

## Attendance

### Members of the Pensions Board

#### Employer representatives

Jacqueline Carman  
Paul Johnson

#### Member representatives

Sharon Campion  
Steve Carter  
Cllr Hazel Malcolm  
Adrian Turner

#### Employees

Rachel Brothwood  
Jill Davys

Director of Pensions - West Midlands Pension Fund  
Assistant Director - Investments and Finance - West Midlands  
Pension Fund

Dereck Francis  
Amanda McDonald  
Holly Slater  
Simon Taylor

Democratic Services Officer - City of Wolverhampton Council  
Client lead Auditor - City of Wolverhampton Council  
Governance Officer - West Midlands Pension Fund  
Head of Pensions - West Midlands Pension Fund

---

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

*Item No. Title*

### 1 Election of Chair

Dereck Francis, Democratic Services Officer reported that the meeting was inquorate. The election of a Chair for the Board for 2018/2019 was therefore not discussed.

The Democratic Services Officer explained that an option available was for the Board to have an informal discussion on the items on the agenda. Any recommendations arising from the discussion could be ratified at the next meeting of the Board. The Board agreed to continue on that basis.

The Democratic Services Officer then invited the Board to nominate a member from amongst those present to Chair the informal meeting; or agree for an officer to take them through the agenda. With the endorsement of the Board, Rachel Brothwood, Director of Pensions chaired the informal meeting.

Board members present noted that it was a requirement of the role to be available for meetings and officers undertook to write to members whose attendance was below the level required in the Terms of Reference to seek confirmation that they were able to continue to meet the role requirements.

2 **Election of Vice-Chair**

The item would be considered at the next meeting of the Board.

3 **Apologies for absence**

Apologies for absence were submitted on behalf of Jan Britton, Joe McCormick, Councillor Phil Page, Paul Sayers and Mike Sutton.

4 **Declarations of interests**

There were no declarations of interests.

5 **Minutes of the previous meeting - 23 January 2018**

Resolved:

That subject to the correction of the typographical error '2917' referred to in Minute 3 (Minutes of the previous meeting) to '2017', the minutes of the meeting held on 23 January 2018 be approved as a correct record.

6 **Matters arising**

With reference to minute 7 (Pension Board Workplan 2018/2019) and the request to bring forward the action 'issue accounting disclosure for employees'. Simon Taylor, Head of Pensions reported that due to the impact on resourcing as a result of the transition to asset pooling with LGPS Central, it was not possible to bring forward to April 2018 the information on accounting disclosure for employers. Measures had been put in place to have an earlier issue of accounting figures in 2019.

On to the same minute, specifically the point on a skills matrix for Board Members, Rachel Brothwood, Director of Pensions reported that the training needs analysis had been completed and officers were looking at training requirements for the rest of 2018/2019. In line with prior years, it was proposed to hold joint training sessions with the Pensions Committee in November 2018.

With reference to minute 5 (Pensions Board Appointments 2018/2019), the Director of Pensions confirmed that it remained the case that where a vacancy existed on the Board for a trades union representative, it would be for the trades union with the vacancy to appoint the representative to fill the vacancy. An Appointments Panel would only be required in the event that more than one employer representative nomination was received for a single vacancy.

With reference to minute 8 (Customer Engagement Update) and the discussion on the member portal facility, the Director of Pensions reported that a record of employees registered with the portal was being made available on request to scheme employers to assist them in promoting it to scheme members who had yet to register.

On the same minute and the point regarding financial education sessions in schools, Jill Davys, Assistant Director, Investments and Finance reported on the existence of a 'Kick Start Programme' sponsored by 20 financial institutions. Its aim was to teach 18,000 young people about money management. The Assistant Director agreed to make further enquiries about the Programme and how the Fund could access to the benefit of the local area if there was sufficient interest.

**7 Annual Governance Report 2018**

Rachel Brothwood, Director of Pensions presented the report on the work undertaken by the Fund in relation to governance.

Referring to the key LGPS highlights for 2017 as noted by the National Scheme Advisory Board, Adrian Turner asked whether the Fund's cashflow position was something the Board should be worried about. The Director of Pensions informed the Board that the report was looking at the national picture of the LGPS for 2017. The West Midlands Pension Fund was cashflow positive and on last review in 2016, was projected to remain so beyond the next planned review in 2019. In time the Fund will become more reliant on the income generated from assets.

Resolved:

That the contents of the Annual Governance 2018 report be noted.

**8 LGPS Central Update**

Jill Davys, Assistant Director, Investments and Finance presented an update on the ongoing development of LGPS Central Ltd, a jointly owned investment management company established by West Midlands Pension Fund and seven partner Funds to deliver investment pooling in accordance with the criteria laid down by the Secretary of State.

Resolved:

That the update on LGPS Central be noted.

**9 Policy Review Update 2018**

Rachel Brothwood, Director of Pensions presented the report on an overview of the Fund's statutory duty and good practice policies. The Director reported that the Board had previously agreed to allocate policy champions from amongst its number to undertake work on the review of the Fund's policies. At the training session held earlier in the day it was felt appropriate for the Board to collectively contribute to the policy reviews as and when the policies came around for review. The Director also reported that the question of the frequency of Board meetings had been raised. She opened discussion on the Board's draft terms of reference (ToR) and indicated that there needed to be a broader review of the ToR and the Board's work plan.

Board members present noted paragraph 12 of the ToR which stated Board members who failed to attend three or more events would be asked to leave the Board. It was also noted that attendance was published and could be scrutinised.

Adrian Turner suggested the Board meeting frequency be reviewed. He stated that he felt bi-annual meetings were insufficient, and that consideration should be given to increasing it to four. He also asked that the Board reconsider his previously reported concern, that the Administering Authority, City of Wolverhampton Council, had two representatives on the Board because members were either on the Board as an employer representative or a member representative, not as a Council representative. He asked whether there was any data from the Scheme Advisory Board on the matter. The Director of Pensions reported that City of Wolverhampton councillors were nominated to the Board as either an employer or employee representative and that this was not something the Scheme Advisory Board had commented on. In response to the comments about attendance at meetings, the Director reported that this was the first occasion since the establishment of the Board in 2015 that a meeting was inquorate.

Board members noted that increasing meeting frequency could further impact on attendance rates and the that attendance requirements and meeting quorum needed to be considered in the context of the size of the Board.

Steve Carter observed that if a member were to resign and there was a delay in securing a replacement, the delay could also affect to ability of the Board to be quorate for any intervening meetings. The Director of Pensions acknowledged the point and confirmed that the recruitment process to seek a replacement Board member would be conducted mid-year. She agreed to undertake a wider review of meeting and training arrangements to inform a revised Terms of Reference, better placed to meets the requirements of the Board.

Resolved:

1. That the Board promote the Fund's Customer Engagement Strategy amongst their representative groups.
2. That the Terms of Reference for the Pensions Board for the 2018/2019 year be reviewed in more detail and presented to the next meeting for approval.
3. That the actions taken by the Fund to review the Policies in line with the Annual Review Plan be noted.
4. That the Fund's new Customer Engagement Strategy be noted.

10

### **Regulatory Update 2018**

Rachel Brothwood, Director of Pensions presented the report on regulatory updates and guidance from national bodies and on the steps taken by the Fund to ensure its compliance.

Jacqueline Carman referred to the update on the review of academies and contributions to the Local Government Pension Scheme from the employers of services that have moved out of local authority control. She reported that she would be concerned if academies/employers of former local authority run services were looking at alternative pensions schemes for their employees. She asked about the associated risks. The Director of Pensions reported that the Fund had a diverse range of employers and it was very mindful of the need to protect the Scheme. The risks associated with employer contributions were covered through the Fund's employer covenant risk framework and the Funding Strategy Statement, with the next full review scheduled for 2019. Regarding alternative pensions schemes, this was a challenging area. Some employers in the Fund had the option to offer an alternative pension scheme to their employees. The Fund is often unaware of proposed changes until close to implementation but has worked proactively with employers going through change to discuss pension implications and options with employer representatives and members to assist informed choice on any pensions options.

Following a recent ruling which overturned the appeal to remove the wording in the investment regulations with respect to boycotts, Adrian Turner said that he was not supportive of the decision and asked if it was scheduled as an item for discussion on the agenda. Jill Davys, Assistant Director, Investments and Finance reported that a further appeal was expected, the Fund would continue to monitor developments. The Director of Pensions added that boycotting investments was not included in the Fund's Investment Strategy Statement and the associated Responsible Investment Framework followed a principle of engagement and whilst recognising that every issue was different, this has led to positive outcomes.

Resolved:

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 be noted.

11 **Internal Audit Plan 2018/2019**

Amanda McDonald, Client Lead Auditor, City of Wolverhampton Council presented a report on an outline of the work programme for internal audit work during 2018/2019 and on the outcome of work on the programme from the previous year. Based on the implementation by the Fund's management of recommendations made and the assurance made available to the Fund by other providers as well as directly by Internal Audit, the Client Lead Auditor was able to provide reasonable assurance that the during 2017/2018 the Fund had adequate and effective governance, risk management and internal control processes.

Jacqueline Carman asked about the process in place for tracking implementation of the internal audit recommendations. The Client Lead Auditor reported that for every Internal Audit report, the recommendations and action plan were agreed with the management from the audited service area. A copy of the recommendations and action plans are forward to the Council's Internal Audit Services who maintained a tracker. Audit Services also carried out a follow up visit to confirm that all actions had been implemented. Rachel Brothwood, Director of Pensions added that the Fund's Management Team also tracked implementation of the recommendations and reviewed them periodically.

Paul Johnson asked whether the Fund had an Audit Committee who could consider severe recommendations from internal audit work. The Client Lead Auditor reported that the Annual Audit Report was presented to the Pensions Committee. It could also be submitted to the City Council's Audit and Risk Committee. The Director of Pensions added that Claire Nye, the Fund's s151 Officer would also receive a copy of the audit report.

The Client Lead Auditor placed on record her thanks to the Fund's staff for their help during the internal audit process.

Resolved:

1. That the internal audit plan for 2018/2019 be noted.
2. That the internal audit annual report for 2017/2018 be noted.

12 **Pensions Administration Strategy 2018**

Simon Taylor, Head of Pensions presented the report on revisions made to the Pension Administration Strategy (PAS) and the publication of an associated Employer Engagement Roadmap, as approved by Pensions Committee on 20 June 2018. The revised strategy would be implemented from July 2018.

Sharon Campion commented that the charge of £100 per occasion for failure to make payment of future service contributions on time was low for a large sized scheme employer and would make no difference to them, whereas, it might make the difference to a small sized scheme employer. The Head of Pensions reported that the charges the Fund could levy, as set out in the PAS, were primarily for non-payment of contributions and timeliness and accuracy of data. These charges were essentially based on the administration time required to correct issues as a result of the poor performance. Rachel Brothwood, Director of Pensions also reported that

the Fund would prefer to see improvement in the timeliness and accuracy of data but there was a limit to how much charges could be levied under the current regulations. The charging structure had been amended to tailor to size of employer in areas, where the workload implications were greater for larger employers. The charges could only reflect the additional costs associated with the administration of the scheme incurred as a result of the poor level of performance by a scheme employer.

Resolved:

That the revised draft Pension Administration Strategy be noted.

13 **Pensions Administration Report**

Simon Taylor, Head of Pensions presented the report on the work undertaken by the pensions administration service during the period 1 January to 31 May 2018 for both the Main Fund and the West Midlands Integrated Transport Authority Fund.

Resolved:

That the pensions administration activity for both the West Midlands Pension Fund (the Main Fund) and the West Midlands Integrated Transport Authority Fund (the WMITA Fund) be noted.

14 **Data Quality and Employer Performance**

Simon Taylor, Head of Pensions presented the report on the work of the Fund in the area of data quality and to provide assurance on the action the Fund is taking with employers to improve scheme record keeping and enable the issue of benefit information to members.

Resolved:

1. That the implementation of monthly submissions as business as usual be noted
2. That the quality of data held by the Fund and the comparison on quality for the 2016/17 and 2018/19 year be noted.
3. That the performance of employers in the area of data quality be noted
4. That the revised Data Improvement Plan and preparations for 2018 Annual Benefit Statements be noted.

15 **Customer Engagement Update**

Simon Taylor, Head of Pensions presented the update report of the Fund's customer engagement activity to date, in line with its Customer Engagement Strategy.

Resolved:

1. That the engagement activity to date and plans for future engagement on the horizon be noted.
2. The announcement made by Prudential and the associated review of service be noted.