

Pensions Board

Minutes - 19 January 2016

Attendance

Members of the Pensions Board

Cllr Sandra Samuels (Chair)
Cllr Stephen Simkins (Vice-Chair)
Sharon Campion
Caroline Jones
Annette King
Joe McCormick
Lee Nash
Paul Sheehan
Mike Sutton
Adrian Turner
Chris West

Employees

Emma Bland	Compliance and Risk Manager - West Midlands Pension Fund
Rachel Brothwood	Assistant Director, Actuarial and Pensions - West Midlands Pension Fund
Geik Drever	Strategic Director of Pensions - West Midlands Pension Fund
Dereck Francis	Democratic Support Officer
Rachel Howe	Head of Governance - West Midlands Pension Fund

Part 1 – items open to the press and public

Item No. *Title*

1 **Apologies for absence (if any)**

No apologies for absence were received for the meeting.

2 **Declarations of interests (if any)**

No declarations of interests were made.

3 **Minutes of the previous meeting (2 July 2015)**

Resolved:

That the minutes of the meeting held on 2 July 2015 be approved as a correct record and signed by the Chair.

4 **Matters arising**

Geik Drever, Strategic Director - Pensions Fund reported on the outstanding issues from the previous meeting which had all been actioned or scheduled to be actioned during 2016.

5 **Governance Monitoring**

Rachel Howe, Head of Governance, West Midlands Pension Fund presented the report on work being undertaken by the Fund in relation to its effective governance.

Resolved:

That the work undertaken by the Fund in 2015 to ensure compliance with legislative requirements and best practice be received and noted.

6 **Information Governance Audit**

Emma Bland, Compliance and Risk Manager - Pensions presented an update on work undertaken by the Fund in relation to Information Governance (IG) and the outcome of the IG audit.

Resolved:

1. That the Information Governance work undertaken by the Fund be noted.
2. That the outcome of the Information Governance audit be noted.

7 **Pensions administration - data quality**

Rachel Brothwood, Assistant Director, Actuarial and Pensions presented the report on an overview of how the Fund measured data against legislative record keeping requirements and the expectations of the Pensions Regulator and on plans in place to make improvements to data quality and the data review process.

Mike West commented that the positive picture the report presented on data collection differed from reports received during discussions elsewhere that suggested data quality was a major issue. The Assistant Director, Actuarial and Pensions explained that the report showed that the Fund held data where it was expected to hold it, in accordance with the Public Service Pensions (Records Keeping and Miscellaneous Amendments) Regulations 2014. There were no material gaps or areas of concern in that respect. However the report does not address the question of the accuracy of the data held on the Funds records. Appendix two to the report set out the employers with different sets of data the Fund had sent back with queries, and on where responses where awaited. Follow up meetings would take place with the employers to resolve data issues. The Assistant Director, Actuarial and Pensions also went on to explain the size of the backlog on data accuracy issues and on where responses were awaited from employers.

During the ensuing discussion the Board asked what it could do help the Fund address data accuracy. In order for the Board to track and monitor improvement in the accuracy of the data being provided by employers, it would need to have a report on the scope and scale of the problem and the action plan to address it. Members of the Board indicated that employers needed to understand their role as a Pension Administrator and the Board should be able to hold employers to account for not exchanging good data. Some Board members indicated that, once the Fund felt that the engagement process with employers had been exhausted, they would be happy to 'name and shame' employers for their poor performance in providing accurate data. Other Board members felt that continuous engagement with employers and making sure they understood the importance of providing correct information would work better as an approach.

Member of the Board also commented that poor data accuracy was a cost to the Fund, its members and local tax payers. It was also acknowledged that the engagement work with employers to address the problem was a good way forward but that the issue needed to be escalated to Chief Executive level for them to take appropriate action. The Board also suggested that the Pensions Committee should be made aware of its concerns on this matter and be requested to give consideration to the governance procedures in place to resolve the poor data quality issue.

In response to other comments and questions from the Board, the Strategic Director of Pensions and the Assistant Director, Actuarial and Pensions reported that:

- The Fund would be happy to forward a letter to all the seven district councils at the same time regarding queries on the data forwarded to the Fund. They were aware of the issues from a previous letter outlining certain data sets where information was outstanding. The Fund had also held meetings with each of the district councils to discuss the quality and exchange of data so as to improve the situation going forward. As a result of this engagement there had been some movement by the employers to address the data issues and improve performance. However there still remained significant scope for further improvement with some employers.
- In terms of sanctions the Fund could impose on employers in response to their performance in providing inaccurate data, the Pensions Administration Strategy outlined fines which the Fund could levy against employers as a penalty for delayed or poor quality provision of data. The Fund could also report an employer to the Pensions Regulator. That said, the Fund needed to work with employers to help them improve the quality of the data they provided and the engagement route was the preferred method and the one being employed. However, in some cases engagement would only take the Fund so far, at which point it would be necessary to levy a fine or pass on to the employer the costs of their failure to provide accurate data. This action had been taken in the past but it was not penal enough. The Fund would not be averse to increasing the amount of the penalties it could currently levy as it would help the efforts for improving the quality of the data. Also the Fund would not be against naming underperforming employers as long as there would be a benefit from doing so.
- The Fund had a team of staff dealing with data quality. They would be on hand to deal with responses received from district councils as a result of the latest letter to be issued.
- The forms that employers use in response to the Fund's requests for data had been reviewed and a fresh version had been issued.
- There are Pension Fund user groups where information is shared and the Fund shares information with a lot of other Funds. The Fund is the largest Pensions Fund with the most members and employers so its circumstances in relation to data quality would differ to those being experienced in smaller Pension Funds.

At the end of the discussion the Board acknowledged that the Fund was dealing with the issue of poor data quality from employers proportionately and that a detailed report would be submitted to the next meeting addressing the concerns Board members had raised.

The Strategic Director of Pensions thanked the Board for its views and attitude on this issue.

Resolved:

1. That the ongoing review of data and the actions being taken to ensure the completeness and quality of data held by the Fund be noted.
2. That a report be submitted to the next meeting of the Board on how employers are responding to the issues the Fund has raised with them; an understanding of the scale of the compliance; and an indication as to the employers with whom the Fund is experiencing the data issues.
3. That the Pensions Committee be informed of the Board's concerns regarding delayed or poor quality provision of data from employers and the Pensions Committee be requested to give consideration to the governance arrangements in place for this area so as to improve the situation going forward.