office remains open to a very limited number of staff, to assist in managing the paperwork required to fulfil this function. However, the majority of Fund employees continue to work from home, in line with Government guidance. The wellbeing of employees would continue to be monitored and equipment to support working from home had been provided.

Resolved:

1. That the steps taken by the Fund in response to the Covid-19 pandemic and the ongoing assessment of service delivery impact be noted.

7 **Regulatory Update**

Rachel Brothwood, Director of Pensions, presented the report on key developments currently impacting the regulatory environment in which the Fund operates.

The Board were advised that final guidance from the MHCLG and LGPS Scheme Advisory Board would be issued in the upcoming weeks to inform and confirm review of funding policy in response to new Employer Flexibility regulations. The Fund would be looking to make amendments to its Funding Strategy Statement, subject to receipt of guidance from MHCLG. Proposed changes would form part of a consultation with employers.

The Board were advised that in consultation with the Chair and Vice-Chair of Pensions Committee, officers had implemented an interim approach to address any retirement cases caught by the Exit Payment Cap ahead of changes to the LGPS Regulations. The judicial reviews raised against the exit payment regulations would be heard in March 2021 and cases that had been referred to the Pensions Ombudsman would be placed on hold pending the outcome of these judicial reviews.

Following questions, Rachel Brothwood explained the process for the Fund supporting employers in determining whether the exit pay cap would impact on members' benefits from the Fund and reassured the Board that the Fund would ensure that employer and member communications issued by the Fund were signposted to relevant stakeholders.

Resolved:

1. That the changes to the regulatory environment which impacted on the administration of the LGPS be noted.

8 **Pensions Administration Report from 1 July 2020 to 30 September 2020**

Amy Regler, Head of Operations, presented the report on the routine operational work undertaken by the pension administration service areas during the period 1 July to 30 September 2020.

The Board were advised that overall, the Fund had seen a return to normal levels of incoming work for the report period however, due to a high volume of retirements in August and September, the subsequent KPI had not been achieved for those months. Although this KPI had not been achieved, the average process time for the quarter had been 25 days and within the target of 30 days.

Due to an increase in death notifications, the Fund would be allocating resources to maintain its service delivery and mitigate any impact. Monitoring of cause of death had been established but it was noted that the Fund would only be informed, where beneficiaries chose to provide and on return of subsequent paperwork. Incoming process volumes will continue to be monitored monthly.

The Board were advised that despite the current environment, delivery of the Digital Transformation Programme had been ongoing, and several key projects were live. The new Employer Hub had passed the security phase and went live in November 2020. The Fund will be migrating employers over to the new portal over the coming months. The Pensions Portal functionality which allows deferred members to generate a retirement quote online had also been moved into the live environment during January 2021, for formal launch and wider publication to members to roll out an initial user experience and feedback is tested.

Resolved:

1. That the impact of COVID19 on the workload across service areas supporting pension administration be noted.
2. That the update on progress of the Fund's Digital Transformation Programme be noted.
3. That the enhanced processes in place to routinely test and improve accuracy of Fund member records be noted.

9 **Pensions Administration Benchmarking and Accreditation**

Amy Regler, Head of Operations, presented the report on the outcome of the benchmarking and accreditation exercises undertaken in relation to 2019/2020 for the delivery of Fund's Pension Administration Services.

The Board were advised that the Fund participated in the annual benchmarking exercises for Pension Administration to support continued improvements and assess value for money. In 2018-19 CEM benchmarking first included Pension Administration for the LGPS and the West Midlands Pension Fund has been an early adopter.

Outcomes from the benchmarking exercise, against Fund's (LGPS and non-LGPS) of similar scale demonstrated that the Fund's member service score had been inline with the peer median and an overall increase in relative service from the 2018/2019 report.

The Board were advised that the Fund were the first Local Government Pension Scheme Fund in England and Wales to successfully achieve the Pension Administration Standards Association (PASA) accreditation which would remain in place for three years. On an annual basis, the Fund will self-assess. The Chair thanked the Fund for their hard work

Amy Regler also noted the submission of the Pensions Regulator's (TPR) annual administration survey, ahead of the deadline.

Resolved:

1. That the initial results and key outcomes of the benchmarking exercises undertaken for 2019/2020 for the Fund's Pension Administration Services be noted.
2. That the achievement of the Pension Administration Standards Association (PASA) Accreditation be noted.
3. That the Submission of the annual TPR Administration Survey be noted.

10 **Customer Engagement Update**

Simon Taylor, Assistant Director, Pensions, presented the report on the Fund's customer engagement activity from 1 July 2020 to 30 September 2020, developments into Quarter 4 2020 and future planned customer engagement activity in the context of the Fund's Customer Engagement Strategy.

The Board were advised that customer engagement activity across the Fund had continued to follow alternate delivery methods that reflect the current environment. Over the period, 32 virtual webinars had taken place with 794 attendees. The webinar sessions were followed up with 396 telephone consultations to Members that had replaced the traditional face-to-face interaction. Feedback on both has been very positive. A programme of webinars for the upcoming year had been planned and would reach the wider extension of the Funds employer base.

The Board were advised that the Fund had issued a further employer survey to aid understanding of potential operational, financial and funding challenges. The survey had received 60 responses and a summary of the responses had been outlined as per the report. Feedback on the Funds virtual Employer General Meeting (AGM), held on 15 December 2020, had been positive and will be reported in more detail for the Board at the next meeting. The Chair thanked all those involved with the AGM and noted its success.

The Fund had met with the Customer Service Excellence (CSE) assessor to discuss customer engagement and were awaiting the report back but had received confirmation of the Funds re-accreditation of 'compliance plus'.

Resolved:

1. That the engagement activity and customer support provided aligned to the Covid-19 restrictions be noted.
2. That the summary results from the most recent employer survey be noted.
3. That the postponement to review the Pensions Administration Strategy (PAS) and the associated consultation, as approved by Pensions Committee on 9 December 2020, be noted.

11 **Investment Governance**

Rachel Brothwood, Director of Pensions, presented the report on investment related matters that included the publication of the Fund's standalone Climate Disclosure Report, prepared in line with recommendations from the Taskforce for Climate-related Financial Disclosures (TCFD) and responsible investment activities, together with the ongoing development of LGPS Central Investment Pool.

The Board were advised that the Fund had been working with partner funds to consider and develop new products in line with the investment strategy requirements of all Partner Funds including the West Midlands Pension Fund. The Fund's Investment Advisory Panel were informed on development processes and providing assistance to the Fund during the process. At the end of 2020, the emerging market debt sub-fund had launched and transition completed for those Partner Fund's investing.

The Board were advised that the Shareholder Forum and Company met in November 2020 and the next meeting would take place on 10 February 2021.

Board members were asked to note that the Fund's investment strategy implementation, new investments and supporting programme of responsible investment activities would be covered in more detail at the joint training events with the Pensions Committee, scheduled for February and March.

Resolved:

1. That the Publication of the Fund's first stand-alone report prepared in line with recommendations from the Taskforce on Climate Related Financial Disclosure (TCFD) be noted.
2. That the update on investment governance matters including those in relation to responsible investment and investment pooling, be noted.