

# Warwickshire Local Pension Board

Date: Tuesday 12 July 2022

Time: 11.00 am

Venue: Microsoft 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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## 2. Pensions administration activity and Performance update

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## 3. Risk Monitoring

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## 8. Governance, Policy and Training

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## 9. Local Pension Board Annual Report 2021/22

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**10. Investment update**

**11. Any Other Business**

**Monica Fogarty**  
Chief Executive  
Warwickshire County Council  
Shire Hall, Warwick

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

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# Warwickshire Local Pension Board

Tuesday 26 April 2022

## Minutes

### Attendance

#### Committee Members

Keith Bray (Chair)

Jeff Carruthers

Keith Francis

Alan Kidner

Mike Snow

#### Officers

Andy Carswell, Democratic Services Officer

Andrew Felton, Assistant Director - Finance

Liz Firmstone, Service Manager (Transformation)

Victoria Jenks, Pensions Admin Delivery Lead

Victoria Moffett, Pensions and Investments Manager

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

Nichola Vine, Strategy and Commissioning Manager (Legal and Democratic)

Martin Griffiths, Technical Specialist Pensions Fund Policy and Governance

### 1. Introductions and General Business

#### (1) Apologies

Apologies were received from 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 a firm of American lawyers which had Pension Fund clients although these did not include Warwickshire.

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

#### (3) Minutes of the Previous Meeting

Liz Firmstone (Service Manager, Transformation) said the full audit report would be circulated to members once it had been agreed by the Audit and Standards Committee.

The Chair noted a reference to Russia, and how there had been reports in the press that Russia now posed an increased cyber security risk as a result of the Ukraine conflict, and the

Fund should be wary of this. Regarding members going paperless, the Board were advised that following the passing of a motion at Full Council the presumption was members would receive electronic versions of agendas unless they opted in to receiving paper copies. Members said they wanted to continue receiving paper versions of agendas, but the Chair asked if they could be made aware if the Board became an outlier in terms of the number of members not using electronic copies.

Members confirmed they would like to have the next meeting in person, if restrictions permitted it.

The minutes of the meeting held on 2 February 2022 were agreed by the Board as a true and accurate record.

## **2. Minutes of the Pension Fund Investment Sub-Committee**

Victoria Moffett (Pensions and Investment Manager) advised members that since the last Investment Sub-Committee meeting, the number of UK equities had been reduced.

Members noted the contents of the minutes.

## **3. Minutes of the Staff and Pensions Committee of 13 December 2021**

The Chair said he was pleased to see good progress was being made on the rollout of the member self service scheme.

Members noted the contents of the minutes.

## **4. Forward Plan**

Referring to the Hymans knowledge and skills test members had undertaken, the Chair said he had received his results and been told which questions had been answered correctly and incorrectly. However he had not been told the correct answers to questions that he had answered incorrectly, and the Chair felt it would be useful in improving understanding to be told the right answers. He also said it would be useful to have all of the members' results together to see if there were any knowledge gaps that could be covered on the training programme. The Chair noted however that all members had done well, particularly as some of the questions had required a detailed amount of knowledge to answer them. Members were reminded that a training schedule had been agreed.

Keith Francis said he had taken several hours to complete all of the training. Following discussions it appeared he had taken more than the mandatory levels of training and had taken additional courses. It was agreed that in future members would be advised as to which sections of training were of greater importance. Members said it was helpful they had different specialisms to spread across all of the different areas of required knowledge.

Mike Snow said he was likely to need a new login to the Hymans system as he had changed roles as a Board member. Victoria Moffett said this could be facilitated.

Members noted the contents of the forward plan.

## 5. Business plan

Liz Firmstone (Finance Service Manager – Transformation) introduced the item and advised this was the final update report for the 2021/22 business plan. Of the 49 listed actions, 39 were either completed or on track and the remaining ten were off track but being managed. There were no actions listed as being red. Liz Firmstone said the main reason for the ten items being off track were as a result of a lack of staff capacity. A number of staff members had been off sick due to Covid and this had had an impact on resources. Additionally there had been an increased demand for services. Liz Firmstone said she wished to acknowledge the work of the team to ensure the progress that had been made.

Mike Snow asked for clarification on what was happening to verify employer data in respect of the McCloud project. Liz Firmstone said the position was improving following the imposition of the iConnect system, and data was coming in on a more regular basis. There was a disclaimer that employers were content for the Fund staff to use the data they already held, or had been supplied with. Vicky Jenks (Pensions Admin Lead) said some checks were still required and many of these were being done retrospectively. If needed, information was being sent back to employers for further investigation and resolution.

Jeff Carruthers noted the indicator relating to employer contribution performance stated it was due to be resolved by the end of April. Victoria Moffett said this had largely been rectified and its resolution was a priority task for the team. It had been completed sufficiently that it would pass an audit report.

Responding to a question from the Chair, Liz Firmstone said there weren't any areas she was concerned would dip to a red rating due to not being met.

Members noted the contents of the business plan.

## 6. Risk register

Victoria Moffett introduced the report. She advised that the scores for some risks had not been updated in the report as they were felt to be appropriate, but actions from a management action plan running alongside it had been taken. These actions included increasing capacity for medium-term resourcing, investing in systems development and improving communications with the Border to Coast fund. The full details were in appendix 4 of the report, with new items being shown in red and those shown in green were actions to have been taken since the last quarter.

Regarding resources and staffing capacities, Jeff Carruthers said he had noticed issues with recruitment, particularly for some specialist roles, and asked if this was the same through the Local Government Pension Scheme. Vicky Jenks said the Local Government Association had recently released a survey asking for members to report and describe any recruitment issues they had been having, as it was acknowledged there had been problems in this area. She said resourcing issues tended to relate to major projects such as preparation for McCloud, which required specialist knowledge, rather than day to day items. Victoria Moffett said Martin Griffiths had recently been appointed to the role of Technical Specialist as he was very experienced. There was an advertisement out for a junior accountancy role and there had been applications for the post, and it was hoped an offer could be made to an applicant. Andy Felton (Assistant Director, Finance)

said solutions were being sought to fill vacancies. Some posts had been filled by contractors but this was costly so steps were being taken to try to avoid this.

Mike Snow asked what steps were being taken to assess the impact of increased inflation rates, noting the report stated inflation was at six per cent in relation to CPI and eight per cent in relation to RPI. Victoria Moffett said this had been discussed at the Investment Sub Committee, with members asking if the increased rates were transient or likely to be more longer-lasting. Independent advisors had provided with Fund with knowledge on issues relating to inflation. Victoria Moffett said there had been an increase in benefits payments. Consideration was being given to how protection assets looked in terms of their interest rate and inflation hedging abilities. Andy Felton said modelling by Hymans had suggested the increased inflation rates could last for two or three years rather than a matter of months; however he advised that some assets were inflation protected.

Responding to a question from the Chair, Victoria Moffett advised the register was discussed on a quarterly basis some weeks prior to Staff and Pensions Committee and Investment Sub Committee meetings. The register would be looked at on a line-by-line basis. Andy Felton added that the Pension Fund team would review risks on a day-to-day basis.

Members noted the contents of the report and risk register.

## **7. Pensions administration activity and performance update**

Vicky Jenks introduced the item and explained the report outlined what the administration team had been working on. A lot of work had been taking place preparing and testing the new member self-service, which would allow members to access their annual benefit statements online. Much of this entailed setting up account profile details for members. Vicky Jenks drew members' attention to the key performance indicators listed in the report, which explained why some of them were off target. The report also noted recorded breaches, progress being made in relation to McCloud, and the guaranteed minimum pension reconciliation exercise.

Members said it would have been beneficial if the pages containing the key performance indicators and breaches had been printed in colour, as it was harder to tell which were rated as red, amber or green. Vicky Jenks said there had been an increase in the number of green breaches reported in January. She explained however that this related to one payroll provider that was responsible for the payrolls in a large number of schools; although the increase looked as though it was a significant issue, it had been caused by a single provider and had been relatively straightforward to combat.

Responding to a question from Jeff Carruthers regarding communication about the self-service scheme, Vicky Jenks said a plan was being developed and would be rolled out to all employers in due course. Priority for the rollout was being given to deferred members as they tended to receive their annual benefit statements first. Jeff Carruthers said he would like to have any communications sent out so it could be sent round staff at his employer.

Responding to a point raised by the Chair in relation to the guaranteed minimum pension reconciliation scheme, Vicky Jenks said it was anticipated more users would get back in touch with the Fund as they approached pensionable age. The introduction of the pensions dashboard had been helpful in reuniting members with their pensions. The next phase of the project would be to



communicate to members how they could access the self-service portal to deal with their queries. The Chair raised the point that some users may have more than one pension pot under multiple schemes, and said the dashboard was a useful tool to help people with any questions they had and would prevent staff at the Pension Fund from becoming overwhelmed dealing with queries.

Mike Snow noted that some overpayments were due to be written off during the reconciliation process and asked for details on what values were involved. Vicky Jenks said there had been around 800 overpayments totalling approximately £2million. Approval for writing off the overpayments was being sought from the Leader of the Council. Liz Firmstone added that the recommendation given to all local authorities was not to try and recover overpayments. Vicky Jenks said some of the overpayments for pensions had come about because the information held by the Pension Fund and HMRC did not match up, which the Fund members would not have known about and would not have been expected to have acted upon. This was a situation affecting a large number of local authority pension schemes. Additionally, a large percentage of the overpayments had been for relatively small amounts. The Chair said he accepted this position, although if an individual had been overpaid by a significant and was aware of it then they should be pursued to try and recoup the overpayments. Nic Vine (Strategy and Commissioning Manager, Legal and Democratic) said that in many cases pursuing claims against individuals would cost the Fund money as the amount it cost to take action was more than the amount that would be reclaimed, and there was no culpability on the Fund members.

Responding to a question from Alan Kidner, Vicky Jenks said the reconciliation process had started in 2016 and it had taken time for the various Funds to work through it as they received information from HMRC. The final set of data files to reconcile had been supplied in 2019. Alan Kidner suggested the length of time taken to supply the information could have meant that some overpayments had been taking place over a longer period of time than necessary, and the situation could have been rectified if the information had been provided by HMRC sooner. Andy Felton said the exercise would mean overpayments would not be an ongoing issue.

Responding to a question from Mike Snow, Vicky Jenks said the number of underpayments was significantly lower than the number of overpayments. These had now been corrected and arrears paid back to members, and information on this would be available at the next meeting.

Members noted the content of the report and thanked officers for compiling a substantial amount of information.

## **8. Regulatory and Policy Update**

Victoria Moffett introduced the item and advised there were very few updates to report on in this quarter. There was one ongoing dispute, which was referred to in the report, and the cash management mechanism remained under review. Victoria Moffett advised that because there was a focus on McCloud and other areas requiring expertise and input from officers, it was possible that the pensions dashboard may not be ready to go live until 2024/25. Vicky Jenks said the same issues affected all Pension Funds and this was not unique to Warwickshire.

Victoria Moffett said the single code of practice from the Pensions Regulator was subject to an additional consultation due to take place in the summer, so it was unclear if the final version of the code would be formulated and released before the end of the year.

Members were told that the Public Service Pensions and Judicial Offices Bill – also known as the Boycott, Divestment and Sanctions Bill – had set out that administering authorities were advised to make investment decisions in line with the UK’s foreign and defence policy. However this was only guidance and was more generic than when foreign policy had been considered in relation to investments previously. Members recalled a similar issue previously in relation to investments based in Palestine. The Chair asked for the Board to be kept updated on this issue. He stated that although Pension Funds should remain politically neutral, it was right on occasions to take into account political concerns and how these could impact negatively on the Fund.

Members noted the contents of the report.

## **9. Investment update**

Victoria Moffett introduced the item, explaining the report provided an update up to the quarter ending on 31 December 2021. A statement had been issued from the Investment Sub Committee following their meeting in March which strongly condemned the Russian invasion of Ukraine and supported the use of sanctions on Russian investments. This statement had been passed on to investment managers. Victoria Moffett advised that staff recruitment and retention at Border to Coast remained a concern and the Fund had offered support and assistance in filling the vacant roles. She said other Pension Pools and Funds had had similar issues, as staff reassessed work/life balance and quality of life in the fallout from Covid, and this position was not something unique to Border to Coast. Andy Felton said it was not felt that performance standards in relation to asset management had dropped at Border to Coast as a result of the staff shortage issues, even though this remained a matter of concern. Some positions had been filled through the use of agency staff.

Responding to a question from the Chair, Andy Felton said section 151 issues relating to pensions had been devolved to him with the agreement of Rob Powell.

Members noted the contents of the report.

## **10. Governance Review Update**

Liz Firmstone introduced the item and explained a response to the review by the Department for Levelling Up, Housing and Communities was still awaited. However the Warwickshire Fund had been preparing for the outcome of the review as much as possible so it would be in a good position to respond.

Responding to a point raised by the Chair, Liz Firmstone said the appendix referred to the MHCLG instead of DLUCH as it was this department that initially issued the review, so the original recommendation wording had been included.

Members noted the contents of the report.

## **11. Draft Business Continuity Policy**

Vicky Jenks introduced the item, explaining this represented the first draft of the business continuity plan. She said it had been demonstrated throughout the Covid pandemic that the Fund was able to cope through working through an unforeseen event; however it was important for this

policy to be formally set out. It was hoped that the final draft of the policy would be available for members to view at the next meeting. Liz Firmstone advised that the local authorities for Coventry, Warwickshire and Solihull had a joint resilience team that enabled each authority to provide support to another. An incident would be reported to the resilience team regardless of the severity of its impact so events could be looked at as a whole. Serious incidents would be referred to the critical services plan.

Alan Kidner noted that some of the numbering in the report did not follow a consistent pattern, and it was agreed this would be amended for the final report.

Members noted the contents of the draft policy, stating they were impressed with what they had seen.

At this point Keith Bray had to leave the meeting. Jeff Carruthers took over the role of Chair.

## **12. Draft Fraud Policy**

Liz Firmstone informed members that the draft policy had been reviewed by the Staff and Pensions Committee for comments. Once the comments had been collated and reviewed, the draft policy would be updated with a view to being approved by the Staff and Pensions Committee.

Alan Kidner noted the report stated that suspected fraud ought to be independently reported straight to the Pensions Regulator, but another section of the report stated it may also be appropriate to refer potential breaches of the law to the Pension Fund. Liz Firmstone said the correct cross reference checks would be referred to in the final version of the policy report.

Members noted the contents of the policy.

## **13. Review of Pension Fund Discretions for Warwickshire Pension Fund**

Vicky Jenks introduced the item and explained that the Pension Fund discretions policy had been agreed and signed off by the Staff and Pensions Committee. There had been a small number of changes to the policy and these were highlighted in the report. This was the first full review of the policy since it was implemented in 2016. Vicky Jenks said these would be reviewed on a regular basis in future.

Responding to a question from Jeff Carruthers, Vicky Jenks said an employer would be entitled to make its own decisions based on its circumstances regarding which of the Fund's policies to follow. Although there were several mandatory discretions there were also a number of discretionary ones that an employer could choose to follow. Information and support on this was available online. Vicky Jenks said the Fund was planning to do more work in the next few months to engage with employers about the discretions that were available, how to make decisions on which to apply and how they would affect an employer's policy. The Board agreed to have an action point on assessing the level of discretionary policy compliance amongst Fund members.

Regarding the 85-year rule referenced in the report, it was clarified following a question from Alan Kidner that the legislation stated the default position was it would be switched off; employers however had the ability to switch it on. Alan Kidner noted that the Council had proposed a policy of switching it off, when this was already the default position. He spoke of his experience when the

position was changed to switching off, and he would not be able to retire at 60 with 25 years' service pension, as he had previously been led to believe. Alan Kidner stated his belief that this was unfair. Vicky Jenks said some discretions would be in place and in certain circumstances no reductions would be applied. However there would be cost implications for the Fund and this needed to be taken into consideration. Alan Kidner stated his belief that in situations where an employer with a policy of leaving the 85-year rule switched on became defunct and administration of pensions passed to the authority, then the authority should leave the policy switched on. Vicky Jenks said the intention was to have a blanket policy rather than having a separate one for defunct employers.

Following a request made by Keith Francis, it was agreed that future training sessions would include a section relating to discretions.

There were no other items of business to discuss.

The date of the next meeting was confirmed as 12 July. It was hoped this could be held in-person rather than online.

**14. Summary of Key Actions**

	Action	
1	Mike Snow to be given new Hymans login	Victoria Moffett to facilitate
2	Future training sessions to include a section on discretions	
3	Assessment on the level of discretionary policy compliance amongst Fund members	

The meeting rose at 11.56am

.....  
Chair

## Warwickshire Local Pension Board

12 July 2022

### Warwickshire Pension Fund Pensions Administration Activity and Performance Report

#### Recommendation

That the board notes and comments on the 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 MSS has now gone live, the team have been rolling out invitations to members, so that they can create their user accounts.
- 4.2 We have enlisted the help of all scheme employers to promote MSS. We have also advertised the tool on Working for Warwickshire, our internal intranet, social media, and the Fund website.
- 4.3 Take up has been promising with 2000 deferred members signing up within a week of receiving their activation key, this is approx. 10% of deferred members.
- 4.4 This year, Annual Benefit Statements will be made available via MSS, rather than sending paper statements out. The cost to provide paper statements is

approximately £25k per annum. Making the statements available online will also help with the Council's target for reducing our carbon footprint. Any member who cannot access MSS can opt to receive a paper copy.

## **5. Key Performance Indicators (KPIs)**

5.1 Appendix 1 shows the KPI percentages for the period 1<sup>st</sup> April 22 to 31<sup>st</sup> May 2022.

5.2 KPIs where a payment is to be made are treated as highest priority.

For KPIs that are not being achieved:

KPI 1 – Letter detailing transfer in quote – this is currently 60.45%. This has increased from 52.56% in 21/22. Workflow processes have been amended to enable the team to manage these cases better, and this is starting to be reflected in the improvement in performance.

KPI 2 – Letter detailing transfer out quote – this is currently 93.96%. This has increased from 91.89% in 21/22.

KPI 4 – Letter Notifying Estimate of retirement benefits – Currently average of 91.1%. The month of May we have achieved 97% but had a very busy end of year in April so only achieved the target 88% of the time.

KPI 8 – Letter acknowledging death of a member – Currently average of 93.38%. We expect the performance of this to improve as this is the first time it has gone below 95%. Some cases can be complex with information being provided by third party sources that need to be verified before actioning.

KPI 9 - Letter notifying amounts of dependents benefits – Currently average of 88.8%. These are some of the more complex calculations we have to do and sometimes require file retrieval from off-site storage which can delay our response.

## **6. Workloads**

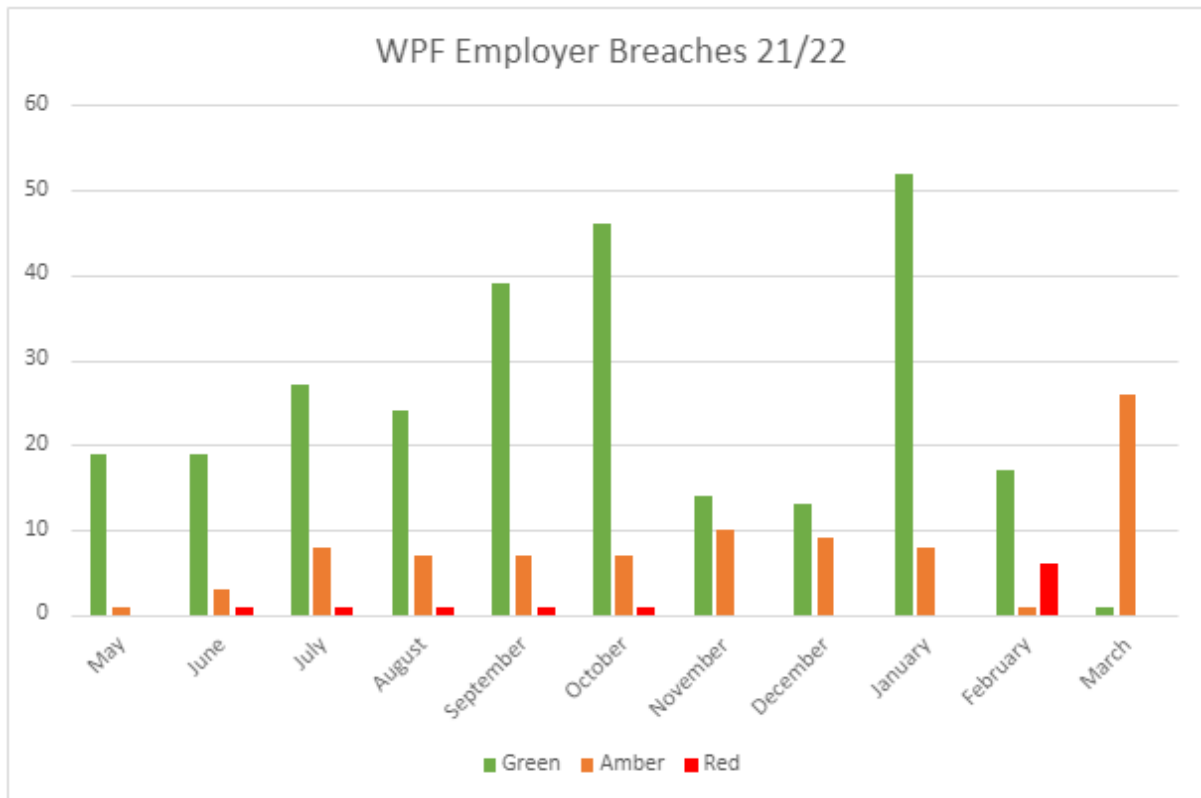
6.1. From April 2022 we are using a different tool for reporting. This provides data by calendar year rather than financial year.

6.1 Appendix 2 shows the total number of cases completed in calendar years 2020 and 2021, and 2022 to the end of May. In the five months to 31<sup>st</sup> May 2022 the team had received 16,637 tasks and there were 2,327 live cases outstanding.

6.2 This shows that the number of cases completed is 14,310 so far for this year and that the volume of cases being completed outside of target KPI timescales has reduced from 20% in 2020 to 12% so far this year.

## 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 A red breach has been reported to the Pensions Regulator in March 2022. This is in relation to a multi academy trust who has not provided monthly returns on time for the period 1<sup>st</sup> April 2021 to 31<sup>st</sup> March 2022 for a number of academies. The multi academy trust had changed payroll provider, and this has contributed to the delay. Following the report to the Pensions Regulator all outstanding information has been received and the trust is looking to supply information via i-Connect. No further action was required to be taken by the Pensions Regulator.

7.3 In March there was also an increase in amber breaches, this was caused again by one payroll provider who provides the service for a number of schools in a multi academy trust, submitting the i-Connect submissions late. The schools affected and the payroll provider have all been notified of the breach.

## **8. McCloud Project**

- 8.1 The McCloud Project is continuing, and we are still receiving updated service data from Warwickshire County Council payroll. However, the Local Government Association have indicated that there will be a delay in the release of the regulations that were originally expected in April 2023, and these are now likely to be in place by October 2023.
- 8.2 The recruitment for posts within the Pensions team dealing with the rectification work will take place later than planned because of this delay.

## **9. Internal Dispute Resolution Procedure (IDRP)**

- 9.1 The Fund has three outstanding IDRP cases, 2 at Stage 1 and 1 at stage 2.
- 9.2 Two cases relate to the transfer out of benefits to other pension arrangements, and one relates to the reduction of a member's pension relating to the GMP rectification exercise.

## **10. Guaranteed Minimum Pension (GMP) reconciliation exercise**

- 10.1 The GMP reconciliation and rectification exercise has been completed.
- 10.2 The total of number cases that required a review was 2,618, resulting in 1,180 overpayments and 122 underpayments. The remaining 1,316 were cases where a the GMP is not yet being applied and the GMP information has now been updated on the members record.
- 10.3 The 1,302 cases to review, that resulted in an over/under payment, were where the data from HMRC and what was held on the pension record did not match:
- Average value of underpayment £118 per year
  - Average value of overpayment £195 per year
  - On average most payments have been incorrect for approx. 17-18 years

### **Total cost to pension fund (as of 31 March 2022)**

- Overpayments - £2.2m for 1180 cases
  - Underpayment - £45k for 122 cases
- 10.4 The Fund has had regard to a guidance note issued by the Local Government Association (LGA) in 2017 which addressed the recovery of overpayment of pension in these circumstances. It was recommended that, in line with this guidance, the Fund would not seek to recover the overpayments for the following reasons:



- a) Given the complexities around GMP rules, it would be unfair to assume that the affected member could have had any knowledge or understanding at an earlier time that this resulted in their pension being overpaid.
- b) Most people affected are likely to be elderly and vulnerable and already facing rising inflation and costs of living. These factors could impact the Fund's ability to recover some or all of the overpayment and lead to additional unrecoverable costs in taking any recovery action.
- c) The average overpayment is £195 per year (although the maximum total historic overpayment identified to date is just under £28k). It would not be cost effective in many cases to pursue the overpayments as debts, given the volume of cases, the costs of legal action and the low value per claim.
- d) It is arguable that the Fund could have discovered the overpayments itself at an earlier point in time which could render some claims time barred under limitation rules.
- e) This is the approach that has been taken by the majority of LGPS and public sector funds in the same situation.

10.5 The Leader approved the decision not to seek to recover any past overpayments of pension made to members of the Warwickshire Local Government Pension Scheme which have been identified through the GMP reconciliation exercise. It should be noted that these overpayments do not constitute debts which are being written off but are payments that the Fund understood to be correct at the time based on records held. All costs are payable from the Warwickshire Pension Fund.

## **11. Pensions Increase**

11.1 Pensions increase for 2022 is 3.1%. This has been applied to pension payments from 11<sup>th</sup> April 2022.

## **12. Transfer of Firefighter Pensions Administration Service and Pensioner payroll**

12.1 The transfer of the Firefighter pensions administration and pensioner payroll has now successfully been completed, from 1<sup>st</sup> April 2022 the service is being provided by West Yorkshire Pension Fund.

12.2 The contract will be managed by a member of the Pension Administration Service, with regular client meetings scheduled. A regional collaboration group has also been established which includes colleagues from Hereford & Worcestershire, Staffordshire, Shropshire, and Leicestershire, Derby and

Nottinghamshire. This group will look to ensure best practice and consistency for governance of the schemes.

### **13. Pensions and Lifetime savings Association (PLSA) – Governance Conference June 2022**

13.1 In June fund representatives attended the PLSA governance conference, the conference covered topics for pension funds on both administration and investment.

13.2 The Scheme Advisory Board annual report was covered at the event and has been shared with the board.

13.3 PLSA also provided a session on The Local Government Pension Scheme: ‘Today’s challenges, tomorrow’s opportunities’, the full report, and executive summary have also been shared with the board. There are some useful discussion points in this document which is split into 4 key areas and recommendations that should be noted by the fund, particularly around operational sustainability, systems, and people. This highlights the national issue of recruitment and retention of pension fund staff.

13.4 The Local Government Association have also recently requested information from Funds regarding staffing issues, as it is recognised that a lot of funds are struggling to fill vacancies and recruit additional staff to help with project work, such as McCloud and GMP rectification. There is real concern that due to the continuing complexities and the need for staff to understand legislation that is constantly changing, funds will struggle to recruit and retain staff. For the PAS in Warwickshire we currently have 2 vacancies which have been created through staff being seconded to the McCloud project.

### **15. Timescales associated with the decision and next steps**

None

#### **Appendices**

None

#### **Background Papers**

None

	<b>Name</b>	<b>Contact Information</b>
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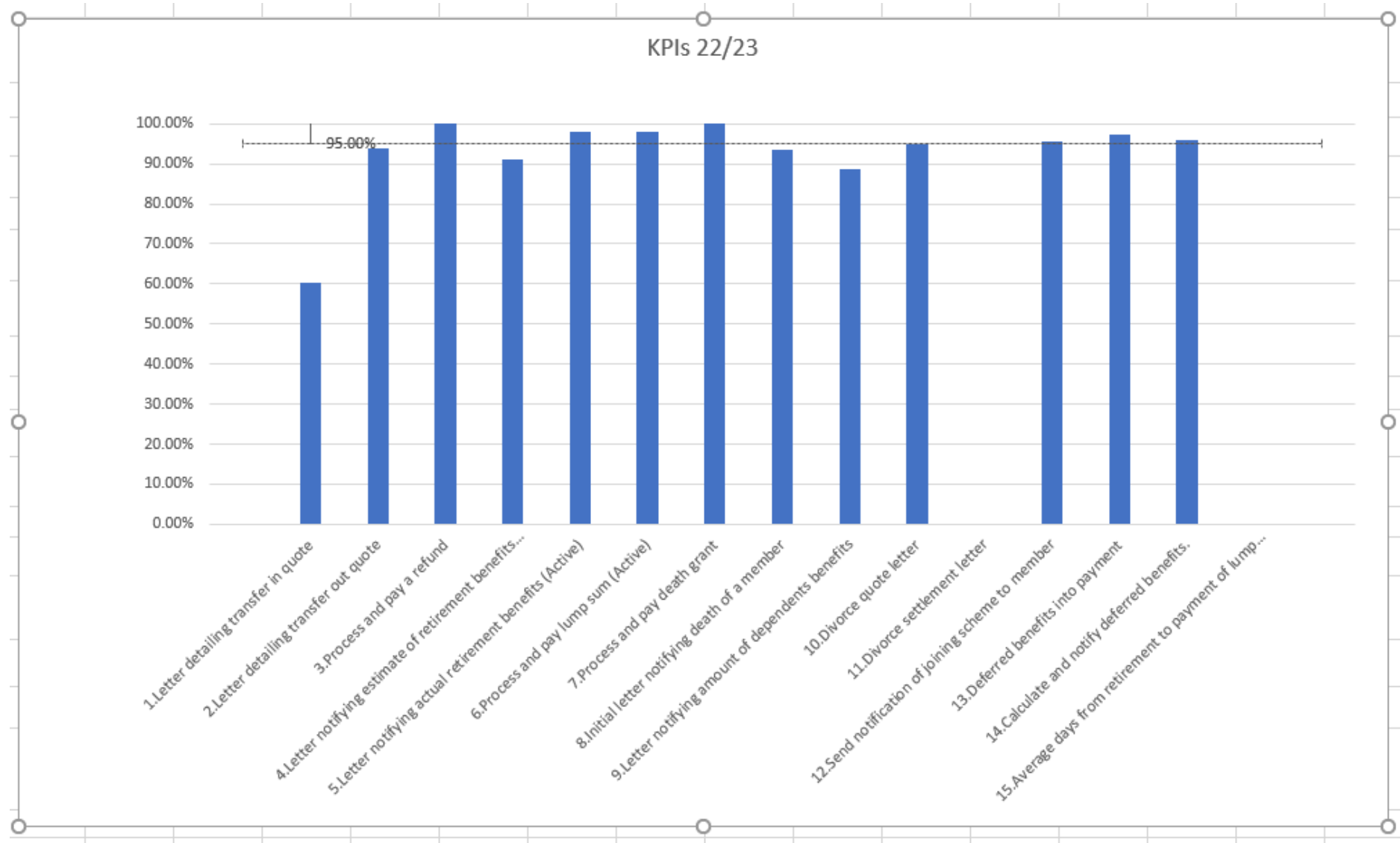
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The report was circulated to the following members prior to publication:

Local Member(s):N/A

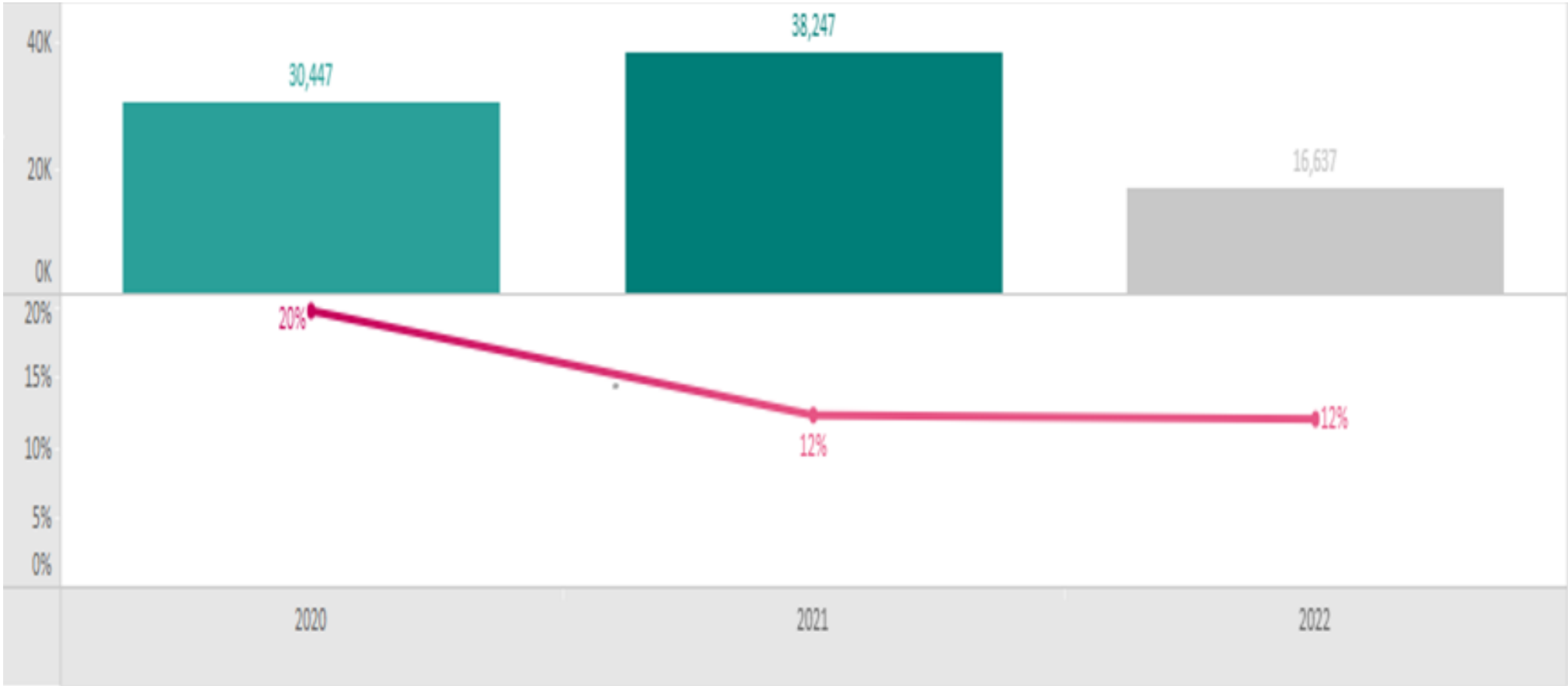
Other members: n/a

Appendix 1 – KPI Chart



Appendix 2

Completed cases and % achieved for KPIs



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## Warwickshire Local Pension Board

12 July 2022

### Risk Monitoring

#### **Recommendation**

That the Local Pension Board considers and comments on the contents of this paper.

#### **1. Executive Summary**

- 1.1 This Report provides details of the Fund's current risk monitoring process, the position with regard to net risk and the content of the updated risk register.

#### **2. Financial Implications**

- 2.1 None

#### **3. Environmental Implications**

- 3.1 None

#### **4. Supporting Information**

#### **Risk Monitoring**

- 4.1 This report provides an update on the risks facing the Pension Fund and the management actions required to address them. Fund officers have reviewed the risks facing the Fund and have updated the risk register with actions and revisions as appropriate. The updated risk register is attached as Appendix 1 to this Report. Any updates to the commentary in the risk register that have occurred 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 a green font.
- 4.2 Risk scores have remained the same since the previous report to the Investment Sub-Committee.
- 4.5 Officers propose to remove 'Covid' specific items on the risk register moving forward as these risks will be included within the other general items covered by

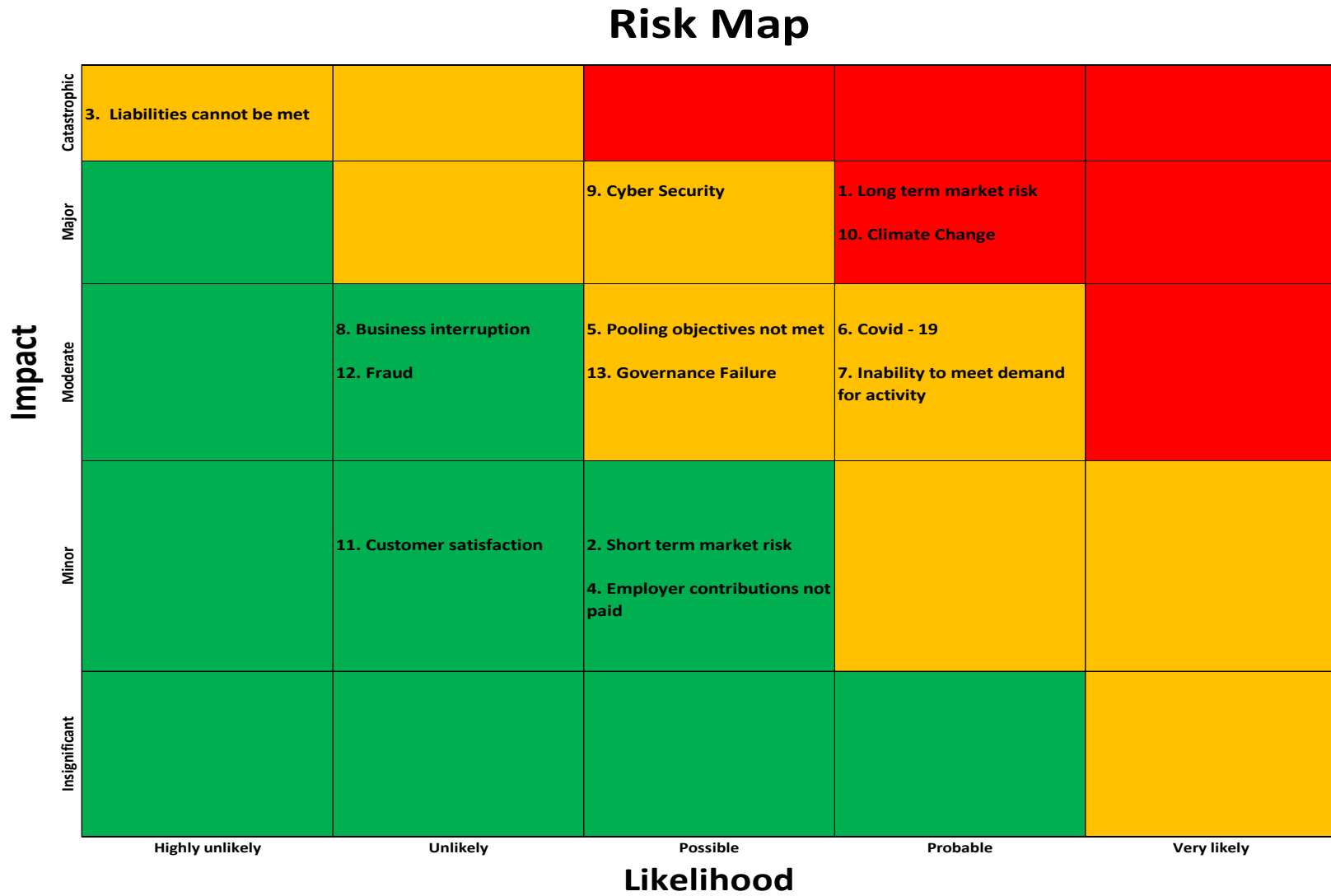
the register. This approach was agreed by the Investment Sub-Committee at its meeting of [ ].

- 4.6 The net risks facing the Fund after having regard to existing management actions are summarised in Chart 1 below .

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Chart 1 – Net Risk Summary



*The likelihood and the impact of all the risks remain the same as last presented to the PFISC on the 13th December 2021*

## Appendices

### 1. Appendix 1 Risk Register

	<b>Name</b>	<b>Contact Information</b>
Report Author	Martin Griffiths	martingriffiths@warwickshire.gov.uk
Assistant Director	Andrew Felton Assistant Director Finance	Andrewfelton@warwickshire.gov.uk
Strategic Director	Rob Powell Strategic Director for People	robpowell@warwickshire.gov.uk
Portfolio Holder	Peter Butlin Portfolio Holder for Finance and Property	peterbutlin@warwickshire.gov.uk

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

Local Member(s):

Other members:

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"> <li>Inappropriate strategic asset allocation</li> <li>Inability to implement strategic asset allocation</li> <li>Poor fund manager performance</li> <li>Fundamental long-term events e.g. climate change, systemic risk, inflation</li> <li>Covid-19</li> <li>Inappropriate products developed by the Border to Coast Pension Partnership</li> <li>Inappropriate (too high) expectations</li> </ul>	<ul style="list-style-type: none"> <li>Asset values do not meet expectations</li> <li>Employer contributions forced to increase above expectations or by a large amount at short notice</li> <li>Investment risk is forced to increase</li> <li>Future benefits cannot be paid by the Fund out of existing assets</li> <li>Positive inflation would increase liabilities and potentially asset values</li> </ul>	4.00	5.00	25.00	<ul style="list-style-type: none"> <li>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.</li> <li>Only anticipate long-term returns on a relatively prudent basis to reduce risk of under-performing</li> <li>Engagement with Border to Coast - developing funds and monitoring fund performance.</li> <li>Appropriate monitoring of investment behaviour and performance.</li> <li>Introduction of a climate risk policy in 2020/21</li> <li>Inflation is a key feature of investment strategy review and monthly monitoring of the portfolio</li> <li>Strategic Asset Allocation reviewed as at March 2022</li> </ul>	4.00	4.00	20.00	<ul style="list-style-type: none"> <li>Review climate risk and responsible investment policy and evaluate exposure to climate risk and other Environmental, Social and Governance factors.</li> <li>Regular review of Strategic Asset Allocation</li> </ul>
2	Short term market risk	<ul style="list-style-type: none"> <li>Significant reductions in asset values</li> <li>Active management (BCPP)</li> <li>Rapid changes in the economic environment</li> <li>Inappropriate asset allocation</li> <li>Poor fund manager performance</li> <li>Covid-19</li> <li>Global political and trade tensions</li> <li>Brexit</li> <li>Asset bubbles</li> <li>Poor fund development and procurement</li> <li>Natural fund and market volatility</li> <li>Possibility of market values reducing to the long-term average</li> </ul>	<ul style="list-style-type: none"> <li>Asset values do not meet expectations</li> <li>Cashflow requirements cannot be met efficiently or effectively</li> <li>Being unable to meet payment deadlines</li> <li>Being forced to sell assets under distress</li> <li>Being unable to pay benefits to members due to liquidity constraints</li> <li>Introducing volatility to employer contributions or those employers close to exit</li> </ul>	5.00	3.00	18.00	<ul style="list-style-type: none"> <li>Diversification of assets</li> <li>Regular committee and officer monitoring of investment asset allocations and fund manager performance relative to benchmarks and absolute.</li> <li>Cashflow planning to avoid selling assets under distress</li> <li>Maintain sufficient allocation to liquid assets.</li> <li>Long term approach to employer contributions, promoting their stability</li> <li>Rota of fund manager presentations to the investment subcommittee.</li> </ul>	3.00	2.00	8.00	<ul style="list-style-type: none"> <li>Regular review of Strategic Asset Allocation.</li> </ul>
3	Financial mismatch	<ul style="list-style-type: none"> <li>Fund assets fail to grow in line with the developing cost of meeting liabilities</li> <li>Inadequate contributions asked of employers</li> <li>Employers do not pay contributions required</li> <li>Investment returns lower than expected</li> <li>Inflation risk</li> <li>Inappropriate funding assumptions used</li> <li>Actual membership experience materially different from expectations</li> <li>Incorrect membership or cashflow data used to determine funding strategy</li> <li>Cashflow negative</li> </ul>	<ul style="list-style-type: none"> <li>Funding level deteriorates</li> <li>Higher investment risks being taken</li> <li>Employer contributions increasing</li> <li>Being unable to pay benefits to members out of fund assets</li> </ul>	2.00	5.00	15.00	<ul style="list-style-type: none"> <li>Fund valuation process driving an updated Investment Strategy and Funding Strategy on a periodic basis.</li> <li>Triennial valuations for all employers</li> <li>6-monthly reporting on funding evolution to Committee, using rolled-forward liabilities.</li> <li>Annual monitoring of longevity risk via Club Vita participation.</li> <li>Use of professional advisors to support setting of appropriate funding assumptions.</li> <li>Asset liability modelling focuses on probability of success and level of downside risk</li> </ul>	1.00	5.00	10.00	<ul style="list-style-type: none"> <li>2022 revaluation preparedness review during 2021/22</li> <li>Understand the assumptions used in any analysis and modelling. Compare these with own views and risk levels.</li> <li>Annual data quality review</li> </ul>

4	Employer risk	<ul style="list-style-type: none"> <li>Orphaned employers</li> <li>Covid-19</li> <li>General economic / financial pressure on employers</li> <li>Deterioration in employer financial positions</li> <li>Deterioration in quality of employer administration function</li> <li>Inadequate support from the Fund to employers</li> <li>Inadequate monitoring of employers by the Fund</li> <li>Admissions agreements inadequate or not agreed</li> <li>Employer contribution rates higher than deemed affordable</li> <li>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)</li> </ul>	<ul style="list-style-type: none"> <li>Employers cannot pay the required contributions because contribution requirements increase too quickly or too far</li> <li>Employers cannot pay the required contributions because employer financial viability reduces</li> <li>Increased administration costs</li> <li>Reputational damage to the Fund and to employers</li> <li>Paying employers having to pick up costs of non paying employers</li> <li>Liabilities falling back to underwriting employers</li> <li>Overly cautious investment strategy requiring higher contribution rates</li> </ul>	3.00	3.00	12.00	<ul style="list-style-type: none"> <li>Cessation debt or security/guarantor</li> <li>Spread pro-rata among all employers</li> <li>Employer covenant review</li> <li>Stabilisation mechanism to limit sudden increases in contributions</li> <li>Breaches monitoring</li> <li>Employer training day</li> <li>Fund AGM</li> <li>Admissions and Terminations Policy</li> <li>Cashflow planning to provide cashflow resilience if contributions reduce FSS having appropriate regard to risk and meeting the Funds objectives</li> </ul>	3.00	2.00	8.00	<ul style="list-style-type: none"> <li>Review and enhance breaches monitoring</li> <li>Additional liaison with known future employers on pension fund matters</li> <li>iConnect implementation</li> </ul>
5	Pooling objectives not met	<ul style="list-style-type: none"> <li>Failure to monitor the delivery of pooling benefits.</li> <li>Failure to assess benefits when making pooling decisions.</li> <li>Failure to influence fund design discussions</li> <li>Partner funds not collectively holding the pool to account</li> <li>Pool fails to deliver on objectives</li> <li>Pool does not deliver further alternatives products at pace or implement existing commitments at pace</li> <li>Staff turnover and recruitment challenges</li> </ul>	<ul style="list-style-type: none"> <li>Lack of appropriate products for the Fund to invest in</li> <li>Investment in products that do not meet the objectives of the Fund</li> <li>Persistent and unaddressed fund performance issues</li> </ul>	3.00	3.00	12.00	<ul style="list-style-type: none"> <li>Engagement at Joint Committee, Section 151 meetings, and operational officer groups</li> <li>Exercising shareholder rights and responsibilities</li> <li>Engaging with other partner funds in the pool</li> <li>Pooling decisions made by Investment Sub-Committee</li> <li>Border to Coast attendance at and performance reporting to investment subcommittee meetings</li> <li>Independent due diligence of funds offered, and ongoing monitoring of the Pool</li> </ul>	3.00	3.00	12.00	<ul style="list-style-type: none"> <li>Input into the development of new products - in particular property, alternatives, and products having regard to RI and climate change</li> <li>Documentation of the Fund's position on product developments</li> </ul>
6a	Covid Pandemic (Investment Related)	<ul style="list-style-type: none"> <li>Covid-19 pandemic (financial pressure on individuals and institutions, and more transactions being made online)</li> <li>Further restrictive lockdowns</li> <li>Staffing capacity impacted by both short- and long-term health implications of infection</li> <li>Risk of a new unrelated pandemic</li> </ul>	<ul style="list-style-type: none"> <li></li> </ul>	5.00	5.00	30.00	<ul style="list-style-type: none"> <li>IT systems supporting remote and flexible working</li> <li>Fund policies that account for the scenario experienced</li> <li>Higher profile for cashflow management, and retain cash buffer to mitigate liquidity risk</li> <li>Maintain diversified portfolio of assets, and regularly monitor performance of assets and wider market</li> </ul>	4.00	3.00	15.00	<ul style="list-style-type: none"> <li>Use of extraordinary committee or board meetings where necessary</li> <li>Continue to develop flexible and remote working practices</li> <li>Review electronic signatory processes</li> </ul>
6b	Covid Pandemic (Administration and People Related)	<ul style="list-style-type: none"> <li>Covid-19 pandemic (financial pressure on individuals and institutions, and more transactions being made online)</li> <li>Further restrictive lockdowns</li> <li>Staffing capacity impacted by both short- and long-term health implications of Infection</li> <li>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</li> <li>Risk of a new unrelated pandemic</li> </ul>	<ul style="list-style-type: none"> <li>Members do not receive a high-quality service</li> <li>Business interruption</li> <li>High costs in order to maintain service resilience</li> <li>Staff health, wellbeing and productivity</li> <li>Impairment of the financial situation of employers</li> <li>Inability to make quick decisions in an emergency</li> </ul>	5.00	5.00	30.00	<ul style="list-style-type: none"> <li>Office presence for processes that require it (e.g., physical post)</li> <li>IT systems supporting remote and flexible working</li> <li>Flexible working policies for staff</li> <li>Health and safety protocols for staff</li> <li>Fund policies that account for the scenario experienced</li> </ul>	3.00	3.00	12.00	<ul style="list-style-type: none"> <li>Use of extraordinary committee or board meetings where necessary</li> <li>Continue to develop flexible and remote working practices</li> <li>Review electronic signatory processes</li> </ul>

7	Inability to meet demand for activity	<ul style="list-style-type: none"> <li>• Growth in membership numbers</li> <li>• Growth in employer numbers</li> <li>• Growth in complexity and difficulty of employer issues</li> <li>• New and complex LGPS regulations (e.g. McCloud, £95k exit cap)</li> <li>• Increasing value of fund investments</li> <li>• Increasing complexity of fund investments</li> <li>• Erosion of staff capacity/resilience due to long term remote working</li> <li>• Inability to recruit / retain appropriately skilled staff</li> <li>• Inability of the Fund officers to keep up with demand (capacity or skills)</li> <li>• Persistently increasing customer expectations</li> <li>• Unpopular government decisions impacting on LGPS</li> <li>• Inability to secure agreement to increasing resources</li> <li>• Capacity at contract / service providers</li> </ul>	<ul style="list-style-type: none"> <li>• Quality of services reduces</li> <li>• Governance failures</li> <li>• Key administration performance measures not met</li> <li>• Sub optimal investment decisions made</li> </ul>	5.00	3.00	18.00	<ul style="list-style-type: none"> <li>• Medium term forecasting of demand and planning for the capacity and resources required</li> <li>• Investing in quality and productivity of staff through training and development</li> <li>• Investing in systems development</li> <li>• Use of management information to monitor and manage performance</li> <li>• Succession planning</li> <li>• Procuring appropriate services through contracts</li> <li>• KPI and workload monitoring for administration team</li> <li>• staff training</li> <li>• Data quality reviewed annually</li> <li>• Maintenance of governance arrangements and actions</li> <li>• Responding to Government consultations</li> <li>• Independent Pensions Specialist tender being progressed - Post now filled</li> </ul>	4.00	3.00	15.00	<ul style="list-style-type: none"> <li>• McCloud project (already commenced)</li> <li>• 2022 Revaluation preparedness review during 2021/22</li> <li>• Introduction of medium term resource planning (Admin and investment) - - - Implementation of Member Self Service (MSS)</li> <li>• Investing in systems development and systems thinking</li> </ul>
8	Business interruption	<ul style="list-style-type: none"> <li>• Covid-19</li> <li>• Industrial action</li> <li>• Small specialist teams with single person risks</li> <li>• Significant changes in adviser and consultant personnel</li> <li>• Further high impact Covid events (e.g. infection waves, lockdowns)</li> <li>• Lack of systems maintenance</li> <li>• Systems failure</li> <li>• Covid impact on Fund staff</li> <li>• Disaster event - fire, flood, etc</li> <li>• Lack of remote working facilities</li> <li>• Risk of another pandemic unrelated to Covid</li> </ul>	<ul style="list-style-type: none"> <li>• Delays in decisions or their implementation</li> <li>• Failure to meet performance targets</li> <li>• Reputational damage</li> <li>• Data quality deterioration</li> <li>• Workload backlogs</li> <li>• Significant restoration costs</li> <li>• Asset allocation drifts off target</li> <li>• Fund investment risks and performance cannot be monitored</li> </ul>	3.00	4.00	16.00	<ul style="list-style-type: none"> <li>• Building resilience requirements into service contracts</li> <li>• Digital record keeping</li> <li>• Storing data backups off site</li> <li>• Custodian holding investment data</li> <li>• Maintaining close links with advisers, consultants, and external organisations.</li> <li>• Use of IT systems to work remotely</li> </ul>	2.00	3.00	9.00	<ul style="list-style-type: none"> <li>• Implementation of Cyber Security policy</li> <li>• Review and update disaster recovery plan</li> <li>• Completion of documentation of investment practices</li> <li>• Business continuity planning session with consultants</li> </ul>
9	Cyber Security	<ul style="list-style-type: none"> <li>• Systemic cybersecurity events (e.g. taking down financial trading institutions globally)</li> <li>• Local cyber security events (e.g. targeting the Council)</li> <li>• Personal cyber security events (e.g. phishing emails targeting staff)</li> <li>• Inadequate system security</li> <li>• Inadequate staff training and staff vigilance</li> </ul>	<ul style="list-style-type: none"> <li>• Loss of data and/or data disruption</li> <li>• Reputational damage</li> <li>• Breaches of the law</li> <li>• Fines</li> <li>• Costs of fixing issues</li> <li>• Business interruption</li> </ul>	4.00	5.00	25.00	<ul style="list-style-type: none"> <li>• Use of scheme administrator systems and system security</li> <li>• Staff training</li> <li>• Bespoke Fund Cyber security policy</li> </ul>	3.00	4.00	16.00	<ul style="list-style-type: none"> <li>• Implementation of Cyber security policy</li> <li>• Arrange for IT to test our systems</li> <li>• Arrange for an audit once Member Self Service is live</li> </ul>
10	Climate Change	<ul style="list-style-type: none"> <li>• Net global carbon production in excess of Paris Agreement 2 degree target</li> <li>• Policy responses and actions globally and nationally to combat climate change or to build resilience to it</li> <li>• Fund actions or inactions exacerbating climate change and its impact</li> </ul>	<ul style="list-style-type: none"> <li>• Expected transition to a low-carbon economy</li> <li>• Impact on the value of assets held, for example stranded/obsolete assets, or impact on the productivity and profitability of certain sectors, companies, etc</li> </ul>	5.00	5.00	30.00	<ul style="list-style-type: none"> <li>• Fund considers this when allocating assets and appointing Fund Managers</li> <li>• Global, national and industry regulations</li> <li>• Climate Risk Strategy</li> <li>• ESG Policy</li> <li>• Regular training on Climate Risk and mitigation actions</li> <li>• BCPP sign up to net zero carbon by 2050</li> </ul>	4.00	4.00	20.00	<ul style="list-style-type: none"> <li>• Review and update climate risk policy</li> <li>• Review 2020 UK Stewardship Code requirements and take steps to become a signatory</li> <li>• Develop Fund actions and response to Task</li> </ul>

			<ul style="list-style-type: none"> <li>Impact on future quality of life and life experience (e.g. longevity) of members</li> <li>Impact on future inflation and value of benefits paid to members</li> </ul>								<ul style="list-style-type: none"> <li>Force on Climate Related Financial Disclosures (TCFD) requirements</li> <li>Develop robust reporting metrics and set targets for driving change.</li> </ul>
11	Data Quality	<ul style="list-style-type: none"> <li>McCloud impact</li> <li>Persistently increasing customer service expectations</li> <li>Covid impact on member health and wellbeing - increasing the adverse impact of any problems with pensions</li> <li>Member benefits paid incorrectly</li> <li>Employer contributions higher than deemed affordable or thought necessary</li> <li>Inadequate data quality</li> <li>Inadequate administration systems and processes</li> <li>Poor data provided by employers</li> </ul>	<ul style="list-style-type: none"> <li>Inadequate payroll services</li> <li>Overly cautious investment strategy requiring higher employer contributions</li> <li>Incorrect benefit payments to scheme members</li> <li>Complaints and disputes from scheme members</li> <li>Negative reputational impact</li> </ul>	3.00	3.00	12.00	<ul style="list-style-type: none"> <li>Administration governance review actions and maintenance of those standards</li> <li>SLA with Council payroll service</li> <li>Maintenance of Fund website</li> <li>Funding Strategy having appropriate regard to risk and the meeting of Fund objectives</li> <li>Data quality scores and reviews</li> <li>Staff training</li> <li>Performance monitoring of employer data quality</li> <li>Performance monitoring of administration team KPIs</li> <li>iConnect implemented</li> </ul>	2.00	2.00	6.00	<ul style="list-style-type: none"> <li>UK Stewardship Code 2020</li> <li>Member Self Service project</li> <li>Light review of compliance with Code of Practice 14</li> </ul>
12	Fraud	<ul style="list-style-type: none"> <li>Covid-19 impact on the application of controls in the Fund or with employers</li> <li>Increased financial pressure on individuals due to Covid-19 and its impact on the economy and jobs</li> <li>The passing of time since any previous targeted review of Fraud risk</li> <li>Fraud instigated by any Fund stakeholders, e.g. members, private financial advisers (scams), officers, fund managers, custodian, and employers.</li> </ul>	<ul style="list-style-type: none"> <li>Members lose benefits to fraudsters</li> <li>Reputational risk</li> <li>Time spent unpicking the fraud</li> <li>Fraudulent members gain benefits they are not entitled to</li> <li>Fund incurs costs to recover losses</li> <li>Investment assets lost to fraud or irregularity</li> <li>Investment losses not reported if covered up</li> </ul>	3.00	3.00	12.00	<ul style="list-style-type: none"> <li>Application of Administering Authority code of conduct to fund officers, fraud strategy, and whistleblowing policy</li> <li>Application of division of duties and signatory processes for financial transactions and administration</li> <li>Periodic independent internal audit reviews of administration and investment activity and controls</li> <li>Annual external audit reviews</li> <li>Financial industry regulatory regimes governing fund manager conduct and processes</li> <li>Fraud, Bribery and Corruption Framework</li> <li>Employer's fines</li> </ul>	2.00	3.00	9.00	<ul style="list-style-type: none"> <li>Internal audit of fraud arrangements</li> <li>Fraud risk review in 2021/22</li> <li>Test payments to ensure that the bank details provided are appropriate</li> </ul>
13	Governance Failure	<ul style="list-style-type: none"> <li>Lack of capacity to service governance requirements</li> <li>Lack of training</li> <li>Lack of continuity in staffing, advisers, or committee / board members</li> <li>Inadequate checking/review of standards compared to requirements and best practice</li> <li>Complacency in light of recent governance improvements</li> <li>Out of date policies and contracts</li> <li>Local government elections impact on committee continuity</li> <li>Covid-19 - impact on officer, adviser, and committee/board personnel health and availability</li> <li>Uncertainty around overall governance structure and responsibility for decision</li> </ul>	<ul style="list-style-type: none"> <li>Adverse impact on Fund reputation</li> <li>Exposure to unplanned risks or poor administration and investment performance</li> <li>Breaches of the law</li> <li>Poor decisions</li> <li>Decisions that are not appropriately authorised</li> <li>Customer dissatisfaction</li> </ul>	3.00	4.00	16.00	<ul style="list-style-type: none"> <li>Training plans for committees, Board, and staff</li> <li>Quarterly committee and Board meeting cycles</li> <li>Training needs analysis</li> <li>All training provision to be made available to all committee and Board members</li> <li>Management of a Contracts register</li> <li>Management of a Fund policy schedule</li> <li>Quarterly risk monitoring at committee and board</li> <li>Quarterly monitoring of Business Plan delivery at board</li> <li>Use of digital technology - remote working and remote meetings</li> <li>Responding to government consultations</li> <li>Recruitment to Local Pension Board vacancy</li> </ul>	3.00	3.00	12.00	<ul style="list-style-type: none"> <li>Signing up to UK Stewardship Code 2020</li> <li>Light review of compliance with Code of Practice 14</li> <li>Use of National Knowledge Assessment to inform training plan</li> <li>Simplification of governance to a single action plan and single risk register</li> <li>Review of committee arrangements and Terms of Reference</li> <li>Review capacity to support Fund Governance requirements</li> <li>Review account reporting timescales</li> </ul>

	making and actions • Unpopular government decisions impacting on LGPS Inability to sign off pension fund accounts								
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# Pension Fund Investment Sub-Committee

Monday 7 March 2022

## Minutes

### Attendance

#### Committee Members

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

#### Officers

Neil Buxton, Technical Specialist - Pension Fund Policy and Governance  
John Cole, Democratic Services Officer  
Andrew Felton, Assistant Director, Finance  
Shawn Gladwin, Senior Finance Officer, Pensions Investment  
Chris Norton, Strategy and Commissioning Manager (Treasury, Pension, Audit & Risk)  
Sukhdev Singh, Senior Accountant, Pensions Investment  
Nichola Vine, Strategy and Commissioning Manager (Legal and Democratic)

#### Others Present

Robert Bilton, Hymans Robertson  
Anthony Fletcher, Independent Advisor  
Philip Pearson, Hymans Robertson  
Bob Swarup, Independent Advisor  
Richard Warden, Hymans Robertson

### 1. General

#### (1) Apologies

There were none.

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

Councillor Millar stated that she was a member of the Local Government Pension Scheme from previous employment.

### **(3) Minutes of the previous meeting**

#### **Resolved:**

That the minutes of the meeting held on 13 December 2021 be approved as a correct record and signed by the Chair.

There were no matters arising.

### **2. Review of the Local Pension Board minutes of the meeting of 20th October 2021**

#### **Resolved:**

That the Pension Fund Investment Sub-Committee notes the minutes of the Local Pension Board meeting of 20 October 2021.

### **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 encouraged members to participate in the Knowledge Assessment and take advantage of upcoming training opportunities.

Councillor Simpson-Vince expressed sympathy for the plight of Ukrainians, stating that it was likely that the war in Ukraine would have a long-term impact on the Pension Fund. She suggested that a standing item be added to the Forward Plan to enable the issue to be considered at future meetings. This was agreed.

#### **Resolved:**

That the Pension Fund Investment Sub-Committee notes the Forward Plan which will be updated with a standing item relating to the ongoing implications of the war in Ukraine.

### **4. Warwickshire Pension Fund Business Plan 2022/23**

Chris Norton (Strategy and Commissioning Manager – Treasury, Pension, Audit & Risk) presented this report which set out the Business Plan for Warwickshire Pension Fund for 2022/23, including objectives, strategic priorities, and an action plan. He stated that the total membership of the Fund had increased by 5% over the course of a year. The objectives of the Fund remained unchanged and actions to monitor activity for the coming year had been set out within the Plan.

Councillor Gifford praised the commitment within the Plan to continue to develop Environmental, Social and Governance (ESG) monitoring and to respond to climate change. He stated that the implications of the war in Ukraine further demonstrated the need to transition away from fossil fuels.

In response to the Chair, Chris Norton advised that membership of the Fund had expanded due to an increase in the number of people changing jobs and moving between organisations, as well as an influx of personnel employed by academy trusts.

Councillor Kettle stated that, although Risk Monitoring would be covered as a separate agenda item, it was important that the Business Plan refer to specific risks. For example, the war in Ukraine constituted a political risk which required consideration when managing a global portfolio. He stated that a 5% increase in membership was positive; however, this also presented an economic risk should demographics change in the longer-term.

Councillor Kettle stated that it was positive that the Plan recognised the importance of cashflow management; however, inclusion of a five-year projection would be informative. He stated that there was a good understanding of the Fund's liabilities but suggested that evidence of the scale of cashflow operations (and underlying asset management) be included.

Councillor Kettle highlighted reference in the Business Plan to pooling. He emphasised that Border to Coast Pension Partnership (BCPP) was not the Fund's sole partner and raised concerns at the prospect of BCPP diversifying. He stated that there was a need for well-researched products, adding that specific attention was required to the potential risks of the Fund working with multiple partners.

The Chair observed that, unlike the Pension Fund Business Plan, most commercial business plans were not made publicly available. He asked what scope was present to include detailed information relating to the Fund's strategy.

Chris Norton advised that more detail could be added to the Plan without compromising confidentiality, including information relating to risk monitoring and cashflow.

In response to the Chair, Andrew Felton (Assistant Director, Finance) advised that Investment Beliefs agreed by the Sub-Committee had set pooling as the preferred approach; however, there was scope to move in other directions.

Councillor Gifford commented that pooling had been introduced with the intention of cutting costs and providing a means to fund domestic infrastructure projects. He suggested that it would be informative to ascertain if a reduction in fees had been realised.

The Chair stated that, as a shareholder of BCPP, Warwickshire Pension Fund could exert influence; however, if the Fund's objectives were not being met, it could withdraw from the arrangement. He emphasised that government policy continued to advocate pooling; however, new guidance was anticipated later in the year.

Councillor Kettle stated that information such as the value of the Fund and the number of contributors was already publicly available in audited accounts. He stated that having this information in the Business Plan would contribute to an improved understanding of the status of the Fund for interested parties.

There was discussion of additional material to be added to the Business Plan. The Chair sought a view on whether to approve the Business Plan or request changes.

It was suggested that amendments be made to the Business Plan prior to delegated approval being sought from the Chair. Details would be circulated to members of the Sub-Committee.

**Resolved:**

That the Pension Fund Investment Sub-Committee delegates responsibility for approval of a reworked Warwickshire Pension Fund Business Plan for 2022/23 to the Chair with input from the Assistant Director for Finance, prior to circulation of the finalised document to members of the Sub-Committee.

**5. Pension Fund 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. He advised that significantly more time was now being dedicated to analysis of risk; however, it was not possible to foresee all eventualities. Measures were in place to improve preparedness for unexpected circumstances.

Andrew Felton (Assistant Director, Finance) stated that, although the initial effect of COVID-19 was severe, it had been resolved to take a long-term view. As an outcome, the Pension Fund was in a better position. He recommended that decision-making take account of the long-term nature of the Fund.

Councillor Gifford highlighted the risk posed by rising inflation. He stated that wage inflation could be significantly detrimental to the Fund.

Councillor Kettle stated that a long-term view was required. He highlighted the impact of the war in Ukraine and the likely economic and geo-political outcomes which could take up to 30 years to manifest.

The Chair stated that, despite the challenges of risk forecasting, it was possible to demonstrate a broad awareness of potential risks. For example, there has been widespread speculation of the risk posed by future global pandemics.

There was discussion of macro risk and possible outcomes of the war in Ukraine.

**Resolved:**

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

**6. Macroeconomic Update**

Bob Swarup (Independent Advisor to the Sub-Committee) presented this report which provided a six-monthly update on factors influencing the Pension Fund from a macroeconomic perspective. The report focused on four key areas: negative real interest rates in the UK; inflation, including supply chain issues; geopolitics; and investors' capital deployment. Attention was also given to the implications of the war in Ukraine.

Members praised the quality of the update, stating that the macroeconomic forecast presented some daunting prospects.

In response to Councillor Simpson-Vince, Dr Swarup advised that deglobalisation was a forecasted trend, characterised by nations seeking to withdraw from supply chains outside of their control. Energy security presented a challenge, evidenced by US and European interest in accessing oil and gas resources from Venezuela to break free of dependency on Russia. Bilateralism was an emerging trend as nations acted for themselves. He stated that with risks came opportunities; nuclear power was likely to experience a renaissance, alongside investment in resources to achieve efficiencies and improved security, such as vertical farming.

In response to Councillor Kettle, Dr Swarup stated that a positive outcome could result from China choosing to prioritise trading interests with the West. However, China had demonstrated a limited regard for the interests of other nations and was focused primarily on its own ambitions. It was prudent to plan for both scenarios to protect the interests of the Pension Fund.

Philip Pearson (Hymans Robertson) advised that deglobalisation could lead to higher inflation. It was prudent to consider how all possible scenarios could impact upon the Fund.

**Resolved:**

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

**7. 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 Part 1 of Schedule 12A of the Local Government Act 1972.

**8. Precepting Employers' Contribution Rates**

**Resolved:**

That the Pension Fund Investment Sub-Committee:

1. Notes the report;
2. Agrees to maintaining the current funding strategy for all of the precepting employers at the 2022 valuation;
3. Agrees to continue to apply a long-term contribution stabilisation mechanism;
4. Agrees that for the three-year period beginning on 1 April 2023, the contribution rates be as follows:
  - i. Stratford-on-Avon District Council and Nuneaton and Bedworth Borough Council rates to reduce by 1% p.a. over each of the next 3 years
  - ii. Rates for the other five precepting employers (Warwickshire County Council, Warwickshire Police, North Warwickshire Borough Council, Warwick District Council and Rugby Borough Council) to be frozen at their current (2022/23) levels.

## 9. Investment Monitoring Report

### Resolved:

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

## 10. Asset Liability Modelling

### Resolved:

1. That the Pension Fund Investment Sub-Committee (PFISC) notes the report.
2. That the PFISC agrees to 'Proposal 3 – Blended Approach' as the Fund's long term investment strategy.
3. That the Fund commissions a paper from Hymans Robertson covering implementation considerations such as the equity portfolio mix, property portfolio mix, protection assets allocation and decarbonisation options
4. That the Investment Strategy Statement is updated in line with the decisions made.

## 11. Alternatives Commitments

### Resolved:

That the Pension Fund Investment Sub-Committee:

1. Notes the report
2. Approves the investment of £40m in Border to Coast Pension Partnership's (BCPP) Series 2a Private Equity Fund
3. Approves the investment of £30m in BCPP's Series 2a Infrastructure Fund
4. Approves the investment of £30m in BCPP's Series 2a Private Debt Fund
5. Approves the indicative commitment amounts for 2023 and 2024 as set out in Table 8 of Appendix 1 of the report (and below):

Table 8 – proposed commitments to alternatives for the next 3 years

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

6. Commissions Hymans Robertson to carry out third party fund manager evaluations for the non-BCPP commitments set out in Appendix 1 Table 8 (also above) and supports the officer recommendation that a mix of fund managers are included in the market exercise rather than just incumbents and GLIL as recommended by Hymans.

## **12. General activity update**

*At 13:00, the Chair moved that the meeting continue beyond three hours' duration. Councillor Gifford seconded the motion.*

*The motion was unanimously accepted.*

### **Resolved:**

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

## **13. LGPS Pooling**

### **Resolved:**

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

## **14. UK Stewardship Code**

### **Resolved:**

That the Pension Fund Investment Sub-Committee (PFISC):

1. Notes the report.
2. Delegates final approval of the UK Stewardship Code report submission to the Strategic Director for Resources in consultation with the Chair of the PFISC.
3. Commissions officers to procure a carbon footprinting exercise for the Fund.

## **15. Exempt Minutes of the Previous Meeting**

### **Resolved:**

That the exempt minutes of the meeting held on 13 December 2021 be approved as a correct record and signed by the Chair.

There were no matters arising.

The meeting rose at 13:12.

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Chair

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# Pension Fund Investment Sub-Committee

Tuesday 17 May 2022

## Minutes

### Attendance

#### Committee Members

Councillor Christopher Kettle (Chair)  
Councillor Bill Gifford  
Councillor Sarah Millar  
Councillor Mandy Tromans

#### 1. General

##### (1) Apologies

Apologies were received from Councillor Brian Hammersley.

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

There were none.

#### 2. Appointment of Chair

Councillor Mandy Tromans proposed that Councillor Christopher Kettle be Chair of the Sub-Committee and was seconded by Councillor Sarah Millar.

There were no other nominations.

#### Resolved:

That Councillor Christopher Kettle be appointed Chair of the Pension Fund Investment Sub-Committee.

#### 3. Appointment of Vice Chair

Appointment of a Vice Chair will be determined at the meeting of the Sub-Committee on 13 June 2022.

The meeting rose at 13:15

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Chair

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# Staff and Pensions Committee

Monday 7 March 2022

## Minutes

### Attendance

#### Committee Members

Councillor Andy Jenns (Chair)  
Councillor Bill Gifford (Vice-Chair)  
Councillor Christopher Kettle  
Councillor Jill Simpson-Vince

#### Officers

Barnaby Briggs, Assistant Chief Fire Officer  
Neil Buxton, Technical Specialist - Pension Fund Policy and Governance  
John Cole, Democratic Services Officer  
Andy Dunn, Lead Commissioner, Attraction, Retention and Development  
Sarah Duxbury, Assistant Director, Governance and Policy  
Andrew Felton, Assistant Director – Finance  
Liz Firmstone, Service Manager, Finance Transformation  
Marina Fraser-Ryan, Delivery Lead – People Relations  
Kate Sullivan, Lead Commissioner – Culture, Leadership and Performance  
Rich Thomas, Strategy and Commissioning Manager, HROD  
Alistair Wickens, Pensions Team Leader, Employer Relations

### 1. General

The Chair noted that this would be the final meeting of the Committee to be attended by Neil Buxton (Technical Specialist – Pension Fund Policy and Governance) prior to retirement. On behalf of the Committee, he thanked Neil Buxton for his dedication and hard work over many years.

#### (1) Apologies

Apologies were received from Councillor John Horner and Councillor Sarah Millar.

#### (2) 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 December 2021 be confirmed as an accurate record and signed by the Chair.

There were no matters arising

## **2. Annual Review of Our People Strategy and Year 2 (2022/23) Delivery Plan**

The report was introduced by Rich Thomas (Strategy and Commissioning Manager, HROD) and Kate Sullivan (Lead Commissioner – Culture, Leadership and Performance). Rich Thomas advised that the Our People Strategy had been refreshed in December 2020 and endorsed by the Staff and Pensions Committee following input from the Resources and Fire & Rescue Overview and Scrutiny Committee. The Strategy supported the vision of making Warwickshire County Council a great place to work where diverse and talented people are enabled to be at their best. He advised that a Delivery Plan for year two of the Strategy had been produced. It would enable the organisation to attract, recruit, motivate and develop the diversity of talent required to deliver the objectives of the Council Plan.

The Chair praised the quality of the Our People Strategy Annual Review 2021/2022 and Year 2 Delivery Plan, stating that it was readable and well presented.

In response to Councillor Gifford, Rich Thomas advised that consideration had been given to approaches to pay within the Strategy and Delivery Plan. He stated that the pay deal for the period ending in April 2021 had only recently been concluded. The Council was part the national negotiating framework on pay; discussions would soon take place relating to next year's proposal for pay, including consultation with employers nationally. He advised that an increased allowance had been made available within the most recent Medium Term Financial Strategy (MTFS) in anticipation of potential changes to pay in 2022/23.

Andrew Felton (Assistant Director, Finance) advised that due to national pay bargaining arrangements, the Council was restricted by the collective position taken by employers. Whilst the Council had allowed scope within the MTFS for future pay awards, it was unlikely that this provision had been made by all local authorities.

In response to Councillor Kettle, Rich Thomas advised that the Strategy outlined proposals for agile working. He stated that the Council had embarked on the transition to agile working prior to the outbreak of COVID-19. The experience of the Pandemic had shown the advantages of working in an agile way. He stated that a hybrid approach was now favoured to maximise organisational assets whilst enabling people to perform at their best. Survey responses from staff showed a strong appetite for agile working; provision would be made for colleagues to collaborate in person when required.

In response to Councillor Kettle, Rich Thomas advised that there was no evidence to suggest that agile working had a detrimental effect on productivity; survey data suggested that, predominantly, staff felt that they were more productive when working in an agile way.

In response to the Chair, Kate Sullivan stated that, although some roles were more readily suited to agile working than others, the Council was a complex organisation and there was scope for individual teams to examine processes to explore the options available to work in a more agile way. She advised that, at the beginning of the Pandemic, there was a widespread requirement to work from home; however, there was now scope to look more widely at approaches to agile working across the organisation.

In response to Councillor Simpson-Vince, Rich Thomas advised that the initiative to hold a volunteering and wellbeing day was intended to enable staff to sample activities that could lead to improved personal wellbeing and benefit the wider community. The pilot initiative had been well received; consideration would be given to making it an annual event.

**Resolved:**

That the Staff and Pensions Committee notes the work in the review of the Our People Strategy and authorises the Chief Executive to finalise the 2022/23 Delivery Plan having regard to the views expressed by the Staff and Pensions Committee and the Resources and Fire & Rescue Overview and Scrutiny Committee.

**3. Apprentices' Pay Report**

Andy Dunn (Lead Commissioner, Attraction, Retention and Development) introduced this report, stating that an increase in the rate of pay for entry level apprenticeship roles was expected to help to attract suitable and capable applicants, and contribute towards the success of the Council's apprenticeship programme.

In response to Councillor Gifford, Andy Dunn agreed to provide details of the number of care-experienced young people who had joined the apprenticeship programme. Details would be made available following the meeting.

**Resolved:**

That the Staff and Pensions Committee approves the proposal to increase the rate of pay for entry level apprenticeship roles from 1 April 2022 to be aligned to the National Minimum Wage rate for 18–20-year-olds (£6.83 per hour/£13,140 per annum).

**4. Local Government Pension Scheme Employer Pensions Discretions Policy**

Marina Fraser-Ryan (Delivery Lead – People Relations) introduced the report. She advised that the Council acted as both a scheme employer, and the administering authority of the Local Government Pension Scheme (LGPS). She advised that regulations required the scheme employer to formulate, publish, and keep under review a statement of policy relating to all mandatory discretions which it has power to exercise in relation to members of the Scheme. The same action was recommended be taken in respect of non-mandatory discretions. The Committee's approval was sought for the LGPS Employer's Pensions Discretions Policy.

In response to Councillor Kettle, Marina Fraser-Ryan offered to provide details of the likely cost implications of discretions. She stated that discretions applied to a relatively small number of applications from individuals; the cost was not anticipated to escalate.

**Resolved:**

That the Staff and Pensions Committee approves the Local Government Pension Scheme (LGPS) Employer's Pensions Discretion Policy attached in Appendix 2 of the report.

**5. Review of Pension Fund Discretions for Warwickshire Pension Fund**

Liz Firmstone (Service Manager, Finance Transformation) introduced the report which complemented the preceding item. She stated that scheme administrators participating in the Local Government Pension Scheme (LGPS) 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 career average revalued earnings (CARE) scheme and earlier schemes. The same action was recommended be taken in respect of non-mandatory discretions. She advised that the purpose of these discretions was to ensure that employers and members are treated fairly and consistently. Consideration had been given to enacting workable, affordable, and reasonable policies.

Councillor Gifford highlighted that attention had been given to the provision of affordable policies. He commented that the measures outlined would expedite a solution in the event of exceptional circumstances.

**Resolved:**

That the Staff and Pensions Committee:

1. Approves the recommended updates to the Warwickshire Pension Fund discretions policy;
2. Notes the changes to practice implemented within existing discretions, following legal developments and recommendations from the Local Government Association.

**6. Draft Fraud Strategy for the Warwickshire Pension Fund**

Neil Buxton (Technical Specialist – Pension Fund Policy and Governance) introduced the report, stating that it sought to enhance governance of the Pension Fund. He stated that the Committee's input would be welcomed. Following the meeting, the report would be presented to the Local Pension Board prior to final ratification of the Fraud Strategy by the Staff and Pensions Committee in June or September 2022. He advised that the report had been produced following a review undertaken by Internal Audit which did not identify any areas of particular concern, other than to recommend that a policy strategy statement be instated. He provided an overview of policy objectives and highlighted the measures in place to detect and prevent fraud. He advised that training sessions would be held to ensure that staff are fully engaged and able to assist in the detection of potential fraud.

Consideration was given to measures in place to enable the Pension Fund to be notified of the death of a pensioner, including returned payslips and BACs payments.

**Resolved:**

That the Staff and Pensions Committee notes the Draft Fraud and Corruption Policy for the Warwickshire Pension Fund appended to the report.

## **7. Draft Business Continuity Plan for the Warwickshire Pension Fund**

Neil Buxton (Technical Specialist – Pension Fund Policy and Governance) introduced the report, stating that it followed a review of cyber security. The report set out Warwickshire Pension Fund's plans to deal with a critical event that could affect business as usual activities and drew on the experience of responding to COVID-19. He emphasised that the Business Continuity Plan supplied alongside the report was an initial draft. Members' suggestions were welcomed and could be incorporated into the Plan.

### **Resolved:**

That the Staff and Pensions Committee notes the report and the attached draft Business Continuity Plan.

## **8. Pensions Administration Activity and Performance Update**

Liz Firmstone (Service Manager, Finance Transformation) introduced the report which provided an update on the work of the Pensions Administration Service. She advised that Key Performance Indicators (KPIs) were continually monitored, this enabled resources to be diverted to areas where additional support was required. The report showed an increased number of requests for transfers into and out of the Pension Scheme. This was attributable to a broader trend of individuals changing jobs more frequently. She advised that implementation of the Member Self Service (MSS) system was likely to mitigate pressure resulting from queries relating to pension benefits. She provided a summary of the main points of the report.

In response to Councillor Simpson-Vince, Neil Buxton (Technical Specialist – Pension Fund Policy and Governance) advised that the Guaranteed Minimum Pension (GMP) reconciliation exercise related to the process to rectify overpayments and underpayments resulting from administrative changes. It was a substantial exercise affecting pension funds nationally across public and private sectors.

### **Resolved:**

That the Staff and Pensions Committee notes the report.

## **9. Governance Review**

Neil Buxton (Technical Specialist – Pension Fund Policy and Governance) introduced this report which provided details of the ongoing Governance Review of the Local Government Pension Scheme being undertaken by the Scheme Advisory Board (SAB). He advised that, to provide assurance to members, the appendix to the report provided a schedule of high-profile points emerging from the Review and actions taken by the Pension Fund. Four areas had been identified for future action once statutory guidance or new legislation was introduced.

In response to Councillor Gifford, officers advised that participating employers had not raised any concerns relating to arrangements in place for representation in the management of the Fund.

**Resolved:**

That the Staff and Pensions Committee notes the report.

*Councillor Kettle left the meeting at 15:07.*

**10. 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 pensions arena alongside details of policies reviewed either as part of an annual review or where there had been a requirement for minor amendments.

**Resolved:**

That the Staff and Pensions Committee notes the report.

**11. Warwickshire Pension Fund New Employers and Employers Leaving the 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 delegates authority to the Strategic Director for Resources to approve applications from the listed employers subject to the applications meeting the criteria:

New Academies

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

New Employers

- Risual Limited 01/12/2021
- Radway Parish Council 01/11/2021

**12. Review of the Minutes of the Warwickshire Fire Local Pension Board meeting of 14 September 2021**

The minutes of the Warwickshire Fire and Rescue Local Pension Board Meeting of 14 September 2021 were noted.

**13. 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 paragraphs 2 and 4 of Part 1 of Schedule 12A of the Local Government Act 1972.



**14. Firefighter Pension Schemes McCloud Remedy - Immediate Detriment Cases**

The Committee received a confidential briefing.

**15. Next Meeting**

Members noted the date of the next meeting, due to be held on Monday 13 June 2022.

The meeting rose at 15:20.

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Chair

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# Staff and Pensions Committee

Tuesday 17 May 2022

## Minutes

### Attendance

#### Committee Members

Councillor Bill Gifford (Vice-Chair)

Councillor Christopher Kettle

Councillor Sarah Millar

Councillor Mandy Tromans

**The Chair of Council opened the meeting.**

#### 1. General

##### (1) Apologies

Apologies were received from Councillor Andy Jenns and Councillor Brian Hammersley.

##### (2) Disclosures of Pecuniary and Non-Pecuniary Interests

There were none.

#### 2. Appointment of Chair

Councillor Christopher Kettle proposed that Councillor Andy Jenns be Chair of the Committee and was seconded by Councillor Bill Gifford.

There were no other nominations.

#### Resolved:

That Councillor Andy Jenns be appointed Chair of the Staff and Pensions Committee for the ensuing municipal year.

#### 3. Appointment of Vice Chair

Councillor Christopher Kettle proposed that Councillor Bill Gifford be Vice Chair of the Committee and was seconded by Councillor Sarah Millar.

There were no other nominations.

**Resolved:**

That Councillor Bill Gifford be appointed Vice Chair of the Staff and Pensions Committee for the ensuing municipal year.

**4. Appointments to Sub-Committees/Bodies**

Councillor Bill Gifford, Vice Chair of the Committee, moved that the relevant appointments as set out in Appendix 1 of the 'Appointments to Committees and Other Bodies' report to full Council be approved. This was seconded by Councillor Christopher Kettle.

**Resolved:**

The appointments were approved as set out below:

**Pension Fund Investment Sub-Committee**

Councillors Bill Gifford, Brian Hammersley, Christopher Kettle, Sarah Millar, and Mandy Tromans.

**Appointments and Disciplinary Appeals Sub-Committees – Pool of Members**

Conservative: Councillors Margaret Bell, Parminder Singh Birdi, Peter Butlin, Jeff Clarke, John Cooke, Andy Crump, Yousef Dahmash, Piers Daniell, Brian Hammersley, Dave Humphreys, Andy Jennis, Kam Kaur, Justin Kerridge, Jan Matecki, Jeff Morgan, Penny-Anne O'Donnell, Wallace Redford, Izzi Seccombe, Jill Simpson-Vince, Mejar Singh, Heather Timms, Mandy Tromans, Adrian Warwick, and Martin Watson.

Labour: Councillors Barbara Brown, Jackie D'Arcy, Sarah Feeney, John Holland, Sarah Millar, and Caroline Phillips.

Liberal Democrat: Councillors Sarah Boad, Bill Gifford, and Jerry Roodhouse.

Green: Councillor Tracey Drew.

The meeting rose at 13:15

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Chair

## Warwickshire Local Pension Board

12 July 2022

### Information on Pension Scams

#### Recommendation

That the board considers and comments on the information contained in the report

#### 1.0 Executive Summary

- 1.1 Unfortunately, pension scams are on the rise in the UK. In some cases, the scammer will try to persuade members to transfer their pension to a different scheme, often a scheme the scammer has set up themselves.
- 1.2 Since a 'cold-call' ban was introduced in 2019, scammers' tactics have evolved. They are targeting people searching for investments online and through social media. They make attractive sounding promises they have no intention of keeping.
- 1.3 The Government has identified common pension scam risks associated with transfers which, if present, may suggest to a member they are in danger of being scammed. The Government calls these red and amber flags.
- 1.4 Examples of when a red flag is present are:
  - A request for a transfer to an occupational pension scheme and we do not have enough information to link the member with an employer that participates in that scheme
  - A request for a transfer to an overseas scheme and, we either do not have enough information to link the member with an employer that participates in that scheme, or to prove that the member is resident in the country the scheme is based in
  - Someone has provided, or agreed to provide advice about the transfer and they do not have the necessary permissions from the Financial Conduct Authority to do this

- A request to transfer following direct marketing, such as cold calling, texts and emails, by a person or firm that has not previously been contact with the member
- The member has been offered an incentive to transfer such as, but not limited to, a bonus, a loan from their pension savings, access to pension savings before age 55 or limited time investment offers
- The member has been pressured to transfer.

1.5 Examples of when an amber flag is present are:

- Information about the receiving scheme indicates:
  - the scheme invests in high-risk or unregulated investments
  - the investment structure is unclear, complex or unorthodox
  - overseas investments are included
  - there are unclear or high scheme charges
  - our records show that there is a sharp or unusual rise in transfers to the receiving scheme or involving the same adviser.
- If we decide there are any amber flags present, we must pause the transfer until evidence that the member has attended an appointment about pension scams with MoneyHelper. MoneyHelper offers free, impartial guidance backed by Government on money and pension choices.

1.6 If a member elects to transfer, to help protect their pension from scammers, the Government requires the Pension Fund to decide whether any red or amber flags are present. The Fund will not need to do this if a member transfers to a different public service pension scheme, an authorised master trust scheme or an authorised collective defined contribution scheme.

1.7 This report sets out further information about the background of dealing with procedures for transfers, scams and appeal procedures for pension decisions.

## **2.0 Financial Implications**

2.1 None.

## **3.0 Environmental Implications**

3.1 None.

## 4.0 Supporting Information

- 4.1 The Occupational and Personal Pension Schemes (Conditions for Transfers) Regulations 2021 came into force from 30 November 2021 to introduce further legal restrictions on a member's statutory right to transfer benefits out of Warwickshire Pension Fund.
- 4.2 These regulations provide administering authorities more power to act if they are suspicious about circumstances that have led to a member requesting to transfer their pension. The member will no longer be able to insist on a statutory transfer taking place.
- 4.3 Since 2015 when Freedom and Choice was introduced, individuals from the age of 55 with a defined contribution pension have been able to access their entire pension flexibly if they wish.
- 4.4 This has led to certain individuals looking to move their pension benefits from the Warwickshire Pension Fund to other arrangements. The Fund has a responsibility to ensure checks to ensure the receiving arrangement is a registered reputable pension arrangement before a transfer can take place.

## 5.0 Pension Regulator Guidance

- 5.1 The Pensions Regulator is asking Pension Funds, trustees, providers, and administrators to pledge to do more to protect scheme members and follow the principles of Pensions Scams Industry Group (PSIG) Code of Good Practice.
- 5.2 The Warwickshire Pension Fund already has well established due diligence processes in place to warn and prevent Members from being victims of pensions scams. These include:
- requirement for a member to obtain independent financial advice where the transfer value exceeds £30k.
  - Signposting the Pension Wise and Moneyhelper where free advice on pensions can be obtained.
  - Pensions scams leaflet sent out to all members requesting a transfer out
  - Completion of scheme declaration forms by the member and receiving scheme in order to prove they meet the criteria for a suitable pension arrangement.
  - Checks on independent financial advisors that they are approved to provide advice for pension transfers
- 5.3 However, in accordance with industry best practice we have also made the pledge to combat pension scams. By doing so, we commit to:
- Regularly [warn Members about pension scams](#);

- Get to know the warning signs of a scam and best practice for transfers by [completing the scams module in the Trustee Toolkit](#) and make it mandatory for all staff who may work directly on transfers to do so; and
- Study and use the resources on the Financial Conduct Authority (FCA) [ScamSmart website](#), [our scams information](#) and the [PSIG code report concerns about a scam](#) to the authorities and communicate this to the Scheme Member.

## 6.0 Timescales associated with the decision and next steps

6.1 None.

### Appendices

None.

### Background Papers

None.

	<b>Name</b>	<b>Contact Information</b>
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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



## Warwickshire Local Pension Board

12 July 2022

### 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 Forward Plan

## Background Papers

1. None

	<b>Name</b>	<b>Contact Information</b>
Report Author	Martin Griffiths Victoria Moffett Chris Norton	martingriffiths@warwickshire.gov.uk <a href="mailto:victoriamoffett@warwickshire.gov.uk">victoriamoffett@warwickshire.gov.uk</a> chrisnorton@warwickshire.gov.uk
Assistant Director	Andrew Felton Assistant Director Finance	andrewfelton@warwickshire.gov.uk
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Portfolio Holder	Peter Butlin Portfolio Holder for Finance and Property	peterbutlin@warwickshire.gov.uk

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

Local Member(s):

Other members:

## Warwickshire Local Pension Board Appendix 1

## Forward Plan

## Standing Items

Q1 12 July 2022	Q2 18 October 2022	Q3 21 January	Q4 TBC
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

	Knowledge & Skills Assessment	Knowledge & Skills Assessment	Training Plan

**Policies**

Breaches Policy	Investment Strategy Statement	Cyber Security	Risk Register
Voting Policy	ESG, Climate Change and Responsible Investment Policy	Governance Statement	Business Plan
Communications Policy	Conflicts of Interest and Statement of Pecuniary Interests Policy	Funding Strategy Statement	Governance Review
			Regulatory Update
			Fund discretions policy

**Policies for review by the Pension Fund Investment Sub-Committee**

<b>June 2022</b>	<b>September 2022</b>	<b>December 2022</b>	<b>2023</b>
Voting Policy Investment Strategy Statement	ESG, Climate Change and Responsible Investment Policy	Funding Strategy Statement	Business Plan Risk Management

**Policies for review by the Staff and Pensions Committee**

<b>June 2022</b>	<b>September 2022</b>	<b>December 2022</b>	<b>2023</b>
Breaches Policy Communications Policy	Administration Strategy Admissions and Termination Policy	Cyber Security Policy Governance Statement	Fraud Strategy Fund Discretions Policy

## Warwickshire Local Pension Board

12 July 2022

### Governance, Policy and Training

#### Recommendation

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

#### 1. Executive Summary

- 1.1 This report sets out the regulatory and governance issues that have occurred in the Local Government Pension Scheme recently at a national level.
- 1.2 This report also sets out the Warwickshire Pension Fund policies reviewed since the last report either as part of an annual review or where there have been minor amendments required.
- 1.3 The report also provides details of the current Training Plan

#### 2. Financial Implications

None.

#### 3. Environmental Implications

None.

#### 4. Regulatory and Governance Update

##### *LGPS Investments in Russia*

- 4.5 The UK Government has sanctions in place as a result of events in Ukraine. On 28 February the Scheme Advisory Board (SAB) advised any LGPS fund that is not already doing so to consider the implications for their investment portfolios. The Pension Fund Investment Sub Committee of 13 June 2022 received an update on the position. A full update of the Warwickshire position is also publicly available on the Fund's [website](#).
- 4.6 The SAB also launched a survey to which 50% of LGPS funds responded. The survey confirmed that an average of just 0.24% of assets were held directly in Russian investments.

- 4.7 On 9 March 2022 Rt Hon Michael Gove MP also wrote a letter to all LGPS Committee Chairs which echoes the guidance issued by SAB. A copy of the letter is appended below.



DLUHC to LGPS  
Committee Chairs v2

### ***Legal Opinion on the Prepayment of Contributions***

- 4.8 In response to an enquiry from an administering authority the SAB has obtained a legal opinion on the prepayment of primary employer and/or employee contributions. The opinion has been provided by Mr James Goudie QC.
- 4.9 In summary, Mr Goudie QC finds no legal barrier to the prepayment of these contributions. However, the advice makes clear that any prepayment should be taken on the basis of 'reasonableness, proportionality and prudence'. The full opinion and further information are available on the legal opinions page of the SAB website which you can view by clicking on the link below:

[LGPS Scheme Advisory Board - Legal Opinions \(lgpsboard.org\)](https://www.lgpsboard.org/legal-opinions)

### ***HMT - Mandatory Scheme Pays Deadlines are Changing***

- 4.10 The Finance Act 2022 and the Registered Pension Schemes (Miscellaneous Amendments) Regulations 2022 ('the new regulations') will change the timescale for members to make or amend a mandatory scheme pays election when paying an annual allowance charge. These regulations came into force in April 2022 with retrospective effect. The changes will apply when the information used to calculate a member's pension input amount is retrospectively amended.

For reference if an LGPS member has an annual allowance tax charge that is more than £2,000, they may be able to opt for the LGPS to pay some or all of the tax charge on their behalf. The tax charge would then be recovered from their pension. This is known as 'scheme pays'.

- 4.11 The Local Government Association has provided full coverage of this issue in its [bulletin](#) 223 (Annual Allowance changes).

### ***Public Service Pensions and Judicial Offices Bill***

- 4.12 A last-minute amendment to the Public Service Pensions and Judicial Offices Bill was accepted before the Bill received Royal Assent on 10 March 2022.

- 4.13 The amendment introduces the power for the Secretary of State to give guidance or directions to the LGPS on investment decisions that conflict with the UK's foreign and defence policy.
- 4.14 There are no changes that Warwickshire Pension Fund needs to make now. Changes will only be needed if the Department for Levelling Up, Housing and Communities (DLUHC) issues guidance or directions, which would be subject to the usual 12-week consultation process.

### **Government publishes statutory guidance on special severance payments**

- 4.15 On the 12 May 2022, DLUHC published statutory guidance on special severance payments. Best Value authorities in England must have regard to the guidance in circumstances in which it may be appropriate to make special severance payments.
- 4.16 The government considers that most public sector workers enjoy statutory and contractual redundancy or severance terms that are significantly better than the minimum statutory redundancy entitlement and are often higher than the value of redundancy or severance payments made in the private sector. The government is of the view that paying additional, discretionary sums on top of these entitlements ("special severance payments") do not usually provide good value for money or offer fairness to the taxpayers who fund them and so, should only be considered in exceptional cases. Warwickshire Pension Fund has communicated this with its employers.

### ***Consultation on Draft Pensions Dashboards Regulations***

- 4.17 On 8 March 2022, the Local Government Association (LGA) emailed administering authorities letting them know that they had published a response to [DWP's consultation on the Pensions Dashboards Regulations 2022](#).
- 4.18 The LGA in their response stated that, in their view, the LGPS will not be able to connect and meet its statutory duties by the proposed connection deadline of April 2024. The reasons for this include:
- the value data required goes beyond what LGPS administering authorities must currently provide.
  - LGPS administering authorities will already be under significant pressure at this time implementing the McCloud remedy.
  - the proposed response times for value data mean that funds will need to collect and validate data on a monthly basis; and
  - recruitment and retention remain a barrier.
- 4.19 They also took the opportunity to raise other concerns that they had with the dashboards, these included:

- the lack of clarity concerning pension credit and deferred pensioner members.
- the lack of clarity about providing in house AVC data.
- dashboards not including frozen refunds.
- the feasibility of providing information to dashboards for new members within three months of them joining the Scheme.
- the response time to provide accrued and projected values for a variety of reasons; and
- the timescale for administering authorities to turn a possible match into a match.

### ***A Stronger Nudge to Pension Guidance***

- 4.20 On 1 June 2022 the Government will introduced the [Nudge Regulations](#) to deliver the 'A Stronger Nudge to Pensions Guidance' which will apply to Additional Voluntary Contributions (AVC's) individuals make or have made in the past, linked to their membership of the Warwickshire Pension Fund. These new regulations do not affect the benefits members have in the LGPS.
- 4.21 The 'Stronger Nudge to Pensions Guidance' aims to ensure that individuals have either received or opted out of receiving appropriate pensions guidance before deciding what action to take with their AVC plan.
- 4.22 Therefore, under the new regulations, at the point the member elects to receive their LGPS retirement benefits, the Warwickshire Pension Fund must try and ensure they book an appointment with Pension Wise.
- 4.23 The Fund is unable to proceed with the member's application to receive their pension benefits unless they have attended the appointment and confirmed this to the Fund, or they have opted out of attending an appointment.
- 4.24 Pension Wise is a government service from Money Helper that offers free, impartial pensions guidance about pension options. An appointment with Pension Wise is free and will allow members to understand what their overall financial situation will be when they retire.

### **Good Governance Review**

- 4.25 The Scheme Advisory Board (SAB) is still at Phase III of the Good Governance Review, which will see them consider how statutory guidance can be used to put the LGPS governance framework in place and what KPIs can be used to measure governance effectiveness. The Chair of the Local Pension Board asked Officers to forward a link to the SAB Annual Report and this was done.



## 5. Updated Policies

5.1 The Breaches and Voting Policies have been reviewed by officers and no amendments were considered necessary.

5.2 With regard to our Communication Policy, the Fund must provide, maintain and publish a communications policy in accordance with Regulation 67 of the Local Government Pension Scheme (LGPS) Administration Regulations. The policy must be revised and republished following any changes to it. Officers have reviewed the Policy and recommended the following amendments were made, in relation to:

- the move to agile working
- the launch of a new Fund website
- details of the new 'member self-service' platform

5.3 Hymans Robertson have reviewed and updated the Warwickshire Pension Fund Investment Strategy Statement and the Committee were asked to approve the additions and amendments.

## 6. Updated Training Plan

6.1 A current version of the Committee and Local Pension Board's Training Plan has been produced for review by the Board.

6.2 All Board members should have received the information they request at the last Pension Board Meeting on the Knowledge and Skills Framework from Hymans Robertson.

## Appendices

1. Appendix 1 Communication Policy
2. Appendix 2 Investment Strategy Statement.
3. Appendix 3 Training Plan

## Background Papers

None

	<b>Name</b>	<b>Contact Information</b>
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Assistant Director	Andrew Felton Assistant Director Finance	andrewfelton@warwickshire.gov.uk
Strategic Director	Rob Powell Strategic Director for Resources	robpowell@warwickshire.gov.uk
Portfolio Holder	Peter Butlin Portfolio Holder for	peterbutlin@warwickshire.gov.uk

	Finance and Property	
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The report was circulated to the following members prior to publication:

Local Member(s):

Other members:

# COMMUNICATIONS POLICY

# WARWICKSHIRE

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# pension fund



**Version: 2**  
**Date Issue:** 2022  
**Team:** Warwickshire Pension Fund  
**Protective Marking:** Public

## Communications Policy Statement

This document is the Communication Policy Statement of the Warwickshire Pension Fund, which is administered by Warwickshire County Council. All Local Government Pension Schemes (LGPS) in England and Wales are required to prepare, maintain, and publish a written statement setting out their policy concerning communications with their key stakeholders. This statement sets out our policy on:

- The provision of information and publicity about the Scheme to our contributing members, deferred members, pensioners, members' representative, prospective members, and scheme Employers; and
- The format, frequency, and method of distributing such information or publicity. (The terms 'Fund' and 'We' have been used interchangeably throughout this document).

This statement has been prepared in accordance with Regulation 61 of the Local Government Pension Scheme (Administration) Regulations 2013 by Warwickshire Pension Fund (the 'fund'). It sets out its communications approach with scheme members, employers, and other interested stakeholders.

Any enquiries in relation to this policy statement should be made to:

Warwickshire Pension Fund

Shire Hall

Warwick

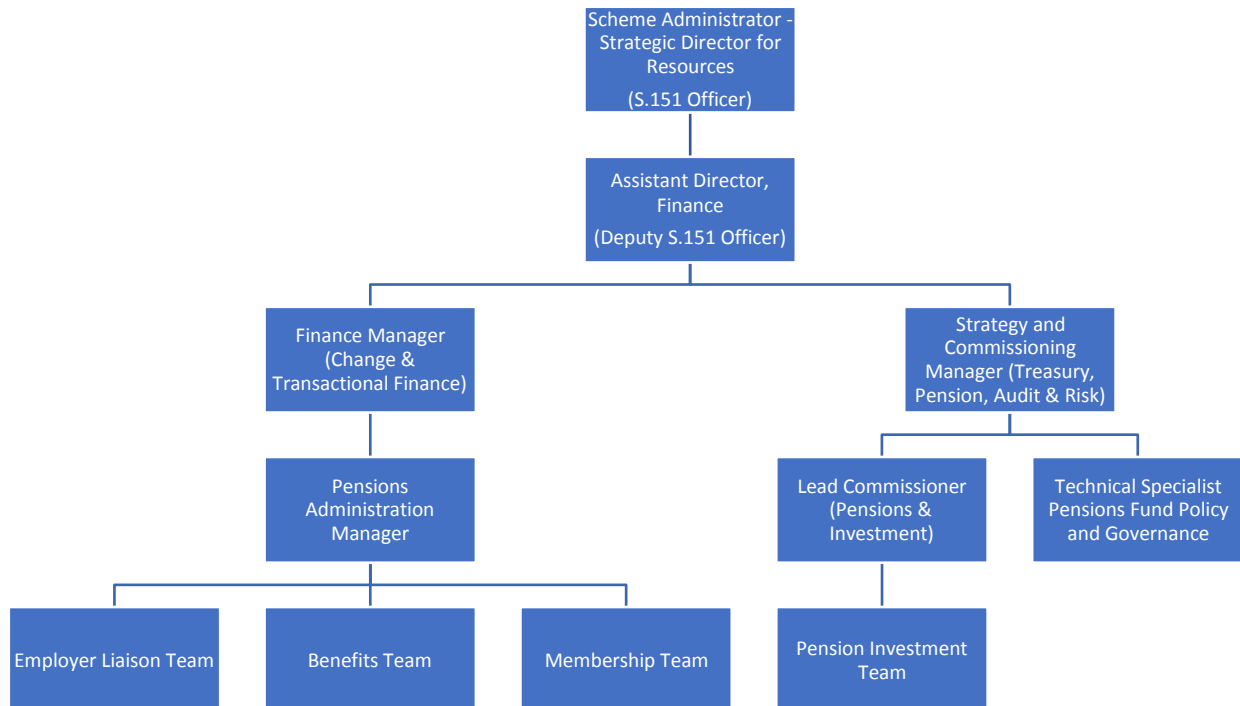
CV34 4RL

[pensions@warwickshire.gov.uk](mailto:pensions@warwickshire.gov.uk)

### 1. Introduction

The Fund deals with approximately 200 employers and just over 52,000 members. The Fund's main aim is to pay accurate pensions in a timely manner, whilst delivering a customer-focused service. Our communications play a key role in achieving this.

### 2. The Pensions Administration Management Team



- The Scheme Administrator (s 151 officer) is responsible for the Pensions Administration Team (PAS) and the Pension Investment Team. The Pensions Administration Management Team meets on a weekly basis to discuss items in relation to the running of the team and regulation changes. It comprises the Pensions Administration Manager and Team Leaders. Any items raised from such meetings can be escalated to the Finance Service Manager and Strategy and Commissioning Manager.
- The PAS are responsible for communications to scheme employers and members.
- The PAS work to maintain a thorough knowledge of the regulations to keep the confidence of its members. The PAS should always be the first-place members turn to for LGPS pension information during their working life and in retirement.
- The fund also takes part in several national groups, with the aim of sharing best communication practices.
- The Joint Communications Group allows the fund to work with other Local Government Authorities, giving group members the chance to share communication resources and develop joint projects, such as newsletters and member guides. The fund is also part of the Local Government Pensions Committee (LGPC), which publishes national communication material.

### 3. The Fund Contact Details

- Email Address: [pensions@warwickshire.gov.uk](mailto:pensions@warwickshire.gov.uk)
- Website: <https://www.warwickshirepensionfund.org.uk/>

- Postal Address:  
Warwickshire Pension Fund  
Shire Hall  
Warwick  
CV34 4RL

The coronavirus pandemic has had an impact on how we deliver and continue to deliver our services to our many stakeholders.

More agile and flexible ways of working, both for the Fund and its stakeholders, as a result of the pandemic means that we have had to adapt some of our communication processes, particularly around the sending and receipt of documents and face to face communication. Providing reliable and secure access to all the Fund's systems and technology, including Microsoft Teams, the telephone helpdesk and the pensions software systems, remains of paramount importance, as does the safety and wellbeing of our Officers.

We also recognise that it will not always be possible for members, Employers, and other stakeholders to attend face-to-face events, so we will offer webinars and online meetings as alternatives, where we are able to do so.

We will continue to work flexibly, finding new ways to adapt our communications in the changing environment.

#### 4. Principles of Communication

We recognise that communicating with our stakeholders and customers is a critical activity for the Fund. We have a set of well, established practices that exceed the minimum standards required by legislation and we include these in our Communication Policy Statement.

The key objectives of our Communication Policy Statement are:

- To provide clear, jargon free and timely communication to our customers and stakeholders;
- To recognise that different styles and methods of communication suit different customers and stakeholders;
- To inform customers and stakeholders about the management and administration of the Fund;
- To consult major stakeholders on changes to regulations, policies and procedures that affect the Fund and its stakeholders;

- To promote the LGPS as an attractive benefit to scheme members and an important tool in recruitment to scheme Employers;
- To support scheme Employers, to enable them to fulfil their responsibility to communicate and share information with members in relation to the Scheme;
- To deliver the Communication Policy Statement in a cost-effective way and encourage the use of electronic / online / multimedia communication and information sharing;
- To evaluate the effectiveness of the communication objectives; and
- To treat information security with the upmost importance.

The Fund will make every effort to make communication materials available in large print, Braille, audio tape and different languages on request.

The PAS are committed to responding quickly to member requests for information, whether by face-to-face, email or letter. Information is given within set internal and regulatory timescales taking into consideration The Occupational and Personal Pension Schemes (Disclosure of Information) Regulations 2013 and other overriding legislation.

The turnaround time for dealing with all requests from both employers and members is normally ten days.

When a request for information has been made, an acknowledgement receipt will be given. If it is going to take longer than ten days to provide the information, members will be told when they are likely to receive it.

## 5. Who are the Fund's Key Stakeholders?

The Fund has a wide range of stakeholders who have different communication needs. The key stakeholders are:

- Active Scheme members and their representatives
- Deferred Scheme members and their representatives
- Scheme pensioners and their dependents



- New employees of a scheme employer
- Employees who are not Scheme members
- Scheme employers
- Potential new employers
- Pension Actuaries
- Border to Coast Pension Partnership
- Custodians
- Investment Advisers
- Government Departments

Section 6 sets out the information and specific communications that are provided to these different stakeholders.

## 6. How Does the Fund Communicate?

As a Fund, we aim to provide our customers and stakeholders with a comprehensive range of communication deliverables and will strive to use the most effective communication medium, adapting our communication where possible, following constructive feedback.

- **Scheme Literature**  
The Fund produces and updates a wide range of literature including brochures, guides, and information sheets. PDF documents can be found on our website with paper copies being provided upon request.
- **From April 2022 a secure online portal, where members can access their pension scheme records, update their details, and run benefit estimates. This is known as Member Self Service (MSS).**  
Annual Benefit Statements can be accessed via the online portal from August 2022, we will only provide paper copies upon request by the member, who will have the option to opt out of receiving information via digital communications
- **Drop in service**  
For those members who prefer 'face to face' communication, the Fund's office is centrally situated in Warwick and easily accessible. An Appointment will be required to ensure a member of the pensions team is available in the office. The council's policy on agile working means that the team are hybrid working, so may not always be working from the office.  
In exceptional circumstances, members of the team are available for home visits or to other council or scheme employer offices in Warwickshire. Telephone Fund communications list a telephone number for the team member dealing with the request and other contact numbers for enquires can be found on our website.
- **Website**  
The Fund has a website: [www.warwickshirepensionfund.org](http://www.warwickshirepensionfund.org)  
The site is available for all and can be used as a main source of information and contains

on-line forms for members to complete.

#### Website

The Fund's website is the main source of information for all members and Stakeholders.

The website holds scheme guides, forms, and information for members and Employers to view. Employer's specific responsibilities are set out in the Employer's section of the website and all participating Employers in the Fund are encouraged to use this area to ensure they meet those responsibilities.

The Fund also provides topical information and training videos for both members and Employers to view on its website.

The website has been adapted to make sure it is accessible to view on all forms of electronic devices and has been developed in line with accessibility standards.

The website provides a useful link to the LGPS members website <https://www.lgpsmember.org/> which holds lots of useful information about the local government pension scheme

Our compliance statement is held on the website.

- Email and Post

For general communications, the Fund has an email account and postal address. These are listed on page 2.

Newsletters

#### Pensions Dashboard

It is the intention of the Department of Works and Pensions to create a Pensions dashboard which will **bring together an individual's pensions information from across their pensions, including their State Pension**. This will help improve awareness and understanding among individuals, reconnect them with any lost pension pots and transform how they think and plan for their retirement.

It is proposed that information for Local Government Pension Scheme members may be available on the pension's dashboard from 2023. Further information will be sent out to members to confirm when the dashboard is available.

The Fund produces regular newsletters to keep active members informed of changes to pension legislation, and the latest information about the service. These are available in electronic format on the Fund's website. Paper copies can be provided upon request.

*Ragged Staff* is the Fund's newsletter for retired members and provides updates on relevant changes in legislation, topical news, and members' articles.

Deferred members also receive a newsletter, again providing updates on relevant changes in legislation, and reminding members to keep the Fund notified of changes in personal circumstances and address, members will be able to update their own details via MSS online portal

Employers receive updates regarding changes to pension legislation, training, and employer events via email on a fortnightly basis

#### **Member Self Service (MSS)**

More members are using a smartphone or tablet to access their pension information and it is important that the Fund continues to adapt its communication platforms to increase member engagement.

MSS gives our contributing members, deferred members, and pensioners access to their LGPS records which means they can:

- produce their own pension quotes, helping them to plan for retirement;
- view their annual benefit statements;
- update their contact details;

- Training

The fund seeks to continually improve the ability of staff to communicate effectively and to understand the importance of good communication. Both general and pension-specific training is provided to all staff as part of the fund's commitment to staff development. This includes the Public Sector Pension Scheme modules on the Pensions Regulators online e-portal. The fund conducts performance appraisals for its entire staff

- Intranet and E-Mail

Each member of staff has access to e-mail and the storage drive which contains electronic copies of many of the Key documents, manuals, minutes, and circulars.

- Local Authority Pensions Web

All senior members of the pension's team have access to the Local Authority Pensions Web where information can be exchanged with other Local Authority Pension colleagues.

## 7. Communications Specifically for Members

- New Scheme Members Scheme Booklet

The Fund produces an information booklet on the Local Government Pension Scheme which is available on our website and links can be found on the starter packs which are sent out when members join.

- **Active Members Certificate of Membership**

When we become aware of a member joining the Fund, they will get a Certificate of Membership detailing the information recorded on the Pension Administration System about them, such as date they joined the Scheme and if they have transferred service into the Fund from elsewhere.

- **Annual Benefit Statement**

An Annual Benefit Statement is made available via MSS. If a member does not have access to a computer, they will have the option to receive a paper copy.

The Statements include various pension details including the current value of benefits within the scheme. The format of the statements is continually being developed to provide members with the information they require in a clear and concise manner. The notes that accompany the statements have the crystal mark awarded by the Plain English campaign and are available on the fund website

- **Retired Members Pay slips**

Every retired member and/or their dependents will receive a P60 each year normally at the end of April.

Every month, members will receive an email alert from Warwickshire County Council payroll with a link to view their pay slip or if they opt out of e-pay slips they can receive a paper copy. Annual Pension Increase

Retired members will receive a pension increase notification via their e-pay slip each year to inform them of the inflation increase on their pension.

Retired Members Living Abroad - The fund will, when appropriate, undertake to establish the continued existence of pensioner members living abroad by sending out a life certificate that must be signed and witnessed. This is currently sent directly from the Pension Fund, however we may in future ask a third party to provide this service on our behalf.

- **P60 notification - Each member receiving a pension will have a P60 issued each year by the statutory deadline of 31 May.**

## 8. Communications Specifically for Employers and Stakeholders

- **Presentations and Courses**

The Fund delivers standard or tailored presentations on a range of subjects for employers and their staff. These presentations may be provided at the request of Employers or may be instigated by the fund. Where possible these will be hosted virtually.

- **Annual Report, Accounts and Annual General Meeting**

The aim of the Annual Report is to highlight the important issues affecting the Fund over the previous twelve months, alongside details on investments and administration performance. The Report and Accounts are summarised at the Annual Meeting held in

November. Employers are invited to the Annual Meeting of the Fund.

The Fund will look to hold quarterly meetings with employers. These are aimed at providing training and resolving queries employers have and to keep them up to date with any future developments in the pensions arena.

From time to time the Fund will host meetings for specific groups of employers, for example, academies, which are significant proportion of scheme employers. These meetings will deal with specific areas affecting that sector.

Where possible these will be hosted virtually.

- **Promotional Campaigns**

Occasionally the Fund produces dedicated marketing literature that is sent to those who choose not to join or opt to leave the Scheme. This literature promotes the benefits of having an occupational pension and gives an option to join the Scheme. These campaigns should help to raise awareness of the benefit of a workplace pension.

- **Corporate Induction Courses**

Officers of the fund are invited to attend or to contribute to Corporate Inductions (including e-learning) for prospective members.

- **Employers' Guide**

A link to the LGPS regulations and guidance page is available on our website. This includes

Employer guides and documents Bite-size training

Employers can also book on training webinars hosted by the Local Government Association

The Funds Administration Strategy is published on the website and available to all employers, detailing the processes, procedures and forms required to effectively discharge their pension administration responsibilities.

- Employers Bulletin

- 

A technical newsletter/bulletin is periodically sent out to all employers. It aims to inform employers on common problems, issues, and regulatory changes. The bulletin is also used to inform employers of consultations about policy and regulations that have been issued.

- **Staff & Pension Committee/ Pensions Fund Investment Sub Committee**

- An ongoing training programme is in place for members and officers of the above committees to ensure that decision making is on an informed basis.

Warwickshire Local Pension Board

- The Pension Board consists of an equal number of employee and employee representatives.

- 

- Knowledge building and training is provided via the fund's officers, advisors, and

external training courses for the committees and board

## 9. Communication with Other Bodies

- **Fund Managers**  
The fund will liaise with fund managers Border to Coast  
The fund liaises with the Border to Coast Pension Partnership – providing input into the development and management of new funds.
- **Custodians**  
The fund has arrangements in place to communicate with BNYM (Bank New York Mellon), its custodian.
- **Advisers**  
The fund is in regular contact with its investment advisers and its independent financial advisers.  
The Technical and Governance Officer for the fund is the Chair of the National Communications Working Group and works closely with the Local Government Association and regional colleagues in developing communications that all funds can use.

- **Government Departments**  
The Fund communicates with Government departments on proposals for change to the scheme and about providing information under disclosure regulations.
- **Trade Unions**  
The Fund will communicate with Trade Unions where appropriate, for example in supporting continued access to the Local Government Pension Scheme.
- **Actuaries**  
The Fund performs an Actuarial Valuation every three years as required by the Regulations. The actuary deals with valuations and information and advice on a range of issues affecting the Fund, such as new employers, bulk transfers, and regulatory changes.
- **Press & Media**  
The Fund in conjunction with the Council's communications staff will respond to and engage with the press and other media organisations to ensure clarity of facts and fair representation.
- **Shrewsbury Regional Pension Officer's Group (SPOG)**  
The Shropshire County Pension Fund (SCPF) hosts the Shrewsbury Pension Officers Group which meets on a quarterly basis. The group, comprised of several local authority funds, discuss technical queries and legislation matters of common interest.
- **Software provider group**  
Members of the team attend user group meetings with the pensions administration software provider, to make sure the administration system can deal with regulation changes when they happen, and to discuss how the system is used on a day-to-day basis
- **Compliments, Complaints and Comments**  
Compliments and complaints are recorded. The fund aims to learn from the feedback received and make improvements to the service provided.
- **Member satisfaction survey**  
Surveys will be issued to members periodically with various correspondences, including retirements and benefit quotes. Surveys will also be published to the website and via email. This allows the fund to evaluate the service provided. Survey responses will be collated and reviewed at regular intervals when running a satisfaction exercise.
- **Employer satisfaction survey**  
A survey will be given to employers, periodically to allow the fund to review the service and methods of communication provided to employers. The responses will be collated and used to identify any employer requirements and possible areas for improvement
- **Breaches of the Law**  
The Breaches Policy and a summary of breaches are available on our website.
- **Investments**  
The fund publishes an investment strategy statement and funding strategy statement. These are available on the website and form a part of the Annual Report.
- **Data Protection**  
To protect personal information held in relation to Scheme members, the Fund is registered under the Data Protection Act 2018, as part of Warwickshire County Council. The Fund is fully compliant with the General Data Protection Regulations (GDPR) introduced in May 2018.

- Disclosure  
The Fund may, if necessary, pass certain details to a third party, if the third party is carrying out an administrative function of the Fund, for example, the Fund's Actuary. Pensions staff also receive regular training on data protection issues.

## 10. Dealing with freedom of information requests

- The Freedom of Information Act (FOI) means that members of the public and organisations have rights of access to information held by public bodies. Requests for information under the *Freedom of Information Act or similar legislation should be sent to: [inforights@warwickshire.gov.uk](mailto:inforights@warwickshire.gov.uk)*

## 11. National Fraud Initiative

- The Fund participates in the National Fraud Initiative exercise by passing information about pensions in payment on to the Audit Commission. The information is matched to national databases to help prevent and detect fraud. The Fund's participation in this exercise is mandatory.



12. Annex: Publications and Communications Summary  
Fund Publications and Communications

## Fund Publications and Communications

<b>Communication Document</b>	<b>When issued</b>	<b>Available to</b>	<b>Format</b>	<b>Reason when reviewed</b>
<b>Guides and Booklets</b>	Available	All	Online	Regulation changes
<b>Scheme leaflets</b>	Available	All	Online	Regulation changes / periodical review / new leaflets introduced
<b>Benefit statements</b>	Annually	Active / Deferred members	Email / Paper  (With a view to moving online through MSS)	Annually
<b>Poster campaigns</b>  <b>E.g. Death benefits, 50/ 50, Encouraging new members.</b>	Occasional / When requested	All	Online Poster	Updates
<b>Members newsletters</b>	As required	Active / Deferred / Retired members	Online / Paper  (With a view to moving online through MSS)	Annually / regulation changes
<b>Pension consultations</b>	When required	Active / Deferred members	Face to face (suspended) / Telephone	Updates
<b>Serious health consultations</b>	When required	Active / Deferred members	Face to face / home visit  (suspended)	Updates

<b>Presentations / Training / Courses</b>	When required / requested	All	Presentation (online via MS Teams / face to face)	Updates
<b>Service statements</b>	When member joins	Active members	Online / Paper (With a view to moving online through MSS)	Updates
<b>Website</b>	Available	All stakeholders		Updates
<b>Annual meeting</b>	Annually in November	Employers	Presentations	Annually
<b>Employer Forum</b>	Annually November / December	Employers	Presentations	Annually
<b>Annual report</b>	Annually	All	Online	Annually
<b>Correspondence</b>	Available (within office hours)	All	Email / Paper	Updates
<b>Pension Advice slip</b>	Monthly	Retired members	Online / Paper	Monthly (issued by Payroll Services)
<b>P60</b>	Annually	Retired members	Online / Paper	Annually (issued by Payroll Services)
<b>Pensions Increase</b>	Annually	Retired members	Online / Paper	Annually (issued by Payroll Services)

<b>Age 100 pensioners</b>	As required	Retired members	Birthday card	As required
<b>Pensioners living abroad - Proof of Life Certificate</b>	Annually	Retired members	Paper / Email	Annually
<b>Abridged Reports and Accounts</b>	Annually	All	Online	Annually
<b>Valuation report</b>	Every 3 years	Employing authorities	Online / Annual meeting	Every 3 years

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# Warwickshire Pension Fund

## Investment Strategy Statement

### May 2022

#### Introduction and background

This is the Investment Strategy Statement (“ISS”) of the Warwickshire Pension Fund (“the Fund”), which is administered by Warwickshire County Council, (“the Administering Authority”). The ISS is made in accordance with Regulation 7 of the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016 (“the Regulations”).

The ISS has been prepared by the Fund’s Investment Sub Committee (“the Committee”) having taken advice from the Fund’s investment adviser, Hymans Robertson LLP. The Committee acts on the delegated authority of the Administering Authority.

The ISS, which was approved by the Committee on 12 March 2021, is subject to periodic review at least every three years and without delay after any significant change in investment policy. The Committee has consulted on the contents of the Fund’s investment strategy with such persons it considers appropriate.

The Committee seeks to invest in accordance with the ISS any Fund money that is not immediately required to make payments from the Fund. The ISS should be read in conjunction with the Fund’s Funding Strategy Statement, Responsible Investment and Climate Risk policies.

#### The suitability of particular investments and types of investments

The primary objective of the Fund is to provide pension and lump sum benefits for members on their retirement and/or benefits on death for their dependants, on a defined benefits basis. The funding position will be reviewed at each triennial actuarial valuation, or more frequently as required.

The Committee aims to fund the Fund in such a manner that, in normal market conditions, all accrued benefits are fully covered by the value of the Fund’s assets and that an appropriate level of contributions is agreed by the employers to meet the cost of future benefits accruing. For employee members, benefits will be based on service completed but will take account of future salary and/or inflation increases.

The Committee has translated its objectives into a suitable strategic asset allocation benchmark for the Fund. This benchmark is consistent with the Committee’s views on the appropriate balance between generating a satisfactory long-term return on

investments whilst taking account of market volatility and other risks and the nature of the Fund's liabilities.

The broad approach that the Fund has taken to setting an appropriate investment strategy is as follows:

- In order to generate attractive long term returns on the portfolio, a proportion of the investments will be in growth assets such as equities.
- To help diversify equity risk and assist with cash flow, a proportion of the investments will also be in income assets, such as property and infrastructure, which are structured to deliver both capital growth and a regular income stream.
- To reduce the volatility of investment returns, and to help protect its capital value, the remaining portfolio will be invested in protection assets which are lower risk and have a low correlation with equity and other growth markets.
- The Fund will maintain a sufficient level of liquidity in the investment portfolio, such that it can facilitate the normal cash flow requirements of the scheme, such as paying pensions, without becoming a forced seller of assets.

It is intended that the Fund's investment strategy will be reviewed at least every three years following actuarial valuations of the Fund.

In 2022, the Fund carried out an asset liability modelling exercise in conjunction with the 2022 actuarial valuation. The Fund's liability data from the valuation was used in the modelling, and the implications of adopting a range of alternative contribution and investment strategies were assessed. The implications for the future evolution of the Fund was considered under a wide range of different scenarios.

The Committee assessed the likelihood of achieving their long term funding target – which was defined at that time as achieving a fully funded position within the next 19 years. They also considered the level of downside risk associated with different strategies by identifying the impact on funding levels of a range of adverse economic/market scenarios.

A summary of the expected returns and volatility for each asset class included in the modelling is included in Appendix 1.

This approach helps to ensure that the investment strategy takes due account of the maturity profile of the Fund (in terms of the relative proportions of liabilities in respect of pensioners, deferred and active members), together with the level of disclosed surplus or deficit (relative to the funding bases used).

It is anticipated that a further detailed review of the investment strategy will be carried out during 2025/26 in conjunction with the then proximate actuarial valuation.

In addition, the Committee monitors the investment strategy on an ongoing basis, focusing on factors including, but not limited to:

- Suitability given the Fund's level of funding and liability profile
- The level of expected risk
- Outlook for asset returns
- Environmental, Social and Governance (ESG) factors.

The Committee also monitors the Fund's actual allocation on a regular basis to ensure it does not deviate inappropriately from the target allocations set for each asset class. The Committee has set ranges around the strategic asset allocation and will seek advice on re-balancing the portfolio if any individual asset class moves outside its agreed range.

### **Investment of money in a wide variety of asset classes**

The Fund may invest in quoted and unquoted securities of UK and overseas markets including equities, fixed interest and index linked bonds, loans, property, infrastructure, alternative credit and cash either directly or through pooled funds.

The Fund may also make use of contracts for differences and other derivatives either directly or in pooled funds, investing in these products for the purpose of efficient portfolio management or to hedge specific risks.

The Committee reviews the nature of Fund investments on a regular basis, with particular reference to suitability and diversification. The Committee seeks and considers written advice from a suitably qualified person in undertaking such a review. If, at any time, investment in a security or product not previously known to the Committee is proposed, appropriate advice is sought and considered to ensure its suitability and diversification.

The Fund's current investment strategy is set out below. The table also includes the control ranges agreed for re-balancing purposes and therefore the maximum percentage of total Fund assets that it will invest in these asset classes. In addition, the Committee have agreed a new long term strategic target asset allocation, reflecting the likely 'direction of travel' between now and the next actuarial valuation. The Fund will take incremental steps in implementing this strategy as suitable investment opportunities become available.

In line with the Regulations, the authority's investment strategy does not permit more than 5% of the total value of all investments of fund money to be invested in entities which are connected with that authority within the meaning of section 212 of the Local Government and Public Involvement in Health Act 2007.

Asset class %	Current Target	Control range	Long term target
UK equities	16.0	+/-2.5	8.0
Developed markets (ex UK) equities	25.5	+/-2.5	28.0
Emerging markets equities	3.0	+/-2.5	6.0
Private equity	4.0	-	6.0
<b>Total Growth</b>	<b>53.0</b>	<b>-</b>	<b>37.0</b>
Property	10.0	-	10.0
Infrastructure	7.0	-	10.0
Private debt	5.0	-	7.0
Multi-asset credit	10.0	-	10.0
<b>Total Income</b>	<b>32.0</b>	<b>-</b>	<b>37.0</b>
UK corporate bonds	10.0	+/-1.5	10.0
UK index linked bonds	5.0	+/-0.5	5.0
<b>Total Protection</b>	<b>15.0</b>	<b>-</b>	<b>15.0</b>
<b>Total</b>	<b>100.0</b>	<b>-</b>	<b>100.0</b>

## Restrictions on investment

The Regulations have removed the previous restrictions that applied under the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2009. The Committee's approach to setting its investment strategy and assessing the suitability of different types of investment takes account of the various risks involved and a rebalancing policy is applied to maintain the asset split close to the agreed asset allocation target. Therefore it is not felt necessary to set additional restrictions on investments.

## Managers

The Committee has appointed a number of investment managers all of whom are authorised under the Financial Services and Markets Act 2000 to undertake investment business.

The Committee, after seeking appropriate investment advice, has agreed specific benchmarks with each manager so that, in aggregate, they are consistent with the



overall asset allocation for the Fund. The Fund's investment managers will hold a mix of investments which reflects their views relative to their respective benchmarks. Within each major market and asset class, the managers will maintain diversified portfolios through direct investment or pooled vehicles. The manager of the passive funds in which the Fund invests holds a mix of investments within each pooled fund that reflects that of their respective benchmark indices.

The individual investment manager mandates in which the Fund assets are currently invested are as follows:-

Investment Manager	Asset Class	Fund type	Style
Legal and General Investment Manger	Regional Equities, Investment Grade Credit, Index-Linked Bonds	Pooled fund	Passive
Legal and General Investment Manager	Fundamental Global Equity	Pooled fund	Quasi-active
Border to Coast Pensions Partnership (BCPP)	UK Equities, Global Equities, Multi-Asset Credit, Investment Grade Credit	Pooled fund	Active
Border to Coast Pensions Partnership (BCPP)	Private Equity, Private Debt, Infrastructure	Fund of Funds	Active
Schroders	UK Property	Fund of Funds	Active
Threadneedle	UK Property	Pooled Fund	Active
Alcentra	Private Debt	Pooled Fund	Active
Partners Group	Private Debt	Pooled Fund	Active
Harbourvest	Private Equity	Fund of Funds	Active
Aberdeen Standard	Infrastructure	Pooled Fund	Active
Partners Group	Infrastructure, Private Debt	Pooled fund	Active

## The approach to risk, including the ways in which risks are to be measured and managed

The Committee is aware that the Fund has a need to take investment risk to help it achieve its funding objectives. It has an active risk management programme in place that aims to help it identify the risks being taken and put in place processes to manage, measure, monitor and (where possible) mitigate the risks being taken. One of the Committee's overarching beliefs is to only take as much investment risk as is necessary to achieve its objectives.

The principal risks affecting the Fund are set out below. We also discuss the Fund's approach to managing these risks and the contingency plans that are in place:

## Funding risks

- Financial mismatch – The risk that Fund assets fail to grow in line with the developing cost of meeting the liabilities.
- Changing demographics – The risk that longevity improves and other demographic factors change, increasing the cost of Fund benefits.
- Systemic risk - The possibility of an interlinked and simultaneous failure of several asset classes and/or investment managers, possibly compounded by financial 'contagion', resulting in an increase in the cost of meeting the Fund's liabilities.

The Committee measures and manages financial mismatch in two ways.

- As indicated above, the Committee has set a strategic asset allocation benchmark for the Fund. This benchmark was set taking into account asset liability modelling which focused on probability of success and level of downside risk. The Committee assesses risk relative to the strategic benchmark by monitoring the Fund's asset allocation and investment returns relative to the benchmark.
- The Committee also assesses risk relative to liabilities by monitoring the delivery of benchmark returns relative to liabilities.

The Committee also seeks to understand the assumptions used in any analysis and modelling so they can be compared to their own views and the level of risks associated with these assumptions to be assessed.

The Committee seeks to mitigate systemic risk through a diversified portfolio but it is not possible to make specific provision for all possible eventualities that may arise under this heading.

## Asset risks

- Market risk – The risk that the market value of the Fund's assets falls.
- Concentration - The risk that a significant allocation to any single asset category and its underperformance relative to expectation would result in difficulties in achieving funding objectives.
- Illiquidity - The risk that the Fund cannot meet its immediate liabilities because it has insufficient liquid assets.
- Currency risk – The risk that assets denominated in foreign currencies are devalued relative to Sterling (i.e. the currency of the liabilities).
- Environmental, Social and Governance ("ESG") risks – The risk that ESG related factors reduce the Fund's ability to generate long-term returns.

- Climate risk - The extent to which climate change causes a material deterioration in asset values as a consequence of factors including but not limited to policy change, physical impacts and the expected transition to a low-carbon economy.
- Manager underperformance - The failure by the fund managers to achieve the rate of investment return assumed in setting their mandates.

The Committee measure and manage asset risks as follows.

The Fund's strategic asset allocation benchmark invests in a diversified range of asset classes. The Committee has put in place re-balancing arrangements to ensure the Fund's actual allocation does not deviate substantially from its target. The Fund invests in a range of investment mandates each of which has a defined objective, performance benchmark and manager process which, taken in aggregate, help reduce the Fund's asset concentration risk. By investing across a range of assets, including liquid quoted equities and bonds, as well as property and other income assets, the Committee has recognised the need for access to liquidity in the short term.

The Fund invests in a range of overseas markets which provides a diversified approach to currency markets; the Committee also assess the Fund's currency risk during their risk analysis.

Details of the Fund's approach to managing climate and other ESG risks is set out later in this document.

The Committee has considered the risk of underperformance by any single investment manager and has attempted to reduce this risk by appointing more than one manager and having a proportion of the Fund's assets managed on a passive basis, and will take steps, including potentially replacing one or more of their managers, if underperformance persists.

## Other provider risk

- Transition risk - The risk of incurring unexpected costs in relation to the transition of assets among managers. When carrying out significant transitions, the Committee seeks suitable professional advice.
- Custody risk - The risk of losing economic rights to Fund assets, when held in custody or when being traded.
- Credit default - The possibility of default of a counterparty in meeting its obligations.
- Stock-lending – The possibility of default and loss of economic rights to Fund assets.

The Committee monitors and manages risks in these areas through a process of regular scrutiny of its providers, and audit of the operations it conducts for the Fund,

or has delegated such monitoring and management of risk to the appointed investment managers as appropriate (e.g. custody risk in relation to pooled funds). The Committee has the power to replace a provider should serious concerns exist.

A separate schedule of risks that the Fund monitors is set out in the Fund's Funding Strategy Statement.

## **The approach to pooling investments, including the use of collective investment vehicles and shared services**

The Fund is a participating scheme in the Border to Coast Pensions Partnership (BCPP). The proposed structure and basis on which the BCPP pool will operate was set out in the July 2016 submission to Government.

### **Assets to be invested in the Pool**

The Fund's intention is to invest its assets through the BCPP pool as and when suitable investment solutions become available. An indicative timetable for investing through the Pool was set out in the July 2016 submission to Government. The key criteria for assessment of Pool solutions will be as follows:

- 1 That the Pool enables access to an appropriate solution that meets the objectives and benchmark criteria set by the Fund.
- 2 That there is financial benefit to the Fund in investing in the solution offered by the Pool.

BCPP launched their first sub-funds in 2018 and there is a timetable in place covering the proposed fund launches over the coming years. The Fund has invested assets in the UK Equity Alpha fund, Global Equity Alpha fund, Investment Grade Credit fund, Multi-Asset Credit fund and Alternatives sub-funds (private equity, infrastructure and private debt).

The Fund retains the following assets outside of the BCPP pool:

- Passive investments with Legal and General are currently held through life policies and these will continue to be directly held by the Fund. However, the Fund benefits from fee savings through joint fee negotiations with other partner funds within BCPP.
- The Fund has investments in a number of closed end funds as part of its private markets programme. These funds invest in underlying private equity, private debt and infrastructure investments. Each of the individual funds has a fixed life with all assets being returned to investors within a specified period. There is no liquid secondary market for these types of investment – and there is a risk that sales would only be possible at material discounts to net asset value. Therefore, the Committee believes that it is in the best interests of the Fund to retain these investments.

The Fund also retains the option to undertake local impact investing either outside of the pool or inside the pool as best meets Fund objectives.

Any assets which are not invested in the BCPP pool will be reviewed at least every three years to determine whether the rationale remains appropriate, and whether it continues to demonstrate value for money. The next such review will take place no later than 2026.

## Structure and governance of the BCPP Pool

The July 2016 submission to Government of the BCPP Pool provided a statement addressing the structure and governance of the Pool, the mechanisms by which the Fund can hold the Pool to account and the services that will be shared or jointly procured. Government approved this approach on 12 December 2016.

A Financial Conduct Authority (FCA) regulated company has been established to manage the assets of BCPP Funds. The Board of Directors for the new company has been appointed and a senior management team put in place. Based on legal advice describing the options on holding shares in this company, BCPP Limited, the Fund holds all voting and non-voting shares rather than the Council. This is because the purpose of the company is to meet the needs of the BCPP Funds in complying with the regulations on pooling, rather than for a Council specific purpose.

As the Pool develops, the Fund will include further information in future iterations of the ISS.

## ESG Policy: How social, environmental or corporate governance (“ESG”) considerations are taken into account in the selection, non-selection, retention and realisation of investments

It is recognised that ESG factors, including climate change, are financially material to the Fund’s investments at all stages of the investment process as they have the potential to significantly affect long term investment performance and the ability to achieve long term sustainable returns. The Committee considers the Fund’s approach to responsible investment in two key areas:

- Sustainable investment / ESG factors – considering the financial impact of environmental, social and governance (ESG) factors into account in investment decision making.
- Stewardship and governance – acting as responsible and active investors/owners, through considered voting of shares, and engaging with investee company management as part of the investment process.

The Committee takes ESG matters, including climate change, seriously and regularly reviews its policies in this area and its investment managers' approach to ESG.

The Fund believes in collective engagement and is a member of the Local Authority Pension Fund Forum (LAPFF), through which it collectively exercises a voice across a range of corporate governance issues. The Fund will also engage collectively with partner funds through its relationship with BCPP.

The Fund has developed a separate more in-depth Responsible Investment Policy and Climate Risk Policy. These policies can both be found on the Fund's website. They outline how the Fund implements, monitors and discloses its approach to ESG related risks.

In Q1 2021, the Committee and officers undertook a dedicated training session on the risks climate change poses to the Fund. This included climate change scenario modelling which aimed to illustrate how the Fund's funding position could be impacted in the future by climate and ESG risks under a variety of scenarios. The Fund aims to take further action with regards to ESG governance and oversight, in conjunction with BCPP. Work is expected to include; ESG reporting, carbon footprinting, and setting measurable metrics and targets for driving change.

Investments made via BCPP are subject to its responsible investment policies that can be found here:

[https://www.bordertocoast.org.uk/?dml\\_download\\_category=download-responsibleinvestment-policy](https://www.bordertocoast.org.uk/?dml_download_category=download-responsibleinvestment-policy)

The Committee has reviewed BCPP's responsible investment policies and is satisfied they are consistent with the Fund's own policies. The Fund will regularly monitor BCPP's responsible investment policies and actively engage with the pool to facilitate change as required.

Historically the Fund's approach to social investments has largely been to delegate this to their underlying investment managers as part of their overall ESG duties. The Fund's managers reported on this matter as part of the Fund's annual ESG review.

The Fund does not currently hold any assets which it deems to be social investments.

## **The exercise of rights (including voting rights) attaching to investments**

### **Voting rights**

The Committee have approved its own voting policy with the objective of preserving and enhancing long term shareholder value.

Historically the Fund actively voted on the Fund's segregated equity holdings through a voting platform. The Funds segregated equities have now been transitioned into

BCPP equity pooled funds. As a result, BCPP vote on behalf of the Fund in line with the BCPP voting and engagement policy. The BCPP voting and engagement policy has been reviewed by the Committee.

The funds past voting record can be found here:

<https://www.warwickshirepensionfund.org.uk/home/investments/1>

The voting record of assets invested via BCPP can be found on its website here:

<https://www.bordertocoast.org.uk/sustainability/>

Both the Fund and BCPP's voting policies are reviewed on a regular basis.

## Stewardship

An enhanced UK Stewardship Code 2020 took effect on 1 January 2020. The Committee expects both BCPP and any directly appointed fund managers to comply with the Stewardship Code and is monitored on an annual basis.

At the FRC's most recent review, BCPP were rated as tier 1 signatories.

## Appendices

Appendix 1 – Expected returns

Appendix 2 – Statement of compliance with UK Stewardship Code 2012

Appendix 3 – Investment Guiding Principles

## Appendix 1 - Expected returns and volatilities

The table below shows the absolute expected returns (20 year geometric averages), net of fees, and the absolute volatilities (first year's standard deviations) used in the 2022 investment strategy review and asset liability modelling.

As at 31 March 2021	Expected return % p.a.	Volatility % p.a.
UK equity	5.8	17
Developed markets ex UK equity	5.7	18
Emerging markets equity	6.0	26
Private equity	6.8	32
Property	4.2	15
Private debt	5.5	6
Infrastructure equity	5.9	23
Multi-Asset Credit	4.6	6
Corporate Bonds (A-rated average)	1.6	8
Index Linked Gilts (long)	-1.4	10
Cash	2.0	0



## Appendix 2 – Investment Guiding Principles

The Fund adopts the following principles when considering investments and investment strategy.

### Purpose

1. The Fund's primary purpose is to pay pension benefits to its members.
2. The Committee should focus on ensuring the Fund has sufficient financial resources to meet its obligations, including efficient management of the Fund's cash position.
3. The Committee should ensure that accrued benefits are fully funded (on a 20-year view).
4. The Fund should set a stable and affordable level of contributions for each employer to fund future service benefits. Long-term stability and affordability are more important than the short-term level of contribution rates.
5. The Fund is a long-term investment vehicle which should be managed to generate sustainable investment returns over the long-term. This will be achieved by Responsible Investment ("RI"), which is the practice of integrating consideration of Environmental, Social and Governance ("ESG") factors, including climate change, into the investment process (as further defined by the UN Principles for Responsible Investment – [www.unpri.org](http://www.unpri.org)).

### Strategy

6. The Fund should take a long-term view when setting investment strategy although the impact of short-term volatility should also be considered.
7. Strategic asset allocation is the most important determinant of investment outcomes and it is here that the optimum balance of risk and return is set.
8. The Fund's investment strategy and risk appetite should be set with due consideration for its liabilities and funding strategy which is reviewed at each actuarial valuation.
9. The Fund should consider as broad a range of investment opportunities as possible, subject to these being compatible with its risk appetite and RI considerations
10. Investment risk should only be taken where the Committee believes it will be rewarded over the longer term.
11. Appropriate diversification of asset and manager risks reduces overall risk but may lower returns; excessive diversification creates complexity and may increase risk.
12. The Fund invests for the long-term, so ESG factors are expected to have a material impact on investment outcomes.

13. The Committee believes that climate change and the expected transition to a low carbon economy will have a significant long-term impact on the Fund and considers managing the associated financial risks to be part of its fiduciary duty.
14. The Committee believes that the transition to a low carbon economy will create investment opportunities and will mandate the Fund's investment managers to seek out these opportunities.
15. The Committee believes that an RI approach will enhance long-term investment outcomes as well as benefiting the economies and societies in which the Fund invests, and is therefore consistent with the Fund's primary purpose.
16. The Committee believes that, in relation to the management of ESG factors, ongoing engagement with portfolio companies is preferable to divestment. Divestment should remain an option if engagement proves unsuccessful.

### **Implementation**

17. Pooling presents an opportunity to access best in class investments at a low cost. The Fund has a bias to using pool products but will only invest if they are aligned with its investment strategy and offer comparable outcomes to best-in-class external solutions.
18. Both active and passive management strategies, where available, will be considered as implementation options. Active managers will be expected to demonstrate a strong track record of delivering expected returns, with performance assessed over a suitably long period.
19. Foreign currency exposure is inherent to a global portfolio of investments. The Committee believes the strategic hedging of currency exposure from volatile asset classes such as equities has limited benefit to long-term investment returns.
20. Fees and costs incurred within investment manager mandates are important though the primary focus should be on achieving the best risk-adjusted returns net of fees.
21. Systematic rebalancing, subject to appropriate tolerances, can add value over the longer term.

### **Governance**

22. Effective governance not only ensures appropriate levels of control over the Fund but can add value through improved decision making and resource allocation.
23. Staff and members of the Fund's Investment Sub-Committee must have, or have access to, the correct level of skills and investment knowledge to take investment decisions and manage risk effectively.
24. The Fund should retain responsibility for setting RI policy but will delegate much of the implementation to BCPP and its other investment managers. The Committee regularly monitors and evaluates its investment managers' approach to RI.

25. The Fund should only invest with managers who comply with relevant regulations and codes of practice (eg UK Stewardship Code) and have committed to provide full disclosure on ESG issues.
26. The Fund expects its investment managers to invest responsibly and to engage proactively with the management of portfolio companies on key ESG issues, including climate change, wherever it is cost effective to do so. The aim of such engagement should be to enhance investment returns and risk profile by positively influencing portfolio companies on such matters.
27. The Committee believes engagement is more effective when carried out in collaboration with other investors (eg via BCPP or LAPFF).
28. Full disclosure of the Fund's RI policy and activity strengthens accountability and should be embraced.

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## Training F

Month of Delivery	Title of Training & Date of Delivery
Apr-22	
May-22	Pension Administration - 6th May (Completed)
Jun-22	Equities and carbon Workshop - 6th June (Completed)
Jul-22	Valuation and Section 13 - 18 July
Aug-22	Property Workshop - 9th August
Sep-22	
Oct-22	Investment Performance & Risk Management(TBC)
Nov-22	
Dec-22	Pensions Accounting and Audit Standards (TBC)
Jan-23	Good Governance and the Regulators Code of Practice (TBC)
Feb-23	
Mar-23	

**Plan for Warwickshire Pension Fund for 2022-2023**

Delivered to:	Deliveted by:
Committee / Board / Officers	Vicky Jenks / Martin Griffiths
Committee / Board / Officers	Hymans Robertson
Committee / Board/ Officers	Hymans Robertson
Committee / Board/ Officers	Hymans Robertson
Committee / Board / Officers	Covered by the Investment Team and Advisors
Committee / Board / Officers	Covered by Investment Team and Audit Colleagues
Committee / Board / Officers	Hymans Robertson

Reason for Training
Identified by Knowledge and Skills Assessment
Proposed changes to the Fund's equity portfolio
Outcome of valuation
Proposed changes to property portfolio
Identified in Knowledge and Skills Assessment
Identified in Knowledge and Skills Assessment
Identified in Knowledge and Skills Assessment

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## Warwickshire Local Pension Board

12 July 2022

### Local Pension Board Annual Report 2021/22

#### Recommendation

That the Board notes the Independent Chair's annual report for 2021/22.

#### 1. Executive Summary

- 1.1 The Public Services Pensions Act 2013 requires the Administrating Authority for each Local Authority Pension Scheme (LGPS) fund in England and Wales to operate a Local Pension Board.
- 1.2 Attached at appendix 1 is a report of the Chair of the Local Pension Board in respect of the activities of the Board over the last year.

#### 2. Financial Implications

None

#### 3. Environmental Implications

None

#### 4. Supporting Information

None

#### Appendices

Appendix 1 – Local Pension Board Annual Report 2021/22

	<b>Name</b>	<b>Contact Information</b>
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Portfolio Holder	Peter Butlin, Portfolio Holder for Finance and Property	peterbutlin@warwickshire.gov.uk

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**Local Pension Board of Warwickshire Pension Fund  
Annual Report  
2021-22**

The Public Services Pensions Act 2013 requires the Administering Authority for each Local Authority Pension Scheme (LGPS) fund in England and Wales to establish a Local Pension Board.

The role of local pension boards is to assist the Administering Authority to secure compliance with LGPS Scheme Regulations and other legislation relating to the governance and administration of the Fund, together with any requirements imposed by the Pensions Regulator. In short, the Board's role is to ensure the effective and efficient governance and administration of the Warwickshire Fund.

The Regulations also require the membership of the Board to be made up of equal numbers of employer and scheme member representatives with a minimum of four members i.e., at least two employer representatives and two scheme member representatives. The employer representatives on the Board must be independent of the Fund - that is to say they must have no involvement with the day-to-day management of the Fund. The Warwickshire Board has three scheme member representatives and three employer representatives.

The Warwickshire Board was established as required by the 2013 Act. The membership of the Board during the year has been as follows: -

**Employer Representatives**

Councillor Parminder Singh Birdi (Warwickshire County Council)

Mr Keith Francis (The Citizens Advice Bureaux Service)

Mr Mike Snow (Warwick District Council) until 2 February 2022

Mr Jeff Carruthers (Warwickshire Police) from 26 April 2022

**Scheme Member Representatives**

Mr Alan Kidner (Unison)

Councillor Dave Parsons (Warwickshire County Council) until 20 July 2021

Mr Sean McGovern (Coroner, Warwickshire and Coventry)

Mr Jeff Carruthers (Warwickshire Police) 2 February 2022 until 26 April 2022

Mr Mike Snow (Formerly Warwickshire District Council) from 26 April 2022

**Independent Chairman (Non- voting)**

Mr Keith Bray (formerly Director of Financial Services at the City and County of Cardiff)

The Board met on four occasions during 2021-22. The meeting on 20 July 2021 was held at Shire Hall Warwick and all other meetings were held remotely via the Microsoft Teams platform due to the coronavirus pandemic.

### **Meetings held during 2021/22**

#### **20 July 2021**

Attendees – Keith Francis, Alan Kidner, Mike Snow, Sean Mc Govern, Keith Bray (Chair)

Apologies – Councillor Parminder Singh Birdi

The Board received and reviewed reports on the following:-

- Minutes of the previous Board meeting held on 13 April 2021
- Forward Plan
- Business plan monitoring
- Risk Monitoring
- Pensions Administration Activity and Performance Update
- Admissions and Termination Policy
- General Investment Activity Update
- Policy Updates
- The Local Pension Board Annual Report 2020/21
- Annual Report and Accounts 2020/21
- The minutes of the Pension Fund Investment Sub-committee (PFISC) held on 8 March 2021
- The minutes of the Staff and Pensions Sub-committee held on 8 March 2021

The Board noted that the Forward Plan was flexible to allow for amendment and updating at each meeting to take account of latest developments. With regard to the Business plan monitoring, the fact that a case was being prepared to increase and redirect resources within the next twelve months was welcomed. The Board also expressed the view that some items within the Plan, in particular the review of disaster recovery planning and engagement on climate change related issues, should be given higher priority.

There was discussion relating to the targets for achieving a carbon net zero profile and the Board questioned whether the 2050 target date was appropriate or should a shorter time frame target be adopted? The Board welcomed the fact that this would be the subject of further training for both the Board and the Pension Fund Investment Sub Committee (PFISC) during the year and would be kept under review. Members emphasised the risks associated with climate change. Also, in response to questions about cyber security the

Board was informed that the bespoke cyber security policy for the Pension Fund which had been approved during the previous 12 months was being reviewed.

The Board noted that there were indications of improved performance with regard to the calculation and payment of benefits and administration issues generally and that this would continue to be closely monitored. Some concerns remained about the reliability of aspects of the CIPFA benchmarking data and the Board expressed the view that this should be improved while recognising that this presented resource challenges for some funds.

The Fund's 91% funding level, as recorded in the Annual Report, was noted. Questions were raised about the implications for employers' contributions in the event that the funding level surpassed 100%. This would be reviewed with the Fund's actuary and advisers during the valuation process. The importance of minimising volatility was emphasised.

The Board asked officers to investigate the arrangements for future meetings. While the value of meeting in person at least once each year was recognised, the benefits of remote meetings instigated as a result of the pandemic, namely a lower carbon footprint due to less travelling and the resultant cost saving and greater efficiency, should not be overlooked.

### **20 October 2021**

Attendees –Keith Francis, Alan Kidner, Sean McGovern, Mike Snow, Keith Bray (Chair) and Jeff Carruthers (Prospective Board Member – as an observer)

Apologies – Councillor Parminder Singh Birdi

- The Board received and reviewed reports on the following:-
- Minutes of the previous Board meeting held on 20 July 2021
- Forward Plan
- Business Plan Update
- Risk Monitoring
- Pensions Administration Activity and Performance Update
- Conflict of Interests Policy
- Training Policy
- Investments Update
- Regulatory Update
- The Pension Fund Investment Sub Committee (PFISC) papers and minutes relating to the meeting held on 14 June 2021
- The relevant papers and minutes of the Staff and Pensions Committee held on 14 June 2021

In response to the Chairman's request for an update on key actions to be taken, it was agreed that internal audit reports could be circulated to the Board once finalised and approved. It was also agreed that the investment strategy would consider the implications for employer contributions as the funding level reached 100%.

The environmental and efficiency benefits of holding meeting remotely was discussed again and further consideration will be given to future arrangements but it was recognised that it might be helpful to meet in person at least once a year.

During consideration of the Business Plan, which was broken down into a total of 49 RAG rated actions the Board noted that most were on track and welcomed the fact that business cases were being prepared to address capacity and resources issues – particularly in the areas of governance and investment. It was also noted that the late publication of the Final Accounts was due to capacity problems at the external auditors.

The board welcomed the Risk Monitoring Report and noted the improved customer satisfaction rating. More work was needed on customer feedback and the implementation of the Member Self Service system would allow this to happen in a more efficient and effective way. The risk register and risk appetite statement were accepted.

When considering the Pensions Administration Activity and Performance Update particular attention was paid to the issue of Annual Benefits Statements, the implementation of Member Self Service, achievement of key performance indicators (KPIs), team workloads, management of breaches, the ongoing impact of the McCloud judgement, new admission agreements and the internal disputes resolution procedure. The Chairman noted that efforts were being made nationally to address problems arising with some Multi Academy Trust Contracts.

The Board noted that the Conflicts of Interest Policy focussed on pecuniary interests but emphasised that a wider range of interests should be encapsulated when necessary.

The Training Policy and the availability of the training portal provided by Hymans Robertson was welcomed. Board members asked for links to recorded sessions to be shared. It was recognised that the sessions attended by both Board Members and Committee members offered the opportunity for beneficial discussion. A schedule of the training offered to Board members during the year is attached as an appendix to this report.

It was noted that the investment strategy had resulted in the funding level reaching 101% over the quarter ending 30 June 2021 and that the issue of climate change would be high on the agenda when considering future strategies. It was recognised that there were divergent views when considering the benefits of divestment from, as opposed to engagement with, investee companies.

## **2 February 2022**

Attendees – Keith Francis, Sean McGovern, Jeff Carruthers, Keith Bray (Chair)

Apologies – Councillor Parminder Singh Birdi, Alan Kidner, Mike Snow.

The Board received and reviewed reports on the following:-

- The minutes of the Board meeting held on 20 October 2021
- The Pension Fund Investment Sub Committee (PFISC) papers and minutes relating to the meeting held on 14 September 2021
- Business Plan Update
- Risk Monitoring
- Pensions Administration Activity and Performance Update
- Regulatory and Policy Update
- Investments Update
- Pension Board Forward Plan
- The relevant papers and minutes of the Staff and Pensions Committee held on 13 September 2021

It was unanimously agreed by the Board that, due to his impending retirement from his post as Head of Finance at Warwick District Council, it would be appropriate for the Administering Authority to ratify that Mike Snow should swap roles with Jeff Carruthers -- Jeff becoming an employer representative and Mike a scheme member representative. This would hopefully be confirmed before the next meeting on 26 April 2022

Members discussed both the 'in person' and online training being offered and noted their performance in the assessment of their knowledge and skills undertaken by Hyman Robertson. This would be helpful in guiding future training programmes.

Positive developments and progress with the Business Plan were noted and more emphasis was to be placed on noting the achievement of objectives with a view to avoiding it being seen just as a 'tick box' exercise. The appointment of a new Independent Financial Adviser was welcomed. In response to questions from the Board it was noted that on the administrative side there were particular risks associated with employer covenants and on the investment side new funds being offered by Border to Coast required careful monitoring.

The Board welcomed the quality of the information now included on the risk register. It was noted that risks had increased due to rising inflationary pressures and Board members also emphasised the increased risks with regard to cyber security.

On the administrative side, positive progress with the member self-service scheme was welcomed as was the fact that more resource would become available due to the outsourcing of the administration of the fire service pension scheme. It was noted that the fund was going paperless as far as possible but the fact that members were being allowed to opt out and still receive paper payslips was welcomed. Key performance indicators were closely monitored and one red breach regarding the failure of an employer to submit data on time had been reported to the Pensions Regulator who was satisfied with the action taken. Progress remained on track in dealing with the fallout from the McCloud judgement.

The Fund value now stood at an all time high of £2.7bn but there was a slightly negative cashflow. Cashflow modelling was being looked at to assess this. The Annual Report and

Accounts had been published on time, but needed an update as 'sign off' by the County Council, as administering authority had been after the deadline. The external auditors had raised no material issues

It was concerning that the Chief Investment Officer and Head of Real Estate at Border to Coast had both resigned, particularly as the property funds had not yet been released. Work was in hand to ensure the funds were launched and a new chief investment officer appointed.

The draft version of the Stewardship Code application was ready for review – the regulations for the Taskforce on Climate Related Financial Disclosure (TCFD) were not expected until 2023.

Members were advised that an item on business continuity would be brought to the next meeting.

This was Mr Neil Buxton's final meeting prior to his retirement from his post as the Fund's technical specialist on policy and governance. Board members thanked him for all the help and advice he had provided over the years and wished him well.

## **26 April 2022**

Attendees – Keith Francis, Alan Kidner, Jeff Carruthers; Mike Snow, Keith Bray (Chair)

Apologies – Councillor Parminder Singh Birdi, Sean McGovern.

The Board received and reviewed reports on the following:-

- The minutes of the Board meeting held on 2 February 2022
- The Pension Fund Investment Sub Committee (PFISC) papers and minutes relating to the meeting held on 13 December 2021
- The relevant papers and minutes of the Staff and Pensions Committee held on 13 December 2021
- Forward Plan
- Business Plan 2021/22
- Risk Register
- Pensions administration activity and performance update
- Regulatory and policy update
- Investment update
- Governance review update
- Draft Business Continuity Policy
- Draft Fraud Policy



- Review of Pension Fund Discretions for Warwickshire Pension Fund

The Administering Authority had accepted the Board's recommendation regarding the respective roles of Mike Snow and Jeff Carruthers so that Jeff now represented the Fund's employers and Mike represented scheme members.

In discussing the forward plan, the Board considered their training needs. It was noted that the Board had performed quite well overall in the Hymans Robertson knowledge and skills, test and that collectively they provided a good mix of skills and specialisms. Given the significant amount of training now offered, guidance will be provided as to the relative importance and value of the various training opportunities. A schedule of training opportunities offered to Board members during the past year is attached as an appendix to this report.

The Board welcomed the fact that 39 of the 49 actions listed in the Business Plan were on track and the remaining 10 were being managed. There were no actions listed, or expected to be listed as red. It was noted that the introduction of the iConnect system had led to improvement in the data supplied by employers generally and this was helpful in handling the workload flowing from the McCloud decision

The Risk Register was considered and there was discussion about the challenges recruiting experienced and qualified staff and staffing generally. A new, very experienced, technical specialist had been appointed and an additional junior accountancy assistant was in the process of being appointed. The Assistant Director of Finance confirmed that staffing levels and workloads were being closely monitored – where necessary contractors are being used but this is expensive and steps are being taken to minimise this.

Attention was drawn to the Russian invasion of Ukraine and the Investment risks that flowed from this and the increased risk of cyber-attacks from Russia.

The recent increase in inflationary pressures is a major concern and is expected to last for two or three years. Benefit payments will increase, so consideration is being given to the inflation protection/hedging aspect of the assets held by the Fund

It was confirmed that the risk register is formally reviewed quarterly on a line-by-line basis and specific risks are reviewed on a day-to-day basis as and when necessary.

The Board received an encouraging, and detailed, administration activity and performance update report regarding key performance indicators and discussed the latest position with regard to the guaranteed minimum pension reconciliation exercise with HMRC. Members were pleased to hear that those overpayments and underpayments that had been identified were being dealt with sensitively and pragmatically.

In the Regulatory and Policy update the Board was advised that the Pensions Dashboard might not be ready to go live until 2024/25 for LGPS Funds generally and that the Pensions Regulator's Single Code of Practice was subject to additional consultation and may not be released before the end of the year. It was also noted that the Public Service Pensions and Judicial Offices Bill – also known as the Boycott, Divestment and Sanctions Bill proposed that LGPS funds' investment decisions should be in line with the UK Government's foreign and defence policies. The Board accepted that, on occasions it was right to take account of political concerns where these could impact negatively on the Fund but stressed that the Fund should remain politically neutral.

It was noted that the response to the governance review by the Department for Levelling Up, Housing and Communities was awaited and that the Fund was prepared and well placed to respond.

The Board welcomed the draft Business Continuity Policy report and was informed that a joint resilience team with neighbouring authorities had been set up. The draft Fraud Policy was noted.

A report on Pension Fund Discretions was noted and it was confirmed that although there were several mandatory decisions there were also a number of discretionary ones. It is for employers to choose whether or not to follow these. The Board requested that more detailed clarification of the discretions available should be included in future training sessions.

### **Acknowledgement**

On behalf of the Board, the Chairman wishes to thank the members of the officer team for the quality of their reports and for their support during the year.

Keith Bray

Independent Chairman

June 2022

## Schedule of training

Date	Course	Training By
10/05/2021	Risk Management Training	WCC, Camdor
29/07/2021	AON LGPS Training	AON
08/05/2021	Actuarial methods and liabilities	Hymans
17/08/2021	Strategy Framework and Responsible Investment	BCCP
09/06/2021	Investment Beliefs	BCCP
20/09/2021	High-Level Strategic Asset Allocation Training Session	BCCP
13/10/2021	Business Continuity and Disaster Recovery	Avida and Strategia Worldwide
25/11/2021	McCloud Workshop	AON
06/12/2021	2022 Valuation Assumptions and Club Vita	Hymans Robertson
01/11/2021	LOLA Training ,Overview of the Pension Fund Training Portal	Hymans Robertson
02/12/2021	Private Market and ESG Training	Hymans Robertson
30/11/2021	LGPS Admin Challenges and Changes	Hymans Robertson(Externally arranged no attendance numbers)
06/05/2022	Pensions Administration Training	Vicky Jenks
06/06/2022	Equities and Carbon Workshop	Hymans Robertson(Externally arranged no attendance numbers)

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