



# Meeting of the Pensions Committee Minutes - 25 June 2014

## Attendance

**Chair** Cllr Bert Turner (Lab)  
**Vice Chair** Cllr Lorna McGregor (Lab)

### Members of the Committee (Wolverhampton CC)

Cllr Ian Brookfield  
Cllr Val Evans  
Cllr Michael Heap  
Cllr Phil Page  
Cllr Zahid Shah  
Cllr Paul Singh  
Cllr Tersaim Singh

### Trade Union observers

Martin Clift (UNITE)  
Victor Sylvester (UNITE)

### District members

Cllr Mohammed Arif (Walsall MBC)  
Cllr Rachel Harris (Dudley MBC)  
Cllr Robert Hulland (Solihull MBC)  
Cllr Damian Gannon (Coventry CC)

### Employees

Jane Alexander  
Mark Chaloner  
Geik Drever  
Peter Farrow  
Amanda MacDonald  
Mark Taylor  
Simon Taylor  
Carl Craney

Senior Auditor  
Assistant Director – Investments  
Director of Pensions  
Head of Audit Services  
Lead Auditor  
Assistant Director – Finance  
Interim Head of Pensions  
Democratic Support Officer

### Advisors

Graeme Johnson

Hymans Robertson LLP

*Item No.*     *Title*

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

Apologies had been received from Councillor Muhammad Afzal (Birmingham City Council), Councillor Peter Bilson (Wolverhampton City Council), Councillor Jasbir Jaspal (Wolverhampton City Council), Councillor Alan Rebeiro (Solihull MBC) and Councillor Sandra Samuels (Wolverhampton City Council) and Malcolm Cantello (UNITE) and Ian Smith (UNITE – Retired Members).

**Chair's Announcement**

The Chair, Cllr Bert Turner, welcomed new members to the meeting. He informed the Committee that Malcolm Cantello, the representative of Unison, was unable to present at the meeting as he was attending the funeral of his mother.

**2        Notification of Substitute Members**

Councillor Robert Hulland attended the meeting as a substitute on behalf of Councillor Alan Rebeiro (Solihull MBC)

**3        Declaration of Interests (if any)**

Councillor Tersaim Singh (Wolverhampton City Council declared a personal interest in Agenda Item No. 23 ( Employer Covenant Update Report) insofar as it referred to Wolverhampton Consortium Network.

**4        Minutes**

(a) Pensions Committee – 26 March 2014

Resolved:

That the minutes of the meeting of the Pensions Committee held on 26 March 2014 be confirmed as a correct record and signed by the Chair.

(b) Investment Advisory Sub Committee – 26 March 2014

Resolved:

That the minutes of the meeting of the Investment Advisory Sub Committee held on 26 March 2014 be received.

**5        Matters arising**

There were no matters arising from the minutes of the meeting of the Pensions Committee held on 26 March 2014.

**6        Exclusion of press and public**

**Exclusion of press and public**

Resolved:

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 item(s) of business as they involve the likely disclosure of exempt information falling within the paragraphs of Schedule 12A of the Act set out below:

<i>Item No.</i>	<i>Title</i>	<i>Applicable paragraph</i>
22	Investment portfolio valuation	3
23	Employer covenant update report	3

**7 Investment portfolio valuation**

## Part 2, exempt items, closed to the public and press

The Investment Portfolio Valuation – 31 March 2014 was presented and Councillors invited to submit any questions and / or comments to Geik Drever.

Resolved:

That the Investment portfolio Valuation – March 2014 be received.

**8 Employer covenant update report**

Simon Taylor presented a report on the monitoring of employer covenants by the Fund. He drew particular attention to and responded to Councillors queries on the following issues:

- “Trojan Horse” schools;
- Black Business in Birmingham;
- Coventry Solihull and Warwickshire Partnership Ltd;
- Wolverhampton Network Consortium;
- Mitie Property Services (UK) Ltd;
- Alliance in Partnership (King Edward VI Grammar School)

Resolved:

That the report and the associated implications be received and noted.

**9 Re-admission of press and public**

Resolved:

That the public and press be re-admitted to the meeting

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

**10 Appointment of Sub Committee and Panel and dates of meetings 2014/15**

Resolved:

(a) That the following Councillors be appointed to serve on the Investment Advisory Sub Committee for the ensuing municipal year:

Councillor Bert Turner (Chair)  
Councillor Lorna McGregor (Vice Chair)  
Councillor Peter Bilson (Wolverhampton City Council)  
Councillor Tersaim Singh (Wolverhampton City Council)  
Councillor Rachel Harris (Dudley Metropolitan Borough Council)  
Councillor Damian Gannon (Coventry City Council)  
Councillor Steve Eling (Sandwell Metropolitan Borough Council)  
Councillor Alan Rebeiro (Solihull Metropolitan Borough Council)  
Councillor Mohammed Arif (Walsall Metropolitan Borough Council)  
Councillor Muhammad Afzal (Birmingham City Council) together with Martin Clift (UNITE), Ian Smith (UNITE – Retired Members), Victor Silvester (UNITE) and Malcolm Cantello (UNISON) ;

(b) That the following Councillors be appointed to serve on the Pensions Joint Consultative Forum for the ensuing municipal year:

Councillor Bert Turner (Chair)  
Councillor Lorna McGregor (Vice Chair)  
Councillor Peter Bilson (Wolverhampton City Council)  
Councillor Ian Brookfield (Wolverhampton City Council)  
Councillor Philip Page (Wolverhampton City Council)  
Councillor Tersaim Singh (Wolverhampton City Council)  
Councillor Rachel Harris (Dudley Metropolitan Borough Council)  
Councillor Damian Gannon (Coventry City Council)  
Councillor Steve Eling (Sandwell Metropolitan Borough Council)  
Councillor Alan Rebeiro (Solihull Metropolitan Borough Council)  
Councillor Mohammed Arif (Walsall Metropolitan Borough Council)  
Councillor Muhammad Afzal (Birmingham City Council) together with Martin Clift (UNITE), Ian Smith (UNITE – Retired Members), Victor Silvester (UNITE) and Malcolm Cantello (UNISON);

(c) That during the ensuing municipal year meetings of the Pensions Committee be held on Wednesdays at 1:30 p.m. on the following dates:

24 September 2014;  
10 December 2014;  
18 March 2015;

(d) That during the ensuing municipal year meetings of the Investment Advisory Sub Committee be held on Wednesdays at 10:00 a.m. on the following dates:

24 September 2014;  
10 December 2014;  
18 March 2015;

(e) That during the ensuing municipal year meetings of the Pensions Joint Consultative Forum be held on Wednesdays at 1:30 p.m. on the following dates:

3 September 2014;  
4 March 2015;

(f) that the various Trade Unions be requested to confirm the nominations of representatives to serve on the Pensions Joint Consultative Forum.

## 11 **Pensions administration report**

Simon Taylor presented the pension administration report for the period of 1 January 2014 to 31 March 2014.

Resolved:

1. To agree to the admission of the undermentioned as participating employers:  
Alliance in Partnership Ltd. (Rounds Green Primary School);  
Bespoke Catering Ltd. (Westwood Academy);  
Churchill Contract Services (James Brindley School);

2. That the transfer of data to the Greater Manchester Pension Fund (GMPF) as part of the National Probation Service programme be approved.

## 12 **Compliance monitoring**

Geik Drever presented a report on the findings of the quarterly Compliance Monitoring Programme together with any other compliance issues. She drew to the attention of the Committee that seven requests for information under the Freedom of Information Act, 2000 and one request for personal information under the Data Protection Act, 1998 had been dealt and the time consuming nature of dealing with such requests. No compliance issues had arisen during the period under consideration.

Resolved:

That the report be received and noted.

## 13 **Draft final accounts and outturn**

Geik Drever presented a report on the 2013/14 Statement of Accounts operating outturn and service planning for the West Midlands Pension Fund and which provided an update to the Fund's financial and business plan monitoring. She explained that the Statement of Accounts was in the process of being finalised and would be available shortly.

Resolved:

That the financial outturn for 2013/14 alongside the Fund's key performance indicators and achievements in the Service Plan be noted.

**14 Shareholder activity**

Mark Chaloner presented a report which detailed shareholder activity during the period 1 January 2014 to 31 March 2014.

Resolved:

1. That the report, in particular the way the Fund was handling a number of current issues related to corporate governance and responsible investing be noted;
2. That the Fund's voting activity for the three months ending 31 March 2014 be noted;
3. That the issues discussed by the Local Authority Pension Fund Forum (LAPFF) as detailed in the minutes of the meeting of the Business meeting held on 25 March 2014 (CGA Appendix A) as appended to the report be noted;
4. That the copies of the Winter Newsletter (CGA Appendix B) and the Quarterly Engagement Report (CGA Appendix C) as appended to the report be noted;
5. That the existing engagement policy be adhered to and no exclusion of companies on purely ethical criteria as a matter of policy be confirmed.

**15 Local Government Pension Scheme (LGPS) 2014**

Geik Drever presented a report which provided the Committee with an update on the progress to date of the implementation of the Local Government Pension Scheme (LGPS) 2014 following the changes to the regulations in March 2014. She reported that the earliest that the system would be in place was likely to be mid to late July with it becoming fully operational by 1 August 2014.

Resolved:

That the activity and progress to date of the implementation of the LGPS 2014 following the finalisation of the regulations in March 2014 be noted.

**16 Governance Reform 2014**

Geik Drever presented a report which outlined the major implications and the requirements for changes to the Governance structure within the Local Government Pension Funds brought about by the Public Service Pensions Act 2013 and associated Regulations. The report provided options for the future governance structure and outlined the proposal for consultation with employers and trade unions going forward. The report suggested the establishment of a Governance Review Working Party with delegated responsibility to consider the proposals, their advantages and disadvantages and to liaise with the Council in making recommendations as to the structure of the Fund. She invited Councillors and Trade Union representatives to intimate their interest to her in sitting on the proposed Working Party.

Resolved:

1. That the report be received and noted;

2. That a Governance Review Working Party be established comprised of members of the Committee together with Trade Union representatives and that members of the Committee and Trade Union representatives intimate their interest to Geik Drever;

That the Head of Governance (Rachel Howe) be granted delegated authority to manage the Working Party going forwards;

4. That recommendations from the Working Party be considered at the next meeting of the Committee.

## 17 **Trustee training**

Geik Drever reminded the Committee that the Pension Fund Trustee Training Policy had been approved in November 2012 and as part of that Policy it had been agreed that training activity undertaken would be recorded and reported to the Committee. She presented a report which summarised the training activity for the period ending 31 March 2014, together with the training record for 2013/14 and the provisional training plan for 2014/15. The Chair, Councillor Bert Turner, emphasised the importance of Councillors attending the relevant training sessions.

Councillor Ian Brookfield reported that he sat on a different Pension Scheme and enquired as to whether training accrued as a result thereof was transferable. Geik Drever confirmed this to be the case.

Resolved:

1. That the training record for the year 2013/14 be noted;
2. That the provisional training plan for 2014/15 be noted

## 18 **Trustee update report**

Geik Drever presented a report which provided an update for existing and all new Trustees to the Pensions Committee. The report provided a brief outline of the Fund, the management arrangements, and the special role of Trustees in respect of the discharge of the functions associated with the relevant pension regulations and legislation. The report also detailed information for all new Trustees to the Pensions Committee and provided an update to existing Trustees on the proposals for governance reform and the clarification of training requirements. She reminded the Committee that those appointed to or who sat on the Committee were referred to as "Trustees" whilst those in receipt of a pension were referred to as "Members".

Resolved:

1. That the report be received and noted;
2. That the changes due to be implemented over the coming year be noted.

## 19 **Update of Fund strategy and policy statements**

Geik Drever presented a report which provided an update on the changes and updates required to the Fund's Strategy and Policy Statements and which detailed the reasons for those changes.

Resolved;

1. That the proposed amendments to the Fund's Strategy and Policy Statements be approved;
2. That the discontinuance of the Investment Strategy Statement for the reasons detailed in the report be confirmed;
3. That the report be received and noted.

**20 Investment policy and performance report**

Mark Chaloner presented a report which outlined details of the Fund's investment policy and performance for the year ending 31 March 2014 and proposed changes to strategic risk bands with effect from 1 July 2014.

Resolved:

1. That the Investment Advisory Sub Committee's decision to approve proposals for modifications to the strategic risk as detailed in section 4.0 of the report, which would lead to an increase in the ranges for equities (to 50 – 70% of the Fund (from 45 – 65 %) and to a lowering of rangers for alternative investments (to 15 – 25 % from 20 – 30 %) with effect from 1 July 2014 be endorsed;
2. That the Fund's investment policy, investment strategy and investment returns for the year to 31 March 2014 be noted.

**21 2014 budget and the impact for pensions**

Geik Drever presented a report which outlined the key 2014 chancellor's budget changes impacting on pension schemes and in particular the Local Government Pension Scheme.

Resolved:

That the report be received and noted.

**22 Administering authority policy discretions**

Simon Taylor presented a report which detailed the proposed Administering Authority Policy Discretions. If approved the discretions would be formatted in line with Fund documentation and published on the Fund's website.

Resolved:

That the Administering Authority Policy Discretions as detailed in the report be approved and published on the Fund's website following formatting in line with Fund documentation.

**23 West Midlands Pension Fund Internal Audit plan 2014/15**

Peter Farrow presented the Internal Audit Plan for the West Midlands Pension Fund for 2014/15 and undertook to submit regular progress reports to the Committee.

Resolved:

That the 2014/15 Internal Audit plan for the West Midlands Pension Fund be approved.



24 **Local Government Pension Scheme (LGPS) reform consultation**

Geik Drever presented a report which detailed the Fund's response to the Department for Communities and Local Government (DCLG) May 2014 consultation on LGPS reform. The Committee received presentations from Graeme Johnston and Mark Chaloner on the consultation. Copies of the presentations were circulated at the meeting. Geik Drever, Graeme Johnston and Mark Chaloner in turn responded to a number of questions raised by Councillors.

Resolved:

That the report be received and noted and the Fund's draft response to the Department for Communities and Local Government (DCLG's) consultation on Local Government Pension Scheme (LGPS) reform be endorsed but with further wording being added to the covering letter regarding the tackling of deficits.