

# Pensions Board

## Minutes - 5 July 2017

### Attendance

#### Members of the Pensions Board

##### Employer representatives

Paul Johnson  
Caroline Jones  
Joe McCormick  
Cllr Sandra Samuels OBE  
Mike Sutton

##### Member representatives

Sharon Campion  
Lee Nash

##### Employees

Rachel Brothwood	Director of Pensions - West Midlands Pension Fund
Dereck Francis	Democratic Services Officer
Rachel Howe	Head of Governance - West Midlands Pension Fund
David Kane	Head of Finance - West Midlands Pension Fund

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

*Item No.*     *Title*

### 1     **Election of Chair**

Resolved:

That Mike Sutton be elected Chair of the Board for the remainder of the 2017/18 Municipal Year.

Following the election of the Chair, Cllr Sandra Samuels OBE thanked the Board and its officers for their support during her two years as Chair of the Board.

In turn, the Chair thanked Cllr Samuels for setting the foundation stones for the Board which he looked forward to building on.

### 2     **Election of Vice-Chair**

Resolved:

That Annette King be elected Vice-Chair of the Board for the remainder of the 2017/18 Municipal Year.

- 3       **Apologies for absence**  
Apologies for absence were submitted on behalf of Annette King, Adrian Turner and Paul Sayers. It was also reported that Paul Sheehan had stood down from his role on the Pensions Board. He would be retiring and would therefore no longer be eligible to serve as an employer representative on the Board. It would now be necessary to convene an Appointments Panel to consider any nominations received to fill the vacancy.
- 4       **Declarations of interests**  
No declarations of interests were made.
- 5       **Minutes of the previous meeting - 24 January 2017**  
Resolved:  
        That the minutes of the previous meeting held on 24 January 2017 be approved as a correct record and signed by the Chair.
- 6       **Matters arising**  
With reference to minute no.5 (Pensions Board Appointments Process), Sharon Campion sought clarification on the appointments process as it was her understanding that an Appointments Panel would only be convened where more than one nomination had been received for a vacancy.
- Rachel Brothwood, Director of Pensions reported that in the event that multiple applications are received for a vacancy an Appointments Panel would be required to interview, select and recommend persons appointed to the Board. Where only one nomination was received for a vacancy the Appointments Panel would still need to consider the applicant and specifically the nominee's ability to fulfil their duties of knowledge and capacity to perform the role. In both circumstances, the panel will need to consider maintenance of a broad representative group of the Funds employer and member base and review diversity and skill sets required, to determine whether the applicant would be suitable for the Board.
- The Board was invited to determine the composition of an Appointments Panel to consider applications received for an employer representative on the Board to fill the vacancy occasioned by Paul Sheehan standing down from the Board.
- Resolved:  
        That an Appointments Panel comprising the Chair and Vice-Chair the Board (Mike Sutton and Annette King), Adrian Turner and Joe McCormick, and the Strategic Director of Pensions (or her nominee) be convened to consider nominations received for an employer representative on the Board to fill the vacancy on the Board.
- 7       **Data Quality and Employer Performance**  
Rachel Howe, Head of Governance presented the salient points of the update report on: progress being made by the Fund to continue to improve data quality; a summary of plans in place to make further improvements to data quality; and on the performance of employers against key performance standards as detailed in the Pension Administration Strategy (PAS).

Paul Johnson queried whether, as an employer representative, he should also be monitoring the data quality and performance against key standards within his organisation. He indicated that he would welcome a brief template containing the key indicators for improvement in order that he could review performance within his organisation and take appropriate action where necessary. The Head of Governance advised that this area was something that the Pension Service was looking to build on, and an employer dashboard something that the service was keen to look at.

Rachel Brothwood, Director of Pensions added that the Fund could write to the larger employers, setting out the areas it would be measuring to assist them in their review of performance in those areas.

Joe McCormick suggested that there might be a gap in the skills and knowledge of those employers and particularly at academies, who had not submitted to the Fund their files containing new joiners, member changes, member/employer contributions.

The Chair also asked whether the Fund benchmarked when it looked at key performance indicators. The Head of Governance confirmed that the comparisons occurred at a Fund level. The functionality was not yet available within its current systems to perform this more routinely. However it was something that the Fund was looking to do.

Caroline Jones noted that the Fund had tightened up on its monitoring processes but issues dated back to 2012 that were now being highlighted. The Head of Governance reported that 34% of data errors were recurring errors.

Resolved:

1. That the progress and the actions being taken to continue to improve data quality be noted.
2. That the performance of employers against key standards set out in the Pension Administration Strategy be noted.
3. That the progress and implementation of the monthly returns programme with scheme employers be noted.

## 8 **General Data Protection Regulations (GDPR) update**

Rachel Howe, Head of Governance presented the update report on the work of the Fund in preparing for the changes under GDPR.

In response to questions, the Head of Governance reported on the take up of the pensions web portal. 51,200 scheme members had registered to use the web portal, however, 11,000 had yet to activate their account following registration. A communication is being issued to ask these members to activate their account. The activation process would be quicker under the new web portal. Automatic registration to the portal of new scheme members was something that the Fund will consider. In terms of where the GDPR fitted in with the Fund's administering authority, the Head of Governance reported that the Fund came under City of Wolverhampton Council (CWC). The Fund also met with CWC's Information Governance Team whom like the Fund had a good Information Governance structure. In addition, from a recent audit the Fund had achieved Level 3 for its IG function but it was operating at a higher level.

Sharon Champion congratulated the Fund on the new web portal which looked better and was more user friendly.

On the progress made with tracing of the Fund's deferred members, Rachel Brothwood, Director of Pensions reported that a process for routinely bulk tracing member addresses was being considered to keep records of former members more up to date. She also reported that Rachel Howe was now the Chair of the LGA Pension Communications Group and through her the Fund was looking to share and seeking support with its work on the GDPR work programme and active communications nationally.

Resolved:

That the work of the Fund to prepare for the changes under GDPR be noted.

## 9 **Annual Governance Report 2017**

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

Cllr Sandra Samuels OBE asked whether the Board Members had to undertake data protection training. The Head of Governance reported that Ward Councillors would receive specific training as part of the training they would receive on their role as a Ward Councillor. In relation to Board members from the Trade Unions, it was assumed that as part of the training on their specific role as Trade Unions officials they would also receive training on data protection. If that was not the case, the Head of Governance invited the Trade Union nominated Board members to contact her so that relevant training on the General Data Protection Regulations can be organised.

Members of the Board commented that the member engagement events were a huge success and were well attended. They suggested that more events could be held to encourage members to attend. The Head of Governance reported that the Fund hoped to film some of its presentations in the future and upload them onto the website.

The Chair commented that the 85% attendance record for the Fund's Board members during 2016/17 was good and he thanked the Board members for their commitment over the year.

The Head of Governance added that the Pension Board training hours had also been good during the last year but not all had recorded the required 22 hours. She asked Board members to ensure that they undertook the 22 hours reading and to credit their training logs that they would be receiving from Jane Hazeldine, Trustee Management Officer. She also asked for feedback from the Board members on any topics they would like to see included in the training plan.

Resolved:

That the work undertaken by the Fund to ensure the effective governance of the scheme be noted.

## 10 **Regulatory Update 2017**

Rachel Howe, Head of Governance presented the report on regulatory updates and guidance from national bodies and on steps taken by the Fund to ensure its compliance.

Sharon Champion noted from the report and discussions in wider forums that the Fund was the industry leader in promoting transparency in the reporting of investment management costs. She commented that her understanding was that some Funds were not disclosing their full costs.

In response to the Chair's query the Head of Governance reported that the small percentage of complaints received about scheme benefit administration were varied and related to delays, communication and policy themes. The complaints are regularly reviewed by the Fund to identify themes and actions needed to avoid in future.

Jo McCormick asked to be updated on the outcomes report produced by PWC on the review of academies within the LGPS Following the default of an academy within the Fund, the scope of guidance and associated payments to the Fund had been discussed with the Department for Education and from those discussions there is an intention to meet all costs if an academy defaults on its pension liabilities.

Resolved:

1. That the regulatory updates from the Scheme Advisory Board and the Pensions Regulator and the work of the Fund to ensure it has effective arrangements in place to ensure compliance.
2. That the Fund's data improvement plan be submitted to a future meeting of the Board once it has been updated.

## 11 **Annual Report and Accounts 2016/17**

David Kane, Head of Finance presented the report on the preparation, approval and audit of the draft annual report and accounts for the year ending 31 March 2017. The document contained the reports and accounts for both the Fund and the West Midlands Integrated Transport Authority (ITA). A four-sided summary of the draft annual report was also available.

Resolved:

1. That it be noted that the draft accounts have been prepared and certified by the Section 151 Officer as required by regulations.
2. That it be noted that the draft annual report and accounts for West Midlands Pension Fund were approved by Pensions Committee on 21 June 2017, and would now be subject to audit by the Fund's external auditors, Grant Thornton, with the final version, including their audit opinion, to be reported to the Committee in September;
3. That it be noted that the audit of the accounts for the West Midlands Integrated Transport Authority (ITA) Pension Fund is nearing completion, and the auditors anticipate issuing an unqualified opinion.

## 12 **Customer Engagement and Service Developments**

Rachel Brothwood, Director of Pensions outlined the salient points of the update report on the work of the Fund on customer engagement, and associated service delivery.

In response to questions it was reported that:

- Secure messaging' on the web portal was a new feature that may in time replace email. The Fund would support roll out by ensuring the need to support roll out by ensuring officers with the right skills were in place to manage this type of media and the potential further increase in electronic communications.
- Introducing a notice board feature to the employer web portal was something that has been discussed and will be investigated.

Resolved:

1. That the customer engagement activity for the period be noted
2. That the results and proposed actions arising from the annual employer survey be noted.
3. That the service developments, in particular the breach report submitted to the Pensions Regulator and the associated action to date be noted.

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### **Policies Review 2017**

Rachel Howe, Head of Governance presented for review an overview of the Fund's statutory and good practice policies for the year 2017/2018.

One of the Board's duties is to review the key Fund's policies throughout the year and feedback and comments in accordance with this timetable which would be revisited at each meeting.

Resolved:

1. That the annual review of Fund key policies underpinning the Fund strategy and governance arrangements together with the programme of review scheduled for the year be noted.
2. That the customer engagement plan, the communications and customer feedback policies and governance compliance statement, in line with the programme be noted.

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### **Internal Audit Report 2016/17**

Amanda McDonald, Client Lead Auditor, City of Wolverhampton Council presented the report on the outcome of the work programme for internal audit for 2016/17. The report confirmed that no significant audit issues had arisen throughout the year and where weaknesses/improvements had been identified during the course of the audit work, management had agreed recommendations.

Cllr Sandra Samuels OBE asked whether there was anything else the Fund could do in response to the data quality issue. The Client Lead Auditor reported that the Fund was doing its best to get the message across to everyone that accurate data was key.

In response to whether it was the same employers each year presenting inaccurate data, the Director of Pensions reported that there was some commonality but there were also areas where the Fund was seeing improvement. There was a known issue with some smaller employers who would be less familiar with their responsibilities with regard to the scheme and also in some cases where payroll was outsourced. Progress had been made in educating employers on the need for accurate and

timely data and further development of the employer coaching support was underway to drive greater improvement.

Cllr Samuels suggested that Fund could look at delivering training to generate income.

Joe McCormick agreed that there was a need for some training with academies and suggested that a lot of the issues from academies related to the TUPE of staff and transfer of information at the outcome.

Resolved:

That the internal audit report for 2016-2017 be noted.