

Pension Fund Investment Sub-Committee

Date: Thursday, 12 March 2020
Time: 10.00 am
Venue: Committee Room 2, Shire Hall

Membership

Councillor Bob Stevens (Chair)
Councillor Neil Dirveiks
Councillor Bill Gifford
Councillor John Horner
Councillor Wallace Redford

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	13 - 14
3. Risk Register	15 - 22
4. Business Plan	23 - 34
5. Review of the minutes of the Local Pension Board	35 - 42
6. Reports Containing Exempt or Confidential 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 3, Schedule 12A of the Local Government Act 1972 as amended.</p>	
7. Review of the exempt minutes and matters arising	43 - 48
8. Investment Performance Quarter 3	49 - 66
9. Fund Performance	67 - 78
10. Valuation and Funding Strategy Statement Update	79 - 126
11. Investment Strategy Statement	127 - 146
12. Responsible Investment, Climate Change, and ESG	147 - 154
13. Pooling Update	155 - 180
14. Pooling - Funds Transfers	181 - 224
15. Harbourvest - Fund Manager Presentation	225 - 256

Disclaimers

Disclosures of Pecuniary and Non-Pecuniary Interests

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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	219
Committee	Pension Fund Investment Sub-Committee
Date	09/12/2019
Attendees	<p>Councillor Richard Chattaway (Committee Member)</p> <p>Councillor Bill Gifford (Committee Member)</p> <p>Councillor John Horner (Committee Member)</p> <p>Councillor Wallace Redford (Committee Member)</p> <p>Councillor Bob Stevens (Committee Member)</p> <p>Michael Nicalaou (Officer)</p> <p>Sukhdev Singh (Officer)</p> <p>Aneeta Dhoot (Officer)</p> <p>Councillor Neil Dirveiks (Committee Member)</p> <p>Chris Norton (Officer)</p> <p>Jane Pollard (Officer)</p> <p>Rob Powell (Officer)</p> <p>Helen Barnsley (Secretary)</p>

Item ID	755
Item Title	General
Summary	

Item ID	756
Item Title	Members' Disclosures of Pecuniary and Non-Pecuniary Interests
Summary	None

Item ID	758
Item Title	Minutes of the previous meeting
Summary	The minutes were agreed as a true and accurate record. There were no matters arising.

Item ID	1007
Item Title	Forward Plan
Summary	<p>Chris Norton, Strategy and Commissioning Manager presented the report to the Sub-Sub-Committee giving a short summary of the forward plan.</p> <p>In addition to the information provided it was agreed that presentations at the Sub-Sub-Committee by existing fund managers outside of the pool are added to the plan to ensure that all funds have enough oversight.</p>

	<p>Resolved</p> <p>That the Sub-Committee notes the content of the report.</p>
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Item ID	1008
Item Title	Minutes of the Special Meeting of the Local Pension Board - 19 October 2019
Summary	<p>With reference to the minutes from the Local Pension Board, the Chair reminded the Sub-Committee that this was a form of scrutiny; although the Sub-Committee will only have access to public minutes.</p> <p>It was also noted that the Local Pension Board will have access to the public minutes of the Pension Fund Investment Sub-Committee.</p> <p>The Sub-Committee noted the minutes of the Special Meeting of the Local Pension Board held on 19 October 2019.</p>

Item ID	1009
Item Title	Minutes of the Local Pension Board Meeting - 14 November 2019
Summary	The Sub-Committee noted the minutes of the Local Pension Board held on 14 November 2019.

Item ID	1010
Item Title	Reports Containing Confidential of Exempt Items
Summary	The Sub-Committee resolved that members of the public be excluded from the meeting for the items mentioned below on the grounds that their presence would involve the disclosure of exempt information as defined in paragraph 3 of Schedule 12A of Part 1 of the Local Government Act 1972'.

Item ID	1011
Item Title	Exempt Minutes of the PFISC meeting - 9 September 2019
Summary	<p>In relation to the Valuation Update (Item 10), it was noted that the minutes should read that it was Rob Bilton who presented the report and not Richard Warden.</p> <p>The Sub-Committee noted the exempt minutes of the PFISC meeting held on 9 September 2019. There were no matters arising</p>

Item ID	1012
Item Title	Investment Performance
Summary	<p>Chris Norton, Strategy and Commissioning Manager presented the report to the Sub-Committee highlighting the fund value and investment performance for the first quarter of 2019/20.</p> <p>The Sub-Committee noted the following points –</p> <ul style="list-style-type: none"> • In terms of asset allocation, Equity and Fixed Income were overweight. • Absolute return bonds, Infrastructure, Private Debt and Cash were all underweight. • Moving forward officers will bring more transparency to the Sub-Sub-Committee in terms of benchmark performance in the report. • In relation to the performance by fund managers; Threadneedle Property and Schroders Property are short of their target and not exceeding the benchmark figure. <p>Resolved</p> <p>That the Sub-Committee notes the content of the report.</p>

Item ID	1013
Item Title	Investment Fund Performance
Summary	<p>Michael Nicolaou, Treasury and Pension Fund Manager introduced the report confirming that a new investment funding level was currently under discussion so the data for 2019 would be provided at a future meeting.</p> <p>Paul Potter from Hymans Robertson confirmed to the Sub-Sub-Committee that the performance targets are set over a three-year rolling period. The following points were noted by the Sub-Committee</p> <ul style="list-style-type: none"> • In relation to the pooling costs savings, a global mandate will be included in the report moving forward following MFF Accountancy's move to Border to Coast. • World markets were reported to be subdued but steady; with the US economy slowing down sharply. • Markets overall were weaker – in part due to the continued Brexit uncertainty and the different possible outcomes. • Diverse performance for blended return markets have been volatile so hard to predict, but Hymans Robertson has no concerns. • In relation to manager ratings; a new appointment has now been made at Schroders, Sarah Coburn who brings 21 years-experience to the role. The appointment is very positive.

	<p>Councillor John Horner requested that moving forward the report included trend line information on the graphs which would help to identify any emerging patterns.</p> <p>Resolved</p> <p>That the Sub-Committee notes the content of the report.</p>
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Item ID	1014
Item Title	Border to Coast Pension Partnership
Summary	<p>Andrew Stone from Border to Coast presented an update to the Sub-Sub-Committee which included the following highlights;</p> <ul style="list-style-type: none"> • Product development Timetable and updates • Joint Sub-Sub-Committee Members and BCPP Non-Executive Directors • Partner Funds Merger • Property Sub-fund Development Funding <p>In relation to the BCPP Responsible Investment (RI) Policy, it was confirmed that there has been strong engagement with companies identified by the Climate Action 100+ group as being some of the highest carbon emission producers. Moving forward, working with these companies seems hopeful in relation to investments.</p> <p>Ryan Boothroyd from Border to Coast presented the Sub-Committee with information in relation to Multi Asset Credit (MAC); showing what investments, from Border to Coast, are available to Warwickshire. Key areas for MAC were noted as follows;</p> <ul style="list-style-type: none"> • High Yield Bonds • Loans • Emerging Market Debts • Securitised Specialist Bonds <p>Following a question from Councillor Neil Dirveiks, it was confirmed that PIMCO, marginal asset manager, went through an extensive recruitment process and everything in their portfolio is visible to Border to Coast. There are also monthly and quarterly performance meetings.</p> <p>The Sub-Committee noted that for Quarter Two, the pension fund had underperformed by 2% but since inception has outperformed the benchmark of 2.5%.</p>

	<p>Resolved</p> <p>That the Sub-Committee s notes the content of the report.</p>
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Item ID	1015
Item Title	Pooling Update
Summary	<p>Michael Nicolaou, Treasury and Pension Fund Manager presented the report to the Sub-Committee in relation to the performance of the Border to Coast sub-funds during Quarter Three.</p> <p>Following a comment from Councillor Neil Dirveiks it was agreed that the figures in the report will also be presented in GBP, rather than just US\$. It was noted that these figures would be based on the assumption of the exchange rate but that they would act as a helpful guideline for the Sub-Committee.</p> <p>In reference to point 5.2 of the report, clarification was given that the “small extra cost” was approximately £15k which was paid in relation to getting out of certain investments. Full details will be confirmed to the Sub-Committee.</p> <p>Resolved</p> <p>That the Sub-Committee s notes the content of the report.</p>

Item ID	1016
Item Title	Investment Strategy Review
Summary	<p>Chris Norton, Strategy and Commissioning Manager introduced Paul Potter from Hymans Robertson who presented the report to the Sub-Committee. It was confirmed that the Warwickshire Pension Fund Strategy is due for final sign off in March 2020 and will be presented at the next Sub-Committee meeting.</p> <p>With reference to growth allocation it was confirmed that not many changes have been proposed in the new strategy.</p> <p>The Sub-Committee noted that equities are performing well and that the average lifetime of a fund is 12 to 15 years. It was also noted that there is a continued commitment to private equity; with profits coming through previous investments.</p> <p>With reference to income assets; property prices have stabilised and are providing good returns. Peter Jones, Independent Investment Adviser was pleased to see that there had been no increase in protection assets.</p>

	<p>The conclusion of the report included the following points;</p> <ul style="list-style-type: none"> • The current investment strategy provides a good chance of meeting the long-term funding objective • There has been more economic activity in private markets and a reduction in activity on the stock exchange. • The strategy makes more commitment to private market funds <p>Resolved</p> <p>That the Sub-Committee notes the content of the report.</p>
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Item ID	1017
Item Title	2019 Valuation Update
Summary	<p>Rob Bilton, Hymans Robertson presented the report which included a review of the funding strategy. Regarding the recent valuation, the outcome showed that there had not been much change. There had been two main changes;</p> <ul style="list-style-type: none"> • In relation to the McCloud case, guidance from the SAB was for the valuation for contribution rates to be made at the current rate • In May 2018, MCLHG regulations were amended to allow employers to claim back any surplus they had paid at the time of exiting the fund. Any payment would be made on the same terms as they entered the fund. <p>The Sub-Committee noted that a draft revised funding strategy has been sent out for consultation and that the results will be presented at the next Sub-Committee meeting.</p> <p>Resolved</p> <p>That the Sub-Committee notes the content of the report.</p>

Item ID	1018
Item Title	Investment Benchmarking
Summary	<p>John Smith from CEM benchmarking presented the report to the Sub-Committee confirming that the report includes a detailed comparative analysis of the costs associated with the pension fund and looks at the performance of the fund and risks associated with the costs.</p> <p>The benchmarking exercise involved a comparison of LGPS funds and funds outside the LGPS. It was noted that there are currently 35 funds working with CEM and that all Border to Coast funds are involved.</p>

	<p>Warwickshire's pension fund has a cautious strategy in comparison to other funds, but active management decisions have been rewarded by a value-added increase of 0.5%. The Sub-committee noted that the LGPS medium for added value was 0.0%.</p> <p>The elimination of the hedge fund programme in 2016/17 had been a material influence in the reduction of costs</p> <p>The Sub-committee was presented with the key takeaway points of the report (page 20 of the report) and pleased to see that the report reflected a positive story for the fund.</p> <p>Resolved</p> <p>That the Sub-committee notes the content of the report.</p>
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Item ID	1019
Item Title	Setting Consultant Objectives
Summary	<p>The Sub-Committee accepts the proposed objectives for its investment consultants. The objectives will be regularly reviewed by the Sub-Committee.</p>

Item ID	1020
Item Title	Training Plan 2020
Summary	<p>Karen Shackleton, Independent Investment Adviser presented the results of a training needs analysis completed by members of the Pension Fund Investment Sub Committee.</p> <p>Common themes in the training needs of members include –</p> <ul style="list-style-type: none"> • Pension Accounting • Knowledge around Pooling • Pension Markets and Products <p>It was agreed that there will be internal training days, scheduled on a regular basis and full induction training for any new members of the Sub-Committee.</p> <p>Resolved</p> <p>That the Sub-Committee s notes the content of the report.</p>

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Pension Fund Investment Sub Committee

12 March 2020

Forward Plan

Recommendations

- i) That the Sub Committee notes and comments on the forward plan.
- ii) That the Sub Committee considers the option to request attendance and presentations from fund managers on a planned and rolling basis.

1.0 Introduction

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.

- 1.1 A standing item for policy reviews has been added to the forward plan. This will be replaced in due course with a specific schedule of policy reviews at specific times of the year to ensure that all relevant policies approved by the Pension Fund Investment Sub Committee are kept relevant and up to date.

Background papers

None.

	Name	Contact Information
Report Author	Chris Norton	chrisnorton@warwickshire.gov.uk 07767003428
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Portfolio Holder	Peter Butlin	cllrbutlin@warwickshire.gov.uk

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

Local Member(s): none

Other members: none

May 2020	June 2020	September 2020	December 2020	March 2021
	Investment Performance Fund Performance Report	Investment Performance Fund Performance Report	Investment Performance Fund Performance Report	Investment Performance Fund Performance Report
Election of Chair and Vice Chair	BCPP General Update BCPP Fund Transfers	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
			Training Plan	Business Plan
	Policy Reviews	Policy Reviews	Policy Reviews	Policy Reviews
	Risk Register	Risk Register	Risk Register	Risk Review

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 active managers	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 assets 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 from 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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Pension Fund Investment Sub Committee

12 March 2020

Risk Register Review

1 Recommendation

- 1.1 That the Pension Fund Investment Sub Committee comments on and approves 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.

2.5 This risk register update has been reported to the Local Pension Board for comment on the 26th February 2020. Officers will provide a verbal update to the Pension Fund Investment Sub Committee on comments received.

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 monitored quarterly through the year.

Appendices

Appendix 1 – Draft Risk Register

Background Papers

None.

	Name	Contact Information
Report Author	Chris Norton	chrisnorton@warwickshire.gov.uk
Assistant Director	Andrew Felton	andrewfelton@.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): none

Other members: none

Pension Fund Investment Sub Committee

12 March 2020

Draft Business Plan

1 Recommendation

- 1.1 That the Pension Fund Investment Sub Committee comments on and approves 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 None.

Appendices

Appendix 1 – Draft Business Plan

Background Papers

None.

	Name	Contact Information
Report Author	Chris Norton	chrisnorton@warwickshire.gov.uk
Assistant Director	Andrew Felton	robpowell@warwickshire.gov.uk
Lead Director	Rob Powell	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): none

Other members: none

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:

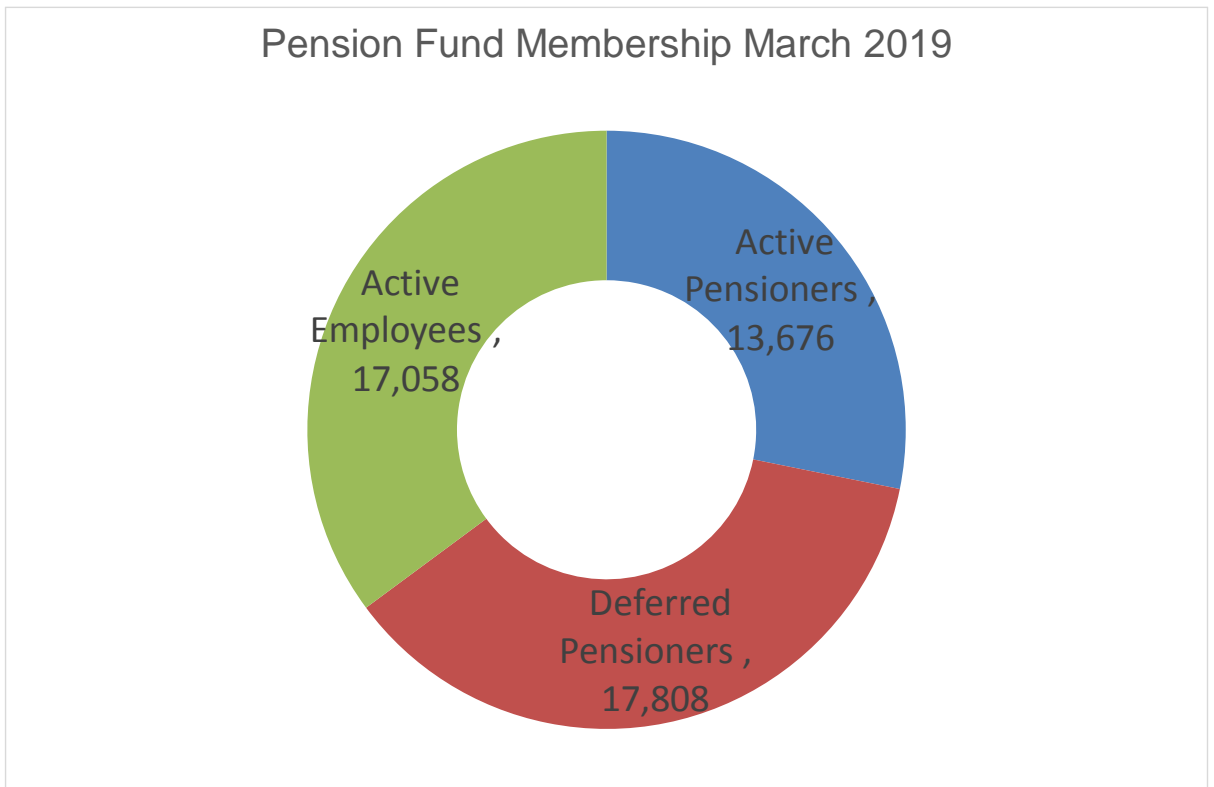
Ensure that funds are available to pay member pensions when they are due, delivered through effective forecasting of long term liabilities, determination and collection of appropriate contributions, and generation of an appropriate risk adjusted return on the fund's investments.

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.

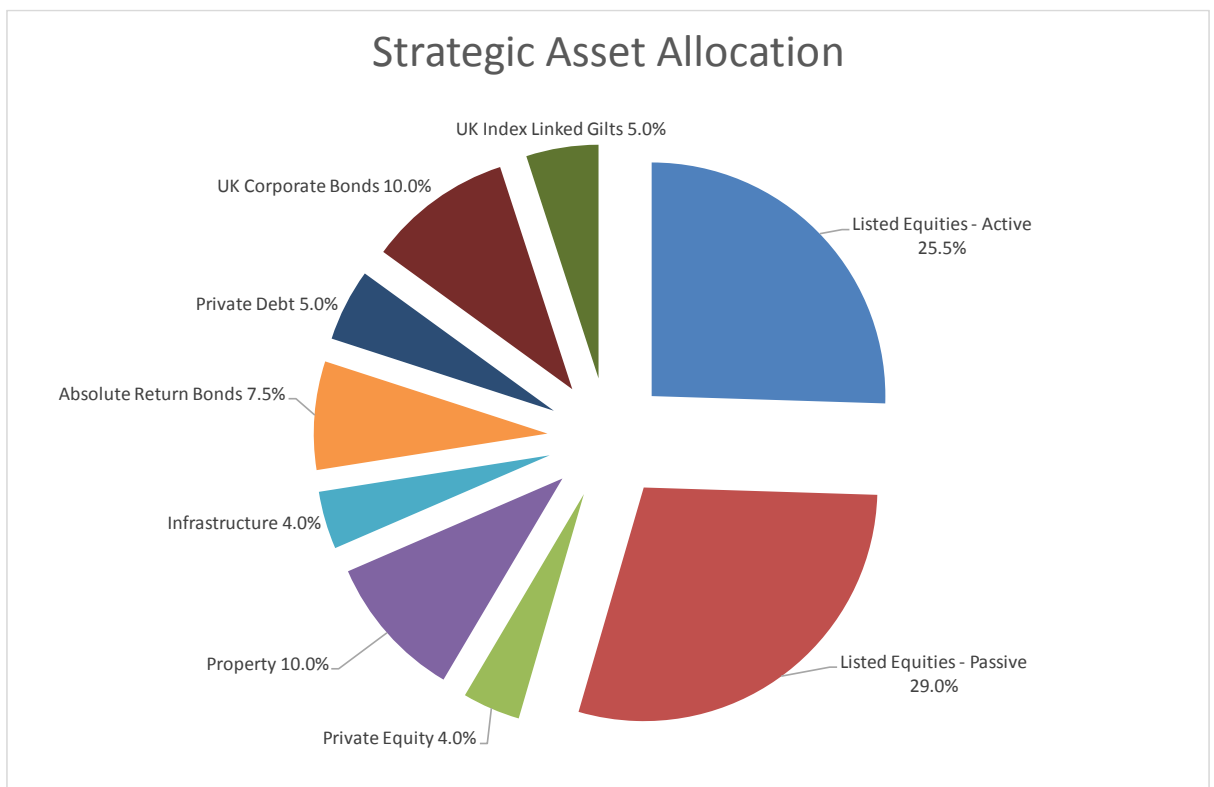
3. Context

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.

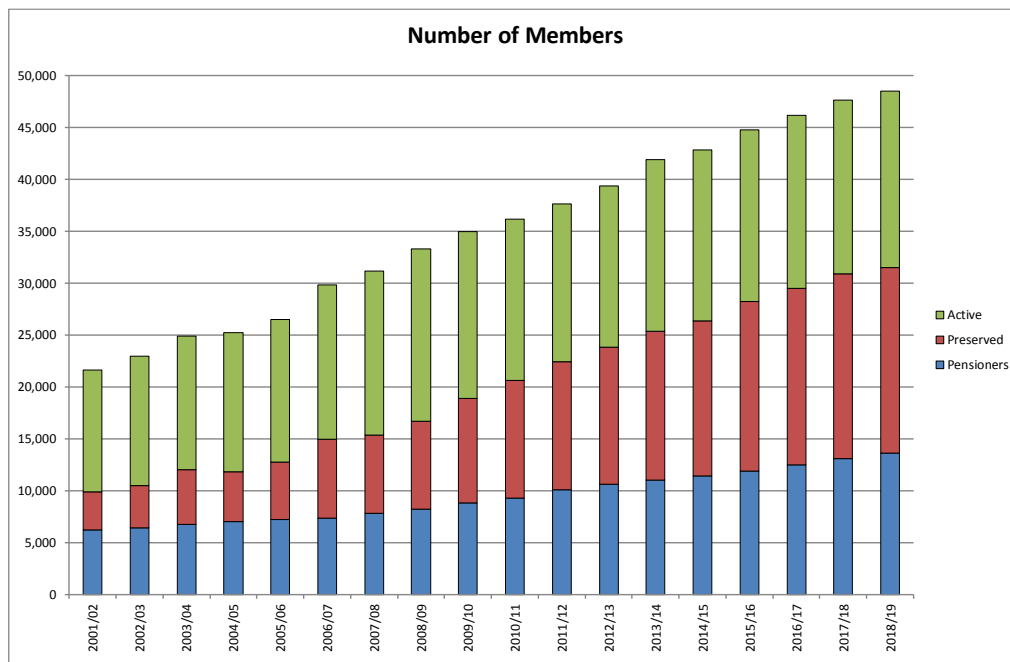


The fund has a strategic asset allocation currently primarily weighted towards equity / growth assets and this will change with the revised Investment Strategy to be approved in March 2020

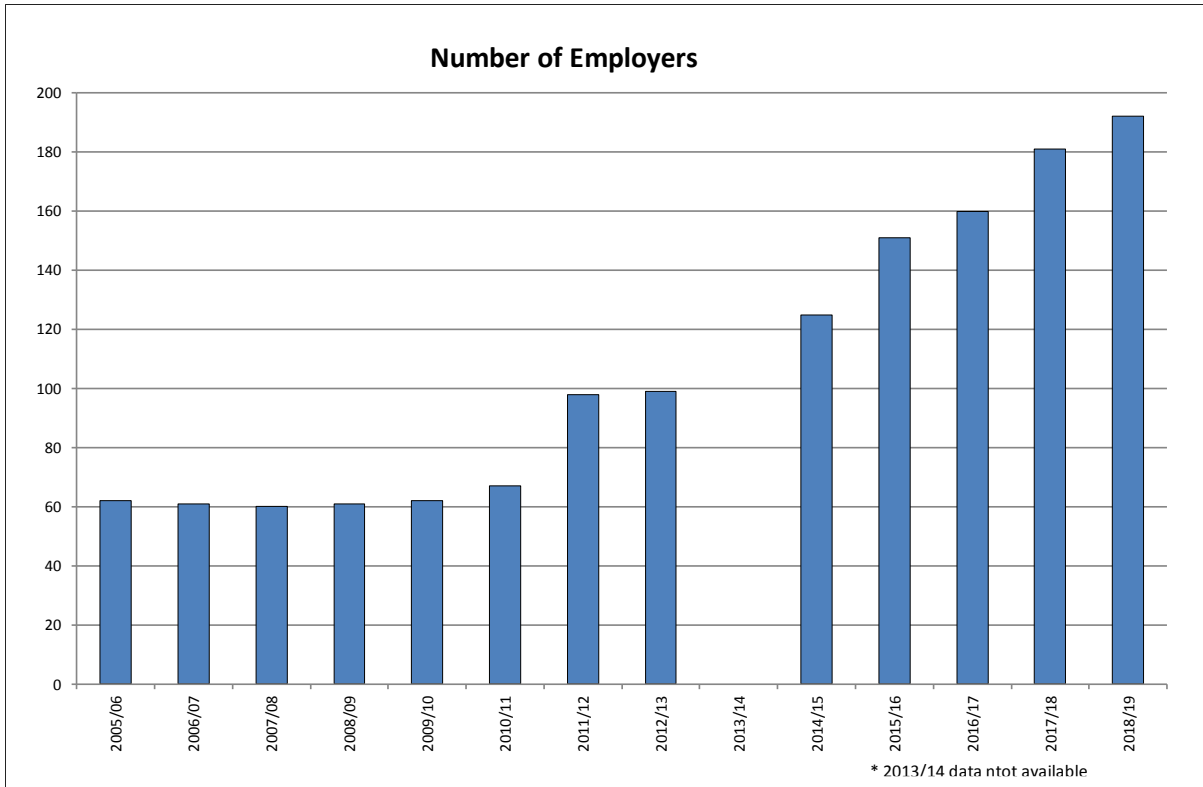


Demand

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.

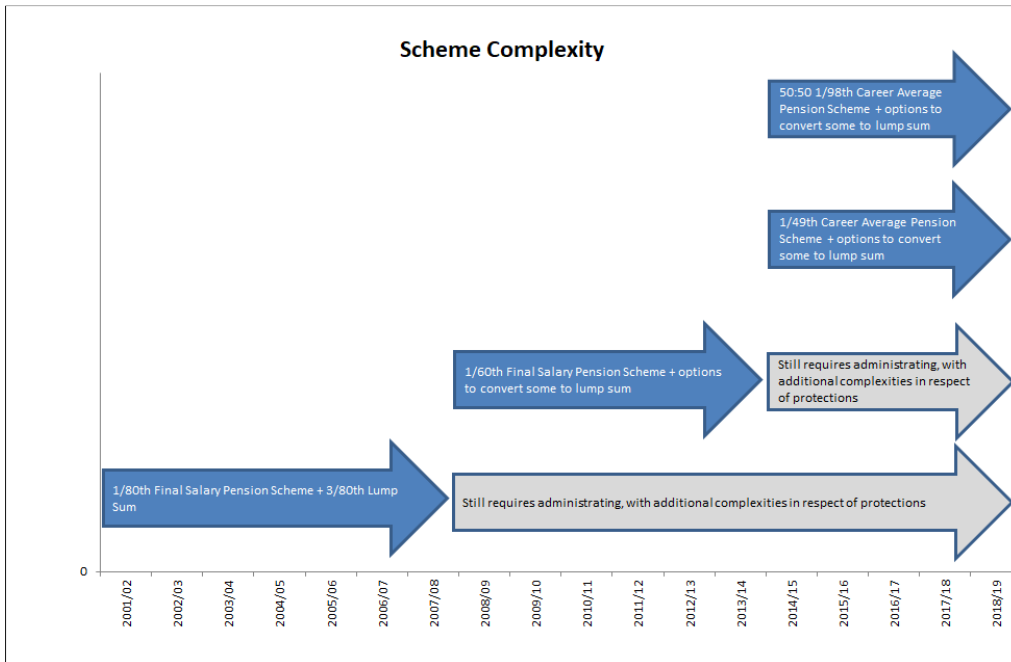


The number of employer organisations continues to increase and within this there are a large number of smaller employers who do not have the scale to be able to provide the capacity and expertise to easily meet their pension fund duties. The financial environment also continues to present challenges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

Pension Fund Investment Sub-Committee

12 March 2020

Review of the minutes of the Local Pension Board

1. Recommendation

That the Sub Committee note the Local Pension Board minutes.

2. Executive Summary

2.1 This report introduces the minutes of the Local Pension Board for information.

2.2 The minutes are in relation to the Board Meeting held on 14 November 2019.

3. Financial Implications

None

4. Environmental Implications

None

5. Supporting Information

None

6. Timescales associated with the decision and next steps

None

7. Appendices

Minutes of the Board meeting of 14 November 2019

8. Background Papers

None

	Name	Contact Information
Report Author	Neil Buxton, Chris Norton	neilbuxton@warwickshire.gov.uk ,
Assistant Director	Andrew Felton	andrewfelton@warwickshire.gov.uk
Lead Director	Rob Powell	robpowell@warwickshire.gov.uk
Lead Member	Peter Butlin	peterbutlin@warwickshire.gov.uk

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

Local Member(s): none

Other members: none

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Warwickshire Local Pension Board

Thursday, 14 November 2019

Minutes

Attendance

Committee Members

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

Officers

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 Powell, Strategic Director for Resources
Sukhdev Singh, Principal Accountant
Aneeta Dhoot, Senior Finance Officer

Others Present

Ian Coleman – Independent Consultant
Robert Bilton – Actuary - Hymans Robertson

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.

1. Introductions and General Business

(1) Apologies

David Buckland

(2) Board Members' Disclosures of Interests

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

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

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

There were no matters arising

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

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

2. Governance Review

Rob Powell, Strategic Director – Resources, introduced the report which had been commissioned through CPIFA to formulate an action plan in view of a number of recent issues. Ian Coleman, independent consultant carried out a complete review of the pension fund administration and compared it against what the pension regulator would be looking for. Ian Coleman confirmed to the board that the judgements made in the report were entirely his own due to there being no hard definition of the RAG ratings. His judgements are based on experience and knowledge.

The board reviewed the action plan, concentrating on red and amber ratings. During the discussion the following points were highlighted;

- i) There is a need for the board for continuous training as well as a training needs analysis for each member.
- ii) The board agreed to move to quarterly meetings.
- 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 from the pension fund regulator in response to the breach.
- v) Rob Powell confirmed that the action plan requirements in relation to the issues with Warwickshire County Council's payroll are being implemented.

Keith Francis questioned the details of the action plan and was advised that the document is a summary and there is more information "behind the scenes" to support the work involved.

3. Administration Report

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.

Liz Firmstone, Service Manager, Transformation stated that the report reviews all governance matters and provides details on all current activities and progress made.

The following updates were presented to the Board;

- 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 intervention. The process is approaching a return to operating efficiently, and within the normal administration function. Rob Powell added that the new system has halved the costs to the pension fund and that the other costs involved have been normal costs for the administration staff doing their job.
- 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 consultancy work
- 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 and the fact that Warwickshire County Council has been paying a much higher price than the benchmark figure, 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. It was agreed that a clearer explanation of the costs is required, and the Board looks forward to the final report from Mr. Coleman at the next meeting in March 2020.

4. LGPS Development Update

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.

Warwickshire Local Pension Board

14.11.19

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.

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.

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.

It was also noted that the Brexit issue is still causing some uncertainty for local government pension schemes.

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

The Board noted the papers of the Pension Fund Investment Sub Committee meeting held on 9 September 2019.

There were no matters arising.

6. Forward Plan

The Board noted and agreed the forward plan.

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.

7. Any Other Business

- 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.
- ii) Any associated documents are to be shared with Board members as soon as possible. Rob Powell, Strategic Director – Resources, will discuss with the Chair the most appropriate way to action this. The Board is to be made aware of external publications, relevant to the Board as soon as possible.
- iii) Following a discussion, it was confirmed that more administration reports would be sent to the Staff and Pensions Committee as the scheme manager, executive 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. The Chair stated that the

roll of the Board is to support the PFISC which is made difficult if there are exempt papers they cannot review.

- iv) Jane Pollard, Legal Services Manager, confirmed that the remit of each committee, including the Staff & Pensions committee, decided what was relevant and seen.

8. Reports Containing Confidential or Exempt Information

To consider passing the following resolution:

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

EXEMPT ITEMS FOR DISCUSSION IN PRIVATE (PURPLE PAPERS)

9. 2019 Valuation

Robert Bilton, Actuary - Hymans Robertson presented the report to the Board and the following points were noted by the Board;

- i) The valuation started approximately 12 months ago
- ii) The assumptions made in the valuation have all stood up to scrutiny and have been agreed and signed off.
- iii) All assumptions were evidence based.
- iv) Feedback from the valuation will be used to make decisions moving forward
- v) The valuation allows comfort and reassurance to be given that the governance process is up to scratch
- vi) The next steps in the process will be to communicate the results to employers and a communication plan has been put in place.

10. Pooling Update

Chris Norton, Strategic Finance Manager presented the report to the Board, highlighting the following key points;

- i) £300 million has been transferred to the Global Equity Fund

- ii) The Warwickshire Pension Fund has subscribed to the following BCPP alternatives sub-funds:
 - Private Equity
 - Infrastructure
 - Private Credit/Debt
- iii) There are currently two BCPP Non-Executive Director vacancies
- iv) A framework for complying with the Competition and Markets Authority Order will be presented to the Pension Fund Investment Sub-committee in December and an update will be provided to the Local Pension Board at the next meeting in March 2020.

The Board noted and commented on the report.

The Board rose at 12:28pm

.....
Chair

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