

Warwickshire Local Pension Board

Date: Tuesday 26 April 2022
Time: 10.00 am
Venue: Online, via Teams

Membership

Jeff Carruthers
Keith Bray (Chair)
Councillor Parminder Singh Birdi
Keith Francis
Alan Kidner
Sean McGovern
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).

(3) Minutes of the Previous Meeting

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Monica Fogarty
Chief Executive
Warwickshire County Council
Shire Hall, Warwick

To download papers for this meeting scan here with your camera



Disclaimers

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. Any changes to matters registered or new matters that require to be registered must be notified to the Monitoring Officer as soon as practicable after they arise.

A member attending a meeting where a matter arises in which they have a disclosable pecuniary interest must (unless they have a dispensation):

- Declare the interest if they have not already registered it
- Not participate in any discussion or vote
- 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 relevant to the agenda 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>

Observing the Meeting

Scheme members who wish to observe the meeting should contact Democratic Services by email (democraticservices@warwickshire.gov.uk) to request a joining link.

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Warwickshire Local Pension Board

Wednesday 2 February 2022

Minutes

Attendance

Committee Members

Keith Bray (Chair)
Jeff Carruthers
Keith Francis
Sean McGovern

Officers

Neil Buxton, Technical Specialist - Pension Fund Policy and Governance
Andy Carswell, Democratic Services Officer
Andrew Felton, Assistant Director - Finance
Liz Firmstone, Service Manager (Transformation)
Ian Marriott, Delivery Lead - Commercial and Regulatory
Victoria Moffett, Pensions and Investments Manager
Chris Norton, Strategy and Commissioning Manager (Treasury, Pensions, Audit, Risk & Insurance)
Sarah Cowen, Senior Solicitor
Daniel Lynch, Senior Accountant Pensions Investment (Contractor)

Others Present

Martin Griffiths (Incoming Technical Specialist – currently with Staffordshire County Council)

1. Introductions and General Business

The Chair informed Members that Mike Snow would be unable to continue as a member of the Board as he would be leaving his position at Stratford District Council, which meant he was no longer qualified to be a scheme employer representative. The Chair asked Jeff Carruthers if he would be willing to swap roles with Mike Snow in order to allow him to remain as a Board member as a scheme member representative. Jeff Carruthers said he would be willing to do this. Members were informed that all employers would need to be informed of the proposal in case anyone else was proposed to join the Board, then a report would need to go to Full Council to formally ratify the decision. This course of action was unanimously agreed by Members.

Members stated they had either received their hard copies of the papers very late, and so had not had chance to go through the contents in great detail, or had not received them at all. It was agreed that this would be investigated internally, and the possibility of bringing forward timelines to enable paperwork to be sent out in a more timely manner would be investigated.

(1) Apologies

Apologies were received from Alan Kidner, Mike Snow and Councillor Parminder Singh Birdi.

(2) Board Members' Disclosures of Interests

The Chair stated that he worked for the Local Authority Pension Fund Forum and also for Barrack, Rodos and Bacine, a firm of American lawyers which had Pension Fund clients, although these did not include Warwickshire.

(3) Minutes of the Previous Meeting

It was confirmed that the internal audit referenced in the minutes of the previous meeting had been completed and circulated out to Members. It was agreed that it could be sent out again to anyone who may have missed it.

Regarding the training policy, Keith Francis said he had recently received an email from Aspire informing him his training requirements were classified as 'delinquent' as he had not completed certain sections, but he was not sure what this entailed. Neil Buxton said he had received a similar email. This training related to the build-up before the National Knowledge Assessment to take place in September 2022, and Members were welcome to do the training when they could. Members had also been asked to undertake a separate knowledge assessment through Hymans. The Chair said he had received an email informing him that the deadline for this was January 31; however he had successfully sought an extension from Hymans. Jeff Carruthers stated his belief that although the content of the training courses was very good and informative, the amount of training required may be off-putting to potential new Board members.

Neil Buxton said the Chair's Report was on the Forward Plan and was due to be on the agenda for the July meeting.

The minutes of the meeting held on 20 October 2021 were agreed by the Board as a true and accurate record.

2. Review of the Minutes of the Pension Fund Investment Sub-Committee meeting of 14th September 2021

Members noted the contents of the minutes.

3. Business Plan update

Chris Norton, Strategy and Commissioning Manager, introduced the report and drew Members' attention to the summary of the business plan. He said the number of completed actions had increased by four; the number of action points with an amber rating had decreased from 14 to 11; and there were no action points that had a red rating. Some of the completed actions were 'business as usual' items that took place throughout the year; however Chris Norton highlighted that the review of objectives had been completed by the deadline. Members were told that issues relating to the capacity of the internal team had been identified as a risk and discussed at the last Investment Sub Committee as a result. Creating job posts for an investment analyst and for a trainee accountant had both been approved.

Chris Norton said the business plan for 2022/23 was now being worked on and it would be discussed at the next Investment Sub Committee meeting in March. He said the next business plan would have more of an emphasis on noting the achievement of objectives rather than being seen as a tick box exercise for ongoing items that were monitored each month. Monitoring issues might include things such as looking to see if any of the Pension Fund's investments were experiencing any volatility.

Jeff Carruthers noted that the action point relating to the maintenance of the contract register had gone to amber, but it had previously been recommended that it stayed red. Chris Norton said it had been a judgement call as to how to record this action point. He said however that since the last time the Board had reviewed the business plan an independent financial advisor had been appointed and more resources had been allocated to the investments team. It was therefore felt the right steps were being taken to address the risks that had been identified.

Jeff Carruthers asked if there was a possible conflict between different pension funds having different commitments to achieving net zero carbon emissions. Chris Norton said the County Council had pledged to meet net zero by 2030 but there had not yet been a firm pledge from the pension fund and this was noteworthy. He said there was a reluctance to sign up to anything without having a full understanding of the implications on investments based on climate change strategies. The Chair said it was wise not to make a commitment at this stage as it may not end up being a meaningful one if there was no evidence to substantiate the reasoning behind it.

Members were told that Anthony Fletcher had been appointed as an independent financial advisor. He had experience working within the LGPS and across all aspects of investments. The Chair said he had experience of working with Anthony Fletcher and said he was an excellent choice.

The Chair asked which of the amber-rated action points were of greatest concern. Chris Norton said the biggest risks related to employer covenants and employer risks. The development of new funds, such as those relating to Border to Coast, were deemed those closest to going red and required careful monitoring.

4. Risk Monitoring

Chris Norton introduced the report and informed Members that it had been considered by the Investment Sub Committee. He said the long-term market risk had increased in terms of likelihood due to inflation. Administration issues caused by Covid now had a lesser likelihood of occurring, in response to the risks associated with Omicron having deemed to have passed. Chris Norton drew Members' attention to the appendix, which highlighted the updates that had been made to the risk register. He said fewer changes were made to the register as the year progressed. Since the time of compiling the register an appointment had been made in relation to the independent specialist tender following a lengthy process. Chris Norton said it was due to Victoria Moffett that it had been possible to make the appointment. The business case for accounting and investment capability had also been approved since the time of the register being compiled.

Members were told an audit was due to take place in relation to cyber security to test systems. Jeff Carruthers said it was important to have an item on cyber security on the risk register, stating his employer had recently stepped up its testing to check for any potential breaches.

The Chair thanked Chris Norton for the report, stating that the quality of information that was available had improved markedly.

5. Pensions Administration Activity and Performance Update

Liz Firmstone, Service Manager, Transformation, introduced the item and summarised the main points of the report. She said the implementation of the member self service scheme was going well and the rollout was to be extended on a gradual basis, in order for any issues to be identified and resolved. The increase in the number of requests for transfers or information about transfers had continued. Staff were busy working through these but were also having to manage the incoming changes to legislation governing pension funds. However Members were reminded that administration of the Fire Service pensions were being outsourced, which would help free up resources to manage the administration of the Warwickshire Pension Fund. Liz Firmstone reported that Staff and Pensions Committee have approved a move to using e-payslips for pensioners. She advised that the majority of funds have already gone paperless and although Warwickshire would be doing the same, members will continue to have the option to opt out of this and request paper versions of their payslips. Going paperless would help support the commitment of achieving net zero carbon emissions.

There were some key performance indicators that had missed their targets, and these are being addressed. Key performance indicator monitoring processes were having the desired effect of allowing staff to analyse the data that was available and see where resources needed to be redirected.

There had been one red breach in respect of an employer failing to submit member data on time. This had been reported to the Pensions Regulator, who were satisfied with the actions that had been taken to rectify this. The data had now been submitted and the employer was being set up onto iConnect. There had been some green breaches reported, many of which related to one payroll provider that managed the payrolls of several employers.

Regarding McCloud, there had been a steering group meeting the day before and it was felt that everything was on track. Liz Firmstone told Members that the quality of data held in relation to McCloud was very good.

There were currently one complaint and two IDRP, which are being dealt with.

Liz Firmstone drew Members' attention to the fact eight employers had joined the pension scheme and one had left, which she said reflected the ongoing increase in the level of demand in the service.

Responding to questions from Jeff Carruthers, Liz Firmstone said although there had been an increase in demand for the service no backlog in work had built up. Additionally the number of breaches had been discussed at a recent meeting and it was not felt it was a potential cause for concern. She said although some employers may miss a deadline by a day or two, and this may not have a drastic impact on the Fund's work, it was not something that staff wanted to become a habit and actions were being taken to address this.

Sean McGovern said it was right that service users should be encouraged to go online to access their records, but felt it was important the option to have paper copies should remain. Liz Firmstone confirmed that this would remain open to service users.

6. Regulatory and Policy Update

Neil Buxton, Technical Specialist – Pension Fund, introduced the item and advised Members that the cyber security policy had been updated. The new policy had been externally reviewed in a benchmark test and been assessed as being a good policy compared to other Local Authorities. The policy would be reviewed internally and externally to ensure ongoing quality.

Neil Buxton said the Unions were in the process of taking McCloud through a judicial review, due to the costs associated with it stopping many of the planned improvements. This was going through the courts and updates would be provided in due course.

It had been confirmed that the CPI rate would increase by 3.1 per cent, as had been anticipated. Pension pot rates would increase by the same amount.

It was expected there would be an announcement on a single code of practice for pension regulators at some point in the summer.

7. Investments update

Victoria Moffett, Pensions and Investment Manager, informed the Board that the funding level at the end of September had increased to 106 per cent as a result of investment values increasing, particularly in relation to equities and property gains. This had taken the fund to its highest value to date, which was £2.7billion. However the value of investment contributions was less than the value of the benefits paid out for the second successive quarter, meaning there was a slight negative cashflow situation. The cashflow modelling was being looked at to assess this. Victoria Moffett advised that the negative figures referenced in the appendix related to new private market investments that were going through the J-curve of investing in these asset classes. The transfer to the multi asset credit fund had successfully gone through in November. Members were informed that cash balances made up 2.8 per cent of the Fund and overall the Fund was in a good position.

Victoria Moffett said the annual report and accounts had been published ahead of the required deadline but needed an update as the sign-off from Council had taken place after the deadline date. The external audit had showed there were no material issues. Victoria Moffett said attendance at the AGM in November had been low. It was unclear if this was a one-off, and whether there may be more participation this year as it will be a valuation year, but suggestions on how to improve engagement were welcomed.

Members were told the chief investment officer and head of real estate at Border to Coast had both resigned, which was concerning as property funds had not yet been released. Work was taking place to ensure the funds were launched and a replacement found for the chief investment officer.

The draft version of the Stewardship Code was ready to be reviewed, with a submission deadline for comments of April 30. Once this was done the next major piece of legislation to come forward

would be the Taskforce on Climate -related Financial Disclosures, although it was anticipated the regulations required for that would not take effect until 2023.

Members were told that Martin Griffiths would be taking over from Neil Buxton at the end of March. Martin Griffiths introduced himself to Members and said he was looking forward to joining the Warwickshire Fund.

Responding to a question from Keith Francis, Victoria Moffett confirmed that the figure of 106 per cent was based on a set of assumptions from the 2019 valuation, it had come from actuaries. She said she would be happy to answer outside of the meeting any additional questions Members may have.

8. Forward Plan

Neil Buxton advised Members that an item on business continuity, which tied in to the issues relating to cyber security, would be going to the March Staff and Pensions Committee meeting for comments before coming back to the next Board meeting. It was intended to then go back to the Committee for ratification in June.

9. Review of the minutes of the Staff and Pensions Committee of 13th September 2021

There were no comments from Members on the contents of the minutes and no other items of business.

Members were reminded that this was Neil Buxton’s final Board meeting before his retirement. Members thanked him for all of his help and advice over the years and said they would miss his expertise.

Members confirmed they wanted the next meeting to be held on Teams, with the following meeting to take place in-person.

10. Summary of Key Actions

	Action	
1.	Write report to go to Full Council to formally ratify switching Board member roles of Mike Snow and Jeff Carruthers	Chris Norton
2.	Discuss ways of ensuring prompt delivery of paper agendas	Chris Norton/Vicky Jenks/Victoria Moffett
3.	Item on business continuity to come back to Board	Chris Norton/Vicky Jenks/Victoria Moffett

The meeting rose at 11.35am

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Chair

Warwickshire Local Pension Board

26 April 2022

Review of the minutes of the Pension Fund Investment Sub-Committee meeting of 13th December 2021.

Recommendation(s)

That the Local Pension Board notes and comments 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 The papers are in relation to the PFISC meeting held on 14th September 2021.
- 1.3 This report includes:
 - Minutes of the public meeting of the 13th December 2021 (Appendix 1).
 - December 2021 Forward Plan (Appendix 2).

2. Financial Implications

None.

3. Environmental Implications

None.

4. Supporting Information

None.

5. Timescales associated with the decision and next steps

None.

Appendices

1. Appendix 1 Minutes of the public meeting of the 13th December 2021.
2. Appendix 2 December 2021 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
Assistant Director	Andrew Felton Assistant Director for Finance	andrewfelton@warwickshire.gov.uk
Strategic Director	Strategic Director for Resources	robpowell@warwickshire.gov.uk
Portfolio Holder	Portfolio Holder for Finance and Property	peterbutlin@warwickshire.gov.uk

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

Local Member(s): n/a

Other members: n/a

Pension Fund Investment Sub-Committee

Monday 13 December 2021

Minutes

Attendance

Committee Members

Councillor John Horner (Chair)
Councillor Bill Gifford (Vice-Chair)
Councillor Christopher Kettle
Councillor Jill Simpson-Vince

Officers

Neil Buxton, Technical Specialist - Pension Fund Policy and Governance
John Cole, Democratic Services Officer
Jan Cumming, Senior Solicitor and Team Leader (Commercial and Contracts)
Andrew Felton, Assistant Director - Finance
Shawn Gladwin, Senior Finance Officer Pensions Investment
Victoria Moffett, Pensions and Investments Manager
Chris Norton, Strategy and Commissioning Manager (Treasury, Pension, Audit & Risk)

Others Present

Robert Bilton, Hymans Robertson
Mark Lyon, Border to Coast Pensions Partnership (for minute no. 11)
Philip Pearson, Hymans Robertson
Bob Swarup, Independent Advisor

1. General

(1) Apologies

Apologies were received from Councillor Sarah Millar.

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

There were none.

(3) Minutes of the previous meeting

Resolved:

That the minutes of the meeting held on 13 September 2021 be confirmed as a true and accurate record and signed by the Chair.

There were no matters arising.

2. Review of the Minutes of the Local Pension Board Meeting of 20 July 2021

The minutes of the Local Pension Board meeting of 20 July 2021 were noted.

3. Forward Plan

Neil Buxton (Technical Specialist - Pension Fund Policy and Governance) introduced the report which provided an updated Forward Plan for the Pension Fund Investment Sub-Committee rolled forward to cover the year ahead. He drew members' attention to the upcoming Knowledge Assessment Review which would help to identify areas of focus for future training. He encouraged members to review this material over the Christmas break.

Resolved:

That the Pension Fund Investment Sub-Committee notes the Forward Plan.

4. Risk Monitoring

Chris Norton (Strategy and Commissioning Manager – Treasury, Pension, Audit & Risk) presented this report which provided an update on risks to the Fund and actions taken to manage them.

Chris Norton advised that the format for presentation of the summary of risks had been updated. He drew members' attention to areas where risk scores had been amended since the previous report, stating that long-term investment risk likelihood was higher due to uncertainties around inflation. Investment-related risk associated with COVID-19 had also increased; however, at the time of writing the report, the effect of the Omicron variant was not yet apparent.

In response to Councillor Kettle, Chris Norton advised that the increased risk score for COVID-19 was unlikely to significantly alter the overall risk profile. However, it could introduce some short-term volatility to markets.

Andrew Felton (Assistant Director, Finance) stated that increased levels of staff sickness presented a risk; however, a high proportion of staff had been vaccinated. The level of risk posed by Omicron would be monitored.

In response to Councillor Gifford, Chris Norton advised that cyber security policies had been reviewed with input from ICT colleagues. He reported that testing of systems had not uncovered any previously undetected risks; third party risks assessments were underway to ensure that robust systems were in place.

Councillor Kettle queried whether, in recognition of the Council's declaration of a climate emergency and the importance of the issue, the risk status of climate change should be upgraded from 'probable' to 'very likely'.

The Chair acknowledged the urgency of the climate emergency; however, he emphasised that the Risk Summary was focused on the outlook for investments. For example, investment in technologies that were marketable as an outcome of climate change could stand to benefit the Fund.

Councillor Gifford stated that climate change presented opportunities as well as risks to the Fund. However, he commented that it was important to emphasise that the Authority recognised the validity and seriousness of climate change.

Resolved:

That the Pension Fund Investment Sub-Committee notes the report.

5. 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.

6. General Activity Update

The Sub-Committee received a confidential update.

Resolved:

That the Pension Fund Investment Sub-Committee notes the report.

7. Team Resourcing

The Sub-Committee received a confidential update.

Resolved:

That the Pension Fund Investment Sub-Committee:

1. Notes the report; and
2. Recognises the need for extra resource to deliver the activities of the Fund and endorses the additional cost of these resources being charged to the Fund.

8. Funding Update Quarter 2 2021/22

The Sub-Committee received a confidential update.

Resolved:

That the Pension Fund Investment Sub-Committee notes the report.

9. Investment Monitoring Report Quarter 2 2021/22

The Sub-Committee received a confidential update.

Resolved:

That the Pension Fund Investment Sub-Committee notes the report.

10.LGPS Pooling Update

The Sub-Committee received a confidential update.

Resolved:

That the Pension Fund Investment Sub-Committee:

1. Notes the report;
2. Approves the Border to Coast Pensions Partnership (BCPP) Responsible Investment Policy;
3. Approves the BCPP Corporate Governance & Voting Guidelines Policy.

11.Border to Coast Pension Partnership - Presentation

The Sub-Committee received a confidential update.

Resolved:

That the Pension Fund Investment Sub-Committee notes the presentation from Border to Coast Pension Partnership.

12.Valuation Assumptions

The Sub-Committee received a confidential update.

Resolved:

That the Pension Fund Investment Sub-Committee approves the assumptions to be used in the 2022 Valuation.

13.Private Markets Update

The Sub-Committee received a confidential update.

Resolved:

That the Pension Fund Investment Sub-Committee:

1. Notes the Report and the outcomes and recommendations arising from the facilitated discussion, provided at Appendix 1 of the Report; and

Noting that the following strategic allocations are recommended but subject to further modelling and evaluation, in particular in terms of their impact on funding level outcomes:

2. That the Private Equity strategic allocation is increased to 6%;
3. That the Private Debt strategic allocation is maintained at 7%, with an interim target of 5%;
4. That the Infrastructure strategic allocation is increased to 10%, subject to further review of the long-term market outlook once the current target of 7% exposure is closer to being achieved.

14.Exempt Minutes of the Previous Meeting

Resolved:

That the exempt minutes of the meeting held on 13 September 2021 be confirmed as a true and accurate record and signed by the Chair.

There were no matters arising.

The meeting rose at 13:00.

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Chair

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Pension Fund Investment Sub-Committee

Appendix 1.

Forward Plan

Standing Items

7 March 2022	13 June 2022	12 September 2022	12 December 2022
Forward Plan			
Risk Monitoring			
General Investment Activity Update			
Investment and Fund Performance			
LGPS Pooling			
Local Pension Board minutes of meeting			

Specific Items

7 March 2022	13 June 2022	12 September 2022	12 December 2022
Knowledge progress assessment (January 2022) UK Stewardship Code	Training Plan	National Knowledge Assessment	

Manager Presentations

7 March 2022	13 June 2022	12 September 2022	12 December 2022
Border to Coast Pension Partnership			
Schroders	Tbc	Tbc	Tbc

Policy Reviews

7 March 2022	13 June 2022	12 September 2022	12 December 2022

Business Plan	Voting Policy	ESG, Climate Change and Responsible Investment Policy	
Risk Management Review	Funding Strategy Statement		
	Investment Strategy Statement		

Policy Reviews by the Staff and Pensions Committee

7 March 2022	13 June 2022	12 September 2022	12 December 2022
Communications Policy	Breaches Policy	Administration Strategy	Cyber Security Policy
Fraud Prevention Strategy		Admissions and Termination Policy	Governance Statement

Training

7 March 2022	13 June 2022	12 September 2022	12 December 2022
Valuation Training Sessions – purpose, role, outcomes etc (February 2022)	Tbc	Tbc	Tbc

Warwickshire Local Pension Board

26 April 2022

Review of the minutes of the Staff and Pensions Committee of 13th December 2021

Recommendation(s)

That 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 (13th December 2021) 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

None.

3. Environmental Implications

None.

4. Supporting Information

None.

5. Timescales associated with the decision and next steps

None.

Appendices

1. Appendix 1 Staff and Pensions minutes 13th December 2021.

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
Assistant Director	Andrew Felton	andrewfelton@warwickshire.gov.uk
Strategic Director	Strategic Director for Resources	robpowell@warwickshire.gov.uk
Portfolio Holder	Portfolio Holder for Finance and Property	peterbutlin@warwickshire.gov.uk

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

Local Member(s): n/a

Other members: n/a

Staff and Pensions Committee

Monday 13 December 2021

Edited for the Local Pension Board

Minutes

Attendance

Committee Members

Councillor Bill Gifford (Vice-Chair)
Councillor John Horner
Councillor Christopher Kettle
Councillor Jill Simpson-Vince

Officers

Neil Buxton, Technical Specialist - Pension Fund Policy and Governance
John Cole, Democratic Services Officer
Jan Cumming, Senior Solicitor and Team Leader (Commercial and Contracts)
Andrew Felton, Assistant Director - Finance
Victoria Jenks, Pensions Admin Delivery Lead
Chris Norton, Strategy and Commissioning Manager (Treasury, Pension, Audit & Risk)

1. General

(1) Apologies

Apologies were received from Councillor Andy Jenns and Councillor Sarah Millar.

(2) Disclosures of Pecuniary and Non-Pecuniary Interests

Councillor Simpson-Vince advised that she was a Director of Rugby First Ltd, which had left Warwickshire Pension Fund as it had no active members left in the scheme (see agenda item 5).

(3) Minutes of Previous Meetings

Resolved:

That the minutes of the meetings held on 13 September 2021 and 2 November 2021 be confirmed as an accurate record and signed by the Chair.

There were no matters arising.

2. Proposal to Adopt E-Payslips for LGPS Pensioners

Victoria Jenks (Pensions Admin Delivery Lead) introduced the report which outlined current practices followed by the Pensions Administration Service to issue monthly paper payslips to members of the Warwickshire Pension Fund. She advised that since January 2018, newly retired members of the Fund have received payslips electronically unless they had indicated a preference to receive a paper copy. The report presented to the Committee outlined the case for moving to e-payslips as the default arrangement for all pensioners, whilst retaining the option for members to opt out and continue to receive paper payslips.

Victoria Jenks advised that the report set out the annual cost of issuing paper payslips, which equated to approximately £70,000, as well as the associated environmental impacts.

Victoria Jenks stated that the Committee's approval was sought for the proposed changes. She advised that e-payslips had been widely adopted by other pension funds. Funds that made use of this arrangement reported that approximately 10% of retired members had chosen to continue to receive paper payslips.

Victoria Jenks advised that members that had opted-in to the initiative could specify that a paper payslip be issued if there had been a change to the amount being paid or a change to the tax code.

Councillor Gifford (Vice-Chair of the Committee and Chair of the Meeting) stated that the proposal was sound. It provided scope for members to opt out if they wished to continue to receive paper payslips. He stated that, in his experience as a councillor, many retired residents were content to make use of digital resources. It was a legitimate and practicable way to proceed.

In response to Councillor Horner, Neil Buxton (Technical Specialist - Pension Fund Policy and Governance) advised that it was proposed that pensioners would receive a log-in to an online account to access payslips. A paper P60 form would be issued to pensioners in the first year. However, there was no legal requirement for P60s to be issued as a paper document.

In response to the Chair, Victoria Jenks indicated that the Pensions Administration Service was prepared for an increased number of enquiries from members during the first year of transition to the new arrangement.

Resolved:

That the Staff and Pensions Committee approves the adoption of e-payslips as the default position for pensioners who are members of the Warwickshire Pension Fund.

3. Pensions Administration Activity and Performance Update

Victoria Jenks (Pensions Admin Delivery Lead) introduced the report which provided an update on key developments affecting pensions administration and the performance of the Pension Administration Service (PAS).

In response to the Chair, Victoria Jenks advised that, in respect of the response to the McCloud case, the amount of work required to enact a solution was significant but the difference to members' benefits was comparatively slight.

Chris Norton (Strategy and Commissioning Manager – Treasury, Pension, Audit & Risk) advised that at the time of writing of the report, the Fund had no outstanding Internal Dispute Resolution Procedures (IDRP). However, since then, two IDRPs had been instigated. The Committee would be updated of any significant developments.

In response to Councillor Simpson-Vince, Victoria Jenks advised that plans to launch of the Member Self Service (MSS) platform by 1 April 2022 were on track. The build stage had recently been completed; the test phase would begin in early 2022. Consideration would be given to a phased approach to launch the initiative. There would be an initial 'soft rollout' with one employer to test the system which was likely to be operational as early as mid-February 2022.

Resolved:

That the Committee notes the report.

4. Regulatory and Policy Update

Neil Buxton (Technical Specialist - Pension Fund Policy and Governance) introduced the report which provided a summary of regulatory developments within the pension arena alongside details of policies reviewed either as part of an annual review or where there had been a requirement for minor amendments.

Neil Buxton advised of developments that had come to attention following publication of the report. He reported that the government review of exit payments for LGPS members would be progressed as a parliamentary Private Members' Bill. Progress would be monitored.

Neil Buxton reported that the national Governance Review had been delayed until summer 2022; the Pensions Regulator Single Code of Practice would also be delayed until summer 2022, or possibly later. He advised that the Pensions Regulator may choose to make a recommendation to pension funds on meeting arrangements. It was likely that a focused approach to meetings would be advocated, increasing the number of meetings held from the quarterly arrangement currently in place.

The Chair stated that, to some extent, this approach was already in place in Warwickshire as part of the regularly held training, development, and discussion sessions.

Resolved:

That the Committee notes the report.

5. Employers Entering and Leaving the Warwickshire Pension Fund

In response to the Chair, members of the Committee agreed to approve the delegation of authority to the Strategic Director for Resources as set out within the report.

Resolved:

That the Staff and Pensions Committee:

1. Delegates authority to the Strategic Director for Resources to approve applications from the listed employers subject to the applications meeting the criteria

1.1 New Academies:

- 1.1.1 Brailes C of E Primary School (Part of The Stour Federation) 01/08/2021
- 1.1.2 Houlton School (Part of Transforming Lives Educational Trust) 01/09/2021
- 1.1.3 The Warwickshire Academy (Part of Thrive Education Partnership)
01/01/2022

1.2 New Employers:

- 1.2.1 Premier Active 01/09/2021
- 1.2.2 Miquill Catering Limited 01/09/2021
- 1.2.3 Prime Facilities Services 06/09/2021
- 1.2.4 NSL – Marston’s Holdings 01/11/2021 (new contract)
- 1.2.5 Caterlink 22/07/2021

2. Notes the employers who have left the fund as they have no active members left in the scheme:

- 2.1.1. Rugby First Ltd on 01/08/2021

There were no matters arising.

The meeting rose at 14:24

.....
Chair

Warwickshire Local Pension Board

26 April 2022

Warwickshire Local Pension Board, Forward Plan

Recommendation(s)

That the Local Pension Board

1. Notes and comments on the Forward Plan in Appendix 1.
2. 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 In order to provide a complete picture of policy activity, a schedule of policy review activity at the Staff and Pensions Committee and Pension Fund Investment Sub-Committee is also provided for in the appendix.

2. Financial Implications

None.

3. Environmental Implications

None.

4. Supporting Information

None.

5. Timescales associated with the decision and next steps

- 5.1 Please refer to Appendix 1.

Appendices

1. Appendix 1 the Forward Plan for the Local Pension Board

Background Papers

None

	Name	Contact Information
Report Author	Neil Buxton, Chris Norton, Victoria Moffett	neilbuxton@warwickshire.gov.uk chrisnorton@warwickshire.gov.uk victoriamoffett@warwickshire.gov.uk
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The report was circulated to the following members prior to publication:

Local Member(s): n/a

Other members: n/a

Warwickshire Local Pension Board

Forward Plan

Appendix 1.

Q1. 12 th July 2022 (in person)	Q2. 18 th October 2022 (Teams)	Q3. 31 January 2023 (Teams)	Q4. 25 th April 2023 (Teams)
Standing Items			
Administration and Performance update	Administration and Performance update	Administration and Performance update	Administration and Performance update
Risk Monitoring	Risk Monitoring	Risk Monitoring	Risk Monitoring
Business Plan monitoring	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
Chair's Annual Report			
Bespoke Items			
	National Knowledge Assessment	Knowledge Progress Assessment	
Policies			
<ul style="list-style-type: none"> • Breaches Policy • Investment Strategy Statement • Stewardship and Voting Policy • Communications Policy 	<ul style="list-style-type: none"> • Climate Risk Policy • Responsible Investment Policy • Conflicts of Interest • Statement of Pecuniary Interests • LPB tenure of members 	<ul style="list-style-type: none"> • Cyber Security Policy • Governance Statement • Funding Strategy Statement 	

Training			
To be confirmed pending the outcome of the Knowledge Progress Assessment	To be confirmed pending the outcome of the Knowledge Progress Assessment	To be confirmed pending the outcome of the Knowledge Progress Assessment	To be confirmed pending the outcome of the Knowledge Progress Assessment

Policies for review by the Pension Fund Investment Sub-Committee

June 2022	September 2022	December 2022	March 2023
<ul style="list-style-type: none"> Stewardship and Voting Policy Investment Strategy Statement 	<ul style="list-style-type: none"> Climate Risk Policy Responsible Investment Policy 	<ul style="list-style-type: none"> Funding Strategy Statement 	<ul style="list-style-type: none"> Business Plan Risk Management

Policies for review by the Staff and Pensions Committee

June 2022	September 2022	December 2022	March 2023
<ul style="list-style-type: none"> Breaches Policy Communications Policy 	<ul style="list-style-type: none"> Administration Strategy Admissions and Termination Policy 	<ul style="list-style-type: none"> Cyber Security Governance Statement 	<ul style="list-style-type: none"> Internal Disputes Resolution Procedure Fund Discretions

Warwickshire Local Pension Board

26 April 2022

Business Plan update

Recommendation

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

1. Executive Summary

- 1.1 The Fund Business Plan for the year ending April 2022 was approved by the Pension Fund Investment Sub-Committee in March 2021. This report provides a quarterly progress update against the action plan.
- 1.2 Appendix 1 breaks down the Business Plan into the 42 actions identified in the original plan. 7 further actions have been added making 49 in total. These additional actions are tagged with new reference numbers so that it is clear which actions are from the original plan and which are new. All original plan items retain their original reference number.
- 1.3 Actions are RAG rated as follows:

Rating	Description
Blue	Completed
Green	Action ok or materially ok.
Amber	Action materially off track but can be managed back on track or the objective can be revised without need for escalation outside of the team
Red	Action is materially off track and cannot be resolved without escalation, or requires escalation outside of the team by its nature, even if a resolution is in place

- 1.4 The summary RAG rating assessment is as follows:

Rating	C1 Admin	C2 Actuarial	C3 Investments	C4 Governance	Total
Blue	5	0	1	5	11
Green	9	1	10	8	28
Amber	4	2	2	2	10
Red	0	0	0	0	0
Total	18	3	13	15	49

- 1.5 The majority of actions are on track but there are a number of activities where there are challenges flagged as amber. There was one item flagged as green last quarter which has moved to amber and two which were amber and have now moved to green. Further details are set out below:

1.5.1 Item C3.26 Become a signatory to the 2020 UK Stewardship Code: this is a voluntary code that the Fund has indicated a wish to sign up to. Drafting the Fund's first response continues but it is possible that it may not meet the requirements of the Financial Reporting Council. There are no implications if the Fund does not pass first time, another submission may be provided in October.

1.5.2 Item C1.+1 Pensions Dashboard: this has changed back to green from amber due to the team completing the work that can be done at this point in time.

1.5.3 Item C3.27 Review of TCFD disclosure requirements: recent feedback is that TCFD regulations and guidance won't be in place until late 2022. Therefore, there is little that the Fund can do to review the requirements. This has caused the item to move from amber to green.

- 1.6 The resourcing request put forward in December is being progressed with the recruitment of a Junior Accountant starting, and an Investment Analyst in the pipeline. The Governance Officer role has expanded from 4-days/week to 5 days/week which provides some extra capacity.

2. Financial Implications

- 2.1 Many aspects of the business plan have financial implications. Financial implications are reported and managed appropriately for each issue and are not listed / repeated here. For example, the Pension Fund Investment Sub-Committee receive information on the impact of Covid-19 on investments.

3. Environmental Implications

- 3.1 There will be environmental implications for some aspects of the Fund's activities. The Fund has a Climate Risk strategy and Responsible Investment Policy which guide its approach to environmental issues.

4. Supporting Information

None

5. Timescales associated with the decision and next steps

- 5.1 Officers will continue to monitor activity against the business plan regularly,

and activity will be reported quarterly to the Local Pension Board.

Appendices

Appendix 1 – Quarter 4 Business Plan Monitoring

Background Papers

None

	Name	Contact Information
Report Author	Victoria Moffett, Chris Norton	victoriamoffett@warwickshire.gov.uk, chrisnorton@warwickshire.gov.uk
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The report was circulated to the following members prior to publication:

Local Member(s): n/a

Other members: n/a

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Q4 LBP wording (31/03/2022)

	Ref	Action	Timescale	RAG Rating	
C1. Ensuring a high quality administration service	1	Annual Pensioners Newsletter issued	April-June 2021	Blue	
	2	Annual benefit statements issued	By 31 August 2021	Blue	
	3	Completion of i-Connect implementation	Jun-21	Blue	
	4	Implementation of Member Self Service	Mar-22	Green	Implementation in progress. System goes live on 15 March 2022.
	5	Annual Allowance statements issued	By 5 th October 2021	Blue	
	6	Employer Engagement/training event	Quarterly	Green	Employer events running to plan. Sessions to be scheduled for the next quarter.
	7	Monitoring meeting of Pensions administration activity and performance	Monthly	Green	Activity and performance is regularly reviewed by the administration team with any issues escalated.
	8	Liaison meeting with Warwickshire County Council Payroll	Quarterly	Green	Regular meetings held with Warwickshire County Council. Service Level Agreement has been agreed and signed.
	9	Breaches monitoring and reporting (process to be reviewed and updated)	Monthly	Green	Regular review meetings with cases discussed. Now reporting all breaches more effectively with an updated approach.
	10	Administration performance - KPIs reported to the Local Pension Board	Quarterly	Green	KPIs are being reported quarterly.
	11	Improve member and employer communications	Quarterly	Amber	Work on the website is ongoing. Further work will occur as part of the Member Self Service roll out.
	12	Review of complaints received	Quarterly	Green	IDRP's are being managed to deadlines. Currently 2 stage 1 IDRP's and one formal complaint with the potential to become an IDRP.
	13	McCloud Project	April 2021 to April 2023	Amber	McCloud delivery is substantively complete for approximately three quarters of employers, with the remainder not being able to verify their employee data. There is also a delay in decisions by the Government in respect of McCloud that cause uncertainties for the project. Requesting employers to sign off the data being used where employers have not completed a submission
	14	Data quality review	Annual	Green	Valuation work is currently on track. Training sessions have been delivered on ALM and precepting employers contribution rates

	C1+1	Pensions Dashboard	Sept 2021 start	Green	Changed back to Green from Amber as undertaking the work that can be done at this point in time.
	C1+2	CIPFA benchmarking results	Jul-21	Blue	Results relayed to the July Local Pension Board. Questionnaire for 2020/21 has been completed.
	C1+3	Collection of contributions by Direct debit	September	Amber	This will be moved into the business plan for 2022/23. A project team has been set up to progress this.
	C1+4	Additional Voluntary Contributions Review		Amber	Hymans have completed a review and officers are considering the findings and recommendations. Planned for a proposal to go to committee in late 2022
	Ref	Action	Timescale	RAG Rating	
C2. Actuarial Activities	15	Monitor employer contribution performance through the year	monthly	Amber	Monitoring is ongoing through breaches monitoring and aged debt analysis. There is currently a backlog in reconciling contributions. Expected to be resolved by end of April.
	16	Review employer covenants and risk management for non-statutory employers and review of employer monitoring arrangements	Jul-21	Amber	Some activities in respect of specific employers are being pursued. Covenant reviews of higher risk employers will be considered within the 2022 valuation project
	17	2022 valuation Preparedness Review (this may potentially include a funding review)	Sep-21	Green	Valuation work is currently on track.
	Ref	Action	Timescale	RAG Rating	
	18	Implement transfer to the Border to Coast Multi Asset Credit fund.	Sep-21	Blue	Fund launch completed
	19	Support the development of new Border to Coast fund products, for example the property fund.	As funds launch	Amber	Amended from green to amber. Property funds unlikely to launch prior to October 2022. The Fund has engaged formally with BCPP regarding alternatives products and their suitability for the Fund. Invested in the Series 2 Alternatives funds. Continuing dialogue around climate metrics for the funds.
	20	Ensure the fund remains MIFID2 compliant	Annual	Green	The Fund remains Mifid 2 compliant
	21	Continue the growth of alternative asset classes towards their new strategic asset allocation	Annual	Green	Growth of alternatives investment levels is continuing and this is a high profile component of investment monitoring
	22	Undertake a light review of the Fund's Strategic Asset Allocation	September	Green	The PFISC agreed a new high-level strategic asset allocation in March 2022's meeting, having received suitable advice.

C3. Optimising Investment Risk and Return	23	Appropriate engagement with the governance of Border to Coast via the Joint Committee, Operational Officers Group, and Section 151 Meetings, and through the exercising of shareholder voting rights.	Monthly	Green	
	24	Further develop the Fund's Climate Risk Strategy and the Fund's approach ESG, including the development of goals and milestones	Annual	Green	The Fund is still awaiting guidance on requirements from TCFD, FCA, and DLUHC. Climate modelling work undertaken by actuaries - which indicates little variation in impact over 3 different climate scenarios
	25	Plan cashflow strategy to avoid the need to sell assets under time pressure	Annual	Green	Cashflow model being developed by the internal investments team, however, as this is unlikely to be ready in the short-term, Hymans are being asked to undertake a review.
	26	Become a signatory to the 2020 UK Stewardship Code	Mar-22	Amber	Drafting continues but it is possible that this may not meet the requirements of the FRC.
	27	Review of TCFD disclosure requirements	Dec-21	Green	Recent feedback that TCFD regulations and guidance won't be in place until late 2022.
	28	Engage with pooling partner funds and Border to Coast on climate change and RI developments	Quarterly	Green	Border to Coast have signed up to net zero by 2050 and have run further workshops on climate risk / reporting. Warwickshire, Bedfordshire and Tyne & Wyre collaborated on a Climate Metrics response for BCPP to consider.
	C3+1	Setting and reviewing investment consultant objectives	annual	Green	Draft objectives shared with Anthony Fletcher, the new independent pensions specialist.
	C3+2	Fund monitoring	monthly	Green	Monthly investment monitoring by officers is in place.
	Ref	Action	Timescale	RAG Rating	
	29	Pension Fund Annual General Meeting	November	Blue	AGM delivered in November. The event proceeded online for the second year.
30	Production of statement of accounts	May-21	Blue	Accounts signed off at Council in December. Accounts were finalised late due to external audit resourcing challenges.	
31	Publication of Annual Pension Fund Report	Nov-21	Blue	Annual Report published with final accounts in December. The report was published late due to external audit resourcing challenges resulting in the accounts being published late.	

C4. Ensuring Good Governance

32	Ensure Fund risks are reviewed annually, and investigate formalising a risk appetite for the Fund	Annual	Blue	The new risk reporting approach is now embedded as business-as-usual practice
33	Ensure a risk register is maintained and monitored	Quarterly	Green	The new risk reporting approach is now embedded as business-as-usual practice
34	Maintenance of a contracts register and a schedule for contract reviews	Quarterly	Amber	Independent Financial Adviser procurement has been completed. Approval for contract extension for Heywood software and associated packages has been received. McCloud project management contract is being extended to account for delay in process nationally. Small number of contracts still to be reviewed.
35	Maintenance of a Policy Register and a schedule for policy review.	Quarterly	Green	Policies on forward plan and work being done on policies due for review. The Fund is waiting for further developments from the good governance review
36	Light touch internal governance review against any new/emerging SAB Good Governance guidance/TPR Singular Code (replacing Code 14)	Mar-22	Green	Light touch COP14 review has been carried out.
37	First review of the operation of the cyber security policy	Mar-22	Green	A recent review of cyber security policy identified no shortcomings.
38	Completion of the documentation of investment practices	Mar-22	Amber	Checks are being undertaken as part of creating a single procedure manual.
39	Review long term trends in activity and demand for pension fund services in administration, investments, and governance and ensure appropriate medium term resource planning.	Sep-21	Green	A paper was taken to investment sub committee in December recommending additional resources in internal investment and accounting capacity to enable demand to be met and was approved.
40	Review of disaster recovery planning / business continuity	Mar-22	Green	Draft policy in place including a series of examples.

41	Review electronic signatory/approval processes	Dec-21	Blue	Completed
42	Implement training plan arising from the National Knowledge Assessment feedback	Mar-22	Green	Feedback has been received and a corresponding training plan is being drawn up.
C4+1	Business Plan Monitoring by officers and Local Pension Board	Monthly (Officers) Quarterly (Board)	Green	The plan is being monitored monthly by officers and reported quarterly to the Local Pension Board

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Warwickshire Local Pension Board

26 April 2022

Risk Monitoring

Recommendation

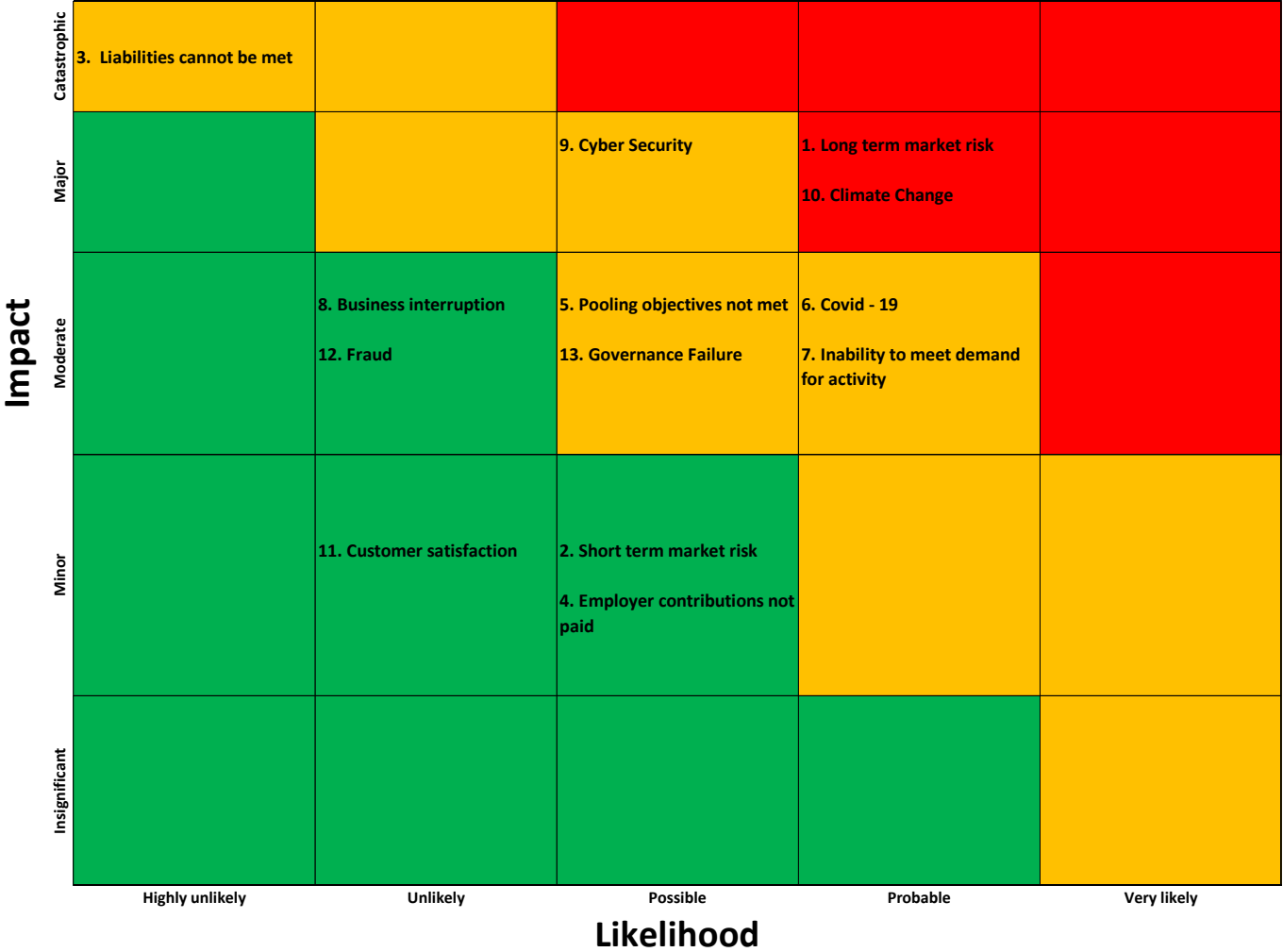
That the Local Pension Board notes and comments on the report.

1. Executive Summary

- 1.1 This report provides an update on the risks facing the Fund and management actions to address them.
- 1.2 The Fund's risk appetite is provided for reference in Appendix 1. In summary the Fund has a relatively higher appetite for risk in respect of certain investment objectives where exposure to risk is required in order to access exposure to certain investment outcomes, and has a lower appetite for risk for example in terms of regulatory, data, and administration matters.
- 1.3 Fund officers have reviewed the risks facing the Fund and have updated the risk register with actions and revisions as appropriate. Appendices 2 and 3 reproduce the criteria for scoring risks, Appendix 4 provides an updated risk register. Any new updates to the commentary in the risk register since the previous report to the Investment Sub-Committee are presented in red font, and where future actions have become current actions these are highlighted in green font.
- 1.4 The risk scores have remained the same since the previous report to the Local Pension Board.
- 1.5 Management action updates include:
 - i.) Activities to increase capacity: tendering for the second independent investment - this post has now been filled.
 - ii.) Inability to meet demand for activity: Investing in systems development and systems thinking.
 - iii.) Pooling objectives not met: Documentation of the Fund's position on product developments.
- 1.6 The net risks facing the Fund after having regard to existing management actions are summarised in Chart 1 on the following page.

Chart 1 – Net Risk Summary

Risk Map



2. Financial Implications

2.1 None.

3. Environmental Implications

3.1 Climate risk is identified as a key risk (Risk 10).

4. Supporting Information

4.1 None.

5. Timescales associated with the decision and next steps

5.1 This iteration of the risk register will also be reported to the next Local Pension Board for review.

Appendices

1. Appendix 1 – Risk Appetite
2. Appendix 2 – Risk Scoring Convention and Likelihood Definitions
3. Appendix 3 – Risk Impact Definitions
4. Appendix 4 – Risk Register

Background Papers

1. None.

	Name	Contact Information
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The report was circulated to the following members prior to publication:

Local Member(s): n/a

Other members: n/a

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Risk Appetite

Appendix 1

Risk Category	Description	Risk Appetite
Liability profile	Risk that actual benefit costs are higher than expected leading to increased contributions or investment risk to make up the shortfall. This includes higher inflation, increased longevity and changes to the composition of membership i.e. maturing fund	Minimalist
Governance	Actuarial, legal or investment advice is not sought, or is not heeded, or proves to be insufficient in some way. This includes Committee and officer skills, the decision-making structure and operational abilities.	Minimalist
Climate risk	Climate change affects liabilities (increased mortality), operational processes (physical disruption), and investment returns (pricing into company returns and covenant).	Cautious
Data	Administering Authority holds incorrect data so the Fund collects incorrect contributions and/or sets an inappropriate funding plan. This could impact the funding level.	Averse
Financial - Matching Assets (strategic)	Requirement to manage operating cashflows and ensure assets meet liabilities over the lifetime of the Scheme.	Cautious
Financial - Non-matching Assets (implementation)	Requirement to generate enough returns to meet future liabilities whilst minimising employer contributions.	Open
Regulatory	Changes by Government to LGPS rules e.g. employer participation, altered requirements. Also includes direct intervention. Could impact on funding and/or investment strategies	Averse
Administration	Pensions Act/GDPR or other breaches because of process risks around holding data, in particular member data, but also asset administration and the Pension /Fund's payroll.	Averse

Risk Appetite	Risk Appetite Description
Averse	Avoidance of risk and uncertainty is a key organisational objective
Minimalist	Uncertainty is to be avoided unless essential; only prepared to accept the possibility of very limited financial loss
Cautious	Tolerance for risk taking is limited to events where there is little chance of significant downside impact
Open	Tolerance for decisions with potential for significant risk, but with appropriate steps to minimise exposure
Hungry	Eager to pursue options offering potentially higher rewards despite greater inherent risk

Risk Scoring Convention and Likelihood Definitions

Appendix 2

Scoring Convention

Risks are assessed on a five-point scale across likelihood and impact, with impact weighted as follows:

$$\text{Total Risk} = (\text{Likelihood} \times \text{Impact}) + \text{Impact}$$

Risks with a high impact / low probability are therefore more highly prioritised because over a long time span low probability events are more likely to occur eventually.

Likelihood Definitions

Score	Description		Likelihood of Occurrence
1	Highly Unlikely	The event may occur in only rare circumstances (remote chance)	1 in 8+ years
2	Unlikely	The event may occur in certain circumstances (unlikely chance)	1 in 4-7 years
3	Possible	The event may occur (realistic chance)	1 in 2-3 years
4	Probable	The event will probably occur (significant chance)	1 in 1-2 years
5	Very Likely	The event is expected to occur or occurs regularly	Up to 1 in every year

Impact Score Definitions

Appendix 3

Score	Description	Members and Employers	Investments and Funding	Administration
1	Insignificant	<p>Negligible impact - not noticeable by members or employers, no complaints or issues likely to be raised by members or employers.</p> <p>Example - Member or employer communication newsletter issued a few days later than planned.</p>	<p>Negligible impact - of a level that would not register for investment action.</p> <p>Example - Normal volatility levels being experienced in the investment portfolio.</p>	<p>Negligible impact - low level administrative issues resolved internally with no impact on key performance indicators</p> <p>Example - A manageable backlog of data to be uploaded to the administration system that has no impact on actual member payments.</p>
2	Minor	<p>Minor impact on members and/or employers which may cause correspondence about issues that can be resolved at source.</p> <p>Example - A member not being given the correct information first time when corresponding with the Fund and this having to be corrected, but having no impact on benefits paid</p>	<p>Minor impact on investment operations requiring monitoring and attention but not requiring anything other than business as usual actions.</p> <p>Example - minor adverse fund investment event, such as a credit default within a private credit portfolio which is of a business as usual nature.</p>	<p>Minor impact on administration performance requiring action within business as usual parameters.</p> <p>Example - an employer experiencing persist difficulty in providing correct data resulting in the need for extra training/support/correspondence to resolve</p>
3	Moderate	<p>Material adverse impact on members or employers that is of cause for concern to them and the Fund and requires escalation for non-business as usual resolutions</p> <p>More likely to be isolated issues but could have some scale.</p> <p>Example - Inability to finalise and sign off an admission agreement with a new employer resulting in escalation.</p>	<p>Material impact requiring bespoke corrective action, but manageable within the existing Investment Strategy</p> <p>Examples - Significant drift or step change in actual in asset allocation taking the Fund risk profile out of tolerances, or significant slippage in the implementation of a significant Fund transfer</p>	<p>Material impact on administration performance, but manageable within approved policies and procedures.</p> <p>Examples - Inability to agree a transfer of membership and liabilities from another fund, requiring arbitration by a third party, or disappointing data quality scores resulting in a need for an improvement plan.</p>
4	Major	<p>Significant adverse impact on members or employers that result in a direct impact on benefits paid or contributions due or member or employer satisfaction with Fund performance. Likely to result in complaints.</p> <p>More likely to be systemic issues.</p> <p>Examples - A significant delay in the issue of member annual benefit statements, or persistently charging an employer an incorrect contribution rate.</p>	<p>Major impact requiring significant corrective action and a change in Investment Strategy or Funding Strategy, or the significant sale of assets under distress. May result in noticeable changes to employer contributions.</p> <p>Examples - Major change in the world economic outlook, or in the present value of future liabilities requiring a change in strategy, or inability to implement a significant Fund launch.</p>	<p>Major failure of administration function, likely to be systematic in nature, of a high profile nature to members and employers.</p> <p>Example - Widespread and persistent failure to meet key performance indicators such as dealing with certain types of administration query or action within deadlines, and receipt of significant numbers of complaints from members.</p>
5	Catastrophic	<p>Serious and systematic errors in benefits payments or administration KPIs, or significant volatility or increase in employer contributions.</p> <p>Significant breaches of the law</p> <p>Serious complaints and reputational harm caused</p> <p>Example - Systematic failure to monitor employer contributions resulting in subsequent identification of a large number of contribution deficits that employers cannot then catch up with.</p>	<p>Resulting in significant volatility or increase in employer contributions, inability to pay member benefits, or a need to significantly increase investment risk exposure.</p> <p>Significant failure to meet legal or regulatory requirements.</p> <p>Serious reputational harm caused</p> <p>Example - Catastrophic deterioration in the ability of employers to pay contributions resulting in a need for emergency investment and cashflow measures in order to keep paying benefits.</p>	<p>Catastrophic failure of administration function leading to inability to pay benefits accurately or at all on a large scale.</p> <p>Significant breaches of the law</p> <p>Serious complaints and reputational harm caused</p> <p>Example - Wholesale failure of the pension payroll function resulting in no member payments being made.</p>

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Risk No.	Risk Description	Risk Identification		Inherent Risk Scoring			Existing Risk Controls	Residual Risk Scoring			Further Risk Controls
		Risk Causes	Risk Consequences (Effect)	Likelihood	Impact	Risk Score		Likelihood	Impact	Risk Score	
1	Long term market risk	<ul style="list-style-type: none"> Inappropriate strategic asset allocation Inability to implement strategic asset allocation Poor fund manager performance Fundamental long term events e.g. climate change, systemic risk, inflation Covid-19 Inappropriate products developed by the Border to Coast Pension Partnership Inappropriate (too high) expectations 	<ul style="list-style-type: none"> Asset values do not meet expectations Employer contributions forced to increase above expectations or by a large amount at short notice Investment risk is forced to increase Future benefits cannot be paid by the Fund out of existing assets Positive inflation would increase liabilities and potentially asset values 	4.00	5.00	25.00	<ul style="list-style-type: none"> BAU policy and governance arrangements including the setting of an appropriate investment strategy and funding strategy, the use of professional staff, consultants, and advisers, quarterly reporting to committee, appropriate asset allocation. Only anticipate long-term returns on a relatively prudent basis to reduce risk of under-performing Engagement with Border to Coast - developing funds and monitoring fund performance. Appropriate monitoring of investment behaviour and performance. Introduction of a climate risk policy in 2020/21 Inflation is a key feature of investment strategy review and monthly monitoring of the portfolio 	4.00	4.00	20.00	<ul style="list-style-type: none"> Review climate risk and responsible investment policy and evaluate exposure to climate risk and other Environmental, Social and Governance factors. Regular review of Strategic Asset Allocation
2	Short term market risk	<ul style="list-style-type: none"> Significant reductions in asset values Active management (BCPP) Rapid changes in the economic environment Inappropriate asset allocation Poor fund manager performance Covid-19 Global political and trade tensions Brexit Asset bubbles Poor fund development and procurement Natural fund and market volatility Possibility of market values reducing to the long term average 	<ul style="list-style-type: none"> Asset values do not meet expectations Cashflow requirements cannot be met efficiently or effectively Being unable to meet payment deadlines Being forced to sell assets under distress Being unable to pay benefits to members due to liquidity constraints Introducing volatility to employer contributions or those employers close to exit 	5.00	3.00	18.00	<ul style="list-style-type: none"> Diversification of assets Regular committee and officer monitoring of investment asset allocations and fund manager performance relative to benchmarks and absolute. Cashflow planning to avoid selling assets under distress Maintain sufficient allocation to liquid assets. Long term approach to employer contributions, promoting their stability Rota of fund manager presentations to the investment subcommittee. 	3.00	2.00	8.00	<ul style="list-style-type: none"> Regular review of Strategic Asset Allocation.
3	Financial mismatch	<ul style="list-style-type: none"> Fund assets fail to grow in line with the developing cost of meeting liabilities Inadequate contributions asked of employers Employers do not pay contributions required Investment returns lower than expected Inflation risk Inappropriate funding assumptions used Actual membership experience materially different from expectations Incorrect membership or cashflow data used to determine funding strategy Cashflow negative - last 2 quarters benefits paid have exceeded contributions received 	<ul style="list-style-type: none"> Funding level deteriorates Higher investment risks being taken Employer contributions increasing Being unable to pay benefits to members out of fund assets 	2.00	5.00	15.00	<ul style="list-style-type: none"> Fund valuation process driving an updated Investment Strategy and Funding Strategy on a periodic basis. Triennial valuations for all employers 6-monthly reporting on funding evolution to Committee, using rolled-forward liabilities. Annual monitoring of longevity risk via Club Vita participation. Use of professional advisors to support setting of appropriate funding assumptions. Asset liability modelling focuses on probability of success and level of downside risk 	1.00	5.00	10.00	<ul style="list-style-type: none"> 2022 revaluation preparedness review during 2021/22 Understand the assumptions used in any analysis and modelling. Compare these with own views and risk levels. Annual data quality review
4	Employer risk	<ul style="list-style-type: none"> Orphaned employers Covid-19 General economic / financial pressure on employers Deterioration in employer financial positions Deterioration in quality of employer administration function Inadequate support from the Fund to employers Inadequate monitoring of employers by the Fund Admissions agreements inadequate or not agreed Employer contribution rates higher than deemed affordable Some significant changes in employer base (e.g. large staff transfers between employers, and a large number of further academy conversions expected in the next year) 	<ul style="list-style-type: none"> Employers cannot pay the required contributions because contribution requirements increase too quickly or too far Employers cannot pay the required contributions because employer financial viability reduces Increased administration costs Reputational damage to the Fund and to employers Paying employers having to pick up costs of non paying employers Liabilities falling back to underwriting employers Overly cautious investment strategy requiring higher contribution rates 	3.00	3.00	12.00	<ul style="list-style-type: none"> Cessation debt or security/guarantor Spread pro-rata among all employers Employer covenant review Stabilisation mechanism to limit sudden increases in contributions Breaches monitoring Employer training day Fund AGM Admissions and Terminations Policy Cashflow planning to provide cashflow resilience if contributions reduce FSS having appropriate regard to risk and meeting the Funds objectives 	3.00	2.00	8.00	<ul style="list-style-type: none"> Review and enhance breaches monitoring Additional liaison with known future employers on pension fund matters iConnect implementation
5	Pooling objectives not met	<ul style="list-style-type: none"> Failure to monitor the delivery of pooling benefits. Failure to assess benefits when making pooling decisions. Failure to influence fund design discussions Partner funds not collectively holding the pool to account Pool fails to deliver on objectives Pool does not deliver further alternatives products at pace or implement existing commitments at pace Staff turnover and recruitment challenges 	<ul style="list-style-type: none"> Lack of appropriate products for the Fund to invest in Investment in products that do not meet the objectives of the Fund Persistent and unaddressed fund performance issues 	3.00	3.00	12.00	<ul style="list-style-type: none"> Engagement at Joint Committee, Section 151 meetings, and operational officer groups Exercising shareholder rights and responsibilities Engaging with other partner funds in the pool Pooling decisions made by Investment Sub-Committee Border to Coast attendance at and performance reporting to investment sub committee meetings Independent due diligence of funds offered, and ongoing monitoring of the Pool 	3.00	3.00	12.00	<ul style="list-style-type: none"> Input into the development of new products - in particular property, alternatives, and products having regard to RI and climate change Documentation of the Funds position on product developments
6a	Covid Pandemic (Investment Related)	<ul style="list-style-type: none"> Covid-19 pandemic (financial pressure on individuals and institutions, and more transactions being made online) Further restrictive lockdowns Staffing capacity impacted by both short and long term health implications of infection Risk of a new unrelated pandemic 	<ul style="list-style-type: none"> Business interruption High costs in order to maintain service resilience Impact on asset values and investment risks Impairment of the financial situation of employers 	5.00	5.00	30.00	<ul style="list-style-type: none"> IT systems supporting remote and flexible working Fund policies that account for the scenario experienced Higher profile for cashflow management, and retain cash buffer to mitigate liquidity risk Maintain diversified portfolio of assets, and regularly monitor performance of assets and wider market 	4.00	3.00	15.00	<ul style="list-style-type: none"> Use of extraordinary committee or board meetings where necessary Continue to develop flexible and remote working practices Review electronic signatory processes
6b	Covid Pandemic (Administration and People Related)	<ul style="list-style-type: none"> Covid-19 pandemic (financial pressure on individuals and institutions, and more transactions being made online) Further restrictive lockdowns Staffing capacity impacted by both short and long term health implications of infection Risk of differing views (at the level of individuals and organisations) about how to manage risks post-lockdown, for example whether to hold physical or virtual meetings Risk of a new unrelated pandemic 	<ul style="list-style-type: none"> Members do not receive a high quality service Business interruption High costs in order to maintain service resilience Staff health, wellbeing and productivity Impairment of the financial situation of employers Inability to make quick decisions in an emergency 	5.00	5.00	30.00	<ul style="list-style-type: none"> Office presence for processes that require it (e.g. physical post) IT systems supporting remote and flexible working Flexible working policies for staff Health and safety protocols for staff Fund policies that account for the scenario experienced 	3.00	3.00	12.00	<ul style="list-style-type: none"> Use of extraordinary committee or board meetings where necessary Continue to develop flexible and remote working practices Review electronic signatory processes

7	Inability to meet demand for activity	<ul style="list-style-type: none"> Growth in membership numbers Growth in employer numbers Growth in complexity and difficulty of employer issues New and complex LGPS regulations (e.g. McCloud, E95k exit cap) Increasing value of fund investments Increasing complexity of fund investments Erosion of staff capacity/resilience due to long term remote working Inability to recruit / retain appropriately skilled staff Inability of the Fund officers to keep up with demand (capacity or skills) persistently increasing customer expectations Unpopular government decisions impacting on LGPS Inability to secure agreement to increasing resources Capacity at contract / service providers 	<ul style="list-style-type: none"> Quality of services reduces Governance failures Key administration performance measures not met Sub optimal investment decisions made 	5.00	3.00	18.00	<ul style="list-style-type: none"> Medium term forecasting of demand and planning for the capacity and resources required Investing in quality and productivity of staff through training and development Investing in systems development Use of management information to monitor and manage performance Succession planning Procuring appropriate services through contracts KPI and workload monitoring for administration team staff training Data quality reviewed annually Maintenance of governance arrangements and actions Responding to Government consultations Independent Pensions Specialist tender being progressed - Post now filled Governance Officer recruitment activity - Post now filled Business case for investment and accountancy capacity - Completed 	4.00	3.00	15.00	<ul style="list-style-type: none"> McCloud project (already commenced) 2022 Revaluation preparedness review during 2021/22 Introduction of medium term resource planning Implementation of Member Self Service (MSS) Investing in systems development and systems thinking
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Risk Identification				Inherent Risk Scoring			Existing Risk Controls			Residual Risk Scoring			Further Risk Controls
Risk No.	Risk Description	Risk Causes	Risk Consequences (Effect)	Likelihood	Impact	Risk Score		Likelihood	Impact	Risk Score			
8	Business interruption	<ul style="list-style-type: none"> Covid-19 Industrial action Small specialist teams with single person risks Significant changes in adviser and consultant personnel Further high impact Covid events (e.g. infection waves, lockdowns) Lack of systems maintenance Systems failure Covid impact on Fund staff Disaster event - fire, flood, etc Lack of remote working facilities Risk of another pandemic unrelated to Covid 	<ul style="list-style-type: none"> Delays in decisions or their implementation Failure to meet performance targets Reputational damage Data quality deterioration Workload backlogs Significant restoration costs Asset allocation drifts off target Fund investment risks and performance cannot be monitored 	3.00	4.00	16.00	<ul style="list-style-type: none"> Building resilience requirements into service contracts Digital record keeping Storing data back ups off site Custodian holding investment data Maintaining close links with advisers, consultants, and external organisations. Use of IT systems to work remotely 	2.00	3.00	9.00	<ul style="list-style-type: none"> Implementation of Cyber Security policy Review and update disaster recovery plan Completion of documentation of investment practices Business continuity planning session with consultants 		
9	Cyber Security	<ul style="list-style-type: none"> Systemic cybersecurity events (e.g. taking down financial trading institutions globally) Local cyber security events (e.g. targeting the Council) Personal cyber security events (e.g. phishing emails targeting staff) Inadequate system security Inadequate staff training and staff vigilance 	<ul style="list-style-type: none"> Loss of data and/or data disruption Reputational damage Breaches of the law Fines Costs of fixing issues Business interruption 	4.00	5.00	25.00	<ul style="list-style-type: none"> Use of scheme administrator systems and system security Staff training Bespoke Fund cyber security policy 	3.00	4.00	16.00	<ul style="list-style-type: none"> Implementation of Cyber security policy Arrange for IT to test our systems Arrange for an audit once Member Self Service is live 		
10	Climate Change	<ul style="list-style-type: none"> Net global carbon production in excess of Paris Agreement 2 degree target Policy responses and actions globally and nationally to combat climate change or to build resilience to it Fund actions or inactions exacerbating climate change and its impact 	<ul style="list-style-type: none"> Expected transition to a low-carbon economy Impact on the value of assets held, for example stranded/obsolete assets, or impact on the productivity and profitability of certain sectors, companies, etc Impact on future quality of life and life experience (e.g. longevity) of members Impact on future inflation and value of benefits paid to members 	5.00	5.00	30.00	<ul style="list-style-type: none"> Fund considers this when allocating assets and appointing Fund Managers Global, national and industry regulations Climate Risk Strategy ESG Policy Regular training on Climate Risk and mitigation actions BCPP sign up to net zero carbon by 2050 	4.00	4.00	20.00	<ul style="list-style-type: none"> Review and update climate risk policy Review 2020 UK Stewardship Code requirements and take steps to become a signatory Develop Fund actions and response to Task Force on Climate Related Financial Disclosures (TCFD) requirements Develop robust reporting metrics and set targets for driving change. 		
11	Data Quality	<ul style="list-style-type: none"> McCloud impact Persistently increasing customer service expectations Covid impact on member health and wellbeing - increasing the adverse impact of any problems with pensions Member benefits paid incorrectly Employer contributions higher than deemed affordable or thought necessary Inadequate data quality Inadequate administration systems and processes Poor data provided by employers 	<ul style="list-style-type: none"> Inadequate payroll services Overly cautious investment strategy requiring higher employer contributions Incorrect benefit payments to scheme members Complaints and disputes from scheme members Negative reputational impact 	3.00	3.00	12.00	<ul style="list-style-type: none"> Administration governance review actions and maintenance of those standards SLA with Council payroll service Maintenance of Fund website Funding Strategy having appropriate regard to risk and the meeting of Fund objectives Data quality scores and reviews Staff training Performance monitoring of employer data quality Performance monitoring of administration team KPIs iConnect project (substantively completed) 	2.00	2.00	6.00	<ul style="list-style-type: none"> UK Stewardship Code 2020 Member Self Service project Light review of compliance with Code of Practice 14 		
12	Fraud	<ul style="list-style-type: none"> Covid-19 impact on the application of controls in the Fund or with employers Increased financial pressure on individuals due to Covid-19 and its impact on the economy and jobs The passing of time since any previous targeted review of Fraud risk Fraud instigated by any Fund stakeholders, e.g. members, private financial advisers (scams), officers, fund managers, custodian, and employers. 	<ul style="list-style-type: none"> Members lose benefits to fraudsters Reputational risk Time spent unpicking the fraud Fraudulent members gain benefits they are not entitled to Fund incurs costs to recover losses Investment assets lost to fraud or irregularity Investment losses not reported if covered up 	3.00	3.00	12.00	<ul style="list-style-type: none"> Application of Administering Authority code of conduct to fund officers, fraud strategy, and whistleblowing policy Application of division of duties and signatory processes for financial transactions and administration Periodic independent internal audit reviews of administration and investment activity and controls Annual external audit reviews Financial industry regulatory regimes governing fund manager conduct and processes Fraud, Bribery and Corruption Framework Employer's fines 	2.00	3.00	9.00	<ul style="list-style-type: none"> Internal audit of fraud arrangements Fraud risk review in 2021/22 Test payments to ensure that the bank details provided are appropriate 		
13	Governance Failure	<ul style="list-style-type: none"> Lack of capacity to service governance requirements Lack of training Lack of continuity in staffing, advisers, or committee / board members Inadequate checking/review of standards compared to requirements and best practice Complacency in light of recent governance improvements Out of date policies and contracts Local government elections impact on committee continuity Covid-19 - impact on officer, adviser, and committee/board personnel health and availability Uncertainty around overall governance structure and responsibility for decision making and actions Unpopular government decisions impacting on LGPS Inability to sign off pension fund accounts 	<ul style="list-style-type: none"> Adverse impact on Fund reputation Exposure to unplanned risks or poor administration and investment performance Breaches of the law Poor decisions Decisions that are not appropriately authorised Customer dissatisfaction 	3.00	4.00	16.00	<ul style="list-style-type: none"> Training plans for committees, Board, and staff Quarterly committee and Board meeting cycles Training needs analysis All training provision to be made available to all committee and Board members Management of a Contracts register Management of a Fund policy schedule Quarterly risk monitoring at committee and board Quarterly monitoring of Business Plan delivery at board Use of digital technology - remote working and remote meetings Responding to government consultations Recruitment to Local Pension Board vacancy 	3.00	3.00	12.00	<ul style="list-style-type: none"> Signing up to UK Stewardship Code 2020 Light review of compliance with Code of Practice 14 Use of National Knowledge Assessment to inform training plan Simplification of governance to a single action plan and single risk register Review of committee arrangements and Terms of Reference Review capacity to support Fund Governance requirements Review account reporting timescales 		

Warwickshire Local Pension Board

26 April 2022

Pensions administration activity and performance update

Recommendation

That the Warwickshire Local Pension Board notes and comments on this report.

1. Executive Summary

- 1.1 This report updates the Board on the 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 this report.

3. Environmental Implications

- 3.1 None

4. Member Self Service (MSS)

- 4.1 Testing of the system has been completed. The portal has gone live from 1 April and notifications are going out to all scheme members with instructions on how they can create user accounts to view their pension details.
- 4.2 We will provide easy to follow instructions for logging on and signposting to our website so that members can look there first to answer general questions regarding the pension scheme. We do anticipate receiving more enquiries during the launch period; however, we will look to complete the roll out in phases so that we can manage the additional queries we expect from members.

5. Key Performance indicators (KPIs)

- 5.1 Appendix 1 shows the KPIs for the period 1 April 2021 to 28 February 2022. KPIs where a payment is to be made are treated as highest priority.

5.2 Areas to note are:

KPI 1 – This is due to the increasing number of transfers in. From 1st April 2022 we will have more resource in this area and performance is expected to improve as a result.

KPI 2 – This has increased to 87.76% from 72.22% when last reported, so is improving. We have processed more transfers out so far this year than we have done before.

KPI 3 – 43 refunds were paid in February which is the most refunds we have ever processed in a month. 38 of these were paid within the 10-day target and for the year we are meeting the target 87% of the time. 4 of the 5 that were late were due to an upgrade of the payment system, which meant that payments could not be processed between the 25 January and the 2 February.

KPI 4 – Letter notifying estimate of benefits: – there were 18 cases and the target was missed in 2 cases due to a short term resourcing issue and the need to prioritise payments.

KPI 8 – There were 41 deaths in the month and 4 were not acknowledged within 5 days. All of these cases arose where the death certificate was not available from the estate and therefore needed to be purchased from the death certificate from the General Register Office.

KPI 9 – Letter informing dependents of benefits due – 3 out of 9 cases were sent outside of the 10-day target as a result of short term resourcing issues and the need to prioritise payments in this period. There were also a number of more complex cases within the time frame.

KPI 10 – Divorce quote letter - One case was delayed awaiting payment from the member. As such, the case was not out of time as we are unable to provide the information until payment is received. We are looking at the workflow process moving forward so that days where the action cannot be processed as a result of outstanding information are discounted.

5.3 Board members have previously raised concerns about the difficulties of reading the chart at appendix 1, and this is particularly difficult towards the end of the financial year when we have up to 12 months of data to include. It is therefore proposed that in future, monthly information is presented for the current quarter, with previous quarters' data aggregated into a single figure for each KPI. Members' views are invited on this approach.

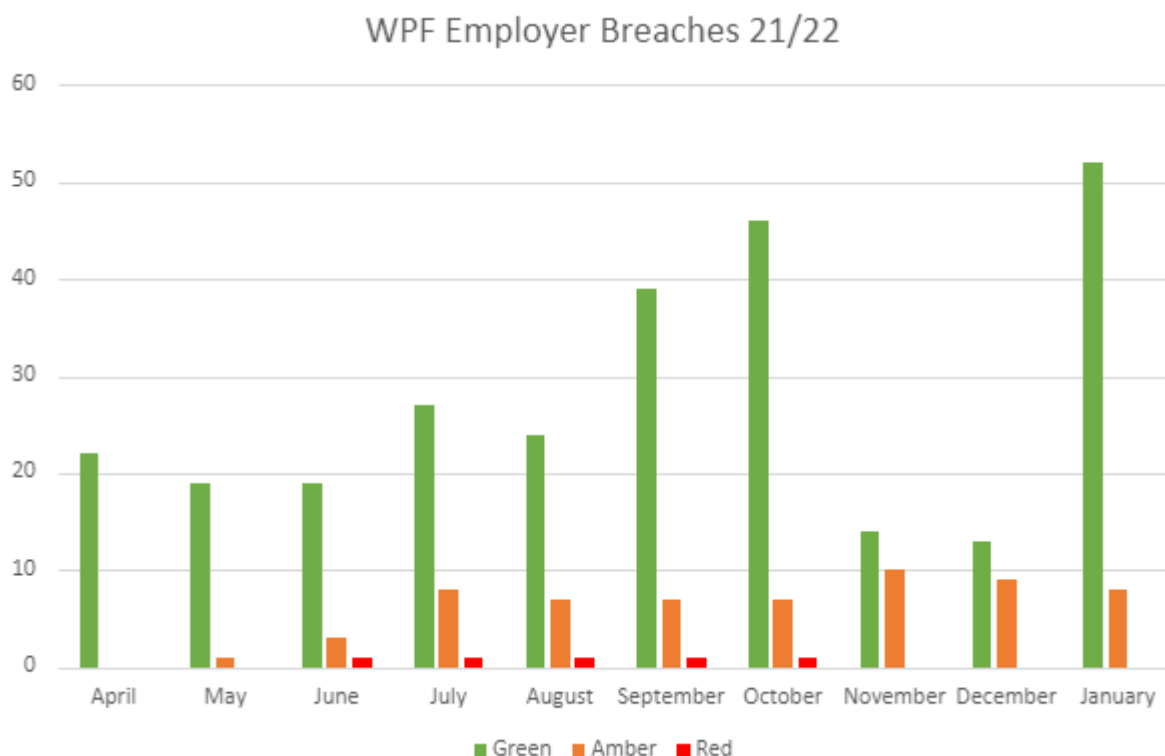
6. Workloads

6.1 The PAS has been monitoring the tasks outstanding and completed by the service since the 1 April 2020. The chart at appendix 2 shows the volume of outstanding work across the service and indicates that the service had 2322

live tasks as at 28 February 2022. The overall volume of work is being managed effectively in spite of increases in demand in some areas.

7. Breaches

7.1 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.



7.2 After the levelling of green breaches in November and December, January has seen a higher number of breaches due to two multiple payroll providers missing the i-Connect deadline by several days. Notifications have been sent to the employers so that they are aware their payroll provider have not supplied data by the statutory deadline.

8. McCloud Project

8.1 The McCloud project is continuing. The data collection exercise has been completed for the Local Government Scheme, and all employers have either provided information regarding changes for their employees or signed a disclaimer to confirm they agree that the data held on the pension's administration record is correct.

- 8.2 The next phase of work which is benefit rectification and the updating of our work processes to include the check for the underpin protection for members in scope will begin shortly. This has been pushed back due to the delay in the government's response to the consultation.
- 8.3 We are anticipating that the draft legislation required to implement the changes will be released in April 2022 for consultation. The changes are intended to be implemented by April 2023 but will we understand be retrospective.
- 8.4 The Public Service Pensions and Judicial Offices Bill, which will have retrospective effect from 1 April 2015 has now been passed. The Finance Bill 2021-22 and supporting regulations will also contain technical changes to ensure that the pensions taxation framework can operate as intended following the McCloud reforms. The bill includes some amendments which will lead to additional work having to be undertaken as part of the project for the Local Government Pension Scheme:
- changes to the qualification criteria, bringing more members into scope for the McCloud remedy
 - a requirement for multiple periods of service to be aggregated to qualify for McCloud
 - provisions for teachers to be offered membership of the LGPS in respect of "excess teacher service"
- 8.5 These amendments may lead to additional work needing to be undertaken, due to the increase in potential members in scope. However, we anticipate that the majority of members in scope have already been captured in the work done to date. Teachers with excess teacher service is an area of further activity and we are working with WCC payroll to see how these potential cases can be identified.

9. Internal Dispute Resolution Procedure (IDRP)

- 9.1 The Fund has 2 outstanding IDRP cases, both at Stage 1. One is in relation to a transfer out payment and one is in relation to the reduction of a member's pension in relation to the GMP rectification exercise.
- 9.2 The Fund has also received one complaint. This is in relation to incorrect retirement estimate information provided to a member, where a transfer in has been credited twice, therefore overstating the value of benefits.

10. Guaranteed Minimum Pension (GMP) reconciliation exercise

- 10.1 The work to complete the GMP reconciliation and rectification continues, and targeted resources have been in place since August 2021. Priority is being

given to members already in receipt of their pension where the amount they are receiving needs to be amended.

- 10.2 The total number of outstanding cases was 2,618. The number of cases that have been rectified up until 31st January 2022 is 1937, of which 940 overpayments and 74 underpayments have been identified. For all overpayments a letter has been sent out to the member to confirm that the pension in payment needs to be amended. If there is a significant change to the value, we work with the member to ensure that the reduction does not create any financial hardship.
- 10.3 For underpayments the payment is adjusted for the next available payment to the member, and this will include any arrears that are due.
- 10.4 Due to the significant cost to the fund for the overpayments that have been identified, a paper has gone to the Leader of the Council to seek approval to write off any overpayments owed by members that have been caused by incorrect GMP information being held on record. This is the agreed course of action taken by the majority of LGPS funds and other public sector pension schemes.
- 10.4 923 cases have resulted in a change to the GMP information held on the member record but have not affected the pension in payment as the member has either not yet reached state pension age or the figures have balanced due to only being post 88 GMP.
- 10.5 There is one case where a significant overpayment has been uncovered, which relates to an incorrect GMP being held on the member record, as well as an incorrect value to be paid to the member being set up when the pension commenced in 2009. The PAS is working with the member to put the correct value of pension into payment.

11 Pensions Dashboard

- 11.1 The government is introducing new “Pensions Dashboards” which are intended to revolutionise the way people interact with their pensions. They will make accessing pensions information easier by allowing people to see what they have in their various pensions in one place.
- 11.2 The PAS have set up a project group to look at the work that will be need to be done in preparation for the Pensions Dashboard going live in 2023.
- 11.3 The majority of the work is linked to data quality which will ensure that members can trace all their pension benefits back to the correct provider. This is turn is likely to increase the number of enquiries the team will receive from members, particularly those that are no longer actively contributing to their pension in the Warwickshire Fund but have an entitlement to a benefit from the fund.

- 11.4 With the introduction of MSS we hope to sign post members to this facility so that they can gather information via the self-service portal and therefore reduce the number of queries the team would need to deal with.

12. Transfer of Firefighter Pensions Administration service and Pensioner payroll

- 12.1 The transfer of the Fire Pension Schemes administration has now taken place. From 1st April 2022 West Yorkshire Pension Fund will now provide the administration service.
- 12.2 The contract will be managed by a The Pensions administration delivery lead assisted by the team leader for the benefits team.
- 12.3 The transfer of this service is expected to allow the team to divert resources to address areas of LGPS work which are currently under pressure.

13. New employers joining and leaving the fund

13.1 New Academies

- Camp Hill Primary School (Futures Multi Academy Trust from 01/03/2022)

13.2 New Employers

- Risual Limited – letting employer Warwickshire Police with effect from 1/12/2021
- Radway Parish Council – joining as a Resolution body with effect from 18/11/2021

Timescales associated with the decision and next steps

None

Appendices

Appendix 1 KPI Chart

Appendix 2 Work received compared to work completed chart

Appendix 2 Total work outstanding

Background Papers

None

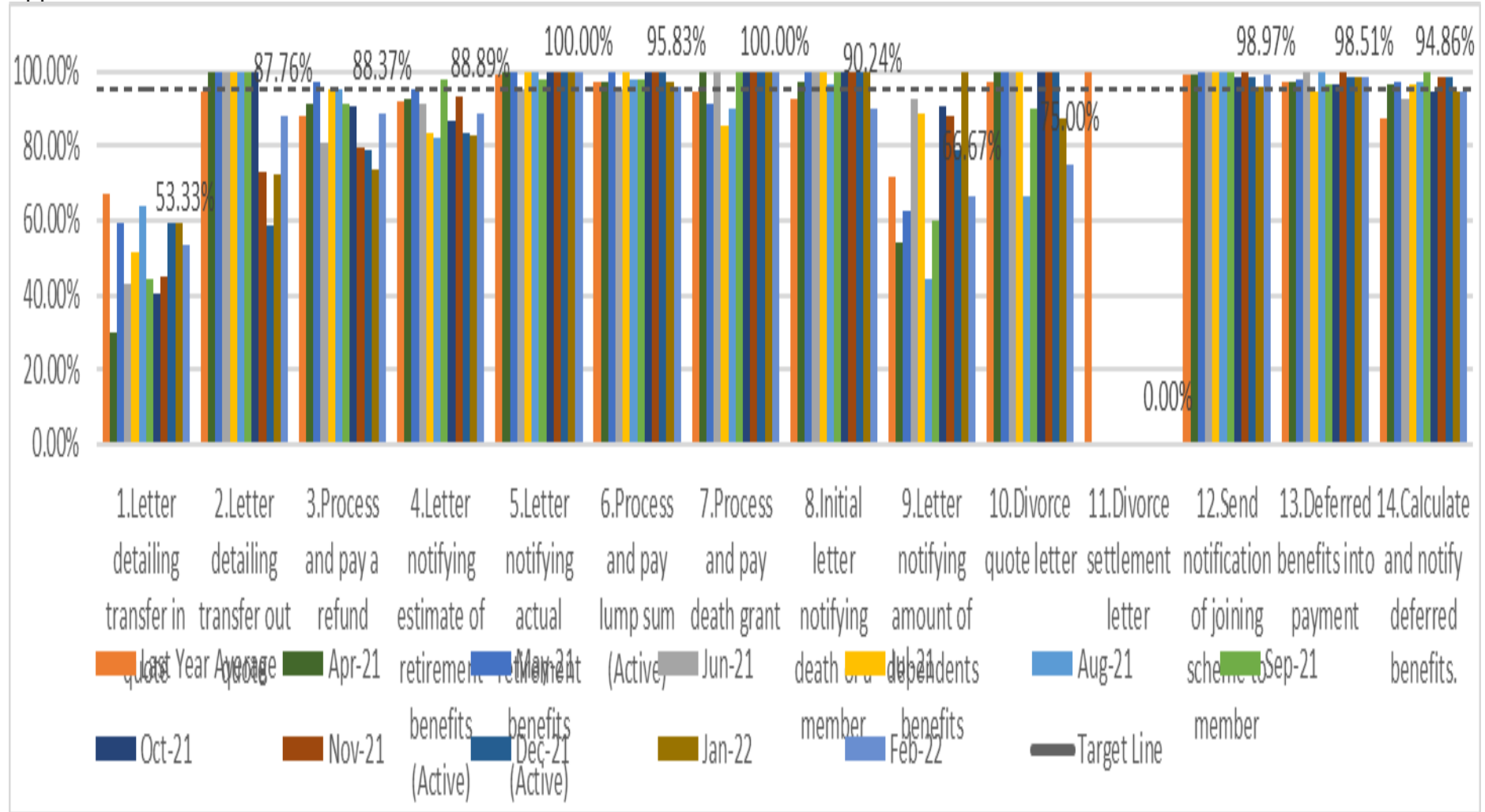
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The report was circulated to the following members prior to publication:

Local Member(s):

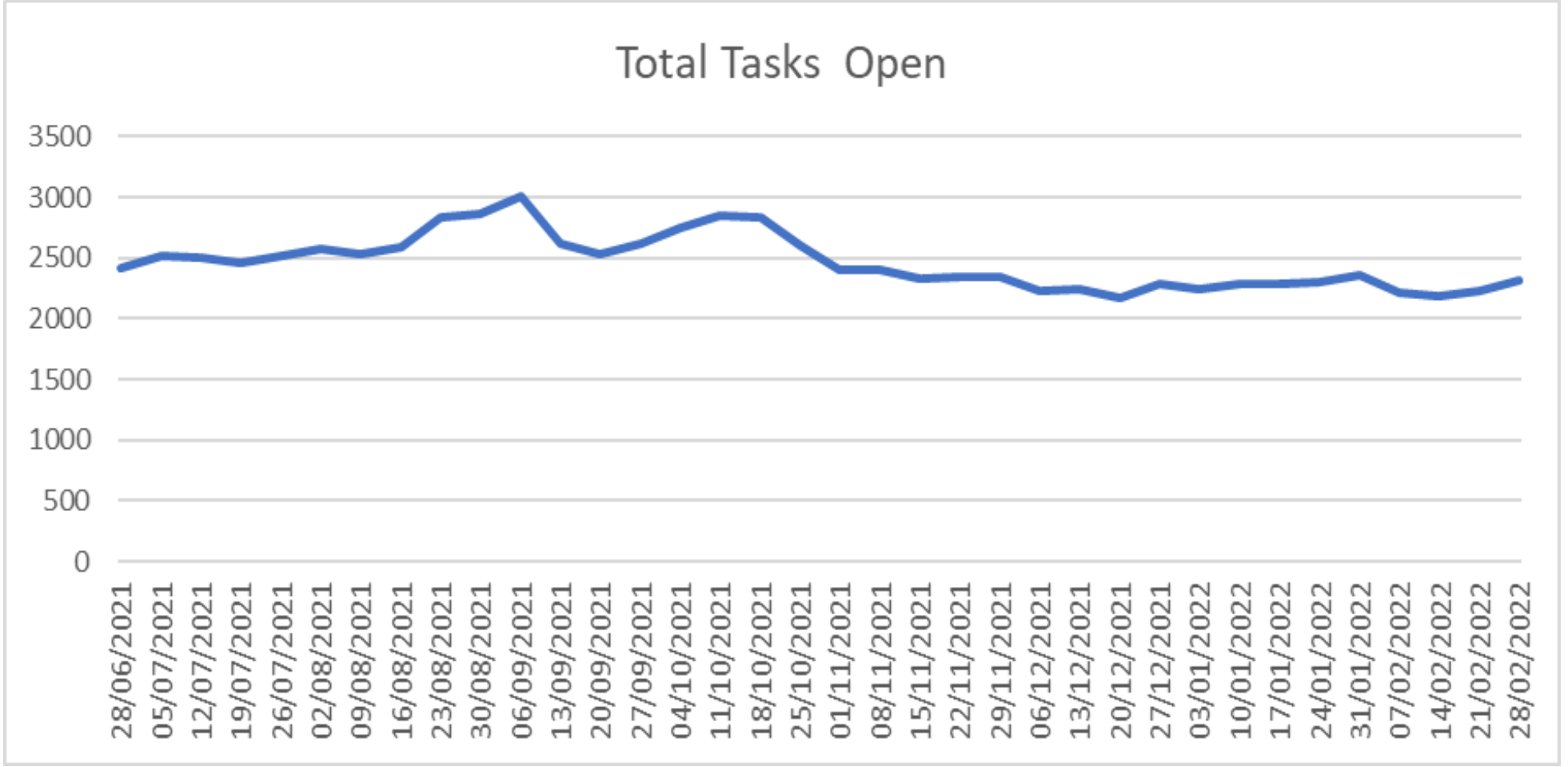
Other members:

Appendix 1 - KPI chart

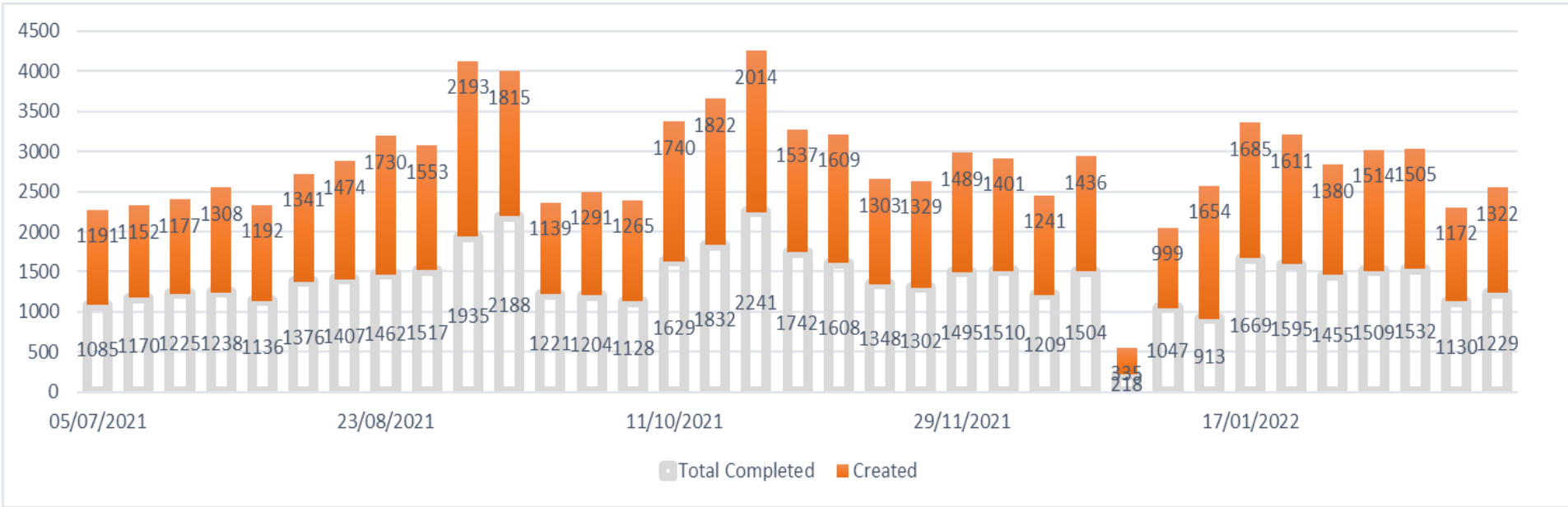


The chart may be difficult to read if you receive a black and white paper copy. This chart will be shared on screen in colour during the meeting

Appendix 2 - Total work outstanding



Appendix 3 – Comparison of incoming and completed tasks



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Warwickshire Local Pension Board

26 April 2022

Regulatory and Policy Update

Recommendation(s)

The Local Pension Board notes and comments on the content of the report.

1. Executive Summary

- 1.1 This report sets out the policies reviewed either as part of an annual review or where there have been minor amendments required.
- 1.2 The report also updates the Board on regulatory developments in the pensions arena.

2. Financial Implications

None.

3. Environmental Implications

None.

4. Internal Disputes Resolution Procedure

- 4.1 All pension schemes are required by the Pension Regulator to have a procedure to resolve pension disputes raised by scheme members. The process is a three stage approach with the first two stages comprising the Internal Disputes Resolution Procedure and the third stage involving referral to the Pension Ombudsman. In exceptional circumstances a scheme member can refer their complaint to the Court for resolution.
- 4.2 The procedure for the Local Government Pension Scheme, is set out in the LGPS Regulations 2013 and template documentation is provided by the Department for Levelling Up, Housing and Communities (DLUHC) for local authority funds to adapt for their use.
- 4.3 Officers have reviewed the procedure adopted by the Staff and Pensions Committee last March and consider it remains fit for purpose.

5. Regulatory Update.

Officers have previously agreed to keep the Board updated on progress in several areas. The updates for those are:

Cost Management Mechanism

- 5.1 The judicial review challenging the legality of the Government's decision to allocate the costs arising from McCloud as a cost to scheme members is ongoing. Officers will provide further information as the case develops.

Pensions Dashboard

- 5.2 The Pensions Dashboard is a government initiative that will enable the public to have online access to all their pension records whether they are held by private sector or public sector occupational pension schemes and personal pension schemes registered with the Pension Regulator.
- 5.3 It is understood that public service pension schemes are in scope.
- 5.4 Officers are currently waiting for further guidance from the Local Government Association who it is expected will respond to the consultation.
- 5.5 Board members should be reassured that local authority pension funds and their administration software providers have been aware of this initiative for several years and have been taking steps to ensure that member records are accurate.

The Pension Regulator Single Code of Practice

- 5.6 Officers understand that the Pension Regulator is still reviewing comments received following the consultation document issued in 2021. The Regulator has acknowledged that issues raised by the public service pension schemes and particularly the LGPS are causing further thought on some parts of the Code.
- 5.7 Although the Single Code is likely to be delayed until later in 2022, officers continue to review how the changes to the Code may impact the management of the Fund.

Public Service Pensions and Judicial Offices Bill

- 5.8 An amendment to the Public Service Pensions and Judicial Offices Bill was passed on 22 February 2022.
- 5.9 The amendment allows the responsible authority (the Secretary of State for the Department for Levelling Up, Housing and Communities) to issue guidance to administering authorities instructing them not to make investment decisions that conflict with the UK's foreign and defence policy.

Appendices

None.

Background Papers

None

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

Local Member(s): n/a

Other members: n/a

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Local Pension Board

26 Apr 2022

Investment Update

Recommendation

That the Local Pension Board (LPB) notes and comments on this report.

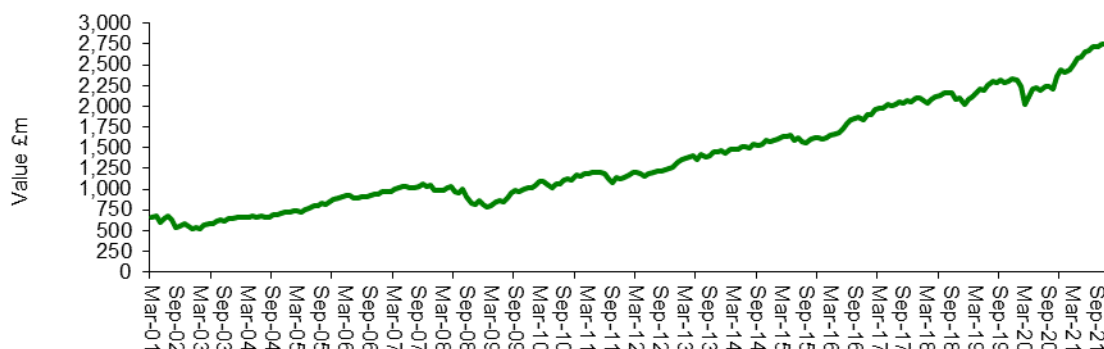
1. Executive Summary

- 1.1 This report provides a general update on investment related activity.
- 1.2 The funding level remained stable over the quarter ending 31 December 2021. The main drivers of underlying asset and liability movements are described.
- 1.3 The report also summarises activities that have taken place over this quarter to ensure that the Fund is well-governed.

2. Fund Update

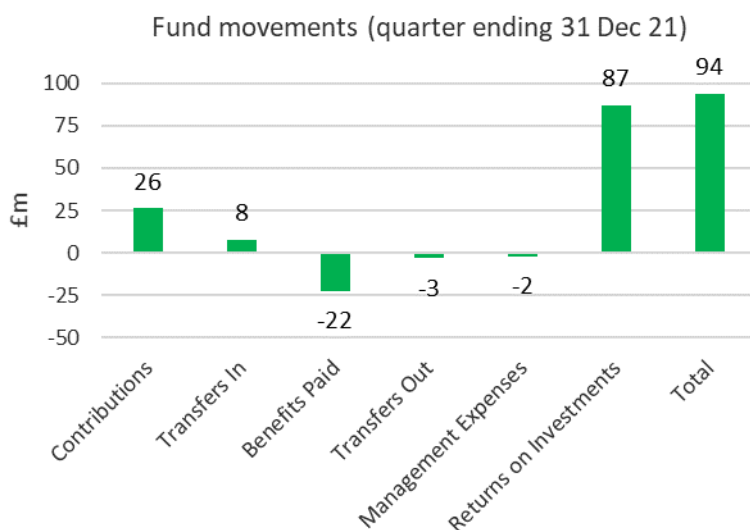
- 2.1 The funding level remained stable over the quarter ending 31 December 2021 at c106%.
- 2.2 As at 31 December 2021, the value of the Fund stood at £2.8bn (its highest absolute value since inception) as shown in the long-term chart below.

Total Fund Value Since March 2001



- 2.3 The total value of the Fund's assets increased by 3.2% over the quarter ending 31 December 2021.

- 2.4 This increase was driven by equity and property gains. The chart below summarises the main cash flow changes.



- 2.5 Over the quarter under review the value of contributions paid in exceeded the value of benefits paid out (by £4m). In the previous two quarters this was not the case. This indicates that the Fund is broadly cashflow neutral still.

3 Long Term Performance

- 3.1 Appendix 1 shows performance since inception vs target for all funds currently invested in. This helps to provide a long-term view. There are no funds 'on watch' at present.

4 Stewardship and Voting

- 4.1 At the 7 March PFISC, the following statement was issued and has been shared with the Fund's investment managers for implementation:

"...We unreservedly condemn the invasion of Ukraine by Russia and our thoughts are with all those affected by the atrocities being carried out in Ukraine. We would like to express our solidarity and sympathy with the people of Ukraine.

We are instructing our fund managers, including the local government pension pool, Border to Coast, of which we are one member, to cease investment into Russia and Warwickshire Pension Fund's wish to dissociate itself from all Russian-owned and Russian-controlled investments. Due to the nature of the Russian regime, we do not make a distinction between state and non-state owned assets.

We will work with our fund managers to ensure that there should be no further investment into Russian owned or controlled assets and that the Fund's investment activity follows all current and future government requirements.

Working closely with our fund managers, we will review the timing of disinvestment carefully, having regard to the practical barriers and options available to divest given that some financial markets are closed or operating with less liquidity, balancing the desire we have to completely disassociate the Fund from supporting Russian investments with the fiduciary responsibility the fund has for managing its investments, and having regard to the fact that the Funds' investments are in pooled funds that the Fund cannot unilaterally control and direct.

The Warwickshire Pension Fund's current assessment of Russian holdings is that they make up approximately £5m or 0.2% of the total fund value..."

- 4.2 The Fund holds actively managed equities through funds within the Border to Coast Pensions Partnership, and passive equities managed through funds held with LGIM. These equities carry voting rights.
- 4.3 The table below summarises voting activity in the previous quarter in respect of funds held with Border to Coast:

Border to Coast equity funds

Voting Direction	UK Alpha	Global Alpha	UK Alpha	Global Alpha
	Vote Count		% of Total	
For	231	109	91.3%	86.5%
Against	21	14	8.3%	11.1%
Other	1	3	0.4%	2.4%
Total	253	126	100.0%	100.0%

- 4.4 Border to Coast provide published reports on their website in respect of voting (and engagement) activity, and the link is included here: <https://www.bordertocoast.org.uk/our-investments/>
- 4.5 The main proposal category for votes against management was 'Board related' for the UK Equity Alpha Fund, and 'Compensation' for the Global Equity Alpha Fund.
- 4.6 The table below summarises voting activity in the previous quarter in respect of funds held with LGIM:

LGIM equity funds

Voting Direction	UK	Rest of World	UK	Rest of World
	Vote Count		% of Total	
For	1,285	2,888	92%	74%
Against	106	724	8%	19%
Other	0	288	0%	7%
Total	1,391	3,900	100%	100%

- 4.7 LGIM's Investment Stewardship team direct the assets managed on our behalf. Their ESG Impact Report sets out voting (and engagement) activity, and the link is included here: https://www.lgim.com/landg-assets/lgim/document-library/esg/q2-2021_esg-impact-report-uk_europe-final.pdf
- 4.8 In the UK Fund, 37 votes against were for 'Non-Salary Compensation' and 35 for 'Directors related' proposals.
- 4.9 In the Rest of World funds, 483 votes against were for 'Directors Related' proposals.

5 Additional Voluntary Contributions review

- 5.1 The Fund commissioned Hymans to carry out a review of the current Additional Voluntary Contributions (AVC) options offered to members. The review found that there are several areas for potential improvement.
- 5.2 The intention is to discuss development opportunities in further detail and carry out market testing in summer with the results to be presented at September 2022's PFISC.

6 People

- 6.1 The tendering process for a second Independent Pensions Specialist Adviser has completed with the Anthony Fletcher of MJ Hudson as the successful candidate.
- 6.2 It feels appropriate to acknowledge the working career of Neil Buxton who dedicated almost 47 years to the Fund in a variety of guises including Pension Administration Manager and more recently as the technical Governance Officer. His role following retirement in March 2022 has been taken up by Martin Griffiths.

7 UK Stewardship Code

- 7.1 The first draft of this report is now ready, however the expectation is that the Fund's application will not be ready for the next submission deadline (30 April 2022).

8 Climate Change

- 8.1 Signing up to the 2020 UK Stewardship Code will assist in promoting activity and transparency around climate change, and once that priority has been addressed, it is intended for the Fund to look at the requirements relating to the Task Force on Climate Related Financial Disclosures (TCFD).

9 LGPS Pooling

- 9.1 There are a number of vacancies at the Border to Coast Pensions Partnership (BCPP). The key ones are the Chief Investment Officer, Head of Real Estate and Head of Client Relationship Management (CRM).
- 9.2 Warwickshire participated in the following engagement items with BCPP:
- Responsible Investment Operational Officers' Group
 - Operational Officers' Group
 - External management quarterly update meetings
 - Customer satisfaction survey
 - Climate change workshops
 - Climate opportunities (alternatives) workshops
 - Informal Shareholder calls
 - Capital calls custodian workshop
 - Multi-Asset Credit Fund post-transition workshop
 - Multi-Asset Credit Fund cash withdrawal planning
 - S151 calls
 - Quarterly funds reporting – externally managed and alternatives
- 9.3 The 11 Partner Funds are actively thinking about further ways in which we could collaborate on LGPS matters.
- 9.4 Warwickshire participated in the launch of Series 2a for Infrastructure, Private Debt and Private Equity.

10 Commitments to Alternative Assets

- 10.1 At the 7 March 2022 Pension Fund Investment Sub-Committee meeting the Committee approved:
1. Investment of £40m in Border to Coast Pension Partnership's (BCPP) Series 2a Private Equity Fund
 2. Investment of £30m in BCPP's Series 2a Infrastructure Fund
 3. Investment of £30m in BCPP's Series 2a Private Debt Fund
 4. Commissioning Hymans Robertson to carry out third party fund manager evaluations for the non-BCPP commitments set out in the table below.
 5. The indicative commitment amounts for 2023 and 2024 as set out below:

Commitment	Private Equity	Infrastructure	Private Debt
2022	£40m to BCPP Series 2	£30m to BCPP Series 2	£30m to BCPP Series 2
2023 – <i>indicative</i>	£40m to BCPP Series 2	£30m to BCPP Series 2 £75m to one/two alternative managers	£30m to BCPP Series 2 £105m to one/two alternative managers
2024 – <i>indicative</i>	£40m to BCPP Series 2	£30m to BCPP Series 2	£30m to BCPP Series 2

11 Training

11.1 Since December, Committee members, Board members and officers have had access to several tailored workshops, all of which are available as recordings:

- Private Markets (2 December)
- Valuation Assumptions and Club Vita update (6 December)
- Contribution Rates for Precepting Employers and Investment Portfolio Modelling (4 February)

11.2 In addition to the identification of appropriate training, it is important to ensure that all training is logged and recorded. This assists with ensuring that training is not duplicated and is also necessary in order to provide evidence in submissions to fund managers when the Fund opts up to investor status. The Fund has created 'logs' which can be used by each member (either PFISC or Local Pension Board) to maintain their records. Please do let the Governance Officer (Martin Griffiths) know if you have attended additional external training.

11.3 The Fund has also provided Committee members, Board members and officers with access to Hymans' LGPS Online Learning portal.

12 Financial Implications

12.1 None for this Board.

13 Environmental Implications

13.1 Climate risk is a key issue facing the Fund in the longer term. This has been a feature of training this year and a set of actions which are being converted into a plan for 2022/23.

14 Supporting Information

14.1 None.

15 Timescales Associated with Next Steps

15.1 None.

Appendices

- Appendix 1 – Performance since inception
- Appendix 2 – Alternatives Funds Commitments

Background Papers

None

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

Local Member(s): None

Other members:

Appendix 1

Structure	Inception to 31/12/21	Inception Date
Total Consolidation	8.60	01-Jul-04
WWS - Reflex BM Total Fund	8.14	01-Oct-04
Alcentra	8.79	01-Nov-18
Alcentra BM	5.00	01-Nov-18
BCPP UK EQ RK	8.21	01-Dec-18
BCPP UK EQUITY BENCHMARK	6.78	01-Dec-18
BCPP UK EQUITY + 2%	8.77	01-Dec-18
Harbour Vest	14.10	01-Apr-11
Harbour Vest Benchmark	13.05	01-Apr-11
LGIM Bond	6.65	01-Nov-08
LGIM Bonds	6.25	01-Nov-08
LGIM Equity	10.98	01-Nov-08
LGIM Equity BM	10.79	01-Nov-08
MFS	10.25	01-Sep-04
MFS Global Equity BM	10.86	01-Sep-04
Partners Group	8.76	01-Jan-16
Partners Group BM	7.00	01-Jan-16
Partners Group II	4.65	01-Apr-18
Partners Group II BM	5.00	01-Apr-18
Schroders Property	3.54	01-Apr-07
Schroders Property BM	3.55	01-Apr-07
SL Capital	6.82	01-Jun-15
SL Capital	7.00	01-Jun-15
Threadneedle Property	5.06	01-Apr-07
Threadneedle Property BM	4.35	01-Apr-07
WARKS-BCPP GE	13.84	01-Oct-19
BCPP GE Benchmark	14.87	01-Oct-19
BCPP GE + 2%	16.88	01-Oct-19
WARKS-BCPP IG CR	2.31	01-Feb-20
BCPP IG CR Benchmark	0.88	01-Feb-20
WARKS-BCPP INFRA	-12.66	01-Oct-19
BCPP INFRA Benchmark	7.00	01-Oct-19
WARKS-BCPP MA CR	0.03	01-Oct-21
WARKS-BCPP PE	15.79	01-Jul-19
BCPP PE Benchmark	16.50	01-Jul-19
WARKS-BCPP PR CR	5.23	01-May-20
BCPP PR CR Benchmark	5.00	01-May-20

*fund performance figures are shown net of fees

Alternatives Funds Commitments

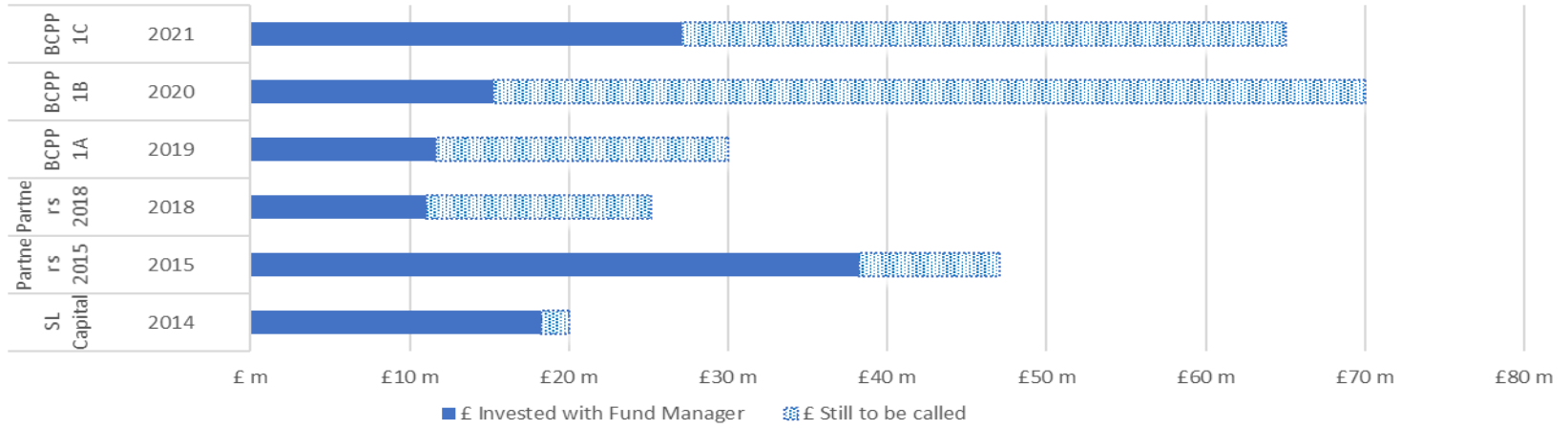
Appendix 2

Note that these charts only show the extent to which capital has been invested, they do not show the planned investment profile and therefore are not an indicator of the performance of fund managers in getting capital invested.

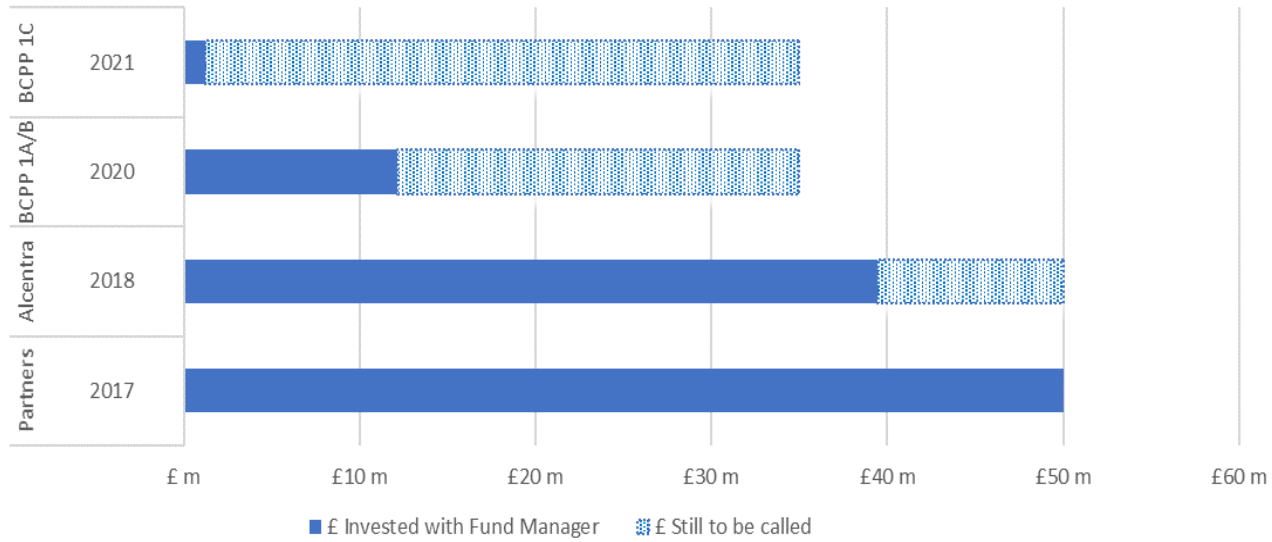
Commitments to Private Equity



Commitments to Infrastructure



Commitments to Private Debt



Warwickshire Local Pension Board

26 April 2022

Governance Review Update

Recommendation(s)

That the Local Pension Board notes and comments on the content of the report.

1. Executive Summary

- 1.1 This report provides details of the ongoing governance review of the Local Government Pension Scheme, currently being undertaken by the Scheme Advisory Board (SAB).
- 1.2 Officers understand that the proposals detailed in the review are currently being considered by the Department for Levelling Up, Housing and Communities (DLUHC).
- 1.3 Appendix 1, details the main points of the review and the points under consideration by the Warwickshire Pension Fund and possible actions.

2. Financial Implications

- 2.1 None identified at this stage.

3. Environmental Implications

None.

4. Supporting Information

- 4.1 There will be some points raised in the review where Warwickshire Pension Fund (WPF) will need to consider possible changes in its approach to the management of the Fund. These are summarised below:

Recommendation	WPF Position	WPF Actions	Notes
<p>C1. Each fund must produce and publish a policy on the representation of scheme members and non-administering authority employers on its committees, explaining its approach to voting rights for each party.</p>	<p>No official representation although a county councillor may also be a district councillor.</p>	<p>Wait for statutory guidance and address.</p>	<p>WPF will need to wait and see what is included in the statutory guidance. This may be an area where employers and scheme members are given additional representation and voting rights in the management of the Fund. The Fund is awaiting further guidance to be issued by the Scheme Advisory Board before considering what further action is needed.</p>
<p>E1. Each administering authority must document key roles and responsibilities relating to the LGPS and publish a roles and responsibilities matrix setting out how key decisions are reached. The matrix should reflect the host authority's scheme of delegation and constitution and be consistent with role descriptions and business processes.</p>	<p>Responsibility sits with the Staff and Pensions Committee which has delegated responsibility for the management of the Fund to the Pension Fund Investment Sub-Committee. Due to workload of PFISC, administration and governance issues are dealt with by the Staff and Pensions Committee.</p>	<p>None at this time.</p>	<p>To be reviewed when statutory guidance is issued.</p>
<p>F1. Each administering authority must undergo a biennial Independent Governance Review and, if applicable, produce the required improvement plan to address any issues</p>	<p>Governance review undertaken and action plan created and progressed to completion.</p>	<p>Consideration has already been given to this Review when regulations and Statutory Guidance issued.</p>	<p>The Fund undertook an independent review in 2019 and made significant changes in its approach to governance and administration as a consequence.</p>

Recommendation	WPF Position	WPF Actions	Notes
identified. IGR reports to be assessed by a SAB panel of experts.			The main change in latest recommendations appears to be an assessment by a panel of experts appointed by the Scheme Advisory Board. The Fund intends to wait for the publication of amending regulations and Statutory Guidance before considering what further action is needed.
F2. Local Government Association to consider establishing a peer review process for LGPS Funds.	The Fund undertook an independent review in 2019.	The Fund will be keen to undertake a further review.	The Fund is awaiting further guidance to be issued by the Scheme Advisory Board before considering what further action is needed.

4.2 Officers understand that further guidance is expected in the summer of 2022.

5. Timescales associated with the decision and next steps

5.1 Officers will keep the Board updated on further developments.

Appendices

1. Appendix 1 Good Governance Review Actions schedule.

Background Papers

None

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

Local Member(s): n/a

Other members: n/a

Good Governance review actions

Appendix 1

Recommendation	MHCLG	Other bodies	Scheme Advisory Board (SAB) dependent actions	SAB immediate actions	WPF position	WPF Actions	Notes
A.1 MHCLG will produce statutory guidance to establish new governance requirements for funds to effectively implement the proposals below. ("the Guidance").	Publish statutory guidance (SG) to include requirements set out below using either reg 2(3A) powers or a new regulation in section 3						
A.2 Each administering authority must have a single named officer who is responsible for the delivery of all LGPS related activity for that fund ("the LGPS senior officer").	Set requirement in scheme regulations	CIPFA to refer to the role in their guides	Publish a guide to the named officer role	Letter to CIPFA confirming SAB's recommendation to Minister	Section 151 is the Director of Resources. The Assistant Director has immediate responsibility for the Fund	Review when regulations amended, and guidance issued by SAB	It is not anticipated there will be a major change to WCC's position
A.3 Each administering authority must publish an annual	Set requirement in Scheme regulations		Publish a guide to GCS, including best			Wait for regulations and guidance	This is currently published as part of the

Recommendation	MHCLG	Other bodies	Scheme Advisory Board (SAB) dependent actions	SAB immediate actions	WPF position	WPF Actions	Notes
governance compliance statement (GCS) that sets out how they comply with the governance requirements for LGPS funds, as per statutory Guidance. This statement must be co-signed by the LGPS senior officer and S151.	and publish high level statutory guidance		practice examples			to be published.	Fund's annual report.
B.1 Each fund must produce and publish a conflicts of interest policy which includes details of how actual, potential, and perceived conflicts are addressed within the governance of the fund, with specific reference to key conflicts identified in the Guidance.	Set requirements in statutory guidance at A.1		Publish a guide to Conflict of Interest (Col) policies, including best practice examples	Survey Administering Authorities (AAs) to identify extent of conflict-of-interest policies already in existence	Col already exist	Review when Statutory guidance issued	A Conflicts of Interest policy and statement of pecuniary interest are already a requirement for the Local Pension Board. It may be that this requirement is extended to cover the pension fund committees

Recommendation	MHCLG	Other bodies	Scheme Advisory Board (SAB) dependent actions	SAB immediate actions	WPF position	WPF Actions	Notes
							which are only covered by Conflicts of Interest for councillors.
B.2 The Guidance should refer all those involved in the management of the LGPS, and in particular those on decision making committees, to the guide on statutory and fiduciary duty which will be produced by the SAB	Request that MHCLG clarify Fiduciary Duty in statutory guidance at A.1	CIPFA to make reference in their Knowledge and Understanding framework	Publish guide on statutory and fiduciary duty based on A.1 guidance and further legal advice	Seek further legal advice in co-ordination with Administering Authorities and recommend further action in this area		Provide necessary training when SAB guide and statutory guidance issued	Training currently provided to all Committee members
C.1 Each fund must produce and publish a policy on the representation of scheme members and non-administering authority employers on its committees, explaining its approach to voting rights for each	Set requirement in statutory guidance at A.1		Publish a guide to representation based on requirements of statutory guidance	Survey AAs for analysis of current representation	No official representation although a county councillor may also be a district councillor	Wait for statutory guidance and address Respond to survey when issued	Will need to wait and see what the Statutory Guidance requires. This may be an area where employers and scheme members are given

Recommendation	MHCLG	Other bodies	Scheme Advisory Board (SAB) dependent actions	SAB immediate actions	WPF position	WPF Actions	Notes
party.							additional voting rights in the management of the Fund.
D.1 Introduce a requirement via the Guidance for key individuals within the LGPS, including LGPS officers and pensions committees, to have the appropriate level of knowledge and understanding to carry out their duties effectively.	Set requirement in statutory guidance at A.1	CIPFA to make reference in their Knowledge and Understanding framework	Publish a guide to relevant training including suppliers	Investigate existing training in this area and publish results	NKA assessment undertaken, and areas of training identified	Wait for statutory guidance to be published	The Fund has expanded the training provided to members of the pension committees and local pension board. Senior officers with responsibility for the day-to-day management of the Fund are included.
D.2 Introduce a requirement for s151 officers to carry out LGPS relevant training as part of CPD requirements to ensure good levels	Set requirement in statutory guidance at A.1	CIPFA to make reference in their Knowledge and Understanding framework	Publish a guide to relevant training including suppliers		Section 151 did not take part in NKA (?) or identified for part of training plan	Wait for statutory guidance to be published	See above. Although this only covers the Deputy Director of Finance who has delegated

Recommendation	MHCLG	Other bodies	Scheme Advisory Board (SAB) dependent actions	SAB immediate actions	WPF position	WPF Actions	Notes
of knowledge and understanding.							responsibility for the Fund.
<p>D.3 Administering authorities must publish a policy setting out their approach to the delivery, assessment and recording of training plans to meet these requirements.</p>	<p>Set requirement in statutory guidance at A.1</p>		<p>Publish a guide to training plans</p>	<p>Survey AAs for existing training plans and publish for best practice</p>	<p>Training plan in place</p>	<p>Undertaking the creation of a training log Take part in survey when published Review when SG published</p>	<p>The Fund has expanded its training requirements and all elected members, board members and senior officers with responsibility for the management of the Fund have access to a learning portal. Training received must be logged. An annual NKA is undertaken to help assess training needs. The training policy is</p>

Recommendation	MHCLG	Other bodies	Scheme Advisory Board (SAB) dependent actions	SAB immediate actions	WPF position	WPF Actions	Notes
							reviewed annually.
D.4 CIPFA should be asked to produce appropriate guidance and training modules for s151 officers.		CIPFA to produce appropriate guidance and training		Letter to CIPFA setting out request		Wait for guidance to be published	Deputy Director of Finance is included in all training sessions.
E.1 Each administering authority must document key roles and responsibilities relating to the LGPS and publish a roles and responsibilities matrix setting out how key decisions are reached. The matrix should reflect the host authority's scheme of delegation and constitution, and be consistent with role descriptions and business	Set requirement in statutory guidance at A.1		Publish a guide to Roles and Responsibilities Matrix	Survey and publish existing delegation arrangements in Administering Authorities		Wait for guidance and review	Currently all decisions are made by either the Staff and Pensions or by way of delegated responsibility to Pension Fund Investment Sub-Committee. This may be reviewed depending on the guidance issued.

Recommendation	MHCLG	Other bodies	Scheme Advisory Board (SAB) dependent actions	SAB immediate actions	WPF position	WPF Actions	Notes
processes.							
E.2 Each administering authority must publish an administration strategy.	Set requirement in scheme regulations		Publish a guide to administration strategy	Obtain and publish examples of existing PSAs	Administration Strategy in place and reviewed	Review when regulations and guidance issued	Administration Strategy is published and reviewed annually
E.3 Each administering authority must report the fund's performance against an agreed set of indicators designed to measure standards of service	Set requirement in scheme regulations or statutory guidance	CIPFA to include in AR&A guidance			Fund has published service standards and monitors and reports against them to the Board and Committee	Review when regulations and or guidance issued.	Fund has published service standards and monitors and reports against them to the Board and Committee
E.4 Each administering authority must ensure their committee is included in the business planning process. Both the committee and LGPS senior officer must be satisfied with the resource	Set requirement in statutory guidance at A.1	CIPFA to publish appropriate guidance		Investigate and publish current arrangements for agreeing pension budget	Business plan shared with committees	Await further guidance and review	The Annual Report is reported to the Pension Fund Investment Sub-Committee (for approval) and the Local Pension Board (for comment). Parts of the

Recommendation	MHCLG	Other bodies	Scheme Advisory Board (SAB) dependent actions	SAB immediate actions	WPF position	WPF Actions	Notes
and budget allocated to deliver the LGPS service over the next financial year.							report are reported throughout the year to PFISC and the LPB. This may need expanding depending on the Statutory Guidance issued.
<p>F.1 Each administering authority must undergo a biennial Independent Governance Review and, if applicable, produce the required improvement plan to address any issues identified. IGR reports to be assessed by a SAB panel of experts.</p>	Set requirement in scheme regulations, and include in high level statutory guidance		Establish panel of experts to review biennial governance reviews	Investigate the work of any similar bodies and consider potential structure and membership	Governance review undertaken and action plan created and progressed to completion	Consideration has already been given to this Review when regulations and SG issued	The Fund undertook an independent review in 2019 and made significant changes in its approach to governance and administration as a consequence of this report. It is anticipated that a further independent review will be

Recommendation	MHCLG	Other bodies	Scheme Advisory Board (SAB) dependent actions	SAB immediate actions	WPF position	WPF Actions	Notes
							undertaken. The Fund is currently waiting for regulations and statutory guidance.
F.2 LGA to consider establishing a peer review process for LGPS Funds.		LGA to consider proposal		Letter to LGA setting out request		Wait for further information on this	Waiting for further information on this

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Warwickshire Local Pension Board

26 April 2022

Draft Business Continuity Policy for the Warwickshire Pension Fund

Recommendation(s)

1. That the Local Pension Board notes and comments on the content of the report and the attached Business Continuity Plan.

1. Executive Summary

- 1.1 This report sets out Warwickshire Pension Fund's plan for dealing with a critical event that may affect the fund's business as usual activities.
- 1.2 Members of the Local Pension Board are invited to comment on the draft plan in Appendix 1 (note that names and contact numbers have been omitted as this is a public report).

2. Financial Implications

- 2.1 There could be significant financial implications for the Fund and its members in the event of a failure to provide the service. For example missing deadlines to make investments may result in the loss of returns, or the loss of a system that needs to be recovered rapidly may come at a significant cost to recover quickly.

3. Environmental Implications

None.

4. Supporting Information

- 4.1 The plan includes:

The purpose of the plan	Robust governance To coordinate the recovery of critical business functions Ultimately to ensure Fund beneficiaries receive payment of their
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	benefits
What is an incident	Defines natural and manmade disruptions that could impact on service provision
Activating the plan	The administration and investment teams will produce a schedule of critical processes Crucially the conception of a Crisis Management Team

- 4.2 Examples of the circumstances when the plan may be invoked are in Appendix 2.
- 4.3 The Business Continuity Plan will operate alongside the administering authority's Critical Services Business Continuity Plans.
- 4.4 Critical process plans are being drafted by the Pension Administration Service and the Investment Team and these will be available for the final draft of the Business Continuity Plan.

5. Timescales associated with the decision and next steps

- 5.1 The policy was recently presented to the Staff and Pensions Committee. Following review by the Local Pension Board any comments will be incorporated and the policy will return to the Staff and Pensions Committee in June 2022 for adoption.

Appendices

- Appendix 1 The draft Business Continuity Plan
- Appendix 2 Example scenarios.

Background Papers

None

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Strategic Director	Strategic Director for Resources	robpowell@warwickshire.gov.uk
Portfolio Holder	Portfolio Holder for Finance and Property	peterbutlin@warwickshire.gov.uk

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

Local Member(s): n/a

Other members: n/a

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Warwickshire Local Pension Board

26 April 2022

Draft Fraud and Corruption Policy for the Warwickshire Pension Fund

Recommendation(s)

That the Local Pension Board notes and comments on the Draft Fraud and Corruption Policy for the Warwickshire Pension Fund at Appendix 1.

1. Executive Summary

- 1.1 This report attaches a draft Fraud and Corruption Policy for the Warwickshire Pension Fund. The purpose of the policy is to set out how the Fund will deal with potential fraud and how it intends to ensure that the correct processes are in place. The Policy is tailored to the Warwickshire Pension Fund where appropriate but is designed to operate alongside Warwickshire County Council's Counter Fraud, Bribery and Corruption Framework which also applies.
- 1.2 Members of the Local Pension Board are invited to comment on the draft policy in Appendix 1.

2. Financial Implications

None.

3. Environmental Implications

None.

4. Supporting Information

- 4.1 The draft policy covers the following areas:

Policy Objectives	Robust governance Management of the Fund Monitor and manage risk Administer the Fund in a professional manner
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Purpose of the policy	Prevent ongoing losses Minimise occurrence of fraud and corruption Minimise destruction of evidence Explain future sanctions Act as a deterrent
Scope	Who the policy applies to
Culture	The promotion of zero tolerance approach to fraud and corruption Promote responsibility for the prevention and detection of fraud and corruption Promote a culture to report concerns about fraud and corruption That concerns are investigated and where proven perpetrators are dealt with firmly If fraud or corruption are identified systems are and procedures are reviewed.
Deterrence	Identifies the deterrents in place

5. Timescales associated with the decision and next steps

- 5.1 The policy was recently presented to the Staff and Pensions Committee. Following review by the Local Pension Board any comments will be incorporated and the policy will return to the Staff and Pensions Committee in June 2022 for adoption.

Appendices

Appendix 1 Draft Fraud and Corruption Policy for the Warwickshire Pension Fund.

Background Papers

None.

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

Local Member(s):

Other members:

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Warwickshire Pension Fund

Anti-Fraud and Corruption Policy

Draft

[front cover to include WPF logo]

[effective date]

1. Introduction

- 1.1** This is the Anti-Fraud and Corruption Policy of Warwickshire Pension Fund managed by Warwickshire County Council (the administering authority).
- 1.2** This policy demonstrates that Warwickshire Pension Fund will take necessary steps to prevent fraud and corruption. Every effort will be made to detect fraud and to pursue those responsible to recover losses, referring matters (where appropriate) to the Police.
- 1.3** Fraud and corruption are defined as:
- Fraud – The intentional distortion of financial statements or other records by persons internal or external to the authority which is carried out to conceal the misappropriation of assets or otherwise for gain
 - Bribery and corruption – A bribe is a financial or other advantage that is offered or requested with the intention of inducing or rewarding the improper performance of a relevant function or activity, or with the knowledge or belief that the acceptance of such an advantage would constitute the improper performance of such a function or activity.

2. Policy Objectives

- 2.1** The Fund's objectives related to the subject matter of this policy are:
- To have robust governance arrangements in place, to facilitate informed decision making supported by appropriate advice, policies, and strategies, whilst ensuring compliance with appropriate legislation and statutory guidance.
 - To manage the Fund in a fair and equitable manner, having regard to what is in the best interest of the Fund's stakeholders, particularly scheme members and employers.
 - To continually monitor and manage risk, ensuring the relevant stakeholders can mitigate risk where appropriate
 - To administer the Fund in a professional and efficient manner, utilising technological solutions and collaboration.

3. Purpose of the Policy

- 3.1** The purpose of the policy is:
- To act as deterrent for potentially fraudulent activity.
 - To minimise the occurrence of fraud by taking rapid action at the earliest opportunity.
 - To prevent ongoing losses of funds where fraud has occurred and maximise the potential for recovery.
 - To minimise the chance of destruction of evidence.
 - To maximise the chances of success in future sanction actions, including criminal prosecution.
 - To minimise adverse publicity.

4. Scope

4.1 This policy applies to:

- Members of the Staff and Pensions Committee
- Members of the Pension Fund Investment Sub-Committee
- Members of the Local Government Local Pension Board
- Scheme Employers of the pension fund
- Professional organisations that provide services to the Fund (e.g. custodian, fund managers)
- Professional advisors
- Officers of the Fund and Administering Authority.

5. Culture

- 5.1 The administering authority promotes a zero-tolerance approach towards fraud, corruption and other malpractice for personal gain. Dishonesty, lack of integrity, avoidance of controls and failure to comply with agreed policies are not tolerated.
- 5.2 The prevention and detection of fraud/corruption and the protection of public funds are everyone's responsibility and of paramount importance to the authority.
- 5.3 Concerns must be raised when members or employees reasonably believe that one or more of the following has occurred, is in the process of occurring or is likely to occur:
- A criminal offence
 - A failure to comply with a statutory or legal obligation
 - Improper unauthorised use of public or other funds
 - A miscarriage of justice
 - Maladministration, misconduct, or malpractice
 - Deliberate concealment of any of the above.
- 5.4 The Council will ensure that any allegations received in any way, including by anonymous letters or phone calls, will be taken seriously, and investigated in an appropriate manner subject to the requirements of the Human Rights Act 1998 and other statutory provisions.
- 5.5 The administering authority will take appropriate action with those who defraud the Council, or who conduct corrupt activities, or where there has been financial malpractice.
- 5.6 The Council is alive to the need to ensure that any investigation process is not misused and therefore, any abuse of process (such as raising malicious allegations) will be addressed as appropriate.
- 5.7 When fraud or corruption have occurred because of a breakdown in systems or procedures, the administering authority will ensure the appropriate improvements are implemented to prevent reoccurrence.

6. Responsible Officers

- 6.1 The Head of Internal Audit – has a duty to monitor instances of financial irregularities within the Council as a whole and to report certain details to external

bodies such as External Audit. The Head of Internal Audit also has a duty to ensure that appropriate investigations are carried out.

- 6.2 The Section 151 Officer – under Section 151 of the Local Government Act 1972 and Section 73 of the Local Government Act 1985, the Section 151 Officer has a statutory duty to ensure that there are proper arrangements in place to administer the Council's financial affairs (as the administering authority).
- 6.3 Assistant Director (Finance) (Deputy Section 151 Officer) – The Chartered Institute of Public Finance and Accountancy (CIPFA) statement of the role of the Chief Finance Officer/Director of Finance (CFO) lists one of the CFO's core responsibilities as 'implementing appropriate measures to prevent and detect fraud and corruption'.

7. Deterrence, Risk Management, and Loss Mitigation

- 7.1 The publication of the Anti-Fraud and Corruption Policy and regular reinforcement that the administering authority operates a zero tolerance approach will help deter those considering fraudulent activity
- 7.2 Where any loss is incurred to fraud and corruption the administering authority will take action to recover monies owed.
- 7.3 Managers are expected to conduct risk reviews of the systems and procedures for which they are responsible and proactively update where weakness has been identified.
- 7.4 Pension Fund Committees and Local Pension Board members receive regular reports on Internal Audit activity and these will include summary details of investigations into allegations of fraud and financial impropriety.
- 7.5 Following any investigation, sanctions will be applied where fraud and corruption are found to be present. This will be done in a comprehensive, consistent and proportionate manner whereby all possible and relevant sanctions – disciplinary, civil and/or criminal - are considered. For elected members this will include consideration of the sanctions available for breaches of the Member's Code of Conduct alongside any relevant criminal or civil action.

8. Reporting

- 8.1 Employees may report issues to any line manager or to internal audit, or use the whistleblowing procedure.
- 8.2 Members may report issues to the Assistant Director (Finance) or to internal audit.
- 8.3 Members of the public may report issues using the complaints procedure.
- 8.4 Any reported or suspected issue must be brought to the attention of internal audit if it is not directly reported to internal audit in the first instance.

9. Detection and prevention of fraud corruption by the Warwickshire Pension Fund.

- 9.1 The table below demonstrates the activity undertaken by Warwickshire Pension Fund to mitigate the likelihood of fraud and corruption occurring:

Activity	Detail of activity	Responsibility
Biennial participation in the National Fraud Initiative	The National Fraud Initiative (NFI) exercise matches electronic data within and between public and private sector bodies to prevent and detect fraud.	Pensions Admin Lead
Tell Us Once	A Government service helps to notify most government departments and local councils know when someone dies.	Pensions Admin Lead
Mortality Screening	The ability to screen pension records for deaths	Pension Admin Lead
Annual Proof of existence for overseas members	Issue life certificates to pensioners living overseas	Pension Admin Lead
Address tracing for UK residents	The ability to screen current addresses for scheme members	Pension Admin Lead
Returned payslips	If a pensioner advice slip is returned investigate possible death of the pensioner	Pension Admin Lead
Returned BACs payments	If a BACs payment is returned for a pensioner investigate possible death	Pension Admin Lead
Falsification/non-submission of documents (Member)	Members may provide incorrect information.	Pension Admin Lead
Reconciliation of employer and employee contributions	Ensure correct contributions are received	Pension Admin Lead / Senior Fund Accountant
Falsification/non-submission of documents (Employer)	Employers may provide incorrect information	Pension Admin Lead
Pension Fund employee maladministration	Employee may provide incorrect information for financial gain	Pension Admin Lead
Destruction of evidence	Data is destroyed for a scheme member or scheme employer	Pension Admin Lead
Payroll reconciliation	Fraudulent addition of new pensioner for payment.	Pension Admin Lead
Payroll reconciliation	Fraudulent non-action when a pensioner dies	Pension Admin Lead
Payroll reconciliation	Bank details amended to redirect payments	Pension Admin Lead
Investment transactions	Payments to and from the Fund – drawdowns	Lead Commissioner Pensions and Investments
Safeguarding assets	Safe keeping of fund assets	Lead Commissioner Pensions and Investments
Buy and Sell lists	Alerts on potential frauds	Lead Commissioner Pensions and Investments
Internal Audit Reviews	Internal Audit plays a vital role in trying to ensure that systems and procedures are in place to prevent and detect fraud and corruption. They liaise with management to recommend changes in procedures and controls.	Internal Audit will conduct periodic planned reviews based upon assessment of risk and will conduct targeted reviews or investigations in response to events.
External Audit Reviews	External audit is an essential safeguard in the stewardship of public money.	External Audit may in the course of undertaking the audit of accounts or other commissioned work

Activity	Detail of activity	Responsibility
		identify fraud and report on related issues or risks.
Conflicts of Interest	Members of the pension fund committees and of the local pension board must ensure that they avoid situations where there is a potential for a conflict of interest. Declarations ensure potential conflicts are identified and dealt with appropriately.	Members of the pension fund committees and of the local pension board must declare potential conflicts at the start of each meeting. Members of the LPB sign a declaration of pecuniary interest annually. Democratic Services are responsible for ensuring all declarations are held on the Council's register.

9.2 The Public Interest Disclosure Act 1998 (the Act) places a legal responsibility on employers to ensure that matters of serious public concern can be addressed. In order to meet the requirements of the act, the Council has a whistleblowing policy.

9.3 A 'qualifying disclosure' of information is any disclosure of information that is made in the reasonable belief that it is both in the public interest and that one or more of the following is either happening at the present time, took place in the past or is likely to happen in the future

- A criminal offence
- A miscarriage of justice
- An danger to health and safety
- Damage to the environment
- A breach of any other legal obligation
- Concealment of any of the above

9.4 In making the disclosure, an individual must have a reasonable belief that the information disclosed shows one or more of the offences or breaches listed above. The belief need not be correct, but the individual must show that they held the belief and that it was a reasonable belief, in the circumstances, at the time of the disclosure.

9.5 Many fraudulent activities are discovered by chance or 'tip off' and the administering authority promotes the Whistleblowing policy to encourage and enable these to be reported.

9.6 Members of the public are encouraged to report any concerns which they may have through by using the Fund complaints procedure.

9.0 Investigation

9.1 Suspected irregularities and any fraud related matters reported to the Fund will be investigated within Pension Services in the first instance, unless there is a reason for the investigation to be independent or external, with a target to resolve within three

months of identification/report. All allegations and suspicions of fraud suspected cases are required to be reported to Internal Audit.

This is essential:

- To ensure the consistent treatment of information regarding fraud and corruption
- To facilitate a proper and thorough investigation by an experienced audit team, in accordance with the requirements of the CPIA and PACE codes of practice.

9.2 Internal audit would carry out investigations where independence was required and/or where a matter is of a more serious nature, and follow up appropriately. The Council's Counter Fraud Bribery and Corruption Framework can be found in the link below:

[WCC Counter Fraud Bribery and Corruption Framework](#)

10.0 Sanctions

- 10.1** The administering authority will take actions as appropriate which could include but are not limited to disciplinary action and/or prosecution.
- 10.2** Any decision to refer a matter to the police will be taken by the Head of Pensions and Audit Manager in consultation with the Council's Section 151 Officer and the Chairman of the Pension Fund Committee.
- 10.3** Where action has been taken the matter will only be reported publicly to the extent that it is possible having regard to issues such as commercial and personal confidentiality.

11.0 Relationship to the Warwickshire County Council Counter Fraud, Bribery and Corruption Framework

- 11.1** This document provides policy guidance that is specific to the operation of the Warwickshire Pension Fund but it is designed to operate alongside the Warwickshire County Council Counter Fraud, Bribery and Corruption Framework which also applies to the Warwickshire Pension Fund. Should a circumstance arise where the policies are not in alignment the Section 151 Officer shall determine which policy to follow and arrange for the policies to be updated accordingly.

12.0 Related Documents

- 12.1** Warwickshire County Council Counter Fraud, Bribery and Corruption Framework
<https://api.warwickshire.gov.uk/documents/WCCC-752-169>
- 12.2** Further details of the National Fraud Initiative
[National Fraud Initiative - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/collections/national-fraud-initiative)
- 12.3** Fighting Fraud and Corruption Locally
<https://www.cipfa.org/services/cipfa-solutions/fraud-and-corruption/fighting-fraud-and-corruption-locally>

12.4 CPIA Code of Practice

[Criminal Procedure and Investigations Act Code of Practice - GOV.UK \(www.gov.uk\)](http://www.gov.uk)

12.5 Fraud Act 2006

[Fraud Act 2006 \(legislation.gov.uk\)](http://legislation.gov.uk)

13.0 Review

13.1 Officers will review the policy bi-annually.

14.0 Contacts

14.1 If you require further details about this policy please contact:

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Warwickshire Local Pension Board

26 April 2022

Review of Pension Fund Discretions Policy

Recommendations

1. That the Board notes and comments on the recommended updates to the Warwickshire Pension Fund discretions policy.
2. That the Board notes the changes to practice implemented within existing discretions, following legal developments and recommendations from the Local Government Association.

1. Executive Summary

- 1.1 The Local Government Pension Scheme (LGPS) in England and Wales was amended from 1 April 2014 so that benefits for service after 31 March 2014, build-up on a defined benefit career average revalued earnings (CARE) basis, rather than on a defined benefit, final salary basis.
- 1.2 Scheme Administrators participating in the LGPS in England or Wales must formulate, publish, and keep under review a statement of policy on all mandatory discretions which they have the power to exercise in relation to members of the CARE Scheme and earlier schemes. It is also recommended by the Local Government Association that the same action is taken in respect of non-mandatory discretions.
- 1.3 This is the first review of the Warwickshire Pension Fund's discretions that were originally agreed and ratified in 2016.

2. Financial Implications

- 2.1 The Pensions Ombudsman has discretion to award compensation for distress and inconvenience for maladministration even where no legal rights have been infringed, for instance in circumstances where a discretion has not been exercised properly. Such awards range between a nominal sum and £2,000 with exceptional cases exceeding that sum.
- 2.2 The Warwickshire Pension Fund seeks legal and/or actuarial advice on complex cases, which will usually incur a cost to the Fund.

3. Environmental Implications

None

4. Supporting Information

4.1 It is proposed that the Fund's policy on exercising discretion in relation to the following is amended as set out below:

- **Regulation 34 (1)**

To commute in all cases where the value of benefits is within HMRC limits. As part of the Club Vita data cleanse, it has been identified that the fund has a higher-than-average proportion of trivial pensions in payment. These payments could be compounded into a one-off lump sum, therefore discharging the fund of any further liability or administration of the payment.

- **Regulation 16(10)**

The Pension Fund will not require the completion of a medical questionnaire on receipt of an application to purchase additional pension.

- **Transitional Regulations Schedule 2, para 2(2)**

To "switch off" the rule of 85 protections for affected members of a defunct employer on a case-by-case basis and allow those staff who wish to retire under the 85-year rule to take the actuarial reduction themselves, at no cost to the Pension Fund.

4.2 Further, the following changes to practice within the existing discretion shall be implemented in line with legal developments and recommendations from the Local Government Association:

- **Transitional regulations 17(5) to (8) & Reg 40 (2) & Reg 46 (2) & Reg 17 (12)**

A notification must be sent to a person who has made an unsuccessful claim against a death grant. This will tell them of the decision not to award them a share of the payment. That notification must include the grounds for that decision. This is covered by regulation 73(2) of the LGPS Regulations 2013.

- **Schedule 1 & Transitional regs 17 (9)(b)**

A partner's benefit will be payable if the member has not completed a nomination form. The requirement for a completed nomination form to be held on record was removed following the following a Supreme Court judgement in 2017.

- 4.3 It is likely that further changes will be necessary in due course, following changes to legislation and statutory guidance in relation to:
- The use of Special Severance payments
 - The Public Sector Exit Payment Cap

5. Timescales associated with the decision and next steps

- 5.1 In view of the requirement to keep discretions policies under review, a review period will be set to every 3 years or earlier when changes to legislation or guidance takes place.

Appendices

1. Warwickshire Pension Fund Discretions Policy

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Other members:

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WARWICKSHIRE

pension fund

Discretions Policy 2022

Local Government Pension Scheme Regulations 2013

Vicky Jenks, Pensions Administration Delivery Lead

Warwickshire Pension Fund discretions policy Local Government Pension Scheme Regulations 2013

List of discretionary policies applicable to members with membership under the following regulations:

- The Local Government Pension Scheme Regulations 2013 (LGPS Regs)
- The Local Government Pensions Scheme (transitional provisions, savings and amendment) Regulations 2014 (Trans Regs)
- The Local Government Pension Scheme (Administration) Regulations 2008
- The Local Government Pension Scheme (Benefits, Membership and Contributions) Regulations 2007 (as amended)
- The Local Government Pension Scheme (Transitional Provisions) Regulations 2008
- The Local Government Pension Scheme Regulations 1997 (as amended)

Regulation	Administering Authority Discretion	Warwickshire Pension Fund (WPF) Policy
LGPS Regs 16(1).	Whether to turn down a request to pay Additional Pension Contributions / Shared Cost Additional Pension Contributions (APC / SCAPC) over a period of time where it would be impractical to allow such a request (e.g., where the sum being paid is very small and could be paid as a single payment).	Policy: For payments of £50 or less, WPF will require payment by way of a single payment. Flexibility will be offered where affordability may be an issue
LGPS Regs 16(10).	A) Whether to require a satisfactory medical before agreeing to an application to pay an APC / SCAPC. B) Whether to turn down an application to pay an APC / SCAPC if not satisfied that the member is in reasonably good health.	Policy: A) WPF will not require a satisfactory medical where the APC / SCAPC is in respect of reinstating a period of unpaid leave. B) WPF will not require the completion of a medical questionnaire by the member's GP where the APC / SCAPC is in respect of purchasing additional pension.
LGPS Regs 17(12).	Decide to whom any AVC / SCAVC monies (including life assurance monies) are to be paid on death of the member.	See Trans Regs 17(5) to (8) & Reg 40(2), Reg 43(2) & Reg 46(2) & Reg 17(12) above. below
Trans Regs	Decide, in the absence of an	Policy:

Warwickshire Pension Fund discretions policy Local Government
Pension Scheme Regulations 2013

10(9).	election from the member within 12 months of ceasing a concurrent employment, which ongoing employment benefits from the concurrent employment which has ceased should be aggregated (where there is more than one ongoing employment).	The Team Leader for WPF's Membership team will determine which is the most beneficial for the member.
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Warwickshire Pension Fund discretions policy Local Government
Pension Scheme Regulations 2013

<p>LGPS Regs 30(8) *</p>	<p>Whether to waive, in whole or in part, actuarial reduction on benefits paid on flexible retirement. (Policy required by the Administering Authority where the employer has become defunct)</p>	<p>Policy:</p> <p>Consideration will be given to waive the actuarial reduction to the benefits where the member had to give up work to provide for a chronically ill spouse or partner</p>
<p>LGPS Regs 30(8) *</p>	<p>Whether to waive, in whole or in part, actuarial reduction on benefits which a member voluntarily draws before normal pension age. (Policy required by the Administering Authority where the employer has become defunct).</p>	<p>Policy:</p> <p>Consideration will be given to waive the actuarial reduction to the benefits where the member had to give up work to provide for a chronically ill spouse or partner</p>
<p>LGPS Regs 68(2)</p>	<p>Whether to require any strain on the Fund costs to be paid “up front” by employing authority following payment of benefits under Reg 30(6) (flexible retirement) Reg 30(7) (redundancy / business efficiency) or waiver (in whole or in part) under Reg 30(8) of any actuarial reduction that would otherwise have been applied to benefits which a member voluntarily draws before normal pension age or to benefits drawn on flexible retirement.</p>	<p>Policy:</p> <p>In accordance with the Fund’s existing Funding Strategy Statement, with the agreement of the Administering Authority the strain cost can be spread as follows:</p> <ul style="list-style-type: none"> • Major employing bodies – up to 5 years. • Community Admission Bodies and Designating Employers – payable immediately. • Academies – payable immediately. • Transfer Admission Bodies – payable immediately.

Warwickshire Pension Fund discretions policy Local Government
Pension Scheme Regulations 2013

<p>Trans Regs Sch2 para2(2) *</p>	<p>Whether as the 85-year rule does not automatically apply to members who would otherwise be subject to it and who choose to voluntarily draw their benefits on or after age 55 and before age 60, to switch the 85-year rule back on for such members. Where the employer does not do so if the member has already met the 85 year rule the members benefits are to be reduced in accordance with actuarial guidance issued by the Secretary of State (with benefits from any pre1 April 2008 membership for member who will not be 60 or more on 31 March 2016, and benefits from any pre 1 April 2016 for members who will be 60 or more on 31 March 2016 which would not normally be subject to an actuarial reduction nonetheless being subject to a reduction calculated by reference to the period between the date the benefits are drawn and age 60).</p> <p>If the member has not already met the 85-year rule the members benefits are to be reduced in accordance with actuarial guidance issued by the Secretary of State (with the reduction on that part of the members benefits subject to the 85-year rule being calculated by reference to the period between the date the benefits are drawn and age 60 or the date of attaining the 85-year rule, whichever is the later).</p>	<p>Under the current regulations, a member who benefits from the protections afforded by the 85-year rule cannot retire early without the agreement of their employer. If the employer agrees to their retirement, because there is no reduction for early payment (or a partial reduction depending on the member's age) the employer incurs a cost for allowing retirement between age 55 and 60.</p> <p>LGPS2014 allows a member protected by the 85-year rule to retire early and suffer a reduction of benefits previously protected.</p> <p>This discretion allows the employer to turn-on the 85-year rule and effectively have in place the protections currently afforded to these members.</p> <p>Policy: Where Employer has become defunct To “switch off” the rule of 85 protections for affected members on a case by case basis and allow those staff who wish to retire under the 85 year rule to take the actuarial reduction themselves (at no cost to WPF).</p>
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Warwickshire Pension Fund discretions policy Local Government
Pension Scheme Regulations 2013

<p>Trans Regs Sch2 para2(3) *</p>	<p>Whether to waive on compassionate grounds, the actuarial reduction applied to benefits from pre 1 April 2014 membership where the employer has “switched on” the 85-year rule for a member voluntarily drawing benefits on or after age 55 and before age 60. (Policy required by the Administering Authority where the employer has become defunct).</p>	<p>Policy: Consideration will be given to waive the actuarial reduction to the benefits where the member had to give up work to provide for a chronically ill spouse or partner</p>
<p>Trans Regs Sch2 para 2(5)</p>	<p>Whether to require any strain on Fund costs to be paid “up front” by employing authority following waiver of actuarial reduction under Trans Regs Sch 2 para 2(3)</p>	<p>Policy: In these circumstances, WPF does not require payment up front and is prepared for the cost to be subsumed as part of the subsequent triennial valuation. However, where the employer is releasing the benefits for reasons other than those described above (e.g., for financial reasons) WPF will require payment of the strain “up front”.</p>
<p>LGPS Regs 34(1).</p>	<p>Whether to commute small pension.</p>	<p>Policy: To be commuted in all cases where the value of benefits is within HMRC limits. Consideration by the Scheme administrator will be given where a member makes a formal request not to receive a commuted pension. Each request will be assessed on its own circumstances</p>
<p>Trans Regs 17(5) to (8) & Reg 40(2), Reg 43(2) & Reg 46(2) & Reg 17(12) above.</p>	<p>Decide to whom death grant is paid.</p>	<p>Policy: WPF makes payment to the nominee unless it is apparent that the nomination may no longer be valid (i.e., that the nominee may have separated or divorced since the nomination was made or</p>

Warwickshire Pension Fund discretions policy Local Government
Pension Scheme Regulations 2013

		<p>where other exceptional circumstances exist). If no nomination has been made or the nomination is no longer valid, payment is made as follows, (in this order of priority):</p> <p>to the spouse or partner upon production of evidence of marriage or partnership or,</p> <p>any person appearing to the authority to have been his (her) relative or dependant at any time or,</p> <p>to their personal representatives or,</p> <p>if there is no evidence of marriage or partnership or of any persons appearing to be a relative or a personal representative, payment will be made to the Estate.</p> <p>If the nominee is a minor, payment is made to a trust fund in respect of the nominee.</p> <p>In the event of a potential dispute, WPF will gather relevant information to present to the Strategic Director of Resources to make an informed decision regarding the distribution of the amount due.</p>
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Warwickshire Pension Fund discretions policy Local Government
Pension Scheme Regulations 2013

LGPS Regs 49(1)(c)	Decide, in the absence of an election from the member, which benefit is to be paid where the member would be entitled to a benefit under 2 or more regulations in respect of the same period of Scheme membership.	Policy: To determine which is the most beneficial for the member.
LGPS Regs 65.	Decide whether to obtain a new rates certificate if the Secretary of State amends the regulations as part of the “cost sharing” under Reg 63.	Policy: WPF will discuss the implications of such an event with the Fund’s Actuary.
LGPS Regs 69(1)	Decide frequency of payments to be made over to the Fund by employers and whether to make an administrative charge.	Policy: The employing authority shall pay to WPF all (employee and employer) contributions due in respect of their employees (or former employees) by the 19th of the month following the end of the month in which the amount was deducted from pay.
LGPS Regs 71(1)	Whether to charge interest on payments by employers which are overdue	Policy: WPF reserves the right to charge employers interest on delayed payments under Reg 69(1).
LGPS Regs 82(2)	Whether to pay death grant due to personal representatives or anyone appearing to be beneficially entitled to the estate without need for grant of probate / letters of administration where payment is less than the amount specified in S6 of the Administration of Estates (Small Payments) Act 1965	Policy: Where the death grant due is less than the amount specified in S6 of the Administration of Estates (Small Payments) Act 1965, currently £5,000, payment will be made following completion of a Form of Indemnity. However, any apparent dispute as to who should receive payment and WPF will refer to the policy under the payment of death grants above.

Warwickshire Pension Fund discretions policy Local Government
Pension Scheme Regulations 2013

LGPS Regs 83	Whether, where a person (other than an eligible child) is incapable of managing their affairs, to pay the whole or part of that person's pension benefits to another person for their benefit.	<p>Policy:</p> <p>WPF will request Power of Attorney or in the absence of this satisfactory evidence that the person is managing the member's affairs (e.g., to whom DWP payments are being made).</p>
LGPS Regs 100(6).	Extend normal time limit for acceptance of a transfer value beyond twelve months from joining the LGPS.	<p>Policy:</p> <p>To allow in exceptional circumstances where it is clear there has been an administrative delay by the employer or WPF</p> <p>This is now a joint policy to prevent scheme employers from accepting late applications without good reason.</p>
LGPS Regs 100(7)	Where a request for a transfer of pension rights is made by a member, the administering authority may accept the transfer and credit it to the Pension Fund and update the scheme member's account accordingly.	<p>Policy:</p> <p>To allow the transfer.</p>
LGPS Regs Sch 1 & Trans Regs 17(9)	Decide whether to treat a child as being in continuous education or vocational training despite a break.	<p>Policy:</p> <p>That WPF allow a break of up to eighteen months to allow the child of a deceased member to take "a year out" between further and higher education and for payment to be suspended during this period of suspension.</p>

Warwickshire Pension Fund discretions policy Local Government
Pension Scheme Regulations 2013

<p>LGPS Regs Sch 1 & Trans Regs 17(9)(b)</p>	<p>Decide evidence required to determine financial dependence of cohabiting partner on scheme member or financial interdependence of cohabiting partner and scheme member.</p>	<p>Policy:</p> <p>To take reasonable steps to determine that a beneficiary is valid. The beneficiary will produce on request relevant and valid documents to determine interdependency. For example, proof of joint mortgage or lease for a period in excess of two years, joint bank accounts, Council tax statements.</p>
<p>rans Regs 3(13) & Admin Reg 70(1) (2008 regs) & Admin Reg 71(4)(c)</p>	<p>Decide policy on abatement of pre 1 April 2014 element of pensions in payment following re-employment.</p>	<p>Policy:</p> <p>To not apply the abatement rule, save in exceptional circumstances where it determines that not to abate the pension in payment could lead to a serious lack of confidence in the public service.</p>
<p>Trans Regs 15(1)(c) & Trans Regs Sch 1 & 83 (1997 regs)</p>	<p>Extend time period for capitalisation of added years contract.</p>	<p>Policy:</p> <p>Time will be extended in exceptional circumstances</p>

***These are where regulations require there must be a written policy.**

Staff and Pensions Committee

14 December 2015

Local Government Pension Scheme Discretions

Recommendations

- (1) That the Committee note the content of the report and approve the proposed Local Government Pension Scheme discretions.
- (2) That the Committee commission WCC officers to undertake the further work described in paragraph 3.2

1.0 Key Issues

- 1.1 The Local Government Pension Scheme Regulations 2013 came into effect in 2014. Within the regulations is a requirement for employing authorities to determine and publish the approach it will take in certain key areas of pension policy.
- 1.2 This report details the policy areas where the employer has discretion and proposes a way forward for Members to consider.
- 1.3 Where the proposals do not involve a change to the council's current practice, this is indicated.

2.0 Proposals

Regulation Reference	Employing Authority Discretion	WCC Current Policy or Practice	WCC Proposed Policy
9.	Determine rate of employees' contributions	For existing members the contribution band is determined on pay in April each year. The banding will not normally be reassessed unless in exceptional circumstances the members pay is substantially reduced.	No change

Regulation Reference	Employing Authority Discretion	WCC Current Policy or Practice	WCC Proposed Policy
		For new employees / scheme members the band is assessed on the salary and additional payments on the date of commencement. This includes existing employees / scheme members who move to new employment during the year.	
16.	<p>Whether, how much, and in what circumstances to contribute to a shared cost Additional Pension Contribution (APC) scheme.</p> <p>a) A scheme member can choose to buy extra annual pension up to a maximum of £6,500 using an APC. The employee can choose to make regular contributions or a one off payment. An employer can choose to fund the APC in whole or in part.</p> <p>b) To buy 'lost' pension for authorised leave of absence (including any period of unpaid additional maternity, paternity or adoption leave). Where an employee elects to pay an APC to purchase any or all of the amount of pension 'lost' during the period of absence and makes the election within 30 days of returning to work the employer shall pay 2/3rds of the cost of the APC (a shared cost APC).</p>	The County's existing policy is on granting additional membership under the 2008 scheme is that no additional pension will be awarded to active members.	No change to granting additional membership and it is further proposed that the County Council shall not fund the APC in whole or in part.
17.	Whether, how much, and in what circumstances to contribute to shared cost AVC arrangements entered into on or after 1 April 2014.	No shared cost AVC to be established	No change
20.	Specify in an employee's contract what other payments or benefits, other than specified in Reg20(1)(a) and not otherwise precluded by Reg20(2), are to be pensionable.	All pay specified in the employee's contract of employment is pensionable.	No change
22(7)(b).	Whether to extend the 12 month option period for a member to elect	To allow in exceptional circumstances where it is	No change

Regulation Reference	Employing Authority Discretion	WCC Current Policy or Practice	WCC Proposed Policy
	that deferred benefits should not be aggregated with an ongoing concurrent employment.	clear there has been an administrative delay by the employer or the scheme administrator.	
22(8)(b).	Whether to extend the 12 month option period for a member to elect that deferred benefits should not be aggregated with a new employment.	To allow in exceptional circumstances where it is clear there has been an administrative delay by the employer or the scheme administrator.	No change
30(6) and Transitional Regs 11(2)	Whether all or some benefits can be paid if an employee reduces their hours or grade (flexible retirement)	That Strategic Directors are granted discretionary power to grant flexible retirement and thus immediate release of all or part of pension benefits.	No change
30(8)	Whether to waive, in whole or in part, actuarial reduction on benefits which a member voluntarily draws before normal pension age.	The County Council currently allows for consideration to waive the actuarial reduction to the benefits where the member had to give up work to provide for a chronically ill spouse or partner.	No change
Trans Regs Sch2 para2(2)	Whether in respect of benefits from pre 1 April 2014 membership, to "switch on" the 85 year rule for a member voluntarily drawing benefits on or after age 55 and before age 60 (subject to a minimum actuarial reduction to the date the member meets the 85 year rule or to age 60, whichever is the later).	Under the current regulations, a member who benefits under the protections afforded under the rule of 85 cannot retire without the agreement of their employer. If the employer agrees to their retirement and the employee is aged between age 55 and 60, the council incurs the cost.	<p>LGPS2014 allows a member protected by the rule of 85 to retire early without their employer's agreement as long as the employee suffers the actuarial cost themselves.</p> <p>It is therefore proposed that the Council has a policy of "switching off" the rule of 85 protections for affected members on a case by case basis.</p> <p>This would allow those staff who wish to retire under the 85 year rule and take the actuarial reduction themselves (at no cost to the council), to do so.</p>

Regulation Reference	Employing Authority Discretion	WCC Current Policy or Practice	WCC Proposed Policy
Trans Regs Sch2 para2(3)	Whether to waive on compassionate grounds, the actuarial reduction applied to benefits from pre 1 April 2014 membership where the employer has “switched on” the 85 year rule for a member voluntarily drawing benefits on or after age 55 and before age 60.	Consideration will be given to waive the actuarial reduction to the benefits where the member had to give up work to provide for a chronically ill spouse or partner.	No change
31	Whether to grant additional pension to an active member or within 6 months of ceasing to be an active member by reason of redundancy or business efficiency (by up to £6,500 per annum)	That augmentation of pensionable service should only be applied in exceptional cases where this is necessary to address a situation where there would otherwise be a significant risk of harm to the County Council’s services or objectives.	No change
100(6)	Extend normal time limit for acceptance of a transfer value beyond twelve months from joining the LGPS.	To allow in exceptional circumstances where it is clear there has been an administrative delay by the employer or the scheme administrator (This is now a joint policy with the Administering Authority to prevent scheme employers from accepting late applications without good reason.)	No change

3.0 Next steps

- 3.1 Any decisions made by Members in relation to the delegations will be communicated to the LGPS scheme members through the Council’s website.
- 3.2 If Members approve the proposals in this paper, the Council should revisit its flexible retirement policy to ensure it remains fit for purpose.

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