

Warwickshire Local Pension Board

Date: Wednesday, 26 February 2020
 Time: 11.00 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 Previous Meeting

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9. Review of the minutes of the Pension Fund Investment	97 - 106

Subcommittee

- | | |
|---|-----------|
| 10. Review of the minutes of the Staff and Pensions Committee | 107 - 114 |
| 11. Reports Containing Confidential or Exempt Information Resolved | |
| <p>That members of the public be excluded from the meeting for the items below on the grounds that their presence would involve the disclosure of confidential or exempt information as defined in Paragraph 2, Schedule 12A of the Local Government Act 1972 as amended.</p> | |
| 12. 2019 Valuation | 115 - 190 |
| 13. Climate Change and Environmental, Social, and Governance Policy | 191 - 198 |
| 14. Investments Update | 199 - 212 |

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- Declare the interest if s/he has not already registered it
- Not participate in any discussion or vote
- Must leave the meeting room until the matter has been dealt with
- Give written notice of any unregistered interest to the Monitoring Officer within 28 days of the meeting

Non-pecuniary interests must still be declared in accordance with the Code of Conduct. These should be declared at the commencement of the meeting

The public reports referred to are available on the Warwickshire Web

<https://democracy.warwickshire.gov.uk/uuCoverPage.aspx?bcr=1>

Public Speaking

Any member of the public who is resident or working in Warwickshire, or who is in receipt of services from the Council, may speak at the meeting for up to three minutes on any matter within the remit of the Committee. This can be in the form of a statement or a question. If you wish to speak please notify Democratic Services in writing at least two working days before the meeting. You should give your name and address and the subject upon which you wish to speak. Full details of the public speaking scheme are set out in the Council's Standing Orders.

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DRAFT MINUTES

DRAFT MINUTES

Meeting ID	198
Committee	Warwickshire Local Pension Board
Date	14/11/2019
Attendees	<p>Committee Members</p> <p>Keith Francis - Employer Representative Keith Bray - Independent Chair Alan Kidner - Scheme Member Representative Councillor Parminder Singh Birdi - Scheme Employer Representative Councillor Dave Parsons - Scheme Member Representative</p> <p>Officers</p> <p>Helen Barnsley, Democratic Services Officer Neil Buxton, Pension Services Manager Liz Firmstone, Service Manager (Transformation) Michael Nicalaou, Treasury and Pension Fund Manager Chris Norton, Strategy and Commissioning Manager (Treasury, Pension, Audit & Risk) Jane Pollard, Legal Service Manager (Corporate) Richard Ennis, Assistant Director - Finance Rob Powel, Strategic Director for Resources Sukhdev Singh, Principal Accountant Aneeta Dhoot, Senior Finance Officer</p> <p>Others Present</p> <p>Robert Bilton – Actuary - Hymans Robertson Ian Coleman – Independent Consultant</p>

Item ID	806
Item Title	Introductions and General Business
Summary	Due to bad weather and heavy traffic, the Chair was delayed and was not present for the start of the meeting. It was agreed that Jane Pollard, Legal Services Manager, would be acting Chair until Keith Bray arrived

Item ID	807
Item Title	Apologies
Summary	David Buckland - Scheme Employer Representative

Item ID	808
Item Title	Board Members' Disclosures of Interests
Summary	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.

Item ID	809
Item Title	Minutes of the meeting held on 8 July 2019
Summary	<p>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.</p> <p>There were no matters arising</p>

Item ID	810
Item Title	Minutes of the Special Meeting held on 19 September 2019
Summary	Alan Kidner presented a series of proposed amendments to the minutes of the special meeting held on 19 September 2019. It was agreed that the board be given time to review the proposals before agreeing to the amendments and that the item be deferred until the next meeting of the Local Pension Board in March 2020.

Item ID	811
Item Title	Governance Review
Summary	<p>Rob Powell, Strategic Director – Resources, introduced the report which had been commissioned through CIPFA to assess the pension administration function and inform an action plan to improve the service. Ian Coleman, independent consultant carried out a complete review of the pension fund administration against The Pension Regulator's 46 requirements and 3 developing areas, based on documented evidence and interviews with key staff and representatives of the Board. Ian Coleman confirmed to the board that the RAG ratings in the report were based on his judgement against the Pension Regulator's standards.</p> <p>The board reviewed the action plan, concentrating on red and amber ratings. During the discussion the following points were highlighted;</p> <ul style="list-style-type: none"> i) There is a need for the board to undertake ongoing training as well as a training needs analysis for each member. ii) The board agreed to move to quarterly meetings.

	<ul style="list-style-type: none"> iii) A summary of audit reports will be presented to the Board after they have been to the Audit & Standards Committee. iv) The current figure for annual benefit statements distributed by the deadline is now 93%. There has been no response yet from the pension fund regulator in response to the breach regarding annual benefit statements. v) Rob Powell confirmed that the action plan requirements in relation to the interface with Warwickshire County Council's payroll are being implemented. <p>In response to a question from Keith Francis, it was confirmed that the document provides a summary and there is more evidence "behind the scenes" to support the work involved.</p>
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Item ID	812
Item Title	Pensions Fund
Summary	<p>Rob Powell, Strategic Director – Resources, introduced the report confirming that this was an extensive report and that it would be a standing item for all pension fund meetings moving forward. This signalled an intention to improve governance and transparency in line with Ian Coleman's review, and Rob requested feedback on the usefulness of the report to the Board.</p> <p>Liz Firmstone, Service Manager, Transformation stated that the report reviews all governance matters and provides details on all current activities and progress made.</p> <p>The following updates were presented to the Board;</p> <ul style="list-style-type: none"> i) With reference to payroll reports, the programme for the payroll reports has now been shared and consolidated into fewer reports. This has improved efficiency. The pension administration officers had input into the design of the reports. ii) Following a question from Alan Kidner, assurances were given in relation to the costs involved in the manual checks. It was confirmed that these manual checks were basic control checks which represent business as usual and so carry no additional cost. Rob Powell reminded the Board that the new payroll system has halved the associated costs to the pension fund. iii) The Starters and Changers backlog has now been cleared. 100% of changes for September have also been cleared. iv) With reference to the fund administration costs, it was agreed that they will need to be examined and this will form part of phase two of Ian Coleman's independent review.

- v) With reference to data accuracy, the overall accuracy has increased from 98.4% to 98.5%. There is now a training log in place which will be regularly reviewed and assessed.

Following a question from Alan Kidner in relation to the payroll costs per pensioner, Rob Powell confirmed that Ian Coleman will be carrying out a deep dive review and that the results will be fed back to the Board once completed at its meeting in March 2020. It was agreed that a clearer explanation of the costs is required, given apparently anomalous historical figures.

Item ID	813
Item Title	LGPS Development Update
Summary	<p>Neil Buxton, Pensions Manager updated the Board on recent and future LGPS developments. It was agreed that a link to the Scheme Advisory Board (SAB) would be sent out to all members of the Board.</p> <p>With reference to the McCloud case it was confirmed to the Board that work is still ongoing. At this point it would be difficult to state what the likely impact would be as well as being difficult to assess with the final cost is likely to be. The Board will be kept updated as the case progresses.</p> <p>The Hymans report is expected to be presented to the SAB on the 15 November 2019 and officers will send a link out to the members of the Board.</p> <p>Officers drew attention to appendix A of the report – extracts from the Pensions Regulator Report which contains important information in relation to the pension regulator, governance and administration.</p> <p>It was also noted that the Brexit issue is still causing some uncertainty for local government pension schemes.</p>

Item ID	814
Item Title	Review of the papers of the Pension Fund Investment Sub Committee meeting held on 9 September 2019
Summary	<p>The Board noted the papers of the Pension Fund Investment Sub Committee meeting held on 9 September 2019.</p> <p>There were no matters arising.</p>

Item ID	815
Item Title	Forward Plan
Summary	<p>The Board noted and agreed the forward plan.</p> <p>It was agreed that the dates for future meetings need to be discussed and clarified in view of the agreement to hold quarterly meetings. Consideration is to be given to the dates of the meetings for the Pension Fund Investment Sub Committee.</p>

Item ID	816
Item Title	Any Other Business
Summary	<p>i) It was agreed that minutes of the meetings should be circulated as soon as possible to the Chair and Board members before they are published.</p> <p>ii) Any associated documents are to be shared with Board members as soon as possible. The Board is to be made aware of external publications, relevant to the Board as soon as possible.</p> <p>iii) Following a discussion, it was confirmed that more administration reports would be sent to the Staff and Pensions Committee. There was some confusion as to the difference between the classification of exempt documents for the Pension Fund Investment Sub Committee (PFISC) and the Local Pension Board, and risks to the ability of the Board to support that sub-committee arising from exempt reports.</p> <p>iv) Jane Pollard, Legal Services Manager, confirmed that the remit of each committee, including the Staff & Pensions committee, decided what was relevant and seen.</p>

Item ID	819
Item Title	Reports Containing Confidential or Exempt Information
Summary	<p>That members of the public be excluded from the meeting for the items below on the grounds that their presence would involve the disclosure of confidential or exempt information as defined in Paragraph 3, Schedule 12A of the Local Government Act 1972 as amended</p>

Item ID	817
Item Title	2019 Valuation
Summary	<p>Robert Bilton, Actuary - Hymans Robertson presented the report.</p> <p>The Board noted and commented on the report.</p>

Item ID	818
Item Title	Pooling Update
Summary	Chris Norton, Strategic Finance Manager presented the report to the Board. The Board noted and commented on the report.

Local Pension Board

26th February 2020

Forward Plan

Recommendation

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 revised meeting schedule.

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 forward plan includes proposed changes to Local Pension Board meeting dates in order to achieve the following objectives:

- Introduce a new meeting date in Quarter 4 to ensure 4 meetings a year.
- Realign timings so that the Local Pension Board follows after the executive committees. In this way the Local Pension Board will be better placed to exercise its role as overseeing/scrutinising the activity of the fund and reports on the activity of the fund can feed more efficiently into the Local Pension Board.

2.2 The table below sets out the current and proposed schedule, including the dates for the executive committees for reference.

Pension Fund Related Meeting Dates

	Q1	Q2	Q3	Q4	Q1
Current Schedule Local Pension Board	26 th February 2020	21 st July 2020	26 th November 2020		4 th March 2021
Proposed Schedule Local Pension Board	Same	Bring forward to early July	Bring forward to early October	New meeting in late December or early January	Move back to early April
Pension Investment Sub Committee	12 th March 2020	8 th June 2020	14 th September 2020	14 th December 2020	8 th March 2021
Staff and Pensions Committee	12 th March 2020	8 th June 2020	September 2020	December 2020	8 th March 2021

2.2 Pooling is a significant aspect of investment activity but is not the entirety of investment activity – therefore the regular update on pooling activity will be expanded to be an update on any/all investment activity.

2.3 The forward plan includes specific reference to certain policies being reviewed on a regular basis. Timings may be adjusted to manage workload but all policies must be reviewed regularly.

2.4 A new agenda item entitled “Valuation Review” is proposed for Q1 to look back and review how the 2019 valuation process went, as the valuation process will be concluded by that time. The objective of the item is to ensure actions are in place to have regard to any lessons learned.

2.5 In Q2 two items are proposed to be reported annually – the external audit of the accounts and a report reviewing employer activity in more detail i.e. performance around contributions and data submissions, employers in difficulty financially, and fund activity to ensure employers meet their responsibilities.

2.6 A standing item for training has been added to provide a facility to provide a little-and-often-training facility which enables training to be provided in a timely way of there are rapid developments. There may also be routine annual items for consideration such as board effectiveness and data improvement planning.

2.7 In addition to the board meetings 2 training days have been diarise for the Local Pension Board – 7th May 2020 and 7th October 2020.

3 Financial Implications

3.1 None

4 Environmental Implications

4.1 None

Background papers

1. 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):

Other members:

Forward Plan Items

Q1 July 2020	Q2 October 2020	Q3 January 2021	Q4 April 2021
Standing Items			
Administration Activity and Performance Update	Administration Activity and Performance Update	Administration Activity and Performance Updates	Administration Activity and Performance Update
Risk Register	Risk Register	Risk Register	Risk Register
Investment Update	Investment Update	Investment Update	Investment 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
Training	Training	Training	Training
Forward Plan	Forward Plan	Forward Plan	Forward Plan
Periodic Items			
Chairs Annual Report	External Audit of Accounts		Business Plan
Draft Annual Report (provisional)	Employer Review		
Valuation Review			
Policy Reviews			
Cyber Security Policy		Breaches Policy	
Admissions and Terminations Policy		Administration Strategy	
		Communications Policy	
		Conflicts of Interest Policy	

Warwickshire Local Pension Board Terms of Reference

1 Recommendations

- 1.1 That the Local Pension Board comments on the draft updated terms of reference.

2 Executive Summary

- 2.1 This report sets out a revised and updated Terms of Reference for the Local Pension Board along with specific protocols for its periodic review in the future. This review actions recommendations from the recent governance review of The Pension Regulator code of practice requirements.
- 2.2 The Local Pension Board operates within defined terms of reference which were put in place when the Board was first formed in 2015. The key changes to the document are highlighted in the table below:

Section	Change
3.9	Protocol introduced for employer representatives if an employer leaves the fund
3.10	Protocol introduced for identifying and selecting employer and member representatives
4.2	Protocol introduced for chairing the board if the Chair is not in attendance
7	Additional clarification around roles of officers and advisers
7.4	Protocol introduced for setting the terms of reference of sub groups
9.1	Meeting frequency updated to quarterly
9.2	Annual schedule of meetings must now include a forward plan of future agenda items
9.4	Protocol introduced for meeting location and timing
9.5	Protocol introduced for exempt/confidential reports
9.6	Protocol introduced for calling special meetings
10.2	Code of conduct updated in respect of County Councillor responsibilities
14.3	Reference added for training costs
14.4	Protocol introduced for claiming for expenses
14.5	Protocol introduced for setting a budget for Board costs
16	Scope of the reporting breaches section broadened to encompass breaches or wider concerns, including specification for reporting to the Scheme Administrator, pension fund committees, and scheme members and employers

3 Financial Implications

3.1 None.

4 Environmental Implications

4.1 None.

5 Supporting Information

5.1 The Scheme Advisory Board explains how terms of reference should be created and updated as follows:

“...The Administering Authority when establishing its Local Pension Board should create terms of reference for the Board on the basis that the Board is a stand-alone body. The terms of reference are the rules setting out how the Board will be constituted and operate on a day to day basis. The terms of reference for a Local Pension Board should be reviewed periodically and at each material change in regulations impacting on Local Pension Boards...”

5.2 The Terms of Reference have been reviewed alongside the Scheme Advisory Board’s *“Guidance on the creation and operation of Local Pension Boards in England and Wales”*.

5.3 The Terms of Reference includes the Board’s Conflict of Interest Policy as Annex A. This policy was reviewed by the Local Pension Board in November 2019. No further changes are proposed.

6 Timescales and Next Steps

6.1 The Terms of Reference are required to be approved by the County Council and this will be sought following comments received from the Local Pension Board. Revised Terms of Reference would only come into effect following Council approval.

Appendices

Appendix 1 – Draft Terms of Reference

Background Papers

None.

	Name	Contact Information
Report Author	Chris Norton	chrisnorton@warwickshire.gov.uk

Assistant Director		
Lead Director	Strategic Director for Resources	
Lead Member	Portfolio Holder for Finance and Property	

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

Local Member(s):

Other members:

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Terms of Reference for the Local Pension Board of Warwickshire Pension Fund

Reviewed and Updated February 2020 - Draft

1) Introduction

1.1 The Public Services Pensions Act 2013 (the '2013 Act') requires the establishment of a Pension Board with responsibility for assisting the Scheme Manager in securing compliance with all relevant pensions laws, regulations and directions and the Pension Regulator's codes of practice.

1.2 This document sets out the terms of reference for the Local Pension Board of the Warwickshire Pension Fund (the 'Pension Board').

2) Role and Responsibilities of the Pension Board

2.1 The role of the Pension Board (as defined by sections 5 (1) and (2) of the 2013 Act) is to –

2.1.1 Assist the Scheme Manager –

- a. to secure the effective and efficient governance and administration of the Local Government Pension Scheme (LGPS) for the Warwickshire Pension Fund by effectively and efficiently complying with the code of practice on the governance and administration of public service pension schemes issued by the Pension Regulator;
- b. to secure compliance with the LGPS regulations and any other legislation relating to the governance and administration of the LGPS;
- c. to secure compliance with requirements imposed in relation to the LGPS by the Pensions Regulator; and d. in such other matters as the LGPS regulations may specify.

2.1.2 Provide the Scheme Manager with such information as it requires to ensure that any member of the Pension Board or person to be appointed to the Pension Board does not have an inappropriate conflict of interest.

2.1.3 Produce an annual report to the Scheme Manager outlining the work of the Board throughout the scheme year.

2.2 The Pension Board shall meet sufficiently regularly to discharge its duties and responsibilities effectively.

2.3 The Pension Board will not have decision making powers in relation to the Warwickshire Pension Fund save as refer issues to the Scheme Administrator, Pension Fund Committees, or the Pension Regulator. It will have the ability to hear disputes employers may have with the Fund.

3) Membership

3.1 The membership of the Pension Board shall consist of seven (7) members each to include –

- a. Scheme Member Representatives x 3
- b. Employer Representatives x 3
- c. Independent Representative x 1

3.2 Scheme Member Representatives nominated by Scheme employers need to ensure a broad representation of scheme membership - for example to include deferred and active pensioner representation.

3.4 Employer representatives nominated by categories of employers to include:

- a. 1 x Elected Member (acting for WCC)
- b. 1 x Precepting Employer
- c. 1 x non-precepting employer.

3.5 The Independent Representative shall be appointed by the Scheme Manager following a recruitment and selection process involving role specification, application form, shortlisting and interviews accordance with current Warwickshire County Council's policy and procedure.

3.6 The Chair of the Pension Board shall be the Independent Representative.

3.7 Attendance is expected of Board members at all meetings; no substitution is allowed.

3.8 In the event of consistent non-attendance, or failure to achieve and maintain the required level of knowledge and skills by any Board member, then the tenure of that member should be reviewed by the Chair in liaison with the Scheme Manager. The Scheme Manager will have the final decision on whether to remove the Board member.

3.9 Other than by ceasing to be eligible as set out above, a Board member may only be removed from office during a term of appointment by the Scheme Manager:

1. after consultation with the Board members
2. in the case of an Elected Member of Warwickshire County Council acting as a Board Member, ceasing to hold office as an Elected Member.
3. in the case of other employer representatives in the case of the employer no longer being in the pension fund.

3.10 The Scheme Administrator will be responsible for identifying and selecting employer representatives from the pool of employers, and scheme members from the membership. The Scheme Administrator, after consulting with the Chair of the Board, may determine and undertake a selection process to ensure that potential new Local Pension Board members understand and are able to undertake the role.

4) Quorum

4.1 3 members of the Pension Board will represent a quorum for Board meetings to go ahead.

4.2 In the absence of the Chair of the Board at a meeting, the meeting may be chaired by a senior officer of the Scheme Administrator. Officers may not chair the meeting whilst presenting agenda items.

5) Conflicts of Interest

5.1 The 2013 Act requires that members of the Pension Board do not have conflicts of interests. As such all members of the Pension Board 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 at regular intervals throughout a member's tenure to the Scheme Manager's satisfaction.

5.2 A Conflicts of Interest policy with which Local Pension Board Members must comply is included at Annex A to these Terms of Reference.

6) Board Review Process

6.1 The Board will undertake each year a formal review process to assess how well it and the members are performing with a view to seeking continuous improvement in the Board's performance.

7) Role of Officers and Advisers

7.1 The Pension Board will receive appropriate reports, information, and advice from fund officers in support of meeting its objectives.

7.2 The Pension Board will have access to pension fund officers, the Fund's Section 151 Officer, and the Fund's Legal Adviser as required to carry out its duties.

7.3 The Pension Board may be supported in its role and responsibilities through the appointment of professional advisers and shall (subject to any applicable regulation and legislation from time to time in force) consult with such advisers to the Board and on such terms as it shall see fit to help better perform its duties.

7.4 This will be done on an 'as required' basis; any advisor attending a Board meeting is not a Board member and does not have a vote. Professional advisers will be commissioned by the Scheme Manager. If required, sub-groups may be established to assist the Board. The terms of reference for sub groups will be set by the Local Pension Board in consultation with the Scheme Manager.

7.5 Officer and professional advisers shall support the Pension Board in delivering the Board's responsibilities by;

- a. providing advice as requested by the Board;
- b. having regard to the need effectively and efficiently comply with the code of practice on the governance and administration of public service pension schemes issued by the Pension Regulator;
- c. having regard for the need to secure compliance with the LGPS regulations and any other legislation relating to the governance and administration of the LGPS;
- d. notifying the Board of any matter which they decide the Board may need to know to carry out its responsibilities; and
- e. providing the Board with access to information as required;

8) Knowledge and Skills

8.1 Members of the Pension Board must have full capacity to act and will be expected to have good sound knowledge of the LGPS rules and administration adopted by the Warwickshire Pension Fund, pension law and regulations as set out in the 2004 Pensions Act.

8.2 The performance of Board members will be assessed on a periodic basis by the Scheme Manager to ensure that all members are adequately meeting their duties. Poor performance will result in corrective action being taken, and in exceptional circumstances the removal of the Board member.

8.3 Pension Board members must be able to demonstrate their knowledge and understanding and to refresh and keep their knowledge up to date. Board members are therefore required to maintain a written record of relevant training and development.

8.4 Board members will comply with the Scheme Manager's training policy.

8.5 Board members will undertake a personal training needs analysis undertaken on behalf of the Scheme Manager and regularly review their skills, competencies and knowledge to identify gaps or weaknesses.

9) Board Meetings

9.1 The Pension Board will meet quarterly with meetings timed to follow after the pension fund executive committee meetings so that the Local Pension Board can review and scrutinise Pension Fund activity in a timely way. The Scheme Administrator may from time to time review this arrangement to ensure that it provides sufficient capacity to enable the delivery of the Board's key responsibilities.

9.2 The Scheme Manager will undertake the committee secretariat functions for the Board and will ensure that:

- a. facilities are available to hold meetings;

- b. an annual schedule of meetings and forward plan of agenda items is organised and shared with members;
- c. suitable arrangements are in place to hold additional meetings if required - ensuring adequate notice;
- d. papers are distributed at least 5 clear working days before each meeting except for exceptional circumstances;
- e. a formal record of meetings is maintained; and
- f. following the approval of the minutes by the Chair, they are circulated to all Board members.

9.3 Meetings will be open for Scheme members and employers to observe.

9.4 Board meetings will be held at the Scheme Manager offices in Warwick, with the specific location published with the agenda. Meetings will be held during normal office hours.

9.5 Agenda items will normally be public papers. However an agenda item may meet the criteria to be exempt from publication and be heard in private session. Reports must meet the Council Council's standards for being made exempt. Local Pension Board Members must maintain the confidentiality of exempt reports and discussions.

9.6 Additional special meetings of the Local Pension Board may be convened at the request of the Scheme Administrator or by the Local Pension Board through a majority vote.

10) Standards of Conduct

10.1 The role of Pension Board members requires the highest standards of conduct and the "seven principles of public life" will be applied to all Pension Board members and embodied in their code of conduct. These are

- a. Selflessness;
- b. Integrity;
- c. Objectivity;
- d. Accountability;
- e. Openness;
- f. Honesty; and
- g. Leadership.

10.2 The Warwickshire County Council elected Member scheme representative is also responsible for adhering to County Council Member code of conduct.

11) Decision Making and Voting

11.1 The Pension Board is expected to operate on a consensus basis; however each Scheme Member Representative and Employer Representative member will have individual voting rights. Independent Members shall have no voting rights. In the event that consensus cannot be reached, a vote will be taken. The Chair should report to the Scheme Manager when a decision is reached in this manner.

11.2 It will be the role of the Chair to ensure that all members of the Board show due respect for process, that all views are fully heard and considered and to determine when consensus has been met.

12) Publication of Pension Board information

12.1 Scheme members and other interested parties will want to know that Warwickshire Pension Fund is being efficiently and effectively managed. They will also want to be confident that the Pension Board is properly constituted, trained and competent in order to comply with Scheme regulations, the governance and administration of the Scheme and requirements of the Pension Regulator.

12.2 Up to date information will be posted on the Warwickshire Pension Fund website showing –

- a. The names of the Pension Board members;
- b. How the Scheme members are represented on the Pension Board;
- c. The responsibilities of the Pension Board as a whole;
- d. The full terms of reference and policies of the Pension Board and how they operate;
- e. The Pension Board appointment process;
- f. Who each individual Pension Board member represent; and
- g. Any specific roles and responsibilities of individual Pension Board members.

12.3 The Pension Board papers, agendas and minutes of meetings will be published on the Warwickshire Pension Fund website. These may at the discretion of the Scheme Manager be edited to exclude items on the grounds that they would either involve the likely disclosure of exempt information as specified in Part 1 of Schedule 12A of the Local Government Act 1972 or it being confidential for the purposes of Section 100A(2) of that Act and/or they represent data covered by the Data Protection Act 1998.

12.4 The Scheme Manager will also consider requests for additional information to be published or made available to individual scheme members to encourage scheme member engagement and promote a culture of openness and transparency.

13) Accountability

13.1 The Pension Board will be collectively, and members individually, accountable to the Scheme Manager. The Board will also be given the opportunity to present its findings at the Fund's annual meeting.

14) Remuneration and Expenses

14.1 Remuneration for Board members will be limited to a refund of actual expenses incurred in attending Board meetings. The Chair's remuneration will be agreed on appointment and reviewed every three years.

14.2 The expenses of the Board are to be regarded as part of the administration costs of the Pension Fund.

14.3 Training and associated costs will be met by the Pension Fund.

14.4 Any costs / expenses must be claimed within 3 months of being incurred.

14.5 The Scheme Manager will set a budget each year for Local Pension Board costs including expenses, remuneration, training, professional advice, and costs incidental to conducting the business of the Board.

15) Tenure

15.1 Tenure period for Board members will be for a 3 year period on a rolling appointment basis - up to a maximum of 9 years.

15.2 The term of office for the Chair will also be for a three (3) year period at which point it will be the decision of the Scheme Manager to confirm re-appointments.

15.3 Resignation of Board members will be documented in writing to the Chair. A suitable notice period must be given which is no less than one (1) month.

16) Reporting Breaches and Concerns

16.1 Any breach brought to the attention of the Pension Board whether potential or actual shall be dealt with in accordance with the procedure set out in a separate policy document.

16.2 The Local Pension Board may report concerns to the Scheme Administrator and may report concerns to decision making pension committees.

16.3 Breaches and concerns will be documented and made available to scheme employers and scheme members with the published Board papers, except where a report is exempt.

17) Review

17.1 These Terms of Reference may be reviewed and amended at any time by the Scheme Manager, in consultation with the Board, and any changes communicated to the Pension Board in advance of the next Board meeting.

18) Definitions

18.1 The undernoted terms shall have the following meaning when used in this document:

“Pension Board” or “Board” Means the local Pension Board for the administering authority for the Warwickshire Pension Fund as required under the Public Service Pensions Act 2013

”Scheme Manager” Means Warwickshire County Council as administering authority of the Warwickshire Pension Fund.

“Chair” Reference to duties to be performed, or authorities exercised, by the Chair.

“LGPS” The Local Government Pension Scheme as constituted by the Local Government Pension Scheme Regulations 2013, the Local Government Pension Scheme (Transitional Provisions, Savings and Amendment) Regulations 2014 and The Local Government Pension Scheme (Management and Investment of Funds) Regulations 2009.

“Scheme” Means the Local Government Pension Scheme as defined under “LGPS”

19) Interpretation

19.1 Any uncertainty or ambiguity or interpretation required relating to any matters contained in this document shall be resolved by reference to the Scheme Manager.

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.

Warwickshire Local Pension Board Administration Activity and Performance Update

26 February 2020

1. Recommendation(s)

- 1.1 Note and comment on the latest developments in pensions administration and note the progress made since the last meeting.
- 1.2 Propose any additional topics they wish to be included in the bespoke training being arranged for LPB members during 2020 (paragraph 3.4).

2. Introduction

- 2.1 This report updates the Board on key developments affecting pension fund administration since the last meeting, including updates on implementation of the governance action plan and the performance of the Pensions Administration service.

3. Matters arising from the meeting on 14 November 2019

- 3.1 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:
 - Training for the LPB and training needs analysis for Board members (section 3)
 - Introduction of quarterly board meetings (section 4)
 - Presentation of outcomes of audits to the LPB (section 5)
 - Performance in provision of annual benefit statements (section 6)
 - Actions to resolve issues with Warwickshire County Council payroll (section 7)
- 3.2 A report by the independent consultant on the costs of the Pensions Administration service is included separately on the Board's agenda.

4. Training

- 4.1 The Pensions Administration service has in place, as required by TPR, a training log for the LPB. LPB members are expected to update the log for any

relevant training they undertake, or alternatively, to notify the Pensions Administration team who can update it on their behalf.

- 4.2 As set out in the Governance Review Action Plan, two dates have been arranged to hold bespoke training sessions for LPB members, on 7th May 2020 and 7th October 2020.
- 4.3 LPB members have been asked to complete a Training Needs Assessment, and the results will be used to determine the topics for these two training days. The training plan will be shared with Board members ahead of the session on 7th May.
- 4.4 The Board is also asked to propose suggested topics for the 2020 training days which they deem important.
- 4.5 In addition, separate induction training will be arranged for the new Board member as and when s/he is appointed.
- 4.6 A schedule of conferences taking place during 2020 which may be of interest to Board members has been included for information in the LPB Training Log.

5. Introduction of Quarterly LPB Meetings

- 5.1 As discussed at the meeting on 14 November 2019, from 2020 the Local Pensions Board will meet four times each year. Meeting dates for the coming year have been proposed for discussion on the Forward Plan report, elsewhere on this agenda.

6. Audit Reports

- 6.1 It has been agreed that the Pensions Fund Administration Updates report will, in future, include a summary of any internal or external audit reports relating to Pensions, once the reports have been presented to the Staff and Pensions Committee. Full audit reports will be made available to the Board.
- 6.2 An Internal Audit report on the respective roles of Pensions and Employers' Payroll sections is due to be included in a summary report to the Council's Audit and Standards Committee on 26th March 2020 and will be reported to the following LPB meeting.
- 6.3 A second audit is now underway to review and provide an assurance opinion on the management of risks associated with the administrative aspects of the Warwickshire Pension Fund. The results of this audit will be shared with LPB once they have been reported to the Audit and Standards Committee later in the year.

Annual Benefit Statements

- 6.4 As at 31st January 89% of annual benefit statements had been issued. Of the remaining 11% (3,719), 77% (2,846) could not be issued because the Pensions Administration service does not hold a current address for the member. The Pensions Administration team is in regular correspondence with TPR to report plans and progress.
- 6.5 By the date of the Board meeting the service expects to have appointed a tracing service to try to identify the whereabouts of deferred members whose addresses are out of date in order to issue their annual benefit statements. A verbal update will be provided at the meeting.

7. Warwickshire County Council Payroll

- 7.1 Following agreement of a formal reporting timetable with WCC Payroll, all reports are now being submitted in a workable format to ensure data quality is satisfactory and queries can be readily identified. Weekly operational meetings are held to ensure any issues are being resolved quickly, and managers from both services conduct a monthly monitoring meeting to review overall performance, any issues that need to be escalated, and actions to deliver continuous improvement. Overall, performance continues to improve.

8. Membership of the Local Pension Board

- 8.1 At the time of writing, a potential candidate has been identified for the vacant Member representative position on the Local Pensions Board and an interview process has been arranged. A verbal update will be provided to the Board at the meeting.

9. Governance Review Action Plan – Progress Update

- 9.1 At its meeting on 14 November 2019 the Board received the Governance Action Plan that was compiled to address the findings of the review conducted by the Council's independent expert, Ian Coleman. This plan has been updated to ensure that it includes the responses to recommendations in the recent audit report; actions set out in the breaches notification to The Pensions Regulator in October 2019; and other continuous improvement activity identified in joint working with WCC Payroll.
- 9.2 The consolidated Action Plan includes 54 individual actions, of which 23 have been completed. It has been RAG rated by senior managers within the service with activities deemed highest priority or time-critical rated Red, in order that resources can, in the first instance, be directed to those activities which are needed to ensure sound governance through compliance with TPR's Code of

Practice and/or are time critical. The Action Plan has been organised according to the categories of the Code.

- 9.3 Appendix B shows how work to implement the Action Plan has been prioritised and summarises progress.

10. Recruitment

- 10.1 Following approval of the new Finance Service structure, recruitment processes have been undertaken or are underway for a number of posts:
- Pensions Administration Delivery Lead
 - Pensions and Investment Manager
 - Pensions Administration Team Leader (1.5 posts)
 - Pensions Assistant (7 posts – 2 currently covered by temporary staff)
- 10.2 The pool of expertise nationally for the Pensions Administration Delivery Lead and Pensions and Investment Manager posts is small, and no suitable candidates came forward following an external recruitment campaign. The service has reviewed its recruitment strategy and is about to embark on an Executive Search, utilising specialist agencies.
- 10.3 Both Pensions Administration Team Leader posts have been filled and the successful candidates will be taking up their positions very shortly.
- 10.4 Interviews for vacant Pensions Assistant posts are scheduled to take place on 10th February and a verbal update will be provided at the meeting.
- 10.5 Appointment to these posts will help to create the capacity needed to progress the service improvements and developments that have been outlined in this and previous reports.
- 10.6 While recruitment to the Pensions Administration Delivery Lead is underway, the position has been filled on an interim basis by Andrew Marson. Andrew has a strong background in Pensions Management, leading business development and transformational change, and creating high-performing teams.
- 10.7 Andrew's appointment has allowed the transfer of Neil Buxton into a new role of Pensions Fund Policy and Governance technical specialist, ensuring that the Warwickshire Pension Fund has an influencing and proactive contributory role in the Local Government Pensions Scheme both nationally and locally. Neil will continue to work closely with both the Pensions Administration team and the Pensions Investment team to ensure the Council is commissioning and delivering efficient and effective services.

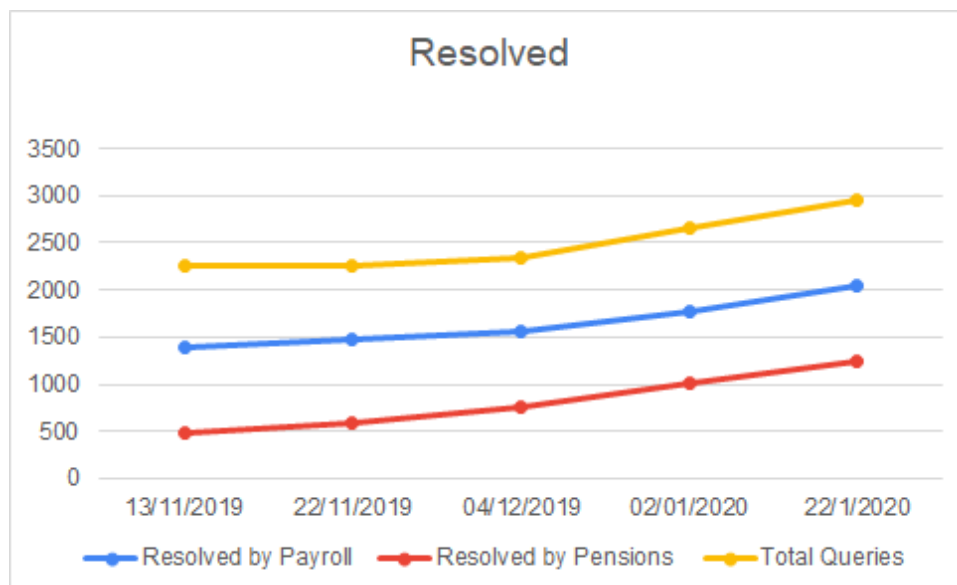
- 10.8 The Pensions and Investment Manager role continues to be undertaken by Michael Nicholau on an interim basis while recruitment to the permanent post is underway.

11. Workloads

- 11.1 Table 1 sets out the latest position regarding Starters, Leavers and Changes workloads. For clarification, the figures below relate only to work from WCC payroll data supplied. The intention is to develop our reporting capability to expand this to all employers.

Outstanding Workloads as at 22/1/2020	Starters		Leavers		Changes		Total	
	No.	%	No.	%	No.	%	No.	%
Requests Received Apr-Aug 2019	1496		1492		308		3596	
Requests outstanding at 19 th Sept 2019	343	22.9%	1356	90.1%	13	4.2%	1,712	47.6%
Requests Received Apr-Oct 2019	2151		2181		375		4707	
Requests outstanding at 30 th Oct 2019	362		875		0		1237	
% of requests outstanding at 31 st Oct 2019		16.8%		40.1%		0.0%		26.3%
Requests Received April 2019 – Jan 2020	2628		3073		819		6596	
Requests outstanding 22 nd Jan 2020	155		171		73		399	
% of requests outstanding at 22 nd Jan 2020		5.6%		5.3%		8.2%		5.7%

- 11.2 Table 1 shows that the number of outstanding Starter and Leaver requests has reduced substantially during the course of 2019/20.
- 11.3 All work outstanding volumes represent manageable levels of work in progress. In particular, the team performed well in response to receiving two months' worth of changes in December 2019.
- 11.4 Since the August 2019 position, a further 3,000 requests have been received and total requests outstanding have dropped from 1,712 to 399 as at 22nd January 2020.
- 11.5 Since August 2019 the Pensions Administration Team has also been monitoring other outstanding queries. These are largely to resolve issues around data accuracy. In total there have been 2,960 queries raised by the section with WCC Payroll. We have received 2,039 answers and have actioned 1,248 of these answers. Responses to queries are in the vast majority of cases being provided within five days of being raised.



- 11.6 Whilst work continues to clear these queries, the gap between total raised and total resolved is not closing. A risk is emerging regarding future capacity within WCC Payroll and this has been escalated to the Assistant Director for that service who is reviewing the position. Data cleansing and assurance of data quality will form a key part of the i-Connect project and additional resource will also be sought through this route.
- 11.7 With regard to mitigation of this risk, the benefits of a more rigorous procedure and clear lines of responsibility following the introduction of the “CT117” form for collecting data from Employers should begin to see reductions in the numbers of queries raised over the next reporting period.
- 11.8 Within the Pensions Administration team, there have been two temporary employees whose main responsibility was to clear the starters, leavers and terminations. There is a risk that work in progress could increase temporarily as one of these employees have now left the organisation. A permanent recruitment campaign began on the 10th January which should mitigate this risk.

12. Performance

- 12.1 A number of KPIs were reported to the Board in July 2019. The table below shows current performance against these indicators in 2019/20 to date, compared with performance in 2018/19.

Table 2: KPI Performance 2019/20 To Date

Performance Indicator	Target	2018/19 Actual	2019/20 Actual To Date		Comments and Actions
			@Nov	@Jan	
Retirements Lump Sums paid within 30 days of retirement	100%	42%	42%	60%	Employers who notify Pensions after retirement has taken place and provide final salary details when monthly payroll has been completed create a logistical challenge for this KPI target.
Retirements Lump Sums paid within 10 days of receiving all relevant paperwork	100%	82%	91%	85%	For WCC payrolls, Pensions Admin now receive an automated monthly retirement report which should help to accelerate lump sum payments. SLAs are being rolled out to all Employers which will specify the requirement and deadlines for providing notification of retirements. This should help to improve the timeliness of employer data submissions, and consequently performance against these KPIs.
Death grants paid 10 days of receiving paperwork	100%	95%	94%	84%	Note: only recorded from Aug 2019 Note Death Grant performance is easily skewed due to lower volumes.
Refunds processed within 10 days of receiving paperwork	100%	Data not available	96%	95%	Note: only recorded from Aug 2019
Transfers paid within 10 days of receiving paperwork	100%	81%	43%	51%	Note: only recorded from Aug 2019
Deferred benefits calculated and notified within 10 days of receiving paperwork	100%	81%	93% (where paperwork is received by post)	90%	
Scheme employer contributions received by 19 th of the month following deduction	100%	92%	86%	96% (to date)	An improved "CT117" process and the strategic implementation of IConnect are plans to improve and maintain this KPI.
Scheme employer monthly returns received by 19 th of the month following deduction	100%	80%	80%	84%(to date)	

13. GMP Reconciliation

13.1 No further information is available at this time regarding the GMP reconciliation. The HMRC expected was expected to provide its final data in November or December 2019 of cases which they believe should be included in the Warwickshire Fund. However, this has not yet been received and our actuaries are working to ascertain when the information is likely to be

received. At that point the LGA has provided guidance on how such cases should be treated.

14. Breaches

- 14.1 An update on delivery of the action plan to respond to the annual benefit statement (ABS) breach has been provided to TPR, confirming that 31,147 ABSs (89%) have now been issued and that a 3rd party provider has been engaged to trace members where the Fund does not hold up-to-date contact information for members. The service is in regular contact with TPR to report plans and progress.
- 14.2 Most Green breaches are due to late submission by employers of monthly data or monthly contributions. Breaches will be escalated to Amber if data or contributions are submitted:
- More than 1 week late on more than 3 occasions in 1 year
 - More than 5 weeks late on one occasion
- 14.3 Where such a breach has been escalated to Amber, direct contact will be made with the employer to remind them of their obligations under the Code of Practice and to work with them to resolve outstanding issues. Performance will be kept under close review to ensure improvements are made and sustained, and interest charges will be levied on late payment, in accordance with the new Pensions Administration Strategy. Continued poor performance will be escalated to a red breach and reported to TPR if they are deemed to meet the relevant criteria.

15. Strategy and Policy Updates

- 15.1 The Breaches Policy was approved by Staff and Pensions Committee on 9th December 2020 and will be made available on the Warwickshire Pension Fund website.
- 15.2 The ESG and Climate Change Policies and the Pensions Administration Strategy are all included elsewhere on this agenda for comments from the LPB, prior to being taken either to the Pension Fund Investment Sub Committee or Staff and Pensions Committee for final approval.
- 15.3 LPB members provided comments on the Conflicts of Interest Policy following its meeting in December and an updated version is due to be submitted to Staff and Pensions Committee for final approval in March 2020.
- 15.4 All Policies and Strategies will be reviewed on an annual basis including consultation with the LPB.

16. New Employers

- 16.1 At its meeting on 9 December 2019 Staff and Pensions Committee approved the application from Cubbington Parish Council for admission to the Warwickshire Pension Fund.

17. Other Employer Issues

- 17.1 There are currently two employers where the Fund has been experiencing issues due to delayed payments. There are, however, distinct differences in how the arrears have arisen.

Employer 1

- 17.2 The Fund had a number of small community employers who were struggling to service their deficit payments. The Fund approached the County Council to see if an exit agreement could be reached with these employers. The County Council had either counter-signed an admission agreement for these employers or had agreed to their admission by way of the Social Services Committee previously.
- 17.3 An agreement was reached and all but one of the employers exited on an ongoing basis rather than on a gilts assessment.
- 17.4 The remaining employer had previously struggled to fund deficit payments whilst in the Fund. The sum outstanding to exit the fund and clear remaining invoices is £993k but the employer has significant financial challenges. The Fund is liaising with the County Council to attempt to resolve the issue and is awaiting a response. The employer stopped accruing further liabilities when they withdrew access to the LGPS for their remaining members

Employer 2

- 17.5 This employer has not been paying deficit payments recently. When approached by the Fund, the Director of Finance for the employer agreed to make payments but subsequently failed to do so. The sum due is £79k. Further payments will be due for the final three months of the year totalling another £47k.
- 17.6 Officers have taken steps to assist the employer and at the request of the employer, changed to invoicing monthly rather than quarterly. However, this has not resolved the issue.
- 17.7 The Fund is exploring Legal and Regulatory options as to how to address this issue.

18. Financial Implications

- 18.1 As set out in the report.

19. Environmental Implications

19.1 None

Appendices

1. Appendix A: Consolidated Action Plan - Update

Background Paper

1. Administration Report, Warwickshire Local Pension Board, 14th November 2019

	Name	Contact Information
Report Author	Liz Firmstone, Chris Norton	lizfirmstone@warwickshire.gov.uk, chrisnorton@warwickshire.gov.uk
Assistant Director	Assistant Director, Finance (Interim)	richardennis@warwickshire.gov.uk
Lead Director	Strategic Director for Resources	
Lead Member	Portfolio Holder for Finance and Property	

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

Local Member(s):

Other members:

Consolidated Action Plan - Update

Consolidated Pensions Administration Action Plan	Completed / Resolved	Red	Amber	Green
	<i>(Number of actions in brackets)</i>			
Knowledge & Understanding	(5) A training day was delivered to LPB members in Oct-19. A training log is being maintained, and a schedule of external conferences has been shared with LPB. LPB meetings are now scheduled quarterly. Two further training days are planned for 7 th May and 7 th October.	(1) Training Needs Analysis to be finalised to agree content of 2020 training days.	(1) Training for new LPB member to be arranged, once appointed.	(0)
Conflicts of Interest	(0)	(1) Policy to be updated. Draft is on this LPB agenda for comments, prior to seeking approval from Staff and Pensions Committee.	(0)	(0)
Publishing Information	(0)	(2) LPB ToRs have been reviewed and revised draft is on this LPB agenda. Draft ESG policy is also on this LPB agenda for comments prior to approval by Pension Fund Investment Sub-Committee.	(0)	(0)

Consolidated Pensions Administration Action Plan	Completed / Resolved	Red	Amber	Green
	<i>(Number of actions in brackets)</i>			
Managing Risks	<p>(2)</p> <p>Instead of ICT presenting cyber security policy to LPB, this will be done by Pensions staff having liaised fully with ICT colleagues. This is a TPR developing area but not currently a requirement. Proposal is to report to LPB during summer 2020.</p> <p>Risk Register now a standing item on Forward Plan.</p>	<p>(1)</p> <p>Finance restructure will increase capacity and create new Technical Specialist role. Recruitment is underway for vacancies; Technical Specialist and interim Pensions Admin Delivery Lead are in post.</p>	<p>(0)</p>	<p>(4)</p> <p>Outcome of audits to be reported to LPB (not due until Staff & Pensions Committee have considered).</p> <p>Interim Delivery Lead is leading continuous improvement of procedures for managing risk. Service is liaising with WCC to understand its cyber security policy and will present proposed Pensions cyber security policy later this year.</p>

Consolidated Pensions Administration Action Plan	Completed / Resolved	Red	Amber	Green
	<i>(Number of actions in brackets)</i>			
Record Keeping	<p>(2)</p> <p>Breach regarding Annual Benefit Statements was reported to TPR and actions required to remedy have been documented and implemented.</p>	<p>(5)</p> <p>Project proposal for i-Connect has been approved and Full Business Case is in development.</p> <p>Pensions Admin Strategy is on this LPB agenda for comments prior to approval by Staff & Pensions Committee.</p> <p>Use of KPIs for performance management is being embedded into service and independent expert is advising on other potential measures, based on best practice.</p>	<p>(7)</p> <p>Draft Data Quality Improvement Plan has been produced. Backdated Data Changes report to be run to ensure all historic changes have been captured.</p> <p>Queries are being captured and updated continuously and used to undertake Root Cause Analysis to reduce issues at source.</p> <p>SLA between Pensions Admin & Employer Payroll services has been drafted in line with TPR Code and will be rolled out to all employers.</p>	<p>(2)</p> <p>Data quality checks are planned in run up to Annual Benefit Statement and Annual Returns deadlines.</p>

Consolidated Pensions Administration Action Plan	Completed / Resolved	Red	Amber	Green
	<i>(Number of actions in brackets)</i>			
Maintaining Contributions Page 42	(7) Plan to resolve outstanding WCC Payroll issues was produced, including actions from internal audit, responsibilities and process for escalation. Timetable for information requirements from WCC Payroll is agreed and being met, with monitoring arrangements in place. Pensions / WCC Payroll Working Group ToRs now include Fire Pensions.	(1) Introduction of charges to employers who fail to make contributions on time is being introduced as part of Pensions Admin Strategy (see separate report on this agenda).	(2) SLA is being finalised and will be rolled out to all employers to ensure they understand their roles and responsibilities in progress. Use of Root Cause Analysis to resolve issues at source is underway.	(1) Measures will be introduced to assess employer covenants once new staffing structure and capacity is in place.
Providing Information to Members	(0)	(0)	(0)	(0)
Internal Dispute Resolution	(0)	(0)	(0)	(0)

Consolidated Pensions Administration Action Plan	Completed / Resolved	Red	Amber	Green
	<i>(Number of actions in brackets)</i>			
Reporting Breaches of the Law Page 43	(6) Breaches Policy has been approved by Staff & Pensions Committee. Breaches log is updated continuously and reviewed regularly to identify and consider potentially reportable breaches. Annual Allowance training sessions have been run both for staff and for members at risk of exceeding annual or lifetime allowance thresholds.	(1) Pensions Admin Strategy sets out employers' responsibility to report breaches to Scheme Administrator (see separate report on this agenda).	(0)	(1) Annual allowances will be monitored throughout year – new procedures being put in place.
TPR Developing Areas	(1) Voting activity is now being reported to LPB elsewhere on this agenda.	(1) Draft Climate Change Strategy is included elsewhere on this agenda for comments, prior to approval by Pension Fund Investment Sub-Committee.	(0)	(0)
Total Actions	23	13	10	8

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Warwickshire Local Pension Board Administration Costs

26 February 2020

1. Recommendation(s)

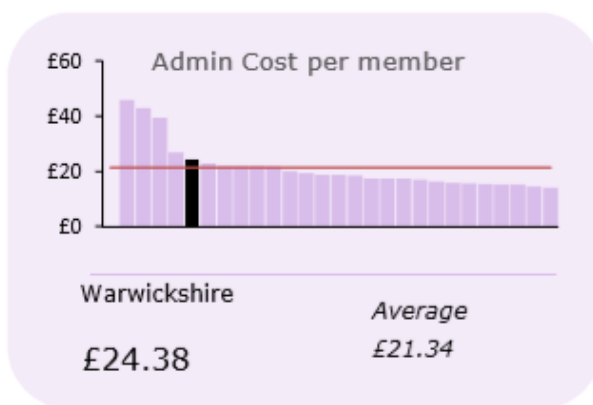
- 1.1 Note that the total cost of Pensions Administration per member is 14.2% higher than the average and the intention is to test whether this is due to economies of scale resulting from Warwickshire being a small Fund compared to the benchmark group.
- 1.2 Note the intention to work with the CIPFA benchmarking club to enhance the consistency and quality of benchmarking data.
- 1.3 Following the work with the CIPFA benchmarking club the service will look for opportunities to improve unit costs and will report back to the Board on findings and activities.

2. Executive Summary

- 2.1 The Board has expressed concerns over a number of meetings about Pension Fund administration costs in general, and specifically, about the WCC payroll costs charged to the Fund. The CIPFA Pensions Administration benchmarking report for 2019 was published in October 2019 and was reported to the Board on 14 November 2019, where it was agreed that further investigation of the benchmarking report would be undertaken with the results to be reported back to the Board.
- 2.2 Further work has been conducted by Ian Coleman, the independent consultant, and this report sets out his findings from that investigation.

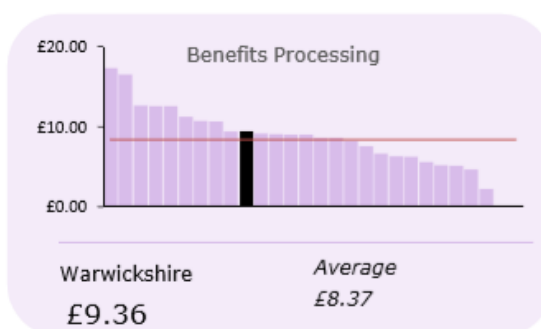
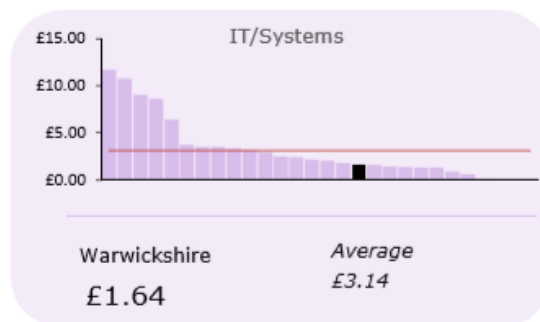
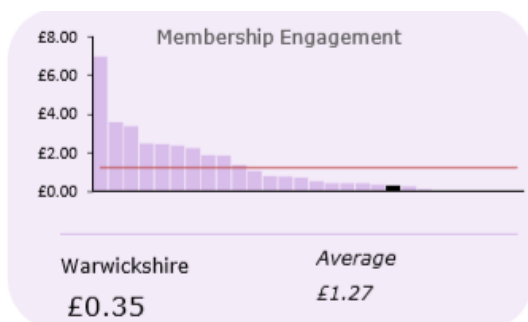
3. CIPFA Pensions Administration Benchmarking Report 2018/19

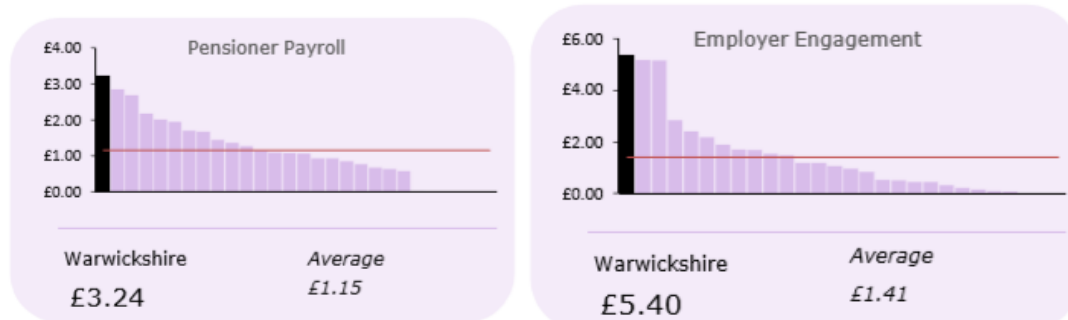
- 3.1 The key cost comparator for Admin Cost per Member is set out below:



3.2 The cost elements on which the total costs are based are set out in Table 1 below, with further information set out in the charts:

Table 1: 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)





4. General Analysis of Results

- 4.1 The total service cost per member of £24.38 is above the average of £21.34. However, the average represents a significant variation in the size and structure of pension funds. Not all pension funds partake in the benchmarking exercise. The detailed information for other Funds is not available in a public document. Nevertheless, from information held by CIPFA, it is possible to conclude that a comparison of the total costs of the Warwickshire Fund with funds of a comparable size and structure shows that the total costs of service provision are in line with other funds.
- 4.2 Although the total costs are in line, there are wide variations in the component elements. This can only be explained by the completion of the benchmarking exercise at WCC being undertaken on a different basis to how the return has been completed at most other Funds. A better understanding of the component elements is required when submitting cost information for comparative purposes.
- 4.3 Recently, CIPFA has arranged a meeting for the members of the benchmarking club to discuss issues. One of the key aims is to obtain greater consistency in the submission of data. It is anticipated that, with this clarification, and with a greater understanding of the costs, more consideration can be given to the submission of data in future.

5. Pensioner Payroll Costs

- 5.1 The Board has been particularly concerned about the pensioner payroll costs which show as a cost per member of £3.24 for WCC against an average of £1.15. This discrepancy is much reduced from what it has been in previous years. Working with the HR Service Centre, it has been possible to analyse the payroll costs and the recharge to pensions administration.
- 5.2 As the Board is aware, the charge from payroll to pensions administration had been a fixed £375,000 for many years. In 2018/19, following the implementation of iTrent, this was reviewed, and the charge reduced to

£168,000. This is the main reason for the variation in cost being reduced from previous years.

- 5.3 Initial analysis of the pensioner payroll costs of £3.24 per member has revealed that £0.87 relates to direct IT costs which should have been classified as IT costs. It is likely that other elements of this cost should be classified elsewhere.
- 5.4 The Board has expressed some concerns about total payroll costs. Analysis of the CIPFA Payroll benchmarking report shows that the net cost per payslip is £3.50 for WCC against an average of £3.37; and the net cost per employee is £28.94 for WCC against an average of £33.59. Analysis of the individual elements of the payroll benchmarking shows general consistency across all cost centres.

6. Financial Implications

- 6.1 Financial implications are set out in sections 3 to 5 above.

7. Environmental Implications

- 7.1 None

8. Timescales associated with the decision and next steps

- 8.1 A further report will be brought back to the next meeting of the Local Pensions Board to provide an update on work with the CIPFA benchmarking club.

Appendices

- 1. None.

Background Papers

- 1. CIPFA Pensions Administration Benchmarking Report 2018/19.

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Lead Member	Portfolio Holder for Finance and Property	

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

Local Member(s):

Other members:

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Warwickshire Local Pension Board Administration Strategy

1 Recommendations

- 1.1 That the Local Pension Board notes and comments on the draft Administration Strategy.

2 Executive Summary

- 2.1 The administration strategy sets out the policies and performance standards to which the pension fund administration service operates, including expectations in respect of employer performance.
- 2.2 A key element of the strategy is around how the Fund acts in cases where standards are not met by employers, for example persistent late payment of contributions or poor data quality. The Fund will continue to take a positive and pro-active approach to performance management, but it is necessary to have the facility to take action when other efforts have not succeeded. Section 6 and Appendix 1 include proposals around the recovery of costs and charging of interest in certain circumstances.
- 2.3 This document will be used as a live reference point to ensure standards are being met and it will be reviewed annually to ensure it remains fit for purpose.

3 Financial Implications

- 3.1 None.

4 Environmental Implications

- 4.1 None.

5 Supporting Information

- 5.1 None.

6 Timescales and Next Steps

- 6.1 The strategy will be shared/consulted with employers for comment and ultimately approved by the Staff and Pensions Committee.

Appendices

Appendix 1 – Draft Administration Strategy

Background Papers

None.

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

Local Member(s):

Other members:

DRAFT

**PENSIONS
ADMINISTRATION
STRATEGY
STATEMENT**

WARWICKSHIRE

pension fund



Introduction

Warwickshire Pension Fund (“the Fund”) is responsible for the administration of the Local Government Pension Scheme (“the Scheme”) within the geographical area of Warwickshire. The Fund also administers the Scheme on behalf of a number of qualifying employers who are not situated within the Warwickshire area. The service is carried out by Warwickshire County Council (“the administering authority”) on behalf of qualifying employers and ultimately Scheme members.

This document is the Pensions Administration Strategy Statement which outlines the policies and performance standards towards providing a cost-effective, inclusive and high quality pensions administration service.

Delivery of such an administration service is not the responsibility of one person or one organisation, but rather the joint working of a number of different stakeholders, who between them are responsible for delivering the pensions administration service to meet the diverse needs of the membership and the regulatory requirements.

1. Compliance

Developed in consultation with employers within the Fund, this statement seeks to promote good working relationships, improve efficiency and ensure agreed standards of quality in delivery of the pension administration service amongst Scheme employers and the Fund. A copy of this strategy is provided to all employers.

In no circumstances does this strategy override any provision or requirement of the regulations, nor is it intended to replace the more extensive commentary provided by the employer information on the Warwickshire Pension Fund website and administration guides provided by the Local Government Association (LGA).

2. Review

The undertakings set out within this Pensions Administration Strategy Statement will be reviewed annually by the Fund. Additionally, the Fund will review this policy statement and make revisions as appropriate, following a material change to the Fund policies in relation to any of the matters contained in the strategy. Employers will be consulted and informed of any changes.

3. Regulatory Framework

Regulation 59-(1) of the LGPS Regulations 2013 enables an LGPS administering authority to prepare a document (“the pension administration strategy”) detailing administrative standards, performance measures, data flows and communication with employers.

In addition, Regulation 70.-(1) of the LGPS Regulations 2013 allows an administering authority to recover costs from an employing authority where costs have been incurred because of that employing authority’s level of performance in carrying out its functions under these Regulations. See section on Poor Performance.

This document has been presented, considered and ratified by the Staff and Pensions Committee on [dd/mm/yyyy] and, as such, the contents of which apply to all existing and future employers of Warwickshire Pension Fund from this date.

4. Scheme Employer Duties and Responsibilities

The delivery of a high quality, cost effective administration service is not the responsibility of just the administering authority, but depends on the joint working of the administering authority with a number of individuals employed in different organisations to ensure Scheme members and other

interested parties receive the appropriate level of service, and that statutory requirements are met.

Monthly/annual data transfer

The Fund currently relies on data transfer by way of the completion and submission of a monthly spreadsheet, but the intention is to move to a portal system.

Response to queries

There are times when the Pensions Team may need to contact employers with queries on the data provided, or to request additional information in order to provide Scheme members with details of their pension entitlement. From time to time, employers may also require information from the Pensions Team regarding the Scheme. Timescales for dealing with specific requests are listed in this document and where a timeframe is not provided, either party should be responded to within 10 working days of receipt of the request.

Appointing a main contact

Each employing authority must designate a named individual to act as the main point of contact with regard to any aspect of administering the LGPS, and to be responsible for ensuring the requirements set out in this strategy are met. Employers are required to keep their designated contact information up-to-date.

Their key responsibilities are:

- to act as a conduit for communications to appropriate staff within the employer - for example, Human Resources, Payroll teams, Directors of Finance;
- to ensure that standards and levels of service are maintained and regulatory responsibilities are complied with.
- to ensure that details of all nominated representatives and authorised signatures are correct and to notify the Fund of any changes immediately;
- to arrange distribution of communications literature as and when required;
- to inform the Fund of any alternative service arrangements required;
- to assure data quality and ensure the timely submission of data to the Fund; and
- to assist and liaise with the Fund on promotional activities.

Authorised signatories

Each employer must nominate individuals to act as authorised signatories, whose names and specimen signatures will be held by the Fund, and who must sign all employer documents or instructions. In signing a document, an authorised officer is not merely certifying that the form comes from the employer stated, but also that the information being provided is correct.

Consequently, if an authorised signatory is certifying information that someone else has compiled, for example leaving information including a final salary pay, career average pay, assumed pay they are authorising to confirm that the information is correct.

It is the employer's responsibility to ensure that details of the authorised signatures are up-to-date, and to notify the Fund of any changes.

Employer Training

The Fund holds annual training for employers where officers of the Fund provide information on finances, investment performance, regulatory changes and also administration performance. Attendance by each employer's nominated contacts is actively encouraged. It is ultimately the responsibility of the employer to ensure that any staff with responsibilities related to the pension fund have the appropriate knowledge and skills.

Discretions Policy

Each employer is required by statute to prepare and publish a written statement as to how they wish to exercise the discretionary powers available to them as a Scheme employer under the LGPS regulations. The policy statement must be kept under review and, where revisions are made, the revised policy statement must be sent to the Fund and made readily available to all employees within the employing authority within one month of the effective date. The LGA has produced a list of all the discretions participating employers have in relation to the LGPS. This document can be found on the website: www.lgpsregs.org. Each employer must provide a copy of their discretions policy to the pension fund and provide updates when it is changed.

Notification of employee's rights

Internal Disputes Resolution Procedure (IDRP)

Under Regulation 72 of the LGPS 2013 regulations, any decisions made by an employing authority affecting an employee's rights to membership, or entitlement to benefits must be made

as soon as is reasonably practicable and notified to the employee in writing including a reference to their right of appeal in line with Regulation 73 of the LGPS regulations. Every notification must;

- Specify the rights under stage 1 and stage 2 of the appeals procedure quoting the appropriate regulations;
- Specify the time limits within an appeal, under either stage, which apply and;
- Specify to whom an application for appeal must be made to.
 - For first stage appeals this must be the nominated person of the employer who made the decision. For 2nd stage appeals this will be the appointed person at the administering authority

The Fund has guidance for employers to provide to individuals who raise an issue under the IDR procedure.

Nominated person

Each employing authority is required to nominate and name the person to whom applications under Stage 1 of the IDR should be made. Employers must notify the Fund of any first stage appeals they receive.

Employers should inform the Fund of appointed medical practitioners.

5. Service Standards to Scheme Members

Overriding legislation dictates the standards that pension schemes and employers should meet in providing certain pieces of information to various associated parties – not least of which includes the scheme member. The LGPS Regulations also identifies a number of requirements for the Fund and employers, which may not have all been covered in this document. It is important that employers make themselves familiar of the HR and Payroll guides available on www.lgpsregs.org.uk

An online employers guide is available on the Fund's website www.warwickshirepensionfund.org.uk which includes template forms and guidance for all Scheme employers.

The levels of performance and procedures which the Fund and employers are expected to achieve to ensure compliance with the overriding legislation are outlined in the below tables:

Each employer will be asked to provide a list of contacts.

6. Recovering Costs / Sanctions / Fines

Where a serious or persistent and on-going failure to deliver employer responsibilities to the Fund occurs (for example late contributions, late data submissions, or poor data quality), and no improvement is demonstrated by an Employer (and or unwillingness is shown to resolve the issues identified) the Fund may under Regulation 70 (1) of the LGPS Regulations 2014 recover costs from an Employer, where costs have been incurred because of that Employer's level of performance in carrying out its functions under these Regulations.

Any costs, charged by the Fund will be recovered from the Employer and not the third-party company appointed by the Employer to provide pensions services e.g. a third-party payroll provider.

Circumstances where additional costs may be recovered

The circumstances where additional costs may be recovered from the Employer include but are not restricted to:

- persistent failure to provide relevant information to the administering authority, Scheme Member, or any other interested party in accordance with specified performance targets (either relating to the timeliness of delivery or the quality of information);
- instances where performance by the Employer results in a loss to the Pension Fund, e.g. any overpayment resulting from inaccurate information supplied by the Employer, costs associated with the assessment of benefits, interest on late payment of benefits, scheme tax charges, etc;
- failure to deduct and pay over correct Employee and Employer contributions within the standard timescales;
- failure to pay or pay on time any other amounts due to the Pension Fund, e.g., actuarial strain payments;
- instances where the performance of the Employer results in fines being levied against the administering authority by the courts, the Pensions Regulator, the Pensions Ombudsman or any other regulatory body.
- instances where the performance of an Employer results in the Fund having to incur out of the ordinary additional expenditure in order to manage around the performance issue, for example having to employ additional staff to manage with lower quality data.

Approach to seeking additional administration costs

The administering authority may take any of the following steps:

- write to the Employer, setting out the issues;
- meet with the Employer to discuss the issues and how these can be addressed;
- issue a formal written improvement notice, where no improvement is demonstrated by the Employer, setting out the issues that have been identified, the steps taken to resolve the them, and that the additional costs will now be reclaimed;
- clearly set out the calculations of any loss resulting to the Pension Fund or administering authority, or additional costs, considering the time spent and resources used in resolving the issue.
- Issue reminders and final notices in respect of due debts.
- Instigate legal debt recovery action including the recovery of collection costs.

Penalties for Failure by Employers to Meet their Statutory Obligations

Administration costs shown below will be charged if an Employer has consistently failed to meet its obligations and an **Improvement Notice** has been issued and not complied with

Employer to the Fund (where the case has to be returned for incorrect information on more than two occasions)	
*fine from the Pensions Regulator	Amount requested by the Pensions Regulator
*fine from the Pensions Ombudsman	Amount requested by the Pensions Ombudsman
*delay causing unauthorised payments	Cost of tax from HMRC and or reimbursement of charges imposed by HMRC on the Warwickshire Pension Fund.
Fines from other statutory body incurred as a result of employers actions	As levied

Regulatory Task	Administration Fee / charge
Late payment of Employer and / or scheme member contributions. Plus, any statutory charges	£150 per occurrence plus interest as defined in this strategy.
Late provision of year end contributions returns in prescribed format	£1,000 per occurrence plus £100 for each week plus part week of continued non-provision
Late provision of starter information, per case	£50 initial charge plus £50 per month of continued non-provision
Late provision of leaver information, per case	£50 initial charge plus £50 per month or part month of continued non-provision
Charges for persistent incorrect and incomplete information provided by the employer	£50 per case

*Fines or charges imposed by the Pensions Ombudsman, Pension Regulator and the HMRC for non-compliance will be recharged in full to the Employer.

The Pension Fund will do everything possible to support Employers to avoid costs but will levy them where necessary.

The Fund will report Employer performance to the Local Pension Board and Pension Fund committees as appropriate, including reporting of the charging of costs and interest to Employers.

7. Standards of Data

Overriding Legislation in performing the role of administering the LGPS

The Fund and employers will comply with the overriding legislation, including:

- the Occupational Pensions Schemes
- (Disclosure of Information) Regulations 2015;
- The Local Government Pension Scheme (Amendment) (Governance) Regulations 2015;
- the Pensions Act 1995, 2004 and 2014;
- any Transitional Regulations currently in place;
- the Discretionary and Compensation Regulations 2006;
- the Data Protection Act 1998;
- the Freedom of Information Act 2000;
- the Disability Discrimination Act 1995;
- the Age Discrimination Act 2006;
- the Finance Act 2004;
- Health and Safety legislation;
- Employment Rights Act 2010;
- HMRC Legislation and Current GAD Guidance;
- Public Service Pensions Act 2013;

and any future amendments to the above legislation.

Data Protection Act 2018

The Warwickshire Pension Fund is a Data Controller as part of the Data Protection Act 2018 which incorporates the General Data Protection Regulation (GDPR). This means we store, hold and manage personal data in line with statutory requirements to enable us to provide pension administration services. To enable us to carry out our statutory duty, we are required to share information with certain bodies, but will only do so in limited circumstances. More information about how we hold data and who we share it can be found in the Fund's Privacy Notice on www.warwickshirepensionfund.org.uk

The Fund has introduced a Memorandum of Understanding (MOU). The aim of the MOU is to set out that participating employers in the Local Government Pension Scheme (LGPS) can share data with the LG administering authority without a data sharing agreement being in place. (There is no legal requirement for employers to have a data sharing agreement with LGPS administering authorities as they are both data controllers.) A copy of the MOU can be found on the employers' area of the website www.warwickshirepensionfund.org.uk.

Secure Data Transfer

The Fund will follow Warwickshire County Council data security guidelines when sending any personal data, including its published data sharing policy. This means that members' personal data will only be transferred from one party to the other via an acceptable method specified by the Administering Authority which may include any of the following:

- (a) Secure email
- (b) Paper forms signed by an authorising officer from the employer
- (c) Password protected excel spreadsheet

All these measures start from the date of receipt of all relevant information. The annual performance of the Fund is reported each year in the Annual Report.

Audit

The Fund is subject from time to time to audits of its processes and internal controls. Employers are expected to fully comply with any requests for information from both internal and approved external auditors. Any subsequent recommendations will be considered and where appropriate implemented with employing authority cooperation.

Benchmarking

The Fund will regularly monitor its costs and service performance by benchmarking with other administering authorities. Details of the costs of administration, quality measures and standards of performance will be published in the Annual Report.

8. Employer Performance Reporting

As part of this Pensions Administration Strategy the Fund will develop arrangements for reporting on key performance measures.

This approach to reporting will facilitate engagement with employers and provide a mechanism for service level review and recognition of best practice.

Reporting breaches

The Fund has a procedure to be followed by certain persons in relation to reporting breaches of the law to the Pensions Regulator. The breaches procedure applies, in the main to;

- all members of the Warwickshire Pension Board and Committee;
- all officers involved in the management of the Pension Fund including members of the Treasury Team, Pensions Administration Team, and the Head of Finance, Governance and Assurance (Section 151 Officer);
- any professional advisers including auditors, actuaries, legal advisers and fund managers; and
- officers of employers participating in the Warwickshire County Pension Fund who are responsible for LGPS matters.

Breaches can occur in relation to a wide variety of the tasks normally associated with the administrative function of a scheme such as keeping records, internal controls, calculating benefits and making investment or investment-related decisions.

If a breach occurs the breaches policy must be followed.

9. Associated Policy Statements and Documents

Participating employers are advised to familiarise themselves with the other policies issued by the Fund.

Communications Strategy Statement

The statement outlines the Fund's policy on:

- information to members, representatives and employers;
- the format, frequency and method of distributing such information;
- the promotion of the Scheme to prospective members and their employing authorities

Employer Discretions Policy

Since 1997, the LGPS regulations have required every employing authority to:

- issue a written policy statement on how it will exercise the various discretions provided by the Scheme;
- keep it under review;
- revise as necessary.

A full list of employer discretions can be found on www.lgpsregs.org.

10. Fund Contact Information

Write/visit: Warwickshire Pension Fund, The Post Room, Shire Hall, Warwick, Warwickshire, CV34 4RL

Call: 01926412186

Email: pensions@warwickshire.gov.uk

Website: www.warwickshirepensionfund.org.uk

11. Timescales

There are a number of prescribed timescales for delivering activities for both Employers and the Fund. These are summarised in Appendix 2.

Appendix 1 – Service Standards

1a - NEW STARTERS	
EMPLOYER'S RESPONSIBILITY	FUND'S RESPONSIBILITY
<p>To ensure that pensions information is included as part of any new employment induction process, including in contracts of employment and appointment letters.</p> <p>To ensure that all employees subject to contractual admission are brought into the Scheme from their relevant start date, and provide the Pensions Team with accurate member data, using the monthly data submission within four weeks of the members start date.</p> <p>To provide each new employee with a Brief Scheme Guide and New Member Form with their contract of employment. This may be in the form of issuing a paper copy or by directing all new members to the Fund's website where the information can be viewed or downloaded. The most up to date versions of forms and guides can always be found on the Fund's website www.warwickshirepensionfund.org.uk.</p> <p>To determine the appropriate contribution rate (whether individually or by an automated process on payroll) and (as soon as is reasonably practicable), notify the employee of this contribution rate which is to be deducted from the employee's pensionable pay and the date from which the rate will become payable. It is for the employer to determine the method by which the notification is given to the employee, but the notification must contain a statement giving the address from which further information about the decision may be obtained. The notification must also notify the employee of the right to appeal, including the processes and timescales involved. Furthermore, the correct employee contribution rate according to the scheme the member is in – either the 50/50 or 100/100 scheme should be applied and (if appropriate) adjusted throughout the year according to the employer's discretionary policy on rebanding.</p> <p>To send the Fund notification of any eligible employees subject to automatic enrolment, who opt out of the scheme within six weeks of joining.</p>	<p>To accurately create member records on the pensions administration system following notification from an employer of a new entrant to the Scheme.</p> <p>To support employer requests to attend inductions.</p> <p>To update pension information in accordance with regulatory changes, and to keep PDF versions of forms and guides up to date on the Fund website. www.warwickshirepensionfund.org.uk</p> <p>To accurately record and update member records on the pension administration system within following the receipt of a completed New Member Form.</p>

<p>Where there is more than one contract of employment with the same employer, each membership shall be maintained separately and the Fund notified as above.</p>	
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1b - CHANGES IN CIRCUMSTANCES FOR ACTIVE MEMBERS

EMPLOYERS' RESPONSIBILITY	FUND'S RESPONSIBILITY
<p>To ensure that the Fund is informed of any changes in the circumstances of employees through forms and spreadsheets within four weeks of the change.</p> <p>Forms and guidance can be found in the employers' area of the Fund website at: www.warwickshirepensionfund.org.uk</p> <p>Changes may include:</p> <p>Personal information:</p> <ul style="list-style-type: none"> • Change of name • Marital status • National insurance number • Change of address <p>Conditions of employment affecting pension such as:</p> <ul style="list-style-type: none"> • Contractual hours (mandatory for members who meet the underpin requirements only) • Any remuneration changes due to promotion and down grading • Full-time equivalent pensionable pay according to the pre 2014 definition • Actual pensionable pay (including overtime/additional hours) in 100/100 and 50/50 schemes according to the post 2014 definition (CARE). • Employees contribution rate • Employee number and/or post number • Date joined scheme (if adjusted) • Confirmation of 50/50 or 100/100 scheme entry <p>NB. An Employee can easily exceed HMRC annual allowance if their pay increases. You therefore are asked to inform the Fund of:</p> <ul style="list-style-type: none"> • Significant pay awards/pay increases 	<p>To provide forms and spreadsheets for recording key changes in circumstances and to provide guidance on the secure submission of data.</p> <p>To accurately record and update member records on the pensions administration systems within four weeks of notification, or any shorter period as requested by the employer with regards to specific requirements.</p>

- Honorariums
- Additional Voluntary Contributions (AVC) contributions
- Shared Cost AVC contributions (if applicable)
- Shared Cost Additional Pension Contributions

For a full list of data items required, see the section FINANCIAL AND DATA OBLIGATIONS, or further information is available from the Fund directly. Employers can also visit the webpage on 'monthly data reports and end of year procedure' on the Fund website

www.warwickshirepensionfund.org.uk

Absence

During periods of reduced or nil pay as a result of sickness, injury or relevant child related leave (i.e. ordinary maternity, paternity or adoption leave or paid shared parental leave and any paid additional maternity or adoption leave) assumed pensionable pay (APP) should be applied for pension purposes.

Employer contributions should be deducted from pay and any APP. If the employee receives no pay the employer contributions should still be deducted from APP.

Should an employee wish to purchase Additional Pension Contributions (APC) or a Shared Cost Additional Pension Contributions (SCAPC) contract to buy back the pension 'lost' during the absence, the APP amount will need to be calculated and provided to the member's employer. Employers must bring to the attention of the member, before a period of absence, that they can buy back the 'lost' pension. Employers should also direct members to the website www.lgpsmember.org where they can calculate the cost to buy back this 'lost' pension. As employees have a thirty day timeframe with which to buy back the lost pension, employers should be sure to mention this to the employee early on in the 30 day period.

Types of absences include:

- Maternity, paternity and adoption
- Paid & unpaid leave of absence
- Industrial action (SCAPC not available)

<ul style="list-style-type: none"> Any other material/authorised period of absence <p>See section 'ADDITIONAL PENSION CONTRIBUTIONS (APCs) and SHARED COST APC's' for further information.</p>	
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1c - ANNUAL RETURN, VALUATION & ANNUAL BENEFIT STATEMENTS

EMPLOYERS' RESPONSIBILITY	FUND'S RESPONSIBILITY
<p>The information should be accompanied by a final statement (lgs121a); balancing the amounts paid during the year with the total amounts submitted for the year and to include leavers. A compliance statement (lgs121b) must also be submitted and both duly signed by an appropriate officer. Should there be any under/over payment discovered whilst reconciling, accompanying paperwork detailing this must be submitted together with payment or a formal request for a refund. Year end reconciliation must be completed and forms sent by 30 April each year.</p> <p>To provide any additional information that may be requested to produce annual benefit statements for service up until the 31 March in each particular year by the 30 April each year.</p> <p>To provide the Fund with up to date and correct information as and when requested in accordance with agreed timescales and the regulations.</p> <p>To ensure that all errors highlighted from the annual contribution and pensionable pay posting exercise are responded to and corrective action taken promptly.</p>	<p>To process employer year end contribution returns within three months of receipt i.e. 30 April, or within three months of receipt of the information if later.</p> <p>To produce annual benefit statements for all active members by 31 August.</p> <p>To highlight annually if an individual has exceeded their annual allowance and issue a pensions saving statement by 5 October.</p> <p>Annual benefit statements will also be produced for deferred members, but no information from employers will be required.</p> <p>To provide data to the Fund Actuary and Government Actuary's Department to enable employer contribution rates to be accurately determined.</p> <p>To provide an electronic copy of the actuarial valuation report and contributions certificate to each employer.</p>

1d - RETIREMENT AND TRANSFER IN/OUT ESTIMATES

EMPLOYERS' RESPONSIBILITY	FUND'S RESPONSIBILITY
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<p>To submit a request using a PEN4 form by post, or attaching it to an email. Each form must be signed by an authorising officer.</p> <p>For larger bulk estimates, requests should be made via the spreadsheet template provided by the Pensions Team, and notice should be given in advance when any redundancy exercises are planned.</p> <p>To provide pay and other relevant information requested by the Pensions Team either on an individual basis or within ten working days of the request, or for bulk/group requests by an agreed timescale with the Pensions Team.</p>	<p>To issue the individual quotations/information within ten working days after all information required to process a quotation has been received.</p> <p>To provide information to the scheme member on any potential transfer in of benefits once all information required to process the quotation has been received (transfer estimate from other pension provider, contracting out, salary details etc) within ten working days. However, legally we do have up to two months to provide the transfer information following receipt of all information required to process the quotation.</p> <p>Separate agreed timescales and any additional cost will be put in place for bulk requests.</p>
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1e - DIVORCE AND OUTSOURCINGS ESTIMATES	
EMPLOYERS' RESPONSIBILITY	FUND'S RESPONSIBILITY
<p>To provide pay and other relevant information requested by the Pensions Team either on an individual basis within ten working days of the request, or for bulk/group requests by an agreed timescale with the Pensions Team.</p> <p>Staff transfers e.g. outsourcings To ensure early notification/liaison with the Pensions Team when considering an outsourcing exercise which affects members/eligible members of the LGPS. See guidance on 'Becoming an employer or existing employer letting a contract' on the Fund's website.</p>	<p>Where a request for divorce information including a CETV is received from the member, or the Court, this will be issued three months from the date of receipt of the signed form request from the member, or receipt of the Court order. When a shorter timescale is requested/imposed the Pensions Team will provide the member with the schedule of charges.</p> <p>To provide guidance to current employers participating in the Fund who are considering outsourcing.</p>

1f - ACTUAL RETIREMENTS	
EMPLOYERS' RESPONSIBILITY	FUND'S RESPONSIBILITY
<p>To submit the appropriate PEN4 leavers form to the Fund as soon as the information is available. The PEN4 form must be completed fully, and signed by an authorised signatory, as it confirms the information required to enable the benefits to be calculated and the employer's decision as to the type of benefit that is to be paid to the member. Evidence of the calculation of final pensionable pay may be requested so the Pensions Team can check the accuracy of the pay provided. The PEN4 form will be returned if it appears to be incorrect.</p> <p>Further information can be found in the Employers area of the Fund website via www.warwickshirepensionfund.org.uk</p>	<p>To issue the member with a letter and benefits information within five working days of correctly completed employer's notification via the PEN4 leavers form. However, from receipt of all information required to process, the regulations state that we do have up to one month following the date benefits become payable or two months if retirement is early.</p> <p>To issue the member with a letter notifying them of actual retirement benefits within five days following receipt of all documentation from the member</p> <p>To make payment of any lump sum within five working days of receipt of all relevant fully completed forms and certificates from the member, or retirement date if later.</p> <p>To pay any pension payment on the 29th of each month following retirement, unless this falls on a weekend or bank holiday when the payment will be made on the last working day before. Payment will also be made earlier in the month of December to take account of the Christmas period.</p>

1g - ILL HEALTH RETIREMENTS	
EMPLOYERS' RESPONSIBILITY	FUND'S RESPONSIBILITY
<p>To determine whether an ill health benefit award is to be made, based on medical evidence and the criteria set in the current LGPS regulations, and after obtaining an opinion from a Fund approved Independent Registered Medical Practitioner (IMRP) on the appropriate certificate. If an award is made, to then determine which tier 1, 2 or 3 is to be awarded.</p> <p>Arrange for completion of the PEN4 form and then submit to the Fund with all related paperwork including IMRP certificate and a copy of the notice letter issued to the member confirming the level of ill health benefits awarded and the appeal information under IDPR</p>	<p>To calculate and pay the required benefits in line with actual retirement timescales.</p> <p>To assist the employer in performing their legislative responsibility to review Tier 3 ill health cases at eighteen months.</p>

<p>To keep a record of all Tier 3 ill health retirements, particularly in regards to arranging the eighteen-month review. Arranging if necessary with an (IMRP) approved by the administration authority for a further medical certificate. To recover any overpayment of pension benefits following a discovery of gainful employment and notify the Fund, where appropriate.</p> <p>To review all Tier 3 ill health retirement cases at eighteen months. Further information on ill health retirements can be found on the employers' pages on our website www.warwickshirepensionfund.org.uk</p>	
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1h - MEMBERS LEAVING EMPLOYMENT BEFORE RETIREMENT

EMPLOYERS' RESPONSIBILITY	FUND'S RESPONSIBILITY
<p>To notify the Fund using a termination form, ensuring all relevant information is included on the form, within four weeks of the members leave date.</p>	<p>To accurately record and update member records on the pension administration system.</p> <p>The regulatory target to inform members the options available to them upon leaving the Scheme within two months following receipt of all the correct information from the employer via the termination form.</p> <p>The Fund's best practice target to calculate notify a member of their deferred benefit entitlement is ten days following receipt of correct information from the employer via the termination form.</p> <p>To process and pay a refund within five days to an eligible member following receipt of all relevant documentation from the member/employer.</p>

1i - FORMER MEMBERS WITH DEFERRED BENEFITS

EMPLOYERS' RESPONSIBILITY	FUND'S RESPONSIBILITY
<p>To keep adequate records of the following for members who leave the Scheme with deferred benefits, as early payment of benefits may be required:</p> <ul style="list-style-type: none"> Name & last known address 	<p>To record and update member records on the pensions administration system.</p> <p>To provide former members with an annual benefit statement of their deferred</p>

<ul style="list-style-type: none"> • National Insurance number • Payroll number • Date of birth • Last job information including job description • Salary details • Date and reason for leaving <p>To determine, following an application from the former employee to have their deferred benefits paid early, as to whether or not they are eligible for early payment on ill health grounds in line with the criteria set in the relevant regulations and after seeking a suitable medical opinion from an (IRMP) approved by the administering authority, or to determine whether benefits should to be released early and in some cases any actuarial reduction waived on compassionate grounds.</p>	<p>benefits, updated by the annual pensions increase award when applicable.</p> <p>To provide estimates of benefits that may be payable and any resulting employer costs within ten working days of request upon request.</p>
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1j - DEATH IN SERVICE & TERMINAL ILLNESS

EMPLOYERS' RESPONSIBILITY	FUND'S RESPONSIBILITY
<p>To inform the Fund immediately on the death of an employee via the PEN4 leavers form, or when a member is suffering from a potentially terminal illness and to provide details of the next of kin.</p> <p>Further information can be found on the employer pages of our website www.warwickshirepensionfund.org.uk</p>	<p>To provide an initial letter of acknowledgement to the next of kin/informant within 5 working days following a notification of death.</p> <p>To provide a letter notifying dependents of benefits within five days following receipt of identification/certificates and relevant documentation.</p> <p>To assist employer's, employees and their next of kin in ensuring the pension options are made available and that payment of benefits are expedited in an appropriate and caring manner.</p> <p>The Fund's policy regarding payment of benefits in such situations, can be viewed in the Governance Compliance Statement.</p>

1k - FINANCIAL AND DATA OBLIGATIONS (INCLUDING CT117 – MONTHLY RETURNS)

EMPLOYERS' RESPONSIBILITY	FUND'S RESPONSIBILITY
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<p>To pay the Fund all contributions deducted from payroll (not including AVCs) of its employees and employer contributions and any deficit lump sum payments due on a monthly basis, no later than the 19th day of the month following the period of deductions unless alternative arrangements have been agreed in writing with the administering authority. Further information can be found in the Employer Guide via www.warwickshirepensionfund.org.uk</p> <p>Each payment must be accompanied by a CT117 form providing the following data for each member;</p> <ul style="list-style-type: none"> • National Insurance number • Payroll reference 1 • Member address and postcode • Date of leaving • Payroll period end date • Additional contributions 1 • Additional contributions 2 • Surname • Forenames • Gender • Date of birth • Marital status • Title • Taxable earnings • Annual pensionable salary (only required at month 12) • Pensionable pay • Date joined LGPS • Job title • Part-time hours effective date • Part-time hours • Part-time indicator • Whole-time equivalent hours • Employee's main section contributions • Employer's contributions • Scheme contribution rate • Opt out date • Opt in date • Main section cumulative pensionable pay • 50/50 section cumulative pensionable pay • Full-time equivalent final pay • Cumulative employee's main section contributions • Cumulative employer's contributions • Reason for leaving • Cumulative employer Shared Cost APC's 	<p>To allocate correctly the contributions received to each employee record and to keep a log of contributions received from each employer.</p> <p>To charge interest for late payment in the following circumstances;</p> <ul style="list-style-type: none"> • Employer contributions (including deficit payment) are overdue if they are received a month later than the due date specified. • All other payments are overdue if they are not received by the due date specified. <p>Inform each employer of any new contribution bandings tables in place from each April.</p> <p>Inform employers of any rechargeable items as they become due.</p> <p>To keep the Fund's Privacy Notice up to date on the website for all members. To keep a Memorandum of Understanding which explains the relationship between the administering authority and participating employers when sharing personal data.</p>
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<ul style="list-style-type: none"> • Cumulative employee APC's • Employee's 50/50 section contributions • Cumulative employees 50/50 section contributions • Pay period Shared Cost APC's • Pay period employee APC's <p>To pay all rechargeable items to the Fund on receipt of the invoice.</p> <p>The Fund may charge interest of 3% above 'base rate' on a day to day basis on the due date of payment, if payments of the following are not received by the specified date:</p> <ul style="list-style-type: none"> • If employee / employer contributions are not received by the 19th of the month following deduction from the members pay for cheque payments or 23rd of the month for BACS payments. • If invoices are not paid within the terms of the invoice issued in respect of: <ul style="list-style-type: none"> ○ Rechargeable pension payments ○ FRS102 charges ○ Actuarial strain charges in respect of early retirement ○ Rechargeable fees e.g. academy conversion fees ○ Deficit payments due <p>'base rate' means the base rate for the time being quoted by the Bank of England.</p>	
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11 - ADDITIONAL PENSION CONTRIBUTIONS (APCs) and SHARED COST APC's (SCAPCs)	
EMPLOYERS' RESPONSIBILITY	FUND'S RESPONSIBILITY

<p>To communicate to employees regarding the option of SCAPC's to cover periods of 'lost pension' and the timeframe they must elect to purchase a SCAPC. Members must elect within thirty days of returning to work following the absence, but employers have the discretion to extend this period. This should be laid out in the employer's Discretions Policy.</p> <p>To calculate and collect from the employee, payroll contributions and to arrange the prompt payment to the Fund, according to the published schedule and to be no later than the 19th of the month following the deduction. More information can be found in the employer area on www.warwickshirepensionfund.org.uk</p>	<p>To provide information on APCs to members/employers through www.warwickshirepensionfund.org.uk</p>
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Appendix 2 - Listed Timescales

Employer		Pension Fund	
New Starters			
Where employers subject to contractual admission are brought into the Scheme, accurate member data must be supplied via electronic spreadsheet	Within 4 weeks of the members start date	Create new starter on Altair	Within 4 weeks of notification
Where employees are brought into the scheme via auto enrolment, accurate member data must be supplied via electronic spreadsheet.	Within 6 weeks of becoming a member under auto-enrolment	Send new member form and activation key letter to new starters	Within 8 weeks of notification
		Record and update member records following receipt of New Member Form/ notification.	Within 2 weeks of receiving the completed form
Changes in circumstances for active members			
Inform the Fund of employee changes of circumstances through electronic spreadsheet CT117	Within 4 weeks of change	Accurately record and update member records on Altair	Within 4 weeks of notification
Annual return, valuation and annual benefit statement			
Provide accurate year to date information.	Through 12 months annual returns	Process year end contributions returns	Within 3 months of receipt
Provide Final Statement(lgs121a) and (lgs121b)	Signed and submitted by 30 th April each year.	Produce ABS for all active members.	By 31 st August each year.
		Issue a Pension Savings Statement for members exceeding AA.	BT 5 th October each year.
Retirement and transfer in/out estimates			
		Issue individual quotations.	10 working days after all information required is provided.
		To apply for a Transfer Value	2 weeks after all information required is provided.
		Provide information on transfer in benefits	10 working days after all information required is received.
		Payment of transfer values	Within 7 working days after all information required is received.

Divorce and Outsourcing			
		Request for divorce information.	To be issued 3 months from receipt of paperwork unless shorter timescales requested by paying a charge.
Actual Retirement			
		Issue letter and benefits information.	5 working days after receiving PEN4 form.
		Issue letter notifying actual retirement benefits.	Within 5 working days of receiving all documents from the member.
		To make payment of retirement lump sum.	Within 5 working days of receiving all forms and certificate, or retirement date if later.
		Make monthly Pension Payments.	Last banking day of the month.
Ill health Retirement			
Arrange 18 month review for Tier 3 ill health members.	18 months after retiring on ill health tier 3.	Issue letter and benefits information.	5 working days after receiving PEN4 leavers form.
		Issue letter notifying actual retirement benefits.	Within 5 working days of receiving all documents from the member.
		To make payment of retirement lump sum.	Within 5 working days receiving all forms and certificate, or retirement date if later.
		Make monthly Pension Payments	Last banking day of each month
Members leaving employment before retirement			
Notify Fund via a termination form	4 weeks of the members leave date.	Inform member of their options ,and if applicable deferred benefit entitlement.	Within 1 month of receiving the termination form.
		Process and pay refund.	Within 5 days of receiving all relevant documentation from the member.
Former members with deferred benefits			
		Provide estimates of benefits payable.	Within 10 working days.
Death in Service and terminal illness			
Inform Fund on death of an employee via PEN4 form and provide details of next of kin.	Immediately	Provide an initial letter of acknowledgement to next of kin.	Within 5 working days.
		Provide letter notifying dependents of benefits.	5 days after receiving certificates and relevant documentation.

Financial and data obligations			
To accurately pay the Fund all contributions and deficit (if applicable) along with accompanying electronic spreadsheet.	By the 19 th of each month following the deductions, unless this falls on a weekend or Bank Holiday, when they should be paid by the last working day before the 19 th .		
Additional Pension Contributions (APC's) and Shared Cost APC's(SCAPC's)			
Calculate and collect APC /SCAPC contributions and pay them to the FUND.	By the 19 th of the month following the deductions, unless this falls on a weekend or Bank Holiday, when they should be paid by the last working day before the 19 th .		

Warwickshire Local Pension Board

26th February 2020

Risk Register Review

1 Recommendations

- 1.1 That the Local Pension Board notes and comments on the Risk Register attached at Appendix A.

2 Executive Summary

- 2.1 The Risk Register sets out the high level strategic and operational risks for the Pension Fund across all aspects of its operations and is set out at Appendix A. The table below summarises the strategic risks both before and after existing mitigation actions.

Table 1 – Risk Assessment Before and After Existing Actions

Ref	Risk	Gross Risk		Risk Level	Net Risk after Mitigations		Risk Level	Change Gross to Net
		Likelihood	Impact		Likelihood	Impact		
1	Long term returns fail to be in line with assumptions	2	3	6	1	3	3	-3
2	Short term falls in asset values	2	3	6	2	2	4	-2
3	Cashflow requirements cannot be met	4	3	12	2	3	6	-6
4	Poor performance of actively managed funds	2	3	6	2	2	4	-2
5	Failure to realise pooling benefits	2	3	6	2	2	4	-2
6	Fraud	2	3	6	1	3	3	-3
7	Liabilities increase further than assumptions	2	3	6	1	2	2	-4
8	Inadequate data quality	4	4	16	3	3	9	-7
9	Employer contributions not being paid	4	3	12	3	3	9	-3
10	Fund reputation is harmed	3	3	9	2	3	6	-3
11	Loss of service provision due to disruption	1	4	4	1	3	3	-1
12	Lack of skills and knowledge	3	3	9	2	2	4	-5
13	Failure to meet governance standards	3	4	12	2	4	8	-4

- 2.2 The following table plots net risk by likelihood and impact. The most likely risks to materialise are around data quality, employer contributions, and short term asset value volatility. The highest impact risk would be a governance failure. Appendix A shows how these areas of risk have additional mitigation actions.

Table 2 – Plot of Strategic Risk Likelihood and Impact

		Likelihood			
		Unlikely	Possible	Likely	Very Likely
Impact	Very High		13. Governance standards		
	High	1. Long term returns 6. Fraud 11. Disruption	3. Cashflow 10. Reputation	8. Data quality 9. Employer contributions	
	Medium	7. Liabilities increases	2. Short term asset values 4. Active funds performance 5. Pooling benefits		
	Low		12. Skills and Knowledge		

2.3 The following issues impact significantly on the risk landscape:

- The level of demand on administration activity continuing to increase.
- The governance review findings and recommendations being enacted.
- The new commissioning/delivery service model implemented by the Scheme Manager.
- Difficulty in recruitment and retention of specialist staff.
- McCloud and the cost cap.
- GDPR requirements and cyber security.
- Having a much larger sum invested in the Border to Coast Pension Partnership.
- Significant challenges in ensuring data quality from employers.
- The volatile and unpredictable national and global political climate.
- The implementation of new and complex systems.
- A fundamental change in strategic cashflow position.

2.4 In 2020/21 risks will be reviewed/monitored quarterly with the following lines of enquiry being the focus on an exception basis:

- Are any risks changing in terms of likelihood or impact.
- Have any risks materialised.
- Are any existing management mitigation actions working.
- Are new management actions being delivered.

3 Financial Implications

3.1 None.

4 Environmental Implications

4.1 Climate change presents risks to the fund and these manifest in places in the risk register – for example having the potential to cause an impact on long term returns and an impact on the reputation of the fund.

5 Supporting Information

5.1 The risk register format has been changed to align with the risk register format used by the Administrating Authority. This expands the analysis of risks to include risk levels before and after mitigating actions:

- Gross risk – risk before mitigating actions
- Net risk – risk after mitigating actions

5.2 Risk probability and impact have been simplified to 4 categories each for likelihood and impact as follows:

		Likelihood			
		Unlikely 1	Possible 2	Likely 3	Very Likely 4
Impact	Very High 4	4	8	12	16
	High 3	3	6	9	12
	Medium 2	2	4	6	8
	Low 4	1	2	3	4

5.3 Risk impact and likelihood are multiplied together to provide an overall risk score. Red risks are those with scores of 10 or higher, green risks have scores of 3 or lower, and the remainder are amber.

5.4 Previously risks were set out in a list of 42 different detailed risk areas. Risks have now been aggregated into 13 strategic risks areas as set out in Appendix A. This change in approach has been proposed to make the consideration and management of risk more achievable at a strategic level.

6 Timescales and Next Steps

6.1 The Risk Register will be reported to the Pension and Investments Sub Committee in March 2020.

Appendices

Appendix 1 – Draft Risk Register

Background Papers

None.

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Report Author	Chris Norton	chrisnorton@warwickshire.gov.uk
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Lead Director	Strategic Director for Resources	
Lead Member	Portfolio Holder for Finance and Property	

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

Local Member(s):

Other members:

Ref	Risk	Cause	Effect	Risk Owner	Gross Risk		Risk Level	Existing Actions(in place or completed)	NET Risk		Risk Level	Further Risk Actions		
					Likelihood	Impact			Likelihood	Impact		Description (actions must be referenced to objectives in business unit plans or service plans)	Action Owner	Review Date
1	Long term returns fail to be in line with assumptions	Inappropriate investment strategy Inflation levels exceed asset returns Climate change (e.g. causing stranded assets, causing conflicts impacting on trade, etc)	Lower funding levels than planned at future valuations Higher employer contribution rates required at future fund valuations Higher risk investment strategies required in future	Pension Investments Manager	2	3	6	Use of relatively prudent investment strategy assumptions including inflation and market performance Triennial valuations and investment strategy reviews, with more frequent investment strategy reviews when circumstances require. Use of retained actuaries and fund advisers providing an independent view on the strategy. Quarterly investment performance reports to pension fund investment sub committee Use of independent financial advisers and other specialist advisers as required. Investment in real assets to offer protect against inflation risk in the medium to long term	1	3	3	Design of a new ISS driven by the 2019 valuation Implementation of a new ISS in a timely way Liaison with Border to Coast to ensure appropriate investment vehicles are available Introduction of a climate change policy.	Pension Investments Manager	Jun-20
2	Short term falls in asset values	Natural volatility in some asset classes, e.g. equities.	Exposure to risk of selling assets under distress at unfavourable values Pressure to introduce volatility into employer contributions to match market fluctuations	Pension Investments Manager	2	3	6	Diversification of growth assets to provide exposure to growth whilst reducing exposure to a single market risk (e.g. listed stock market investments) Diversification between growth and income assets to mitigate the risk/need to have to sell growth assets under distress Quarterly review of fund assets to ensure appropriate exposure to risk Performance monitoring over rolling medium term time horizons to reduce exposure to short term decision making on asset sales	2	2	4	Ensure actual asset allocations remain within tolerances to ensure exposure to risk is as planned within the investment strategy Consider asset protection strategies (e.g. equity protection, currency protection, diversification, etc) when appropriate for meeting specific short term objectives Cashflow planning (refer to risk 3)	Pension Investments Manager	Jun-20
3	Cashflow requirements cannot be met	Changing profile of membership over time moving the fund towards a cashflow negative position Early payments of contributions from some large employers generating a high cash management workload and a need to generate liquidity from the asset base more than from natural employer cashflows Pooling reducing the liquidity of some assets in comparison to non	Sale of volatile assets under distress at low prices Sale of illiquid assets under distress and low prices and high cost Being unable to meet payment deadlines and incurring further costs or reputational damage	Pension Investments Manager	4	3	12	Diversification across a range of funds with differing levels of liquidity. Retaining the option to sell pooled funds at short notice. Regular forecasting and monitoring of cashflow requirements including operational cashflows from employers, to Members, and to/from funds.	2	3	6	Strategic cashflow review by fund officers and financial advisers. Provision of information to precepting authorities who may make early pension payments, ensuring appropriate notice is provided to the fund.	Pension Investments Manager	1/9/20
4	Poor performance of actively managed funds	Active managers making inappropriate decisions, or taking inappropriate risks Failure to hold managers to account Higher fees of active management hinder the potential to make a positive net return Over-reliance of the fund on fund managers simply meeting or beating a benchmark instead of delivering the target return	Long and / or short term losses in asset values Returns exceed benchmarks but miss targets	Pension Investments Manager	2	3	6	Facility to review fund mandates if persistent poor performance is experienced Facility to switch funds to passive if required Use of investment advisers and management research Use of passive funds and bonds to mitigate exposure to active risk Border to Coast Pension Partnership will provide a concentration of expertise in the performance management of fund managers	2	2	4	Embedding of appropriate monitoring of funds managed by the Border to Coast Pension Partnership	Pension Investments Manager	1/9/20
5	Failure to realise pooling benefits	Inappropriate investment vehicles designed and offered by the pool Inappropriate investments made in the pool Inadequate governance arrangements for the pool Making late decisions to join new funds increasing the costs	Missed opportunities to save costs or improve risk adjusted returns Higher costs than necessary High transition costs Lack of long term cost savings	Pension Investments Manager	2	3	6	Engaging fully with the Border to Coast Pension Partnership in the governance of the partnership and the design and management of funds, i.e. via the Joint Committee, Operational Officer Group, Annual Conference, AGM, and invitations to the pension fund investment sub committee Undertaking appropriate due diligence on transfers into new funds Monitoring of the delivery of cost savings Planning decision making to ensure funds are joined at launch to minimise costs, if they are to be joined	2	2	4	Review of mechanisms for monitoring cost savings to ensure maximum transparency	Pension Investments Manager	1/7/20
6	Fraud	Fraud by investment managers, custodian, or brokers Fraud within the administrating authority	Loss of assets and inability to recover them	Strategy and Commissioning Manager	2	3	6	Fund managers produce detailed internal control documents which are independently audited. Due diligence on managers will be undertaken by the pool. Client agreements with new service providers are subject to legal review. Securities are either held in ring fenced accounts or pooled funds. Appropriate conditions are set that must be met to allow transfers into the Border to Coast pool. Internal and external audit reviews of controls and checks on activity	1	3	3	Implement any recommendations arising from the 2019/20 routine internal audit of Pension Administration	Pensions Administration Delivery Lead	1/9/2020

Ref	Risk	Cause	Effect	Risk Owner	Gross Risk		Risk Level	Existing Actions(in place or completed)	NET Risk		Risk Level	Further Risk Actions		
					Likelihood	Impact			Likelihood	Impact		Description (actions must be referenced to objectives in business unit plans or service plans)	Action Owner	Review Date
7	Liabilities increase further than assumptions	Fall in risk free returns leading to rise in present value of liabilities Life expectancy of membership increases Changes to regulations and benefits set by Government e.g. cost cap adjustment or McCloud remedy	Reduction in long term valuation position Increase in long term contributions required by employers Increase in risks required to be taken with investments Mismatch of asses and liabilities	Strategy and Commissioning Manager	2	3	6	Valuation liability assumptions and asset liability modelling reviewed every 3 years. Prudent assumptions made in asset liability modelling including consideration of risk and scenario modelling and the use of long term planning Annual updates on mortality via Club Vita, using data specifically tailored to the fund's membership LGPS cost cap mechanism may reduce LGPS benefits if life expectancy were to increase significantly Review of government consultations and proposals by fund officers and advisers Reporting of estimated valuation position quarterly	1	2	2	None		
8	Inadequate data quality	Employers not aware of data provision responsibilities Employers not having the capacity or expertise to manage and provide their data Fund not supporting employers Fund not escalating data issues Fund systems or processes allowing or creating errors	Inaccurate assessment of liabilities Inaccurate setting of contribution rates requiring later correction Inaccurate setting of employer asset shares Reputational damage	Pensions Administration Delivery Lead	4	4	16	Employer training via workshops, training days, telephone support and online materials made available via or signposted from the pension fund website High level data checks by fund actuaries Checking of data submissions by fund officers Use of integrity checks in data submissions High level data checks on financial data received from employers	3	3	9	Monthly monitoring of actual and potential breaches activity Embed new protocols for co-ordination with Warwickshire County Council payroll Implementation of iConnect Implementation of Member Self Service Review/debrief of lessons learned form 2019 Valuation	Pensions Administration Delivery Lead	1/6/20
9	Employer contributions not being paid	Financial challenges to employer organisations Poor processes and procedures in employer organisations Lack of clarity from the Fund about expectations Lack of escalation by the fund Lack of mechanisms available to the Fund to enforce payment Significant changes in employer funding levels or employer covenant	Shortfalls in employer contributions Reputational risk to the Fund Risk of pension fund liabilities causing a risk to the viability of employers	Pensions Administration Delivery Lead	4	3	12	Consultation and communication with employers via the AGM, funding strategy consultation, and periodic bulletins Phasing of contribution increases, use of funding stability mechanisms, and prudence in funding strategy assumptions Facility to secure assets of employers if appropriate Careful consideration of new employers joining the fund, where the Fund has discretion Monitoring of existing employers, requesting disclosure of financial issues	3	3	9	Updated and revised Administration Strategy including the facility to charge costs for late payment New staffing structure with more dedicated capacity for policy development and employer liaison Covenant review of high risk employers where appropriate	Governance and Policy Officer Pensions Administration Delivery Lead Pensions Administration Delivery Lead	March 2020 July 2020 September 2020
10	Fund reputation is harmed	Poor service provided to members or employers Adverse audit reports Persistently poor investment returns compared to benchmarks Breaches of the law Data breaches Lack of regard for climate change, carbon footprint, or ESG issues	Lack of confidence in the fund Additional costs incurred to review and fix perceived or actual issues	Strategy and Commissioning Manager	3	3	9	Restructure of the service increasing capacity to meet delivery and governance requirements Maintenance of a fund website for member and employer communications Action plans in respect of audit recommendations Transparent reporting to pension committees and the Local Pension Board	2	3	6	New data improvement plan stemming from review of 2019 valuation	Pensions Administration Delivery Lead	1/6/20
11	Loss of service provision due to disruption	Fire Flood National event/emergency Cyber Crime Systems Failure	Inability to pay pensioners Inability to make payments into investment funds that are called by fund managers Inability to collect employer contributions Inability to keep data up to date leading to data inaccuracy and data backlogs	Pension Investments Manager	1	4	4	Data back ups stored off site Use of scheme administrator disaster planning processes Digital imaging of records Investment data is held online by the fund's custodian Access to the scheme administrator's systems security facilities	1	3	3	Review and update of disaster recovery plan Creation of a cyber security policy	Pension Investments Manager	1/7/20
12	Lack of skills and knowledge	Insufficient availability of external contract service providers Inability to recruit two permanent posts Conflicting and competing priorities and were close in respect of the scheme administrator functions Increasing demand and complexity within the scheme Pressure to maximise efficiency and minimise	Deterioration in data quality Inability to make decisions Inability to make decisions in a timely way Workload backlogs Inability to meet service objectives and deadlines Reputational damage	Strategy and Commissioning Manager	3	3	9	Use of procurement processes to maximise contracting choices Training for new staff Documentation of procedures and practices	2	2	4	Implementation of the new staffing structure and recruitment to new posts The implementation of a new training and development regime for staff Pro-active talent mapping and succession planning for internal staff The introduction of longer term workforce planning Budget setting informed by cost drivers not cash	Strategy and Commissioning Manager and Transformation Manager	Sep-20

Ref	Risk	Cause	Effect	Risk Owner	Gross Risk		Risk Level	Existing Actions(in place or completed)	NET Risk		Risk Level	Further Risk Actions		
					Likelihood	Impact			Likelihood	Impact		Description (actions must be referenced to objectives in business unit plans or service plans)	Action Owner	Review Date
13	Failure to meet governance standards	Inadequate reporting to pension fund committees or the Local Pension Board Lack of training Out of date policies Not following and responding to external developments Lack of capacity to focus on planning and governance	Breaches of the law Decisions taken without appropriate authority Poor decisions taken based on inadequate information or insufficiently skilled boards, officers, or advisers	Strategy and Commissioning Manager	3	4	12	Training plans for pension fund investment sub committee and Local Pension Board members Quarterly committee and board meetings Comprehensive governance arrangements for the Border to Coast Pension Partnership including a Joint Committee	2	4	8	Review of terms of reference of pension fund committees and the Local Pension Board Governance review by an independent expert Pensions administration action plan Rolling forward plan of fund policy reviews Structural separation of governance and policy from deliver Active quarterly monitoring of fund risks	Strategy and Commissioning Manager	Sep-20

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Warwickshire Local Pension Board

26th February 2020

Draft Business Plan

1 **Recommendations**

- 1.1 That the Local Pension Board comments on the Business Plan attached at Appendix A.

2 **Executive Summary**

- 2.1 It is best practice for local authority pension funds to operate a formal and documented Business Plan for their operations. This report sets out a recommended Business Plan for 2020/21.

3 **Financial Implications**

- 3.1 None.

4 **Environmental Implications**

- 4.1 None but climate change is an increasingly high profile issue in respect of pension fund investments.

5 **Supporting Information**

- 5.1 None.

6 **Timescales and Next Steps**

- 6.1 The Business Plan will be reported to the Pension and Investments Sub Committee in March 2020 for approval.

Appendices

Appendix A – Draft Business Plan

Background Papers

None.

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Lead Director	Strategic Director for Resources	
Lead Member	Portfolio Holder for Finance and Property	

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

Local Member(s):

Other members:

Warwickshire Pension Fund
Business Plan 2019/20

1. Introduction

This document sets out the business plan for the Warwickshire Pension Fund for 2020/21.

2019/20 has been a very busy year with the 2019 valuation, governance review, and team restructure placing significant demands on the capacity of the fund, and the pooling of a number of new asset classes including over £350m of actively managed global equity requiring a significant amount of work and support from officers and Advisors.

The outlook for 2020/21 will continue at a high pace with developments along a number of fronts as set out in Section 3. However this report firstly sets out the strategic context within which the plan sits.

2. Objectives

The overall objectives of the fund are twofold:

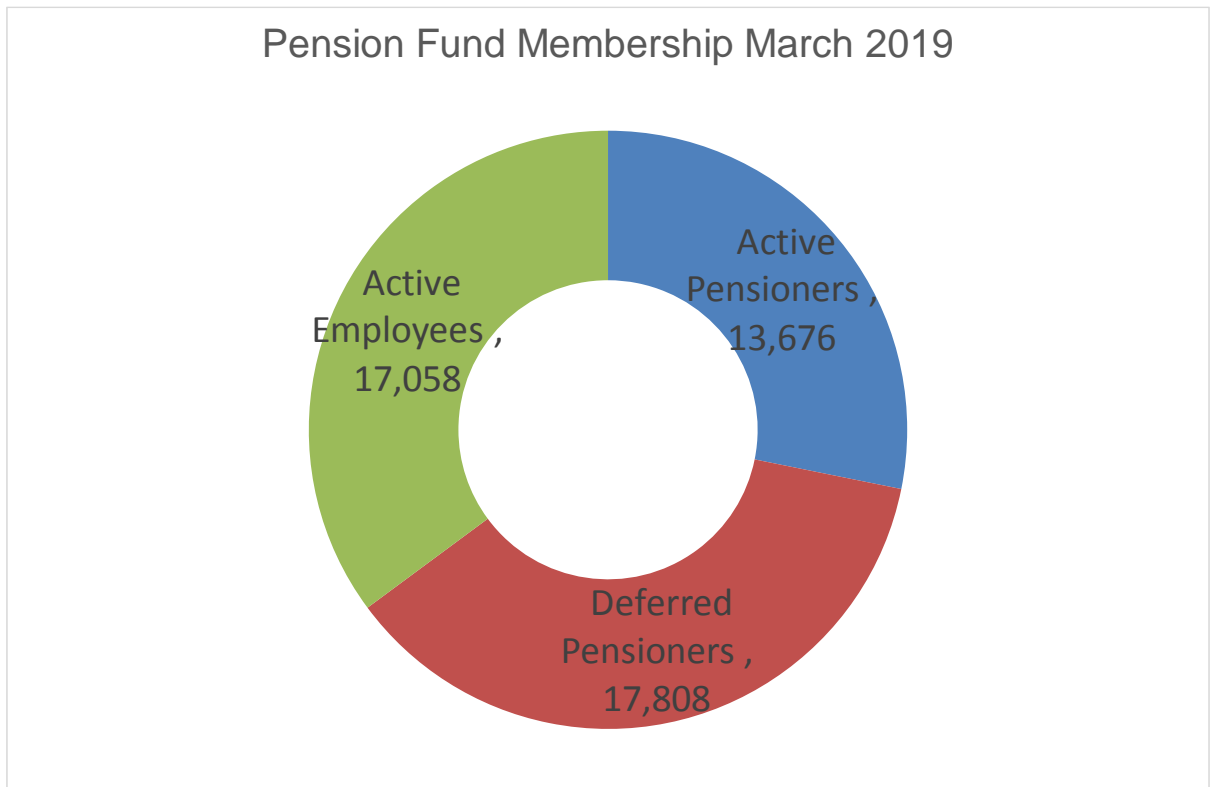
Ensure that funds are available to pay member pensions when they are due, delivered through effective forecasting of long term liabilities, determination and collection of appropriate contributions, and generation of an appropriate risk adjusted return on the fund's investments.

Ensure that pensions are paid accurately and on time when they are due, delivered through a high quality benefits administration service working effectively with scheme employers and maintaining a constant focus on data quality and customer facing performance.

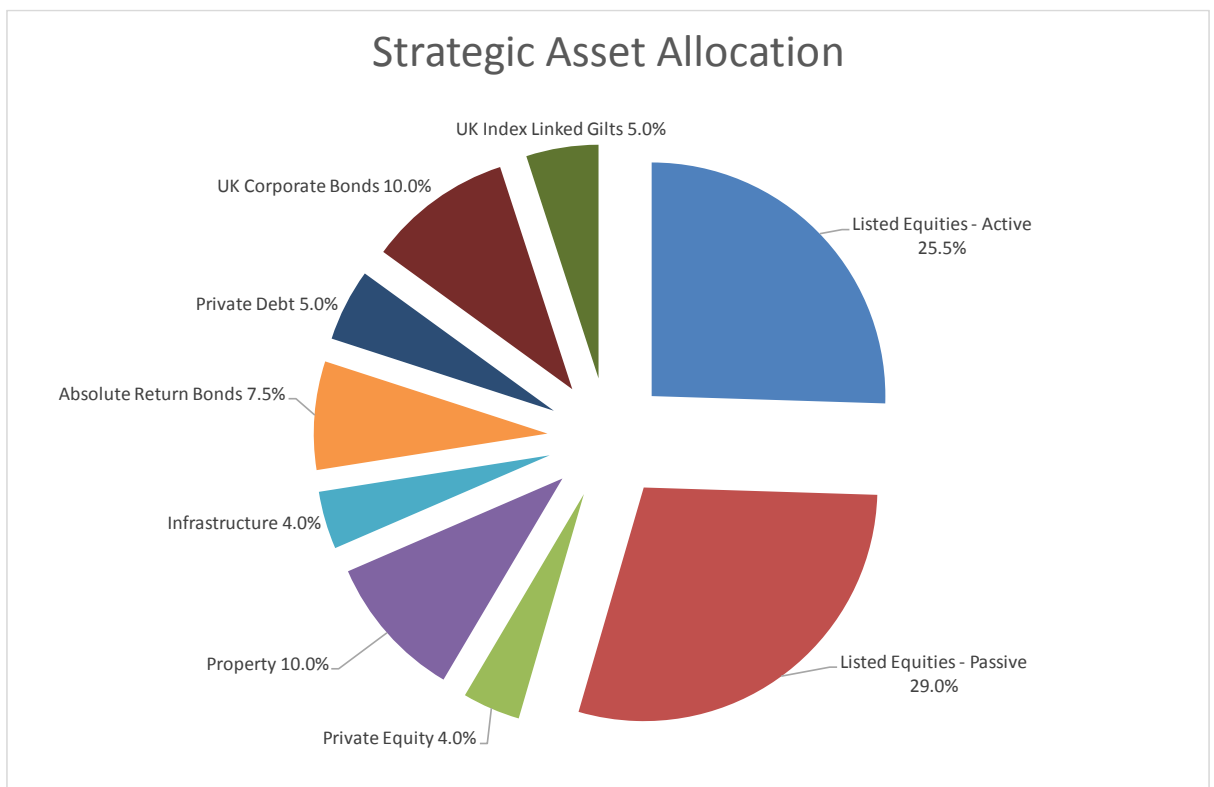
3. Context

As at the last accounting date in March 2019 the fund had 48,542 members and £2.2bn in assets.

Total membership is weighted slightly more towards active employees and deferred pensioners.

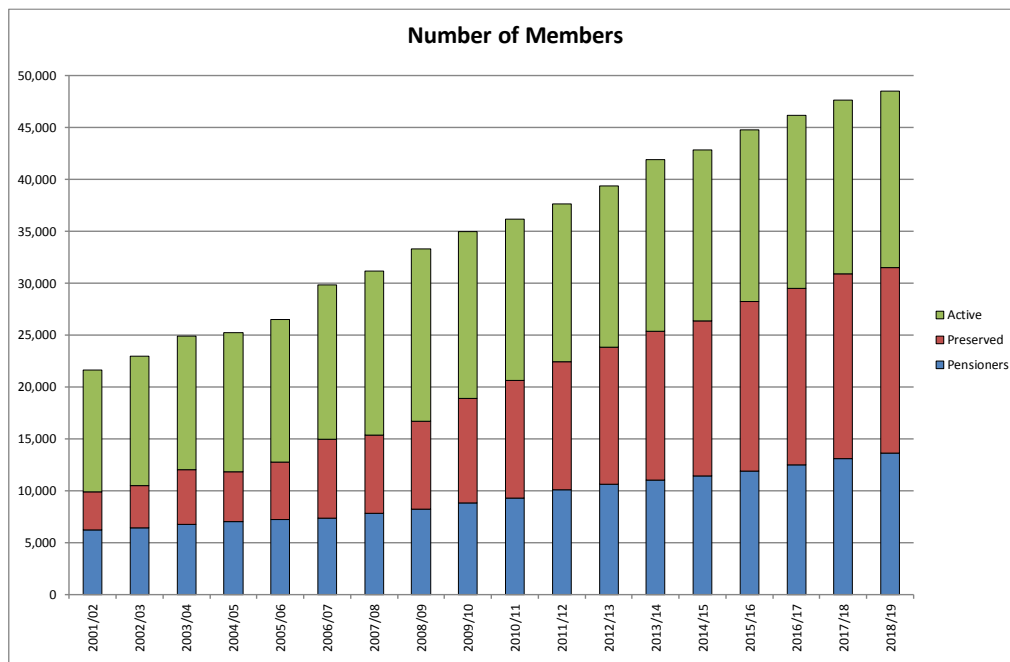


The fund has a strategic asset allocation currently primarily weighted towards equity / growth assets and this will change with the revised Investment Strategy to be approved in March 2020

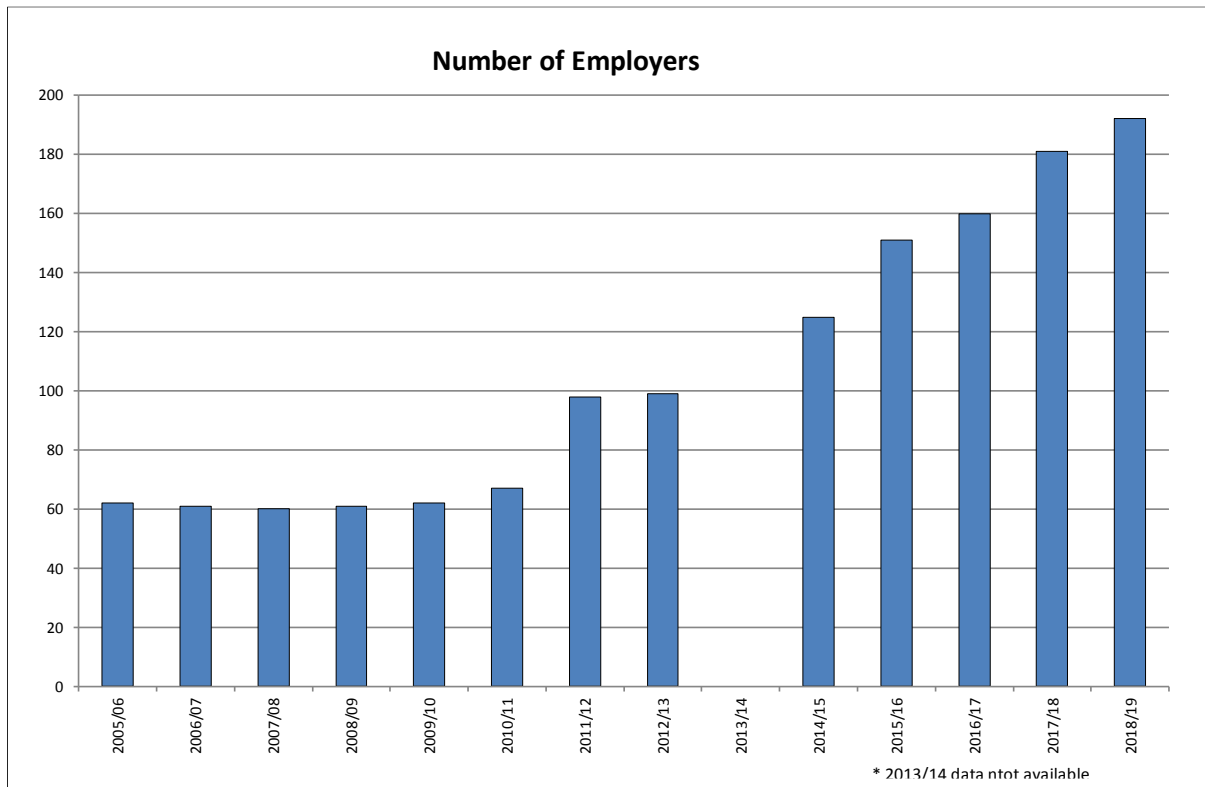


Demand

The underlying strategic position remains one of increasing demand on the fund with an increasing membership. In the last year the increases have mostly been in active pensioners and active employees.

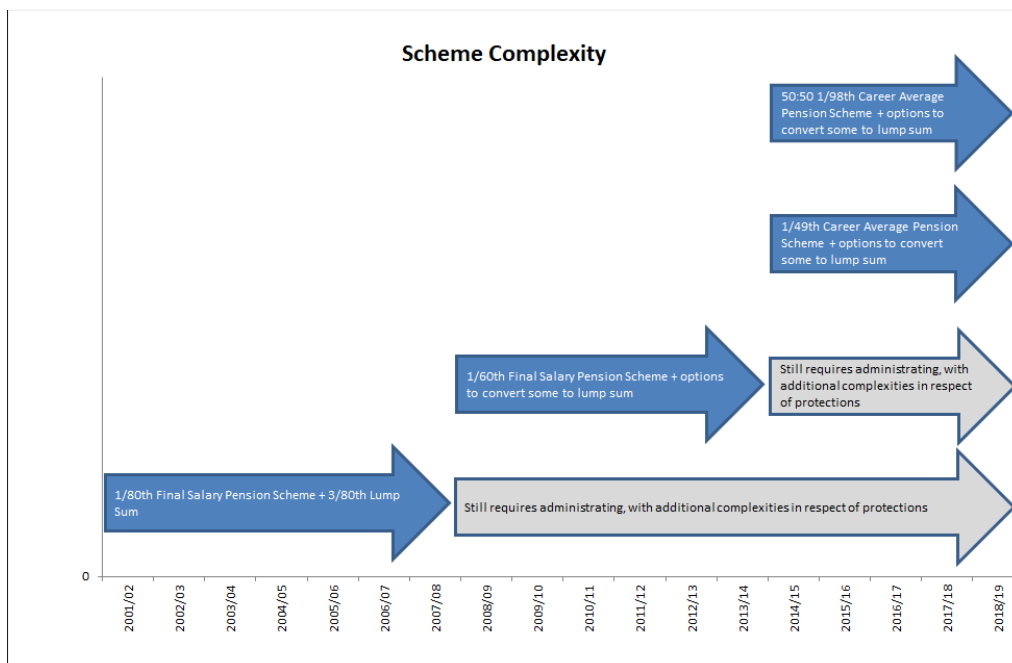


The number of employer organisations continues to increase and within this there are a large number of smaller employers who do not have the scale to be able to provide the capacity and expertise to easily meet their pension fund duties. The financial environment also continues to present challenges to many employers which in turn presents challenges to the pension fund.



Complexity

The longer term picture is that the scheme has become increasingly complex.



Other factors such as GMP have increased the workload and complexity is likely to continue to increase, for example in implementing any changes to reflect the cost

cap or McCloud remedy.

4. Key Business Plan Elements

Ensuring Adequate Capacity

A challenge for the fund has been to ensure that capacity is appropriate to meet demand. A re-organisation of the pension fund service has been completed in 2019/20 as part of a wider re-organisation within the Administrating Authority and the task of recruitment to new posts is being completed. This will put the fund in a stronger position to deliver. Staff training, development, and retention will be especially important to the delivery of services.

The fund will ensure a focus on predicting longer term trends in demand and planning ahead to ensure capacity is actively managed to match demand rather than reacting to it.

Ensuring an Appropriate Structure

Part of the new arrangements involve making a distinction between commissioning and delivery functions. This is intended to enable there to be a clear focus on planning, review, analysis, policy, and governance which has previously been difficult to prioritise alongside the importance and urgency of service delivery. 2020/21 will be the first year of operating in this way and fund officers will ensure appropriate co-ordination and communication to implement this change positively.

Ensuring Appropriate Governance

A high level review of the governance of the administration of the fund in the last year has identified improvements that can be made. A key priority for the year will be to see through the remaining identified actions and then to continue to keep a focus on ensuring that appropriate governance and policy arrangements are maintained.

Developing Improved Systems

The implementation of new systems functionality has been an intention for some time but has not to date been delivered. Delivering the business case and the initial stages of a project to implement iConnect, a system to automate the transfer and integrity checking of data from employers will be a high priority.

Active Use of Management Information

The fund will seek to make more use of management information to assist in the management of services. In particular reviewing activity and information on a monthly basis and using predictive information and forecasting to foresee and manage potential risks and issues.

Issues around breaches and potential breaches will receive dedicated attention and monitoring with the focus being on foreseeing and predicting issues in order to have the opportunity to avoid them materialising.

Learning Lessons From the 2019 Valuation

2019/20 involved a lot of activity delivering the 2019 valuation data submissions. The fund will pro-actively look back on the valuation process and ensure that the opportunity is taken to use the experience to identify and make improvements to processes and procedures, in particular with a preference where possible for embedding improvements into business as usual practice that happens annually or monthly rather than at the end of the valuation period.

Strong Investment Management Within and Outside of the Pool

The 2019 valuation presents a significantly improved funding level. The investment strategy will have regard to this change and investment activity in 2020/21 will work towards implementing the new strategy and strategic asset allocations.

Significant amounts of the fund's investments remain outside of the pool. The fund will ensure it retains strong links with fund managers outside of the pool in order to exercise appropriate stewardship of all of its assets.

Pooling Benefits Realisation

As at January 2020 the fund has over £1bn either invested, committed, or very likely to be committed to the pool managed by the Border to Coast Pension Partnership. This includes actively managed equities, private equity, private debt, infrastructure, investment grade credit and multi asset credit. 2020/21 will see more activity around monitoring the delivery of benefits and embedding new arrangements for reporting.

Investing in Employer Liaison

The fund will continue to work closely with employers, providing information, support, signposting, and training to help employers to meet their responsibilities. However, the fund will also develop and be prepared to exercise the ability to escalate employer issues and hold employers to account where this is necessary. This will be achieved through an updated Administration Strategy and a more robust approach to the escalation and progression of issues where supportive approaches are not effective.

Review of Cashflow Requirements

The cashflow profile of the fund is changing driven by a number of factors including changing membership profile, the changes in liquidity brought about by pooling, and potentially through significant early pension contribution payments from the large precepting employers. There will be more of a focus on cashflow management to ensure that these issues are managed efficiently.

A More Active Climate Change / ESG Policy

Climate change has become an increasingly high profile issue. The fund will have a new climate change and ESG policy and this will be a significantly higher profile issue than it has been previously. Will seek to identify ways to measure and demonstrate climate change impact.

The fund is aware there are opportunities to consider social impact investing and will take steps to further understand the opportunities that could be taken forward.

5. Actions

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

- Ensuring a high quality administration service
- Actuarial activities
- Maximising Investment Benefits
- Ensuring Good Governance

Annex 1

Ensuring a high quality administration service

	Action	Timescale
1	Deliver a Pension Fund Annual General Meeting. Updating fund stakeholders on investment and governance developments.	November 2020
2	Deliver a Pension Fund Employers Meeting. Updating employers on developments relating to the administration of the scheme.	November or December 2020
3	Regular review of complaints. Ensuring specific and systematic issues are identified and actioned.	Quarterly
4	Develop a business case for use of iConnect Begin implementation Complete implementation	March 2020 September 2020 March 2021
5	Review lessons learned from 2019 Valuation	October 2020
6	Annual pensions newsletter issued	April-June 2020
7	Benefit statements issued	May-August 2020
8	Report administration performance KPIs to the Local Pension Board	Quarterly
9	Keep the new pension fund web site up to date with developments	Quarterly
10	Complete actions identified in the governance review	December 2020
11	Implement monthly officer monitoring meetings to formally review activity and performance	April 2020
12	Maintain a liaison meeting with the Warwickshire County Council payroll function	Monthly
13	Maintain regular officer monitoring and management of breaches activity	Monthly

Actuarial Activities

	Action	Timescale
14	Support a review of 2019 valuation lessons learned	October 2020
15	Monitor employer contribution performance through the year	Monthly
16	Review employer covenants and risk management for non-statutory employers	July 2020

Maximising Investment Benefits

	Action	Timescale
17	Make decisions regarding new Border to Coast fund launches	As new funds launch
18	Implement Border to Coast fund transfers where approved	As funds launch
19	Ensure the fund remains MIFID2 compliant	Annual
20	Continued growth of alternative asset classes towards their new strategic asset allocation	Annual
21	Meet with directly commissioned active fund managers	Annual
22	Investment monitoring reports provided to the investment sub-committee.	Quarterly
23	Plan cashflow strategy in order to avoid the need to sell assets under time pressure	Annual
24	Hold officer monitoring meetings to formally review activity and performance	Monthly
25	Ensure the Fund meets the requirements of the UK Stewardship Code	Annual
26	Review ways of improving the measurement and reporting of the Fund's climate risks and exposures	Annual

Ensuring Good Governance

	Action	Timescale
27	Production of draft statement of accounts	May 2020
28	Publication of Annual Pension Fund Report	November 2020
29	Ensure a risk register is maintained	Quarterly
30	To ensure employers join and leave the fund in accordance with LGPS and Warwickshire Pension Fund policies	When employers join or leave the fund
31	Review of contracts for services provided to the Pension Fund	September 2020
32	Support governing committees and boards in the delivery of their responsibilities through the provision of appropriate information, advice, and training: <ul style="list-style-type: none"> • Pension and Investments Sub-Committee • Local Pension Board • Staff and Pensions Committee 	Quarterly
33	Complete the implementation of actions related to the governance review	September 2020
34	Maintain a one year rolling forward plan of agenda items for all pension fund boards and committees	Quarterly
35	Implement and embed a commissioning/delivery approach to the administration of the fund	May 2020
36	Maintain a rolling programme of policy reviews to ensure all pension fund policies are reviewed with the correct timing and frequency	Quarterly

Warwickshire Local Pension Board

Review of the minutes of the Pension Fund Investment Subcommittee

26 February 2020

1. Recommendation(s)

None

2 Executive Summary

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

2.2 These papers are in relation to the Sub-committee meeting held on 9th December 2019.

2.3 The report covers:

- Agenda Front Sheet of the PFISC public meeting for 9th December 2019 (Appendix 1)
- Draft Forward Plan for December 2019 (Appendix 2)

3 Financial Implications

~~State the capital and revenue implications of the proposal – cost, savings, how it is to be funded and when costs/savings will be realised.~~

~~If there are no implications state ‘None’.~~

3.1 None for this Board

4. Environmental Implications

4.1 None

5. Supporting Information

5.1 None

6. Timescales associated with the decision and next steps

6.1 None

Appendices

1. Appendix 1 - **December 2019 Agenda Front Sheet**
- Appendix 2 - **December 2019 Pension Fund Investment Sub-committee Forward Plan**

Background Papers

None

	Name	Contact Information
Report Author	Michael Nicalaou, Chris Norton	michaelnicolaou@warwickshire.gov.uk, chrisnorton@warwickshire.gov.uk
Assistant Director	Richard Ennis	richardennis@warwickshire.gov.uk
Lead Director	Strategic Director for Resources	robpowell@warwickshire.gov.uk
Lead Member	Portfolio Holder for Finance and Property	

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

Local Member(s):

Other members:

Pension Fund Investment Sub-Committee

Date: Monday, 9 December 2019
Time: 10.00 am
Venue: Committee Room 2, Shire Hall

Membership

Councillor Richard Chattaway
Councillor Bill Gifford
Councillor John Horner
Councillor Wallace Redford
Councillor Bob Stevens

Items on the agenda: -

1. General

(1) Apologies

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

Members are required to register their disclosable pecuniary interests within 28 days of their election or appointment to the Council. A member attending a meeting where a matter arises in which s/he has a disclosable pecuniary interest must (unless s/he has a dispensation):

- Declare the interest if s/he has not already registered it
- Not participate in any discussion or vote
- Must leave the meeting room until the matter has been dealt with
- Give written notice of any unregistered interest to the Monitoring Officer within 28 days of the meeting

Non-pecuniary interests must still be declared in accordance with the Code of Conduct. These should be declared at the commencement of the meeting.

(3) Minutes of the previous meeting

2. Forward Plan

5 - 8

3. i) Minutes of the Special Meeting of the Local Pension Board - 19 October 2019	9 - 12
ii) Minutes of the Local Pension Board Meeting - 14 November 2019	13 - 18
4. Reports Containing Confidential of Exempt Items	
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 Schedule 12A of Part 1 of the Local Government Act 1972'.	
5. Exempt Minutes of the PFISC meeting - 9 September 2019	19 - 24
6. Investment Performance	25 - 32
7. Investment Fund Performance	33 - 42
8. Border to Coast Pension Partnership	43 - 68
9. Pooling Update	69 - 116
10. Investment Strategy Review	117 - 148
11. 2019 Valuation Update	149 - 152
12. Investment Benchmarking	153 - 294
13. Setting Consultant Objectives	295 - 314
14. Training Plan 2020	315 - 318

Disclaimers

Webcasting and permission to be filmed

Please note that this meeting will be filmed for live broadcast on the internet and can be viewed on line at warwickshire.public-i.tv. Generally, the public gallery is not filmed, but by entering the meeting room and using the public seating area you are consenting to being filmed. All recording will be undertaken in accordance with the Council's Standing Orders.

Public Speaking

Any member of the public who is resident or working in Warwickshire, or who is in receipt of services from the Council, may speak at the meeting for up to three minutes on any matter within the remit of the Committee. This can be in the form of a statement or a question. If you wish to speak please notify Democratic Services in writing at least two working days before the meeting. You should give your name and address and the subject upon which you wish to speak. Full details of the public speaking scheme are set out in the Council's Standing Orders.

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Pension Fund Investment Sub Committee

9 December 2019

Forward Plan

Recommendations

1. That the Sub Committee notes and comments on the forward plan.
2. That the committee considers the option to request attendance and presentations from fund managers on a planned and rolling basis.

1.0 Introduction

- 1.1 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.
- 1.2 The agenda remains dominated by pooling developments and the 2019 valuation.
- 1.3 Pooling has been and continues to be a high priority, but the Warwickshire Pension fund still holds the majority of its funding outside of the pool, and some funds will still exist outside of the pool for many years (e.g. alternatives) and potentially indefinitely (e.g. passive funds). It is recommended that presentation from time to time at the committee by existing fund managers outside of the pool is brought into the plan to ensure that all funds have enough oversight.
- 1.4 An addition to the forward plan is to provide a copy of the minutes of the Local Pension Board meetings for information. The Local Pension Board has resolved to increase the frequency of its meetings to quarterly so there will be updates at each sub-committee meeting.
- 1.5 It is proposed to make a review of the risk register a standing item in line with the expectations of the Pensions Regulator.

Background papers

None.

	Name	Contact Information
Report Author	Chris Norton	chrisnorton@warwickshire.gov.uk 07767003428
Interim Assistant Director Finance	Richard Ennis	01926 412441 richardennis@warwickshire.gov.uk
Strategic Director (Resources)	Rob Powell	01926 412564 robpowell@warwickshire.gov.uk
Portfolio Holder	Peter Butlin	cilrbutlin@warwickshire.gov.uk

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

Local Member(s): none

Other members: none

March 2020	May 2020	June 2020	September 2020	December 2020
Investment Performance Report Fund Performance Report		Investment Performance Fund Performance Report	Investment Performance Fund Performance Report	Investment Performance Fund Performance Report
BCPP General Update BCPP Fund Transfers	Election of Chair and Vice Chair	BCPP General Update BCPP Fund Transfers	BCPP General Update BCPP Fund Transfers	BCPP General Update BCPP Fund Transfers
Forward Plan		Forward Plan	Forward Plan	Forward Plan
Fund Manager Presentation		Fund Manager Presentation	Fund Manager Presentation	Fund Manager Presentation
Local Pension Board minutes of meeting		Local Pension Board minutes of meeting	Local Pension Board minutes of meeting	Local Pension Board minutes of meeting
Investment Strategy Statement				Training Plan
2019 Actuarial Valuation Valuation Sign Off Funding Strategy Statement				
Business Plan				
Risk Review		Risk Register	Risk Register	Risk Register

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Warwickshire Local Pension Board Staff and Pensions Committee Update

1 Recommendations

1.1 That the Local Pension Board notes and comments on the report.

2 Executive Summary

2.1 The Local Pension Board has a responsibility to assist the Scheme Manager in the management of the Pension Fund. In order to fulfil this role it is important for the Local Pension Board to be sighted on relevant pension fund activity.

2.2 Set out at Appendix A are the minutes of the most recent Staff and Pensions Committee for information. Agenda items 3-7 are of relevance to the pension fund.

3 Financial Implications

3.1 None.

4 Environmental Implications

4.1 None.

5 Supporting Information

5.1 The full agenda and reports for the Staff and Pension meeting are available on the County Council's website and are not appended to keep the volume of Local Pension Board papers more manageable.

6 Timescales and Next Steps

6.1 None.

Appendices

Appendix 1 – Staff and Pensions Committee Minutes (Public) 9th December 2019

Background Papers

None.

	Name	Contact Information
Report Author	Chris Norton	chrisnorton@warwickshire.gov.uk
Assistant Director	Richard Ennis	richardennis@warwickshire.gov.uk
Lead Director	Strategic Director for Resources	robpowell@warwickshire.gov.uk
Lead Member	Portfolio Holder for Finance and Property	peterbutlin@warwickshire.gov.uk

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

Local Member(s):

Other members:

**Minutes of the meeting of the Staff and Pensions Committee
held on 9 December 2019**

Present

Members of the Committee

Councillors Neil Dirveiks, Bill Gifford, John Horner, Kam Kaur (Chair),
Bhagwant Singh Pandher and Bob Stevens

Other members in attendance

None

Officers

Neil Buxton, Pension Services Manager
Phil Deakin, Armed Forces Covenant Community Projects Worker
Sarah Duxbury, Assistant Director, Governance and Policy
Liz Firmstone, Service Manager (Transformation)
Caroline Fraser, Strategy and Commissioning Manager (HROD)
Sarah McCluskey, HR Business Partner
Chris Norton, Strategy and Commissioning Manager (Treasury, Pension, Audit & Risk)
Louise Williams, Service Manager (Business & Customer Support Resources &
Communities)
Paul Williams, Democratic Services Team Leader

1. General

(1) Apologies for absence

None

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

None

(3) Minutes

The minutes of the meeting held on 9 September and 15 October 2019 were considered and agreed as a true and accurate record for signing by the Chair.

Councillor Neil Dirveiks, replacing Councillor Richard Chattaway, was welcomed to the Committee.

2. Proposal for Additional Paid Employee Leave Provision

Having introduced Caroline Fraser (Strategy and Commissioning Manager (HROD)) to the committee Sarah McCluskey (HR Business Partner) introduced the published report summarising its key points.

The committee considered the proposals for military personnel. With reference to paragraph 1.6 in the report it was noted that the council has achieved bronze status on the MOD's Defence Employer Recognition Scheme. There is, however, an aspiration to achieve gold status. There are currently 14 staff members who would benefit from the proposals as set out in the report. Members expressed their support for the proposal. Councillor Bob Stevens emphasised the need to provide as much support as possible to serving and ex-military personnel adding that people who have served in the military often bring a wide range of skills and experiences to their work at the council. This view was echoed by Councillor Bill Gifford who observed that his father had experienced difficulties in securing employment when he left the armed forces. In response to a question from Councillor Gifford, Phil Deakin (Armed Forces Covenant Community Projects Worker) confirmed that all three armed forces are treated equally. Members agreed that it will be important to ensure that the additional leave does not undermine the capacity of the council to deliver services. To this end a policy guidance document is to be produced. The situation will also be assisted by the MOD arranging training well in advance.

The committee agreed its support for the proposals as they relate to existing and prospective foster carers.

Resolved

That the Staff and Pensions Committee:

- 1) Approves the proposal for up to 10 days paid leave per annum (pro rata for part time staff) for employees serving in the Reserve Armed Forces or those volunteering their time as Adult Cadet Instructors for undertaking their annual training camp or other training specific to their Reserve or Adult Cadet Instructor role.
- 2) Approves the proposal for up to 10 days additional unpaid leave in total (pro rata for part time staff) within a 3 year period, and each successive 3 year period thereafter, for those serving in the Reserve Armed Forces or volunteering their time as Adult Cadet Instructors, for undertaking additional specialist training to enhance their role or for progression within the Reserve or Cadet Forces.
- 3) Approves the proposal to introduce a Guaranteed Interview Scheme where the essential criteria for a post are met by external candidates:
 - who are serving Armed Forces personnel during the 12 weeks prior to their discharge date from the Armed Forces;
 - who are ex-Armed Forces personnel within 3 years of their discharge date or;
 - where the Armed Forces were their last long-term substantive employer
- 4) Approves Warwickshire County Council becoming a Fostering Friendly Employer, through subscribing to the Fostering Network's Fostering Friendly Employer Scheme.

- 5) Approves the proposal for up to 5 days paid leave (pro rata for part time staff) for employees who intend to become foster carers, in the first year of fostering for the purposes of undertaking training and/or activity in relation to their assessment as foster carers.
- 6) Approves the proposal for up to 3 days additional paid leave per annum (pro rata for part time staff) for employees who are approved foster carers in the years following approval for the purposes of undertaking learning, development or preparation for the placement of a child or young person.
- 7) Approval of leave in recommendations 1,2, 5 and 6 will be at the discretion of the line manager subject to business need, with ultimate discretion by the Assistant Director if the employee is not satisfied with their decision.

3. Pension Administration Update

Chris Norton (Strategy and Commissioning Manager (Treasury, Pension, Audit & Risk)) in introducing the remaining agenda items explained that with changes in governance and the growth in the number of employers in the Warwickshire Pension Fund it is probable that more pensions-related business will be presented to the committee in the future.

Liz Firmstone (Service Manager – Transformation) explained that agenda item 3 served to set the scene for future business and reports.

Councillor Bob Stevens suggested that with a number of pensions-related developments it will be necessary to review the way in which the pensions service is run. There is, he suggested, a need to return to basics and reflect on the relationship between the Local Pension Board, the Pension Fund Investment Sub-Committee and the Staff and Pensions Committee. Councillor Bill Gifford emphasised that it is important to ensure that the Pension Fund Investment Sub-Committee does not make decisions that must then be overturned by the Staff and Pensions Committee. Councillor John Horner reminded members that the Staff and Pensions Committee should focus solely on Council element of the Pension Fund. In addition, he reminded members that the job of the Local Pension Board is to ensure that the Pensions Service is being run properly.

In response to these points it was agreed that officers prepare a briefing note setting out the relative responsibilities of the committees.

Resolved

That the Staff and Pensions Committee approves the proposals for future reports to the Committee in relation to the Pensions Administration Service.

4. Pension Fund Admissions – Academies

Neil Buxton (Pension Services Manager) introduced the report. In response to a question from Councillor John Horner the committee was informed that pension administration costs are paid by constituent employers. There is always a set up fee with actuaries developing an opening statement for new employers.

Resolved

That the Staff and Pensions Committee delegates authority to the Strategic Director for Resources to approve applications from the listed schools converting to academy status, subject to the applications meeting the criteria:

- Meon Vale (Tudor Grange Academy Trust; 1 September 2019)
- Henley High School (Arden Multiple Academy Trust; 1 September 2019).
- Lower Farm Academy (REAch2 Academy Trust; 1 September 2019)

5. LGPS Development Update

Neil Buxton summarised the published report.

Resolved

That the Committee notes the report.

6. Pensions Fund Breaches Policy

Neil Buxton explained that the review of the Breaches Policy is one of a number of such exercises being proposed or undertaken. The committee was informed that it is important that staff are aware of their responsibilities when a breach occurs. Of equal importance is an awareness of the consequences of any breach for employers. The Pensions Team is working with employers to ensure that they have the knowledge and understanding they require.

Regarding a breach that was reviewed by the Local Pension Board it was confirmed that as it was graded amber it was not reported to the Pensions Regulator. Rather, it was reported internally.

Members of the committee agreed that they would welcome training on breaches so that they would know what to look for and how to address them. The key would be an understanding of the relevant protocols. In response to this Chris Norton agreed to ensure that whenever pensions-related training is planned an invitation be extended to members of the Staff and Pensions Committee.

Sarah Duxbury (Assistant Director, Governance and Policy) added that a further safeguard is provided by the Council's Audit function which works to ensure that all relevant checks are being made.

Resolved

That the Staff and Pensions Committee approves the Breaches Policy.

7. Cubbington Parish Council

The committee considered and agreed its support for this proposal.

Resolved

That the Staff and Pensions Committee approve the application from Cubbington Parish Council for admission to the Warwickshire Pension Fund.

8. Any Urgent Business

Councillor John Horner questioned whether employees are aware of the value of their pensions to them adding that an indication of the employer's contribution could be added to pay slips. This may have the effect of dissuading staff from leaving the County Council in search of higher salaries.

In response it was observed that additional information on payslips may prove confusing. It should also be borne in mind that people with young families and sizable mortgages may not be persuaded to stay in the employ of the County Council by the knowledge of their pension benefits.

Neil Buxton suggested that there may be scope to offer more publicity regarding the value of pensions to staff. He added that it is important to stop people from opting out from the scheme.

10. Next Meeting

The Committee noted that the next meeting would be held on 9 March 2020

The meeting rose at 2.58p.m.

.....
Chair

Actions Resulting from this Meeting

	Action	Responsible Officer(s)
1.	Briefing note on roles and responsibilities of pensions committees	Chris Norton
2.	Members to be invited to training on pensions related matters	Chris Norton

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