

## Local Pension Board

5 March 2019

### Business Plan

#### Recommendation

That the Local Pension Board notes and comments on the proposed Business Plan attached at Appendix A.

#### 1. Purpose of Report

- 1.1 It is best practice for local authority pension funds to operate a formal and documented Business Plan for their operations. This report sets out a recommended Business Plan for 2019/20.

#### 2. Business Plan 2018/19

- 2.1 The Business Plan encompasses key activities that need to happen during the year.
- 2.2 The Business Plan will also be reported to the Pension Investments Sub Committee.

#### 3. Recommendation

- 3.1 That the Local Pension Board notes and comments on the proposed Business Plan attached at Appendix A.

#### 4. Background Papers

None

	Name	Contact Information
Report Author	Chris Norton Strategic Finance Manager	07767003428 <a href="mailto:chrisnorton@warwickshire.gov.uk">chrisnorton@warwickshire.gov.uk</a>
Interim Assistant Director Finance and ICT Services	Lisa Kitto	01926 412441 <a href="mailto:lisakitto@warwickshire.gov.uk">lisakitto@warwickshire.gov.uk</a>
Joint Managing Director (Resources)	David Carter,	01926 412564 <a href="mailto:davidcarter@warwickshire.gov.uk">davidcarter@warwickshire.gov.uk</a>
Portfolio Holder	Peter Butlin	<a href="mailto:cllrbutlin@warwickshire.gov.uk">cllrbutlin@warwickshire.gov.uk</a> 01788 816488

The report was circulated to the following members prior to publication:

Local Member(s):

Other members:

## Warwickshire Pension Fund Business Plan 2019/20

### 1. Introduction

This document sets out the business plan for the Warwickshire Pension Fund for 2019/20.

As at the last accounting date in March 2018 the fund had 47,651 members and £2bn in assets.

**Table 1 – Membership**

Type	No. Members
Active	16,754
Deferred	17,805
Retired	13,092
<b>Total</b>	<b>47,651</b>

**Table 2 – Strategic Asset Allocation**

Fund Type	Strategic Asset Allocation
UK Equity	20.0%
Overseas Equity	27.5%
Fundamental Global Equity	7.0%
UK Corporate Bonds	10.0%
UK Index Linked Bonds	5.0%
Private Equity	4.0%
Property	10.0%
Absolute Return Bonds	7.5%
Infrastructure	4.0%
Private Debt	5.0%
<b>Total</b>	<b>100.0%</b>

### 2. Objectives

The overall objectives of the fund are twofold:

**Ensure that funds are available to pay member pensions when they are due**, delivered through effective forecasting of long term liabilities, determination and collection of appropriate contributions, and generation of an appropriate risk adjusted return on the fund's investments.

**Ensure that pensions are paid accurately and on time when they are due**, delivered through an effective benefits administration service.

### **3. Context**

Demand on the administrative team has increased over time with an increasing number of employing organisations, an increasing number of employers with higher risk covenants, increasing expectations around governance requirements, and as a result of the scheme becoming more complex since the change to the career average method.

A challenge for the fund will be to ensure that capacity is appropriate to meet this demand in the short term and a review of capacity will be undertaken to this end.

Another line of action will be to seek to reduce costs, improve compliance, and improve the experience for employers and employees through automation.

iConnect is a system that facilitates the automation of many of the tasks around employer data transfer and validation. Member self-service is a way of automating some interfaces with members and improving accessibility of information. Both of these opportunities will be looked at in depth during 2019/20.

The pooling of pension funds has been in progress for some time and in 2018/19 the Warwickshire Pension Fund invested in its first pooled fund with the Border to Coast Pension Partnership. There will be further pooling opportunities in 2019/20. The Fund will need to make significant decisions around each opportunity and as more funds transfer the task of beginning to monitor the delivery of the expected benefits will arise.

### **4. Actions**

Annex 1 sets out a summary of the actions planned for the coming year. Actions are grouped into the following categories:

- Administration
- Actuarial
- Investment
- Governance

### **5. Forward Planning**

A forward plan of future agenda items will be maintained for the Pension Fund investment Sub Committee and the Local Pension Board. Copies of the current forward plans are set out at Annex 2 and 3.

### Administration Activities

	<b>Action</b>	<b>Timescale</b>
1	Deliver a Pension Fund Annual General Meeting. Updating fund stakeholders on investment and governance developments.	November 2019
2	Deliver a Pension Fund Employers Meeting. Updating employers on developments relating to the administration of the scheme.	November 2019
3	Regular review of complaints. Ensuring specific and systematic issues are identified and actioned.	Ongoing
4	Develop a business case for use of iConnect. Developing the case for a facility to further automate the transfer and validation of employer data.	June 2019
5	Develop a business case for the introduction of online member self service  Developing the case for the facility to automate interactions with Members.	June 2019
6	Review compliance with GDPR requirements.	October 2019
7	Annual pensions newsletter issued	????
8	Benefit statements issued	May-August 2019
9	Report administration performance KPIs to the Local Pension Board	Ongoing
10	Keep the new pension fund web site up to date with developments	Ongoing
11	Review the capacity available to deliver fund objectives.	June 2019
12	Review of fund policies to ensure they are up to date for current requirements	June 2019

### Actuarial Activities

	<b>Action</b>	<b>Timescale</b>
13	Delivery of 2019 revaluation activities  Collection of data, sharing results with employers, liability calculations, and development of a funding strategy	Ongoing through 2019/20
14	Monitor employer contribution performance through the year	Ongoing
15	Review employer covenants and risk management for non-statutory employers	July 2019

### Investment Activities

	<b>Action</b>	<b>Timescale</b>
16	Make decisions regarding new Border to Coast fund launches	Ongoing
17	Implement Border to Coast fund transfers where approved	Ongoing
18	Ensure the fund remains MIFID2 compliant	Ongoing
19	Continued growth of alternative asset classes towards their target strategic asset allocation	Ongoing
20	Meet with directly commissioned active fund managers	Annually
21	Quarterly investment monitoring reports provided to the investment sub-committee.	Quarterly
22	Review investment strategy statement	By March 2020
23	Plan cashflow in order to avoid the need to sell assets under time pressure	Ongoing

### Governance Activities

	<b>Action</b>	<b>Timescale</b>
24	Production of draft statement of accounts	May 2019
25	Publication of Annual Pension Fund Report	November 2019
26	Ensure a risk register is maintained	Annually
27	To ensure employers join and leave the fund in accordance with LGPS and Warwickshire Pension Fund policies	Ongoing
28	Review of contracts for services provided to the Pension Fund	September 2019
29	Support governing committees and boards in the delivery of their responsibilities through the provision of appropriate information, advice, and training: <ul style="list-style-type: none"> <li>• Pension and Investments Sub-Committee</li> <li>• Local Pension Board</li> <li>• Staff and Pensions Committee</li> </ul>	Ongoing

## Pension Fund Investment Sub Committee Forward Plan

<b>May</b>	<b>June</b>	<b>September</b>	<b>December</b>	<b>March</b>
	<i>Investment Performance</i>	<i>Investment Performance</i>	<i>Investment Performance</i>	<i>Investment Performance</i>
<i>Election of Chair and Vice Chair</i>	<i>BCPP Planning Future Transfers</i>  <i>BCPP Monitoring Previous Transfers</i>	<i>BCPP Planning Future Transfers</i>  <i>BCPP Monitoring Previous Transfers</i>	<i>BCPP Planning Future Transfers</i>  <i>BCPP Monitoring Previous Transfers</i>	<i>BCPP Planning Future Transfers</i>  <i>BCPP Monitoring Previous Transfers</i>
	<i>Forward Plan</i>	<i>Forward Plan</i>	<i>Forward Plan</i>	<i>Forward Plan</i>
	<i>Private Markets Annual Review</i>  <i>(annual update on private market programmes including decisions on commitments)</i>			<i>Investment Strategy Statement Review</i>
	2019 Actuarial Valuation  Detailed Plan  Assumptions	2019 Actuarial Valuation  Present Whole Fund Results	2019 Actuarial Valuation  <i>Agreed Employer Funding Strategies</i>  <i>Draft Funding Strategy Statement</i>	2019 Actuarial Valuation  <i>Valuation Sign Off</i>  <i>Funding Strategy Statement</i>
				<i>Business Plan</i>
				<i>Training Plan</i>
				<i>Risk Management Review</i>

## Local Pension Board Forward Plan

<b>July 2019</b>	<b>November 2019</b>	<b>March 2020</b>
Review of the reports and minutes of the Pension Fund Investment Sub Committee	Review of the reports and minutes of the Pension Fund Investment Sub Committee	Review of the reports and minutes of the Pension Fund Investment Sub Committee
Administration Update	Administration Update	Administration Update
Chairs Annual Report		Risk Register
		Business Plan
Forward Plan	Forward Plan	Forward Plan