

Warwickshire Local Pension Board

Date: Tuesday 26 January 2021

Time: 10.00 am

Venue: Microsoft Teams

Membership

Keith Bray (Chair)

Councillor Parminder Singh Birdi

Keith Francis

Alan Kidner

Sean McGovern

Councillor Dave Parsons

Mike Snow

Items on the agenda: -

1. Introductions and General Business

(1) Apologies

(2) Board Members' Disclosures of Interests

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

2.	Forward Plan	5 - 8
3.	Business Plan	9 - 16
4.	Risk Register	17 - 28
5.	Pensions Administration Activity and Performance Update	29 - 38
6.	Investment Update	39 - 44
7.	Internal Disputes Resolution Procedure	45 - 64
8.	Review of the Minutes of the Pension Fund Investment Sub-Committee 14 September 2020	65 - 80

9. **Review of the Minutes of the Staff and Pensions Committee 14 September 2020** 81 - 88
10. **Minutes of Previous Meeting** 89 - 96

Monica Fogarty
Chief Executive
Warwickshire County Council
Shire Hall, Warwick

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- Must leave the meeting room until the matter has been dealt with
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Warwickshire Local Pension Board

Forward Plan

26 January 2021

Recommendation(s)

1. That the Board notes and comments on the forward plan at Appendix 1.
2. That the Board identifies any areas of interest or activity to add to the forward plan.

1. Executive Summary

- 1.1 This report provides an updated one year rolling forward plan for the Local Pension Board looking forward one year.
- 1.2 This is not intended to be rigid or definitive, the intention is that it can be updated and amended on a rolling basis at each meeting and be informed by the latest developments.
- 1.3 Policies for review have been included together with a training schedule for the Board and executive committee members.

2. Financial Implications

- 2.1 None

3. Environmental Implications

- 3.1 None

4. Supporting Information

- 4.1 None

5. Timescales associated with the decision and next steps

- 5.1 Please refer to Appendix 1.

Appendices

1. Appendix 1 the forward plan.

Background Papers

None

	Name	Contact Information
Report Author	Neil Buxton, Victoria Moffett, Chris Norton	neilbuxton@warwickshire.gov.uk, victoriamoffett@warwickshire.gov.uk chrisnorton@warwickshire.gov.uk
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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

Forward Plan items

Appendix 1.

Q4 April 2021	Q1 July 2021	Q2 October 2021	Q3 December 2021 / January 2022
Standing Items			
Administration Activity and Performance update	Administration Activity and Performance update	Administration Activity and Performance update	Administration Activity and Performance update
Risk Register	Risk Monitoring	Risk Monitoring	Risk Monitoring
Business Plan	Business Plan Monitoring	Business Plan Monitoring	Business Plan Monitoring
Investment update	Investment update	Investment update	Investment update
Review of the reports and minutes of the Pension Fund Investment Sub-Committee and Staff and Pensions Committee	Review of the reports and minutes of the Pension Fund Investment Sub-Committee and Staff and Pensions Committee	Review of the reports and minutes of the Pension Fund Investment Sub-Committee and Staff and Pensions Committee	Review of the reports and minutes of the Pension Fund Investment Sub-Committee and Staff and Pensions Committee
Forward plan	Forward plan	Forward plan	Forward plan
Bespoke Items			
		Chairs Annual Report	External Audit of Accounts
		Draft annual report	
Policies			
Funding Strategy Statement	Environmental, Social and Governance / Responsible Investment / Climate Risk	Investment Strategy Statement	

Training			
28 January (pm) Climate change scenario training (Hymans)	To be confirmed	To be confirmed	To be confirmed

Warwickshire Local Pension Board

Business plan

26 January 2021

Recommendation

1. That the Local Pension Board reviews this report.
2. That the Local Pension Board notes the report.
3. That the Local Pension Board comments on the report.

1. Executive Summary

- 1.1 At March 2020's Pension Fund Investment Sub-Committee meeting, the members approved a Business Plan for the year ending April 2021. This paper is the quarterly progress update against that Business Plan.
- 1.2 COVID-19 is not explicitly mentioned in the Business Plan, however Covid is addressed by a specific risk register and it has been possible to deliver the majority of the business plan.
- 1.3 Appendix 1 breaks down the Business Plan into 34 actionable items. The Pension Fund is on target for 28 of these (Green) and are aware of manageable issues with 6 (Amber). Officers are not aware of any problematic issues (Red).

2. Financial Implications

- 2.1 There are no financial proposals contained in this document.
- 2.2 Many aspects of the Business Plan have financial implications, these are reported as and managed appropriate where they arise.
- 2.3 The Board's scrutiny and oversight of the Fund's progress against the agreed Business Plan reduces the risk of inadequate governance impacting negatively on the Fund's finances.

3. Environmental Implications

- 3.1 There are no direct (significant) implications.

- 3.2 However, the Business Plan includes reference to the Fund's environmental risks through the Climate Risk strategy and Environmental, Social, and Governance Policy.
- 3.3 There are also broader environmental implications that can be managed, mitigated or monitored through good governance.

4. Supporting Information

- 4.1 Appendix 1 rates progress against each business item using a 'Red, Amber, Green' colour indicators:

Rating	Progress meaning	Action
Green	On track	Continue
Amber	Off expected course but recoverable	Increase governance to get back on track, alter expectations, or assessed as immaterial in impact on the Pension Fund.
Red	Off track	Increase governance, alter the Business Plan, highlight potential for material impact to the Pension Fund.

Appendices

1. Appendix 1- Business Plan action log

Background Papers

None

	Name	Contact Information
Report Author	Victoria Jenks, Victoria Moffett, Chris Norton	vickyjenks@warwickshire.gov.uk, victoriamoffett@warwickshire.gov.uk, chrisnorton@warwickshire.gov.uk
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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

Appendix 1 – Business Plan action log

Ensuring a high-quality administration service				
	Action	Timescale	RAG	Update
1	Deliver a Pension Fund Annual General Meeting.	Nov-20	Amber	Carried out. Some systems issues resulted in low participation. A review of lessons learned has been carried out.
2	Deliver a Pension Fund Employers Meeting.	Nov-20	Green	Carried out. There was a good turnout and positive feedback was received.
3	Regular review of complaints.	Quarterly	Green	The pensions administration team keeps a log of complaints in respect of member services and employer services. There are none at present.
4	i-Connect implementation	Jun-21	Green	The project is in progress and approximately running to time. Phase 1 completed. Phase 2 nearing completion. Phases 3 and 4 scheduled.
5	Maintain accurate data	Oct-20	Green	Considering data cleansing. Use Hymans' HEAT product.
6	Annual pensions newsletter issued	April-June 2021	Green	Issued to printers on 12th June
7	Benefit statements issued	May-August 2020	Green	Most Annual Benefit Statements were released on time. The Fund notified The Pensions Regulator (TPR) about a breach due to external printing issues. TPR are comfortable with the resolution.
8	Report administration performance KPIs to the Local Pension Board	Quarterly	Green	Reported elsewhere on the agenda. A revised set of KPIs was reported to and approved by the Staff and Pension Committee in September.

9	Keep the new pension fund web site up to date with developments	Quarterly	Green	The website is regularly updated with revised policies as they have been approved. Accessibility was improved in September.
10	Complete actions identified in the governance review	Dec-20	Green	The remaining items are i-Connect implementation and the signing of a Service Level Agreement with Warwickshire County Council HR. Officers take a report to Staff and Pensions Committee each quarter.
11	Implement monthly officer monitoring meetings to formally review activity and performance	Apr-21	Green	Officer meetings in respect of investment and administration activity continued.
12	Monthly liaison meeting with the Warwickshire County Council payroll function	Apr-21	Green	Monthly meetings with WCC Payroll continue. There are service level agreements within the administration strategy.
13	Monthly officer monitoring and management of breaches activity	Apr-21	Green	This continues to happen.
	Actuarial Activities			
	Action	Timescale	RAG	Update
14	Support a review of 2019 valuation lessons learned	Oct-20	Green	Completed
15	Monitor employer contribution performance through the year	Apr-21	Amber	10 employer contributions not received by due date
16	Review employer covenants and risk management for non-statutory employers	Apr-21	Amber	This work is in the planning stage.
	Maximising Investment Benefits			

	Action	Timescale	RAG	Update
17	Make decisions regarding new Border to Coast fund launches	As new funds launch	Green	Continuing to input into fund selection and structure discussions.
18	Implement Border to Coast fund transfers where approved	As funds launch	Green	
19	Ensure the fund remains MIFID2 compliant	Annual	Green	
20	Continued growth of alternative asset classes towards their new strategic asset allocation	Annual	Amber	Strategic asset allocation unlikely to be met this year due to the timeline involved in drawing down committed capital.
21	Meet with directly commissioned active fund managers	Annual	Green	Officers met with all fund managers this year
22	Investment monitoring reports provided to the investment sub-committee.	Quarterly	Green	
23	Plan cashflow strategy in order to avoid the need to sell assets under time pressure	Annual	Green	Cashflow strategy / approach reported to Investment Sub-Committee in June. Cashflow strategy / approach reported to Investment Sub Committee in June.
24	Ensure the Fund meets the requirements of the 2020 UK Stewardship Code	Annual	Green	The project to submit an application to the FRC in 2021 is underway.
25	Review ways of improving the measurement and reporting of the Fund's climate risks and exposures	Annual	Green	The Fund has a Climate Risk policy. The investment consultant and pooled fund manager (Border to Coast) provide updates too.
	Ensuring Good Governance			
	Action	Timescale	RAG	Update
26	Production of draft statement of accounts	May-20	Green	Completed
27	Publication of Annual Pension Fund Report	Nov-20	Green	Completed
28	Ensure a risk register is maintained	Quarterly	Green	Actively maintained

29	To ensure employers join and leave the fund in accordance with LGPS and Warwickshire Pension Fund policies	Ongoing	Green	Staff and Pension Committee receive reporting on Schools converting to Academy status
30	Review of contracts for services provided to the Pension Fund	Apr-21	Amber	Almost all contracts are now on In-Tend (the contracts database). Those that have expired or are due to expire before the end of March 2021 are being reviewed. Other contracts to be reviewed subsequently.
31	Support governing committees and boards in the delivery of their responsibilities through the provision of appropriate information, advice, and training:	Quarterly	Green	This has continued over the past quarter (and business year) despite working from home.
32	Maintain a one year rolling forward plan of agenda items for all pension fund boards and committees	Quarterly	Green	Actively maintained
33	Implement and embed a commissioning/delivery approach to the administration of the Fund	Apr-21	Amber	A draft commissioning/delivery approach has been completed. Planning for 2021/22 is under way.
34	Maintain a rolling programme of policy reviews to ensure all pension fund policies are reviewed with the correct timing and frequency	Quarterly	Green	Actively maintained

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Warwickshire Local Pension Board

Risk register

26 January 2021

Recommendation

1. That the Local Pension Board 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.
- 1.4 Both the Pension Fund Investment Sub-Committee and Staff and Pensions Committee reviewed iterations of this report in June, September and December 2020.
- 1.5 Officers viewed and updated the risk scores in October 2020, this is a quarterly action. .
- 1.6 Table 1 below summarises the 'core risk register' and compares how risks have changed since the original assessment in February. There is further detail in Appendix 1.

1.7 Table 1 below summarises the 'core risk register'.

Ref	Description	Original - February 2020		Change		Update - October 2020		Reasons for change
		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	Economic impact of Covid may alter long-term expectations
2	Short term falls in asset values	6	4	3	2	9	6	Increased volatility due to: Covid, US elections, global trade, debt
3	Cashflow requirements cannot be met	12	6	-3	0	9	6	Known employer contribution prepayments for this valuation cycle. Balanced cashflow position. Plan in place
4	Poor performance of actively managed funds	6	4	3	2	9	6	Covid is posing unique difficulties for investment management
5	Failure to realise pooling benefits	6	4	0	0	6	4	
6	Fraud	6	3	3	3	9	6	Impact of Covid on controls and incentives to commit fraud
7	Liabilities increase further than assumptions	6	2	3	2	9	4	Very low long-term gilt rates. Impact of McCloud
8	Inadequate data quality	16	9	-4	-3	12	6	Successful delivery of 2019 valuation data set. Implementation of administration action plan.
9	Employer contributions not being paid	12	9	0	0	12	9	Awaiting Employer covenant review of highest risk employers
10	Fund reputation is harmed	9	6	0	0	9	6	
11	Loss of service provision due to disruption	4	3	4	3	8	6	Impact of second lockdown on staff. Greater reliance on residential Wi-Fi.
12	Lack of skills and knowledge	9	4	0	0	9	4	Officer training plan soon to commence
13	Failure to meet governance standards	12	8	-3	-2	9	6	Implementation of governance action plan, including policy reviews

Key: Low Moderate Significant

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

- 1.8.1 Risk 1 – Long term returns – sovereign debt levels globally have increased significantly. There continues to be uncertainty around the long-term outlook for global markets as the geopolitical landscape continues to change. We will continue to try and limit the impact through an investment strategy that mitigates risk and takes a long-term view.
- 1.8.2 Risk 2 – Short term asset values – markets continue to react to news around Covid-19 e.g. discovery of a seemingly highly effective vaccine. To date, there has been no need to sell volatile assets under distress.
- 1.8.3 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.
- 1.8.4 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.
- 1.8.5 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 decision to alter benefits in the period 2015 – 2022 following the recent McCloud judgement will marginally increase the Fund’s expected liabilities.
- 1.8.6 Risk 8 – Inadequate data quality – this risk is reduced due to work implementing the fund governance and administration review plan.
- 1.8.7 Risk 11 – Loss of service – although the service remained robust during the first lockdown, there is awareness that risks continue to be higher than ‘normal’ during the second lockdown
- 1.8.8 Risk 13 – Governance standards – introduction of policy reviews in the governance action plan reduces this risk.

1.9 Table 2 sets out the risks considered in the 'COVID-19 risk register'.

Ref	Description	Original - February 2020		Change		Update - October 2020		Commentary of Direction of Travel Since Original Covid Assessment
		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. Being kept under review during the second lockdown.
2	Cashflow - Investments Impact	16	12	0	0	16	12	Cashflow has remained relatively balanced 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	0	6	9	Implementation of governance review actions.
5	Health and Safety of Members	12	6	0	0	12	6	Experience has been neutral to date but no change in risk assessment. Uncertainty about the seasonal impact on mortality.
6	Health and Safety of Staff	16	9	0	0	16	9	Dark evenings and a second lockdown mean that this risk remains high, however there is increased use of flexible working and general support.
7	Loss of continuity working with advisers, partners, fund managers, and Border to Coast	9	6	0	0	9	6	Experience to date is of resilience. May consider remote working in future contract specifications
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

1.10 Based on experience 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

1.11 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:

4.1.1 Gross risk – risk before mitigating actions

4.1.2 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: Core Risk Register

Appendix 2: COVID-19 risk register

Background Papers

None.

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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

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	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 protection against inflation risk in the medium to long term Introduction of a climate change policy. Implementation of a new ISS (March 2020)	2	3	6	Participation in Border to Coast operational officer group discussions on the shape of future funds	Pension Investments Manager	Ongoing
2	Short term falls in asset values	Natural volatility in some asset classes, e.g. equities. Impact of international trade wars, Brexit, US elections, market liquidity, etc	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 Cashflow planning	3	2	6	Review strategic asset allocation to ensure long term returns and short term cashflow requirements can be met.	Pension Investments Manager	Ongoing
3	Cashflow requirements cannot be met	Changing profile of membership over time moving the fund towards a cashflow negative position The probability of large early payments of pension fund contributions has reduced, and this simplifies cash management. Pooling reducing the liquidity of some assets in comparison to non-pooled assets	Sale of volatile assets under distress at low prices Sale of illiquid assets under distress at low prices and high cost Being unable to meet payment deadlines and incurring further costs or reputational damage	Pension Investments Manager	3	3	9	Design of a new ISS driven by the 2019 valuation 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.	2	3	6			
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	3	3	9	Monthly officer monitoring meetings looking at Fund performance. Routine rolling programme of meetings with fund managers to review fund activity and performance. Monthly engagement with Border to Coast Pension Partnership's fund managers and client relationship managers.	3	2	6		Pension Investments Manager	09/01/2020
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	Sign up of fund managers to cost transparency guidelines. Reporting of benefits to the Pension Fund Investment Sub Committee.	2	2	4	Review of mechanisms for monitoring cost savings to ensure maximum transparency	Pension Investments Manager	12/01/2020
6	Fraud	Fraud by investment managers, custodian, or brokers Fraud within the administering authority	Loss of assets and inability to recover them	Strategy and Commissioning Manager	3	3	9	Review of signatories post-restructure.	2	3	6	Implement any recommendations arising from the 2019/20 routine internal audit of Pension Administration Approval of new signatory list.	Pensions Administration Delivery Lead Pension Investments Manager	31/3/2021 31/12/2020
7	Liabilities increase further than assumptions	Fall in discount rate leads to a higher 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	3	3	9	Liaison with Border to Coast to ensure appropriate investment vehicles are available Reporting of net funding position to the Pension Investment Sub Committee	2	2	4	Review of assumptions for long-term liability assumptions Expand the extent of quarterly liabilities reporting to the Pension Fund Investment Sub Committee	Pension Investments Manager	31/03/2022

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 or employer covenant Failure to carry out a termination valuation and failing to complete a cessation in a timely manner	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	31/03/2021
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 Training for committee members on ESG and RI	2	3	6	Completion of internal audit recommendations New data improvement plan stemming from review of 2019 valuation Presentations to Employers and Pension Committees on investment approach to climate change	Pension Investments Manager Pensions Administration Delivery Lead Pension Investments Manager	11/01/2021 12/01/2020 11/01/2021
11	Loss of service provision due to disruption	Fire Flood National event/ emergency Cyber Crime Systems Failure Covid infection of key staff and advisors	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	2	4	8	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 Creation of a cyber security policy Access to the scheme administrator's systems security facilities Risk register in respect of Covid risks	2	3	6	Review and update disaster recovery plan Review the position in respect of the second lockdown/wave of Covid	Pension Investments Manager	11/01/2020
12	Lack of skills and knowledge	Insufficient availability of external contract service providers Inability to recruit to permanent posts Conflicting and competing priorities and workloads in respect of the scheme administrator functions Increasing demand and complexity within the scheme Pressure to maximise efficiency and minimise costs	Deterioration in data quality Inability to make decisions in a timely way Workload backlogs Inability to meet service objectives and deadlines Adverse impact on morale Reputational damage	Strategy and Commissioning Manager	3	3	9	Use of procurement processes to maximise contracting choices Training for new staff Pro-active talent mapping and succession planning for internal staff Implementation of the new staffing structure and recruitment to new posts The implementation of a new training and development regime for staff Documentation of procedures and practices	2	2	4	The introduction of longer term workforce planning Training plan being updated drafted for officers and Members, informed by skills gap analysis Budget setting informed by cost drivers not cash limits	Strategy and Commissioning Manager Transformation Manager	31/03/2021
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	Poor decisions taken based on inadequate information or insufficiently skilled boards, officers, or advisers Breaches of the law Decisions taken without appropriate authority	Strategy and Commissioning Manager	3	3	9	Active quarterly monitoring of fund risks by the Local Pension Board and investment sub committee Quarterly Committee and Board meetings Training plans for Pension Fund Investment Sub-Committee and Local Pension Board members Review of Terms of Reference of the Local Pension Board Comprehensive governance arrangements for the Border to Coast Pension Partnership including a Joint Committee Structural separation of governance and policy from deliver Governance review by an independent expert Pensions administration action plan Rolling forward plan of Fund policy reviews	2	3	6	Review of terms of reference of pension fund committees Updated training plan for Board, Committees and officers	Strategy and Commissioning Manager Pension Investments Manager	31/03/2021

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	4	4	16	Cash reserves available to cover a period of time Focus on cashflow initially Building cash balances Other related actions as per Risk 3	4	3	12	Review investments' position once cashflow position is understood and cashflow is secured
3	Losses in Investment Values and Returns	Economic shock / slowdown (US presidential election, trade wars, Brexit) 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	4	3	12	Look to set up fast track governance of decision making should quick decisions need to be made - see Risk 4 Prioritisation of cashflow management in the immediate term
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 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 Covid Signing/authority of decisions and transactions remotely using Surface Pro tablets instead of physical wet signatures on paper where this is possible Review and rephase project work	3	3	9	Review of options to delegate decision making to facilitate quick decisions where necessary (e.g. to s151 or to an emergency response group, etc) Complete the implementation of governance review actions but review prioritisation where necessary

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
5	Health and Safety of Members	Inability to pay pensions to pensioners Paper-based systems Lack of information available to members about the impact on their pension Protecting members from scams on the transfer of their pensions	Pensioners not able to buy essentials if pensions are not paid Paper-based systems causing infection transmission risk Mental 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 Review the provision in light of the second lockdown
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	4	4	16	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	Share learning on working from home lessons Review the provision in light of the second lockdown
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 Continue to engage with BCPP, fund managers, and custodian about their continuity plans	3	2	6	Consider remote working and business continuity in future contract specifications
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

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
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	Review opportunities highlighted during the experience and take this forward too.

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Warwickshire Local Pension Board

Pensions Administration Activity and Performance update

26 January 2021

Recommendation(s)

1. The Board notes this report.

1. Executive Summary

- 1.1 This report updates the Local Pension board on key developments affecting pensions administration and the performance of the Pensions Administration Service (PAS).

2. Financial Implications

- 2.1 All financial implications are dealt with in the body of the report

3. Environmental Implications

- 3.1 None

4. Governance Action Plan

- 4.1 Good progress has been made in implementing the Governance Action Plan, with 53 actions out of 54 now completed. The remaining action is the implementation of i-Connect, this project is due to run until June 2021.
- 4.2 Pension Schemes are required by The Pension Regulator to publish and maintain a Cyber Security Policy (the Policy). The increasing reliance of pension funds upon systems means that scheme managers, executive committees and pension boards should increase the priority of data security and ensure arrangements remain fit for propose and mitigate risk.
- 4.3 The Policy was approved by the Staff and Pensions Committee in December 2020.

5. I-Connect

- 5.1 The first live data transfer has taken place and 37 of our 195 employers had submitted data using the i-Connect system by 30th November 2020.
- 5.2 WCC is the payroll provider for 29 different payrolls, 25 of these payrolls was submitted via i-Connect in December, with the biggest payroll, "WCC admin", going live by the end of January.
- 5.3 Three employers have expressed a wish to change the date they will start to use i-Connect. We have agreed for two to move from Phase 3 to Phase 4.

Stage	Testing phase commences	Live Date Deadline
Stage 1 (Multiple payroll providers already using i-Connect data portal)	9th October 2020	1st December
Stage 2 (Warwickshire County Council employers)	12th October 2020	22nd January
Stage 3 (District/Borough Councils, Warwickshire colleges)	1st March 2021	30th April 2021
Stage 4 (remaining employers)	23rd April 2021	18th June 2021

- 5.4 As more employers begin to submit data via i-Connect the Employer Relations team will be monitoring the impact this has on the number of breaches relating to monthly submissions and late receipt of membership data. This information will then be reported to the Board.
- 5.5 It has been encouraging that engagement with employers has been positive and working through COVID has not led to any delays in this project. The only task we would have done differently would have been to hold face to face sessions with employers to provide information and training. However, we have been able to deliver this successfully online.

6. Guaranteed Minimum Pension (GMP) reconciliation

- 6.1 GMP reconciliation is the process used to ensure that scheme records agree with those of the National Insurance Contribution Office (NICO, part of HMRC). This enables a scheme to consider its data as clean and entirely reliable.
- 6.2 The Benefits team are working to a deadline of 31 January 2020 to complete this reconciliation work.

7. Key Performance Indicators (KPIs)

- 7.1 Appendix 2 shows KPIs for the period 1st May to 30 November 2020.
- 7.2 From the chart it shows there are 5 out of 14 targets being consistently achieved and 1 where there are no cases to report. Of the remaining indicators where performance is below target the following explanations and actions are highlighted:
- 7.3 Letter Detailing Transfer in Quote - we have updated the process to make it easier to capture the processing timescales, for November, this has resulted in a dip in performance. This has been investigated and a training need has been identified and remedied from December onwards. It should be noted that the drop in performance only related to 3 cases.
- 7.4 Payments of refunds – the team that deal with the payment of refunds, experienced a change in staff for this period, this meant that an experienced member of staff has moved to a different role and a new member of staff joined, leading to time taken out of work processing for training. This led to a dip in the number of cases processed within the target timescales.
- 7.5 In September we saw an influx of new scheme members joining, which impacted on the number of cases processed in the target timescales. For context in the first 3 quarters of 20/21 the team has processed over 3000 new starters. With the implementation of I-connect the majority of this work will be automated and free up capacity to address those areas of performance that are currently below target.
- 7.6 In October we also saw an influx of retirements and have also noted a spiked increase in deaths in both April and October, which has impacted on the number of death grant and dependants benefits we are currently processing. This has also impacted on the number of cases processed in the target timescales, relating to information going out to dependants.
- The Scheme Advisory Board (SAB) is collecting data on the number of deaths being recorded by pension administrators to understand the impact of COVID-19 on the LGPS.
- 7.7 With regard to staff welfare, the team management are paying attention to the possible impact of higher bereavement levels on team members and support is available should this be required.

8. Workloads

- 8.1 The PAS has been monitoring the tasks outstanding and completed by the service since 1 March 2020. The chart at appendix 2 shows the volume of outstanding work across the service and indicates that as at the 13th December this figure stood at 2806 tasks. Since March, 37,693 tasks have been completed and following the significant reduction in backlog since March 2020 the service has successfully maintained its level of performance.
- 8.2 On an average weekly basis, we create 897 tasks and complete 926. As more of the team become fully trained, we expect to see the number of tasks being completed exceeding the number being created by a greater number.

9. Breaches

<i>Table 1: Breaches 2020/21</i>	Red	Amber	Green	No Breach	Total
Number of Employers	0	103	22	67	192

- 9.1 In accordance with the Breaches Policy, any Amber breach results in direct contact with the employer to resolve the issue, and further escalation if required.
- 9.2 From the number of breaches reported in our last meeting, we can see that we have no red breaches, amber breaches have increased by 1, 103 to 104 and green breaches have increased from 20 to 22. No breaches have also reduced from 70 to 67.
- 9.3 tPR have clarified that a breach does not necessarily need to be reported for non-issue of an Annual Benefit Statement where a member's home address is listed as "gone away". We should, however, record the breach if we deem it to be of material significance. The PAS is taking steps to trace "gone-aways" (see section 10 below).
- 9.4 The information regarding breaches on the Pension Fund website has been updated as requested at the Board's October meeting.

10. Tracing service

- 10.1 JLT Mercer have been appointed as a 3rd party tracing service and work commenced on this project on 22nd October.

- 10.2 Of the 2,724 records, we have been able to trace 2,443 members (90%), leaving just 281 where no trace has been made. We are currently looking at the profile of these cases, to see what date these benefits would be due and the value, this will help determine if we should put these through a higher-level trace.
- 10.3 66 members have been returned as deceased, and checks are being made to ensure any pension payments have been suspended and we are contacting next of kin. Some of these are for members with deferred benefits, so, there is no payment being made to these individuals.

11. Internal Dispute Resolution Procedure (IDRP)

- 11.1 The IDRP procedure for WCC members and members previously employed by an employer who has since become defunct, is currently being updated.
- 11.2 The procedure will be going to Staff and Pensions Committee for approval in March 2021.

12. Communications

- 12.1 The communication policy has been updated and now reflects the move to go digital with communications to members in the future. The success of the employer engagement day held in November has encouraged us to look at holding more virtual events for employers to deliver training and updates.
- 12.2 The Communication policy will be going to Staff and Pensions Committee for approval in March 2021.
- 12.3 Once implementation of I-Connect has been completed our next system improvement will be to install 'Member Self-service' (MSS). This will allow members to view their pension scheme details and run estimates for retirements. It will also enable the service to publish annual benefit statements to MSS, allowing members to access their statements digitally, thus reducing the cost and time taken for producing paper versions.

13. Preparations for McCloud

- 13.1 Following the recent McCloud and Sargeant legal cases on age discrimination, (informally referred to simply as "McCloud"), the Government will be making changes to remove such discrimination from the LGPS and Fire Pension Schemes. If scheme members qualify for this new protection it will automatically be applied, and they do not need to claim.
- 13.2 For the PAS this will mean a change to how benefits are calculated going forward and the need to recalculate benefits for a large proportion of members

who have left the scheme since 2014. Even though the new underpin is not actually expected to increase the benefits for most, a check for those members will need to be undertaken.

- 13.3 Whilst the impact on members is not expected to be material, this is likely to impact significantly on pensions and payroll administration processes and systems as well as requiring a robust communication exercise with employers and scheme members. The additional resource and administration budget requirements to implement the remedy will be substantial.

A Full Business Case was considered and approved by the Portfolio Change Board Board on 11 November 2020 and work has now commenced on establishing project governance arrangements, commissioning of technical project management and activity on the various workstreams.

- 13.5 This is a significant project, and there is expected to be a considerable cost to implementing the McCloud remedy. The cost relating to the LGPS will fall to the Pension Fund. In addition to the extra staffing that will be needed in the Pensions Administration and HR / Payroll functions, technical project management is required to ensure that the remedies are being implemented in a way that meets our statutory obligations. There will also be costs relating to communications with scheme members and employers, to data quality management and to the changes needed to pension software.

- 13.6 The total estimated cost of implementing the McCloud remedy is £478,000, as summarised below:

	LGPS £'000
Additional staffing	321
Project management	101
Communications	10
Data Quality management	6
Pensions Software	29
Contingency	11
Total	478

- 13.7 The likely ongoing impact of the McCloud remedy on LGPS contribution rates was taken into account in the 2019 triennial valuation process and will need to be updated in the next valuation. However, it is not likely to be material.

- 13.8 Due to the significance of this work, and the potential legal consequences, it has been established that a subject matter expert from outside of the PAS is required to manage the project and ensure all the key deliverables are identified, documented and reported to relevant stakeholders. This cannot be undertaken internally due to the amount of work involved and the need to ensure BAU work is not impacted. Therefore, it is proposed that this work will be contracted out.

- 13.9 Project governance arrangements are being put in place, the PAS have

started work on identifying affected members, and initial communications have been sent out to employers regarding the necessary data collection exercise. Data collection from employers will begin in January 2021, using tools provided by the Local Government Association (LGA), Scheme Advisory Board (SAB), and Aquila Heywood, the Fund's software provider.

14. The Pension Regulator – Pledge to combat pension scams

- 14.1 tPR has launched a pledge to combat pension scams, supported by the Pensions Scams Industry Group (PSIG).
- 14.2 The campaign is to help protect scheme members thinking of transferring their pensions. According to complaints filed with Action Fraud, more than £30 million has been reportedly lost to pension scammers since 2017.
- 14.3 The PAS has seen an increase in requests for information from claim management companies, investigating transfers out, actioned by scheme members. We are committed to protecting our members and ensure that members receive the right information to make an informed decision about their benefits. However, we are not financial advisors and so we also instruct our members to seek independent financial advice.
- 14.4 The Information Commissioner (ICO) has also issued a new statutory code for data subject access requests. This is particularly relevant for the PAS when dealing with independent financial advisors and claims management companies.

Appendices

1. Appendix 1 – KPIs
2. Appendix 2 – Outstanding tasks

Background Papers

1. Cyber security Policy

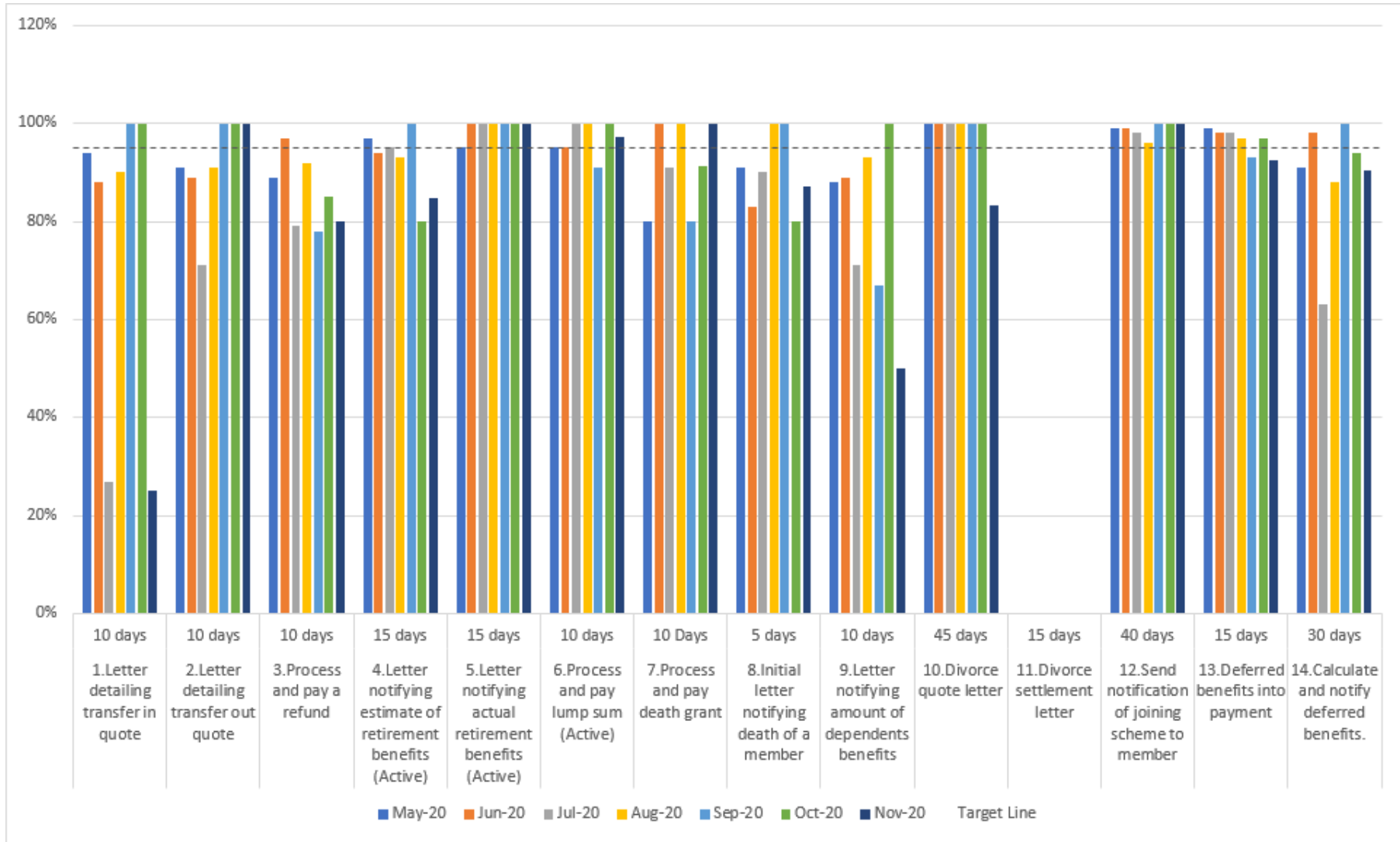
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The report was circulated to the following members prior to publication:

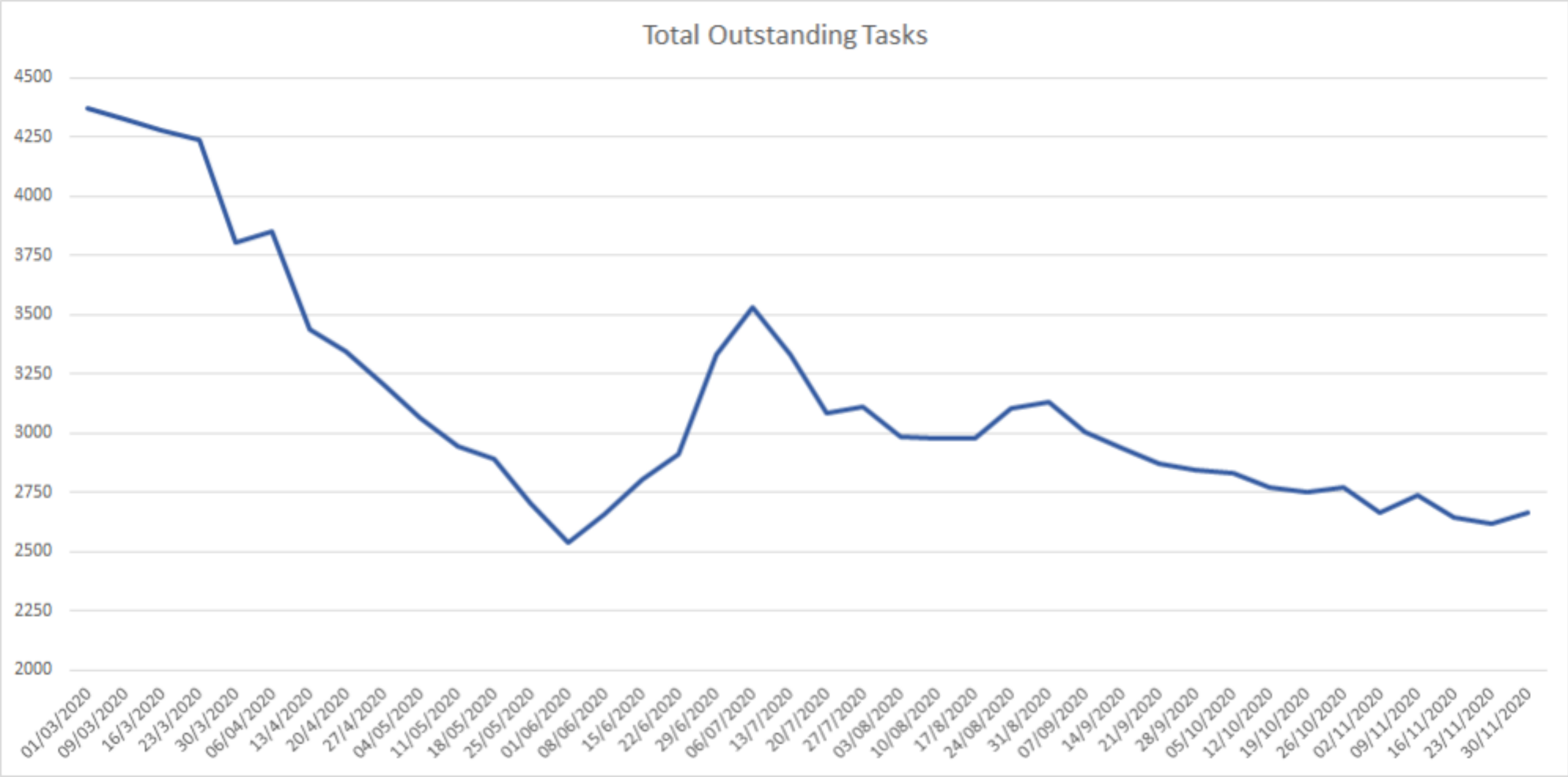
Local Member(s): None

Other members: Councillors Kaur & Gifford

Appendix 1 KPIs



Appendix 2 Workloads



Warwickshire Local Pension Board

Investment update

26 January 2021

Recommendation

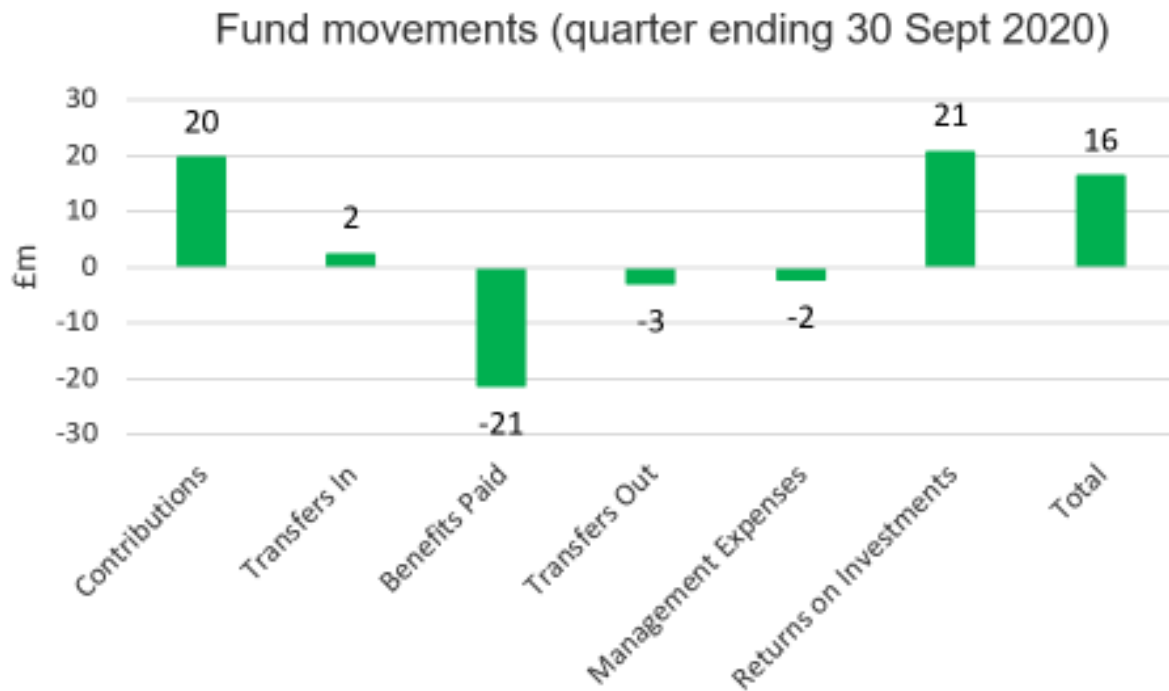
1. That the Local Pension Board notes this report.

1. Executive Summary

- 1.1 This report gives a governance-based overview of the Pension Fund's investment activities. It is the first iteration of this style of report, and so feedback is welcomed.
- 1.2 Officers, consultants and advisors updated the quarterly reporting materials given to Pension Fund Investment Sub-Committee members. The intention is to ensure that information useful to inform and monitor decision-making is included on a timely basis.
- 1.3 The value of the Fund's assets increased from £2.2bn as at 30 June 2020 to £2.3bn as at 30 September 2020. This increase was caused by investment returns over the quarter.
- 1.4 The Fund's cashflow position remains balanced.
- 1.5 The National Knowledge Assessment recently undertaken will inform the contents and ordering of future training for the investment sub-committee.
- 1.6 The Fund issued its compliance statement with the Competition and Markets Authority's requirement to have Investment Consultant Objectives in place. These were agreed in December 2019. These are being reviewed ready for the next round of Committee meetings (March 2021).

2. Pension Fund update

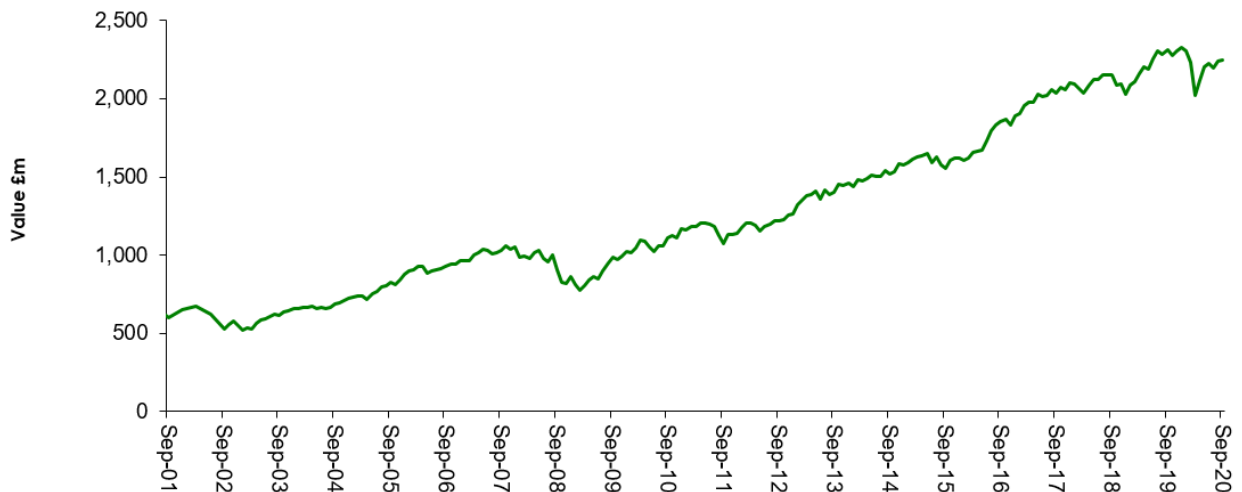
- 2.1 The chart below shows that the Fund's benefit payments roughly equalled contributions received. Therefore, the Fund's cashflow remains balanced, and there was no need to sell assets to meet its pensioner payment obligations.



2.2 The line chart below shows how the size of WPF has increased since 1 September 2001. This is due to a mixture of increased contributions from a larger membership, and net positive investment returns.

2.3

Growth of Total Fund Value (since 30 September 2001)



3. Asset allocation

3.1 This section reviews the nature of Fund investments.

- 3.2 The [Investment Strategy Statement 2020](#) includes a section on ‘Asset classes’ which sets out the ‘Current Strategic Allocation’ (a short-term benchmark), the ‘Asset Allocation Range’ (the control ranges agreed for rebalancing purposes), and the ‘Target Allocation’ (a longer-term direction of intended investment holdings).
- 3.3 The ‘Target Allocation’ is likely to be updated before being reached, as the liabilities, which investments are intended to cover, also evolve. This is useful in suggesting which new opportunities may be worth migrating towards, and the order of drawing liquidity from current holdings.

Asset class	Current Strategic Allocation (%)	Asset Allocation Range (%)	Target Allocation (%)
UK equities	17.0	+/-2.5	13.0
Overseas equities	27.5	+/-2.5	21.5
Fundamental global equity	10.0	+/-2.5	10.0
Private equity	4.0	n/a	4.0
Total Growth	58.5		48.5
Property	10.0	n/a	12.5
Infrastructure	4.0	n/a	7.0
Private debt	5.0	n/a	7.0
Absolute Return Bonds / Multi Asset Credit	7.5	n/a	10.0
Total Income	26.5		36.5
UK corporate bonds	10.0	+/-1.5	10.0
UK index linked bonds	5.0	+/-0.5	5.0
Total Protection	15.0		15.0
Total	100.0		100.0

- 3.4 The diagram below is the Fund's actual asset allocation, against its 'Current Strategic Allocation' (benchmark).

Asset Allocation	Actual	Benchmark
Total Growth	59%	55%
UK Equities	15%	
Global Equities	29%	
Global Fundamental Equities	9%	
Private Equity	6%	
Total Income	17%	22%
Property	10%	
Infrastructure	3%	
Private Debt	4%	
Total Protection	24%	23%
UK Corporate Bonds	11%	
UK Index-Linked Bonds	6%	
Absolute Return Bonds	5%	
Cash	2%	
Total	100%	

* values as at 30 September 2020. Infrastructure, Private Debt and Private Equity values are as at 30 June 2020.

- 3.5 This shows that the Fund is overweight to 'Growth' assets, and underweight 'Income', whilst 'Protection' is broadly in line with the benchmark. However, as most of the 'Income' type assets are illiquid and rely on underlying managers calling on capital committed by the Fund, the appearance of being behind the benchmark is altered if we look at committed capital rather than capital deployed.
- 3.6 The table's format may be altered before next quarter to increase user-friendliness. Feedback on the format is welcomed.

4. Changes in the investment portfolio

- 4.1 As at the time of writing this report (14 January 2021) the Fund can disinvest 2.5% of the portfolio from BCPP's Global Equity Alpha Fund. One of the other partner funds in the BCPP pool is looking to invest a greater amount than our disinvestment in this sub-fund. Therefore, we are looking to 'cross' the transaction to minimise dealing costs, which means that the transaction cost of disinvestment should be significantly lower than originally anticipated.

- 4.2 The Fund has put in place a new Scheme of Delegation, updated its Authorised Signatory List and set up Email Dealing for expedience of transactions. These actions mitigate difficulties such as: clarity on which posts have permission to sign, collecting wet ink signatures when working from home, and postal delays.

5. Stewardship

- 5.1 The Fund's reporting to the Pension Fund Investment Sub-Committee includes information on the previous quarter's voting record for equities held in pooled accounts.
- 5.2 The investment monitoring report includes some information on the Fund's progress against Environmental, Social and Governance objectives. This is an area that is developing and changing at an industry-wide level, and as data availability is not yet good, there is little decision-making impact.
- 5.3 Warwickshire Pension Fund is working with the other Border to Coast Pensions Partnership funds to create a template response to the UK Stewardship Code 2020.
- 5.4 The financial implications of collaborating with other parts of the Local Government Pension Scheme is analysed by Hymans in the 'Pooling Costs Savings Tracker' as part of their quarterly reporting.
- 5.5 If Pension Funds representatives become aware of issues at fund managers with whom the Pension Fund invests assets, the Pension Fund's advisors and/or consultants carry out further enquiries.

6. Training

- 6.1 There was a training day on 28 October 2020. This covered an 'introduction to bonds' by the Fund's manager of Absolute Return Bonds and the National Knowledge Assessment led by Hymans Robertson.
- 6.2 Output from the National Knowledge Assessment will inform the contents and ordering of future training. This should include a mixture of bespoke internal training sessions, externally produced briefing webinars, video content, conferences and individual training sessions.
- 6.3 Officers are working on the infrastructure for a log of members' training exposure in line with the Pension Regulators' requirements.

7. Financial Implications

None – no decisions to be made

8. Environmental Implications

None – no decisions to be made

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Lead Member	Portfolio Holder for Finance and Property	Cllr. Peter Butlin

Local Members: None

Other Members: None

Warwickshire Local Pension Board

Internal Disputes Resolution Procedure

26 January 2021

Recommendation(s)

1. That the Local Pension Board note and comment on the Internal Disputes Resolution Procedure.

1. Executive Summary

- 1.1 All pension schemes are required by the Pensions Act 1995 and *the* Pension Regulator to have in place a formal dispute resolution procedure.
- 1.2 The Local Government Pension Scheme Regulations also require scheme employers and administering authorities to have formal procedures in place to address and resolve grievances scheme members and other interested parties may have in how their membership of the scheme or how their benefit entitlement has been dealt with either by their employer or the administering authority.

2. Financial Implications

- 2.1 There are potential fines or awards of compensation which can be levied either by the Pension Regulator or the Pension Ombudsman for cases of maladministration.

3. Environmental Implications

- 3.1 None.

4. Supporting Information

- 4.1 The Local Government Pension Scheme Regulations specify that both the scheme employer and the administering authority have specific areas of responsibility concerning a scheme member's pension entitlement. A scheme employer for example, will decide:
 - Whether an employee is eligible to join the scheme,
 - What rate of contribution the member will pay,

- The pay used in calculating a member's benefit
- The benefit a member is entitled to on retirement

The administering authority will decide on matters such as, but not limited to:

- Previous pensionable service
- The amount of benefit due to the member

These are known as 'first instance decisions' and the member must be notified by either their employer or the administering authority of any decision affecting their pension record or entitlement.

- 4.2 On receiving notification from the employer or administering authority the member has the right to question and seek clarification of the decision about their pension entitlement. If they are not satisfied by the answer they may appeal by way of the Internal Disputes Resolution Procedure
- 4.3 It is however, hoped that many questions can be resolved before Internal Disputes Resolution Procedure is enacted. This is known as the 'informal stage' and many cases are resolved with the member receiving confirmation that their case has been dealt with correctly in accordance with the provisions of the Local Government Pension Scheme Regulations.
- 4.4 If a member remains dissatisfied and instigates an Internal Disputes Resolution Procedure appeal their grievance can potentially go through a formal two stage process. For example, if a member is not satisfied with the benefit awarded by their employer, they can appeal to the employer for their case to be reviewed by a 'nominated person' appointed by the employer. The nominated person must be independent and not have been involved in the original decision.
- 4.5 If the member is not satisfied by the Stage One decision their grievance can be escalated to Stage Two with the Administering Authority who appoints an adjudicator or panel to review the case.
- 4.6 In rare cases where they remain aggrieved the member can refer their case to the Pension Ombudsman and potentially make a claim to the High Court.
- 4.7 Appendix 1 is the guide available for members.

5. Timescales associated with the decision and next steps

- 5.1 This report is due to go the Staff and Pensions Committee at their March 2021 meeting.

Appendices

1. Appendix 1 Employees guide to Internal Disputes Resolution Procedure.

Background Papers

1. None

	Name	Contact Information
Report Author	Neil Buxton	neilbuxton@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: Councillors Warwick, Singh Birdi, Falp, O'Rourke and Boad

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WARWICKSHIRE
pension fund



2021

Warwickshire Local Government Pension Scheme

Internal Dispute Resolution Procedure

This booklet provides a straightforward guide to how the Internal Dispute Resolution Procedure operates and is provided for general information only. It does not cover every aspect. It is not an interpretation of the relevant legislation. In the event of any unintentional differences, the relevant legislation will prevail. This booklet does not confer any contractual or statutory rights.

Internal Dispute Resolution Procedure

Contents

Introduction	2
Who may use the IDRP	2
Informal Enquiries.....	2
Decision making	2
Stage 1.....	4
Stage 2.....	5
The Pensions Ombudsman	5
Additional Help	6
Appendix A – Table of timescales	7
Appendix B – Application forms.....	9

Introduction

During the employment relationship and afterwards, certain decisions may be made in respect of Local Government Pension Scheme (LGPS) members which can impact upon their benefits.

The law provides an opportunity to challenge any decisions which individuals disagree with, through an Internal Dispute Resolution Procedure (IDRP) which is a formal complaints procedure designed to resolve disputes locally and avoid recourse to the Pensions Ombudsman.

The purpose of this guide is to explain how decisions are made and to set out Warwickshire's Local Government Pension Scheme's Internal Disputes Resolution Procedure.

Who may use the Internal Disputes Resolution Procedure

The following people may use the Internal Disputes Resolution Procedure:

- members of the Warwickshire LGPS who currently pay into the scheme
- people who have deferred benefits in the Warwickshire LGPS
- people who receive a pension from the Warwickshire LGPS
- Prospective members of the Warwickshire LGPS
- widows, widowers, civil partners, children or other dependants of a person who fell into one of the categories above before he or she died;
- people who think that they either might or should fall into one of the above categories;
- people who do not fall into one of the above categories now but did at some time during the previous six months.

Informal Enquiries

It is important to remember that most problems or queries can be dealt with informally and put right where necessary, without recourse to the Internal Disputes Resolution Procedure. If you are not sure about which benefits you are entitled to, or if you have a problem or query over your benefits, please either phone the number on the letter your employer or administering authority has sent you or contact the Pensions Section in the first instance:

Warwickshire Pension Fund

Pension Services

Shire Hall

Market Square

Warwick CV34 4RL

(01926) 412984

Email: vickyjenks@warwickshire.gov.uk

Please also refer to the "Additional Help" section for other sources of advice.

Decision making

Throughout your membership of the Warwickshire LGPS, the scheme rules require decisions to be taken by scheme employers or by Warwickshire County Council as the administering authority of the Warwickshire LGPS.

Such decisions may affect the benefits that you or your dependants may be entitled to receive and are referred to as '**first decisions**' in this document.

The key first decisions and who makes them are summarised below:

Employer decisions

- Whether an employee is eligible to join the scheme;
- What elements of a person's pay are to be treated as pensionable;
- Calculating final pay to be used in calculating pension benefits;
- Deciding an employee's contribution rate;
- Deciding an employee's entitlement to benefits on leaving the scheme for whatever reason;
- Exercise of a number of employer specific discretions (e.g. entitlement to early release of pension benefits, waiving actuarial reductions).

Employers may also "*decide any question concerning any other matter relating to the person's rights or liabilities under the Scheme*".

It is for scheme employers to decide who should make first decisions.

Administering authority decisions

- Questions concerning an individual's previous pensionable service or employment
- Questions regarding the counting of additional periods as membership or crediting additional pension;
- The amount of any benefit, or return of contributions, an individual or their dependants become entitled to under the regulations;
- The exercise of a number of discretionary elements to the scheme that have impact across all scheme employers (e.g. payment of lump sum death grants).

Administering Authority first decisions will usually be made by Warwickshire County Council's Strategy and Commissioning Manager – (Treasury, Pensions, Audit, Insurance and Risk).

First Decisions

When you (or your dependents) are notified of a first decision you should check insofar as possible, that it is based on the correct details and that you agree with the decision. First decisions should be notified in writing and should contain details of who to contact if you are unhappy with the decision and details of the IDR. Similar information will be given to dependants and/or personal representatives upon the death of a LGPS member.

Complaints

If you are not satisfied with a first decision made in relation to membership of the LGPS, you have the right to ask for it to be looked at under the IDR. You also have the right to use the Internal Disputes Resolution Procedure if a first decision should have been made by your employer or the administering authority, but it has not been.

You can ask someone to take your complaint forward on your behalf. This could be, for instance, a trade union official, spouse, partner or friend.

No charge is made at any stage for investigating a complaint under the Internal Disputes Resolution Procedure but you will have to meet your own expenses (or those of your representative) including travel costs and postage.

The Internal Disputes Resolution Procedure has two stages. Many complaints are resolved at the first stage.

The Internal Disputes Resolution Procedure will not apply in circumstances where the matter is already being investigated by the Pensions Ombudsman or is the subject of existing court or tribunal proceedings.

Stage 1

If you need to make a formal complaint, you should do so within 6 months from the date when you were notified of the decision. The timescale for referring the matter to Stage 1 is also set out at Appendix 1.

Your complaint will be considered carefully by an independent person (i.e. someone who has not previously been involved in the matter for consideration) nominated by the body that took the decision against which you wish to complain. This person is referred to as the **nominated person** in this document.

Each scheme employer has a nominated person. You should contact your employer for details of their 'nominated person'. Alternatively, you can contact the Pension Administration team who will get this information for you.

For employers that no longer exist, Warwickshire County Council's Assistant Director - Finance (Deputy Section 151 Officer) is the nominated person.

You should make your complaint in writing, to the relevant nominated person using the Stage 1 application form at Appendix 2.

You should include any information that you consider relevant to your complaint and you can attach any relevant documents including copies of letters you have received.

The nominated person will assess your complaint in light of the scheme rules and the applicable law. You may be asked to provide more information about your case.

The nominated person's decision should be given in writing. They will usually communicate their decision within two months of receiving the complaint. Where this is not possible, you should receive a letter which explains the reasons for the delay and gives an estimated timescale for a decision. This letter is referred to as an **interim letter**.

If the nominated person upholds your complaint, their decision is binding on the employer or the administering authority who made the first decision, unless you refer the matter under Stage 2 of the Internal Disputes Resolution Procedure.

However, if the decision you complained about concerned the exercise of a discretion by the employer or administering authority, the nominated person may not overturn the first decision but

shall decide whether discretion was exercised reasonably. If the nominated person decides that discretion was not exercised reasonably, then they shall notify the person who made the first decision and the decision shall be reconsidered.

Stage 2

You can ask the administering authority to review your complaint where:

- you are not satisfied with the nominated person's first-stage decision
- If you have not received a decision or an interim letter from the nominated person at Stage 1 and more than three months have passed since you lodged your Stage 1 complaint
- If the nominated person told you in an interim letter that they would give you a decision under Stage 1 and more than one month has passed without receipt of that decision.

The relevant timescales for referring the matter to Stage 2 are also set out at Appendix 1.

The review shall be undertaken by an **adjudicator** appointed by the administering authority. The adjudicator is the Chief Executive of Warwickshire County Council (or their nominee) who may seek advice or guidance from external advisers.

You will need to send the administering authority your complaint in writing, using the Stage 2 application form at Appendix 2. You should include all of the information that was supplied for Stage 1, together with the outcome letter. You should also set out the reasons why you are dissatisfied with the Stage 1 decision.

The adjudicator will consider your complaint and give you their decision in writing. They will, within two months of the date they receive your Stage 2 application form, either confirm their decision, or confirm when a decision is likely to be reached and the reason for any delay.

When the adjudicator writes to inform you of the decision, they will also confirm whether the decision upholds or replaces the first decision and shall refer to any particular legislation relied upon in reaching their decision.

However, if the decision you complained about concerned the exercise of a discretion by the employer or administering authority, the adjudicator may not overturn the first decision but shall decide whether discretion was exercised reasonably. If the adjudicator decides that discretion was not exercised reasonably, then they shall notify the person who made the first decision and the decision shall be reconsidered.

The adjudicator's decision is final, unless subsequently overturned by the Pensions Ombudsman or High Court.

The Pensions Ombudsman

If you are still unhappy following the Stage 2 decision, you have the right to refer your complaint to The Pensions Ombudsman free of charge.

The Pensions Ombudsman deals with complaints and disputes which concern the administration and/or management of occupational and personal pension schemes.

Contact with The Pensions Ombudsman about a complaint needs to be made within three years of when the event(s) you are complaining about happened – or, if later, within three years of when you first knew about it (or ought to have known about it). There is discretion for those time limits to be extended.

The Pensions Ombudsman can be contacted at:

10 South Colonnade, Canary Wharf

London, E14 4PU

Tel: 0800 917 4487

Email: enquiries@pensions-ombudsman.org.uk

Website: www.pensions-ombudsman.org.uk

You can also submit a complaint form online:

www.pensions-ombudsman.org.uk/our-service/make-a-complaint/

Additional Help

If you have general requests for information or guidance concerning your pension arrangements contact:

The Pensions Advisory Service

11 Belgrave Road

London, SW1V 1RB

Tel: 0800 011 3797

Website: www.pensionsadvisoryservice.org.uk/

Appendix A – Table of timescales

Your situation	To complain to	Time limit
You have received a decision on your benefits under the pension scheme from your employer/administering authority, and there seems to be good grounds for complaining.	The nominated person under the first stage of the procedure.	6 months from the date when you were notified of the decision ¹ .
You have received a first stage decision on your complaint from the nominated person, but you are not satisfied.	The relevant administering authority under the second stage of the procedure.	6 months from the date of the nominated person's decision.
You made your complaint in writing to the nominated person, with all the information they needed but, 3 months later, you have not received their decision on your complaint or any interim reply.	The relevant administering authority under the second stage of the procedure.	9 months from the date when you submitted your complaint.
You received an interim reply to your complaint to the nominated person, within 2 months of applying to them. Their reply promised you a decision by a specified date but, 1 month after that specified date, you still have not received their decision.	The relevant administering authority under the second stage of the procedure.	7 months from the date by which you were promised you would receive a decision.
Your complaint is that your employer or administering authority has failed to make any decision about your benefits under the pension scheme.	The nominated person under the first stage of the procedure.	6 months from the date when your employer or administering authority should have made the decision ² .
Your complaint went to the administering authority under the second stage of the procedure. You received their decision but you are still not satisfied.	The Pensions Ombudsman.	3 years from the date of the original decision about which you are complaining.

¹ The nominated person can extend the 6-month time limit for a reasonable period where there are special circumstances.

² The nominated person can extend the 6-month time limit for a reasonable period where there are special circumstances.

<p>You have taken your complaint to the administering authority under the second stage of the procedure but, 2 months after your complaint was received by the authority, you have not received their decision on your complaint or any interim reply.</p>	<p>The Pensions Ombudsman.</p>	<p>3 years from the date of the original decision about which you are complaining.</p>
<p>You received an interim reply to your second stage complaint to the administering authority, within 2 months of applying to them. Their reply promised you a decision by a certain date but, by that date, you still have not received their decision.</p>	<p>The Pensions Ombudsman.</p>	<p>3 years from the date of the original decision about which you are complaining.</p>

Appendix B – Application forms

Application under the Internal Dispute Resolution Procedure (STAGE 1)

Please use this form to: apply to the person nominated by your employer at stage one of the internal dispute resolution procedure if you want them to investigate a complaint concerning your pension.

YOUR EMPLOYER/FORMER EMPLOYER.....

My disagreement is with a decision made by – (tick one box only)

The employer named above

Warwickshire Pension Fund

1. Member’s details:

If you are the member (the person who is or was in the Scheme), or a prospective member (a person who is eligible to be a member of the Scheme), please give your details in this box. You can go straight to box 4.

If you are a member’s dependant (for example, their husband, wife, civil partner, cohabitee or child), please give the member’s details in this section, and then go to box 2.

If you are representing the person with the complaint, please give the member’s details in this section, and then go to box 3.

Full Name	
Date of Birth	
Address	
National Insurance Number	

2. Dependant’s details:

If you are the member’s dependant and the complaint is about a benefit for you, please give **your** details in this box and then go to box 4.

If the complaint is about a benefit for a dependant and you are the dependant’s representative, please give the dependants details in this box and then go to box 3.

Full Name	
Date of Birth	
Address	
National Insurance Number	

3. Representative's Details:

If you are the member's or dependant's representative, please give your details in this box.

Full Name	
Date of Birth	
Address	
National Insurance Number	

4. Your complaint

Please give full details of your complaint in this box. Please try to explain exactly why you are unhappy, giving any dates or periods of Scheme membership that you think are relevant.

If there is not enough space, please go onto a separate sheet and attach it to this form. Remember to write your name and national insurance number at the top of any separate sheet if you are a

member. Or, if you are not a member, put the member's name and national insurance number at the top of any separate sheet.

5. Your signature

I would like my complaint to be considered and a decision to be made about it. I am a:

<ul style="list-style-type: none">• Scheme member/former member/prospective member*• Dependant of a former member*• Member's representative/dependant's representative* <p>*delete as appropriate</p>	
Signed:	Date:

Please remember to enclose a copy of any notification of the decision you are complaining of which has been issued by the employer or administering authority. Also enclose any other letter or notification that you think might be helpful.

PLEASE SEND THIS FORM TO:

Warwickshire County Council
Pension Services
The Shire Hall
Market Square
CV34 4RL

Application under the Internal Dispute Resolution Procedure (STAGE 2)

Please use this form to: apply to the adjudicator at stage two of the internal dispute resolution procedure if you want them to investigate a complaint concerning your pension.

YOUR EMPLOYER/FORMER EMPLOYER.....

My disagreement is with a decision made by – (tick one box only)

The employer named above Warwickshire Pension Fund

1. Member’s details:

If you are the member (the person who is or was in the Scheme), or a prospective member (a person who is eligible to be a member of the Scheme), please give your details in this box. You can go straight to box 4.

If you are a member’s dependant (for example, their husband, wife, civil partner, cohabitee or child), please give the member’s details in this section, and then go to box 2.

If you are representing the person with the complaint, please give the member’s details in this section, and then go to box 3.

Full Name	
Date of Birth	
Address	
National Insurance Number	

2. Dependant’s details:

If you are the member’s dependant and the complaint is about a benefit for you, please give **your** details in this box and then go to box 4.

If the complaint is about a benefit for a dependant and you are the dependant’s representative, please give the dependants details in this box and then go to box 3.

Full Name	
Date of Birth	
Address	
National Insurance Number	

3. Representative’s Details:

If you are the member's or dependant's representative, please give your details in this box.

Full Name	
Date of Birth	
Address	
National Insurance Number	

4. Your complaint

Please give full details of your complaint in this box. Please try to explain exactly why you are unhappy, giving any dates or periods of Scheme membership that you think are relevant.

If there is not enough space, please go onto a separate sheet and attach it to this form. Remember to write your name and national insurance number at the top of any separate sheet if you are a member. Or, if you are not a member, put the member's name and national insurance number at the top of any separate sheet.

5. Your signature

I would like my complaint to be considered and a decision to be made about it. I am a:

- Scheme member/former member/prospective member*
- Dependant of a former member*
- Member's representative/dependant's representative*

*delete as appropriate

Signed:

Date:

Please remember to enclose a copy of any notification of the decision you are complaining of which has been issued by the employer or administering authority. Also enclose any other letter or notification that you think might be helpful.

PLEASE SEND THIS FORM TO:

Pension Services

Warwickshire County Council

The Shire Hall

Market Square

CV34 4RL

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Warwickshire Local Pension Board

Minutes of the Pension Fund Investment Sub-Committee

26 January 2021

Recommendation(s)

That the Board note and comment on the contents of this Report.

1. Executive Summary

- 1.1 This report introduces the Pension Fund Investment Sub-Committee (PFISC) public papers for note and comment.
- 1.2 These papers are in relation to the PFISC meeting held on the 14 September 2020.
- 1.3 The report covers:
 - Agenda Front Sheet of the public meeting for 14 September 2020 (Appendix 1).
 - September 2020 Forward Plan (Appendix 2).
 - Minutes of the public meeting on 14 September 2020 (Appendix 3).

2. Financial Implications

- 2.1 None

3. Environmental Implications

- 3.1 None

4. Supporting Information

- 4.1 None

5. Timescales associated with the decision and next steps

- 5.1 None

Appendices

1. Appendix 1 - Agenda Front Sheet of the public meeting for 14 September 2020
Appendix 2 - September 2020 Forward Plan
Appendix 3 - Minutes of the public meeting on 14 September 2020

Background Papers

1. None

	Name	Contact Information
Report Author	Victoria Moffett	victoriamoffett@warwickshire.gov.uk
	Sukhdev Singh	01926 412686 sukhdevsingh@warwickshire.gov.uk
Assistant Director	Andrew Felton	01926 412441 Andrewfelton@warwickshire.gov.uk
Lead Director	Rob Powell	01926 412564 robpowell@warwickshire.gov.uk
Lead Member	Cllr. Peter Butlin	01788 816488 cllrbutlin@warwickshire.gov.uk

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

Local Member(s): None

Other members:

Pension Fund Investment Sub-Committee

Date: Monday 14 December 2020
Time: 10.00 am
Venue: Microsoft Teams

Membership

Councillor John Horner (Chair)
Councillor Bill Gifford (Vice-Chair)
Councillor Neil Dirveiks
Councillor Andy Jenns
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

5 - 10

2. Forward Plan	11 - 14
3. Risk Monitoring	15 - 26
4. 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'.	
5. General Activity Update	27 - 38
6. Investment and Fund Performance	39 - 80
7. LGPS Pooling	81 - 84
8. Border to Coast Presentation	85 - 124
9. Custodian Presentation - Bank of New York Mellon	125 - 146
10. Exempt Minutes of the Previous Meeting	147 - 152

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.

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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	cllrbutlin@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

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Pension Fund Investment Sub-Committee

Monday 14 September 2020

Minutes

Attendance

Committee Members

Councillor John Horner

Councillor Neil Dirveiks

Councillor Bill Gifford

Councillor Wallace Redford

Officers

Neil Buxton, Technical Specialist - Pension Fund Policy and Governance

John Cole, Trainee Democratic Services Officer

Aneeta Dhoot, Senior Finance Officer

Andrew Felton, Assistant Director - Finance

Liz Firmstone, Service Manager - Transformation

Shawn Gladwin, Senior Finance Officer Pensions Investment

Deborah Moseley, Senior Democratic Services Officer

Victoria Moffett, Lead Commissioner Pensions and Investments

Chris Norton, Strategy and Commissioning Manager (Treasury, Pension, Audit & Risk)

Jane Pollard, Legal Service Manager (Corporate)

Sukhdev Singh, Principal Accountant

Others Present

Emily Archer, HarbourVest (Item 10 only)

Carolina Espinal, HarbourVest (Item 10 only)

Emma Garrett, Hymans Robertson

Peter Jones, Independent Investment Adviser

Jennie Moore, HarbourVest (Item 10 only)

Anthony Petalas, Border to Coast (Item 11 only)

Karen Shackleton, Independent Investment Adviser

Andrew Stone, Border to Coast (Items 11 and 12 only)

Richard Warden, Hymans Robertson

1. Appointment of Chair

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

There were no other nominations.

Resolved

That Councillor John Horner be elected Chair of the Pension Fund Investment Sub-Committee

2. General

The meeting opened with a moment of reflection on the recent passing of the late Councillor Bob Stevens, a much valued Member of the Sub-Committee.

(1) Apologies

Councillor Andy Jenns

(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.

(4) Minutes of the Meeting held on 8 June 2020

The minutes of the meeting held on 8 June 2020 were agreed as a true and accurate record. There were no matters arising.

3. Minutes of the Local Pension Board

The minutes of the meeting held on 21 July 2020 were noted and it was acknowledged that changes to the Local Pension Board Terms of Reference would be presented to the Council for approval. It was further noted that Local Pension Board Members were invited to pension related training activities.

4. Forward Plan

Chris Norton, Strategy and Commissioning Manager (Treasury, Pension, Audit & Risk), presented the report which set out the year ahead for the Sub-Committee. The forward plan reflected a change in approach in terms of simplification to a single investments/fund performance monitoring report each quarter and the quarterly monitoring of risk. Officers were also working towards a more formal timetable of policy review dates as it was key to good governance to ensure that policies were consciously reviewed to ensure that they remained correct by design not chance. As more work was required on the Cyber Security Policy, it was hoped to present this to the Local Pension Board meeting in October and to Staff & Pensions Committee in December.

Resolved

The Pension Fund Investment Sub-Committee noted the forward plan.

5. Risk Monitoring

Victoria Moffett, Lead Commissioner Pensions and Investment, presented the last quarter's risk registers to the Sub-Committee which included the separate general risk register and Covid risk register in one report to provide some consistency. In terms of changes, the Sub-Committee's attention was drawn to the long term asset values which had rebounded since the end of March but volatility remained high in markets which affected bonds and equities. The Scheme Actuary uses UK government bond yields to set the discount rate for measuring liabilities. As these yields went down, the expected present value of the liabilities went up.

In response to a question, it was agreed to investigate Border to Coast operational policies further and it was agreed that this warranted a line on the risk register.

The asset values as set out in the report gave a flavour as to where it was thought risks existed and why it was felt that they had not changed from the previous quarter even though changes were seen from the original February assessment.

Attention was drawn to the appendix to the report which set out the mitigation actions to each item on the risk register. In response to a question, the Sub-Committee were advised that the amber rating was considered a fair representation. In relation to the progression of the pandemic, it was considered that there was some clarity on some aspects of risk, eg the ability for the service to function with staff working from home, and fears about loss of wifi connection were mitigated by the geographical spread of staff alongside the Warwickshire County Council Business Support.

Resolved

That the Pension Fund Investment Sub Committee noted the report.

6. Reports Containing Exempt or Confidential Information

Resolved

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

7. Responsible Investment

Emma Garrett, Hymans Robertson presented the report to the Committee which outlined options available for monitoring the Fund's Responsible Investment and Environmental, Social and Governance credentials. The report explained the actions the Fund would need to take to show compliance with its signatory status to the UK Stewardship Code 2020.

Resolved

That the Pension Fund Investment Sub-Committee noted the report and asked for their comments on the recommendations on page 8 to be taken forward.

8. Investment Consultant Quarterly Report

Emma Garrett, Hymans Robertson, presented the report which included the Quarterly Funding and Investment Report for the period ending 30 June 2020.

Resolved

That the Pension Fund Investment Sub-Committee:

1. Noted the attached presentations.
2. Approves the recommendations to rebalance the Fund's portfolio.
3. Delegates authority to authorise the transition of assets to the Strategic Director for Resources.

9. Investment Performance Report to 30 June 2020

Victoria Moffett, Lead Commissioner Pensions and Investment, presented this report.

Resolved

That the Pension Fund Investment Sub-Committee notes the fund value and investment performance for the first quarter of 2020/21 to 30 June 2020.

The meeting adjourned at 11.45am until 11.53am.

10. Private Equity Manager (HarbourVest) Presentation

Emily Archer, Carolina Espinal and Jennie Moore from HarbourVest attended the meeting for this item and gave a presentation which had been published at appendix 2 to the report.

Resolved

That the Pension Fund Investment Sub-committee noted the presentation.

11. Border to Coast Update

Karen Shackleton left the meeting during this item.

Andrew Stone and Anthony Petalas of Border to Coast attended to give this presentation.

Resolved

That the Pension Fund Investment Sub-committee:

1. Noted the report.
2. Formally ratifies a £75,000 one-off additional budget allowance to Border to Coast Pensions Partnership. This will be used to continue developing the UK and Global property fund propositions.

12. Pooled Fund Manager Presentation - Border to Coast Pensions Partnership (BCPP)

Councillor Wallace Redford left the meeting at the commencement of this item at 1.03pm.

Andrew Stone of Border to Coast provided an update to the Sub-Committee.

Resolved

That the Pension Fund Investment Sub-Committee noted the presentation attached to the report.

13. Exempt Minutes of the Meeting held on 8 June 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 1.18pm

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Chair

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Warwickshire Local Pension Board**Review of the Minutes of the Staff and Pensions Committee 14
September 2020**

26 January 2021

Recommendation(s)

1. The Local Pension Board notes and comments on the report.

1. Executive Summary

- 1.1 The Local Pension Board has a responsibility to assist the Scheme Manager in the management of the pension fund. In order to fulfil this role, it is important for the Local Pension Board to be sighted on the relevant pension fund activity.
- 1.2 Set out at Appendix 1 are the minutes of the Staff and Pensions Committee (14 September 2020) for information. The Staff and Pensions Committee considers pension fund matters and other matters specific to Warwickshire County Council as an employer. The minutes provided in this report are an abridged version for the Local Pension Board only showing items relating to the pension fund.

2. Financial Implications

- 2.1 None

3. Environmental Implications

- 3.1 None.

4. Supporting Information

- 4.1 None

5. Timescales associated with the decision and next steps

5.1 None

Appendices

1. Appendix 1 Staff and Pensions 14 September 2020 (edited version)

Background Papers

1. None

	Name	Contact Information
Report Author	Neil Buxton, Victoria Moffett	neilbuxton@warwickshire.gov.uk, victoriamoffett@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: Councillors Warwick, Singh Birdi, Falp, O'Rourke and Boad

Staff & Pensions Committee

Monday, 14 September 2020

Minutes

Edited version for the Local Pension Board

Attendance

Committee Members

Councillor Kam Kaur (Chair)
Councillor Neil Dirveiks
Councillor Bill Gifford
Councillor John Horner
Councillor Bhagwant Singh Pandher

Officers

Barnaby Briggs, Assistant Chief Fire Officer
Neil Buxton, Technical Specialist Pensions Fund Policy and Governance
Sarah Duxbury, Assistant Director Governance and Policy
Andrew Felton, Assistant Director Finance
Liz Firmstone, Service Manager (Transformation)
Victoria Jenks, Pensions Admin Delivery Lead
Victoria Moffett, Lead Commissioner Pensions and Investment
Paul Morley, Area Commander, Fire and Rescue Service
Deborah Moseley, Senior Democratic Services Officer
Chris Norton, Strategy and Commissioning Manager (Treasury, Pension, Audit & Risk)
Keira Rounsley, Equality, Diversity and Inclusion Practitioner
Kate Sullivan, Lead Commissioner - Culture, Leadership and Performance

1. General

The Chair opened the meeting and asked those present to reflect on the passing of Councillor Bob Stevens. A number of tributes were paid noting Councillor Steven's longstanding and valued contribution to this Committee. Condolences were expressed to his family.

(1) Apologies

Councillor Andy Jenns

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

None.

(3) Minutes of previous meeting

Subject to amendment of the appendix to the minutes of 23 July 2020 to reflect Councillor Neil Dirveiks' membership of the Pension Fund Investment Sub-Committee and the removal of Councillor Alan Webb, the minutes of the meetings held on 8 June and 23 July 2020 were

considered and agreed as a true and accurate record for signing by the Chair.

3. Employers Leaving and Joining the Pension Fund

Vicky Jenks, Pensions Admin Delivery Lead introduced this report which provided the Committee with details of applications to join the Pension Fund. She advised that all of the applicants were academies and were therefore automatically Scheme Employers. All the dates given were provisional as schools were converting between September 2020 and April 2021.

Resolved

That the Staff and Pensions Committee delegates authority to the Strategic Director for Resources to approve applications from the listed employers subject to the applications meeting the criteria:

- Arden Fields (MacIntyre Academy Trust, 1st September 2020)
- Studley High (becoming Lead Academy in new Multi Academy Trust, 1st September 2020)
- Kingsway Community Primary School (Converting to Academy status, 1st November 2020)
- Lillington School (Converting to Academy status, 1st November 2020)
- Trinity Catholic School (Our Lady Lourdes Academy Trust, 1st January 2021)
- All Saints C of E junior School (Coventry Diocese Multi Academy Trust, 1st January 2021)
- Wellesbourne and Tysoe (Converting to joint Academy Trust, April 2021)

5. Pension Fund Covid-19 Update

Chris Norton, Strategy and Commissioning Manager (Treasury, Pension, Audit & Risk) advised the Committee that Covid-19 continued to affect how the Fund delivered services but that the fund continued to deliver business critical functions. This report focussed on the impact on administration activity whilst a separate report focussing on the funding and investments impact had been reported to the Pension Fund Investments Sub Committee earlier on 14 September 2020.

The Covid Risk Register had been updated to reflect the latest position in relation to both investment and administration and was set out in a table at section 2.1 of the report. This showed that several risk scores had dropped as previous uncertainties had now been informed by intelligence and experience as the lockdown progressed. There were two risk registers – one general and the other Covid specific which had been helpful whilst the lockdown was new but the team would take stock as to whether to revert to a single register for quarter 3.

Members were encouraged by the level of risk reducing but felt that it was helpful to maintain two registers until there was more certainty in the pandemic situation.

Resolved

That the Staff and Pensions Committee notes and comments on the report.

8. Response to HM Treasury consultation on McCloud/Sargeant remedy for Fire Pensions Scheme

Vicky Jenks, Pensions Admin Delivery Lead outlined this report which set out draft response on behalf of Warwickshire Fire and Rescue Service to the government's proposals to introduce

legislation that would make changes to pension schemes to remove the age discrimination identified by the Courts following 2015 reforms for the period 1 April 2015 to 31 March 2022 (known as the remedy period); and to address future service beyond the remedy period.

Members referenced recent media articles questioning the proposals but whilst it was not believed that these applied to the fire pensions scheme, it was clear that there would be an effect on the entire public sector index-linked system.

The final response will be reported to the Portfolio Holders for Customer and Transformation, and Finance and Property for approval.

Resolved

The Staff and Pensions Committee note and comment on the HM Treasury consultation questions and the draft response on the proposed amendments to the Firefighters Pension Schemes

9. McCloud - Warwickshire County Council's response to the consultation

Neil Buxton, Technical Specialist Pensions Fund Policy and Governance presented this report which set out the consultation questions in respect of the impact of proposals to remedy the age discrimination and unlawfulness identified by the Courts to the protections afforded to some members of the Local Government Pension Scheme (LGPS) by 2015 reforms.

Changes to the LGPS were introduced in 2014 by way of an underpin. Protection was provided to members in service on 31 March 2012 and who were within ten years of normal pension age which resulted in those members being better off than those who were not within ten years of normal pension age. The scope of the protection was therefore extended as set out in the report. There was an overall expectation that few members would be impacted but a lot of work was required to review all the cases that had happened since 2014, including dependents and deferred pensions issued since that time and a review of transfers in and out.

Members were requested to provide comments over a short period of a few days so that the consultation response could be updated by 17th September 2020 and reported to the Portfolio Holders for Customer and Transformation, and Finance and Property for approval.

Members acknowledged the large-scale administrative task that would result from the proposed changes.

Resolved

That the Staff and Pensions Committee note the consultation review and comment on the response (when shared) to the Government consultation on proposed amendments to the Local Government Pension Scheme Regulations.

10. Pensions Administration Activity and Performance Update

Liz Firmstone, Service Manager (Transformation) presented this report which represented a regular update on key developments affecting pensions administration and the performance of the Pension Administration Service. Overall performance of the team was high and activity was progressing well. Headlines from the report included:

- Good progress continued to be made in implementing the Governance Action Plan
- All year end activity was complete. The year-end process had resulted in an upturn in workload as more queries were received but this was now returning to business as usual levels.
- A new set of Key Performance Indicators were in place for the financial year and the service was performing at or better than target on 50% of indicators and were close to target on others. Where the service was performing below target this was due to a focussing of resource on indicators that resulted in making payments to members or dependents. This meant those below targets were indicators where no critical payment was due. Performance was also slightly low on indicators which related to receipt of notification on the death of a member. The number of cases in this indicator were significantly lower than with other indicators which meant that a low number of cases not meeting the performance target would skew the overall figures.
- The i-Connect project which would result in the automation of the reporting process by scheme employers leading to a reduction of breaches, was going well. The contract was now in place and work was taking place to get the first tranche of employers on to the system.
- There was a regulatory requirement to issue annual benefit statements to Members by 31 August each year. For deferred members, all statements were issued ahead of deadline. Unfortunately, the team were disappointed to report that although the project had been well-managed and was on track to deliver statements for active members in time for the 31 August deadline, it had come to light that there was an issue with the printers and just under 5000 had not issued on time. The missing statements had been issued on 11 September and this would have to be notified to the regulator. The printers were investigating the problem. The contract was between a local government communications group which provided services to four different authorities, and the contract manager (based at Staffordshire) was looking at the contract to see what remedies existed in the contract.

The Chair expressed sympathy to the team but understood the pressures that the team had been under and expressed her gratitude for continued good performance.

Resolved

That the Committee notes this report.

11. Regulatory Update

Neil Buxton, Technical Specialist Pensions Fund Policy and Governance presented this report, focussing on the major changes to the exit cap which would see any member of the LGPS aged 55 or older retiring on an employer sponsored basis (i.e. for reasons of redundancy or efficiency of the service), being impacted by proposals to prevent the payment of severance in addition to a pension strain cost. This was a big change for the administration system providers who were not technologically ready for this change. This meant that the administration team would be involved in manual adjustments and any quotes for early retirement could not be honoured. The proposals were out for consultation but there was no anticipation of any changes.

Sarah Duxbury, Assistant Director Governance and Policy, added that there was a further consultation expected on the proposals due to the potential disconnect between the cap regulations and the LGPS regulations (eg application of the cap could result in a breach of the

pensions regulations). Clearly it was not satisfactory for administrators to be in a position whether either the pensions regulations or the cap regulations had to be breached.

In response to questions on timescale for implementation, Sarah Duxbury recommended that a watchful eye needed to be kept on the situation and that opportunities to engage in the consultation be taken up. The Chair asked that the Committee be afforded sight of the further consultation response.

Resolved

That the Committee notes and comments on the report.

12. Revised Terms of Reference for the Local Pension Board

Neil Buxton, Technical Specialist Pensions Fund Policy and Governance presented the proposed changes to the Local Pension Board Terms of Reference which had been commented on by the Board. The key changes were set out in a table at section 4.1 of the report. Full Council would be asked to approve the changes at its next meeting.

Resolved

The Staff and Pensions Committee are invited to review and comment on the updated Terms of Reference for the Local Pension Board before forwarding to the Council for approval.

The meeting rose at 3.35pm

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Chair

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Warwickshire Local Pension Board

Tuesday 20 October 2020

Minutes

Attendance

Committee Members

Keith Bray (Chair)
Councillor Parminder Singh Birdi
Keith Francis
Alan Kidner
Sean McGovern
Mike Snow

Officers

Neil Buxton, Technical Specialist
John Cole, Trainee Democratic Services Officer
Aneeta Dhoot, Senior Finance Officer
Andrew Felton, Assistant Director – Finance
Shawn Gladwin, Treasury and Pensions Investment Officer
Vicky Jenks, Pensions Admin Delivery Lead
Victoria Moffett, Pensions and Investment Manager
Deborah Moseley, Senior Democratic Services Officer
Chris Norton, Strategy and Commissioning Manager (Treasury, Pensions, Audit, Insurance, and Risk)
Jane Pollard, Legal Services Manager (Corporate)
Sukhdev Singh, Senior Accountant Pensions Investment

1. Introductions and General Business

The Chair opened the meeting and asked those present to take a few moments of silence to reflect on the passing of Councillor Bob Stevens who had been committed to the wellbeing of the Pension Fund and public service and would be greatly missed.

The Chair also went on to welcome Mr Sean McGovern as the Board's new Scheme Member Representative.

(17) Apologies

Councillor Dave Parsons

(2) Board Members' Disclosures of Interests

The Chair stated that he worked for the Local Authority Pension Fund Forum and also for a

firm of American lawyers which had Pension Fund clients although these did not include Warwickshire.

Alan Kidner stated that his sister-in-law worked for J.P. Morgan.

2. Forward Plan

Victoria Moffett, Pensions and Investment Manager presented the Board with a one year rolling forward plan for the year ahead. It was not a rigid plan and could be amended at each meeting depending on the latest developments. It was also noted that provisional dates for 2021/22 were in the process of being scheduled 5-6 weeks after Pension Fund Investment Sub-Committee meetings and the Board asked to be consulted on the dates before they were finalised.

Resolved –

1. The Board noted the forward plan.
2. That proposed dates for 2021/22 Board meetings be circulated to Members for comment.

3. Pensions Administration Activity and Performance Update

This report, presented by Vicky Jenks, Pensions Admin Delivery Lead, provided an update on key developments affecting pensions administration and the performance of the Pension Administration Service. The report focussed on progress in implementing the Governance Action Plan, issue of Annual Benefit Statements, the Year End process, commencement of the GMP reconciliation process, key performance indicators, workloads, recorded breaches as set out in table 1 of the report, the outcomes of audit reports which had been submitted to Audit and Standards Committee, progress on the i-Connect project, planning to manage implementation of the McCloud/Sargeant Remedy, changes to exit payment regulations, and employers leaving and joining the fund.

The Board noted that the breaches log would be of greater benefit if improvements were made in the clarity of the entry date and for more consistent use of colour coding. It was agreed that this feedback would be used to amend and improve the log.

In response to a query regarding the number of deferred scheme members for which there was no address, Vicky Jenks, Pensions Admin Delivery Lead, advised that more work was being done to identify missing data, including use of a tracing service, and once an individual had been found, records were being updated and individuals reminded to keep their records up to date. There was some discussion as to whether the delay in the despatch of annual benefits statements for these people should be treated as a red breach and although there was some tentative agreement to this suggestion, further guidance would be sought.

Progress on the iConnect project was welcomed with further detail on the implementation process, including lists of the employers on board, was sought. The Board was advised that once phase 1 had been implemented, it would be possible to look at how much quicker information was being received to reduce the number of breaches.

With regard to a question on responsibility for the implementation of the McCloud / Sargeant Remedy, the Board were advised that it was intended to appoint a project manager, potentially

provided by an external company and a strategic board made up of key stakeholders. The Assistant Director – Finance had ultimate responsibility for the project and would ensure that resources were in place to deliver the project.

Some disappointment was expressed with regard to the changes to exit payment regulations, with concern expressed for the impact the changes could potentially have on public sector employees with long service and relatively low pay who were facing redundancy near to retirement age. It was noted that there had been strong representations nationally on the issue.

Resolved –

1. The Local Pension Board noted the latest developments in pensions administration and the progress made since the previous meeting.
2. The Local Pension Board noted the government consultation on the reform of exit payments in local government as set out in Section 13 of the report

4. Review of Pension Administration Costs

Chris Norton, Strategy and Commissioning Manager (Treasury, Pensions, Audit, Insurance, and Risk) presented this report which provided an update to the Board on assurance work that had taken place to ensure the quality and consistency of the 2019/20 CIPFA benchmarking data. Adjustments indicated that the overall unit cost of the service was considerably lower than the 2018/19 figure for Warwickshire, and would also be more in line with the average 2018/19 cost of the comparator group.

The Board welcomed the report.

Resolved –

The Local Pension Board noted the work that has been undertaken to reduce costs and ensure the accuracy and quality of CIPFA benchmarking data.

5. Risk monitoring

Victoria Moffett, Pensions and Investment Manager, presented this report to the Board, noting that it covered both the general risk register and the COVID-19 risk register and provided an update on the review of risk ratings which had been undertaken in September.

In respect of the general risk register, which was originally set before the pandemic impact, some risk assessment scores increased as set out in the report.

In respect of the Covid risk register which was originally set out after the pandemic impact had started, a number of risk assessment levels have reduced in light of experience.

In response to a query about the impact of the outcome of Brexit, the Board was advised that as UK Equities saw returns from overseas trading as well as the UK, Brexit should only impact a small part of the portfolio. Investment Managers had undertaken historical research and were trusted to make appropriate risk adjusted decisions based on their professional opinion. The UK Equity Alpha Fund comprised several underlying fund managers but Border to Coast was the Pool

Manager and had made an assessment of how each portfolio was positioned based on their expertise as an FCA regulated investment company. Discussions with Border to Coast and other partner funds regularly took place to ensure appropriate measurement was taking place. The investment strategy had been set on long term values and assumptions so impacts were assessed on whether they would be short term in nature or result in long term change. It was noted that there were a number of long- term pressures and that the Pension Fund Investment Sub Committee would review the strategy from time to time. It was agreed that for future meetings, a note of the actions taken by the Pension Fund Investment Sub Committee would be included alongside the minutes where actions are not confidential in nature.

In response to feedback on the content of the general risk register, Chris Norton, Strategy and Commissioning Manager (Treasury, Pensions, Audit, Insurance, and Risk) agreed to give consideration to the amount of detail in the Action column, whilst recognising that the document is intended to be strategic in nature, and to pick up any specific concerns that Board Members might have outside the meeting.

Resolved –

The Local Pension Board noted the report.

6. Business Plan Monitoring

This report, introduced by Victoria Moffett, Pensions and Investment Manager, provided a quarterly update on progress made against the pension fund business plan previously approved at the March 2020 Pension

Fund Investment Subcommittee. Appendix 1 to the report set out business plan actions and position in respect of each one together with a RAG rating. The focus of the presentation was on the seven 'amber' rated actions: benefits statements issued, monitor employer contribution performance through the year, review employer covenants and risk management for non-statutory employers, implement and embed a commissioning/delivery approach to administration of the fund, and maintain a rolling programme of policy reviews.

In response to a query about some of the terminology used, Chris Norton, Strategy and Commissioning Manager (Treasury, Pensions, Audit, Insurance, and Risk) explained the background to the move towards becoming a commissioning organisation and how this was reflected across the whole of Warwickshire County Council. He explained how the line management split between commissioning and delivery was made and how this provided a focus on the future.

The Board also noted that previously the annual benefit statement had been RAG rated 'red' and the 'amber' rating reflected the work that had taken place.

Resolved –

The Local Pension Board noted the report.

7. Investments update

This report, which provided an update on investment activity, was presented by Victoria Moffett, Pensions and Investment Manager. The report covered the overall funding level, growth assets update, income assets update, protection assets update, pooling, audit and voting record.

In response to a query regarding investment costs and cost transparency, Victoria Moffett, Pensions and Investment Manager explained that there were some nuances to the way that the information and associated detail could be presented and that what could be reported publicly would be reviewed. Chris Norton, Strategy and Commissioning Manager (Treasury, Pensions, Audit, Insurance, and Risk) noted Pension Fund Investment Sub Committee received more detail in this regard.

In response to a question regarding the overall funding level being approximately 83% as at 13 August 2020, and subsequent explanation from the Chair, Victoria Moffett, Pensions and Investment Manager offered to provide some further training on actuarial valuations to new Members.

In response to a query about the internal audit report categories, Chris Norton, Strategy and Commissioning Manager (Treasury, Pensions, Audit, Insurance, and Risk) confirmed that there were four levels of assurance: limited, moderate, substantial and full. The Board considered that it would be useful for them to receive audit reports which looked at any aspects of pensions, particularly the administration.

Resolved –

1. The Local Pension Board noted the report.
2. The Local Pension Board requested further information about Investment Costs and Transparency and Audit reports relating to pensions.

8. External Audit of Pension Fund Accounts

Chris Norton, Strategy and Commissioning Manager (Treasury, Pensions, Audit, Insurance, and Risk) presented this report which sought to inform the Board of the external audit of the accounts and highlighted key features of the accounts for 2019/20.

Responding to a question about the main challenges in getting the accounts prepared during the pandemic, Chris Norton, Strategy and Commissioning Manager (Treasury, Pensions, Audit, Insurance, and Risk) advised that from the pension fund perspective, all actions had been successfully achieved remotely. He noted that there were some challenges to the Auditors, for example over physical records but ultimately the accounts had been signed off by Council in good time.

Resolved –

The Local Pension Board noted the report and welcomed the sign off of the accounts.

9. Minutes of Previous Meeting

The minutes of the meeting held on 21 July 2020 were agreed by the Board as a true and accurate record.

In terms of matters arising, Chris Norton, Strategy and Commissioning Manager (Treasury, Pensions, Audit, Insurance, and Risk) highlighted that the County Council had now approved the Terms of Reference for the Board and would seek to update this on the website.

The quality of the minutes was welcomed and it was agreed that for subsequent meetings, once the Chair had had an opportunity to agree the draft of the minutes, he would circulate them to the Board to provide a preview ahead of their formal publication for the next meeting.

10. Minutes of the Pension Fund Investment Sub Committee

The Local Pension Board noted the minutes of the Pension Fund Investment Sub Committee meetings held on 8 June and 23 July 2020.

11. 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 8 June 2020.

12. Assessing Employer Covenant in the Pension Fund

Neil Buxton, Technical Specialist introduced this report which set out the process for reviewing scheme employers with regard to any guarantees or security in place and the risks around each employer. An assessment of each covenant demonstrated good governance and the management of risk. An action plan of how the review would be taken forward was set out in Appendix 1 to the report.

In considering the report, the Local Pension Board requested that the review be a standing item on future agendas and it was agreed that officers would consider how best to achieve this.

Resolved –

The Local Pension Board noted the report.

13. Pension Fund Cyber Security Policy

Neil Buxton, Technical Specialist presented this report which set out proposals for the Fund to have its own Cyber Security Policy rather than rely upon the system provided by the County Council. The report also identified the approach to implementing the proposed policy which involved specific consultancy support.

In response to a query about the timescales involved for implementation, the Board were advised that there was not a technical reason but that it was important to be realistic about how long it would take to bring in expertise and what could be physically achieved in the given timescales.

Neil Buxton, Technical Specialist, confirmed that there had not been any cyber breaches to date and that the policy was being introduced following a request by the Pension Regulator.

Resolved –

The Local Pension Board noted the report.

14. Schedule of Pension Fund Policies

This report was presented by Neil Buxton, Technical Specialist who explained that the report set out all the policies in place to ensure the successful operation of the Fund and to meet Pension Regulator requirements together with proposed timescales for periodic review. It was also noted that some policies would need to be reviewed when there was a material change to circumstances such as changes in legislation which required a policy amendment.

There are a significant number of policies and the Fund will keep under review whether the revised capacity and arrangements to maintain and develop them are sufficient.

In response to a query about engaging with scheme employers to keep their policies up to date, Neil Buxton, Technical Specialist, noted that this was an area that funds had problems with and whilst it was acknowledged that good employers would provide their discretions policy statements, unfortunately a lot of smaller employers did not see the need. As part of the administration process, the Fund periodically reminded employers to have a policy in place and, on sending a copy of Warwickshire County Council's policy as an example template, it was sometimes the case that employers would respond to confirm that they had adopted a similar policy.

Resolved –

The Local Pension Board noted the report.

17. Any Other Business

Members were reminded of a training session taking place on 28 October 2020 and the Warwickshire Fund AGM on Monday 16 November 2020.

The Chair invited comments on the start time for future meetings and it was agreed that the next meeting would commence at 10.00am as the virtual environment allowed for an earlier start time. As part of the consultation on future dates, Members were invited to give their views on start time.

The Chair thanked officers for their support and welcomed the quality of the resource which was provided to the Board.

18. Summary of Actions

	Action	
1	Consult with Board on proposed 2021/22 meeting dates	Democratic Services
2	Breaches information on the website to be updated and RAG rated	Vicky Jenks
3	Provide an update of employers onboarded to i-Connect	Vicky Jenks

4	Informal risk assessment meeting with all officers	Victoria Moffett
5	Future presentations of the Pension Fund Investment Sub Committee activity to include reference to any Strategic Asset Allocation review	Victoria Moffett
6	Consideration to be given to future investments updates including savings through pooling	Victoria Moffett / Chris Norton
7	New Member training on actuarial valuations/funding levels	Victoria Moffett
8	Review Board access to internal or external audit reports on pensions related functions	Chris Norton
9	Update Terms of Reference on website	Neil Buxton
10	The Chair will agree future draft minutes, and circulate them to Board members. They will then be attached to the next agenda in the usual way.	Democratic Services
11	Exception reporting on covenant review progress.	Neil Buxton
12	Time of next meeting to change to 10.00am.	Democratic Services