

Warwickshire Local Pension Board

Date: Thursday, 14 November 2019
Time: 10.00 am
Venue: Committee Room 2, Shire Hall

Membership

David Buckland
Keith Francis
Keith Bray
Alan Kidner
Councillor Parminder Singh Birdi
Councillor Dave Parsons

Items on the agenda: -

1. Introductions and General Business

(1) Apologies

(2) Board Members' Disclosures of Interests

(as stipulated by the Public Sector Pensions Act 2013 and set out in Annex A of the Board Terms of Reference).

(3) Minutes of the meeting held on 8 July 2019 3 - 10

(4) Minutes of the Special Meeting held on 19 September 2019 11 - 14

2. Governance Review 15 - 26

3. Administration Report 27 - 62

4. LGPS Development Update 63 - 102

5. Review of the papers of the Pension Fund Investment Sub Committee meeting held on 9 September 2019 103 - 118

6. Forward Plan 119 - 122

7. Any Other Business

8. Reports Containing Confidential or Exempt Information

To consider passing the following resolution:

That members of the public be excluded from the meeting for the items mentioned below on the grounds that their presence would involve the disclosure of exempt information as defined in paragraph 3 of Part 1 of Schedule 12A of the Local Government Act 1972.

EXEMPT ITEMS FOR DISCUSSION IN PRIVATE (PURPLE PAPERS)

- | | |
|---------------------------|-----------|
| 9. 2019 Valuation | 123 - 194 |
| 10. Pooling Update | 195 - 198 |

Next Meetings

- 5 March 2020 – 10am; Committee Room 2, Shire Hall, Warwick
- 21 July 2020 – 10am; Committee Room 2, Shire Hall, Warwick
- 26 November 2020 – 10am; Committee Room 2, Shire Hall, Warwick
- 4 March 2021 – 10am; Committee Room 2, Shire Hall, Warwick

**Minutes of the meeting of the
Local Pension Board of the Warwickshire Pension Fund held
on 8 July 2019**

Present:

Board Members

Keith Bray (Chair)
David Buckland
Alan Kidner
Councillor Dave Parsons

Officers

Neil Buxton, Pensions Manager
Liz Firmstone, Service Manager, Transformation
Michael Nicolaou, Treasury and Pension Fund Manager
Chris Norton, Strategic Finance Manager
Jane Pollard, Legal Services Manager
Paul Williams, Democratic Services Team Leader

1. Introductions and General business

(1) Apologies

Councillor Parminder Singh Birdi
Keith Francis

(2) Board Members' Disclosures of Interests

The Chair stated that he was a member of the Local Authority Pension Fund Forum. In addition, he works for a firm of American lawyers which has Pension Fund clients but these did not include Warwickshire. Alan Kidner stated that his sister-in-law works for J.P. Morgan. It was acknowledged that these were unlikely to present any issues but still merited recording.

(3) Minutes of the meeting held on 5 March 2019

A series of amendments to the draft minutes were requested. It was agreed that these should be made and that the revised version of the minutes be circulated to Board members and officers for their approval prior to signing by the Chair and subsequent publication.

A series of points were made under matters arising.

Keith Bray (Chair of the Board) observed that there continues to be a vacancy on the Board. This had continued for too long and needed to be resolved. It was noted that the Board's terms of reference state that the

composition should be three employer representatives and three Pension Fund member representatives. The Chair observed that if that level of membership could not be sustained then it may be necessary to review the terms of reference and reduce the membership to two and two.

The meeting was informed that enquiries aimed at finding a replacement on the Board for Alan Kidner following his retirement had identified one individual who whilst not a union member is a member of the Warwickshire Pension Fund. The Chair observed that it is preferable to have a volunteer join the Board. Unless the Board had legitimate reasons to reject such a person then their offer to join should be accepted. Concerning union membership, Alan Kidner noted that whilst not necessary, being in a union does increase a person's "capacity to represent" through the knowledge and contacts they are likely to have. The Chair asked that efforts are made to resolve this matter ahead of the November meeting of the Board.

It was agreed that it would be beneficial for the County Council Pension Fund Investment Sub-Committee (PFISC) to have sight of the minutes from the Local Pension Board. Chris Norton agreed to discuss this with the Chair of the PFISC.

Regarding section 3 (Pension Fund Administration Update) of the minutes of 5 March, Neil Buxton stated that the new pension website had received positive feedback. Alan Kidner was thanked for his suggestions regarding how the website could be further enhanced.

Neil Buxton (Pensions Manager) stated that from April 2018 the County Council has operated a new payroll system which with its reduced overheads promises to result in administrative savings for the Pension Fund. Board members were concerned that around £1m of the Pension Fund could potentially have been saved through greater efficiencies in administration. Benchmarking of administration costs is undertaken. The Chair asked that the Board be provided with figures indicating how Warwickshire compares with statistical neighbours. There was a sense that the fund's administrators should have been more forceful in requiring efficiencies to be made by the County Council's HR and Payroll section. Chris Norton (Strategic Finance Manager) informed the meeting that consideration is being given to how the relationship between the Pension Fund and Warwickshire County Council payroll can be placed on a more formal footing.

Regarding responsible investment and climate change, the Board was informed that a training session had been held for the PFISC. Regrettably some Board members had not been informed of that training session. It was agreed that the written material from the session should be disseminated to Board members. Officers offered to arrange for the training to be run again. Alternatively, a new session on a different topic could be arranged.

It was noted that a second training session for the PFISC has been arranged for 21 August 2019. Chris Norton agreed to send details of this session to Board members. Regarding a second dedicated training session for the Board it was agreed that a date should be agreed as soon as possible.

2. Review of the Papers of the Pension Fund Investment Sub-Committee meetings held on 13 March 2019 and 10 June 2019

PFISC Minutes 13 March 2019 – Concerning investment performance it was noted that as reported Threadneedle had significantly exceeded investment predictions. Members questioned why, having delivered such a high return in one quarter, Threadneedle was apparently dropped in the next. In response the Board was informed that the distortion was due to cash movements made as part of the migration into the new Border to Coast UK Equity Alpha Fund. The amount of income and interest earned over the quarter is based upon that generated by the whole fund available through the period, but the denominator is the closing balance of the fund at the end of the quarter after the transfer out, which was less than £1m.

Regarding the charts on page 10 of 24 it was observed that performance was being reported against a benchmark figure. It was suggested that a better indicator would be a defined target. Passive managers are normally expected to meet benchmarks but active managers should exceed them. By using targets, as opposed to benchmarks, a clearer indication of performance would be given. Chris Norton agreed to discuss a possible move to the use of targets with the Fund Advisors. In addition, it was agreed that the performance reports would benefit from greater use of commentary to aid interpretation of the data.

Regarding Appendix 4 on page 15 of 24 the Board was informed that the “Border to Coast Valuation Project” concerns the transfer of assets to the pool.

It was noted that the parent body of the PFISC is the Council’s Staff and Pensions Committee. The committee does not receive copies of the Local Pension Board papers and minutes and similarly the Board receives nothing from the Staff and Pensions Committee. The Chair acknowledged that there is a need to avoid any duplication of effort and recognised that it is not the role of the Board to provide advice on investments. Nevertheless, there was a sense that as the Staff and Pensions Committee considers matters of administration, regulation and employer members it is important that the Local Pension Board is aware of any concerns that the Staff and Pensions Committee may have. The Board agreed that any matters considered by the Staff and Pensions Committee that are likely to be of interest to the Board should be reported via the Pension Fund Administration update report.

3. Pension Fund Administration Update

Neil Buxton provided a summary of the published report.

Regarding GMP reconciliation the meeting was informed that the information required was still awaited.

Section 7.0, "Performance Indicators", was discussed. The Board was informed that the workflow system used makes recording of performance difficult and time consuming. Most recording is undertaken manually by officers onto spreadsheets. Neil Buxton agreed to contact colleagues in other areas to establish whether there are better approaches that could be adopted. Chris Norton suggested that for future reports it would be helpful to include more commentary on the significance of reported data. For example, the table in section 7.3 shows contribution levels at 92%. This information would benefit from being expanded on. Members of the Board welcomed this suggestion.

The Chair questioned the 42% performance in 2018/19 of "Retirements paid within 30 days of retirement", asking why this was so low. In response the Board was informed that this is largely a result of employers failing to notify the Pension Fund of departures. A more effective measure, it was suggested, is that concerning payments made with 10 days of the relevant paperwork being received. Under this indicator attention was drawn by officers to the performance figure of 82% which it was felt should be better and indeed had been in the past.

Regarding the reference to a pro-forma in the table associated with paragraph 7.3 (page 3 of 5) the meeting was informed that this is the monthly return. Employers are constantly being encouraged to pay their contributions by BACS. Some are slow to make their returns.

The Board was informed that the Pension Fund's largest employer (Warwickshire County Council) had potentially caused a breach of the code of practice for not providing information on over 6000 amendments (starters, leavers and changes) within a reasonable time i.e. within 30 days. It was reported that the reason behind this was difficulties in accessing relevant information following a change in the way in which the HR/Payroll systems relate to those of the Pension Fund. The matter has now been resolved and additional resources put in place to clear the backlog on work. David Buckland observed that given that the largest contributing employer is the County Council there may be a conflict with the role of the S151 officer and the County Council. Who, he questioned would be the arbiter in matters such as this?

The Chair observed that the Pensions Regulator is becoming increasingly interested in the Local Government Pension Scheme. The Regulator is also reviewing the work of Local Pension Boards to ensure that they are performing effectively.

It was noted that the Pensions Regulator has no authority over contributing employers being limited to control over pension schemes.

In Oxfordshire a breach had occurred when the pension fund had not issued annual statements on time. In that instance the fund had self-reported the breach. The Regulator had met with the fund's managers and an improvement plan agreed. The approach adopted by the Oxfordshire Fund had been seen in a positive way.

The Board recognised that scheme managers and Local Pension Boards have a duty to report breaches as soon as they are identified but acknowledged that it could not take a view on the matter of the possible breach without more information. It was agreed that officers should prepare a report to be circulated to the Board no later than Friday 19 July with a view to holding a special meeting on 24 July at 10am if deemed necessary.

4. Annual Report 2018-19

The Board welcomed the Chair's annual report. Alan Kidner requested that references to "Employee Representative" be changed to "Scheme Member". This was agreed.

5. Border to Coast – Pooling Update

Michael Nicolaou (Treasury and Pension Fund Manager) summarised the published report drawing particular attention to the BCPP Voting and Stewardship Policy in appendices 1 and 2.

Regarding the Funds overseas investments, the Board was informed that these help to diversify away from the small number of large cap global stocks within, and gain access to industries and sectors not well represented by, the UK All Share Index.

6. Valuation Update

Neil Buxton introduced the published report highlighting the reference in paragraph 3.4 to the additional agency staff employed to cover the backlog of notifications.

7. Draft Annual Report and Accounts

Chris Norton drew the Board's attention to page 3 of the Annual Report and Financial Statements on which the level of growth in membership of the Pension Fund was shown. The meeting was referred to page 68 of the document where relative changes (from 2017/18 to 2018/19) in assets were set out. These show the relationship between growth in membership and growth in investments.

Regarding the reference on page 16 of the document concerning consultation it was stated that those consulted include Hymans, Actuaries, Independent Advisers, Council officers and the PFISC.

Alan Kidner asked for sight of the Fund's annual ESG review. In response he was informed that this had been included in the Border to Coast Responsible Investment Policy.

It was confirmed that the AGM is attended by employers only. The next meeting is scheduled for 21 November 2019.

The Chair asked for an update on the funding level. He was informed that this is currently around 85%.

Jane Pollard explained the basis on which council papers can be deemed exempt or confidential.

Alan Kidner asked when the Board is likely to know when the full set up costs of the Border to Coast pool will have been paid off. In reply the Board was informed that the PFISC receives updates from Hymans on the pool running costs. Because the pool is so new there have been significant costs and little time to identify benefits of the pooling arrangement. It was recognised that pay back on the initial up-front costs will take a considerable time to be seen.

Alan Kidner offered to send minor typos identified in the draft report to Chris Norton.

8. LGPS Development Update

Following a brief introduction, the Board was informed that the government has been refused leave to appeal against the McCloud judgement (See para 3.2 of the report).

Regarding section 4.0 of the report it was noted that colleges of FE are now regarded as part of the private sector (para 4.1.4). Under the proposed amending regulations they will no longer have to offer new employees access to the LGPS.

Exit payments were discussed. It was considered that the new limit will penalise staff on lower incomes but with long service. (This is more of an issue for employers than the fund itself. It is nothing to do with the pension lump sum).

9. Any other business

The Chair asked that the results of the recent Pension Regulator survey be provided to the Board. In addition, the Board should be provided with a copy of the latest Scheme Advisory Board report.

10. Next Meeting

Thursday 14 November 2019 @ 10am (Committee Room 2, Shire Hall)

Reports Containing Confidential or Exempt Information

Resolved:

That members of the public be excluded from the meeting for the items mentioned below on the grounds that their presence would involve the disclosure of exempt information as defined in paragraph 3 of Part 1 of Schedule 12A of the Local Government Act 1972.

EXEMPT ITEMS FOR DISCUSSION IN PRIVATE (PURPLE PAPERS)

11. Exempt Minutes of the meeting held on 5 March 2019

The Board agreed that the exempt minutes of the meeting held on 5 March 2019 be signed by the Chairman as a true and accurate record.

The board rose at 12.25 pm

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Chair

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**Minutes of the Special Meeting of the
Local Pension Board of the Warwickshire Pension Fund held
on 19 September 2019**

Present:

Board Members

Keith Bray (Chair)
David Buckland
Keith Francis
Alan Kidner
Councillor Dave Parsons

Officers

Helen Barnsley, Democratic Services Officer
Neil Buxton, Pensions Manager
Liz Firmstone, Service Manager, Transformation
Michael Nicolaou, Treasury and Pension Fund Manager
Chris Norton, Strategic Finance Manager
Jane Pollard, Legal Services Manager
Rob Powell, Strategic Director for Resources
Paul Williams, Democratic Services Team Leader

1. Introductions and General business (1) Apologies

Councillor Parminder Singh Birdi

(2) Board Members' Disclosures of Pecuniary and Non-Pecuniary Interests

None

2. Delays in Provision of Payroll Data

Following introductory comments, the Chair explained why the special meeting had been called. The issue had been raised in the last scheduled meeting of the board on 8 July 2019 with members questioning the significance of the potential breach of the Pensions Regulator Code. On 22 July 2019, the assessment of the breach was confirmed as amber with details circulated to members of the board via a briefing note.

Keith Francis raised further questions in relation to the issues on 31 July 2019, asking if the problem was caused by the implementation of a new payroll system or a manual process and if there was any material impact on members who were seeking transfers.

Alan Kidner raised further questions regarding the breach via email on 18 August 2019 and whether it should be reported to the Pensions Regulator.

It was agreed on 19 August 2019 that a special meeting of the board would be held on 19 September 2019. The Chair thanked officers for, for the speed with which the special meeting was arranged. It was confirmed that the scope of the special meeting would be to discuss the breach.

Rob Powell, Strategic Director for Resources introduced the report and explained the assessment and classification process. He went on to confirm that a programme of work had been set in train to strengthen the administration of the fund since the breach was reported, setting out what had been done already and further planned activity.

He noted that:

- the breach was considered a serious matter that had been thoroughly and independently reviewed by both the Assistant Director of Finance and the Strategic Director for Resources in his capacity as Section 151 Officer;
- following an assessment against the Pensions Regulator's toolkit, it had been concluded that this was an amber breach, and officers remained confident this was the appropriate classification; and
- officers are continuing to focus on modernising the pension administration team as part of finance transformation programme, including a review of resourcing.

The board was given an explanation for each section of the report presented at the meeting and reasons why the breach had been categorised as amber following a detailed review against the Pensions Regulator's assessment toolkit. The criteria for a red breach classification were set out with an explanation of why they did not apply to the breach being discussed.

It was noted that the breach potentially affected 5,800 members of the fund (12%). In total 518 members were directly affected, specifically 27 transfers and 491 refunds. It was noted that there are approximately 50,000 members of the pension fund, so the number of fund members potentially impacted was small.

Board members expressed their concern at the slow pace at which issues were identified, escalated and resolved. Rob Powell confirmed that since his arrival he had instituted regular review meetings with officers in respect of pension fund activity and performance, and finance team met more regularly to identify issues more quickly to avoid such delays in the future. A review of all support service structures would be undertaken as part of the Council's transformation programme. Work was also underway to review the end to end process, identifying any staff training needs and automating some systems; e.g. introducing self-service systems for employers and members by April 2020.

The meeting was informed that the cost of employing temporary staff to clear the backlog of work had been relatively low and had been covered within the existing pension administration budget. Following questions from both the Chair and Alan Kidner, Rob Powell confirmed that the independent review would include consideration of the administration costs which were shown in the report to be much

higher than benchmark figures. David Buckland asked whether it was appropriate for the agency staff costs to be charged to the fund.

Rob Powell indicated that these costs had been covered by vacancy savings and without increasing the original administration budget. He undertook to review the figures and report back to the Pension Board if they led to an overspend against the administration budget.

Following a question from Keith Francis, it was confirmed that the breach had been reported internally.

Concerns were expressed about whether the report included enough detail.

The meeting was informed that two internal audit projects occur this year in respect of pension administration. One was requested as a result of the breach and the second is a routine audit planned for later in the year.

The issues were specific to the period following implementation of a new payroll system, iTrent, and the incremental roll-out with the pensions module following the core functionality. Following a discussion in relation to the implementation of iTrent, an integrated HR and payroll solution programme, it was confirmed that there are some outstanding issues where the administrators still need to undertake manual input while outstanding issues with automated reports are addressed. Monthly meetings are held with payroll service managers to identify any errors and the reports produced are being continually improved. Governance arrangements are in place that allow officers to identify problems and work quickly to resolve any manual entries that are required.

Alan Kidner queried if other authorities using iTrent had also experienced issues and if so, should they be reported to the pension regulator. Chris Norton, Strategic Finance Manager confirmed that the system is in widespread use across other local authorities but there is no information to suggest there are issues with it as a product. Rob Powell confirmed that the issues leading to the breach were not as a result of inherent flaws in the system itself but related to its implementation, and that outstanding reporting configuration issues were being addressed and short-term risks mitigated.

Keith Francis requested reassurance that there was no significant financial impact to those members of the fund affected by the breach since there were a number of payroll runs where the same issue occurred. Rob Powell stated that he was confident that no members had experienced a financial loss as a result of the breach. One complaint had been made and fully resolved.

Alan Kidner stated that although he had concerns about the wider implications of the breach, officers' comments had reassured him that the incident was limited to Warwickshire County Council payroll and that the classification of the breach was correct.

David Buckland stated that Stratford-on-Avon District Council uses the

Warwickshire County Council's payroll service and has experienced no problems with it.

It was noted that the fund has commissioned an independent expert (via CIPFA) to review the pension fund administration governance arrangements. Board members were invited to take the opportunity to talk to the expert during this process. The scope of the independent review will also consider the cost of the pension scheme. Payroll charges to the fund had been significantly reduced as a result of iTrent implementation.

Following a question from the Chair it was confirmed that the review will be carried out by Ian Coleman, Chair of the Gwent Pension Fund and.

In summary, the Chair stated that the members of the board and officers from Warwickshire County Council agreed that there had been a breach and that is was appropriate to classify it as amber.

The administration side of any pension fund involves steep learning curves with the introduction of new systems and processes. Adding value to the fund is the key objective of the local pension board. The breach has been unfortunate, but lessons have been learned and the board will be more watchful moving forward, ensuring the focus of the board looks more at the administration side of the fund than in the past.

The following actions were agreed:

- A summary of the outcome of both internal audit reports will be reported to the Local Pension Board once they have been reported to the Audit and Standards Committee.
- A report will be presented at the next meeting of the Local Pension Board regarding fund administration costs.
- Ian Coleman will offer to meet with stakeholders and board members in relation to the topics of report presented at board meetings. Feedback from Ian will be shared with the Board.
- Going forward the overview report on the administration of the scheme presented at each scheduled board meeting will include more information in respect of activity, performance, risk and breaches.

The Chair thanked board members and officers for attending this special meeting.

The board rose at 3.20 pm

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Chair

Local Pension Board of the Warwickshire Pension Fund

14 November 2019

External Review of Pension Administration

Recommendation

The Local Pension Board of the Warwickshire Pension Fund is recommended to:

Note the findings of the review and comment on the proposed action plan.

1.0 Introduction

1.1 In recognition of a number of recent issues, the Council has commissioned a strategic piece of work from an independent consultant to review current arrangements within the Pensions Administration Service. The scope of the work has included an overall assessment of current service delivery against The Pensions Regulator's nine categories of requirements and other developing areas.

2.0 Findings

2.1 The consultant has reviewed the Pensions Administration Service's performance against TPR's 46 requirements and 3 developing areas, based on documented evidence and interviews with key staff and representatives of the Board.

2.2 Of the 46 requirements, 24 have been rated as green, 16 as amber and 6 as red. Of the three developing areas, 2 have been rated as red and one as amber.

2.3 The consultant will be available at the meeting to provide a verbal report on his findings and to respond to question from the Board.

3.0 Action Plan

3.1 In response to these findings an action plan has been produced and is included at Appendix A of this report.

Appendix A: Pensions Administration Action Plan October 2019

	TPR Category	RA G	Recommendation	Action	By Whom	By When
1	<i>Knowledge and understanding</i>					
a)	Members of the Pension Board require a working knowledge and understanding of the LGPS and how it operates in Warwickshire.	A	Whilst the members of the Pension Board are offered the opportunity to gain a working knowledge and understanding of the LGPS, there is a need to continually refresh the training on the role and responsibilities of the Pension Board.	LPB training day to be delivered 15-Oct-19. See further actions below.	Pensions Admin Lead	15-Oct-19
b)	An annual training programme should be available.	A	An adequate range of training opportunities is made available to members of the Pension Board but there is no annual training programme. Such a programme would enable the members to better plan their attendance at training sessions. More joint training opportunities with members of the Investment Sub Committee could help to increase understanding of the respective roles of the two bodies.	Two bespoke one-day training events to be scheduled each year for Local Pensions Board. Schedule of external conferences to be shared with LPB. Training needs assessment to be undertaken which will inform a forward plan of training events, for approval by the Board.	Pensions Admin Manager / Pensions Admin Lead	To be initiated from 14-Nov-19 (next LPB meeting)
c)	Training logs should be maintained for the Pension Board as a whole and for each individual member of the Board.	R	Set up training logs as per the requirement.	Training logs to be created and continuously maintained.	Pensions Admin Manager / Pensions Admin Lead	31-Oct-19
d)	The Pension Board should meet at least quarterly.	R	The frequency of meetings of the Pension Board has only recently been increased from two to three times	Change to quarterly meetings to be agreed at LPB meeting 14-Nov-19	Strategy & Commissioning Manager, Investments, Treasury & Audit	14-Nov-19

	TPR Category	RA G	Recommendation	Action	By Whom	By When
			each year and needs revising to four times.	as part of Forward Plan report.		
e)	Pension Board members should aim to attend every meeting and members should be removed if their attendance is judged to be unsatisfactory	G		No actions currently required		
f)	There should be a Pension Board Business Plan	G		No actions currently required		
g)	There should be an annual report incorporating a review of performance	G		No actions currently required		
h)	The MIFID 2 regulations have effectively extended the knowledge and understanding requirements to members of the Pension Fund Investment Sub Committee	G		No actions currently required		
2	Conflicts of interest					
a)	There should be a process to identify, monitor and manage conflicts of interest.	G		No actions currently required		
b)	There should be a conflicts of interest policy.	A	A conflicts of interest policy for the Pension Board needs to be reviewed and agreed by the Pension Board annually.	Conflicts of interest policy to be updated in conjunction with Legal Services	Strategy & Commissioning Manager, Investments, Treasury & Audit	30-Nov-19
c)	A register of conflicts should be maintained.	G		No actions currently required		
3	Publishing information					
a)	Annual Report and Accounts	G		No actions currently required		
b)	Funding Strategy Statement	G		No actions currently required		

	TPR Category	RA G	Recommendation	Action	By Whom	By When
c)	Investment Strategy Statement	G		No actions currently required		
d)	Pension Board Terms of Reference	A	The terms of reference should be reviewed by the Pension Board annually.	LPB ToRs to be added to Forward Plan, for review and approval by LPB at its first meeting in 2020, and annually thereafter.	Pensions Policy and Governance Lead	For consideration by LPB at its first meeting in 2020, and no later than 31-Mar-20.
e)	Governance Compliance Statement	G		No actions currently required		
f)	Environmental, Social and Governance (ESG) Policy	R	The Border to Coast ESG Policy has been adopted by Warwickshire CC and reported to the Pension Board. However, there should be a separate Warwickshire ESG Policy and the Pension Board has a responsibility to ensure that the Border to Coast ESG Policy delivers the requirements of the Warwickshire ESG Policy.	Produce a Warwickshire ESG policy for approval by the LPB. Review the Borders to Coast ESG policy to ensure it delivers the requirements of the Warwickshire ESG policy and seek approval from the LPB to this.	Pensions and Investment Manager	For consideration by LPB at its first meeting in 2020, and no later than 31-Mar-20.
4	Managing risks - internal controls					
a)	Maintain an active risk register specific to the Fund.	A	A risk register is maintained but the latest version is dated 10 December 2018. The risk register should be reviewed quarterly by both the Investment Sub Committee and the Pension Board.	Add a review of the risk register to each quarterly meeting of the LPB and Investment Sub-Committee in their forward plans, starting in 2020.	Pensions Administration Lead	For consideration by LPB and Investment Sub-Committee at their first meetings in 2020, and no

	TPR Category	RA G	Recommendation	Action	By Whom	By When
						later than 31-Mar-20.
b)	Maintain internal control procedures to deter fraud or misappropriation of assets.	A	Internal Audit undertakes regular audits of the Fund but their reports are not presented to the Pension Board. Consider presenting audit reports to the Board.	Summary of audits to be reported to LPB following approval by Audit and Standards Committee.	Pensions Administration Lead	Starting from meeting on 14-Nov-19.
c)	The safe custody and security of Fund assets.	G		No actions currently required		
d)	Undertake a regular screen of the existence of pensioners, including pensioners domiciled outside of the UK.	G		No actions currently required		
e)	Key person risk	A	This is recognised as an increasing risk in the risk register. The restructure which is underway should reduce this risk.	Implement Finance Service Redesign which will create a new Pensions Governance and Policy technical specialist role and also increase capacity within the Pensions Administration and Investments Teams.	Assistant Director, Finance	Most posts will be filled by 31-Dec-2019. If external recruitment is required this may take until 31-Mar-2020
f)	Cyber security	R	Cyber security has been included as a new risk in the most recent version of the risk register but with insufficient detail on addressing the risk. TPR regards this as one of its three key areas for attention in 2019/20. The Fund needs to ensure that the Warwickshire CC cyber security	Liaise with WCC Enabling Services to understand the authority's policy on cyber security and review any amendments necessary in order to adopt this policy for the Fund.	Pensions Policy & Governance Lead Pensions Policy & Governance Lead	31-Dec-19 30-Jun-20 30-Jun-20

	TPR Category	RA G	Recommendation	Action	By Whom	By When
			arrangements meet the requirements of the Fund.	Report the proposed policy to LPB in the first half of 2020 for approval. ICT to be invited to present policy to LPB.	Pensions Administration Lead	
5	Record keeping					
a)	Monthly, rather than annual, member data collection.	G		No actions currently required In medium term plan is to implement member self-service		
b)	Conduct a regular review of data quality	G		No actions currently required		
c)	Maintain a data improvement plan.	A	Actions arising from reviews of data quality should be gathered into an annual plan.	Review data quality using the actuary's feedback from the valuation process plus local intelligence, and produce annual improvement plan. Produce a business case for approval by Transformation Board for the implementation of i-Connect for employer self-service.	Pensions Administration Manager / Pensions Administration Lead Service Manager, Finance Transformation	31-Dec-19 30-Nov-19

	TPR Category	RA G	Recommendation	Action	By Whom	By When
d)	Maintain a pensions administration strategy.	A	The strategy is in the process of being updated. It should be presented to the Pension Board for review and comments.	Finalise the updated strategy for review and comments at the LPB's meeting on 14-Nov-19, prior to going to Staff and Pensions Committee for approval in Dec-19.	Pensions Policy & Governance Lead	31-Dec-19
e)	Accurate and timely production of annual benefit statements.	R	89% of annual benefit statements were distributed by the deadline. This should be reported to TPR as a breach as it is an issue that particularly interests TPR. A plan should be developed to ensure this does not recur.	Add this breach to the Breaches Register and report to TPR. Document and implement actions required to ensure ABSs are issued on time in future.	Pensions Administration Manager / Pensions Administration Lead Strategy & Commissioning Manager	18-Oct-19 Ongoing
f)	Maintain service level agreements with employers in the Fund.	A	The document Working Together is useful but it is not a service level agreement (SLA). A formal SLA would probably be welcomed by a number of the employers.	Ensure SLAs are in place between WCC and all employers. Secure agreement from all employers to adopt the SLAs, prioritising WCC as the largest employer in the Fund.	Pensions Administration Manager / Pensions Administration Lead	31-Dec-19 31-Mar-20
g)	Requirements under the General Data Protection Regulation.	G		No actions currently required		

	TPR Category	RA G	Recommendation	Action	By Whom	By When
h)	Maintenance and regular review of performance indicators.	A	A relatively small number of performance indicators are maintained. Additional work is required to develop more extensive performance monitoring information.	<p>Ensure PIs already identified are regularly reported, monitored and corrective action taken.</p> <p>Review the PIs in use and develop the information available to support and improve service delivery, making reference to those employed by other pension funds.</p>	Pensions Administration Manager / Pensions Administration Lead	<p>31-Oct-19</p> <p>31-Mar-20</p>
i)	Progress on reconciliation of Guaranteed Minimum Pensions.	G		No actions currently required		
6	Maintaining contributions					
a)	Ensure that payroll providers understand the requirements of the Fund.	R	Significant issues have arisen due to a breakdown in communications between the Fund and Warwickshire CC payroll. A new payroll system has been implemented which did not take into account the specific requirements of the Fund. The problems have been compounded by the time taken to resolve the issues arising. Belatedly, substantial management resources are now being invested in resolving the issues.	<p>Produce and implement an action plan to resolve outstanding issues with WCC Payroll, escalating to Assistant Director and/or Strategic Director as necessary to expedite matters.</p> <p>Review and report progress against the action plan monthly as a minimum and more frequently wherever necessary until there is clear evidence that issues have been</p>	Service Manager, Finance Transformation	<p>31-Oct-19</p> <p>Ongoing</p>

	TPR Category	RA G	Recommendation	Action	By Whom	By When
				resolved and improvements can be sustained.		
b)	Regularly assess the covenant of all participating employers.	A	The covenant is only assessed as part of the triennial valuation. Interim assessments should be undertaken of higher risk employers.	As soon as the new organisational structure is in place, put in place appropriate measures to assess employer covenants.	Team Leader, Employer Engagement and External Relations	31-Mar-20
c)	Consider the acceptance of a variety of types of security.	G		No actions currently required		
d)	Maintain a policy for when employers exit from the Fund.	G		No actions currently required (Policy in question is Admissions and Terminations Policy).		
e)	Consider charging employers for any failure to meet their obligations to the Fund.	A	The pensions administration strategy is being amended to enable the Fund to recover from employers any losses incurred from the direct action of those employers. There is no provision to levy penalty charges on employers for late provision of information. Such a charging policy would probably be welcomed by a number of employers	Consider the introduction of charges to employers where they fail to meet their obligations as part of updating the Administration Strategy.	Pensions Administration Manager / Pensions Administration Lead	31-Mar-20
7	Providing information to members					
a)	Information sent to members should be clear, precise and free from jargon	G		No actions currently required		

	TPR Category	RA G	Recommendation	Action	By Whom	By When
b)	Maintain a communications strategy	G		No actions currently required. Updated communications strategy to be included in Pensions Admin update to LPB on 14-Nov-19		
c)	Actively promote the benefits of joining the Fund	G		No actions currently required		
8	Internal dispute resolution					
a)	Operation of a compliant Internal Dispute Resolution Procedure (IDRP).	G		No actions currently required		
b)	Ensure that clear information about the IDRP is available to employers and members.	G		No actions currently required		
c)	IDRP complaints and outcomes should be reported to the Pension Board	G		No actions currently required		
9	Reporting breaches of the law					
a)	Maintain a breaches policy and register.	A	The policy is in the process of being updated.	Update the Breaches Policy and report to the LPB.	Pensions Administration Manager / Pensions Administration Lead	14-Nov-19
b)	Reporting of breaches to TPR.	A	This is being clarified in the update of the breaches policy.	Update the Breaches Policy and report to the LPB.	Pensions Administration Manager / Pensions Administration Lead	14-Nov-19
c)	Reporting of breaches to the Pension Board.	R	Each meeting of the Pension Board should be informed of any new breaches entered onto the breaches log.	Update the Breaches Policy and report to the LPB.	Pensions Administration Manager / Pensions Administration Lead	14-Nov-19

	TPR Category	RA G	Recommendation	Action	By Whom	By When
10	TPR developing areas					
a)	Cyber risk	R	This has been of growing concern to TPR and is discussed above (See 4 (f)).	See 4 (f) above	See 4 (f) above	See 4 (f) above
b)	Climate change risk strategy	R	This needs to be developed.	To be incorporated into ESG statement (See 3 (f) above) or alternatively develop a separate strategy - TBC.	Pensions Policy & Governance Lead	31-Mar-20
c)	Reporting on voting and engagement activity.	A	There is a comprehensive Stewardship and Voting Policy but a record of activity needs to be maintained and reported to the Pension Board.	Start reporting on voting activity to the LPB.	Pensions and Investment Manager	31-Mar-20

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Local Pension Board of the Warwickshire Pension Fund

14 November 2019

Pension Fund Administration – Matters Arising Updates

Recommendation

The Local Pension Board of the Warwickshire Pension Fund is recommended to:

Note and comment on the latest developments in pensions administration and note the progress made since the last meeting.

1.0 Introduction

1.1 This report updates the Board on key developments affecting pension fund administration since the last meeting. In addition, details are provided on some of the issues that were raised in relation to overall governance and performance management of the Pensions Administration Service. Some of the updates relate specifically to issues raised in the recent review of the service that has been commissioned and delivered by an independent consultant.

2.0 Matters arising from the meetings of 8 July 2019 and 19 September 2019

2.1 There were a number of matters arising from the previous two Board meetings and updates on these are set out in the main body of the report:

- Pension Scheme Administration
- Payroll Reports
- Clearing of Backlog
- Fund Administration Costs
- Audit Reports
- Performance Information
- GMP Reconciliation

3.0 Pension Scheme Administration

3.1 In recognition of recent issues, the Board has previously been advised that the Council has commissioned a strategic piece of work from an independent consultant to review the current arrangements within the service. The scope of the work has included a review to provide an overall assessment of current service delivery and of the current working arrangements with the Board.

Members of the Board have been involved in the review and a report of the findings is set out elsewhere on the agenda.

- 3.2 In response to the review, an action plan has been developed and it is proposed that updates on progress will be provided to the Board on a regular basis. A number of specific issues and concerns were raised at the last meeting relating to some backlogs of work that had developed and progress in addressing these is set out later in the report.

4.0 Payroll Reports

- 4.1 It was reported to the Board that several reports required from the payroll system were not being received. In response to this:

- A programme of the reports required by the Pensions Administration Service and the timetable for these has been drafted and shared with the WCC Payroll Service. The reports are currently being developed and it is planned that these will have been finalised by 31st October. This is an important development as there are currently several manual workarounds in place to ensure that the data is captured and updated in the pensions system. This is both time-consuming and inefficient. Improvements to the reports will continue to be made thereafter.
- There is a need for employee and employer contribution data to be passed between the payroll and pensions services and in the absence of the I-Connect system, the data has to be made available through a report generated from the payroll system. A report is available but further enhancements are being made to minimise the manual intervention required within the pension administration service. This is a short-term solution pending the longer-term solution of the implementation of the i-Connect system.
- A process of data quality checks is being developed, which will aim to identify issues early and allow swift resolution.
- A Service Level Agreement is being developed to reinforce the Pensions Administration Strategy and Working Together operational document already in place. The purpose of the SLA is to set out the requirements from the payroll service and the agreement will incorporate strong performance management arrangements. This will ensure that there is an agreed framework that can be monitored on a monthly basis and that any issues of non-performance can be identified and, where necessary, escalated for swift resolution. The target date for implementing the SLA is 31st December.

5.0 Clearing the Backlog

5.1 A summary of the latest position for changes notified between April and August is set out in the table below and shows that good progress has been made:

	Starters		Leavers		Changes		Total	
	No.	%	No.	%	No.	%	No.	%
Requests Received Apr-Aug 2019	1,496		1,792		308		3,596	
Requests outstanding @ 19 th Sept	343	22.9%	1,356	75.7%	13	4.2%	1,712	47.6%
% of requests outstanding @ 31 st Oct	0	0%	77	4.3%	0	0.0%	77	2.1%

5.2 The Starters and Changes backlogs has been cleared and outstanding work of 4.3% is deemed to be at or below a reasonable “business as usual” level of workload for Leavers. (Note that priority is given to new starters, firstly so that contributions can be set up and collected as soon as possible, and secondly, where staff are moving between posts within the same organisation, to ensure they are set up in their new posts before they are recorded as leaving their previous post).

5.3 Since the last meeting the September payroll data has been received. This generated a further 1,044 requests, of which 66% had been cleared by 31st October. This is in line with expectations, particularly as September generates the highest number of monthly changes, largely due to it being the start of the new school year. The remainder of the requests are being worked on and a verbal update on the position will be provided at the meeting.

5.4 Since August 2019 the Pensions Administration Team has also been monitoring other outstanding queries. These are largely to resolve issues around data accuracy. All queries raised to the end of June have been resolved. 3% of queries raised in July and 3% of queries raised in August are outstanding. Some queries can take time to resolve due to their nature and this level of outstanding queries is considered to be reasonable.

5.5 A further 744 queries were raised in September and are currently being addressed. Whilst work is underway to clear these queries, a large proportion of them would be resolved at source by the employers with greater use of technical solutions. Many organisations have implemented the I-Connect system or its equivalent, which means that data anomalies can be identified when payroll information is transferred from the employer to the Pensions Administration Team. These anomalies are then reported automatically and returned to employers for resolution.

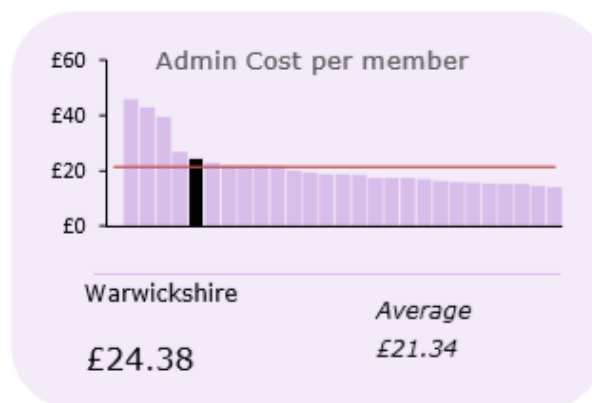
The need to implement the I-Connect system is recognised and work is currently underway with Heywoods, the system provider, to scope the requirements and develop a plan for its implementation. This however is a longer-term solution and will not be in place until 30th September 2020 at the earliest.

- 5.6 In the meantime, there is a need to reduce the number of queries as much as possible. The Pensions Administration team uses a specially designed form, the “CT117”, to collect payroll data from all employers. This form has in-built validation checks which means that most queries or anomalies can be identified in the payroll service before the form is submitted to the Pensions Administration Service. The correct format of this report has not been routinely used within the WCC Payroll Service and this has now been addressed so that use of the form is embedded in their operations.

- 5.7 It is essential that backlogs are not allowed to develop again in the future and ongoing monitoring of completion rates for starters, leavers and changes is in place and will form part of the performance metrics that have been drawn up and against which the Pensions Administration service will be monitored.

Fund Administration Costs

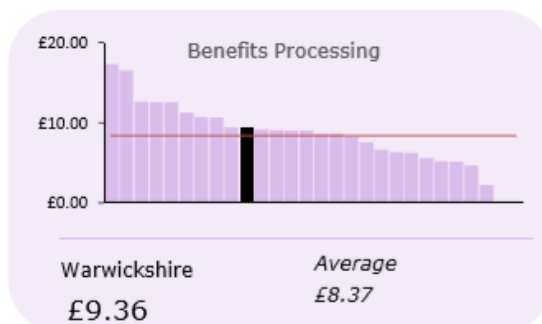
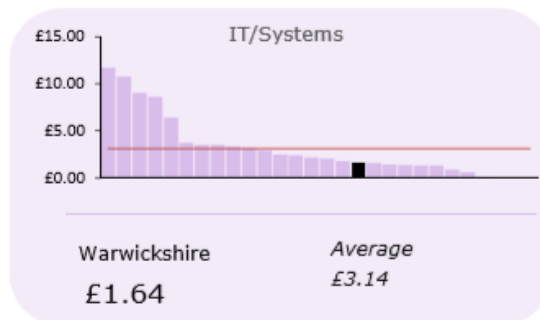
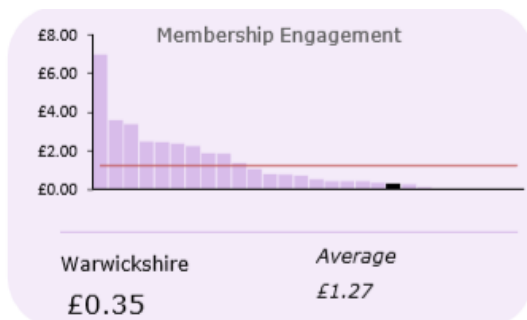
5.8 It was agreed at the special Board meeting in September that a report would be brought to this meeting regarding Fund administration costs, and specifically, the WCC payroll costs charged to the Fund. The CIPFA Pensions Administration benchmarking report was published in October 2019 and some of the key cost comparators are set out below. The data shows that overall Warwickshire’s administration cost per member is marginally higher than the average for other Pensions Administration functions.

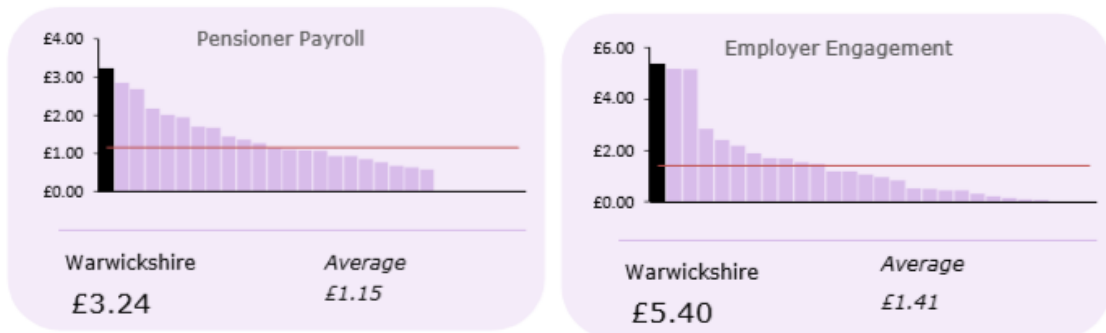


5.9 A summary of the key elements on which the total costs are based is set out in the table below and further supported by the individual graphs.

Analysis of Admin Costs of the Warwickshire Pensions Service Compared to Other Pensions Administration Functions 2018/19		
	Warwickshire Cost per Member £	Average Cost per Member £
Membership Engagement	0.35	1.27
IT/Systems	1.64	3.14
Benefits Processing	9.36	8.37
Pensioner Payroll	3.24	1.15
Employer Engagement	5.40	1.41
Indirect costs	4.38	6.50
Income	0.00	(0.45)

5.10 From the analysis, it is evident that Warwickshire's costs are below the average for Member Engagement, IT/Systems and indirect costs, and close to the average for Benefits Processing but higher than the average for Pensioner Payroll and Employer Engagement. Warwickshire does not currently receive external income towards its net costs. Further analysis is however required to better understand the data to ensure the costs have been applied consistently to other Pensions Administration functions.





- 5.11 Pensioner Payroll costs have already been highlighted by the Board as an area of concern and are being investigated as a priority, with the support of our independent expert. It is essential that we better understand the cost drivers before any firm conclusions are drawn, and that all costs are considered in the round.

6.0 Audit Reports

- 6.1 At the special meeting held in September it was agreed that a summary of the outcomes of recent Internal Audit reports would be reported to the Board once they had been reported to the Audit and Standards Committee.
- 6.2 On 9th November the Audit and Standards Committee received a summary of an internal audit of Investment Management, which received an opinion of Limited Assurance. The scope of the audit was to provide assurance on the arrangements for the first transfer of funds to the Borders to Coast Pension Partnership. The key audit findings were as follows:
- *The termination of the Threadneedle account, with assets valued at in excess of £240 million was authorised by members and senior staff, including the instruction to the custodian, but an instruction to the fund manager was signed by more junior staff;*
 - *There was no evidence of a reconciliation to provide assurance that only necessary activity had occurred on the Threadneedle fund on the lead up to the transfers;*
 - *A third-party assurance report, for the whole investment, had been received as expected, soon after the transfer, but there was no assurance over the WCC proportion of the investment.*

- 6.3 An appropriate action plan has been agreed to address the issues identified and these are being monitored through the follow up process. Further audit work in these areas will be considered as part of the planning risk-based process for 2020/21.

7.0 Performance Information

- 7.1 Following discussions at the July meeting the Pensions Administration Manager has investigated the approaches to measuring performance adopted by other Funds via the Altair User Group. Other uses of the Altair system appear to have different system configurations which enable easier reporting of key performance indicators (KPIs). It is proposed that a fundamental review of KPI reporting requirements is carried out when implementing the i-Connect employer self-service system.
- 7.2 A number of KPIs were reported to the Board in July 2019. The table below shows performance against these indicators in 2019/20 to date, compared with performance in 2018/19. The review described in 8.1 above will consider whether these are the appropriate measures for managing performance effectively and current practice is being developed to ensure that service performance is improved.

Performance Indicator	Target	2018/19	2019/20 To Date
Retirements Lump Sums paid within 30 days of retirement	100%	42%	42%
Retirements Lump Sums paid within 10 days of receiving all relevant paperwork	100%	82%	91%
Death grants paid 10 days of receiving paperwork	100%	95%	94% (Note: only recorded from Aug '19)
Refunds processed within 10 days of receiving paperwork	100%	Data not available	96% (Note: only recorded from Aug '19)
Transfers paid within 10 days of receiving paperwork	100%	81%	43% (Note: only recorded from Aug '19)
Deferred benefits calculated and notified within 10 days of receiving paperwork	100%	81%	93% (where paperwork is received by post)
Scheme employer contributions received by 19 th of the month following deduction	100%	92%	86%
Scheme employer monthly returns received by 19 th of the month following deduction	100%	80%	80%

8.0 GMP Reconciliation

- 8.1 No further information is available at this time regarding the GMP reconciliation. The actuary has confirmed that they are awaiting final data from HMRC and this is expected in November or December 2019.

9.0 Breaches

- 9.1 From the Board meeting on 8th July up until 22nd October, 181 items have been added to the Breaches Log. 179 of these are green and relate either to the late return of payroll data or to the late payment or return of contributions by employers.
- 9.2 Two new breaches have been categorised as Red and have been reported to The Pensions Regulator (TPR), and details have been shared with the Board.
- Warwickshire Pension Fund was not able to issue 100% of the Annual Benefit Statements (ABS) for active and deferred members by the 31 August 2019.
 - Warwickshire Pension Fund issued five Pension Saving Statements (PSSs) to members who exceeded their annual allowance in the year 2017/18. Upon investigation when issuing PSSs for 18/19 it became apparent that 27 PSSs should have been sent in addition to these five.
- 9.3 The causes of these breaches and actions to address them have been set out in the reports to TPR. No response has been received from TPR at the time of writing this report. Remedial action is underway within the service to ensure these breaches do not reoccur.

10.0 Performance Management Framework and Performance Monitoring

- 10.1 As part of the Council's Transformation Programme a service redesign is currently underway within the Finance function. The redesign has reviewed the Council's financial framework across the piece, and this has included reviewing the performance management framework for Pensions Administration. As a result, a new framework will be put in place to ensure the effective governance and performance of the Pensions Administration service. The key tenets of this framework are set out in Appendix A.

Data Accuracy

- 10.2 The Pension Regulator (TPR) requires public service pension schemes to undertake a review of the quality of the data they hold on members at least once a year. The purpose is to identify whether improvements are needed to record-keeping, and the review is designed to show what percentage of members have full and accurate data. The results have to be submitted to The Pensions Regulator in every Scheme return.

The reviews are based on Common Data and Scheme Specific Data, and Warwickshire's review has been carried out by its pension system provider, based on the data held on the system.

10.3 Common Data is defined as:

- National Insurance number
- Name
- Sex and Date of Birth
- Date Commenced and Normal Retirement Date
- Status
- Status and Invalid data view
- Address
- Status and Valid data view

10.4 Scheme Specific Data is categorised as:

- Member Benefits
- Member details
- Care benefits
- HMRC
- Contracted-out

10.5 For Common Data, six out of eight categories met the highest benchmark of greater than 98%, with two categories rounded as 100%. The lowest category is *member address* with a score of 92.3%. The overall percentage tests passed is 98.5%.

10.6 For Scheme Specific Data the overall percentage tests passed is 96.1%.

10.7 Comparing the results with the previous data analysis, the overall quality of Common Data has increased from 98.4% to 98.5%. The number of member records without a single common data failure is 88.6% - a reduction of 1% from 89.6% in 2017.

10.8 For Scheme Specific Data, the percentage of member records without a single data failure is 83.6% which is an improvement of 17.9% over the 2017 report of 65.7%.

10.9 This report will be used to identify areas for correction and also for the purposes of drafting the Data Improvement Plan, as referenced in the External Review Action Plan.

Strategy and Policy Updates

10.10 The maintenance of up-to-date strategies and policies is a key element of effective governance of the Pensions Administration function. Appendix B sets out the strategies and policies that the Pensions Administration service is required to hold, with the plan for annual review and updates.

Updates of the Breaches Policy, Communications Strategy and Conflicts of Interest Policy are attached as appendices for the Board's comments.

11.0 Local Pension Board Training Plan

- 11.1 The TPR requires the Local Pension Board to have a working knowledge and understanding of the LGPS and how it operates in Warwickshire. Best practice is to have an annual training programme for Board members and to maintain training logs for the Board as a whole and for individual members. Actions to meet these requirements are set out as part of the Governance Review Action Plan elsewhere on this agenda.

12.0 New Employers

- 12.1 There are several applications from new employers for consideration at the December meeting of the Staff and Pensions Committee and these will be reported to the next Board meeting.

13.0 Appendices

Appendix A: Performance Management Framework

Appendix B: Strategy and Policy Updates

Appendix C: Breaches Policy

Appendix D: Communications Policy

Appendix E: Conflicts of Interest Policy

Appendix A: Pensions Administration Performance Management Framework

	Requirement	Input	Outcome / Impact	Status
1.	Fit for purpose staffing structure	The Pensions Administration team will have sufficient numbers of staff with the right skills, knowledge and experience, taking into account the number of members and employers in the scheme and developments in the wider statutory requirements of the scheme.	Provision of an efficient and effective service	Staff consultation is underway on a new staffing structure which increases capacity at both a strategic and operational level.
2.	Effective training programme	<p>An annual training programme will be established for Local Pension Board members, based on regular training needs analysis.</p> <p>Qualification, skills and knowledge requirements for Pensions Administration staff are set out in job descriptions and support for formal training is provided by WCC.</p> <p>Pensions Administration staff will receive regular sector-related development updates.</p> <p>Pensions Administration staff will each have a Personal Development Plan (PDP) focussed on their individual requirements.</p>	<p>Board members have sufficient knowledge and understanding to provide constructive feedback and comment on Pensions Administration activity and performance, as a means of enhancing the quality of the service.</p> <p>Skilled workforce provides a high quality and professional service to scheme members and other stakeholders, and adapts quickly and effectively to changing demands.</p>	<p>Training programme for Board members is in development.</p> <p>New job descriptions have been drafted for staff, setting out essential requirements.</p> <p>New management structure will take responsibility for ensuring dissemination of sector specific knowledge across the team.</p> <p>PDPs to be in place for all staff by 31st March 2020.</p>
3.	Compliance with TPR regulations	<p>An annual review of compliance with TPR regulations will be undertaken and an action plan maintained and monitored regularly.</p> <p>The assessment of compliance with TPR regulations will be reported to the Local Pensions Board annually.</p>	Service can provide assurance on compliance, ensure management action is taken when necessary and escalate any issues swiftly.	<p>An independent review of compliance has been undertaken and an action plan prepared. Progress against the action plan will be monitored monthly.</p> <p>Further compliance reviews will be undertaken annually.</p>
4.	Up-to-date Strategies and Policies	All strategies and policies, as required by TPR will be reviewed and updated annually, taking into	The Fund has a clear governance framework within which it operates, and this is transparent	The Local Pensions Board Forward Plan will set out the timetable for reviewing

	Requirement	Input	Outcome / Impact	Status
		account feedback from the Local Pensions Board.	and accessible to all stakeholders. The Pensions Administration function can be held to account for operating within this governance framework.	all of the strategies and policies required by TPR.
5.	Effective Performance Monitoring and Management	A set of key performance indicators (KPIs) will be agreed and monitored monthly. KPI information and comparative benchmarks within the sector will be used to set performance targets.	Effective performance management and swift escalation of any issues. Monitoring and management of services delivery against targets will be used to drive a high performing culture.	A number of KPIs are already being recorded and will be developed further when the new staffing structure is in place.
6.	Management of Data Quality	Reports will be developed to provide information regarding quality of pensions data. Employer and member self-service will be implemented to improve the integrity of data, enhance reporting facilities, streamline processes and improve efficiency.	Data quality reports will be used to focus effort on any areas requiring improvement. Employer and member self-service will improve the integrity of data, enhance reporting facilities, streamline processes and improve efficiency.	Following the 2019 valuation the actuary will provide feedback on data quality to the service. The business case for implementing i-Connect is being produced and discussions with the system provider and the actuary have taken place regarding how the project could be implemented.

Appendix B: Strategy and Policy Updates

Strategy / Policy	Status	LPB Review Date
Breaches Policy	Updated and draft attached at Appendix C for comments.	November 2019
Communications Strategy	Updated and draft attached at Appendix D for comments.	November 2019
Conflicts of Interest Policy	Updated and draft attached at Appendix E for comments.	November 2019
Pensions Administration Strategy	Draft in progress	March 2020
Environmental, Social and Governance (ESG) Policy	Warwickshire has currently adopted the Borders to Coast ESG policy. A separate Warwickshire policy will be developed and the Borders to Coast policy reviewed to ensure it delivers on Warwickshire's requirements.	March 2020
Climate Change Risk Strategy	TPR developing area. To be produced.	March 2020
Cyber Security Policy	TPR developing area. To be produced.	June 2020
Admissions and Terminations Policy	Policy in place. Amended regulations are expected imminently and review will take place at this point.	June 2020
Funding Strategy	Strategy in place.	September 2020
Investment Strategy	Strategy in place.	September 2020

WARWICKSHIRE

pension fund

**Policy for reporting
breaches of the law to
The Pensions
Regulator**

Version 3



Introduction

In April 2015 the Pensions Regulator (the Regulator) published its Code of Practice no 14 (the Code) on the Governance and administration of public service pension schemes. This is not a statement of law but nonetheless it carries great weight. Some of its contents refer to statutory requirements, whilst others are advisory. A court or tribunal must take into account the Code when determining whether any pensions related legal requirements have been met.

Legal Requirements

Certain people are required to report breaches of the law to the Regulator where they have reasonable cause to believe that:

- a legal duty which is relevant to the administration of the scheme has not been, or is not being, complied with;
- the failure to comply is likely to be of material significance to the Regulator in the exercise of any of its functions.

Those who have an obligation to report ('reporters') for public service pension schemes are:

- scheme managers (meaning, in the case of the Warwickshire Pension Fund (WPF), the Staff and Pensions Committee);
- members of the pension board (meaning, in the case of the WPF, the Local LGPS Pension Board);
- any person who is otherwise involved in the administration of the Fund (and thus members of the Pension Fund Investment Sub-Committee and all of the Fund's officers);
- employers, and any participating employer who becomes aware of a breach should consider their statutory duty to report, regardless of whether the breach relates to, or affects, members who are its employees or those of other employers;
- professional advisers including auditors, actuaries, legal advisers and fund managers; and
- any person who is otherwise involved in advising the managers of the scheme in relation to the scheme (and thus the Fund's three external advisers).

Non- compliance under LGPS regulations

Non-compliance with the LGPS regulations can cover many aspects of the management and administration of the scheme and includes;

- Failure to do anything required under the LGPS Regulations
- Failure to comply with policies and procedures e.g. the Funds statement of investment principles, funding strategy, discretionary policies etc.

Requirement to report a breach of the Law

Breaches of the law which affects pension schemes should be considered for reporting to the Pensions Regulator.

The decision whether to report an identified breach depends on the following;

- If there is reasonable cause to believe there has been a breach of the law
- If so, is the breach likely to be of material significant to the Regulator

Reasonable Cause

Having 'reasonable cause' to believe that a breach has occurred means more than merely having a suspicion that cannot be substantiated there must be a factual basis.

Reporters should ensure that where a breach is suspected, they carry out checks to establish whether or not a breach has in fact occurred. For example, a member of a funded pension scheme may allege that there has been a misappropriation of scheme assets because they have seen in the annual accounts that the value of the scheme's assets have fallen. However, the real reason for the apparent loss in value of scheme assets may be due to the behavior of the stock market over the period. This would mean that there is not reasonable cause to believe that a breach has occurred.

Where the reporter does not know the facts or events around the suspected breach, it will usually be appropriate to consult the Pension Services Manager, or Assistant Director Finance , or the Strategy and Commissioning Manager (Treasury, Pension, Audit & Risk) , regarding what has happened.

If the reporter is unclear about the relevant legal provision, they should clarify their understanding of the law to the extent necessary to form a view.

In establishing whether there is reasonable cause to believe that a breach has occurred, it is not necessary for a reporter to gather all the evidence which the Regulator may require before taking action. A delay in reporting may exacerbate or increase the risk of the breach.

Determining whether the breach is likely to be of material significance

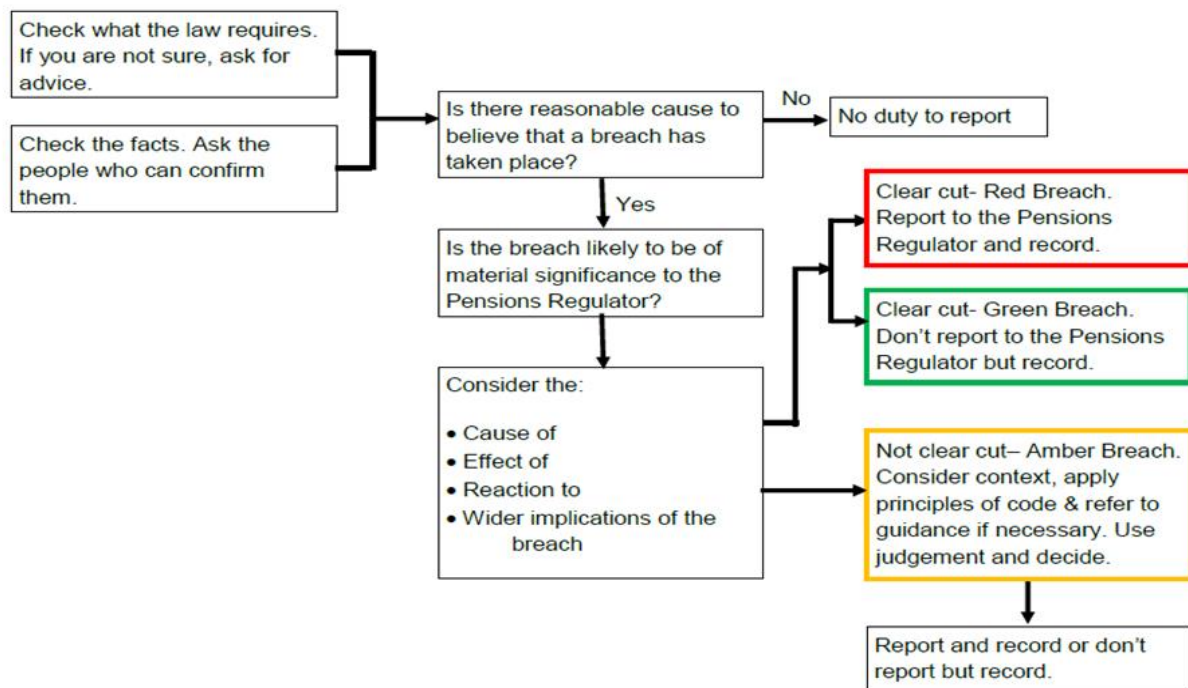
In deciding whether a breach is likely to be of material significance to the Regulator, it would be advisable for the reporter to consider the:

- cause of the breach;
- effect of the breach;
- reaction to the breach; and
- the wider implications of the breach.

The reporter should use the traffic light framework set out by the described in Appendix A to help assess whether the breach is of material significance and to formally support and document their decision. It will be necessary to consider a number of factors:

Cause	e.g. dishonesty, poor governance, incomplete or inaccurate information, acting or failing to act in contravention of the law.
Effect	Does the nature of the breach lead to an increased likelihood of further material breaches? Is it likely to cause, for example, ineffective internal controls, lack of knowledge and understanding, inaccurate records, potential for further breaches occurring.
Reaction	e.g. taking prompt and effective action to resolve a breach, notifying scheme members where appropriate.
Wider Implications	e.g. where a breach has occurred due to lack of knowledge or poor systems and processes making it more likely that other breaches will emerge in the future.

Reporters should take into account expert or professional advice, where appropriate, when deciding whether the breach is likely to be of material significance to the Regulator. A decision tree is provided below to show the process for deciding whether or not a breach has taken place and whether it is materially significant and therefore requires to be reported.



Submitting a report to the Regulator

Before you submit a report you should obtain clarification of the law around the suspected breach. If:

- you are a member of the Staff and Pensions Committee, Investment Sub-committee, Local Pension Board or you are an external adviser, please contact the Monitoring Officer;
- you are an actuary, auditor or other external agent, please contact the Pensions Services Manger
- you represent an employer, please contact the Pensions Services Manager
- you are an officer of the Fund and you work in Administration, please contact Strategy and Commissioning Manager (Treasury, Pension, Audit & Risk).

The person you contact will consider in the round whether the Regulator would regard the breach as being material. They will also clarify any facts, if required. If the case is difficult, they will seek advice, as required.

Some matters could be urgent, if for example a fraud is imminent, whilst others will be less so. Non-urgent but material breaches should be reported to the Regulator within 30 working days of them being confirmed, and in the same time breaches that are not material should be recorded (see later).

Some breaches could be so serious that they must always be reported, for example a theft of funds by anyone involved with the administration or management of the Fund. It is difficult to

be definitive about what constitutes a breach that must always be reported, but one test is: might it reasonably lead to a criminal prosecution or a serious loss in public confidence?

Any report that is made (which must be in writing and made as soon as reasonably practicable) should be dated and include as a minimum:

- full name of the Fund;
- description of the breach or breaches;
- any relevant dates;
- name of the employer or scheme manager (where known);
- name, position and contact details of the reporter; and
- role of the reporter in relation to the Fund.

Additional information that would help the Regulator includes:

- the reason the breach is thought to be of material significance to the Regulator;
- the address of the Fund;
- the pension scheme's registry number (if available); and
- whether the concern has been reported before.

Reporters should mark urgent reports as such and draw attention to matters they consider particularly serious. They can precede a written report with a telephone call, if appropriate.

Reporters should ensure they receive an acknowledgement for any report they send to the Regulator. Only when they receive an acknowledgement can the reporter be confident that the Regulator has received their report.

The Regulator will acknowledge all reports within five working days of receipt; however it will not generally keep a reporter informed of the steps taken in response to a report of a breach as there are restrictions on the information it can disclose.

The reporter should provide further information or reports of further breaches if this may help the Regulator to exercise its functions. The Regulator may make contact to request further information.

Breaches should be reported as soon as reasonably practicable, which will depend on the circumstances. In particular, the time taken should reflect the seriousness of the suspected breach.

In cases of immediate risk to the Fund, for instance, where there is any indication of dishonesty, the Regulator does not expect reporters to seek an explanation or to assess the effectiveness of proposed remedies. They should only make such immediate checks as are necessary. The more

serious the potential breach and its consequences, the more urgently reporters should make these necessary checks. In cases of potential dishonesty the reporter should avoid, where possible, checks which might alert those implicated. In serious cases, reporters should use the quickest means possible to alert the Regulator to the breach.

Recording breaches that are not reported to the Regulator

Breaches that are found not to be material to the Regulator must still be recorded. This is so that if similar breaches continue, then they become material. Recording all breaches also highlights where improvements are required, to try and prevent similar breaches.

Breaches that are not being reported should be recorded on the breaches log on the pension fund website. Please contact the Pension Fund Services manager.

Whistleblowing protection and confidentiality

The Pensions Act 2004 makes clear that the statutory duty to report overrides any other duties a reporter may have such as confidentiality and that any such duty is not breached by making a report. The Regulator understands the potential impact of a report on relationships, for example, between an employee and their employer.

The statutory duty to report does not, however, override 'legal privilege. This means that oral and written communications between a professional legal adviser and their client, or a person representing that client, while obtaining legal advice, do not have to be disclosed. Where appropriate a legal adviser will be able to provide further information on this.

The Regulator will do its best to protect a reporter's identity (if desired) and will not disclose the information except where lawfully required to do so. The Regulator will take all reasonable steps to maintain confidentiality, but it cannot give any categorical assurances as the circumstances may mean that disclosure of the reporter's identity becomes unavoidable in law. This includes circumstances where the regulator is ordered by a court to disclose it.

The Employment Rights Act 1996 (ERA) provides protection for employees making a whistleblowing disclosure to the regulator. Consequently, where individuals employed by firms or another organisation having a statutory duty to report disagree with a decision not to report to the regulator, they may have protection under the ERA if they make an individual report in good faith. The Regulator expects such individual reports to be rare and confined to the most serious cases.

Warwickshire County Council whistleblowing policy

The Council has its own whistleblowing policy. The person contacted about the potential breach, will take this into account when assessing the case.

Further information

If you require further information about reporting breaches or this procedure, please contact:

Liz Firmstone

Service Manager – Transformation

Email: lizfirmstone@warwickshire.gov.uk

Telephone: 01926 412458

Neil Buxton

Pension Services Manager

Email: neilbuxton@warwickshire.gov.uk

Telephone: 01926 412195

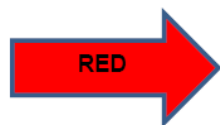
Warwickshire Pension Fund, Shire Hall, Warwick, CV34 4RL

Email: pensions@warwickshire.gov.uk

Website: www.warwickshirepensionfund.org.uk

Breaches Log Appendix A

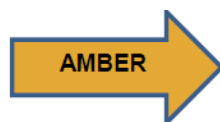
It is recommended that those responsible for reporting use the traffic light framework when deciding whether to report to The Pensions Regulator. This is illustrated below:



Where the cause, effect, reaction and wider implications of a breach, when considered together, are likely to be of material significance.

These must be reported to The Pensions Regulator.

Example: An employer is late in paying over employee and employer contributions, and so late that it is in breach of the statutory period for making such payments. It is also late in paying AVCs to Standard Life. It is contacted by officers from the administering authority, and it eventually pays the moneys that are overdue, including AVCs to the Standard Life. This has happened before, with there being no evidence that the employer is putting its house in order. In this instance there has been a breach that is relevant to the Regulator, in part because of the employer's repeated failures, and also because those members paying AVCs will typically be adversely affected by the delay in the investing of their AVCs.



Where the cause, effect, reaction and wider implications of a breach, when considered together, may be of material significance. They might consist of several failures of administration that, although not significant in themselves, have a cumulative significance because steps have not been taken to put things right. You will need to exercise your own judgement to determine whether the breach is likely to be of material significance and should be reported.

Example: An employer is late in submitting its statutory year-end return of pay and contributions in respect of each of its active members and as such it is in breach. Despite repeated reminders it still does not supply its year-end return. Because the administering authority does not have the year-end data it is unable to supply, by 31 August, annual benefit statements to the employer's members. In this instance there has been a breach which is relevant to the Regulator, in part because of the employer's failures, in part because of the enforced breach by the administering authority, and also because members are being denied their annual benefits statements.



Where the cause, effect, reaction and wider implications of a breach, when considered together, are not likely to be of material significance. These should be recorded but do not need to be reported.

Example: An employer is late in paying over employee and employer contributions, and so late that it is in breach of the statutory period for making such payments. It is contacted by officers from the administering authority, it immediately pays the moneys that are overdue, and it improves its procedures so that in future contributions are paid over on time. In this instance there has been a breach but members have not been adversely affected and the employer has put its house in order regarding future payments. The breach is therefore not material to the Regulator and need not be reported.

All breaches should be recorded even if the decision is not to report. *Appendix B* shows an example record of recording breaches. A log of breaches recorded are available on our website - <https://www.warwickshirepensionfund.org.uk/employers>

When using the traffic light framework individuals should consider the content of the red, amber and green sections for each of the cause, effect, reaction and wider implications of the breach, before you consider the four together. Some useful examples of this is framework is provided by The Pensions Regulator at the following link:

<https://www.thepensionsregulator.gov.uk/en/document-library/code-related-guidance/the-notifiable-events-framework>

Breaches Log Appendix B

Breaches Log

Entry no (do not amend)	Date of entry	Category (e.g. Fund administration, Employer administration, funding, investment, criminal activity)	If employer administration, name of employer	Employer Number	Description and cause of breach	Possible effect of breach and wider implications	Reaction of relevant parties to breach	Reported/not reported* RAG status	If reported date reported to the Pensions Regulator and copy of report saved	Outcome of report and/or investigations	Outstanding actions	Reason why not reported*

Appendix D: Communications Policy

WARWICKSHIRE PENSION FUND

Communications Policy Statement

This statement has been prepared by Warwickshire County Council (the Administering Authority) to set out the communication strategy for the Warwickshire Pension Fund (the Fund) in accordance with the Local Government Pension Scheme Regulations.

Warwickshire County Council, in its capacity as Administering Authority for the Local Government Pension Scheme deals with over 200 employers and approximately 50,000 members.

This policy statement provides an overview of how we communicate and how we intend to measure whether our communications are successful.

Any enquiries in relation to this policy statement should be made to:

The Pensions Administration Manager
Warwickshire Pension Fund
Shire Hall
Warwick
CV34 4RL

1. Introduction

The aim of the Warwickshire Pension Fund is to provide secure pensions effectively and efficiently. The Fund is committed to providing comprehensive information to all stakeholders through the most appropriate communication methods. This document outlines the ways in which the Fund aims to meet this objective.

The Fund is part of a group of neighbouring local authority pension fund authorities who share a common aim of excellent communications. The funding and resourcing of some of the Fund's communications is shared, for example in respect of annual benefit statements and newsletters.

2. Principles of Communication

The Fund has adopted five key principles that supports all of its communications. The Fund is committed to ensuring that:

1. Communication is factual and presented in plain language
2. Communication is designed in a manner appropriate to its audience
3. Communication involves dialogue with others
4. Communication uses the developments and improvements in new technology
5. Communication is planned, co-ordinated and evaluated

The Fund will make every effort to make communication materials available in large print, Braille, audio tape and different languages on request.

The pensions administration team is committed to responding to members requests for information, whether it is face to face, email or by letter.

3. Who are the Fund's Key Stakeholders?

The Fund has a wide range of stakeholders who have different communication needs. The key stakeholders are:

- Active Scheme members
- Deferred Scheme members
- Scheme pensioners and their dependents
- New employees
- Employees who are not Scheme members
- Scheme employers
- Pensions Administration staff
- Pension Actuaries
- Pension Fund Managers
- Borders to Coast Pension Partnership
- Custodian
- Investment Advisers
- Government Departments
- Trade Unions
- Press and Media

Section 5 sets out the information that is provided to these different stakeholders.

4. How does the Fund communicate with Stakeholders?

4.1. *Printed / Electronic literature*

The Fund produces all paper and electronic based communications in a corporate style, be that brochures, guides or individual letters. PDF format communications are produced and made available as appropriate, on our website.

4.2. *Drop in service*

For those members who prefer 'face to face' communication the Fund's office is centrally situated in Warwick and easily accessible. Appointments can be made to discuss specific pension options or problems but generally this is not necessary as a member of the team is usually available. In exceptional circumstances, members of the team are available for home visits or to other council or scheme employer offices in Warwickshire.

4.3. Telephone

All Fund communications have a published telephone number for the team member dealing with the request.

4.4. Internet

The Fund has a website: www.warwickshirepensionfund.org

The site is available for members and all stakeholders as a source of information. Electronic copies of Fund literature are available for download. There are limited on-line forms for members to complete.

4.5. Fax, Mail and Email

For general communications, the Fund has an email account and postal address. These details can be found at the back of this document. The fund retains a fax number but only for use with fund managers where the investment management agreement requires it.

4.6. Presentations and Courses

The Fund delivers standard or tailored presentations on a range of subjects for employers and their staff. These presentations may be provided at the request of Employers or may be instigated by the fund.

4.7. Newsletters

The Fund produces periodical newsletters to keep members informed of topical pension news, articles and the latest information about the Scheme.

Ragged Staff is the Fund's newsletter for retired members, and is a useful way of providing updates on relevant changes in legislation, topical news, and members' articles.

Deferred members also receive a newsletter, when information needs to be communicated with them, again providing updates on relevant changes in legislation, topical news and reminding members to keep the Fund notified of changes in personal circumstances and address.

Employers will also receive news updates.

4.8. Annual Report, Accounts and Meeting

The aim of the Annual Report is to highlight the important issues affecting the Fund over the previous twelve months, along detail on investments and administration performance. The Report and Accounts are summarised at the Annual Meeting held in November. Employers are invited to the Annual Meeting of the Fund.

The Fund holds a further meeting in November / December for all employers to attend. This is aimed at scheme employers who have the responsibility of administering the LGPS. The

meeting is tailored to their needs with the aim of resolving queries they may have and also to keep them up to date with developments in the LGPS.

From time to time the Fund will host meetings for specific groups of employers, for example, academies, which are significant proportion of scheme employers. These meetings will deal with specific areas affecting that sector.

5. Information for Key Stakeholders

5.1. *Active & Deferred Scheme Members Certificate of Membership*

Within thirteen weeks of joining the Fund, each member receives a Statutory Notification detailing the information recorded on the Pension Administration System about them, such as date they joined the Scheme and whether or not they have transferred service into the Fund from elsewhere. A new notification is issued every time a member's record is amended.

5.2. *Annual Benefit Statement*

An Annual Benefit Statement is sent direct to the home address of all active and deferred members. The Statements include various pension details including the current value of benefits within the scheme. The format of the statements is continually being developed to provide members with the information they require in a clear and concise manner.

5.3. *Scheme Literature*

A large range of literature is produced by the Administering Authority and is made available to both Employers and Scheme members. The literature includes Guides and Information sheets. A different guide is available for councillors to whom different rules apply.

5.4. *Retirement Booklet*

All active members on reaching retirement receive a comprehensive booklet providing information on the Scheme and the retirement process.

5.5. *Prospective Scheme Members Scheme Booklet*

The Fund produces an information booklet on the Local Government Pension Scheme. This should be provided by Scheme Employers to all new employees as part of their letter of employment, terms and conditions – some Employers choose to email this to new employees.

5.6. *Scheme Website*

The Fund's website contains specific information on joining the Scheme and the benefits to membership: www.warwickshirepensionfund.org

5.7. Promotional Campaigns

Periodically the Fund produces dedicated marketing literature that is sent to those who choose not to join or opt to leave the Scheme. This literature promotes the benefits of having an occupational pension and gives an option to join the Scheme.

5.8. Corporate Induction Courses

Officers of the fund are invited to attend or to contribute to Corporate Inductions (including e-learning) for prospective members.

5.9. Other Employer Communications

The increasing role of communication within all organisations means that more Employers have staff newsletters, intranets and other broadcast communications. The Fund actively works to provide their employees with the best information and opportunities in regard to the Scheme

5.10. Retired Members Pay Advices

The Fund issues a pay advice slip to scheme pensioners only when net pension payments vary by £5 or more from the previous month. Online access to Payslips and P60s Members can view P60's and payslips by logging onto a secure area on the website, called MyView.

5.11. P60s

Every retired member and/or their dependents will receive a P60 each year normally at the end of April.

5.12. Annual Pension Increase

Retired members will receive a pension increase notification each year to inform them of the inflation increase on their pension. This letter will include details of the monetary value of their revised pension and details of the amount to be paid in April.

Validation - Retired Members Living Abroad - the Fund undertakes a regular exercise conducted through correspondence in order to establish the continued existence of pensions living abroad.

5.13. Employing Authorities Employer Meetings & Training Sessions

Meetings and training sessions are arranged for employers as appropriate. They are used to communicate major issues with employers, specifically benefit regulation changes, employer contribution rates and the funding level of the Warwickshire Fund.

5.14. Employers' Guide

An Employers' Guide is issued via email to all employers, detailing the processes, procedures and forms required to effectively discharge their pension administration responsibilities.

5.15. Employers Bulletin

A technical newsletter/bulletin is periodically sent out to all employers. It aims to inform employers on common problems, issues, queries and regulatory changes. The bulletin is also used to communicate any consultations in regard to policy and regulations

5.16. Team Meetings

Meetings involving all staff are held on a monthly basis

5.17. Training

The Fund seeks to continually improve the ability of staff to communicate effectively and to understand the importance of good communication. Both general and pension specific training is provided to all staff as part of the Fund's commitment to staff development.

5.18. Intranet and E-Mail

Each member of staff has access to e-mail and the storage drive which contains electronic copies of many of the Key documents, manuals, minutes and circulars.

5.19. Local Authority Pensions Web

All senior members of the pension's team have access to the Local Authority Pensions Web where information can be exchanged with other Local Authority Pension colleagues.

6. Communication with Other Bodies

- 6.1. **Actuaries** - The Fund performs an Actuarial Valuation every three years as required by the Regulations. The actuary deals with valuations and information and advice on a range of issues affecting the Fund, such as new employers, bulk transfers and regulatory changes.
- 6.2. **Fund Managers** – The fund will liaise with fund managers including through direct meetings from time to time.
- 6.3. **Border to Coast** – The fund liaises with the Border to Coast Pension Partnership – providing input into the development and management of new funds.
- 6.4. **Custodian** – The fund has arrangement in place to communicate with BNYM, its custodian.
- 6.5. **Advisers** – The fund is in regular contact with its investment advisers and its independent financial advisers.
- 6.6. **Government Departments** - The Fund communicates with Government departments on proposals for change to the scheme and with regard to providing information under disclosure regulations.

6.7. **Trade Unions** - The Fund will communicate with Trade Unions where appropriate, for example in supporting continued access to the Local Government Pension Scheme.

6.8. **Press & Media** - The Fund in conjunction with the Council's communications staff will respond to and engage with the press and other media organisations in order to ensure clarity of facts and fair representation.

7. Compliments, Complaints and Comments

7.1. Compliments and complaints are recorded. The fund aims to learn from the feedback received and make improvements to the service provided.

8. Breaches of the Law

8.1. The fund maintains a Breaches Policy and on its website a publicly available log of breaches in respect of pension fund activity.

9. Investments

9.1. The fund publishes an investment strategy statement and funding strategy statement. These are available on the website and form a part of the Annual Report.

10. Data Protection

10.1. To protect personal information held in relation to Scheme members, the Fund is registered under the Data Protection Act 1998, as part of Warwickshire County Council. The Fund is fully compliant with the General Data Protection Regulations (GDPR) introduced in May 2018.

11. Disclosure

11.1. The Fund may, if necessary, pass certain details to a third party, if the third party is carrying out an administrative function of the Fund, for example, the Fund's Actuary. Pensions staff also receive regular training on data protection issues.

12. National Fraud Initiative

12.1. The Fund participates in the National Fraud Initiative exercise by passing information about pensions in payment on to the Audit Commission. The information is matched to national databases to help prevent and detect fraud. The Fund's participation in this exercise is mandatory.

Annex: Publications and Communications Summary

Fund Publications and Communications

Communication Document	When issued	Available to	Format	When reviewed
Brief pension guide	Commencement of employment / when requested	Prospective / Active / Deferred / Retired Members	Paper / website	Regulation changes
Scheme leaflets	Upon request	Active / Deferred / Retired Members	Paper / website	Regulation changes / periodical review / new leaflets introduced
Benefit statements	Annually	Active / Deferred members	Paper	Annually
Encouraging new members literature	Annually	Prospective members	Poster	Annually From January 2020
Poster campaigns Eg. Death benefits, 50 / 50.	As and when	Active members vis employers	Poster	As and when
Members newsletters	Annually and as required	Active / Deferred / retired members	Paper / website	Annually / regulation changes
Pension consultations	As required	Active / Deferred members	Face to face	As required
Serious health consultations	As required	Active / Deferred members	Face to face / home visit	As required
Presentations	As required	Active / prospective members	Presentation	As required via the employer
Service statements	When member joins	Active members	Paper	As required
Retirement courses	When requested	Retiring members	Presentation	When requested by scheme employer
Website	Available	All stakeholders		Monthly
Annual meeting	Annually November	Employers	Presentation	Annually
Employer Forum	Annually November / December	Employers	Presentations	Annually
Employer sector meetings	As and when required	Employers	Presentations	As and when required
Group Employer training	When identified	Employers	Presentations	As and when required
Employer visits	As and when requested or identified	Employers	Face to face	As and when requested or identified

Annual report	Annually	All members / employers / Fund Managers / Committee / Board members	Paper / website	Anually
Telephone	Within office hours	All members / employers / fund managers	Telephone	Within office hours
Email	Continually (within office hours)	All members / employers / fund managers	Email	As required
correspondence	Continually (within office hours)	All members / employers / fund managers	Paper / email	As required
Advice slip	Monthly	Retired members	Paper / email	Monthly
P60	Annually	Retired members	Paper	Annually (issued by payroll services)
Pensioner Newsletter	Annually	Retired members	Paper / website	Annually
Pensions Increase	Annually	Retired members	Paper	Annually (issued by payroll services)
Age 100 pensioners	As required	Retired members	Birthday card	As required
Pensioners living abroad	Annually	Retired members	Life certificate Email	Annually
Employers Guide	As required	Employers	Website	As required
Abridged reports and accounts	Annually	All members	Website	Annually
Valuation report	Triennial	Employing authorities	Paper / Website / Annual meeting	Triennial

Appendix E: Conflicts of Interest Policy

Annex A to Terms of Reference for the Local Pension Board for the Warwickshire Pension Fund Conflicts of Interest Policy

Introduction

The Public Sector Pensions Act 2013 requires that members of the Local Pension Board (the Board) do not have conflicts of interests. As such all Board Members (Members) will be required to declare any interests and any potential conflicts of interests in line with legal requirements in the Act and the Pension Regulator's code. These declarations are required as part of the appointment process, as well as regular intervals throughout a Member's tenure to the Scheme Manager's satisfaction.

Conflict of Interests – General Principles

A conflict of interest is defined as a financial or other interest which is likely to prejudice a person's exercise of functions as a member of the Board. The basic principle in relation to conflicts of interest can be found in the High Court case of *Re Thompson's Settlement* [1986] where the Court held that:

'...a man must not put himself in a position where duty and [personal] interest conflict or where his duty to one conflicts with his duty to another unless expressly authorised'

Conflicts of interest may arise for Members and their advisers. This simply reflects the fact that individual Members and their advisers will have a variety of other roles and responsibilities outside the Board.

Members and their advisers must be able to identify potential conflicts of interest and have procedures in place to manage them. This document outlines the procedure the Members have adopted to do this.

Procedure

For this procedure to work the Members have agreed that they must:

- declare any actual or potential conflict of interest they may have;
- be open with each other on any conflicts of interest they may have;
 - provide information reasonably requested to assess whether there is any actual or potential conflict of interest;
 - adopt practical solutions; and
 - plan ahead and agree on how they will manage any conflicts of interest which arise.

With these objectives in mind the Members have adopted the following procedure:

1. Maintaining a register of Members' interests which could give rise to a conflict.
2. Maintaining a register of interests which could give rise to a conflict covering the Members' advisers.

3. Each Member and adviser will sign an annual return confirming that their information contained in the register of interests is correct. The updated register will then be circulated to all Members and the Scheme Manager. These two events will be added to the Members' calendar of events distributed with each set of Member meeting papers.
4. The Board's Administration Manager is to identify any potential or actual conflicts of interest and to advise the Chair. The Chair in conjunction with the Scheme Manager is to decide on the action required and to advise the Members of any actions taken.
5. Any Member who feels that they, another Member or adviser has a conflict of interest must seek early advice from the Administration Manager.
6. Any member or advisor must withdraw from a Board meeting if they have a conflict of interest. The conflict of interest and the action taken must be recorded in the minutes.
7. If a conflict is identified outside of a Board meeting the Chair shall consult with the other Members prior to making a decision. The conflict of interest and the action taken must be recorded.

Management of confidential information

With regard to Members sharing confidential information received by them in their capacity as a Board Member with other parties, it is important to remember that each Member has a fundamental responsibility to act on behalf of the Board and this duty should not be compromised by acting on behalf of other groups.

Advisors

There may be circumstances where advisors are asked to give advice to the Board but this can only happen where there is no conflict of interest. All of the Board's advisors have a professional responsibility to advise the Members if any circumstances arise in which they feel they are conflicted. These responsibilities and guidelines for dealing with actual or potential conflicts of interest are covered by rules of their respective professional bodies.

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Local Pension Board of the Warwickshire Pension Fund**14 November 2019****LGPS Development update****Recommendation**

That the Local Pension Board of the Warwickshire Pension Fund note and comment on the report.

1.0 Introduction

1.1 This report seeks to update the Committee on current and future LGPS developments.

2.0 Scheme Advisory Board update

2.1 The following items have been posted on the SAB website:

- Ministry of Housing, Communities and Local Government has issued the “SF3” report regarding the overall expenditure of the LGPS in England and Wales in 2018/19. At the 31st March 2019 the LGPS held £287bn of investments and had 5.9 million members.
- There was an update on the Competition Markets Authority Order and clarification that the obligation to tender for a fiduciary Management service will not apply to the LGPS. However, there is an obligation to set strategic objectives for investment consultants.
- The Pension Regulator has published its report on governance and administration; see item 6 below.
- SAB has announced Byhira as the provider for a cost reporting system; Byhira is to develop and host a system designed to enable investment managers to evidence cost transparency and provide reporting and comparison tools for LGPS funds and LGPS pools.
- SAB has invited Hymans’ project team to assist the Secretariat in taking forward the next stage of the good governance project.
- The Government Actuary’s Department has been approached by Continuous Mortality Investigation (CMI) to request LGPS mortality data. The SAB supports this in principle but would welcome the views of stakeholders.

3.0 McCloud update

3.1 Background

- 3.1.1 Earlier this year the government lost its right to appeal the McCloud age discrimination court case at the supreme court.
- 3.1.2 As a result the LGPS benefit structure is under review but to date no details on what alterations will be made to benefits accrued from April 2014 to remedy the discrimination have been proposed.
- 3.1.3 Furthermore, the Scheme Advisory Board (SAB) advised pension funds that fund actuaries should value the benefits accrued from 1 April 2014 in line with the current regulations for the purpose of the ongoing 2019 valuation.
- 3.2 The Fund's Actuary attended a recent meeting with the Local Government Association (LGA) and the Ministry for Housing, Communities and Local Government (MHCLG) at which MHCLG confirmed their expectation that local authority pension funds should state in their actuarial valuation report and / or Funding Strategy Statement how they have made an allowance for the McCloud ruling.
- 3.3 Officers are speaking with the Actuary about the possible impact on employer contribution rates.

4.0 LGPS Consultation on valuation cycles / managing employers

4.1 Background

- 4.1.1 This relates to transitioning local government pension funds from a three yearly to four yearly valuation cycle so that the national LGPS cost management valuation and local LGPS valuations are aligned from 31 March 2024 onwards. This change is being brought in to match the same four yearly cycle that applies to the non-funded public service schemes.
- 4.1.2 The next valuation of assets and liabilities is currently expected to take place at 31 March 2022.

5.0 Exit Payment Cap

- 5.1 The government first introduced the idea of capping exit payments to £95k in 2015 and have now issued final consultation for introduction later this year.
- 5.2 The £95k exit cap applies to most public sector employers and simply means the total exit payments which can be made to an employee must not exceed £95,000.00 in total.

- 5.3 For the LGPS this cap also includes any actuarial strain incurred if the benefits are released early on the grounds, for example, redundancy or efficiency etc
- 5.4 HM Treasury (HMT) received approximately 600 responses to the consultation and it is likely they will publish their response in the Autumn. The Local Government Association understands that HMT are to introduce the cap no sooner than 1 April 2020.

6.0 TPR report on governance and administration

- 6.1 The Pensions Regulator (TPR) published its report into the governance and administration risks in public service pensions in September 2019. The report includes the 10 UK local government funds who they engaged with between October 2018 and July 2019.
- 6.2 The report summarises the key findings against the Regulator's Code of Practice 14 both in terms of exceeding and falling short of required standards and will be discussed by the Scheme Advisory Board (SAB) in November.
- 6.3 The TPR website replicates key areas of the report and focusses on the following areas:
 - Record keeping
 - Code of Practice 14 – Governance and administration of public service pension schemes
 - Administrators
 - Member communication
 - Internal Dispute Resolution Procedure (IDRP)
 - Pension Boards
 - Employers and contributions
 - Cyber security
 - Internal fraud and false claims
- 6.4 Appendix A provides a link to the website and reproduces for example the findings/recommendations in respect of local pensions boards.
- 6.5 Officers are already reviewing the governance of the Fund and will reflect the findings of the TPR, together with any commentary from the SAB, Hymans alongside our own internal governance review.

7.0 Good Governance in the LGPS

- 7.1 Hymans Robertson issued a report *Good Governance in the LGPS* (Appendix B).
- 7.2 Officers are currently reviewing the governance of the Fund and will be discussing the report and best practice with Hymans as part of this review.

8.0 Financial Implications

8.1 There are no direct implications at this point in time.

7.0 Background papers

None

	Name	Contact Information
Report Author	Neil Buxton	neilbuxton@warwickshire.gov.uk
Assistant Director (Interim)	Richard Ennis	richardennis@warwickshire.gov.uk
Strategic Director	Rob Powell	robpowell@warwickshire.gov.uk

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

Local Member(s)

Other member(s)

Appendix A

Extract from the Pensions Regulator Report

“Governance and administration risks in public service pension schemes: an engagement report“

<https://www.thepensionsregulator.gov.uk/en/document-library/research-and-analysis/governance-and-administration-risks-in-public-service-pension-schemes-an-engagement-report>

Area of focus: pension boards

Code of Practice 14 – Governance and administration of public service pension schemes

The role of the pension board is to assist the scheme manager with the operation of the scheme. Pension board members are required to have an appropriate level of knowledge and understanding in order to carry out their function.

Findings	Recommendations
<p>Scheme managers have a variety of methods for appointing pension board members and the structure of these boards also varies between funds. In some cases board member rotation is staggered to help preserve knowledge levels. Additionally, some boards have independent chairs, depending on the needs of the individual pension board.</p> <p>We also found a mix of engagement levels amongst pension board members. Some scheme managers are able to call on strong, committed pension boards to assist them with the</p>	<ul style="list-style-type: none"> • The scheme manager should arrange training for pension board members and set clear expectations around meeting attendance. • Individual pension board member training and training needs should be assessed and clearly recorded. • The pension board should meet an appropriate number of times a year, at least quarterly. • Processes should be in place to deal with an ineffective pension board member by either the chair of the pension board or the scheme manager. • Scheme managers should be aware of the risk of pension board member turnover and ongoing training needs. • Regular contact between the scheme manager and chair of the pension board is helpful. An open and

Findings	Recommendations
<p>operation of the fund. Other scheme managers face challenges around pension board members who routinely fail to attend meetings or complete the training they need to meet the required level of knowledge and understanding.</p> <p>The relationships between pension boards and scheme managers varied - where the pension board had a strong relationship with the scheme manager, including a willingness to challenge, we found better-run funds.</p>	<p>auditable dialogue outside of formal meetings can help improve the governance and administration of the fund.</p> <ul style="list-style-type: none"> • The chairs of the pension board and pension committee should consider attending each other's meetings to observe as this leads to better transparency. • Pension board members should be fully engaged and challenge parties where appropriate.

Good governance in the LGPS

July 2019

Addressee

This report is addressed to our client, the Scheme Advisory Board for the Local Government Pension Scheme in England and Wales (SAB).

This Report has been prepared for the benefit of our client, the SAB. As this Report has not been prepared for a third party, no reliance by any third party may be placed on the Report. It follows that there is no duty or liability by Hymans Robertson LLP (or its members, partners, officers, employees and agents) to any party other than the SAB. If this report is shared with any third party, it must be shared in its entirety.

Thanks to contributors

We are indebted to all those who responded to the survey and engaged in interviews and events that helped inform this report. We are grateful to you for being generous with your time and expertise, for your confidence in sharing your experiences openly and for responding so constructively and creatively.

Your views on current best practice, areas for improvement and creative and practical ideas for further strengthening governance in the LGPS are reflected in the proposals we present to SAB here.

We hope that your contribution will help further strengthen and future-proof governance in the LGPS.

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Authors



Catherine McFadyen

Head of LGPS Actuarial,
Benefits and Governance
catherine.mcfadyen@hymans.co.uk



John Wright

Head of Public Sector
john.wright@hymans.co.uk



Ian Colvin

Head of Benefits Consulting
ian.colvin@hymans.co.uk



Steven Law

Actuary
steven.law@hymans.co.uk

Executive summary

Governance in the LGPS is evolving to accommodate new developments in the last decade, including oversight by The Pensions Regulator, introduction of Local Pension Boards, increasing complexity in scheme benefits and administration, local government funding cuts and pooling of LGPS investments which has changed the role of local pensions committees and the way LGPS administering authorities work with one another.

The SAB commissioned this report to examine the effectiveness of current LGPS governance models and to consider alternatives or enhancements to existing models which can strengthen LGPS governance going forward.

Given the unique nature of the LGPS, guaranteed by administering authorities and funded to a large degree by tax-payers, a criterion specified by SAB is that any models considered must maintain strong links to local democratic accountability.

Process

We engaged extensively with all stakeholder groups and all fund types via an online survey (140 respondents), one-to-one conversations through interviews and seminars (153 respondents), speaking engagements, a workshop with the Association of Local Authority Treasurers (ALATS), and discussion with the CIPFA Pensions Panel and the Society of County Treasurers (SCT).

We focussed on the following criteria for assessing governance arrangements; Standards, Consistency, Representation, Conflict Management, Clarity of Roles and Responsibilities and Cost. We were asked by SAB to consider how existing and alternative governance models fared against these criteria.

We considered four governance models:

- **Model 1:** improved practice
- **Model 2:** Model 1 plus greater ring-fencing
- **Model 3:** joint committee; and
- **Model 4:** separate Local Authority body.

These models were described in qualitative terms with the recognition that some of the characteristics attributed to one model could also be replicated in another model and that the final solution may draw on the features of more than one model.

Results and themes from survey responses

The online survey responses indicated a first preference for governance Model 2 (greater ring-fencing) followed by support for Model 1 (improved practice). Respondents recognised that governance models along these lines may need independent monitoring to add bite and ensure consistency of application. »



140 respondents
to our online survey



one-to-one
conversations



153 attendees at
interviews and seminars



discussions with
CIPFA and SCT

Respondents favour developing a set of standards that all funds are required to achieve...

Model 2 was also the clear preference in additional surveys at the PLSA conference in May* and other events (*Models 1 and 2 between them had more than 70% support).

Few respondents supported Model 3 (joint committee) citing no benefits over existing arrangements and considerable added complexity as the main reasons. Some respondents could see value in Model 4 (separate LA body), including one trade union for whom a version of this was the favoured model. However, for most this value was outweighed by concern about weakening relationships with councils who are key sponsors of the scheme and a belief that establishing this model would incur disproportionate cost to any benefits that could be delivered.

Through the written responses, interviews and other engagement, many stakeholders pointed out that their existing models provided many of the features and benefits of Models 1 and 2. Many had found good solutions to some of the challenges faced within the current structure and welcomed the opportunity to share these with peers and learn from others' experiences. This process enabled us to identify

- i. Some best practice within current governance arrangements that is delivering good outcomes and may have potential for wider application across the LGPS; and
- ii. Additional ideas for further strengthening governance within the current regulatory framework.

We have included these in the report.

Conclusions

- It is clear from survey responses that governance structure is not the only determinant of good governance. Funds with similar governance models deliver different results and good examples exist across a range of different set ups.
- Survey respondents were also clear that establishment of new bodies is not required, although this should be facilitated for funds who wish to pursue other arrangements voluntarily. Instead, the focus should be on greater specification of required governance outcomes from within the existing structures, and a process to hold funds to account for this.
- Respondents favour developing a set of standards that all funds are required to achieve, drawing on current best practice and not imposing disproportionate burden on administering authorities or disrupting current practices that deliver good outcomes already.
- Respondents emphasised that independent review is needed to ensure consistency in application of standards.

Key proposals

- 1 **'Outcomes-based' approach** to LGPS governance with minimum standards rather than a prescribed governance model.
- 2 **Critical features of the 'outcomes-based' model** should include:
 - (a) robust conflict management including clarity on roles and responsibilities for decision-making;
 - (b) assurance on sufficiency of administration and other resources (quantity and competency) and appropriate budget;
 - (c) explanation of policy on employer and scheme member engagement and representation in governance; and
 - (d) regular independent review of governance – this should be based on an enhanced governance compliance statement which should explain how the required outcomes are delivered.
- 3 **Enhanced training requirements** for s151s and s101 committee members (requirements for s101 should be on a par with LPB members).
- 4 **Update relevant guidance and better sign-posting.** This should include 2014 CIPFA guidance for s151s on LGPS responsibilities and 2008 statutory guidance on governance compliance statements. This guidance pre-dates both TPR involvement in LGPS oversight, local pension boards and LGPS investment pooling.

We also set out suggested actions for implementing these proposals if agreed by SAB.

1. Introduction



Governance in the LGPS is evolving to accommodate developments in the last decade...

Context, purpose and scope

Governance in the LGPS is evolving to accommodate new developments in the last decade, including oversight by The Pensions Regulator, introduction of Local Pension Boards, increasing complexity in the scheme benefits and administration, local government funding cuts and pooling of LGPS investments which has changed the role of local pensions committees and the way LGPS administering authorities work with one another.

The purpose of the survey, undertaken for SAB, was to identify ways of further strengthening LGPS governance in the face of these new challenges, setting a bar for standards that all funds should achieve, drawing on current best practice and not imposing additional unnecessary burden on administering authorities or disrupting current practices that deliver good outcomes already.

Given the unique nature of the LGPS, guaranteed and funded to a large degree by council tax-payers, a critical condition specified by the SAB was that any proposals must maintain strong links to local democratic accountability.

In developing the proposals made in this report, we consulted with many LGPS stakeholders. As expected, there were many different views and suggestions made to improve the governance arrangements in the LGPS. We have reflected many of these views in the body of the report, particularly where a view or proposal was articulated by several parties, and where possible we have indicated why some of these views or suggestions have not been taken forward in the final proposals. The proposals submitted to SAB in this report are those we believe would deliver improved governance at proportionate cost and reflect a consensus across most stakeholders.

We recognise that there are a small number of administering authorities (such as London Pensions Fund Authority and the Environment Agency) with unique arrangements. While we engaged with both of these funds to understand their perspectives and approaches to governance we recognise that some of the potential governance models as set out in the survey may not be appropriate, or even possible, for these bodies.

2. Process

The aim of the work we have undertaken was to deliver proposals to the Scheme Advisory Board that:

- Identify and address any actual or perceived issues within current LGPS governance arrangements, including conflicts for LGPS host authorities;
- Are based on a wide consultation to increase the likelihood of stakeholder support;
- Are proportionate and can be readily implemented; and
- Maintain local democratic accountability.

Process

The process we used is described below:

- 1. Fact-find phase:** We carried out interviews based on an open-scripted questionnaire with a diverse range of experienced officers, elected members and other stakeholders in order to identify any issues within current LGPS governance arrangements. The outcome and conclusions were shared with SAB in order to assist in developing the governance models which were consulted on in the online survey.
- 2. Online survey:** We conducted a wider consultation in the form of an online survey on the governance models identified by SAB. Input was sought from all relevant parties including s151 officers, s151 officers of non-administering authorities, pension fund officers, elected members, pension board members including scheme member and employer representatives as well as other interested parties and organisations.
- 3. Other engagement activities:** In addition to the survey, we engaged stakeholders through other activities such as interviews, seminars and speaking events to capture as wide a view as possible.
- 4. Report:** This report sets out the outcomes of our consultation activities including a full analysis of the key issues and proposals for addressing these issues, including commentary on any required legislative or guidance changes were these would realise significant benefits.



Who we consulted

In conducting our wider consultation, we engaged directly with all stakeholder groups and all fund types via:

- Online surveys which were sent to all relevant contacts on SAB's and Hymans Robertson's databases. These were also sent to any individual or organisation that requested them out with the initial mailing lists. In total, 140 responses were received to our online surveys by the closing date.
- One-to-one interviews were carried out with individuals or organisations by request or where further clarification of online responses were sought. Organisations included PSAA, NAO, CIPFA, SLT, Unite and Unison.
- Some organisations, such as CIPFA and PIRC, provided their own written submissions.

- Three seminars were held with open invitations to collate feedback from larger group.

There are 87¹ funds within the LGPS in England and Wales. We had direct feedback from representatives at 76 of these split across the various designations used by SAB in their annual report (see **Table 1**).

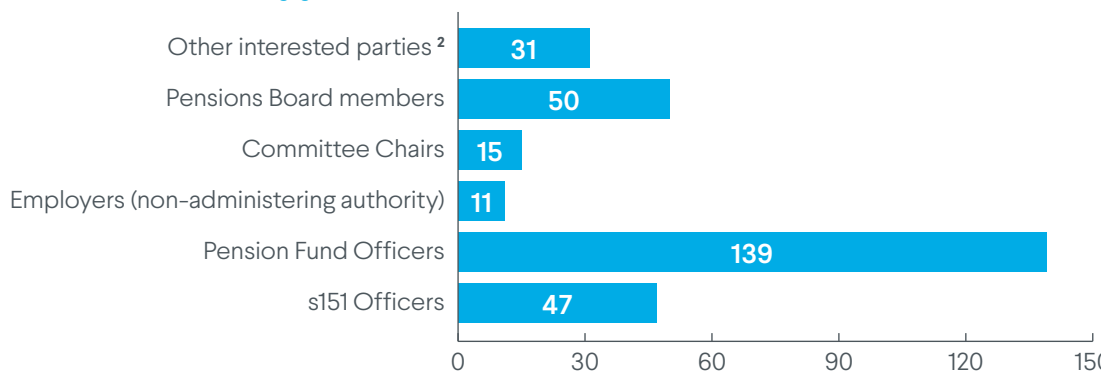
We engaged with a wide variety of stakeholders as set out in **Chart 1** below.

In addition, we have presented and collected feedback at key events over the period including the PLSA conference, CIPFA Pensions Panel, meetings of the Society of County Treasurers, Society of Welsh Treasurers and ALATS. Our findings and proposals reflect feedback from all of these.

Table 1: Respondents from LGPS funds in England and Wales, as designated by SAB annual report

	Universe	Responses	Interaction through	
			Survey	Interview
Unitary Authorities	12	11	24	17
London Boroughs	31	22	20	25
County Councils	27	26	64	55
Welsh Funds	8	8	15	14
Metropolitan Boroughs	6	6	8	17
Other	3	3	2	3
Independent responses			7	22
TOTAL	87	76	140	153

Chart 1: Stakeholders we engaged



¹ Excluding admission body funds, passenger transport funds and the environment agency closed fund.

² Including trade union representatives.

3. Survey results

The online survey issued as part of the consultation is set out in **Appendix A**. We sought views on four potential governance models SAB chose to consult on. All were assessed by respondents against criteria agreed with SAB. This was done through a combination of numerical scoring and free form commentary.

A summary of the numerical scores are set out below for each of the four structures:

- **Model 1 (Improved practice)**
Introduce guidance or amendments to the LGPS Regulations to enhance the existing arrangements by increasing the independence of the management of the fund and clarifying the standards expected in key areas.
- **Model 2 (Greater ringfencing)**
Clearer ringfencing of pension fund management from the host authority, including budgets, resourcing and pay policies.
- **Model 3 (Joint committee)** Responsibility for all LGPS functions delegated to a joint committee comprising the administering authority and non-administering authorities in the fund. Inter-authority agreement (IAA) makes joint committee responsible for recommending budget, resourcing and pay policies.
- **Model 4 (New Local Authority Body)**
An alternative single purpose legal entity that would retain local democratic accountability and be subject to Local Government Act 1972 provisions.

In carrying out the survey, respondents were asked whether each of the models shown would have a positive or negative impact on each of the following criteria:

1	Standards	The model enables funds to meet good standards of governance across all areas of statutory responsibility including TPR requirements.
2	Clarity	The model delivers clarity of accountability and responsibility for each relevant role.
3	Conflict	The model minimises conflicts between the pension function and the host local authority, including but not limited to s151 officer conflicts (in operational areas such as budgets, resourcing, recruitment and pay policies and in strategic areas such as funding and investment policy).
4	Consistency	The model minimises dependence on the professionalism of individuals and existing relationships to deliver statutory responsibilities.
5	Representation	The model allows for appropriate involvement in decision-making for key stakeholders (including administering authority, non-administering authorities, other employer and member representatives).
6	Cost	The cost of implementing and running the model is likely to be worthwhile versus benefits delivered.

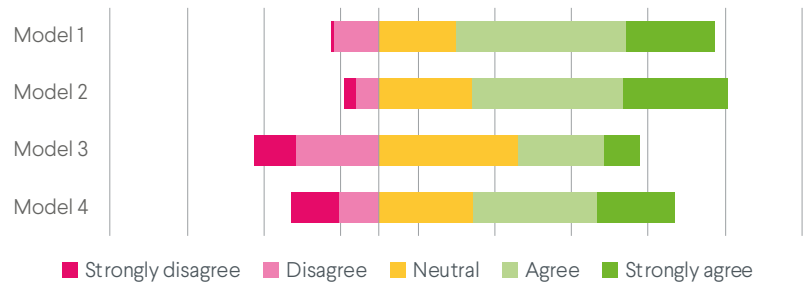


The following charts summarise the extent to which respondents agreed that each model delivered against the six criteria. The further to the right the line appears, the more strongly respondents favoured the model against the criteria.

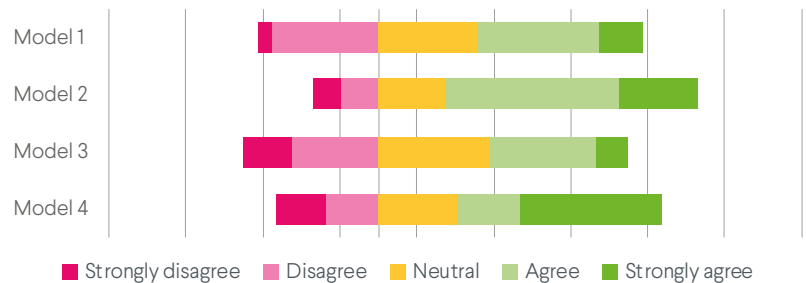
Comments on survey responses

- Across all questions and criteria, respondents gave the highest scores to Model 2, followed closely by Model 1.
- Model 4 scored reasonably well on questions relating to criteria 1 to 4. A minority of respondents supported this model or some variation on it. For example, one of the trade unions favoured a variant of Model 4 with a changed role for local councillors because they believe that it could reduce potential governance conflicts they see in the role of local councillors who must act in the best interests of scheme members and at the same time in the interests of local tax-payers. However, the majority of respondents raised concerns over the question of appropriate involvement in decision making. These respondents felt that democratic accountability may be weakened in this model or the influence of the lead local authority, who is the guarantor of last resort for the fund, would be diluted. The model also scored very poorly on cost or value for money with a majority of respondents feeling that the model would be very expensive and disruptive to implement.
- Model 3 received weakest support overall. Respondents felt that the model would be complex to set up and manage and would deliver no perceived improvements in governance outcomes.
- The sentiment reflected within the commentary in the responses was also strongly in favour of Models 1 and 2, with many respondents identifying features of Models 1 and 2 that are already delivered in their current structure.
- However, responses also recognised that in order to achieve governance improvements through Models 1 and 2, the governance regime needs to include independent monitoring or review of local fund arrangements to ensure that everyone attains a minimum standard and that those beyond that level seek continuous improvement.

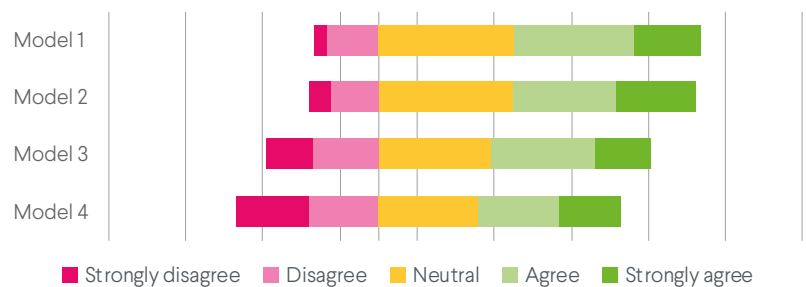
The model enables funds to meet the required standards



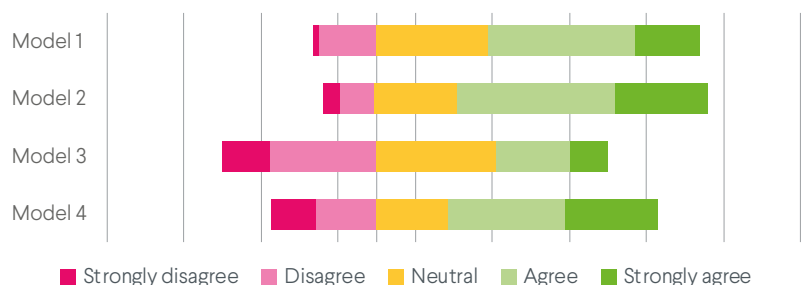
The model minimises conflicts between the pension function and the host local authority



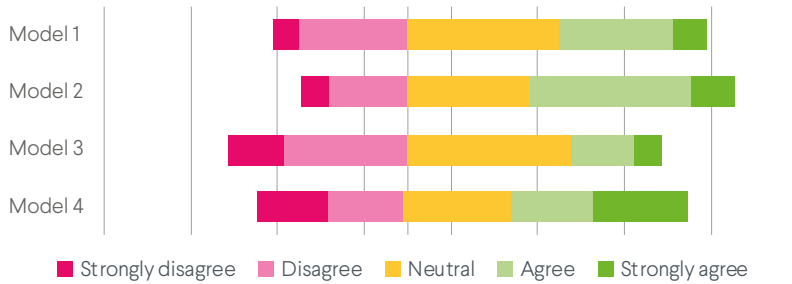
The model allows for appropriate involvement in decision-making for key stakeholder



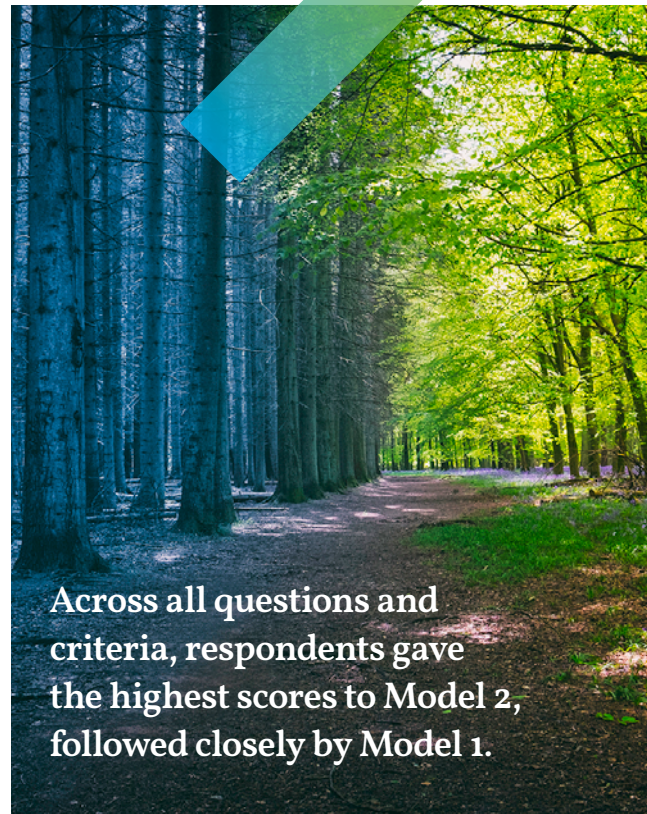
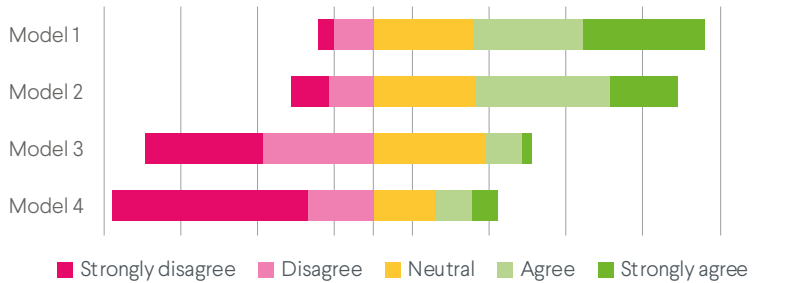
The model delivers clarity of accountability and responsibility for each relevant role



The model minimises dependence on professionalism and relationships to deliver statutory responsibilities



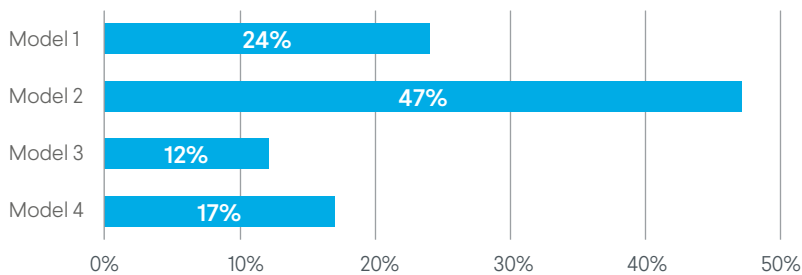
The cost of implementing and running the model is likely to be worthwhile versus benefits delivered



Across all questions and criteria, respondents gave the highest scores to Model 2, followed closely by Model 1.

PLSA

Which structural governance model do you prefer from the four models discussed?



Additional survey data

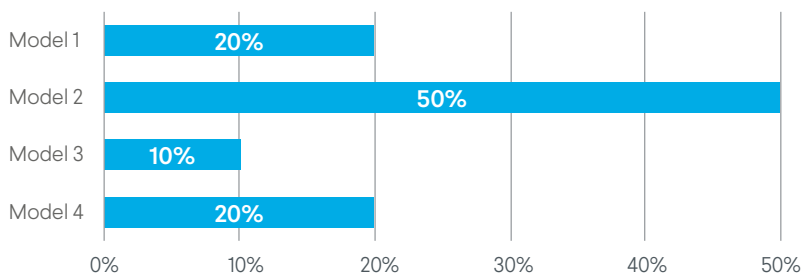
In addition to the online survey, we asked attendees at our PLSA session and other events a set of questions on their preferences.

Around 70% of respondents favoured Models 1 or 2.

Very similar results (from a smaller sample size) were recorded at our webinar.

Webinar

Which structural governance model do you prefer from the four models discussed?



4. Survey themes

The following section reflects some of the views raised during various conversations. Direct quotations reflect a specific point made by an individual which we judged to be representative of views of a number of respondents. Comments not in quotations are our expression of views expressed by a significant number of respondents.

Key:

CC	County Council
Met	Metropolitan
LB	London Borough
TU	Trade Union

Standards

1. There was an almost unanimous view that there should not be a single model of LGPS governance imposed on all funds.
2. The view 'one size does not fit all' was frequently stated by respondents from all categories of respondent.
3. There was a strong view from respondents that members of pension committees should be mandated to have the same level of training as local pension board members.
4. A small minority expressed the view that this would lead to problems getting elected members to sit on pension committees.
5. The fact that pension committee members can change due to elections or being moved around can cause problems with consistency and maintaining knowledge and skills.

“It is a perversion that LPB members require a higher degree of training than elected members.”

Officer, LB

“[The] biggest issue is stability at elected member level. Too much turnover.”

Officer, LB

6. Several respondents said that guidance from several sources caused confusion as to which was current, which was relevant and what are 'musts' (mandatory) and 'shoulds' (guidance or best practice):

“Funds are currently pulled in too many directions by lots of guidance – CIPFA, SAB, TPA etc.”

Officer, CC

“[Guidance from numerous sources] muddies the waters between what is statutory guidance and what isn't.”

Independent Advisor

7. The idea of extending the existing concept of peer challenge to include pensions was mentioned by some respondents. (Committee Chair CC, s151 CC and officers Met)

Clarity of decision-making

1. Some respondents felt that there was already a clear framework around decision making within their authority but other reported that there was very little clarity around where key decisions were made.
2. Two funds suggested that it was unclear who was responsible for decisions around outsourcing the administration function; was it the pension committee, s151 officer, full council?
3. One fund reported it very difficult for the council's constitution to be updated - the updates required for pooling have still not been made.
4. Greater clarity around decision-making is a good idea: **“Some decision-making conventions are lost in the mists of time.”**

Officer, CC



Consistency

1. Commentary on Models 1 and 2 recognised that some sort of monitoring, enforcement or independent review would be needed to ensure that the required standards and governance outcomes are delivered.
2. There was strong support for the professionalism of s151 officers and the role they play.
3. A few respondents noted that the work pressures on s151 officers is greater than ever before and worried about their scope to devote the necessary time to the fund.

“My s151 is incredibly supportive and helpful but I accept s151s at other funds are not as engaged or are engaged in the ‘wrong way’”.

Officer, CC

“Separation would actually push s151s away from the fund, leading to less responsibility and engagement with the fund, leading in turn to less expertise and worse decisions. Better to get s151s more closely involved so they understand the requirements of the LGPS and make better decisions.”

Officer, CC

4. A number of respondents stated that “Statutory/ fiduciary duty clarity would be useful.”



Conflicts

1. Most respondents felt that there was acknowledgement of the potential conflict faced by elected members and officers and that those potential conflicts were managed well.
2. However, it was not unusual for respondents to suggest that there needed to be better distinction between the employer and administering authority role.

“No one in the council understands the difference between the ‘council’ function and the ‘pension’ function.”

Officer, LB

“The make-up of panel/committees is not working – too much political interference.”

LPB Chair

On conflicts:

“I don’t see abuses. The ability is there for there to be abuse but it doesn’t happen.”

Officer, CC

“LGPS is full of conflict, s101 committees are beholden to the council who are mainly focused on council tax-payers.”

TU

3. Some pointed out that concentrating on conflicts missed some of the advantages of LGPS funds being part of local authorities.

“[This review] should address the many advantages and benefits of working for a large, well-run and modern council.

s151 CC

“[s151] role involves tensions, not conflicts. Tension can’t always be seen as a bad thing.”

Officers, Met

Budgets and resourcing

1. There was a range of approaches when it came to budget setting. In some instances, the budget available to the pension fund was determined as part of the wider council budget setting process with little or no input from pension officers and no role for the pension committee. Other funds reported that budget setting and in-year management of the budget was the responsibility of pension officers and that the local authority’s s151 was ‘kept informed’.

“It hadn’t occurred to me that the [pension] committee could get involved with budget setting. Guidance on that would be good.”

Officer, LB

“Potential problems include transparency in the AA of its costs. Recharges of time. Costs recovered by the AA via the PF.”

LPB Chair

2. There was also a split in terms of whether funds had the ability to set their own staffing or whether they were subject to recruitment freezes or downsizing exercises that apply to the main council.

“[There should be] resourcing such that there is the quality and competence to deliver their statutory duties”

s151, CC

One s151 expressed **“disbelief that blanket hiring bans and pay policies affected the pensions section. s151’s should be flexible enough to understand how to ‘spend’ resources. If they need to pay differently for pensions to get the right experience/quality.”**

s151, CC

When it comes to budgeting and workplans

“...the s101 committee decides including requests for extra resource if required.”

Chair of Committee. CC

Representation

1. Most respondents felt that there was a role for some sort of scheme member presence on pension committees. although there was a difference of opinion about whether this should be a voting role or an observer role. A number of funds suggested that the scheme member role should not be limited to trade union representative. All agreed that the majority representation must lie with the administering authority.

“Less than 50% of our members are in a union.”

s151, CC

“Representation is key – members must have a say”

TU

“Other employers reps and member reps should have voting rights [on the committee]. That’s right and should happen.”

Chair of Committee, CC

“We are warm towards the idea of an independent advisor/trustee who sits on committees.”

s151, CC

“We want to improve things for our members in terms of governance, transparency and representation.”

TU

2. There were strong views on both sides about the value that local pension boards bring. Some feeling that they increased bureaucracy without adding value while for others they had become a useful part of the fund’s governance arrangements.

“I welcome the involvement of the Pension Board it adds value, second opinion.”

Chair Committee, CC

One respondent believed that joint committee and local pension boards **“give scheme members and other employers a voice and avoids duplication.”**

s151, CC

“Many administering authorities see boards as threats rather than opportunities. There are still boards who are dictated to. Need administering authorities to release tight control.”

Chair of LPB

3. There were a range of practices in how funds engaged with employers:

“As s151 of a non-admin authority, I didn’t feel engaged in the pension fund, it was something that was dictated to me every few years.”

s151 speaking of their time in a non administering authority

“Employer liaison is tricky as your participating employers often don’t see it as a priority.”

s151, CC



5. Examples of current best practice

It was apparent during our conversations that many funds exhibited excellent examples of good governance but that practices across funds were not consistent. This section captures some of the examples of best practice that we identified.

Regular governance reviews

A number of funds confirmed that they use internal audit to provide assurance on administration and governance matters. Some reported an annual programme of work with different aspects of delivery being assessed each time.

Other funds had commissioned external governance reviews in order to receive an independent assessment of their current arrangements.

Committee membership and effectiveness

A large number of funds stated that they required pension committee members to attain the same level of knowledge and expertise as local pension board members. This was achieved through training policies which set out clearly how the fund will deliver training and assess its effectiveness.

One fund reported how members of the pension committee are required to sign a declaration stating that they will act in the interests of the fund and not be influenced by party political matters. One view is that councils should waive the requirement for political representation on committees to allow the most appropriate members to sit, rather than allocate places according to political party.

Most funds have some sort of scheme member representation on pension committees and a small number allow scheme member representatives to vote.

Independence

A number of funds reported that there was a clear understanding of, and separation between, the functions of the pension fund and the local authority which recognised the specialist nature of the LGPS. This was typically achieved through one or more of the following features:

- A dedicated Head of Pensions role which was at an appropriately senior level within the authority's structure.
- A recognition by elected members serving on the pension committee that, when carrying fund specific business, they were acting on behalf of scheme members and all of the employers in the fund, not simply their own local authority.
- Independent business planning and resourcing decisions made by pension fund officers and signed off by the pension committee and s151. This allows the pension fund to plan and resource appropriately to deliver its strategic objectives.
- Pension fund not subject to same recruitment freezes or restructuring exercises applied at a council level. Some funds reported using market supplements to attract appropriately skilled staff, where a strong business case could be made.

Focus on quality of service to scheme members

Some funds were prepared to 'go the extra mile' in terms of the quality of service delivered to scheme members. This might involve encouraging face-to-face interaction between pensions staff and scheme members (particularly when considering complex or emotive matters), producing a range of communications aimed at active, deferred and pensioner members or holding annual member meetings to raise awareness of current issues.

6. Proposals

The proposals we set out for consideration by SAB are informed by feedback from stakeholders. Many are things which well-run funds already do.

- **Table 1** shows the proposals in summary.
- **Table 2** sets out the rationale for each proposal and, if SAB agrees with proposals, suggested actions to implement.

Table 1: Summary of proposals

1	'Outcomes-based' approach to LGPS governance with minimum standards rather than a prescribed governance structure.
2	Critical features of the 'outcomes-based' model to include: <ol style="list-style-type: none"> Robust conflict management including clarity on roles and responsibilities for decision making. Assurance on sufficiency of administration and other resources (quantity and competency) and appropriate budget. Explanation of policy on employer and scheme member engagement and representation in governance. Regular independent review of governance - this should be based on an enhanced governance compliance statement which should explain how the required outcomes are delivered.
3	Enhanced training requirements for s151s and s101 committee members (requirements for s101 should be on a par with LPB members).
4	Update relevant guidance and better sign-posting.

Table 2: Rationale for proposals and suggested actions

	Proposal	Why	Suggested actions
1	'Outcomes-based' approach to LGPS governance rather than a prescribed governance structure.	<p>We observe (and the survey evidences) that different administering authorities with the same governance structure can have different outcomes in terms of quality and standards of governance. All the governance models in the SAB survey can deliver good or bad governance outcomes. Focussing on the desirable traits and outcomes expected of LGPS governance will enhance governance in a more reliable and cost-effective manner than prescribed changes in structure.</p> <p>Further, we do not believe it is appropriate to impose a 'one size fits all' approach.</p>	<ol style="list-style-type: none"> SAB should consult on: <ul style="list-style-type: none"> Desirable features and attributes of LGPS governance arrangements; The outcomes governance arrangements should be expected to deliver; and How each administering authority might evidence that its own governance model displays the required attributes. Once identified and agreed through consultation, the desirable features and expected outcomes should be set out in statutory MHCLG guidance (replacing the 2008 CLG guidance).



Table 2: Rationale for proposals and suggested actions (continued)

	Proposal	Why	Suggested actions
2	<p>Critical features of the ‘outcomes-based’ model to include:</p> <ol style="list-style-type: none"> Robust conflict management. Assurance on sufficiency of administration resources (quantity and competency) and appropriate budget. Explanation of policy on employer and scheme member engagement and representation in governance. Regular independent review of governance. 	<p>The detailed specification of the desirable features and expected outcomes of an ‘outcomes-based’ model are beyond the scope of this project and should be determined in a second stage of work and through consultation.</p> <p>However, based on responses to the survey we propose a small number of critical elements to ensure this approach is effective. These proposals are shown below under 2(a) – (d).</p>	<p>SAB to consider making these features mandatory but determining other aspects of the detailed specification of features and expected outcomes in a further phase of work (as per Proposal 1).</p>
2a	<p>Robust conflict management. Administering authorities should be able to decide locally how they will evidence this requirement including for example:</p> <ul style="list-style-type: none"> Published conflicts policy. Protocols for setting and managing budgets. Schemes of delegation. Documented roles and responsibilities of elected members on s101 committees, s151 officers and pension fund officers. 	<p>Elected councillors and s151 officers have multiple competing statutory responsibilities, within their roles in the LGPS and in wider council responsibilities. High professional standards and experience help them to navigate. Additional measures specific to their LGPS duties can help reduce conflicts and perception of conflicts.</p> <p>Many administering authorities already have a conflicts policy or alternative arrangements to help reduce the risk of conflicts including, for example, schemes of delegation or well defined and documented roles and responsibilities.</p>	<p>SAB should consider making this a mandatory feature of any ‘outcomes-based’ governance model.</p>



Table 2: Rationale for proposals and suggested actions (continued)

	Proposal	Why	Suggested actions
2b	<p>Assurance administration and other resource (quantity and competency) sufficient to meet regulatory requirements and budget appropriate.</p> <p>This will require a transparent approach to setting and managing budgets.</p> <p>Administering authorities should be able to decide locally how they will evidence this requirement including for example:</p> <ul style="list-style-type: none"> • Benchmarking. • External expert advice. • Internal or external audit. • Review by LPB with appropriate expert advice. <p>Administering authorities may need freedom to use market supplements to attract and retain staff and should not be tied to council staffing policies such as recruitment freezes.</p>	<p>The administrative burden on the LGPS has increased significantly due to increasing complexity (pre- and post-Hutton benefits) and the massive growth in employer numbers.</p> <p>At the same time, there is increased scrutiny from TPR and risk of fines and other regulator interventions.</p> <p>It is critical that pension administration teams are sufficiently well resourced with competent personnel and appropriate administration systems.</p> <p>This aim must be supported by transparent processes for setting appropriate budgets.</p> <p>Pensions administration is a specialist role and, at the current time, it is difficult to attract and retain staff.</p> <p>Many administering authorities already have pay and recruitment policies relevant to the needs of their pension functions rather than being tied to the general policies of the council.</p>	<p>SAB should consider making this a mandatory feature of any ‘outcomes-based’ governance model.</p>
2c	<p>Explain policy on employer and member engagement and representation in governance.</p> <p>At the current time, employer and member representation (with or without voting rights) should be encouraged but not compelled. Decisions on the approach to member representation should remain a local matter but administering authorities should explain their approach.</p>	<p>Most administering authorities have non-administering authority employer and scheme member representatives.</p> <p>Non-administering authority employers are often chosen to represent certain employer constituencies (e.g. academies, FE, charities and housing associations).</p> <p>In some cases, scheme member representatives have voting rights.</p> <p>»</p>	<p>SAB to consider making these features mandatory but determining other aspects of the detailed specification of features and expected outcomes in a further phase of work (as per Proposal 1).</p>



Table 2: Rationale for proposals and suggested actions (continued)

	Proposal	Why	Suggested actions
		<p>Many survey respondents support greater encouragement to include scheme member reps on s101 committees.</p> <p>However, administering authorities prefer some local flexibility on this, including how representatives are selected and whether they have voting rights. Importantly, administering authorities should retain majority voting representation because of the statutory responsibilities they bear.</p>	
2d	<p>Regular independent review of governance to assess effectiveness of administering authority’s governance arrangements in the context of the desirable features and expected outcomes set out in guidance on an ‘outcomes-based’ model. This should be based on an enhanced governance compliance statement which should explain how the required outcomes are delivered.</p> <p>Guidance should not prescribe the approach but could set out acceptable methods which may include:</p> <ul style="list-style-type: none"> i. Internal or external audit assessment; ii. Scrutiny by LPBs; iii. A peer review process. 	<p>It is important that any ‘outcomes-based’ approach is policed.</p> <p>Self-assessment is insufficient. Independent review is required for a more objective assessment.</p> <p>We discovered that some funds do this on a regular basis already using a variety of approaches including internal and external audit and other external experts and advisors.</p>	<p>SAB should consider making this a mandatory feature of any ‘outcomes-based’ governance model.</p>



Table 2: Rationale for proposals and suggested actions (continued)

	Proposal	Why	Suggested actions
3	<p>Enhanced training requirements for s151s and s101 committee members. This is to include all s151 officers, not just those currently with administering authority responsibilities.</p>	<p>s151s: Current CIPFA training does not have specific pensions modules. CPD for those at or close to s151 level would be more effective and have impact sooner than changes to exam syllabus, although the latter would also have longer term benefit. Greater understanding of the LGPS amongst the wider s151 community may also reduce perception of conflicts.</p> <p>s101 committees: Currently the training requirements for Local Pension Board members (which are statutory) are more onerous than those for s101 committee members. Survey respondents felt this inconsistency was unacceptable and that s101 training should be on a par with LPB requirements.</p>	<ul style="list-style-type: none"> i. CIPFA to develop a CPD module for s151 practitioners in the LGPS. ii. SAB / MHCLG statutory guidance to require training for s101s to be on a par with members of Local Pension Boards.
4	<p>Update relevant guidance and provide better sign-posting.</p> <p>It would also be helpful to provide greater clarity to officers and elected members on their statutory and fiduciary obligations.</p> <p>As well as sign-posting, there should be clarity on the status of current and future guidance (e.g. statutory and therefore compulsory or best practice)</p>	<p>The main guidance relevant to governance includes:</p> <ul style="list-style-type: none"> i. CIPFA guidance for s151s in respect of LGPS responsibilities (2014); and ii. CLG's statutory guidance on governance of governance compliance statements (2008). <p>Both pre-date PSPA 2013, involvement of TPR in LGPS governance and investment pooling.</p> <p>Both must be updated.</p>	<ul style="list-style-type: none"> i. CIPFA to review and update guidance for s151s in respect of LGPS governance. ii. MHCLG to review and update statutory guidance on governance. In particular, this should put greater emphasis on non-investment aspects of governance such as administration. iii. SAB should consider commissioning legal input to give greater clarity on statutory and fiduciary responsibilities of s151 officers and s101 elected members. iv. SAB or MHCLG should provide greater clarity on the status of current and future guidance (e.g. statutory and therefore compulsory or best practice.)

Table 3: Other ideas considered but rejected or out of scope

	Proposal	Reason for non-recommendation
1	Separate s151 for pension fund.	<ul style="list-style-type: none"> • A benefit would be specific focus on LGPS matters and therefore greater depth of understanding. • However, this is unlikely to help reduce conflicts (the pension fund s151 still has fiduciary responsibility to local tax-payers and may report to council s151) and may not be practical for smaller funds with greater resource constraints.
2	Compulsory benchmarking.	<ul style="list-style-type: none"> • Concerns because benchmark data not like for like (e.g. same cost per member but different service); and (ii) risk this drives lowest common denominator results instead of innovation in service delivery • We recognise that benchmarking has a place and would welcome the development of more sophisticated forms of benchmarking that focus on the quality of the service delivered.
3	Legal separation of pension fund accounts.	<ul style="list-style-type: none"> • Requires change in primary legislation. • Pension fund accounts already separated, audited and shown in Pension Fund Annual Report (annual report is a statutory requirement). • It is unclear what additional benefit there is in legal separation of PF accounts from administering authority/council.
4	Mandating extension of audit to include an opinion on suitability of LGPS governance arrangements.	<ul style="list-style-type: none"> • Some funds commission an external (or internal) audit view voluntarily. • NAO has confirmed that this could only be mandated through legal separation of pension fund accounts (see above). • Concerns on some external auditors' lack of LGPS knowledge and lack of continuity due to changing personnel. • Preference to allow flexibility in approach to independent assessment of governance arrangements and their efficacy.
5	Removing s151 from decisions around admin budgeting due to conflicts.	<ul style="list-style-type: none"> • s151 has statutory responsibility.
6	Merger of funds to facilitate different governance models.	<ul style="list-style-type: none"> • Weakened link to local democratic accountability. • Outside of the scope of the project.



Table 4: Suggested follow up work beyond the scope of this report

	Suggested follow up work	Why
1	SAB to consult on detailed specification of desirable features and expected outcomes from an 'outcomes-based' model.	<ul style="list-style-type: none"> • Important to get buy-in and support for the practical details of an 'outcomes-based' governance model.
2	CIPFA and MHCLG to update existing guidance.	<ul style="list-style-type: none"> • Existing guidance is out of date.
3	Commission legal work to provide greater clarity on statutory versus fiduciary obligations (s151 and s101 committee members).	<ul style="list-style-type: none"> • Statutory responsibilities take precedence. • Currently unclear.
4	SAB to consider a 'Good Administration' review.	<ul style="list-style-type: none"> • Survey respondents expressed interest in some work to set out what good administration looks like, examples of current best practice, good approaches to meeting the needs of scheme members and employers, and greater clarity on what standards will be required to satisfy TPR. • This will help administering authorities to be clear what standards they must achieve in order to provide 'assurance' that administration resources are sufficient in quantity and competency, identify any gaps and determine what practical steps they might take to address those gaps.
5	SAB to consider a review of the role of Pension Boards in LGPS.	<ul style="list-style-type: none"> • Very mixed reports on the role and success in working with Pension Boards in the LGPS.



Table 5: ‘Outcomes-based’ model – concept illustration

	Outcome: examples	How to demonstrate that your governance model complies: examples
1	Robust conflict management.	<ul style="list-style-type: none"> • Conflicts policy. • Scheme of delegation or decision matrix setting out who makes what decisions. • Transparent process for approving budgets. • Documented roles and responsibilities of elected members on s101 committees, s151 officers and pension fund officers.
2	Assurance administration and other resource (quantity and competency) sufficient to meet regulatory requirements and budget appropriate.	<ul style="list-style-type: none"> • Benchmarking. • External expert advice. • Internal or external audit. • Review by LPB with appropriate expert advice. • Process for setting administration budget. • Policies in respect of recruitment and market supplements to attract and retain staff.
3	Explain policy on employer and member engagement and representation in governance.	<ul style="list-style-type: none"> • Set out approach to employer and member engagement e.g. communication plan, AGM, employer liaison and support. • Set out approach to participation of non-administering authority employers in governance of fund e.g. representatives of academies, admitted bodies, FE, charity sector, etc. • Set out approach participation of scheme members in governance (e.g. observers, voting members, how selected, etc.) and rationale for approach.
4	Regular independent assessment of governance arrangements.	<p>State method e.g.</p> <ul style="list-style-type: none"> • Internal or external audit assessment; or • Scrutiny by Local Pension Board; or • External expert / consultant; or • Peer review process. <p>Describe scope and approach e.g.</p> <ul style="list-style-type: none"> • Reviewing policies, meeting minutes. • Reviewing committee efficacy in decision-making, etc.

Appendix A

Scheme Advisory Board: Good Governance Survey

The following pages replicate the online Good Governance survey on governance models for the LGPS. The survey closed on 31 May 2019.

Introduction

The Scheme Advisory Board has commissioned Hymans Robertson to review LGPS governance structures and practices. This survey is part of a key part of the project and we are keen to collect views from as wide a range of stakeholders as possible. Further details on the scope and background to the project can be found on the SAB website.

To help inform this survey and the options for governance change presented for feedback, views were sought from a representative range of LGPS stakeholders (including pension fund officers, section 151 officers, trade unions and other advisors) in order to understand the issues and challenges that the current LGPS governance arrangements present.

Examples of issues cited by respondents included:

- **Clarity:** There is sometimes lack of clarity over roles and responsibilities.
- **Conflicts:** A number of stakeholders raised the issue of perceived conflicts of interest between the fund and the council, in particular for the section 151 of the administering authority given his or her responsibilities for the financial management of other council functions. It was suggested these could manifest themselves in terms of the strategic decisions taken by the fund in respect of funding (contribution rate decisions) and investment or in respect of allocating resource to the pension fund.
- **Consistency:** It is widely recognised that there are many examples of good practice within the LGPS and that section 151s and pension funds manage these conflicts well. However, it was noted that this good practice largely relies on the professionalism and good will of individuals and the ethos of the authority. There is very little regulation or guidance that would safeguard the situation if such high standards were absent.
- **Representation:** The issue of appropriate representation was raised, in particular for non-administering authorities. Some respondents suggested that there could be improvements in the way administering authorities engage with the other employers in the fund on administration resourcing as well as funding, contributions and investment matters.
- **Standards:** It was also noted that LGPS funds evidence varying levels of compliance with the standards for administration, funding and investment set out in statutory legislation, relevant guidance and the TPR Code of Practice 14.
- **Miscellaneous:** Other issues raised included lack of continuity in committee members; shortage of in-house skills, expertise and subject matter knowledge in investment and funding; and restrictions on recruitment and pay policy for the pensions function.

Please use the box below to provide details of any additional issues which you believe the Board should address as part of this exercise.

Comment box provided.



The criteria

Based on the issues raised by stakeholders, the Board has agreed 6 criteria which will be used to assess any proposed changes to LGPS governance arrangements.

Standards	The model enables funds to meet good standards of governance across all areas of statutory responsibility including TPR requirements.
Conflict	The model minimises conflicts between the pension function and the host local authority, including but not limited to s151 officer conflicts (in operational areas such budgets, resourcing, recruitment and pay policies and in strategic areas such as funding and investment policy).
Representation	The model allows for appropriate involvement in decision making for key stakeholders (including administering authority, non-administering authorities, other employer and member representatives).
Clarity	The model delivers clarity of accountability and responsibility for each relevant role.
Consistency	The model minimises dependence on the professionalism of individuals and existing relationships to deliver statutory responsibilities.
Cost	The cost of implementing and running the model is likely to be worthwhile versus benefits delivered.

Please use the box below to provide details of any additional criteria which you believe the Board should consider as part of this exercise.

Comment box provided.



Governance models in this survey

The Scheme Advisory Board would like to hear your views on four governance models set out below.

Option 1 – Improved practice: Introduce guidance or amendments to LGPS Regulations 2013 to enhance the existing arrangements by increasing the independence of the management of the fund and clarifying the standards expected in key areas.

Option 2 – Greater ring fencing of the LGPS within existing structures: Clearer ring-fencing of pension fund management from the host authority, including budgets, resourcing and pay policies.

Option 3 – Joint Committee (JC): Responsibility for all LGPS functions delegated to a JC comprising the administering authority and non-administering authorities in the fund. Inter-authority agreement (IAA) makes JC responsible for recommending budget, resourcing and pay policies.

Option 4 - New local authority body – an alternative single purpose legal entity that would retain local democratic accountability and be subject to Local Government Act provisions.

It is recognised that a one size fits all approach may not be appropriate.

Final recommendations by SAB could be variations on the models described here, taking account of your feedback. Any regulation changes needed will be fully assessed before SAB makes final recommendations. We have not provided detailed costing of each of the models presented in the survey. The cost of implementation would in any case vary across different funds, but, generally, the effort and cost to implement increases as we move from Option 1 to Option 4. Detailed costing of any recommendations emerging from this exercise would be undertaken prior to implementation.

In the next section we set out a brief description of each of the options along with the opportunity for you to provide your views on how well each option compares against the agreed criteria.

For brevity the option descriptions have been included on the next two pages, followed by the response form (which was identical for all four options).



Option 1 - Improved practice

Features

- SAB guidance on minimum expected levels of staffing and resourcing;
- SAB guidance on representation on pension committees and expected levels of training for those on pension committees and officers with an LGPS role. Additional guidance could also be considered on the best practice for pension boards.
- Legal clarification on the fiduciary and statutory duties of key individuals within LGPS funds.
- LGPS regulations set out enhanced process for consulting on FSS and ISS to ensure greater voice for the full range of employers in the fund.

Option 2 - Greater ring fencing of the LGPS within existing structures

Features

- The pension fund budget is set at the start of the financial year with reference to its own business plan and service needs.
- Any charges to the fund in respect of support services provided by the host authority, for example legal support, HR and procurement is included in the budget up front.
- Pension fund related expenditure then comes directly from the fund. This removes the common practice whereby pension fund expenditure is paid through the host authority's revenue account to be recharged at a later date.
- The section 151 of the administering authority would retain responsibility for the pensions function but recommendations on budget (including administration resources required to meet TPR standards) would be made by a pension fund officer to the pensions committee which would be responsible for agreeing the budget. (Alternatively, the pension fund could have a separate s151 officer to reduce conflicts currently faced by s151s.*)
- The pension committee would be responsible for agreeing the budget as well as approving any changes to that budget during the financial year.
- The cost of staffing would be met through the fund including any additional costs such as market supplements or redundancy strain.
- Changes to the Audit and Accounting Regulations 2015 could be considered to make the fund accounts legally separate and subject to a separate audit.

In addition to the budget related aspects outlined above further steps could be taken which would give funds greater autonomy over employment policies. The model is analogous to the fund being treated as an internal business unit of the council.

- Staff will continue to be employed by the host council but polices over certain HR matters such as recruitment and the payment of market supplements will be delegated to the pension committee.
- Decisions over other matters pertinent to the fund, for example investment in new administration technology, would also lie with the pension committee.
- Decisions around the structure of the pension function would be for the fund's management team to make with the approval of the pension committee.*

* Further consideration is required as to whether these practices could simply be encouraged by regulatory bodies or whether it is possible and/or desirable to find a mechanism by which these could be mandated.



Option 3 - Use of new structures: Joint Committees (JC)

Features

- The scheme manager function and all LGPS decision making, which currently sits with the administering authority, would be delegated to a section 102 JC. The committee would comprise all the local authorities who currently participate in the fund as employers.
- Consideration could be given to the representation of other employers and scheme members on the JC.
- Assets and liabilities still sit with the existing administering authority.
- Employment of staff and contractual issues dealt with through a lead authority or a wholly owned company. This could be codified within an Inter Authority Agreement (IAA).
- The IAA would stipulate that the budget will be agreed by the JC. s151s of the constituent local authority employers retain a fiduciary duty to the local taxpayer but the IAA would distance them legally from budget setting responsibilities in respect of the pensions function.

Option 4 - New local authority body

Features

An alternative single purpose legal entity that would retain local democratic accountability and be subject to Local Government Act provisions.

This might be through a combined authority route or through a public body established by statute.

- The new body must retain a strong link to democratic accountability.
- Employment of staff and contractual issues dealt with by the new body.
- Assets and liabilities transferred to the new body.
- Separate accounts based on CIPFA guidance.
- Funded by an element of the contribution rate and by a levy on constituent authorities.
- Officers in the new body are responsible only for the delivery of the LGPS function.



Please use the voting buttons to indicate to what extent moving from existing arrangements to Option (1, 2, 3 or 4) would achieve each of the criteria.

Standards	The model enables funds to meet good standards of governance across all areas of statutory responsibility including TPR requirements.	Strongly disagree 1 2 3 4 5 Strongly agree
Conflict	The model minimises conflicts between the pension function and the host local authority, including but not limited to s151 officer conflicts (in operational areas such budgets, resourcing, recruitment and pay policies and in strategic areas such as funding and investment policy).	Strongly disagree 1 2 3 4 5 Strongly agree
Representation	The model allows for appropriate involvement in decision making for key stakeholders (including administering authority, non-administering authorities, other employer and member representatives).	Strongly disagree 1 2 3 4 5 Strongly agree
Clarity	The model delivers clarity of accountability and responsibility for each relevant role.	Strongly disagree 1 2 3 4 5 Strongly agree
Consistency	The model minimises dependence on professionalism and relationships to deliver statutory responsibilities.	Strongly disagree 1 2 3 4 5 Strongly agree
Cost	The cost of implementing and running the model is likely to be worthwhile versus benefits delivered.	Strongly disagree 1 2 3 4 5 Strongly agree

Please provide any comments you may have regarding Option 1/2/3/4 in the box below.

Comment box provided.

Finally, respondents were asked:

Are there any alternative governance structures not covered between Option 1 – Option 4 which you believe the Board should consider?

Comment box provided.

Appendix B

Abbreviations

Abbreviations

ALATS	The Association of Local Authorities' Treasurers Societies
CIPFA	The Chartered Institute of Public Finance and Accountancy
CLG	Communities and Local Government (former name of MHCLG)
CPD	Continuous Professional Development
FE	Further Education
JC	Joint Committee formed under s102 of the Local Government Act 1972
LA	Local Authority
LGPS	Local Government Pension Scheme
LPB	Local Pension Board
MHCLG	Ministry of Housing, Communities and Local Government
NAO	National Audit Office
PF	Pension Fund
PIRC	Pensions and Investment Research Consultants Ltd
PLSA	Pension and Lifetime Savings Association
PSPA 2013	Public Service Pensions Act 2013
PSAA	Public Sector Audit Appointments
s101	A committee established under s101 of the Local Government Act 1972
s151	An officer with responsibilities under s151 of the Local Government Act 1972
SAB	Scheme Advisory Board for the Local Government Pension Scheme in England and Wales
SCT	Society of County Treasurers
SLT	Society of London Treasurers
SWT	Society of Welsh Treasurers
TPR	The Pensions Regulator



Local Pension Board

14 November 2019

Summary of PFISC Papers

1.0 Introduction

This report introduces the Pension Fund Investment Sub-committee (PFISC) public papers for note and comment

1.1 These papers are in relation to the Sub-committee meeting held on 9 September 2019.

1.2 The report covers:

- Draft Minutes of the public meeting for 9 September 2019 (Appendix 1)
- Investment Performance Report for quarter ending June 2019 (Appendix 2)
- Draft Forward Plan for September 2019 (Appendix 3)

2.0 Financial Implications

2.1 None for this Board

Background papers

None.

	Name	Contact Information
Report Author	Michael Nicolaou	michaelnicolaou@warwickshire.gov.uk 01926412227
Head of Service	Lisa Kitto	01926 412441 lisakitto@warwickshire.gov.uk
Strategic Director	Rob Powell	01926 412564 robpowell@warwickshire.gov.uk

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

Local Member(s): None

Other members: None

Appendix 1

DRAFT MINUTES

Meeting ID	218
Committee	Pension Fund Investment Sub-Committee
Date	09/09/2019
Attendees	<p>Councillor Richard Chattaway (Committee Member)</p> <p>Councillor Bill Gifford (Committee Member)</p> <p>Councillor Bob Stevens (Chair)</p> <p>Councillor John Horner (Committee Member)</p> <p>Councillor Wallace Redford (Committee Member)</p> <p></p> <p>Anneta Dhoot (Officer)</p> <p>Chris Norton (Officer)</p> <p>Helen Barnsley (Secretary)</p> <p>Jane Pollard (Officer)</p> <p>Michael Nicholou (Officer)</p> <p>Neil Buxton (Officer)</p> <p>Rob Powell (Officer)</p> <p></p> <p>Andrew Stone - Customer Relationship Manager for Border to Coast</p> <p>Emma Garrett - Associate Investment Consultant, Hymans Robertson</p> <p>Karen Shackleton – Independent Investment Adviser</p> <p>Paul Potter – Hymans Robertson</p> <p>Peter Jones – Independent Investment Adviser</p> <p>Richard Warden – Hymans Robertson</p>

Item ID	368
Item Title	General
Summary	

Item ID	369
Item Title	Apologies
Summary	

Item ID	370
Item Title	Members' Disclosures of Pecuniary and Non-Pecuniary Interests
Summary	None

Item ID	371
Item Title	Minutes of the previous meeting held on 10 June 2019
Summary	<p>Rob Powell was added to the attendance record for the meeting held on 10 June 2019.</p> <p>The minutes of the meeting held on 10 June 2019 were agreed as a true and accurate record and were signed by the Chair. There were no matters arising</p>

Item ID	372
Item Title	Forward Plan
Summary	<p>Chris Norton, Strategic Finance Manager presented the report to the sub-committee which highlights the rolling plan of work for the next 12 months. The report presented today outlined work until September 2020.</p> <p>The sub-committee noted the addition of the minutes from the last Local Pension Board meeting for the sub-committee to review, if appropriate.</p> <p>The sub-committee agreed that the forward plan is a useful item to have at meetings and thanked officers.</p>

Item ID	382
Item Title	Investment Performance
Summary	<p>Chris Norton, Strategic Finance Manager presented the report to the sub-committee. It was confirmed that the report related to the total value of the fund, as a whole and not individual parts to the fund.</p> <p>The report confirms that –</p> <ul style="list-style-type: none"> • Property funds continue to struggle; due to the uncertainties of Brexit • Equity funds are performing very well <p>The sub-committee noted that the performance information shows rolling target information as well as benchmark performance information. Councillor John Horner requested that future reports included some historical information in order to identify any trends in performance.</p> <p>The sub-committee noted the fund value and investment performance for the first quarter of 2019 up to 30 June 2019.</p>

Item ID	374
Item Title	Reports Containing Confidential or Exempt Information
Summary	The sub-committee moved that members of the public be excluded from the meeting for the items mentioned below on the grounds that their presence would involve the disclosure of exempt information as defined in paragraph 3 of Schedule 12A of Part 1 of the Local Government Act 1972

Appendix 2

Pension Fund Investment Sub Committee

9th September 2019

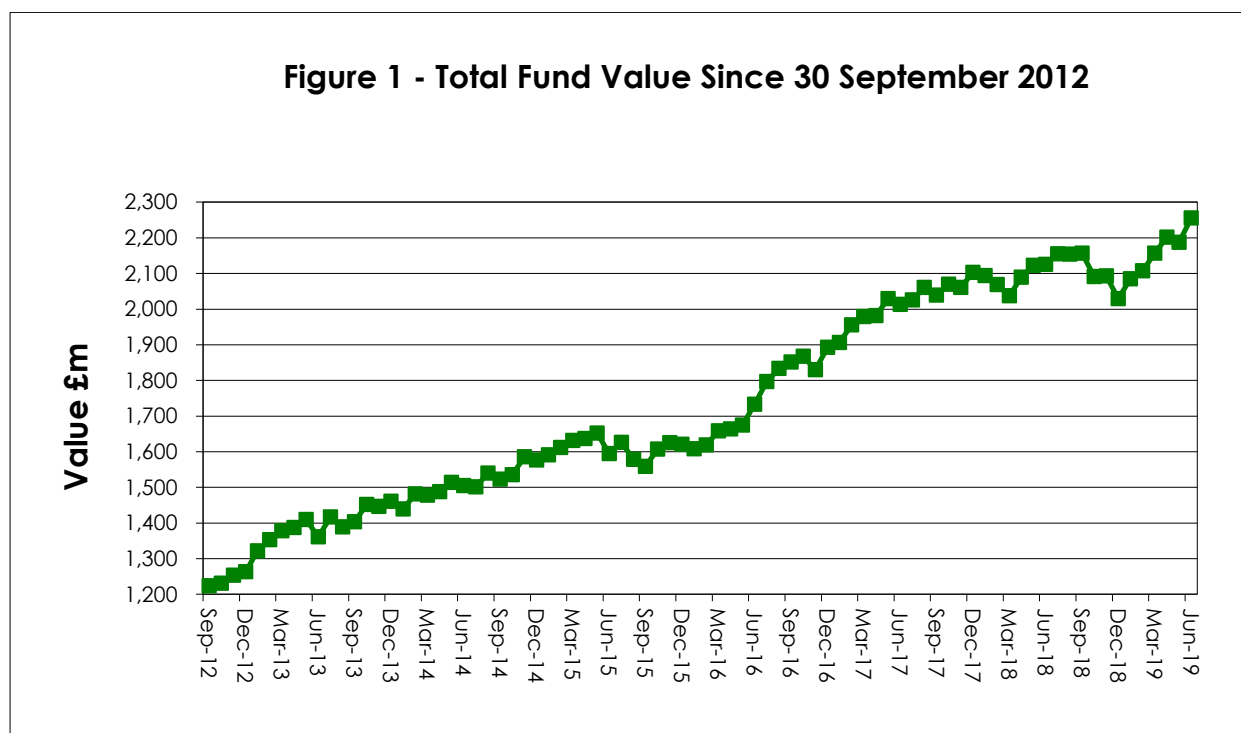
Investment Performance

Recommendation

- (1) That the Sub Committee note the fund value and investment performance for the first quarter of 2019/20 to 30th June 2019.

1. Fund Value at 30th June 2019

- 1.1 The fund value was £2,255.9m at 30th June 2019 an increase of 4.58% against the previous quarter of £2,157.2m at 31st March 2019 as shown in Figure 1.



- 1.2 Note that this shows the total value of the fund after accounting for all cashflows including investment related changes and also administration related e.g. transfers, contributions in, payments to pensioners. Work is under way to be able to provide a summary of these cashflows in future reports in order to provide more context.

2. Fund Asset Allocation

2.1 The performance of the Fund against its asset class benchmarks for the quarter ending 30th June 2019 is shown in Table 1.

Table 1: Fund Asset Allocation

Asset Class	Q/E Mar 2019	Movement from last Qtr to Current Qtr (Mar to Jun)	Q/E Jun 2019	Fund policy	Over/under weight	Tolerance
	%		%	%	%	
Equity	55.7	1.2	56.9	54.5	2.4	
UK	18.5	0.4	18.9	17.0	1.9	+/-2.5
Overseas	27.2	0.7	27.9	27.5	0.4	+/-2.5
Fundamental Global Equity	10.0	0.1	10.1	10.0	0.1	+/-2.5
Fixed Income	16.2	-0.2	16.0	15.0	1.0	
UK corporate bonds	10.8	-0.3	10.5	10.0	0.5	+/-1.5
UK index linked bonds	5.5	0.0	5.5	5.0	0.5	+/-0.5
Private Equity	5.6	-0.8	4.8	4.0	0.8	n/a
Property	10.8	-0.6	10.2	10.0	0.2	n/a
Absolute Return Bonds	5.9	-0.2	5.7	7.5	-1.8	n/a
Infrastructure	2.2	0.2	2.4	4.0	-1.6	n/a
Private Debt	2.9	-0.1	2.8	5.0	-2.2	n/a
Cash	0.6	0.6	1.2	0.0	1.2	n/a

Notes:

- **Equities** – (BCPP, MFS, LG). Ahead of transitioning global equities from MFS into BCPP a rebalancing exercise is being planned (July 19) to move £80m circa into LG as part of an updated strategic asset allocation. Equities have performed well in Q2 and this has increased their proportion of the asset allocation.
- **Private Equities, Infrastructure** – these allocations continue to grow as opportunities to invest are identified.
- **Absolute Return Bonds** – (JP Morgan) The fund seeks to maximise returns by investing primarily in a global portfolio of fixed and floating rate Debt Securities.

2.2 The fund managers' asset allocation against the benchmark for the quarter ending 30th June 2019 is shown in Table 2 (A & B).

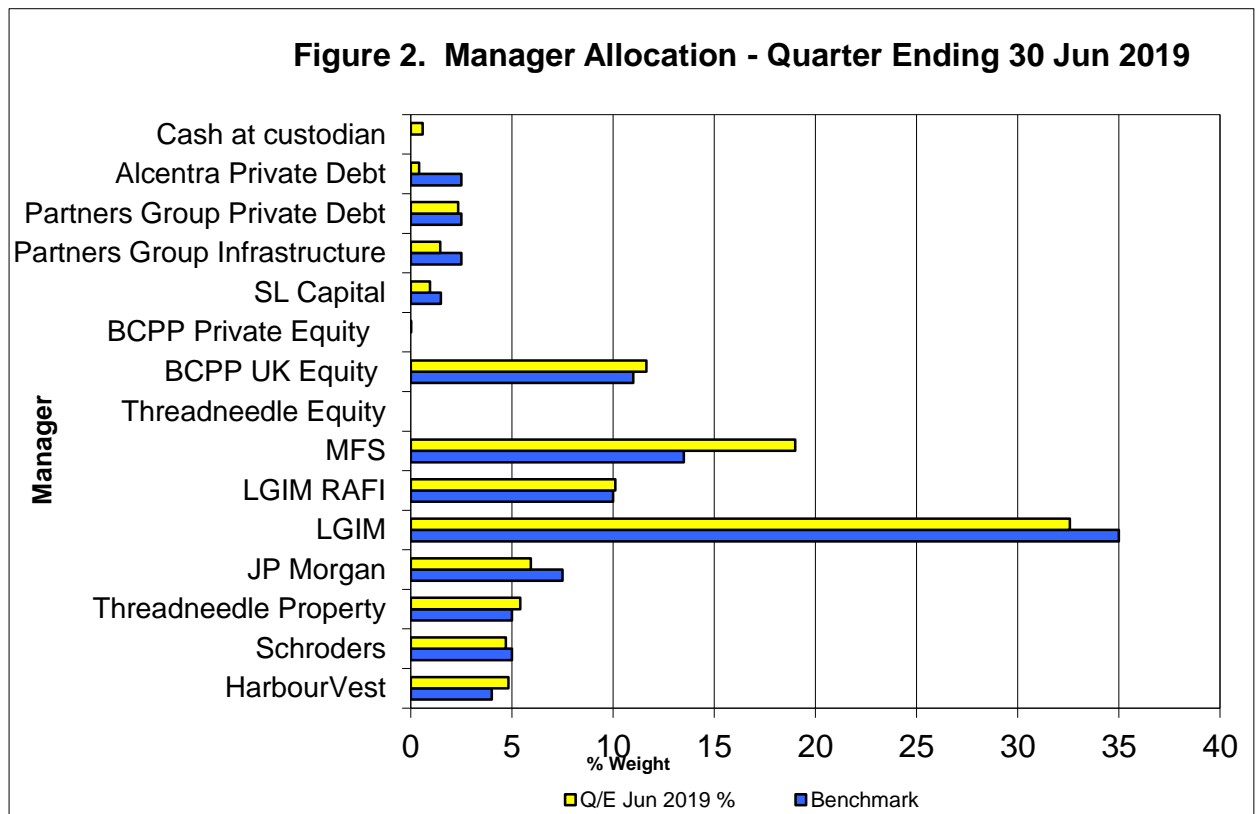
Table 2: Fund Asset Allocation by Manager (percentage - A)

Manager	Q/E Mar 2019 %	Movement from last Qtr to Current Qtr (Mar to Jun)	Q/E Jun 2019 %	Benchmark	Variance Mar to Benchmark
HarbourVest	5.6	-0.8	4.8	4.0	0.8
Schroders	4.9	-0.1	4.7	5.0	-0.3
Threadneedle Property	5.6	-0.2	5.4	5.0	0.4
JP Morgan	6.2	-0.5	5.7	7.5	-1.8
LGIM	32.5	0.1	32.6	35.0	-2.4
LGIM RAFI	10.0	0.1	10.1	10.0	0.1
MFS	17.9	1.2	19.1	13.5	5.6
BCPP UK Equity	11.7	0.0	11.7	11.0	0.7
BCPP Private Equity	0.0	0.0	0.0	0.0	0.0
SL Capital	0.8	0.1	1.0	1.5	-0.5
Partners Group Infrastructure	1.4	0.1	1.5	2.5	-1.0
Partners Group Private Debt	2.4	-0.1	2.3	2.5	-0.2
Alcentra Private Debt	0.5	-0.1	0.4	2.5	-2.1
Cash at custodian	0.5	0.1	0.6	0.0	0.6
Total	100.0	-0.1	100.0	100.0	0.0

Fund Asset Allocation by Manager (Monetary values - B)

Manager	Q/E Mar 2019 £	Movement from last Qtr to Current Qtr (Mar to Jun)	Q/E Jun 2019 £	Benchmark	Variance Jun to Benchmark
HarbourVest	120.8	-11.9	108.9	90.2	18.6
Schroders	105.5	1.6	107.1	112.8	-5.7
Threadneedle Property	121.7	0.7	122.4	112.8	9.6
JP Morgan	133.7	-5.2	128.6	169.2	-40.6
LGIM	701.1	35.2	736.3	789.6	-53.3
LGIM RAFI	215.7	12.6	228.3	225.6	2.7
MFS	385.9	44.2	430.2	304.5	125.1
BCPP UK Equity	252.4	11.8	264.1	248.2	16.0
BCPP Private Equity	0.0	0.2	0.2	0.0	0.2
SL Capital	17.7	3.9	21.6	33.8	-12.2
Partners Group Infrastructure	30.2	2.7	32.9	56.4	-23.5
Partners Group Private Debt	51.8	1.0	52.8	56.4	-3.6
Alcentra Private Debt	10.3	-0.8	9.5	56.4	-46.9
Cash at custodian	10.8	2.7	13.5	0.0	13.5
Total	2157.6	98.8	2256.4	2255.9	0.0

2.3 Fund asset allocation against each manager is shown in Figure 2.



3. Fund Performance

3.1 Overall the fund performed better than its benchmark. The performances of managers against their benchmarks for the quarter ending 30th June 2019 was:

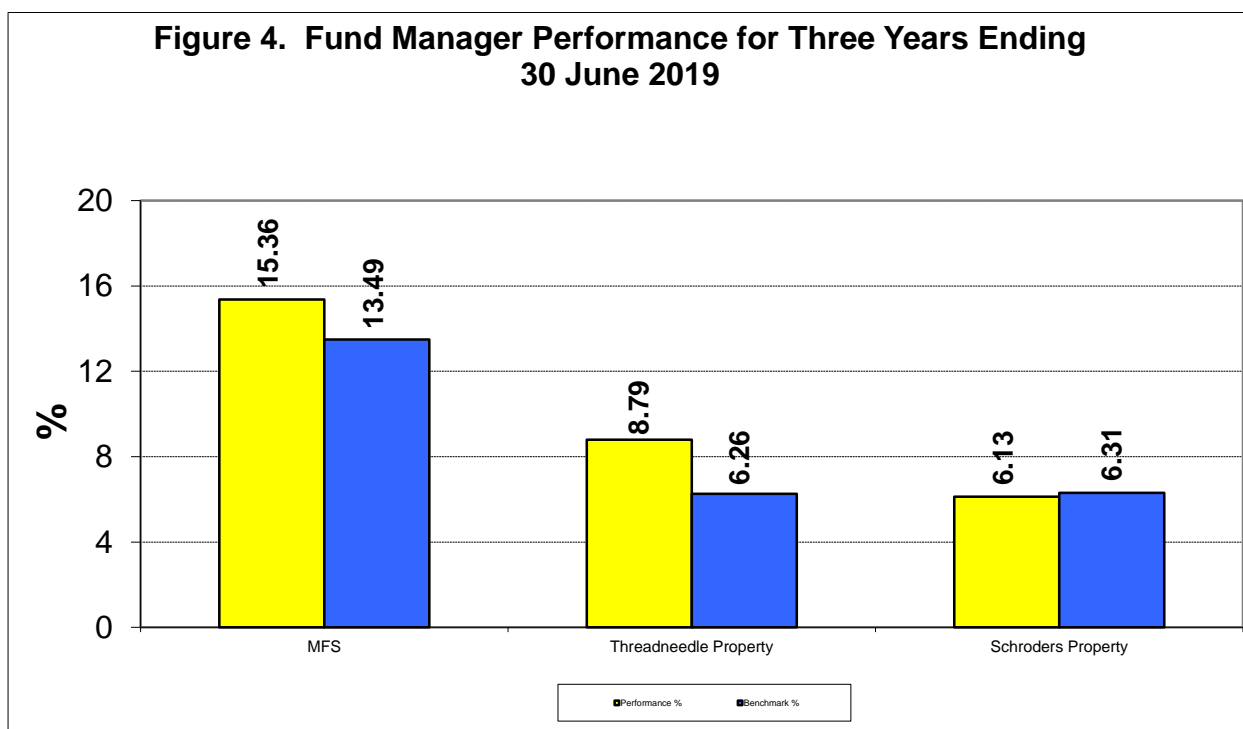
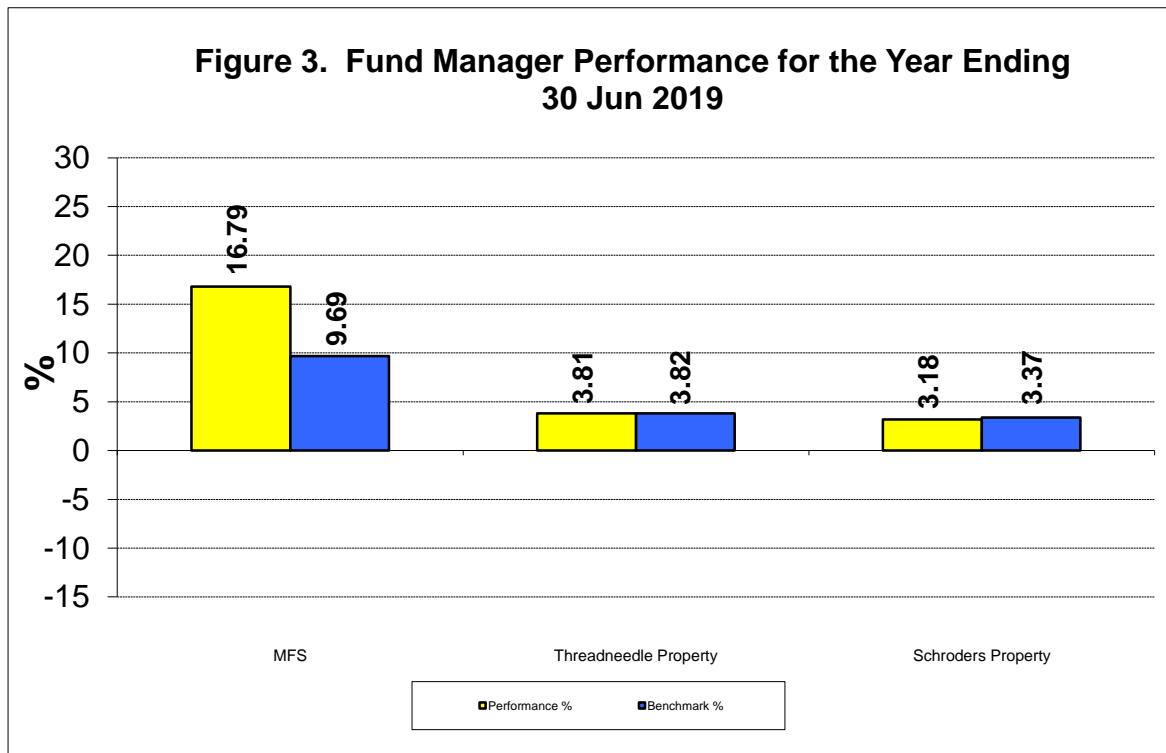
Table 3: Performance by Fund Manager

Manager	Benchmark Measure	Q/E Jun 2019	Benchmark	Variance
		%	%	%
MFS	Global Equity Benchmark	8.39	6.09	2.30
BCPP Uk Equity	FTSE All-Share	4.14	3.27	0.87
Legal and General (Global Equities)	LGIM Benchmark	5.54	5.59	-0.05
Legal and General (Fixed Interest)	LGIM Benchmark	1.89	1.86	0.03
Threadneedle Property	Customised Benchmark	0.49	0.65	-0.16
Schroders Property	Customised Benchmark	0.47	0.59	-0.12
JP Morgan Strategic Bond	Customised Benchmark	1.34	0.18	1.16
Total	WCC Total Fund Benchmark	4.58	3.62	0.96

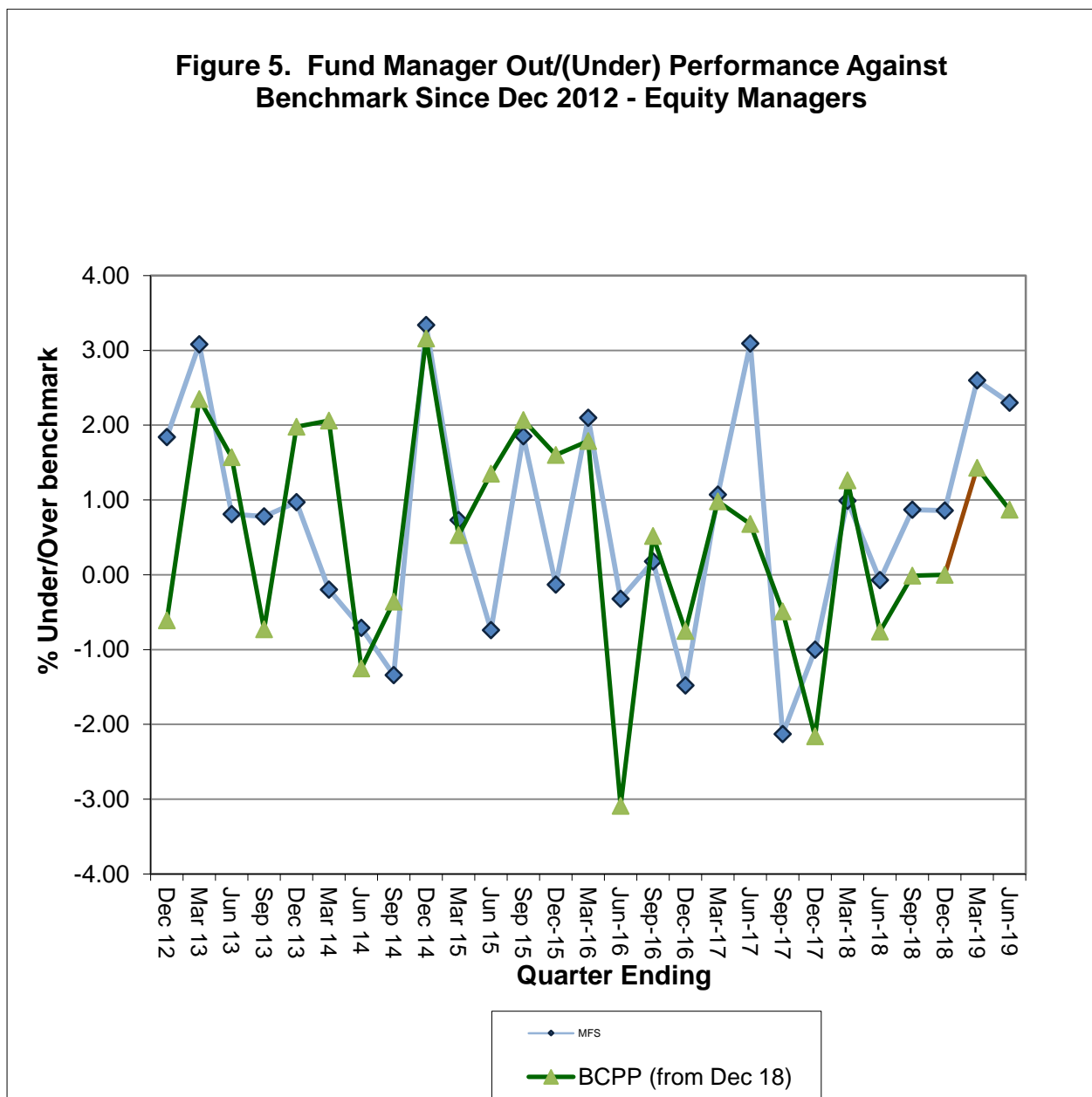
*BCPP UK Equity Fund replaces Threadneedle UK Equity.

- **Equities** – (BCPP, MFS, LG) Overall equities have performed above benchmark. Global equity markets have continued to advance, mainly helped by more dovish comments from the US Federal Reserve and the European Central Bank, despite geopolitical risks including continued uncertainty around the US-China trade war and heightened risk of a no-deal Brexit
- Both Active Equities Managers (MFS/BCPP) have beaten the benchmark by 3.17% against the quarter. This compares to passive Manager (LG) under achieving its target by -.02%
- **Property** – (Schroders, Threadneedle) – Slight under-performance as Brexit continues to affect UK performance and until a clear decision is made this is forecast to continue affecting UK performance.
- **Absolute Return Bonds** – (JP Morgan) – The fund seeks to maximise returns by investing primarily in a global portfolio of fixed and floating Debt Securities. Corporate high yield was the largest contributor to performance, as dovish central banks and tentative progress on trade helped spreads to tighten by more than 50 basis points. Corporate investment grade also contributed, with high grade funds experiencing significant inflows given the general move up in quality and the grab for yield that has resulted from negative rates in Europe.

3.2 Annualised return for the fund managers to 30th June 2019 is summarised in Figure 3. The three year annualised return is summarised in Figure 4. (BCPP long-term performance will be included as it becomes available).



3.3 Equity Managers performance against their benchmarks are summarised in Figures 5.



4. Actively Managed Equities Fund Manager Performance

4.1 Some equity funds are actively managed with the intention of paying an additional fee in order to achieve a return better than a passive fund would achieve. This section sets out those funds, detailing the additional targets set and the additional fees incurred.

4.2 Targets are set over rolling 3 year periods therefore it is important to consider short term performance in this context and that the UK Alpha Equity Fund data in the table below only represents 7 months (November 2018 to June 19) of activity. The performances of managers against their targets were:

	Inception to June 19	3 yrs
Fund	UK Alpha Equity Fund	MFS
Benchmark Source	FTSE All Share	MSCI All Country World Index
Target	+2% over rolling 3 year period	+1.5% over rolling 3 year period
Benchmark	11.32%	13.47%
Target	13.32% (net of fees**)	14.97% (gross of fees**)
Performance	13.36% (gross of fees)	15.22% (gross of fees)
Over/(Under) Target	0.04%	0.25%
Fees paid (in % terms)	32 bps	48 bps first (GBP £25m) 44 bps next (GBP £25m) 40 bps excess of (GBP £50m)

- * BCPP UK Equity Fund replaces Threadneedle UK Equity effective November 2018.
- **net of fees refers to where the return quoted is after taking off fees paid to the fund manager. Gross of fees refers to where the return quoted is before taking off the fees paid to fund managers.

1. Background papers

1. None.

	Name	Contact Information
Report Author	Chris Norton, Strategy and Commissioning Manager	07767-003428 chrisonorton@warwickshire.gov.uk
Assistant Director Finance	Lisa Kitto, Interim Assistant Director	01926 412441 lisakitto@warwickshire.gov.uk

Strategic Director for Resources	Rob Powell, Resources Director,	01926 412564 robpowell@warwickshire.gov.uk
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The report was circulated to the following members prior to publication:

Local Member(s): None

Other members: None

Appendix 3**9th September 2019****Forward Plan****Recommendation**

1. That the Sub Committee notes and comments on the forward plan.

1.0 Introduction

1.3 The purpose of this report is to provide an updated forward plan for the Pension Fund Investment Sub Committee rolled forward to cover the year ahead. The plan is set out at Appendix A.

1.4 The agenda remains dominated by pooling developments and the 2019 valuation which are the high profile issues at this time.

1.5 A proposed addition to the forward plan is to provide a copy of the minutes of the Local Pension Board meetings for information and comment.

Background papers

1. None.

	Name	Contact Information
Report Author	Chris Norton	chrisnorton@warwickshire.gov.uk 07767003428
Interim Assistant Director Finance and ICT Strategy	Lisa Kitto	01926 412441 lisakitto@warwickshire.gov.uk
Strategic Director (Resources)	Rob Powell	01926 412564 robpowell@warwickshire.gov.uk
Portfolio Holder	Peter Butlin	cllrbutlin@warwickshire.gov.uk

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

Local Member(s):

Other members:

December 2019	March 2020	May 2020	June 2020	September 2020
Investment Performance Report Fund Performance Report	Investment Performance Report Fund Performance Report		Investment Performance Fund Performance Report	Investment Performance Fund Performance Report
BCPP General Update BCPP Fund Transfers	BCPP General Update BCPP Fund Transfers	Election of Chair and Vice Chair	BCPP General Update BCPP Fund Transfers	BCPP General Update BCPP Fund Transfers
Forward Plan	Forward Plan		Forward Plan	Forward Plan
	Investment Strategy Statement Review			
2019 Actuarial Valuation Agreed Employer Funding Strategies Draft Funding Strategy Statement	2019 Actuarial Valuation Valuation Sign Off Funding Strategy Statement			
Business Plan				
Training Plan				
Risk Management Review				

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Local Pension Board

14 November 2019

Forward Plan

Recommendation(s)

1. That the Board notes and comments on the forward plan.
2. That the Board identifies any areas of interest or activity to add to the forward plan.
3. That the Board supports the introduction of quarterly meetings.

1.0 Introduction

- 1.1 This report provides an updated forward plan for the Local Pension Board looking forward one year.
- 1.2 This is not intended to be rigid or definitive, the intention is that it can be updated and amended on a rolling basis at each meeting after being informed by the latest developments.

2 Plan Updates

- 2.1 The frequency of meetings is proposed to be increased from three per year to quarterly. This will allow more time across the year to cover the governance agenda, minimise the risk of significant issues developing between meetings, and it will enable meetings to be synchronised with the Pension Fund Investment Sub-Committee and Staff and Pensions Committee. Local Pension Board meetings are proposed to precede the executive meetings with the exact timings of the Board meetings to be determined having regard to ensuring a manageable distribution of workload. The three pension fund related meetings would interrelate as follows:

Pension Fund Related Meeting Dates:

	Q1	Q2	Q3	Q4
Local Pension Board	February or March 2020	May or June 2020	September 2020	November or December 2020
Pension Investment Sub Committee	9 th March 2020	8 th June 2020	September 2020	December 2020
Staff and Pensions Committee	9 th March 2020	8 th June 2020	September 2020	December 2020

- 2.2** The administration update report will in future be expanded to cover all aspects of the fund's governance, activity, and performance.
- 2.3** The Governance Review item will continue for at least the next two meetings in 2020 to report back on progress against the governance review plan of actions.
- 2.4** A dedicated pooling update report will continue until June 2020 at which point it may become a part of the general activity update as the majority of fund launches will have occurred by then.
- 2.5** The report on the minutes / reports of other pension fund committees is proposed in future to include reference to the Staff and Pensions Committee.
- 2.6** A number of policy reviews have been introduced to allow the opportunity to review the fund's policies on a manageable rolling basis to ensure that all policies remain active and relevant.

Background papers

None

	Name	Contact Information
Report Author	Chris Norton	chrisnorton@warwickshire.gov.uk 07767003428
Interim Assistant Director Finance	Richard Ennis	01926 4124 richardennis@warwickshire.gov.uk
Strategic Director for Resources	Rob Powell	01926 412045 robpowell@warwickshire.gov.uk
Portfolio Holder	Peter Butlin	cllrbutlin@warwickshire.gov.uk 01788 816488

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

Local Member(s): none

Other members: none

Forward Plan Items

February or March 2020	May or June 2020	September 2020	December 2020
Governance Review Update			
Administration Activity and Performance Update	Administration Activity and Performance Update	Administration Activity and Performance Update	Administration Activity and Performance Updates
Risk Register	Chairs Annual Report		Breaches Policy
2019/20 Business Plan	Cyber Security Policy		Administration Strategy
ESG Policy	Admissions and Terminations Policy		Communications Policy
Climate Change Policy	Draft Annual Report (provisional)		Conflicts of Interest Policy
Pensions Administration Strategy			
2019 Valuation			
Pooling Update	Pooling Update		
Review of the reports and minutes of the Pension Fund Investment Sub Committee and Staff and Pensions Committee	Review of the reports and minutes of the Pension Fund Investment Sub Committee and Staff and Pensions Committee	Review of the reports and minutes of the Pension Fund Investment Sub Committee and Staff and Pensions Committee	Review of the reports and minutes of the Pension Fund Investment Sub Committee and Staff and Pensions Committee
Forward Plan	Forward Plan	Forward Plan	Forward Plan

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