

Pension Fund Investment Sub-Committee

Date: Monday, 14 September 2020
Time: 10.00 am
Venue: Microsoft Teams

Membership

Councillor John Horner
Councillor Neil Dirveiks
Councillor Bill Gifford
Councillor Andy Jenns
Councillor Wallace Redford

Items on the agenda: -

1. Appointment of Chair

2. 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

(4) Minutes of the Meeting held on 8 June 2020	7 - 12
3. Minutes of the Local Pension Board	13 - 20
4. Forward Plan	21 - 24
5. Risk Monitoring	25 - 40
6. Reports Containing Exempt or Confidential 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 Schedule 12A of Part 1 of the Local Government Act 1972'.	
7. Responsible Investment	41 - 54
8. Investment Consultant Quarterly Report	55 - 80
9. Investment Performance Report to 30 June 2020	81 - 88
10. Private Equity Manager (HarbourVest) Presentation	89 - 130
11. Border to Coast Update	131 - 134
12. Pooled Fund Manager Presentation - Border to Coast Pensions Partnership (BCPP)	135 - 186
13. Exempt Minutes of the Meeting held on 8 June 2020	187 - 192

Monica Fogarty
Chief Executive
Warwickshire County Council
Shire Hall, Warwick

To download papers for this meeting scan here with your camera



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.

Disclosures of Pecuniary and Non-Pecuniary Interests

Members are required to register their disclosable pecuniary interests within 28 days of their election of 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

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.

This page is intentionally left blank

Pension Fund Investment Sub-Committee

Thursday, 23 July 2020

Minutes

Attendance

Committee Members

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

The Chair of Council opened the meeting.

1. General

(1) Apologies

None.

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

None.

2. Appointment of Chair

Councillor Bill Gifford proposed that Councillor Bob Stevens be Chair of the Sub-Committee and was seconded by Councillor John Horner.

There were no other nominations.

Resolved

That Councillor Bob Stevens be elected Chair of the Pension Fund Investment Sub-Committee.

3. Appointment of Vice Chair

Councillor Bob Stevens proposed that Councillor Bill Gifford be Vice-Chair of the Sub-Committee and was seconded by Councillor John Horner.

There were no other nominations.

Resolved

That Councillor Bill Gifford be elected Vice-Chair of the Pension Fund Investment Sub-Committee.

.....
Chair

Pension Fund Investment Sub-Committee

Monday, 8 June 2020

Minutes

Attendance

Committee Members

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

Officers

Helen Barnsley, Democratic Services Officer
Neil Buxton, Technical Specialist - Pension Fund Policy and Governance
Aneeta Dhoot, Senior Finance Officer
Michael Nicolaou, Interim Treasury and Pension Fund Manager
Chris Norton, Strategy and Commissioning Manager (Treasury, Pension, Audit & Risk)
Jane Pollard, Legal Service Manager (Corporate)
Andrew Felton, Assistant Director - Finance
Shawn Gladwin, Senior Finance Officer Pensions Investment
Victoria Moffett, Pensions and Investments Manager
Sukhdev Singh, Principal Accountant

Others Present

Emma Garrett (Hymans Robertson)
Peter Jones (Independent Advisor)
Mark Lyons (Border to Coast)
Paul Potter (Hymans Robertson)
Karen Shackleton (Independent Investment Adviser)
Andrew Stone (Border to Coast)

1. General

(1) Apologies

None

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

None

(3) Minutes of the previous meeting

The minutes of the previous meeting were agreed as a true and accurate record. There were no matters arising.

2. Forward Plan

Chris Norton, Strategy and Commissioning Manager (Treasury, Pension, Audit & Risk), presented the report which sets out the planned agenda items for the next twelve months for the Sub-Committee.

Confirmation was given that risk monitoring would be a standing item on agendas moving forward and would be reviewed quarterly.

It was also noted that there is a dedicated Covid related report included in the forward plan for at least one further Committee meeting. The Committee acknowledged that the situation was ever changing and welcomed the addition of the new report.

Resolved

The Pension Fund Investment Sub-Committee notes and comments on the forward plan.

3. PFISC Training Plan

Michael Nicalaou, Interim Treasury and Pension Fund Manager presented the training plan to the Committee, confirming that the subject options were consistent with the needs of the members.

It was confirmed that the training plan will be updated annually and that the plan includes two dedicated training days during the year.

The Committee noted that Karen Shackleton, Independent Investment Adviser confirmed that she was able to offer some training sessions virtually and had held successful virtual sessions since the lockdown period due to Covid-19 had started.

Paul Potter, Hymans Robertson welcomed the addition of climate change training and suggested to the Committee that it would be timely to review the timetable of training in view of the current and changing circumstances.

Following a question from Councillor John Horner, it was confirmed that information would be requested as to the possibility of adding completed pension training to an individual's Your HR record.

Resolved

The Pension Fund Investment Sub-committee notes the proposed training plan and options.

4. Funding Strategy Statement

Neil Buxton, Technical Specialist, Governance and Commissioning presented the report to the Committee confirming that the Funding Strategy Statement (FSS) focuses on how employer liabilities are measured, the pace at which these liabilities are funded, and how employers pay for their own liabilities.

The Committee noted that following an amendment to the Local Government Pension Scheme Regulations, the FSS (approved by the Sub-Committee at its meeting of 12 March 2020) requires amendment, to have appropriate regard to the issue of exit credits. The amendment will ensure that exit credits are managed and present a minimal risk to the Pension Fund.

Resolved

The Sub-Committee approves the amended Funding Strategy Statement (FSS) as attached at Appendix 1.

5. Pension Fund Risk Monitoring

Chris Norton, Strategy and Commissioning Manager (Treasury, Pension, Audit & Risk), presented the report to the Committee confirming that a copy would also be presented at the Staff and Pensions Committee meeting (held on 08/06/2020). It was noted that the report presented to members of the Pension Fund Investment Sub-Committee focuses on investment risk; and the report presented to Staff and Pensions will focus on the administration risk (to the fund).

The Committee noted that the impact of Covid-19 has been identified in the report, however there is a separate report dedicated to the impact of Covid-19 under item 10 of the agenda.

Following a question from Councillor Neil Dirviaks in relation to the Cyber Security Policy, it was confirmed that this item was due to be presented at the Staff and Pension Committee later today. However, in view of time constraints at the meeting driven by the new remote meeting arrangements, priority items had remained on the agenda and the decision was taken to move the Cyber Security Policy to a future meeting.

Following a suggestion from Peter Jones, Independent Advisor, the Committee agreed to remove the word “significantly” from item 9, (table 1 (Risk Assessment Update)).

In relation to item 4, (table 1 (Risk Assessment Update)), Karen Shackleton, Independent Advisor suggested that the risk level be increased due to the increased volatility in markets due to the current situation.

Resolved

That the Pension Fund Investment Sub Committee notes and comments on the report.

6. Reports Containing Confidential of Exempt Items

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.

7. Investment Performance Report

Resolved

That the Pension Fund Investment Sub-committee ("Sub-committee") note the Warwickshire Pension Fund's value and investment performance for the fourth quarter of 2019/20 to 31st March 2020.

That the Sub-committee note the Warwickshire Pension Fund's voting activity for the quarter to 31st December 2019.

8. PFISC Quarterly Funding and Performance Report

Resolved

That the Pension Fund Investment Sub-committee (PFISC) notes and comments on the update.

9. Border to Coast Update

Resolved

That the Pension Fund Investment Sub-committee ("Sub-committee") notes and comments on the update on Border to Coast Pensions Partnership (BCPP) developments overall.

That the Sub-committee notes and comments on the BCPP alternative assets updated.

That the Sub-committee notes and comments on the BCPP Investment Grade Credit transition.

That the Sub-committee notes and comments on the update on the BCPP alternative sub-funds.

That the Sub-committee notes and comments on the update on the BCPP UK and Global Equity Alpha Funds performance.

10. Covid-19 Investments and Funding Impact and Actions

Resolved

That the Pension Fund Investment Sub Committee notes and comments on the report.

11. PFISC Cash and Cashflow Management

Resolved

That the Pension Fund Investment Sub-committee (the "Sub- committee") notes and comments on the Warwickshire Pension Funds (the "Fund") cash management approach to the market volatility induced by the coronavirus pandemic.

That the Sub-committee notes and comments on the Hymans strategic cashflow management proposal for the Fund.

12. Exempt Minutes of the previous meeting 12.03.2020

The exempt minutes of the previous meeting were agreed as a true and accurate record. There were no matters arising.

The meeting rose at 12:30

.....
Chair

This page is intentionally left blank

Warwickshire Local Pension Board

Tuesday, 21 July 2020

Minutes

Attendance

Committee Members

Councillor Parminder Singh Birdi
Keith Bray (Chair)
Keith Francis
Alan Kidner
Councillor Dave Parsons
Mike Snow

Officers

Helen Barnsley, Democratic Services Officer
Neil Buxton, Technical Specialist - Pension Fund Policy and Governance
Aneeta Dhoot, Senior Finance Officer
Andrew Felton, Assistant Director - Finance
Liz Firmstone, Service Manager (Transformation)
Victoria Jenks, Pensions Admin Delivery Lead
Andrew Marson, Head of Pensions Administration
Chris Norton, Strategy and Commissioning Manager (Treasury, Pension, Audit & Risk)
Jane Pollard, Legal Service Manager (Corporate)

1. Introductions and General Business

(1) Apologies

Apologies had been received from Mr Keith Francis, however, the Board welcomed Mr Francis joining the meeting during consideration of item 6 (Pensions Administration and Performance Update).

(2) Board Members' Disclosures of Interests

None.

2. Forward Plan

The forward plan reflected a series of quarterly meetings, scheduled to follow executive committee meetings in order to better reflect and enable the role of the Local Pension Board in overseeing the fund's operations. In order to continue this cycle, it was proposed that the meeting on 26 November 2020 be brought forward and that meetings also take place in January and April 2021. The Board suggested meeting dates of 20 October 2020, 26 January 2021 and 13 April 2021 and the Chair

requested the Lead Commissioner for Pensions and Investment to consider these in the context of the wider cycle and either confirm their suitability or suggest more appropriate alternatives within seven days of the meeting.

It was further noted that the Board would receive a schedule of the policy reviews that would be presented to the relevant committee on an annual basis.

3. Business Plan Monitoring

Chris Norton, Strategy and Commissioning Manager (Treasury, Pension, Audit & Risk) presented the report to the Board, noting that this was the first monitoring report following a request by the Board in March 2020. The aim of the report was to go through the business plan with a simple RAG rating approach. It was highlighted that the majority of actions were on track and there were no actions with significant risk or that needed major governance input.

In response to a query regarding the absence of any 'red' ratings, it was noted that the governance action plan had been rated 'amber' as there was a lot of work to do on the plan, employer contributions had been of concern at the beginning of lockdown and one or two other ratings also remarked on Covid-19 as being a source of pressure. There was also a need to keep a check on employer covenants during the remainder of the year.

With regard to investments, the Board were advised that Border to Coast had maintained operations during lockdown and, whilst it had not been sensible for some funds to launch during the pandemic, the next planned fund launch was in 2021 when it was anticipated that markets would be more settled.

The Board were also advised that the review of contracts for services (point 31 of the plan), a list of contracts will be maintained designed to ensure that services are tendered for at the right time. Contracts include for example Hymans as Actuary, contracts with independent financial advisers and Heywoods for the pension fund system.

The Board indicated a desire to see the rolling programme of policy reviews (point 36 of the plan) in due course.

4. Risk Monitoring

Chris Norton, Strategy and Commissioning Manager (Treasury, Pension, Audit & Risk) presented the first quarterly report on Risk Monitoring activity, which followed the presentation of the annual report in March 2020. The risk register for 2020/21 had been drafted before the Covid-19 pandemic had escalated and did not refer to the pandemic. However, the pandemic and the issues and risks that it presented had since been identified and logged in a dedicated Covid-19 risk register. Covid-19 specific issues and risks were considered later in the meeting.

Risk monitoring reports had been taken to the Pension Fund Investment Sub-Committee and Staff and Pensions Committee in June 2020. Both committees had received the same risk register / actions update but the report commentary had been focused on investments and administration risks respectively. The focus of the reports had been on changes, developments, and management actions rather than repeating and updating the contents of the whole risk register. The most

significant change in position had been in respect of investment volatility so far, with concerns over the impact of Covid-19 on employer contributions in the longer term.

The Board cautioned against too much of a focus on Covid-19 and commented on the importance of other global risk factors such as Brexit and the China-United States trade dispute. Concern was also expressed about cyber security, particularly as more people were working from home, and it was acknowledged that consideration of the cyber security policy had been deferred a cycle due to the Covid-19 situation.

Reflecting on the challenges of lockdown, Chris Norton, Strategy and Commissioning Manager (Treasury, Pension, Audit & Risk), noted that the County Council had undertaken a test of home-working ahead of the formal lockdown and business critical functions had been maintained over the lockdown period. Andrew Felton, Assistant Director for Finance added that a lot of work was going on in the County to make buildings Covid-Secure and there was some ad-hoc access permitted. However, home working had been operating well for the last four months and was likely to continue for some months.

5. Pension Fund Covid-19 Report

Chris Norton, Strategy and Commissioning Manager (Treasury, Pension, Audit & Risk) presented the bespoke risk report to the Board which highlighted Covid-19 specific risks, with the most significant being investment volatility and cash flow management. He noted that employer contributions remained relatively normal and whilst some were past deadlines this was not at a higher level than usual. Further risk mitigation actions were already in place and further Covid updates would be taken to the next Pension Fund Investment Sub-Committee and Staff and Pensions Committee.

The Chair referred to the Annual Report later on the agenda and reflected on the foresight shown by Board Members at the meeting on 26 February when the likely effects of the pandemic were raised. Although it had been acknowledged that there would be both short and long term impacts, the extent to which the pandemic would interfere with human activity had not been fully realised at that time and this demonstrated that some risks could not be foreseen and it was important to be nimble-footed. He praised the “remarkable” response effort from Local Government and expressed his personal thanks for the commendable reaction to such an unprecedented situation.

6. Pensions Administration and Performance Update

Andrew Marson, Pensions Administration Delivery Lead, introduced the report. He expressed pride in the Team for the way they had responded to the circumstances of the Covid-19 Pandemic before drawing attention to the Governance Action Plan which continued to progress in a timely fashion.

Liz Firmstone, Service Manager (Transformation) was invited to report on the pensions costing exercise which had taken place and she advised that work had been undertaken on a review of pensions costs and close liaison had taken place with the CIPFA Benchmarking Club. The Board were informed that a review had also been carried out by the Benchmarking Club last year, led by Cheshire, and feedback was that members were struggling to follow the guidance and there were issues with comparability of data. Refreshed guidance would result in more comparability for 2019/20 statistics and a higher level of assurance. As a result, it was expected that the cost of Warwickshire Pensions Administration would be shown as efficient when compared to the rest of

the Group when 2019/10 figures were submitted and published. A further report would come to the next meeting. The Chair asked that this report incorporate information about how many funds were covered by the Benchmarking Club.

Andrew Marson, Pensions Administration Delivery Lead, also shared an update regarding Audit, Payroll, Workloads, Pensions Increases, End of Year Returns, Annual Benefits statements, recruitment, key performance indicators, breaches and IConnect as set out in the report.

He noted that the circumstances of Covid-19 had put a greater emphasis on wellbeing and that whilst people were generally prepared for an extended period of working from home, it was acknowledged that, for some individuals, their wellbeing and performance could be affected and supportive processes were in place to accommodate them.

The Board noted significant improvement in terms of transfers and that positive contact existed with the Regulator in terms of reported breaches.

Keith Francis joined the meeting at this point.

The Board discussed the Iconnect project which had full approval and was progressing well. Early engagement with employers' payroll teams/outsourced providers was required to give appropriate lead times. Many payroll providers already used the new digital platform with other employers and were keen to implement online submission and move away from the existing spreadsheet. Smaller employers already used an online submission form and, therefore, would not see a difference in approach. The Board asked for an update on the Iconnect Project at the next meeting.

The Board were pleased to hear that as part of the implementation work around new KPIs, there were improved mechanisms to capture data which had reduced the manual effort involved.

7. Local Pension Board of Warwickshire Pension Fund Annual Report 2019 - 2020

The Chair presented his report, noting that it had been an interesting year and the Board had dealt with a number of issues. There had been a marked improvement in resource, allocation and the way work had been done and this had been reflected in the report. It was noted that the attendance at the meeting on 26 February 2020 was incorrectly recorded and this would be updated to record the apologies of Councillor Parminder Singh and Mr Keith Francis.

The Board welcomed the report.

8. LGPS Development Update

Neil Buxton, Technical Specialist Pensions Fund Policy and Governance advised that this report set out the latest update on the McCloud case. The appendix referred to a consultation which had been issued on 17 July 2020 and the related papers would be circulated to Board Members, followed by any further commentary or updates from the advisory board or actuaries as received. It was acknowledged that the outcome of the case would potentially have a huge task impact for all Local Authority Pension Funds as it related to approximately 25% of fund members and resourcing would need to be identified to address the impacts. Meetings on planning for the impacts of McCloud were due to commence following the meeting and it was proposed to update the Board regularly on how that was progressing.

It was also highlighted that the cost cap and limitation of payments to £95,000 had been further delayed.

9. Draft Annual Report and Accounts

Chris Norton, Strategy and Commissioning Manager (Treasury, Pension, Audit & Risk) presented the draft Annual Report including the draft annual accounts and confirmed the approval timeline to finalisation by Council in September 2020. The external audit of the accounts would be undertaken by Grant Thornton who would also be conducting a 'hot review' every few years. This meant that information would be shared with the Central Inspection Team, who would look at it from a different perspective, providing the benefit of additional scrutiny.

The Chair requested that the meeting consider high level comments only and any detailed comments or queries should be addressed by email to Chris Norton.

The Chair welcomed Rob Powell's recognition of the Board in his statement.

The Chair asked for clarification on the long-term funding target of 19 years which seemed to be reasonable in comparison to other authorities and, subject to Covid-19, the direction of travel was right. Chris Norton advised that 19 years was the funding horizon – so it was planned to move from the current position to fully funded in 19 years. Additionally, it was necessary to factor in the probability of reaching a fully funded position within 19 years. The Board had heard that the Pension Fund had provided for the potential costs of McCloud and this had been accommodated by building a higher probability of reaching a fully funded position into the actuarial review in relation to the funding horizon assumptions. In terms of cash, this did not mean there was now a pot of money, but that it would be factored into employer contributions valuation.

With regard to the actuarial funding level quoted, the pre-pandemic figure in around December was 93.2%; this had reduced to 82.5% at out-turn rising at the end of April to around 85%. The fund valuation went down significantly in the lockdown and had rebounded to some extent since but was not back to where it was. Some comfort was also drawn from the notion that the valuation assumptions are considered to be relatively conservative.

10. Local Pension Board Terms of Reference

Victoria Moffett, Lead Commissioner Pensions and Investment advised the Board that the Terms of Reference had been updated to reflect recent guidelines and would be presented to the next Pension Board for acceptance.

Comments were made as follows:

- An improved gender balance for the Board would be welcomed and it was agreed to consider the wording of paragraph 3.2 with the following wording being suggested: "Scheme Member Representatives shall either be scheme members or have capacity to represent scheme members of the Fund."
- Page 2 section 3 made reference to the "independent representative" and it was suggested this could be more easily read by using the word "Chair" instead, although it was noted that the Chair was not required to be the independent representative.

- Measurement of continuous improvement in performance could be measured through training logs; whilst SAB would issue guidance any comments on how to measure success would be welcomed.
- Alternative wording for item 7.5b was suggested: “having regard for the need to ensure the effective and efficient governance and administration of the scheme”;
- Alternative wording for item 7.5c was suggested: “having regard for the need to secure compliance with, requirements imposed by the Pensions Regulator, the LGPS regulations, and any other legislation relating to the governance and administration of the LGPS”;
- It was queried why 8.1 referenced the 2004 Pensions Act only and it was considered that a full stop should be added after “regulations” with no wording following. The Board felt that the expertise required in relation to pensions legislation was both broad and complex and it was acknowledged that training was targeted to issues relevant at the time. Officers would consider which legislation was relevant to the coming year and seek to incorporate this in the plan.
- Discussion took place on the timescale for publication of papers and a preference was expressed by the Board for this to be increased to 10 working days to give enough time for hard copy paperwork to arrive and be read. It was agreed that Officers would consider the feasibility of the request.
- Alternative wording for paragraph 10.2 was suggested: “e.g. County Councillors who are Pension Board members are expected to adhere to the County Council member's code of conduct”.

11. Review of the triennial valuation

Neil Buxton, Technical Specialist Pensions Fund Policy and Governance presented this report to the Board, highlighting the areas of improvement as set out in the report. The Board noted the content of the report.

12. Investments Update

Victoria Moffett introduced this report, noting that the investment strategy remained unchanged with no new fund launches this quarter. Officers were liaising with Border to Coast regarding the fund development. Reports to the Pension Fund Investment Sub-Committee now included updates on the fund’s voting record; all listed equities where the fund had voting rights were managed via Border to Coast who provided information on voting activity to the fund. Additional feedback was available when a vote had been cast against a motion.

13. Minutes of the Previous Meeting

The minutes of the meeting held on 26 February 2020 were agreed by the Board as a true and accurate record.

14. Summary of PFISC Papers

The Board noted the content of this report which comprised the agenda and draft Forward Plan considered at the meeting on 12 March 2020, together with a copy of the minutes of the meeting.

15. Review of the minutes of the Staff and Pensions Committee

The Local Pension Board noted the minutes of the Staff and Pensions Committee meeting held on 12 March 2020.

16. Summary of Actions

	Action	
1	Policy review list to be included in the forward plan report.	Chris Norton
2	Costs benchmarking report to come to the next Local Pension Board meeting.	Liz Firmstone
3	Further Covid updates to go to the September Pension Fund committees.	Victoria Moffett & Chris Norton
4	iConnect update to go to the next Local Pension Board meeting.	Liz Firmstone
5	Circulate a copy of the McCloud consultation to Local Pension Board.	Neil Buxton
6	Update Local Pension Board Terms of Reference for comments received.	Neil Buxton
7	Report Local Pension Board Terms of Reference to Council in October for approval.	Neil Buxton

The meeting rose at 1.01pm

.....
Chair

This page is intentionally left blank

Pension Fund Investment Sub Committee

14th September 2020

Forward Plan

Recommendation

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

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 forward plan reflects the following changes in approach:
 - Simplification to a single investments/fund performance monitoring report each Quarter.
 - Quarterly monitoring of risk.
- 1.3 Included at Appendix B is a list of pension fund policies. This list will be used to create a schedule of policy reviews to ensure all pension fund policies are updated at the appropriate time. The intention is to review all the policies shown annually, with the extent of a review depending on the circumstances. The schedule will be designed to spread officer workload and to match the timing policy updates appropriately with other events such as financial year ends, changes to regulations, etc.

Background papers

1. None.

	Name	Contact Information
Report Author	Chris Norton	chrisonorton@warwickshire.gov.uk 07767003428
Interim Assistant Director Finance	Andy Felton	01926 412441 andyfelton@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):

Other members:

Standing Items

December 2020	March 2021	June 2021	September 2021
Investment and Fund Performance			
LGPS Pooling <ul style="list-style-type: none"> • Border to Coast Attendance/Presentation <ul style="list-style-type: none"> • General Activity Update • Fund Transfers 			
Forward Plan			
Risk Monitoring			
Fund Manager Presentations			
Local Pension Board minutes of meeting			
Policy Reviews			

Specific Items

December 2020	March 2021	June 2021	September 2021
Training Plan	2021/22 Business Plan	Multi Asset Credit Transfer - Update	
UK Stewardship Code			

Pension Fund Policies

Appendix B

Policy	Description	Committee
Administration Strategy	This policy sets out the respective responsibilities of employers and the Fund in the delivery of the administration of the pension fund. This statement seeks to promote good working relationships and ensure agreed standards of quality in the delivery of the pension administration service.	Staff and Pensions Committee
Admissions and Termination Policy	This policy sets out the basis upon which employers may join and leave the pension fund, having regard to the Regulations and the discretion afforded under them.	Staff and Pensions Committee
Breaches Policy	This policy sets out the approach taken to reporting breaches of the law.	Staff and Pensions Committee
Communications Policy	This policy sets out how the Fund communicates with stakeholders.	Staff and Pensions Committee
Conflicts of Interest Policy	This policy ensures conflicts of interest are managed appropriately in respect of Pension Fund affairs.	Staff and Pensions Committee
Cyber Security Policy	This is a new requirement expected by The Pensions Regulator, required to provide assurance that the Fund is protecting members' records and pension fund assets.	Staff and Pensions Committee
ESG, Climate Change and Responsible Investment Policy	The policy sets out the Fund's Responsible Investment and Environmental, Social, and Governance aims. A specific climate change policy is a new requirement from The Pensions Regulator.	Pension Fund Investment Sub Committee
Funding Strategy Statement	This policy sets out the Fund's approach to meeting its liabilities.	Pension Fund Investment Sub Committee
Governance Statement	This statement sets out how the administration of the Fund is governed, considering best practice principles issued by the Ministry of Housing, Communities, and Local Government.	Staff and Pensions Committee
Investment Strategy Statement	This strategy sets out how the fund manages its investments.	Pension Fund Investment Sub Committee
Risk Register	The risk register is a tool used to effectively identify, prioritise, manage and monitor risks associated with the Fund.	Pension Fund Investment Sub Committee & Staff and Pensions Committee
Voting Policy	This policy sets out the approach to exercising our voting rights in respect of investments where the Fund has voting rights.	Pension Fund Investment Sub Committee
Business Plan	The Fund sets out a business plan each year summarising high level business objectives.	Staff and Pensions Committee
Accounting Policies	The Fund is required to adopt accounting policies in line with appropriate accounting standards.	County Council

This page is intentionally left blank

Pension Fund Investment Sub-Committee

Risk Monitoring

14 September 2020

Recommendation

1. That the Pension Fund Investment Sub Committee (PFISC) notes and comments on the report.

1. Executive Summary

- 1.1 The Fund needs to be aware of risks that could impact on its ability to function as intended. This report provides an update on the risks to the Fund and actions taken to manage them. It covers both the general risk register and the COVID-19 risk register.
- 1.2 The focus is on changes, developments, and management actions.
- 1.3 The 'Warwickshire Pension Fund (WPF) risk register' has the February 2020 risk assessment as its anchoring point. The Fund has a separate risk register relating to COVID-19 due to the multi-faceted and unique nature of the pandemic as a risk event. This takes March 2020 as its anchor point.

1.5 Table 1 below summarises the 'WPF risk register' and compares how risks have changed since the original assessment in February.

Ref	Description	Original Risk Assessment		Change		August 2020 Risk Assessment		Commentary of Direction of Travel From Pre-Lockdown Original Annual Risk Assessment to Quarter 2
		Gross Risk	Net Risk	Gross Risk	Net Risk	Gross Risk	Net Risk	
1	Long term returns fail to be in line with assumptions	6	3	6	3	12	6	Covid impact on markets
2	Short term falls in asset values	6	4	3	2	9	6	Covid impact on markets
3	Cashflow requirements cannot be met	12	6	-3	0	9	6	Cashflow plan is in place and experience to date is positive. Significant employer contribution prepayments are now much less likely.
4	Poor performance of actively managed funds	6	4	3	2	9	6	Covid impact on markets
5	Failure to realise pooling benefits	6	4	0	0	6	4	
6	Fraud	6	3	3	3	9	6	Covid impact on controls and on incentives to commit fraud
7	Liabilities increase further than assumptions	6	2	3	2	9	4	Very low risk free rates of return due to Covid impact on markets and economies will increase the valuation of long term liabilities Impact of McCloud
8	Inadequate data quality	16	9	-4	-3	12	6	Successful delivery of 2019 valuation data set Implementation of governance action plan
9	Employer contributions not being paid	12	9	0	0	12	9	No systematic problem yet presenting from employers but risk is still considered to be high so no change to scores
10	Fund reputation is harmed	9	6	0	0	9	6	
11	Loss of service provision due to disruption	4	3	0	0	4	3	
12	Lack of skills and knowledge	9	4	0	0	9	4	
13	Failure to meet governance standards	12	8	-3	-2	9	6	Implementation of governance action plan

Key: Low Moderate Significant

1.6 This indicates that the risk areas with net increases are:

- Risk 1 – Long term asset values – while these have rebounded in comparison to the end of March values, there is much uncertainty around the outlook for global markets. COVID-19, trade disputes (US-China as well as Brexit), and a changing geopolitical landscape may have longer term impacts on asset values. We will continue to try and limit the impact through an investment strategy that mitigates risk and takes a long-term view.
- Risk 2 – Short term asset values - This risk has materialised - there have been significant short-term reductions in asset values and high volatility in certain asset classes. These losses have not generally

crystallised to date as there has been no need to sell volatile assets under distress.

- Risk 4 – Active management – active managers may find it more difficult to add value through skill due to the unprecedented economic climate created by global responses to COVID-19. Equally, this may be an instance in which active managers have an increased ability to add value. The range of outcomes from displaying judgement are likely to have increased.
- Risk 6 – Fraud – Pension fund members are at higher risk of fraud from those seeking to take advantage of the uncertainty and worry of the Covid-19 pandemic.
- Risk 7 – Liabilities increase – the prospect of lower long-term government bonds (which indicate the 'risk free rate of return' used in valuation assumptions) means that the valuation of the Fund's liabilities may increase. To a certain extent this is a theoretical increase if members' longevity and benefit payments remain unchanged. However, it may impact on the Fund's funding strategy.

The government consultation on altering benefits in the period 2015 – 2022 following the recent McCloud judgement is under consultation. If enacted this will marginally increase the Fund's expected liabilities.

- 1.7 Table 2 below sets out the risks considered in the 'WPF COVID-19 risk register' and shows how the assessment has changed since March.

Ref	Description	Original Risk Assessment (March 2020)		Change		August 2020 Risk Assessment		Commentary of Direction of Travel From Original Covid Assessment to Quarter 2
		Gross Risk	Net Risk	Gross Risk	Net Risk	Gross Risk	Net Risk	
1	Cashflow - Delayed Employer Contributions	12	12	-3	-3	9	9	Experience to date has not presented any systematic issues with employer contributions
2	Cashflow - Investments Impact	16	12	-4	-3	12	9	Cashflow has remained relatively neutral and the cashflow strategy is working positively
3	Losses in Investment Values and Returns	16	12	-4	0	12	12	Risk remains high however the funding strategy does not assume high risk/return on investments
4	Governance Disruption	12	9	-6	-3	6	6	Implementation of governance review actions
5	Health and Safety of Members	12	6	0	0	12	6	Experience has been positive to date but no change in risk assessment. Uncertainty about the seasonal impact on mortality.
6	Health and Safety of Staff	16	9	-4	0	12	9	Likelihood of an issue is lower given experience to date, however potential impact remains high and net risk remains the same
7	Loss of continuity working with advisers, partners, fund managers, and Border to Coast	9	6	0	-2	9	4	Experience to date is that partners and external advisers have proved to be resilient
8	Administration Service Disruption	16	9	-4	-3	12	6	Implementation of governance review actions
9	Inability to Recover	9	6	0	0	9	6	Critical operations continue effectively, and this reduces the reliance upon recovery

- 1.8 Based on information experienced over the past few months, the Fund's view is that none of the risks considered have increased relative to expectations, and several have decreased. However, there remains significant uncertainty surrounding the nature of these risks, and many risks continue to be 'significant' or 'moderate'.

Management Actions

- 1.9 The risk registers include management actions currently in place to mitigate risks as well as further risk mitigation actions to progress. Most actions are progressing broadly to plan, with a small number delayed or deferred.

2. Financial Implications

2.1 The actions identified will assist in mitigating financial risks to the fund.

3. Environmental Implications

3.1 Environmental concerns, including climate change, present 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.

4. Supporting Information

4.1 The risk register scores set out above are based on the following convention:

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

4.2 Risk probability and impact are classified into 4 categories 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

4.3 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. Timescales associated with the decision and next steps

5.1 Risks will continue to be monitored, with quarterly reporting to the PFISC.

Appendices

Appendix 1 – WPF risk register

Appendix 2 – WPF COVID-19 risk register

Background Papers

None.

	Name	Contact Information
Report Author	Victoria Moffett, Chris Norton	victoriamoffett@warwickshire.gov.uk, 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):

Other members:

Ref	Risk	Cause	Effect	Risk Owner	Gross Risk			Existing Actions(in place or completed)	NET Risk			Further Risk Actions		
					Likelihood	Impact	Risk Level		Likelihood	Impact	Risk Level	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	3	4	12	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 Introduction of a climate change policy. Design of a new ISS driven by the 2019 valuation	2	3	6	Implementation of a new ISS in a timely way Liaison with Border to Coast to ensure appropriate investment vehicles are available	Pension Investments Manager	Ongoing
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	3	3	9	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 Long term approach to employer contribution rates including stabilisation mechanisms and long term valuation periods Ensure actual asset allocations remain within tolerances to ensure exposure to risk is as planned	3	2	6	Consider asset protection strategies (e.g. equity protection, currency protection, diversification, etc) when appropriate for meeting specific short term objectives	Pension Investments Manager	Ongoing

Ref	Risk	Cause	Effect	Risk Owner	Gross Risk			Existing Actions(in place or completed)	NET Risk			Further Risk Actions		
					Likelihood	Impact	Risk Level		Likelihood	Impact	Risk Level	Description (actions must be referenced to objectives in business unit plans or service plans)	Action Owner	Review Date
3	Cashflow requirements cannot be met	<p>Changing profile of membership over time moving the fund towards a cashflow negative position</p> <p>The probability of large early payments of pension fund contributions has reduced, and this simplifies cash management.</p> <p>Pooling reducing the liquidity of some assets in comparison to non pooled assets</p>	<p>Sale of volatile assets under distress at low prices</p> <p>Sale of illiquid assets under distress and low prices and high cost</p> <p>Being unable to meet payment deadlines and incurring further costs or reputational damage</p>	Pension Investments Manager	3	3	9	<p>Design of a new ISS driven by the 2019 valuation</p> <p>Strategic cashflow review by fund officers and financial advisers.</p> <p>Provision of information to precepting authorities who may make early pension payments, ensuring appropriate notice is provided to the fund.</p>	2	3	6			
4	Poor performance of actively managed funds	<p>making inappropriate decisions, or taking inappropriate risks</p> <p>Failure to hold managers to account</p> <p>Higher fees of active management hinder the potential to make a positive net return</p> <p>Over-reliance of the fund on fund managers simply meeting or beating a benchmark instead of delivering the target return</p>	<p>Long and / or short term losses in asset values</p> <p>Returns exceed benchmarks but miss targets</p>	Pension Investments Manager	3	3	9		3	2	6	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	<p>Inappropriate investment vehicles designed and offered by the pool</p> <p>Inappropriate investments made in the pool</p> <p>Inadequate governance arrangements for the pool</p> <p>Making late decisions to join new funds increasing the costs</p>	<p>Missed opportunities to save costs or improve risk adjusted returns</p> <p>Higher costs than necessary</p> <p>High transition costs</p> <p>Lack of long term cost savings</p>	Pension Investments Manager	2	3	6	Implementation of a new ISS in a timely way	2	2	4	Review of mechanisms for monitoring cost savings to ensure maximum transparency	Pension Investments Manager	1/12/20

Ref	Risk	Cause	Effect	Risk Owner	Gross Risk			Existing Actions(in place or completed)	NET Risk			Further Risk Actions		
					Likelihood	Impact	Risk Level		Likelihood	Impact	Risk Level	Description (actions must be referenced to objectives in business unit plans or service plans)	Action Owner	Review Date
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	3	3	9		2	3	6	Implement any recommendations arising from the 2019/20 routine internal audit of Pension Administration	Pensions Administration Delivery Lead	31/3/2021
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	3	3	9	Liaison with Border to Coast to ensure appropriate investment vehicles are available	2	2	4			

Ref	Risk	Cause	Effect	Risk Owner	Gross Risk			Existing Actions(in place or completed)	NET Risk			Further Risk Actions		
					Likelihood	Impact	Risk Level		Likelihood	Impact	Risk Level	Description (actions must be referenced to objectives in business unit plans or service plans)	Action Owner	Review Date
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	3	4	12	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	2	3	6			
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	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	Introduction of a climate change policy. 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	3	3	9	Covenant review of high risk employers where appropriate	Pensions Administration Delivery Lead	Dec-20
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	1/12/20

Ref	Risk	Cause	Effect	Risk Owner	Gross Risk			Existing Actions(in place or completed)	NET Risk			Further Risk Actions		
					Likelihood	Impact	Risk Level		Likelihood	Impact	Risk Level	Description (actions must be referenced to objectives in business unit plans or service plans)	Action Owner	Review Date
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 Creation of a cyber security policy	1	3	3	Review and update of disaster recovery plan	Pension Investments Manager	1/11/20
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 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	2	2	4	The introduction of longer term workforce planning Budget setting informed by cost drivers not cash limits	Strategy and Commissioning Manager and Transformation Manager	Mar-21
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	3	9	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 Review of Terms of Reference of 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 by the Local Pension	2	3	6	Review of terms of reference of pension fund committees	Strategy and Commissioning Manager	Mar-21

This page is intentionally left blank

Ref	Risk	Cause	Effect	Gross Risk		Risk Level	Existing Actions(in place or completed)	NET Risk		Risk Level	Further Risk Actions
				Likelihood	Impact			Likelihood	Impact		Description
1	Cashflow - Delayed Employer Contributions	Employers choose to delay contributions to protect their cash position. Employers cannot pay their contributions because of business continuity failure, for example systems do not work remotely, or key staff off sick. Government directives to pension funds to support employer cashflow	Negative impact on fund cashflow Fund may need to sell assets in unfavourable circumstances in order to service cashflow needs Asset weightings may move significantly out of balance, changing the risks the Fund is exposed to	3	3	9	Investments and cash reserves available to cover a period of delays in contributions Ensure cashflow management is prioritised	3	3	9	Review employer base and mitigating approaches for different employer types, prioritising employers and employer groups with weak covenants or that are more heavily impacted by covid Review securities and guarantees from employer, and guarantor arrangements Consider longer term maximisation of contributions not short term maximisation Review options to reduce or delay contributions in certain circumstances Engage with employers on options and to understand their plans and position
2	Cashflow - Investments Impact	Significant losses in asset values Companies choosing to stop issuing dividends to protect the company cash position Government directing companies to stop paying dividends to protect company viability Reduction in yields from income generating assets as safer assets are more in demand Gating of funds at risk of mass withdrawals	Refer to Risk 1	3	4	12	Cash reserves available to cover a period of time Focus on cashflow initially Holding higher cash balances Other related actions as per Risk 3	3	3	9	
3	Losses in Investment Values and Returns	Economic shock / slowdown Volatility in financial markets Losses in economic supply and demand and productivity / GDP globally	Funding level worsens materially Investment weightings move outside of tolerance levels Current Investment Strategy is no longer suitable Fire sale of assets	4	3	12	Maintain close liaison with Investment Consultant, Fund Managers, and Border to Coast Maintain existing strategy and asset classes unless there are very good reasons for deviating. Cashflow strategy recently reviewed Prioritisation of cashflow management in the immediate term	4	3	12	

Ref	Risk	Cause	Effect	Gross Risk		Risk Level	Existing Actions(in place or completed)	NET Risk		Risk Level	Further Risk Actions
				Likelihood	Impact			Likelihood	Impact		Description
4	Governance Disruption	Loss of existing means of governance meetings Lack of appropriate remote working hardware or software The potential need to make significant decisions very quickly	Inability to make significant decisions quickly enough - losing money or opportunities in the process Decisions being made without adequate oversight and governance Sub optimal decisions being made	2	3	6	Issue remotely of of joint briefing notes to the two pension committees and the local pension board to maintain communications and transparency/assurance around pension fund activity and the response to the Covid issue Signing/authority of decisions and transactions remotely using Surface Pro tablets instead of physical wet signatures on paper where this is possible Engage with committees and boards to understand priorities Review of arrangements to be able to run boards and committees remotely	2	3	6	Review of options to delegate decision making to facilitate quick decisions where necessary (e.g. to s151 or to an emergency response group, etc) Review and rephase project work Continue the implementation of governance review actions but review prioritisation where necessary
5	Health and Safety of Members	Inability to pay pensions to pensioners Paper based systems Lack of informaiton available to members about the impact on their pension	Pensioners not able to buy essentials if pensions are not paid Paper based systems causing infection transmission risk Mentail health risk if members are worrying about pensions	3	4	12	Post updates on website regarding pension payments Administration actions in Risk 8	2	3	6	Review and update any communications and documentation for members Administration actions in Risk 8
6	Health and Safety of Staff	Lack of adequate remote working facilities Paper based systems Pressure to deliver business as usual whilst dealing with the crisis Lack of contact with colleagues	Paper based systems causing infection transmission risk Mental health impact Delivery of key priorities	3	4	12	Mandatory working from home unless exceptional reason to go to office Microsoft 356, Surface Pros and ability to work from home Council flexible working policy Rapid capture and sharing of lessons learned about effective remote working	3	3	9	
7	Loss of continuity working with advisers, partners, fund managers, and Border to Coast	Inability to operate remotely Loss of business continuity	Delays in investment operations Delays in fund launches Delays in closure of accounts	3	3	9	Liaison and meetings with external agencies have largely continued remotely, e.g. through Microsoft Teams and webex seminars Maintaining close liaison with key organisations, in particular Border to Coast, Hymans Robertson, and Bank of New York Mellon	2	2	4	Continue to engage with BCPP, fund managers, and custodian about their continuity plans

Ref	Risk	Cause	Effect	Gross Risk		Risk Level	Existing Actions(in place or completed)	NET Risk		Risk Level	Further Risk Actions
				Likelihood	Impact			Likelihood	Impact		Description
8	Administration Service Disruption	Lack of remote working facilities Staff lost to sickness Disruption to employer admin and payroll functions Disruption to systems and system suppliers Disruption to actuary service provision	Reduction in performance against KPIs that impact adversely on fund members and sustainability Incorrect or missing pensioner payments Data quality deterioration Delays to administration improvements e.g. iConnect	3	4	12	Remote working facilities have been set up with almost all work done from home Use of video conferencing Prepared to move resources around the team to protect the payment of pensions now Review priorities for KPIs and ensure protection of those that support the most vulnerable Engage with key contacts to plan how we work Expediting the use of IT to replace paper based systems	2	3	6	Review activities, procedures, signatories, etc. Cross train staff
9	Inability to Recover	Loss of continuity in staff Loss of systems Significant gaps in data or data quality develop during the crisis Significant backlogs in data submissions develop	Poor data quality for a significant period of time Significant costs to get data back to acceptable standards Inability to review and update investments for the new circumstances, and so missing opportunities	3	3	9	Regular review of the situation, instigating a recovery group when circumstances permit Keeping recovery in mind when taking actions during the crisis	2	3	6	

This page is intentionally left blank

By virtue of paragraph(s) 3 of Part 1 of Schedule 12A
of the Local Government Act 1972.

Document is Restricted

This page is intentionally left blank

By virtue of paragraph(s) 3 of Part 1 of Schedule 12A
of the Local Government Act 1972.

Document is Restricted

This page is intentionally left blank

By virtue of paragraph(s) 3 of Part 1 of Schedule 12A
of the Local Government Act 1972.

Document is Restricted

This page is intentionally left blank

By virtue of paragraph(s) 3 of Part 1 of Schedule 12A
of the Local Government Act 1972.

Document is Restricted

This page is intentionally left blank

By virtue of paragraph(s) 3 of Part 1 of Schedule 12A
of the Local Government Act 1972.

Document is Restricted

This page is intentionally left blank

By virtue of paragraph(s) 3 of Part 1 of Schedule 12A
of the Local Government Act 1972.

Document is Restricted

This page is intentionally left blank

By virtue of paragraph(s) 3 of Part 1 of Schedule 12A
of the Local Government Act 1972.

Document is Restricted

This page is intentionally left blank

By virtue of paragraph(s) 3 of Part 1 of Schedule 12A
of the Local Government Act 1972.

Document is Restricted

This page is intentionally left blank

By virtue of paragraph(s) 3 of Part 1 of Schedule 12A
of the Local Government Act 1972.

Document is Restricted

This page is intentionally left blank

By virtue of paragraph(s) 3 of Part 1 of Schedule 12A
of the Local Government Act 1972.

Document is Restricted

This page is intentionally left blank

By virtue of paragraph(s) 3 of Part 1 of Schedule 12A
of the Local Government Act 1972.

Document is Restricted

This page is intentionally left blank

By virtue of paragraph(s) 3 of Part 1 of Schedule 12A
of the Local Government Act 1972.

Document is Restricted

This page is intentionally left blank