

Warwickshire Local Pension Board

Date: Tuesday 24 October 2023
Time: 11.00 am
Venue: Committee Room 2, Shire Hall

Membership

Keith Bray (Chair)
Jeff Carruthers
Keith Francis
Sean McGovern
Councillor Ian Shenton
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. Governance, Policy and Regulatory Update

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3. Pensions Administration Activity and Performance Update

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4. Pension Fund Business Plan Update

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5. Investment Update Report

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6. Minutes from the September Pension Fund Committees

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7. Any Other Business

Monica Fogarty
Chief Executive
Warwickshire County Council
Shire Hall, Warwick

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Disclaimers

Disclosures of Pecuniary and Non-Pecuniary Interests

Members are required to register their disclosable pecuniary interests within 28 days of their election of appointment to the Council. Any changes to matters registered or new matters that require to be registered must be notified to the Monitoring Officer as soon as practicable after they arise.

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

- Declare the interest if they have not already registered it
- Not participate in any discussion or vote
- Leave the meeting room until the matter has been dealt with
- Give written notice of any unregistered interest to the Monitoring Officer within 28 days of the meeting

Non-pecuniary interests relevant to the agenda should be declared at the commencement of the meeting.

The public reports referred to are available on the Warwickshire Web
<https://democracy.warwickshire.gov.uk/uuCoverPage.aspx?bcr=1>

Observing the Meeting

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

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Warwickshire Local Pension Board

Tuesday 18 July 2023

Minutes

Attendance

Committee Members

Keith Bray (Chair)
Jeff Carruthers
Keith Francis
Councillor Ian Shenton
Mike Snow

Officers

Victoria Jenks, Pensions Admin Delivery Lead
Chris Norton, Head of Investments, Audit and Risk
Sarah Cowen, Senior Solicitor
Martin Griffiths, Technical Specialist Pensions Fund Policy and Governance
Paul Higginbotham, Investment Analyst
Andy Carswell, Democratic Services Officer

1. Introductions and General Business

The Chair welcomed Paul Higginbotham (Investment Analyst) to his first Pension Board meeting.

(1) Apologies

Apologies were received from Sean McGovern. Members were told Andy Felton and Victoria Moffett were attending a Border to Coast meeting in Leeds and were unavailable.

(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.

(3) Minutes of the Previous Meeting

The minutes of the meeting held on 25 April 2023 were agreed as an accurate record. There were no matters arising from the minutes.

2. Governance, Regulatory and Policy Update

The item was introduced by Martin Griffiths (Technical Specialist, Pension Fund Policy and Governance), who outlined the governance issues affecting the Fund.

Regarding risk monitoring, the items that had previously been marked as red and therefore representing a high risk remained the same. These were climate change, cyber security, and long-term market risks.

Various policies had been reviewed since the last update. Some minor changes had been made to the Investment Strategy Statement by Hymans Robertson, and these were outlined in the report. The Voting and Stewardship Policy and Breaches and Communication Policy had been reviewed but no changes were considered necessary. A new Data Retention Policy had been created. Martin Griffiths explained that this outlined work that had been taking place already but without having been formally encapsulated in a policy in its own right.

Martin Griffiths said the revised General Code of Practice had been due for announcement in June, but the document had still to be released. He said as soon as it was made available the Board members would be informed, and the Fund would ensure it was complying with the updated requirements.

Regarding McCloud, Martin Griffiths said the consultation period had now ended and Warwickshire County Council had agreed with the views submitted by the Local Government Association. It was hoped the new regulations would become law on 1 October. The Fund was continuing to work to ensure it was ready to comply with the new regulations ahead of the anticipated start date.

Members were informed the Extension of Automatic Enrolment had been passed, which meant the age for automatic enrolment onto a pension scheme was lowered from the current age of 22 to 18. The changes would allow young people and low earners to start contributing to their pension earlier and without threshold limitations. This had been introduced as there were concerns many people were under saving for their retirement.

Members' attention was drawn to the training schedule. Particular attention was drawn to the training that was due to take place on 18 September, covering the role of Committee and Board members and current governance issues. This would be followed in the afternoon by an update on the Border to Coast partnership from the company's CEO. Members were also reminded of the Fund's AGM on 24 November at Warwick Racecourse.

Martin Griffiths said there was a vacancy for membership of the Board. There had been some applications and expressions of interest ahead of the deadline of 21 July.

Noting the contents of the Forward Plan, the Chair suggested at some meetings certain topics could be considered more in-depth. He suggested the regular update topics did not necessarily need to be considered every quarter.

Responding to a question from Councillor Ian Shenton, Chris Norton (Strategy and Commissioning Manager - Treasury, Pensions, Audit, Risk & Insurance) said the Fund was moving slightly from growth assets to protection assets and continuing to increase its holdings in private markets. This was being done strategically when there were favourable market conditions and opportunities. There was also a desire to invest in assets that sought to mitigate the impacts of climate change. The Fund would use its voting rights at Border to Coast to lobby for companies to tackle climate change. Regarding cyber security, Chris Norton said the main issues related to staff clicking on links by mistake or falling for phishing scams, and where third parties held the Fund's data. He

said the Pension Fund had its own cyber security policy but relied on the County Council's procedures and ICT. Regular meetings would take place with staff and ICT, particularly if there were any recurring national issues that staff needed to be aware of.

Keith Francis said he would like more detail on what specifically the Fund was doing in respect of climate change. Chris Norton said some specifics could be given to members. He said the Fund is considering moving some assets into carbon tilted funds. Martin Griffiths confirmed that additional information would be available to members and covered at the next Board meeting.

Vicky Jenks (Pensions Administration Delivery Lead) said it was expected draft regulations in respect of McCloud would be available in September. It was possible there may be delays in processing rectification cases if the final regulations were not in place on 1 October. However the number of people who would be affected was likely to be low. Vicky Jenks gave an example of a pension fund with a membership of 70,000, of which only 41 had required rectification.

Keith Francis said he was unable to attend any of the training sessions. Martin Griffiths said members could attend virtually, and the sessions would be recorded.

Members noted the contents of the report.

3. Pensions Administration Activity and Performance Update

The item was introduced by Vicky Jenks, who outlined the work that had been undertaken by the Pensions Administration Service and provided updates.

The number of people signing up to the Member Self Service portal was continuing to increase. There had been a particularly good uptake by people in the 51-65 age range, although there were fewer younger people registering for the portal. A targeted exercise to encourage those aged 41-45 to sign up had been proposed, to help people prepare for their retirement. Employers were continuing to be encouraged to tell people about the benefits of using the system. Vicky Jenks told members that June was the first month that pensioner payslips had defaulted to being sent electronically. She said 66 per cent of pensioners were now receiving e-payslips. There remained a significant number of pensioners who had not contacted the Fund about their payslips, and work was continuing to encourage greater sign-up. Vicky Jenks said however that if any changes were made to the value of a pension, the pensioner would be informed by letter.

Members were told that six of the 14 key performance indicators were meeting their target. Vicky Jenks said officers were looking at the processes associated with the KPIs not meeting their targets to see if they were still fit for purpose. The majority not meeting the target were at least 80 per cent or more.

There were a higher than normal number of green breaches recorded in April. This was attributed partly to the breaches being caused by Multi Academy Trusts using the same payroll provider, coupled with a higher than usual number of school holidays scheduled for April and May and schools missing the deadline. There were no current IDRP cases.

The timescale for implementation of the Pensions Dashboard scheme had been pushed back to 31 October 2026, following a statement from the Minister for Pensions. Vicky Jenks said there was still plenty of work to do to ensure the dashboard could be launched in time, particularly relating to

data quality around personal details that would enable a person's information to be found. Work was also taking place to ensure data was up to date for cases affected by McCloud that would require rectification.

Responding to a point raised by Mike Snow in relation to signing up to the MSS portal, Vicky Jenks said employees of schools and academies were the biggest group of members that had not yet signed up. Officers from the Pension Fund would be making visits to give presentations to some employers to encourage sign-up.

The Chair asked for the acronym SCAPE to be explained in future reports. Vicky Jenks said it stood for superannuation contributions adjusted for past experience and helped to calculate future benefit payment rates.

Responding to a point raised by the Chair, Vicky Jenks said calculating and notifying of deferred benefits was the source of the Fund's biggest volume of work. If the Fund was notified of an intention to defer at the end of the month, officers would often have to wait another month before final pay was posted to the member's record and any action could be taken. Although there was a backlog of cases, Vicky Jenks advised that Warwickshire had the smallest backlog out of all the Funds in the Border to Coast partnership.

Regarding breaches, Vicky Jenks said there was a trend for a spike in cases in April as data tended to be received late from academies. There was a belief this was a low priority for academies at a time when they would be busy, and work needed to be done to communicate the importance of the data being submitted on time. It was noted there were also a number of breaches in September and June, which were also around the time of school holidays. However the numbers involved were lower than in April.

Members noted the contents of the report.

4. Pension Fund Business Plan Update Report

The item was introduced by Chris Norton, who reminded members there were 37 items included on the business plan. The final four of these had been put together into a new grouping for items relating to sustainability.

Chris Norton said there was one item with a red rating, relating to the production of the statement of accounts. These had not been produced by the target date at the beginning of June, which was due to difficulties with staff resourcing and turnover. There had been unsuccessful attempts to appoint a new accountant on either a permanent or interim basis. There had now been a permanent appointment to the role, and the accounts were being prioritised. However a date for producing them had not been set. Chris Norton said the failure to produce the accounts would be flagged with the pensions regulator as it was a breach. He said the normal expectation would be for the accounts to be published by 1 June and finalised at the beginning of December. In the last few years the draft had been ready by the deadline but not had final approval due to issues with external auditing capacity. Chris Norton said non-publication created a reputational risk, but added that the number of organisations not being able to publish their accounts on time had been increasing year on year.

Of the remaining items on the business plan, 26 were green and 10 had an amber rating. A high proportion of these were due to an issue of requirements not being released, or the Fund not being in receipt of it.

Members noted the contents of the business plan.

5. General Investment Activity Report

The item was introduced by Paul Higginbotham, who summarised the investment activity. Performance levels were either on track or slightly ahead, and value was being added by the Fund investing in good fund managers. There was an increased focus on investment in alternatives holdings, with five per cent of investments being made in private equities.

The amount of capital received was expected to increase over time; additionally, income was being generated by other investments. Two thirds of the capital had been invested, the majority of which was in existing assets. Members were told the cash balance stood at £55.8million, which was 2.1 per cent of the Fund's value. This was split between a treasury account and another that handled capital movements. The CEM benchmarking for the Fund indicated that it had generated £23million in additional profit.

Paul Higginbotham said Funds were being encouraged to pool their assets, in light of imminent new legislation. The Warwickshire Pension Fund was already doing this by being part of the Border to Coast partnership and talks aimed at increasing the amount of pooling were taking place. This was being done to make further cost saving efficiencies. Councillor Ian Shenton noted the consultation in relation to pooling LGPS funds, stating that different local authorities and their associated pension funds would have different appetites for risk. Chris Norton said one of the main issues was it was unclear if Funds would have to further increase the amounts they had invested to support levelling up; for example, if a Fund had already invested five per cent into a certain asset viewed as supporting levelling up, it was unclear if they would be obliged to invest a further five per cent. Additionally no deadlines had yet been set for making those investments. Responding to Mike Snow, Chris Norton said there was evidence of cost savings being made by pooling.

The Chair said in the past there had been concerns about the politics associated with investments. He said some Funds had held off from making investments in companies with a presence or interest in Israel.

The Chair said the table at Appendix A would be more useful if the investments were listed in chronological order from the inception date. Newer investments could have lower figures associated with them, but this would be less concerning compared to a longer term investment that had lost value.

Members noted the contents of the report.

6. Warwickshire Pension Board Annual Report Paper

The Chair said the report provided a summary of the work undertaken by the Board over the last year, and hoped members' views were reflected in it.

Members agreed to approve the contents of the report, and there were no additional comments.

7. Report containing the minutes from the June Pension Committees

Members noted the contents of the minutes of the meetings of the Pension Fund Investment Sub Committee and Staff and Pensions Committee held on 12 June 2023. It was confirmed that Kate Sullivan was an officer overseeing Warwickshire County Council as a whole, and not just the Pension Fund.

8. Any Other Business

There were no additional items of business to discuss.

ACTION POINTS

For an item on climate change to be on the agenda for the next meeting, possibly in the form of a presentation.

For Board members to be informed of any issues arising when the Revised Code of Practice was released.

The meeting rose at 1.00pm

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Chair

Warwickshire Local Pension Board

24 October 2023

Governance, Policy, and Regulatory Update

Recommendation

That the Local Pension Board considers and comments on the items within this report the detail of which was previously presented to the Pension Fund Investment Sub-Committee and Staff and Pensions Committee.

1. Executive Summary

- 1.1 This report summarises the main governance issues currently affecting the Warwickshire Pension Fund. These areas include the Forward Plan, Risk Monitoring, updated Policies, Regulations and Training.

2. Financial Implications

- 2.1 There are no financial implications arising directly from this report. Where changes to policies were recommended, any implications arising from those changes are covered in the body of the report.

3. Environmental Implications

- 3.1 As stated in previous reports, Climate Risk is still a key risk on the Fund's Risk Register and is considered regularly by the Fund.

4. Supporting Information

Forward Plan

- 4.1 The purpose of including the Forward Plan in this report is to provide the Local Pension Board with details of the work the Fund will be undertaking in relation to governance matters for the year ahead. The Plan is set out in Appendix 1 and the Local Pension Board's comments are welcomed.

Risk Monitoring

- 4.2 This section provides an update on the key risks facing the Fund. Officers ask members of the Board to pay particular attention to the red risks shown on the chart. They are Climate Change, Long Term Market Risk, and Cyber Security. The high-risk items have not altered since our last report to Committee in March 2023.
- 4.3 Several updates have been made to the commentary in the Risk Register, but these have not altered any of the risk scores. They relate particularly to issues around resourcing and officers are looking to create a Workforce Planning Strategy, which will be a requirement of the Scheme Advisory Board Governance Review, when it is announced next year.
- 4.4 The chart below sets out the RAG rating of risks on a five-by-five scale.

Impact	5				9. Climate Change	
	4	3. Liabilities cannot be met		8. Cyber Security	1. Long term asset values do not meet expectations	
	3		7. Business interruption 11. Fraud 12. Governance Failure	5. Pooling objectives not met 6. Inability to meet demand for activity		
	2		10 Data Quality	4. Employer contributions not paid	2. Short term asset values do not meet expectations	
	1					
		1	2	3	4	5
		Likelihood				

Policies

- 4.5 The Fund’s Responsible Investment Policy has been reviewed by officers and it is felt that no changes are required to this document. It is an area, however, that Officers continue to consider with the Fund’s advisors to ensure it remains fit for purpose.
- 4.6 Fund Officers have also reviewed the Administration Strategy and have concluded that no amendments are required at this time as timescales and

contents are still fully compliant with the relevant legislation governing the LGPS.

- 4.7 The Admission and Termination Policy and Funding Strategy Statement have been updated to reflect an amendment relating to how exit credit payments should be assessed for Community Admission Bodies (CABs) These alterations were minor but provided clarification of the process that needs to be followed in these cases. These policies have not been included with this paper but are available on the Fund's [Website](#).
- 4.8 It is important that members of the Fund are confident that we collect and use their data safely and compliantly. This includes ensuring that data is disposed of safely when no longer required. Fund Officers have therefore reviewed processes and created a 'Data Retention Policy' (Appendix 3) that distilled the current best practice followed by the Fund into a single document This was approved by the Committee..

Training

- 4.9 A summary of the current items on the Training Plan can be found below. We are currently in the process of looking at arranging sessions for next year.

Date	Training	Delivered by
11 th October 2023 (AM) <i>This will have taken place before the October Board Meeting.</i>	Accounting and audit Procurement and contract management	Aon Hewitt
24 th November 2023 (AM)	AGM	Officers and Advisors

- 4.10 The next Knowledge and Skills Assessment will be launched by Hymans Robertson in November and Officers ask all Board members to complete and return the Assessment in the normal way.
- 4.11 Officers will carry out a review of its Governance arrangements once the SAB Good Governance Review has been completed as covered in the training from Hymans Robertson on the 18 September. If you have any feedback on this training, Officers would be keen to hear it.

Vacancy on the Warwickshire Local Pension Board

- 4.12 Following the recent resignation of Alan Kidner from the Local Pension Board, officers are working to recruit a replacement member representative. Two candidates have had an informal discussion with Officers about the role and if they are still interested, interviews will follow. At the time of writing this Report no interviews had taken place.

Regulatory Update

- 4.13 Public sector exit payment reform remains a government commitment, although there is no indication of when new rules might be consulted on. Any changes will be introduced for each individual scheme, there will not be a public sector-wide approach. Other public service schemes do not provide unreduced benefits to members made redundant at age 55 or older. There is a possibility that this provision will be changed in the LGPS.
- 4.14 There are no immediate plans to remove the upper age limit of 75 for death grants. The SAB Chair has raised concerns about this with the Minister because of the possibility of a legal challenge, as changes are scheduled to be made to other public sector pension schemes to remove the upper age limit. The LGA and SAB have indicated that they will continue to pursue this with the Minister.
- 4.15 A consultation on equalising the survivor benefits paid to male spouses or civil partners of female members with the benefits paid to same sex spouses or civil partners is expected. The rules will be backdated to 5 December 2005 to reflect the earliest date that a couple could have entered a same sex civil partnership. The Local Government Association (LGA) has indicated that the numbers involved nationally are likely to be low and therefore unlikely to have a great impact on the Fund.
- 4.16 The Local Government Association (LGA) has responded to the Department for Levelling Up, Housing and Communities (DLUHC) McCloud Consultation. The response was generally supportive of the policies that were proposed but made a number of technical comments about whether the draft regulations deliver the policies as intended.
- 4.17 Following the Department for Work and Pensions (DWP) Written Ministerial Statement in March, a further statement was published in June 2023 giving an update on pensions dashboards. The latest statement confirms the removal of the phased staging deadline from legislation, replacing it with a single connection deadline of 31 October 2026

5. Timescales associated with the decision and next steps

- 5.1 None

Appendices

Appendix 1 – Forward Plan

	Name	Contact Information
Report Author	Martin Griffiths, Victoria Jenks	martingriffiths@warwickshire.gov.uk, vickyjenks@warwickshire.gov.uk
Director	Andrew Felton	andrewfelton@warwiickshire.gov.uk
Executive Director	Executive Director for Resources	robpowell@warwickshire.gov.uk
Portfolio Holder	Portfolio Holder for Finance and Property	peterbutlin@warwickshire.gov.uk

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

Local Member(s): Cllr Dahmash and Gifford

Other members: N.A

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Warwickshire Local Pension Board Appendix 1

Forward Plan

Standing Items

Q2 24 October 2023	Q3 30 January 2024	Q4 16 April 2024	Q1 9 July 2024
Administration and Performance update	Administration and Performance update	Administration and Performance update	Administration and Performance update
Risk Monitoring (Governance)	Risk Monitoring (Governance)	Risk Monitoring (Governance)	Risk Monitoring (Governance)
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 (inc. Fire Pension Board)	Review of the reports and minutes of the Pension Fund Investment Sub-Committee and Staff and Pensions Committee (inc. Fire Pension Board)	Review of the reports and minutes of the Pension Fund Investment Sub-Committee and Staff and Pensions Committee (inc. Fire Pension Board)	Review of the reports and minutes of the Pension Fund Investment Sub-Committee and Staff and Pensions Committee (inc. Fire Pension Board)
Forward Plan (Governance)	Forward Plan (Governance)	Forward Plan (Governance)	Forward Plan (Governance)
Policy & Regulation Update (Governance)	Policy & Regulation Update (Governance)	Policy & Regulation Update (Governance)	Policy & Regulation Update (Governance)
Training Plan (Governance)	Training Plan (Governance)	Training Plan (Governance)	Training Plan (Governance)
			Chair's Annual Report

Bespoke Items

Knowledge & Skills Assessment	Knowledge & Skills Assessment	Knowledge & Skills Assessment	Knowledge & Skills Assessment
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Policies

Responsible Investment Policy (PFISC)	Cyber Security Policy (S&P)	Risk Register & Policy (PFISC)	Investment Strategy Statement (PFISC)
Conflicts of Interest Policy (S&P) (Currently being updated by legal)	Admission & Termination Policy (S&P)	Climate Policy (PFISC)	Voting and Stewardship Policy (PFISC)
Governance Review (S&P) 9Awaiting review from SAB)	Governance Compliance Statement (S&P)	Training Policy (PFISC)	Communication Policy (S&P)
Administration Strategy (S&P)	Funding Strategy Statement (S&P)	Fund Discretions Policy (S&P)	Breaches Policy (S&P)
		Fraud Policy (S&P)	Data Retention Policy (S&P)
		Business Plan (S&P)	
		Data Retention Policy (S&P)	
		Business Continuity Plan (S&P)	
		IDRP Review (S&P)	

Policies for review by the Pension Fund Investment Sub-Committee

(PFISC)

Policies for review by the Staff and Pensions Committee

(S&P)

Warwickshire Local Pension Board

24 October 2023

Pensions Administration Activity and Performance Update

Recommendation

That the Warwickshire Local Pension Board (“the Board”) notes and comments on the content of 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 arising directly from the content of this report.

4. Member Self Service (MSS)

- 4.1 The take up of MSS, split by our different types of members is as follows:

Active	5,841	33.04% of active members	+1.34%
Deferred	5,085	23.8% of deferred members	+1%
Pensioner	4,521	29.5% of pensioners	+5.8%

- 4.4 The Pensions Administration Service (PAS) has begun to look at data regarding the profiles of members using MSS and those that have not yet engaged. From this we will develop a programme for contacting members to promote this facility further. This will include roadshows, where we will visit employers with low take up and encourage members to sign up. We will also provide an update to stakeholders in our AGM scheduled for November.

5. E-payslips

- 5.1 June was the first month where we did not issue paper payslips, and as such we anticipated a larger number of queries from pensioners, following pay day.
- 5.2 Both the pensions team and customer service centre received a number of queries. These were largely with regard to registering for e-payslips, from those that had not already registered, password queries or requests for paper payslips. An FAQ sheet was created and shared with the teams in order to help deal with the queries.
- 5.3 We have received some feedback that for those that cannot access e-payslips, we should consider the need to still communicate on other matters with written correspondence. There is an option for members to opt out of digital communications and continue to receive information via post and this is being highlighted to those members without digital access.

6. Key Performance Indicators (KPIs)

- 6.1 Appendix 1 shows the KPI performance for the period 1 April 2023 to 31 August 2023.
- 6.2 8 out of 14 KPIs are meeting their target and the remaining 6 have all seen improvements in the total number of cases being completed within the KPI deadline.
- 6.3 KPI 1 – there has been a delay in processing these cases due to the team having to hold processing while we waited for new transfer factors to be provided by the Government Actuaries Department (GAD).
- 6.4 KPI 2 – The KPI continues to improve. For transfers out there is an increased level of due diligence required because of the risk of pension scams. This means it can take longer to ensure the member has a right to a transfer out and to check whether this is to be paid to a suitable pension arrangement.
- 6.5 KPI 3 – this KPI has fallen slightly due to staff leave in August but is generally improving and is at 96.67% in September.
- 6.6 KPI 4 – This KPI is improving; it was met at 100% during August and we expect this to continue.
- 6.7 KPI 8 – The team have been reminded about checking for these tasks daily and ensuring enough information is gathered during the initial contact with the member's family to enable them to complete the process. We have ensured that all outstanding cases are now completed.
- 6.8 KPI 9 - This KPI is improving and is now being monitored on a weekly basis to ensure the improvement is sustained.

- 6.9 KPI 11 – There has only been one case, which was delayed due to new factors being released by GAD.
- 6.10 For context, the table below shows the volume of cases per KPI and the number of cases that were dealt with within the KPI target.

Key Performance Indicator	Fund Target	Total Year Cases	Full Year KPI	Total Cases Within KPI
Target performance			95.00%	
1.Letter detailing transfer in quote	10 days	179	53%	95
2.Letter detailing transfer out quote	10 days	141	84%	118
3.Process and pay a refund	10 days	135	90%	122
4.Letter notifying estimate of retirement benefits (Active)	15 days	124	91%	113
5.Letter notifying actual retirement benefits (Active)	15 days	158	100%	158
6.Process and pay lump sum (Active)	10 days	158	98%	155
7.Process and pay death grant	10 Days	54	97%	52
8.Initial letter notifying death of a member	5 days	221	92%	203
9.Letter notifying amount of dependents benefits	10 days	60	84%	51
10.Divorce quote letter	45 days	42	96%	40
11.Divorce settlement letter	15 days	1	100%	1
12.Send notification of joining scheme to member	40 days	182	100%	182
13.Deferred benefits into payment	15 days	335	99%	332
14.Calculate and notify deferred benefits.	30 days	813	96%	780

7. Pensioner Payroll Key Performance Indicators

- 7.1 Pensioner payroll for Warwickshire Pension Fund is administered by Warwickshire County Council's payroll team.
- 7.2 The table below provides information on the pensioner payroll service KPIs. Priority is given to ensuring payments are made by the agreed payment dates. Please note the customer care indicator is only recorded for formal complaints. Nil indicates no complaints have been received.

Indicator	Description	Measure	Q1	Q2
Customer Care	We will respond to any queries about service delivery within 5 days. (Formal complaints)	95% of queries will be responded to within 5 days.	NIL	NIL
Accuracy	Paying people accurately.	99% of all requested staff payments will be paid accurately.	100%	99.99%
Assurance	Paying people on time.	100% of input submitted onto Your HR before deadline will be paid on the relevant scheduled pay day.	100%	100%
Statutory returns	We will make all statutory returns by the required deadlines.	100% of third party payments and statutory returns will be submitted on or before the deadline.	100%	100%
Satisfaction with service	We will achieve constantly high levels of customer satisfaction	Traded wide net promoter score will be 8.8 or more.	10	NIL

8. Workloads

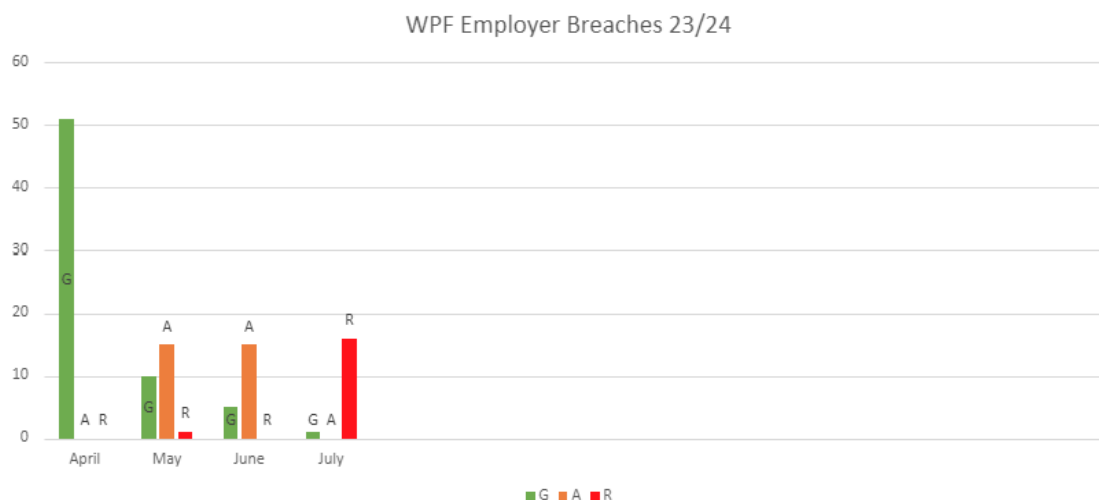
- 8.1 The PAS continues to monitor work being received by the team and ensure we have the resources to manage the workload.
- 8.2 From the 1 January 2023 to 31 August 2023 there have been 25,720 cases created and 26,183 completed, this compares to 27,564 created and 28,069 completed in the same period last year.
- 8.3 The drop in number of cases created is a net result of the introduction of Member Self Service (MSS) where members of the scheme can now update their details online rather than submitting them through to the team. However, the use of MSS is increasing members awareness on pensions, which is a positive outcome, and so we are seeing an increase in general enquiries.
- 8.4 While we do not currently have a telephony system that records and provides reporting on the number of calls we are receiving, the team are indicating that more calls are being dealt with. We hope to have a telephony system in place next year, which will help us to monitor workload received via phone and direct enquiries more efficiently.
- 8.5 We are also dealing with a lot more email traffic for both login queries and general questions about information held on the MSS system. We have recently recruited to a vacant part time post on the employer relations team,

and this post is now dedicated to dealing with this work, freeing other team members to focus on other key tasks.

- 8.6 With the introduction of pension dashboards, we will need to consider how we will resource queries coming into the team as awareness regarding pensions and planning for retirement increases.

9. Breaches

- 9.1 In accordance with the Fund’s Breaches Policy, any amber breach results in direct contact with the employer responsible to resolve the issue. If this does not result in the necessary action required, further escalation can be used.
- 9.2 The table below indicates the number of breaches the Fund has recorded for the period 1 April 2023 to 31 July 2023:



- 9.3 2 Red breaches were recorded in July, 1 for the late submission of the Fund Accounts and 1 for the non-receipt of information from a Multi Academy Trust (MAT) which covers a number of individual schools.
- 9.4 The MAT changed its payroll provider in April, and this has led to a delay in providing information to the Fund. The trust is working with the new payroll provider to deliver a working extract so that data can be sent across, but this is taking longer than we would like.

10. Internal Dispute Resolution Procedure (IDRP)

- 10.1 The Fund has no outstanding IDRP cases.

11. Pensions Dashboards

- 11.1 On 8 June, the Department for Work and Pensions (DWP) issued a [written ministerial statement providing an update on the connection deadline for pensions dashboards](#). The statement explains that the Pensions Dashboard Programme will be unable to meet the connection deadlines set out in the legislation, and the timeline will need to be revised. The new connection deadline is October 2026.
- 11.2 The PAS will continue to look at the work needed to be ready for dashboards, focusing on data quality. Our software provider has provided a data readiness report that shows the quality of our data and areas that require improvement.
- 11.3 As part of the dashboard workplan, we will need to consider how to tackle issues such as 'gone aways', where members have moved and not kept us informed of their change of address; and mortality screening, so that we can reduce the risk of overpayment of pensions and help to track next of kin for members who have not kept in touch. We will also need to consider how we resource the additional queries we will receive once the dashboard goes live.
- 11.4 The introduction of Member Self Service (MSS) has given us an indication as to how many additional queries can be created when members are given access to an online service. Not only do we receive queries regarding a members' pension benefits, we are also having to assist with login queries. The dashboard will create queries for pension providers for members who have a partial match to data we hold. Therefore, these will have to be investigated to see if the person is a member of the fund. A set timeframe will be given for pension providers to respond to these.
- 11.5 In October/November of this year, we will also be able to access the LGPS Framework in order to procure the Integrated Service Provider (ISP). The ISP is a service that sits between the PDP Central Digital Architecture and multiple Pension providers. The service accepts Find and View requests from the Central Digital Architecture and returns matching pensions and subsequently, their values and administrative data to scheme members.

12. Annual Benefit Statements (ABS)

- 12.1 The PAS have been working through the summer to produce ABSs for all Active and Deferred members.
- 12.2 A total of 21,187 (100%) statements were produced and published online for deferred members. These were made available to members by 31 July, within the statutory deadline. 29 ABSs were sent out in paper format as requested by the member.

- 12.3 A total of 16,855 (97%) statements were produced without error for active members. The majority have been published online with only 145 sent out in paper at the request of the member.
- 12.4 The remaining 534 statements, which were not produced due to an error on the member's record, have been investigated. The majority of these are casual or variable time members where CARE pay is missing for 31 March 2023. Checks will be done to see if these members are actually due a statement, as they may no longer be working for the employer but have not been ceased on the payroll system.

13. McCloud Project

- 13.1 The McCloud project continues, with work progressing on the creation of an Indicator on records for members who are in scope.
- 13.2 The regulations are set to be laid on 1 October 2023 and the Local Government Association (LGA) are working on template communications that can be used by funds to inform affected members.
- 13.3 The fund will look to use these communications and will post information on its website to share this with members. An FAQ document will also be produced which will cover more complex issues that arise for members.
- 13.4 Even though there are a large number of members in scope it is not anticipated that many will see an increase in their benefits for the remedy.

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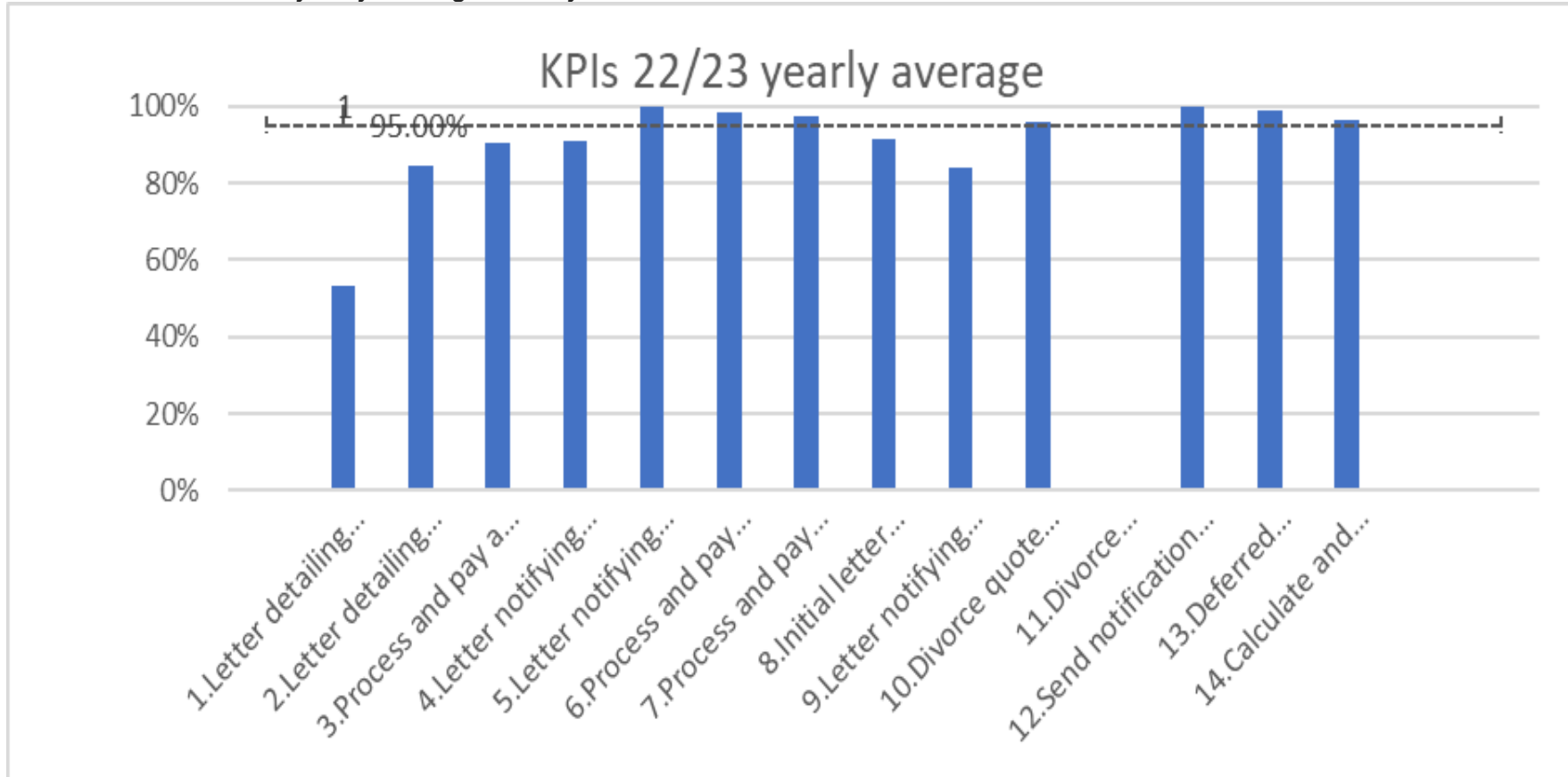
The report was circulated to the following members prior to publication:

Local Member(s): Cllrs Dahmash and Gifford

Other members: n/a

Appendix 1

A chart that shows the yearly average for Key Performance Indicators

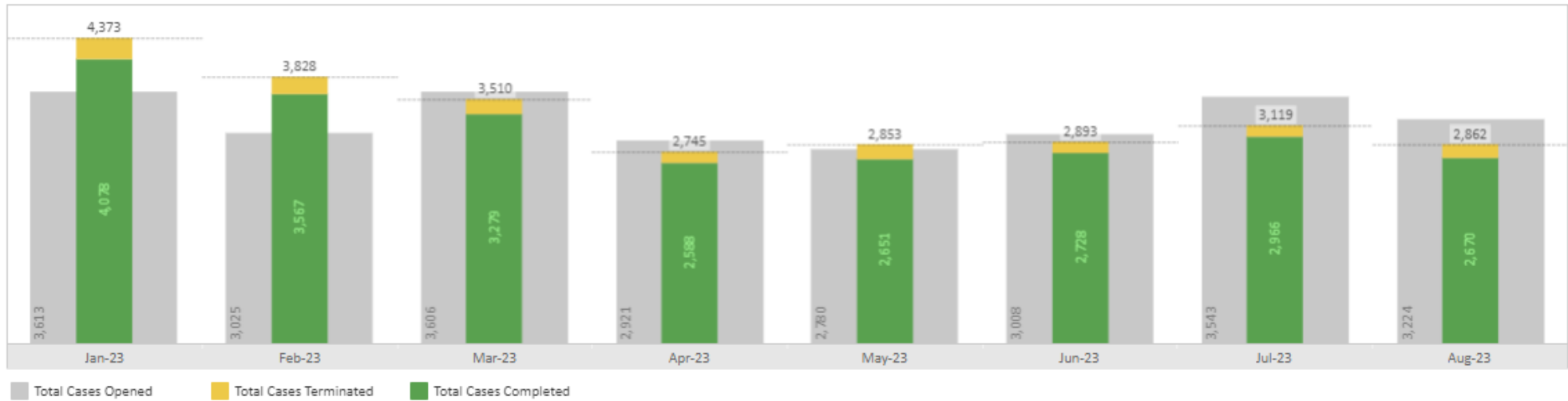


Appendix 2

A chart that shows the number of workflow cases that have been opened, completed or terminated.



Total Cases Opened & Total Closed Per Period
 Total closed cases are broken down to show volume completed and volume terminated



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Warwickshire Local Pension Board

24 October 2023

Pension Fund Business Plan Update

Recommendation

That the Local Pension Board considers and comments on the progress made in respect of the Fund's Business Plan attached at Appendix 1.

1. Executive Summary

- 1.1 It is best practice for local authority pension funds to operate a formal and documented Business Plan for their operations. This report sets out the Business Plan for 2023/24 (Appendix 1), as approved by the Staff and Pensions Committee in March 2023, and the progress made up to the second quarter.
- 1.2 The Business Plan sits alongside other key documents which govern the strategy and operations of the fund, including the Administration, Investment and Funding Strategies.
- 1.3 Several items are the same as or similar to the previous year. These may relate to ongoing business as usual activity (for example issuing annual benefits statements) or projects which require additional legislation or regulation from the Government in order for them to proceed (for example the McCloud project).

2. Financial Implications

- 2.1 The fund has an investment strategy and a funding strategy designed to manage the financial position of the fund. The Business Plan is designed to ensure that these two strategies are updated and implemented appropriately, and that the overall administration and management of the fund is efficient and effective.

3. Environmental Implications

- 3.1 The fund has a climate risk policy designed to minimise the fund's contribution towards climate change and minimise the fund's exposure to risk driven by climate change.

4. Supporting Information

- 4.1 The business plan monitoring summary is provided at Appendix 1, the RAG ratings are summarised in the following table.

Business Plan RAG Rating Summary

	Completed	Green	Amber	Red	Total
Number of Activities	5	28	4	0	37
Percentage of Activities	14%	76%	11%	0%	100%

- 4.2 The majority of activities are on track, and no activities are expected to cause a significant adverse issue for the Fund. However, workload remains a challenge and in the previous quarter there was one red item relating to the production of the Pension Fund Accounts (Item 22, Appendix 1). This is no longer red as the draft accounts have now been shared with the external auditors and the audit work has been progressing.
- 4.3 Work on the business plan for 23/24 will begin this quarter, and this work will include having regard to resourcing, workforce planning, carrying forward any activities as necessary that were not completed in this year but still need to happen.

5. Timescales associated with the decision and next steps

- 5.1 None

Appendices

Appendix 1 – Warwickshire Pension Fund Business Plan, progress during Q2.

	Name	Contact Information
Report Author	Martin Griffiths	martingriffiths@warwickshire.gov.uk
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The report was circulated to the following members prior to publication:

Local Member(s): N.A

Other members: N.A

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Appendix 1 - Quarter 2 Business Plan Review

Ref	Business Plan Action	Timescale within Business Plan	RAG Rating at Q2	Comments at Q2
1	Annual Pensioners Newsletter issued	April-June 2023	Completed	Issued within timescale including articles on e-payslips and vacancy on Local Pension Board
2	Annual benefit statements issued	31 August 2023	Completed	Deferred statements released at the beginning of July. Active statements issued by mid-August.
3	Embedding Member Self Service, expanding the number of users	April 2023 - March 2024	Green	Analysis of take up has been made, broken down by employers and age groups for actives, going forward we need to think about which groups we will get the most success in signing up
4	Annual Allowance statements issued.	5 October 2023	Completed	Annual Allowance notifications were issued within statutory timescales
5	Employer Engagement/training event	November 2023	Green	Planning for the event is underway and will include i-Connect training as well as a session on the Administration Strategy.
6	Administration performance - KPIs reported to Local Pensions Board	Quarterly	Amber	The majority of KPIs are above 90%, we are however, working to improve the KPI on transfer cases. More information on the current state of the KPIs is provided in the Administration Report.
7	Review of Pension Fund website	Quarterly	Green	Website is reviewed on a monthly basis and information updated when required.
8	Review of complaints received.	Quarterly	Green	3 non IDRP received in the first quarter all dealt with and reported to Staff and Pension Committee in June

Ref	Business Plan Action	Timescale within Business Plan	RAG Rating at Q2	Comments at Q2
9	McCloud Project	Dependent on issue of requirements	Green	Project management with Aon re-introduced Project board meetings twice monthly in preparation for legislation that was passed on the 1st October. PAS are working through the creation of McCloud indicators on in scope member records and identifying members who will need benefits rectifying. We are not expecting a large number of these.
10	Data quality review	Annual	Green	Data readiness report provided by Heywood for Dashboard checks, high levels of accuracy of data. Work on club vita returns and insights data quality reports being used to improve data. A data workplan is being created in order that the PAS can prioritise areas of data that require attention.
11	Develop pension dashboards.	Dependent on issue of requirements	Green	Now delayed to October 2026, preparation continues as above. The change in date has been caused by the movement of the government's timeline.
12	Monitor employer contribution performance through the year.	Monthly	Green	Direct debit project progressing, Test with 4 employers planned for October, work ongoing with investments team to look at how data can be electronically transferred to remove any manual interventions
13	Review, investigate, and mitigate potential sources of funding risk.	March 2024	Green	Triennial valuation showed a good funding position. Set up a Funding Risk Management tool (with support from Hymans) which will identify approximate valuations for employers, so that the Fund can track employer funding levels
14	Review employer covenants and risk management for non-statutory employers and review of employer monitoring arrangements	July 2023	Green	The employer relations team have created a new process to ensure Bonds are regularly reviewed. All relevant employers have been contacted and legal services are supporting the sign off of bonds.

Ref	Business Plan Action	Timescale within Business Plan	RAG Rating at Q2	Comments at Q2
15	Support the development of new Border to Coast fund products, for example the property fund.	As funds launch	Green	Advisors and officers are attending workshops and inputting into the designs as appropriate. Funds under development include a UK Opportunities fund intended to align with levelling up objectives, and a Climate Opportunities fund intended to support carbon reduction and climate risk objectives.
16	Continue to move the investment mix towards the long-term Strategic Asset Allocation	Ongoing	Green	Equity allocation updates to be implemented. Continuing to bring private markets allocations closer to their target weightings. A real yield trigger was set to ensure the right conditions for moving investments, this has been met and the first tranche transfer has been approved.
17	Appropriate engagement with the governance of Border to Coast via the Joint Committee, Operational Officers Group, and Section 151 Meetings, and through the exercising of shareholder voting rights.	Ongoing	Green	Officers and Chair of PFISC are attending and participating in these meetings.
18	Implementation of an additional money market fund to assist in the management of cashflow.	June 2023	Completed	Fund manager has been selected and onboarding has taken place.
19	Implementation of a system with criteria to trigger enhanced scrutiny of underperforming funds with a view to potential reallocation of funds elsewhere.	December 2023	Amber	Officers to progress this work alongside advisors.

Ref	Business Plan Action	Timescale within Business Plan	RAG Rating at Q2	Comments at Q2
20	Respond to the new pooling guidance and regulation "Edinburgh Reforms"	Dependent on issue of requirements	Completed	Response agreed by Pension Fund Investment Committee, approved by Portfolio Holder, and submitted to DLUHC by the deadline.
21	Pension Fund Annual General Meeting	November 2024	Green	Planning arrangements are in hand and being actioned to ensure the AGM happens as planned.
22	Production of Statement of Accounts	May 2023	Amber	22/23 draft accounts published in July 2023, were shared with external auditors, and the audit is in progress. Thanks to the external auditors and on-going responsiveness of the internal team to queries, the initial delay in producing the accounts is not impacting the overall timescales to sign-off the accounts. However, the accounts will be published after the statutory deadline (September) due to challenges to external audit capacity.
23	Publication of Pension Fund Annual Report	November 2023	Green	Content being collated and artwork nearing completion.
24	Ensure Fund risks are reviewed regularly.	Quarterly	Green	Regular Risk Meetings held by Officers and Advisers.
25	Review of the pension fund committee structure and terms of reference	March 2024	Green	Presentation on Committee representation was given by Hymans Robertson in September, from which point a decision about whether any changes will need to be made can be discussed. Changes may be required to comply with the SAB Good Governance Review.
26	Maintenance of a Policy Register and a schedule for policy review.	Quarterly	Green	Reviewed on a regular basis and policies are being updated in line with the review schedule.
27	Maintenance of Business Continuity planning	March 2024	Green	Reviewed and updated in line with the agreed frequency.

Ref	Business Plan Action	Timescale within Business Plan	RAG Rating at Q2	Comments at Q2
28	Respond to the Scheme Advisory Board Good Governance Review	Dependent on issue of requirements	Green	Still not received, but as per advice Officers are proceeding with addressing any areas that they feel may require attention.
29	Respond to the tPR General Code of Practice	Dependent on issue of requirements	Green	TPR has stated that this would be published in June/July 2023. It has still not been received. Officers already have ensured that we still comply with Code of Practice 14 covering the LGPS, so it is hoped that any additional requirements needed will be minor.
30	Respond to the Government's levelling up agenda	Dependent on issue of requirements	Green	Requirements not yet received. However we have response to the LGPS consultation that included some reference to UK investment and levelling up.
31	Testing of cyber security arrangements	Quarterly	Green	Regular Cyber Risk Meetings held by Officers and Advisers. A number of areas are discussed at the meetings, including Policy, Training as well as scenario testing. The outcome of any testing is discussed and where possible the risk rating for cyber security adjusted.
32	Succession planning for Committee and Board membership.	March 2024	Green	Vacant Local Pension Board member role has been advertised, and a number of candidates have been selected for consideration.
33	Maintenance of a training strategy and training log	March 2024	Green	Training Policy updated annually, and log has been started. All Committee and Board members have been contacted about logging the training that they have attended.

Ref	Business Plan Action	Timescale within Business Plan	RAG Rating at Q2	Comments at Q2
34	Further develop the Fund's Climate Risk Strategy and the Fund's approach to ESG, including the development of goals and milestones and monitoring of metrics	Ongoing	Green	ESG engagement examples have been provided to the Pension Fund Investment Sub Committee, alongside a review of the Fund's climate risk strategy in June 2023. The first direct investment decision into a Fund with climate tilted characteristics has been made.
35	Ensure compliance with the 2020 UK Stewardship Code	Ongoing	Amber	Intention to draft this by the end of 2023. However this action may be deferred depending on the overall workload in the next quarter.
36	Implement TCFD disclosure requirements.	March 2024	Green	Not yet a regulatory requirement. Prioritisation of work streams means that the intention is to draft this for year ending March 2024.
37	Engage with pooling partner funds and Border to Coast on climate change and RI developments.	Quarterly	Green	Continuing to develop the pool's approach to climate change and RI monitoring as well as engagement.

Warwickshire Local Pension Board

24th October 2023

Investment Update

Recommendation

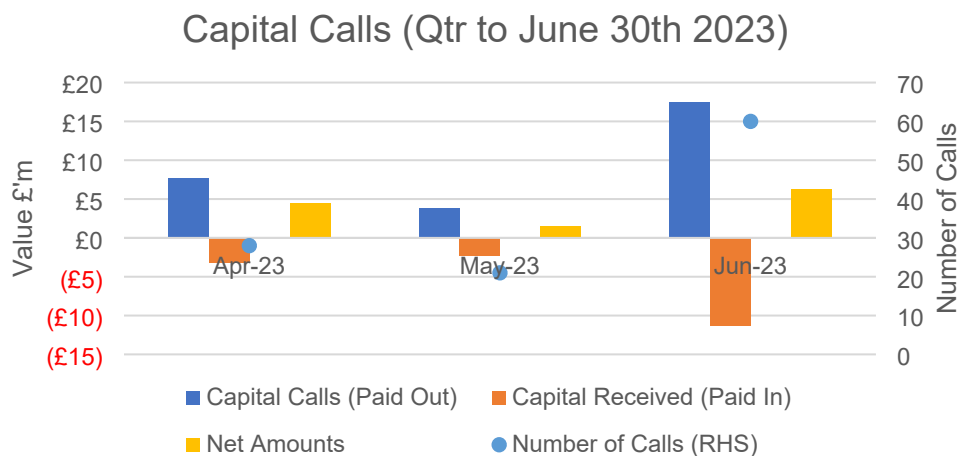
That the Pension Board notes and comments on the contents of this report.

1. Executive Summary

- 1.1 This report provides a general update on investment related activity and is complementary to the investment and funding performance reports elsewhere on the agenda which are focused particularly on ability to service liabilities, asset allocation compared to the target, and the performance of fund managers.

2. Portfolio Commentary

- 2.1 Appendix 1 shows performance since inception (7.85%p.a.) versus targets for all funds in which Warwickshire currently invests (7.39% p.a.). This helps to provide a long-term view.
- 2.2 A key activity for the Fund remains building up investments in alternatives (private equity, infrastructure, and private debt). The Fund serviced 109 capital movements in the quarter, with a net value of £12.11m. This was a reduction in activity over the quarter.



- 2.3 Following currency conversions, the value invested by alternatives fund managers is as set out below:

Alternatives	£ invested with fund managers	£ still to be called	Total
£'m	£555,000,000	£236,000,000	£790,000,000
% of Total	70%	30%	100%

2.4 Appendix 2 illustrates the breakdown of this table between the different funds.

2.5 Cash balances as at the end of June 2023 were £31.2m. This total represents 1.1% of the Fund's value. (£15.9m Lloyds – to manage transactions such as receiving employer contributions and paying member benefits and £15.3m BlackRock – this account is used to meet capital movements).

3. Voting

The Fund holds actively managed equities through funds within the *Border to Coast Pensions Partnership*, and passive equities managed through funds held with *LGIM*. These equities carry voting rights.

3.1 The table below summarises voting activity in the previous quarter in respect of funds held with *Border to Coast*:

Border to Coast Equity Funds - Voting Q2 (1st Apr to 30th Jun 23)

Voting Direction	UK Alpha	Global Alpha	UK Alpha	Global Alpha
	Vote Count		% of Total	
For	1,649	2,709	92%	84%
Against	127	437	7%	14%
Other	4	57	1%	2%
Total	1780	3203	100%	100%

3.2 Border to Coast provide published reports on their website in respect of voting (and engagement) activity, and the link is included [here](#).

The table below summarises voting activity in the previous quarter in respect of funds held with *LGIM*:

LGIM Equity Funds - Voting Q2 (1st Apr to 30th Jun 23)

Voting Direction	UK	Rest of World	UK	Rest of World
	Vote Count	Vote Count	% of Total	% of Total
For	4871	25709	90%	75%
Against	263	6324	5%	18%
Other	290	2273	5%	7%
Total	5424	34306	100%	100%

3.3 LGIM's Investment Stewardship team directs the assets managed on the Fund's behalf. Their [Responsible Investing](#) page sets out voting (and

engagement) activity, as well as their approach to Climate Risk.

4. Other activities

- 4.1 The custodian procurement tender is due to commence in July 2023.
- 4.2 Once the PFISC agrees on which global passive equity funds to invest in, the equity restructure will be updated and implemented (full presentation is part of today's agenda).
- 4.3 DLUHC published a paper on 11th July 2023, entitled *Local Government Pension Scheme (England and Wales): Next steps on investments*.

This consultation seeks views on proposals relating to the investments of the Local Government Pension Scheme (LGPS). It covers the areas of asset pooling, levelling up, opportunities in private equity, investment consultancy services and the definition of investments.

All responses (from all LGPS funds) have now been submitted. More details can be found here: <https://www.gov.uk/government/consultations/local-government-pension-scheme-england-and-wales-next-steps-on-investments>

- 4.4 Russia/Ukraine War. Our exposure to the region is almost non-existent, with our total exposure (across all asset classes including bonds and equities) totalling £293k via the *BCPP MAC Fund*.
- 4.5 Exposure to UK water companies. In summary, the portfolio has an underweight position to this area, with a total exposure of £8,496,885 or **0.31%** of the total pension fund.
- 4.6 We previously agreed to allocate more money to 'protection assets' once a 'Real Yield' trigger had been reached. We are currently discussing a potential imminent move.
- 4.7 We are currently in discussion with *Border to Coast* regarding their newly proposed UK Real Estate Fund. Further details to follow.
- 4.8 We are currently collaborating with 7 other LGPS funds, to facilitate independent external research (via a company called *Inalytics*) into our current 'ALPHA' funds held with Border to Coast.
- 4.9 Accounts 2021/22 have been sent to the auditors and are also available on our website for public review and comment.

5. Financial Implications

- 5.1 Further detailed information about the financial implications of the last quarter’s investment performance is detailed in a report elsewhere on the agenda entitled “Investment and Fund Performance”.

6. Environmental Implications

- 6.1 Climate risk is a key issue facing the Fund in the longer term and is covered in greater detail in separate items on the agenda.

7. Supporting Information

- 7.1 None

8. Timescales associated with the decision and next steps

- 8.1 None.

Appendices

1. Appendix 1 – Long-term performance
2. Appendix 2 – Alternatives commitments

Background Papers

1. None

	Name	Contact Information
Report Author	Victoria Moffett, Chris Norton, Paul Higginbotham	victoriamoffett@warwickshire.gov.uk, chrisnorton@warwickshire.gov.uk paulhigginbotham@warwickshire.gov.uk
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Portfolio Holder for Finance and Property	Peter Butlin	peterbutlin@warwickshire.gov.uk

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

Local members: not applicable

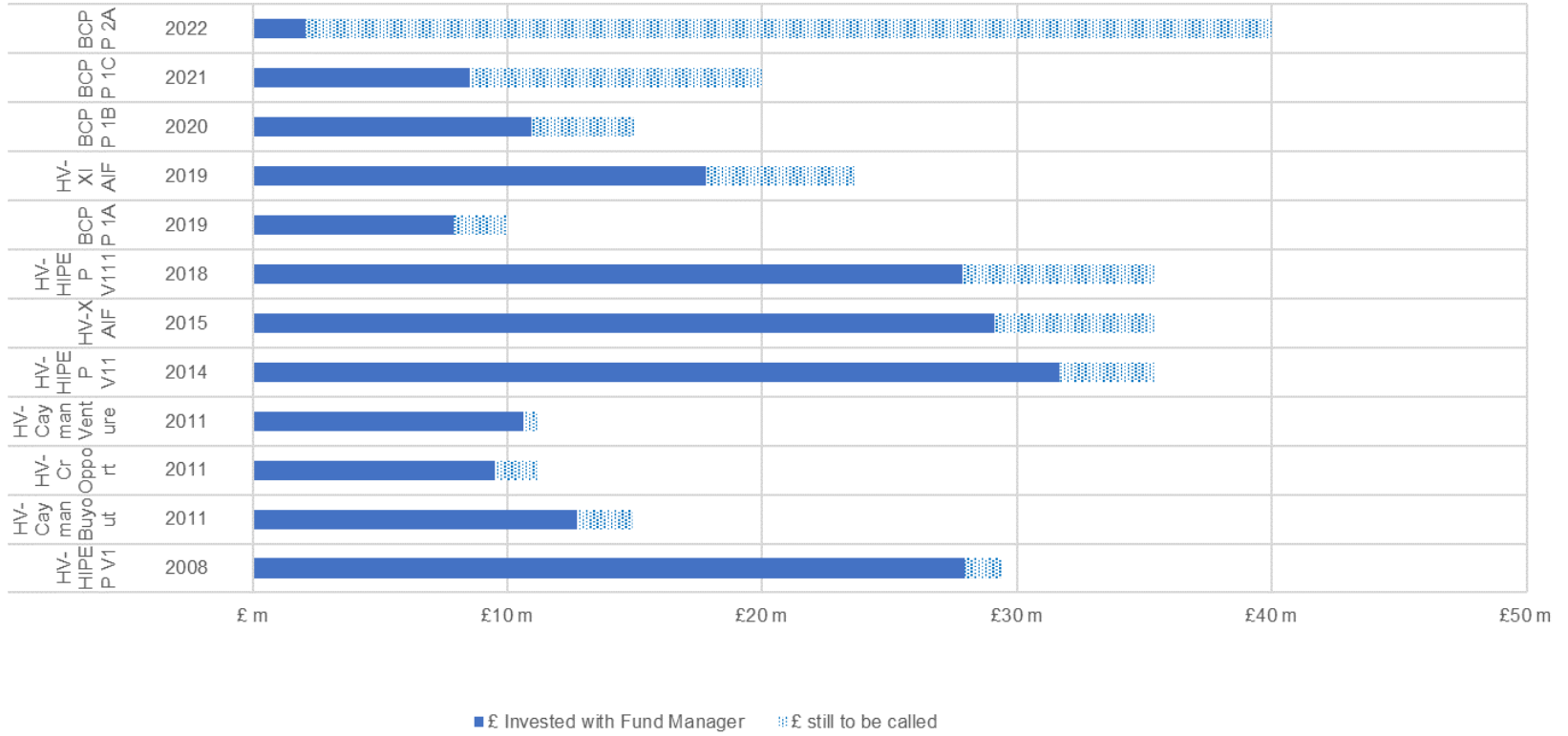
Other members: Cllrs Kettle and Gifford

Appendix 1

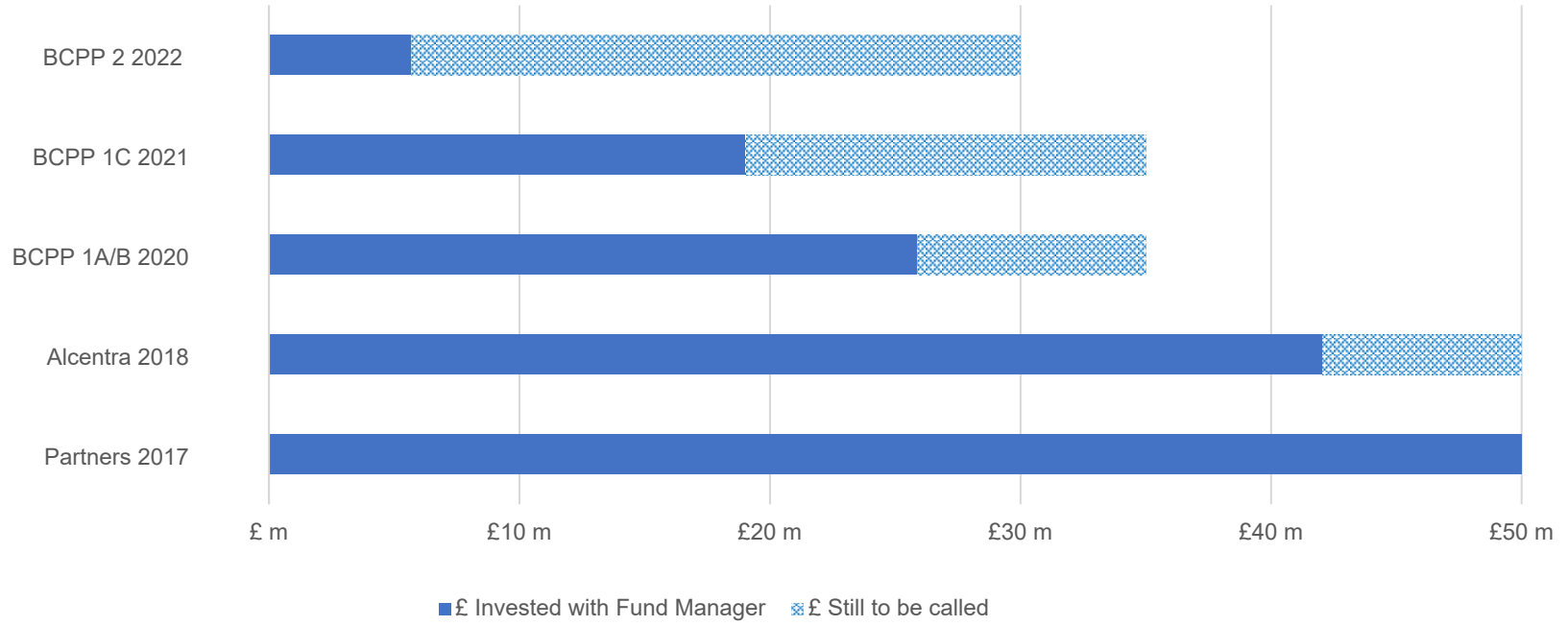
Structure	ITD	Inception Date
Total Consolidation	7.85	01-Jul-04
WWS - BM Total Fund	7.39	01-Oct-04
Alcentra	7.82	01-Nov-18
Alcentra BM	5	01-Nov-18
BCPP UK EQ RK	4.42	01-Dec-18
BCPP UK EQUITY BENCHMARK	5.6	01-Dec-18
BCPP UK EQUITY + 2%	7.64	01-Dec-18
Blackrock Transition		01-Apr-07
Harbour Vest	13.02	01-Apr-11
Harbour Vest Benchmark	11.36	01-Apr-11
LGIM Bond	3.85	01-Nov-08
LGIM Bonds	3.52	01-Nov-08
LGIM Equity	10.19	01-Nov-08
LGIM Equity BM	9.88	01-Nov-08
MFS	7.64	01-Sep-04
MFS Global Equity BM	9.85	01-Sep-04
Partners Group	10.85	01-Jan-16
Partners Group BM	7	01-Jan-16
Partners Group II	4.99	01-Apr-18
Partners Group II BM	5	01-Apr-18
Schroders Property	2.93	01-Apr-07
Schroders Property BM	2.66	01-Apr-07
SL Capital	8	01-Jun-15
SL Capital	7	01-Jun-15
Threadneedle Property	4.03	01-Apr-07
Threadneedle Property BM	3.34	01-Apr-07
WARKS-BCPP GE	8.51	01-Oct-19
BCPP GE Benchmark	8.04	01-Oct-19
BCPP GE + 2%	10.02	01-Oct-19
WARKS-BCPP IG CR	-3.79	01-Feb-20
BCPP IG CR Benchmark	-4.77	01-Feb-20
WARKS-BCPP INFRA 1A	20.26	01-Apr-22
BCPP INFRA Benchmark	7	01-Oct-19
WARKS-BCPP INFRA 1B	15.65	01-Apr-22
BCPP INFRA Benchmark	7	01-Oct-19
WARKS-BCPP INFRA 1C	13.33	01-Apr-22
BCPP INFRA Benchmark	7	01-Oct-19
WARKS-BCPP INFRA 2A	-1.81	01-Nov-22
Infrastructure Fund + 8%	3.26	01-Nov-22
WARKS-BCPP MA CR	-5.84	01-Oct-21
WARKS-BCPP MA CR BM	1.57	01-Oct-21
WARKS-BCPP PE 1A	0.17	01-Apr-22
BCPP PE Benchmark	9.89	01-Jul-19
WARKS-BCPP PE 1B	33.18	01-Apr-22
BCPP PE Benchmark	9.89	01-Jul-19
WARKS-BCPP PE 1C	-4.59	01-Apr-22
BCPP PE Benchmark	9.89	01-Jul-19
WARKS-BCPP PE 2A	-4.81	01-Jun-22
Private Equity 2A + 10%	8.27	01-Jun-22
WARKS-BCPP PR CR 1A	11.85	01-Apr-22
BCPP PR CR Bmk	5	01-May-20
WARKS-BCPP PR CR 1C	4.71	01-Apr-22
BCPP PR CR Bmk	5	01-May-20
WARKS-BCPP PR CR 2A	-10.4	01-Nov-22
Private Credit Fund + 6%	2.46	01-Nov-22
WARKS-BCCP INFRA	15.16	01-Apr-22
WARKS-BCPP PE	4.61	01-Apr-22
WARKS-BCPP PR CR	8.88	01-Apr-22

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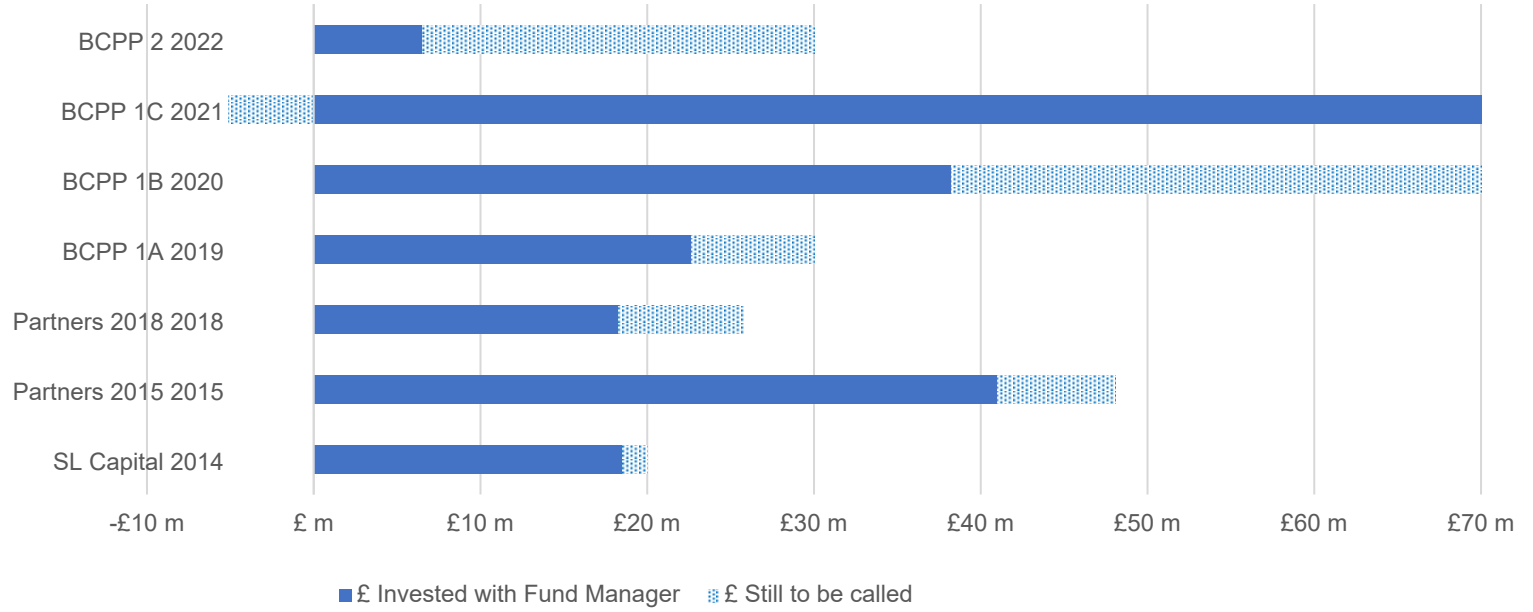
Commitments to Private Equity



Commitments to Private Debt



Commitments to Infrastructure



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Warwickshire Local Pension Board

24 October 2023

Minutes from the September Pension Fund Committees

Recommendation

That the Local Pension Board considers and comments on the draft minutes from the September Pension Fund Investment Sub-Committee and Staff and Pension Committee.

1. Executive Summary

- 1.1 The attached minutes provide a detailed summary of the matters discussed by the two Committees.

2. Financial Implications

- 2.1 These have been detailed as appropriate in each set of minutes.

3. Environmental Implications

- 3.1 These have been detailed as appropriate in each set of minutes.

4. Timescales associated with the decision and next steps

- 4.1 None

Appendices

1. Appendix 1 Draft Staff and Pensions Committee Minutes from September 2023
2. Appendix 2 Draft Pension Fund Investment Sub- Committee Minutes from September 2023

In both cases exempt minutes have not been included.

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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

Staff and Pensions Committee

Monday 11 September 2023

Minutes

Attendance

Committee Members

Councillor Yousef Dahmash (Chair)
Councillor Bill Gifford (Vice Chair)
Councillor Brian Hammersley
Councillor Christopher Kettle
Councillor Sarah Millar
Councillor Mandy Tromans

Officers

John Cole, Senior Democratic Services Officer
Jan Cumming, Senior Solicitor and Team Leader, Commercial and Contracts
Sarah Duxbury, Director of Governance and Policy
Andy Felton, Director of Finance
Liz Firmstone, Head of Finance Transformation and Transactions
Marina Fraser-Ryan, Delivery Lead – People Relations
Martin Griffiths, Technical Specialist – Pension Fund Policy and Governance
Bal Jacob, Head of Strategic HR
Vicky Jenks, Pensions Administration Delivery Lead
Delroy Madden, Equality, Diversity and Inclusion Team Leader
Chris Norton, Head of Investments, Audit and Risk
Kate Sullivan, Strategy and Commissioning Lead – Organisational Development
Gary Summerfield, Health and Safety Technical Specialist
Sally Waldron, Assistant Chief Fire Officer

1. General

(1) Apologies

There were no apologies.

(2) Disclosures of Pecuniary and Non-Pecuniary Interests

There was none.

(3) Minutes of the Previous Meeting

Resolved:

That the minutes of the meeting held on 12 June 2023 be approved as a correct record and

signed by the Chair.

There were no matters arising.

2. Our People Strategy Annual Review - Focus on Leading Organisational Wellbeing

Kate Sullivan (Strategy and Commissioning Lead – Organisational Development) introduced the three Our People Strategy Annual Reviews which focused on Leading Organisational Wellbeing, Health and Safety, and Equality, Diversity and Inclusion (EDI). She stated that the reviews outlined progress and achievements across the three subject areas over the past 12 months. Proposed action plans and priorities for the year ahead were also included. She advised that attention would be given to the ongoing annual review process to ensure that it was fit for purpose and aligned with the Council Plan.

Kate Sullivan provided a summary of the Annual Review – Focus on Organisational Wellbeing and invited questions from members.

In response to Councillor Millar, Kate Sullivan advised that the menopause had been prioritised as part of ongoing wellbeing work. This was supported by the Menopause Working Group which had expressed interest in analysing data for menopause-related absences. The introduction of 'menopause-related absence' as a new category for recording absences would allow data to be tracked. It would take some time for the changes to embed, and efforts would be made to signpost staff to the new absence category.

In response to the Chair, Kate Sullivan advised that COVID-19 had been a cause of staff absences. However, the adoption of more widespread home working during the Pandemic had led to a reduction in absences. The transition to agile working, including a return to office settings, had increased the transmission of viruses which was reflected in absence data. She stated that compared to pre-2020 data, the Council's absence figures remained good. However, absences would continue to be monitored.

In response to the Chair, Kate Sullivan advised that efforts to secure Silver Thrive at Work accreditation enabled the Council to focus on the right areas to promote wellbeing. It was a combined authority award; therefore, the Council would work with partnership organisations. She emphasised that wellbeing activities were not undertaken solely to secure the accreditation. However, it provided a means to showcase the Council's wellbeing programme and how this made a positive difference.

In response to the Chair, Kate Sullivan advised that sessions to encourage employees to take care of their wellbeing such as mindfulness workshops and the Learning at Work Week were funded by the Council's wellbeing budget. She stated that the adoption of agile working had resulted in a change in working habits. It had been found that sessions to encourage wellbeing provided a change of focus for many employees leading to improved productivity.

The Chair requested that details of the costs of sessions to encourage employees to take care of their wellbeing be shared with the Committee alongside evidence of how these had led to increased productivity.

Councillor Hammersley moved that the recommendations be accepted and was seconded by Councillor Kettle. This was supported unanimously by the Committee.

Resolved:

That the Committee:

1. Endorses the Leading Organisational and Wellbeing Review 2022/23 as set out at Appendix 1.
2. Notes the performance information relating to the management of employee sickness absence during 2022/23 set out in Section 3 and endorses maintaining an overall target of 8 days per FTE (with a +/- 1 day tolerance) for 2023/24.
3. Notes the work in our approach to leading organisational wellbeing and supports the priority actions for 2023/2024 as set out Section 2.11.

3. Our People Strategy Annual Review - Focus on Health and Safety

Kate Sullivan (Strategy and Commissioning Lead – Organisational Development) provided a summary of the Annual Review – Focus on Health and Safety and invited questions from members.

In response to Councillor Hammersley, Gary Summerfield (Health and Safety Technical Specialist) stated that there had been a high number of reports of incidents involving violence to school staff by pupils. He advised that the Health and Safety Team worked closely with schools and the Department for Education to identify if violence to school staff by pupils could be prevented. However, this was inherently challenging. The Department for Education was in the process of developing a policy to determine actions to be taken in these cases. He agreed to provide some additional information showing actions that were taken for cases of violence to school staff by pupils in Warwickshire.

Sarah Duxbury (Director of Governance and Policy) advised that several agencies were involved to resolve incidents involving violence to school staff by pupils. In many cases, efforts were made to avoid the criminalisation of young people. However, this was not to downplay the seriousness of violence to school staff. It was likely that the agencies involved would strive to identify a solution (including alternative provisions if necessary) which avoided the need to exclude pupils wherever possible.

Councillor Gifford highlighted the need for detailed analysis of the relevant data to ascertain if the increased number of reports of incidents involving violence to school staff by pupils was the result of multiple incidents perpetuated by a small number of pupils.

In response to the Chair, Gary Summerfield agreed to provide a breakdown of incidents involving violence to school staff by pupils across schools in Warwickshire.

Councillor Gifford moved that the recommendations be accepted and was seconded by Councillor Tromans. This was supported unanimously by the Committee.

Resolved:

That the Committee:

1. Endorses the Corporate Occupational Health and Safety Review 2022/23 as set out at Appendix 1.
2. Notes the performance information in relation to the Council's management of Health and Safety.
3. Notes the work in our approach to the management of Health and Safety and supports the key focus areas for 2023/2024 set out in section 4.0.

4. Our People Strategy Annual Review - Focus on Equality, Diversity and Inclusion

Kate Sullivan (Strategy and Commissioning Lead – Organisational Development) provided a summary of the Annual Review – Focus on Equality, Diversity and Inclusion (EDI) and invited questions from members.

Councillor Gifford praised the quality of the report, stating that it showed that the Council's work to prioritise EDI was undertaken to a high standard. There were no obvious concerns.

Delroy Madden (Equality, Diversity and Inclusion Team Leader) highlighted that EDI was seen as a 'golden thread' throughout the Council's work. He emphasised that outcomes were much improved by having EDI as a core element within the Council's way of working, rather than it being treated as an afterthought.

Councillor Hammersley moved that the recommendations be accepted and was seconded by Councillor Gifford. This was supported unanimously by the Committee.

Resolved:

That the Committee:

1. Notes the Annual Review for Equality Diversity and Inclusion, attached at Appendix 1, including the priority areas for 2023/2024.
2. Agrees that the Our Diversity Data and Pay Gaps Report 2022-23, at Appendix 2, be published on the Council's website to meet the statutory requirement to publish annually equality information relating to employees, including gender pay gap information.
3. Agrees that the Council's gender pay gap figures, based on a reporting date of 31 March 2023, be published on the Government's gender pay gap website, as required by the gender pay gap regulations.

5. Pension Fund Regulatory and Policy Update Report

Martin Griffiths (Technical Specialist – Pension Fund Policy and Governance) introduced the report which confirmed the findings of the Annual Review of Pension Fund policies and gave an update on regulatory developments in the pensions arena. He highlighted that:

- Fund officers had reviewed the Administration Strategy and concluded that no amendments were required as the existing timescales were fully compliant with relevant legislation.

- Updates had been made to the Admission and Termination Policy and the Funding Strategy Statement to reflect an amendment relating to how exit credit payments should be assessed for Community Admission Bodies (CABs).
- Fund Officers had deferred the review of the Governance Compliance Policy until after the publication of the Scheme Advisory Board (SAB) Good Governance Review in 2024. However, prior to publication of the SAB Review, attention would be given to the introduction of a Workforce Planning Strategy and Representation Policy.
- It was expected that a consultation would be held on equalising the survivor benefits paid to male spouses or civil partners of female members with the benefits paid to same sex spouses or civil partners.
- There were no immediate plans to remove the upper age limit of 75 for death grants. This had prompted some concerns by the SAB because of the possibility of a legal challenge (as changes were scheduled to be made to other public sector pension schemes to remove the upper age limit). These concerns would be pursued by the SAB as well as the Local Government Association (LGA).
- Public sector exit payment reform remained a government commitment although there was no indication of when new rules might be consulted on. Any changes would be introduced by individual schemes in lieu of a public sector-wide approach.
- The LGA had responded to the Department for Levelling Up, Housing and Communities (DLUHC) consultation on the McCloud Judgement. The response was generally supportive of the proposed approach albeit with some technical comments about whether the draft regulations would deliver the policies as intended. The LGA had also expressed some concerns about the timing of arrangements and how this would impact on funds.
- In March 2023, the Department for Work and Pensions (DWP) had issued a Written Ministerial Statement on the Pensions Dashboard initiative. Since then, a further statement had been published in June 2023 which confirmed the removal of the phased staging deadline from legislation, replacing it with a single connection deadline of 31 October 2026. The Pensions Regulator (TPR) has encouraged schemes not to delay preparatory work ahead of the launch of the initiative. This advice was being followed by the Fund.

Councillor Millar moved that the recommendations be accepted and was seconded by Councillor Tromans. This was supported unanimously by the Committee.

Resolved:

That the Committee:

1. Notes the updates contained in the report; and
2. Approves the changes proposed to the Fund's Admission and Termination Policy and Funding Strategy Statement as set out in appendices 1 and 2 respectively.

6. Pensions Administration Activity and Performance Update Report

Vicky Jenks (Pensions Administration Delivery Lead) introduced the report which outlined key developments affecting pensions administration and the performance of the Pensions Administration Service (PAS). She reported that the PAS had continued to work to increase participation in the Member Self Service (MSS) scheme. She stated that the progress made in Warwickshire compared favourably to the national average for take up of schemes of this type. More work was proposed to promote MSS.

Vicky Jenks provided an update on e-payslips, stating that pensioners who were unable to access an e-payslip had the option of contacting the Fund to request a paper payslip. It was recognised that some pensioners did not make use of digital technology. Attention had been given to ensuring that contact with these individuals was maintained. She advised that, other than e-payslips, correspondence issued by the Fund was sent in paper format. Pensioners could choose to opt into paper communications, rather than receive digital updates.

Vicky Jenks provided an overview of Key Performance Indicators (KPIs) for the period of 1 April 2023 to 31 July 2023. She highlighted that performance for 'letter detailing transfer in quote' had dropped significantly. This was not due to an inability by the Team to cope with workload, but rather a delay in the receipt of factors used for administering transfers. This had resulted in a backlog which was now being addressed.

Vicky Jenks provided an update on breaches, stating that the report showed some amber breaches. In cases where several multi-academy trusts had a single payroll provider, a delay by the payroll provider in submitting information to the Fund resulted in several breaches being recorded. When this occurred, efforts were made to liaise with the payroll provider to secure the relevant information and re-establish timely reporting. A red breach had been reported to the Pensions Regulator in May 2023 relating to a data breach of a third-party provider following a malware attack. Investigation showed that this had not had a severe impact and the Pensions Regulator was satisfied with the actions taken by the Fund.

Vicky Jenks reported that good progress had been made to produce Annual Benefits Statements (ABS) for all active and deferred members of the Fund within the statutory deadline of 31 August 2023.

Vicky Jenks reported that the PAS had continued to progress work associated with the McCloud Project. A newsletter would be sent to members of the Fund whose pensions had been affected by McCloud. This would ensure compliance with the latest regulations.

In response to the Chair, Vicky Jenks stated that the introduction of the Pensions Dashboard could prompt an increased number of enquiries to the PAS. It was considered that active members of the scheme were more likely to be in regular contact with the PAS as well as receiving newsletters and e-payslips. A greater number of enquiries could be received from deferred members, including those who had once paid into the Fund but lost track of the status of their pension. Attention had been given to the anticipated number of enquiries to ensure that the PAS was adequately prepared to respond.

Councillor Millar moved that the recommendation be accepted and was seconded by Councillor Hammersley. This was supported unanimously by the Committee.

Resolved:

That the Committee notes the content of the report.

7. Employers Joining and Leaving Warwickshire Pension Fund

Councillor Hammersley moved that the recommendation be accepted and was seconded by Councillor Millar. This was supported unanimously by the Committee.

Resolved:

That the Committee delegates authority to the Executive Director for Resources to approve applications to the Pension Fund from the employers listed in Appendix 1 of the report, subject to the applications meeting the criteria set out in the Local Government Pension Scheme Regulations 2013, and to facilitate those employers listed in Appendix 1 to exit the Pension Fund.

8. Review of the Minutes of the Warwickshire Local Fire Pension Board of 15 February 2023

Councillor Tromans moved that the recommendation be accepted and was seconded by Councillor Hammersley. This was supported unanimously by the Committee.

Resolved:

That the Staff and Pensions Committee notes the minutes of the meeting of the Warwickshire Fire Local Pension Board held on 15 February 2023.

9. Reports Containing Exempt or Confidential Information

Resolved:

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

10. Orbit Heart of England Housing and Care Association Cessation and Exit of Warwickshire Pension Fund

The Committee held a confidential discussion.

11. Next Meeting

The Committee noted the dates of future meetings.

The meeting rose at 14.52.

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Chair

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Pension Fund Investment Sub-Committee

Monday 11 September 2023

Minutes

Attendance

Committee Members

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

Officers

John Cole, Senior Democratic Services Officer
Jan Cumming, Senior Solicitor and Team Leader, Commercial and Contracts
Andy Felton, Director of Finance
Martin Griffiths, Technical Specialist – Pension Fund Policy and Governance
Paul Higginbotham, Investment Analyst – Pensions and Investment
Victoria Moffett, Lead Commissioner – Pensions and Investment
Chris Norton, Head of Investments, Audit and Risk

Others Present

Anthony Fletcher, Independent Advisor
James Glasgow, Hymans Robertson
Philip Pearson, Hymans Robertson
Bob Swarup, Independent Advisor
Richard Warden, Hymans Robertson

1. General

(1) Apologies

There were no apologies.

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

There was none.

(3) Minutes of the Previous Meeting

Resolved:

That the minutes of the meeting held on 12 June 2023 be approved as an accurate record and signed by the Chair.

There were no matters arising.

2. Review of the Minutes of the Warwickshire Local Pension Board Meeting of 25 April 2023

Resolved:

That the Pension Fund Investment Sub-Committee notes the minutes of the Local Pension Board meeting of 25 April 2023.

3. Pension Fund Governance Report

Martin Griffiths (Technical Specialist – Pension Fund Policy and Governance) introduced the report which provided updated governance information including details of Warwickshire Pension Fund's forward plan, risk monitoring, policies, and training. He advised that risks were reviewed on a quarterly basis. The full Risk Register would be presented annually to the Sub-Committee each June. He directed the Sub-Committee's attention to the three 'red' risks of climate change, long term market risk, and cyber security. He advised that commentary in the Risk Register had been updated to reflect issues affecting recruitment to staff vacancies, but this had not altered any of the risk scores. A Workforce Planning Strategy was being developed by officers which would help to mitigate risks associated with recruitment and retention of staff.

In response to the Chair, Victoria Moffett (Lead Commissioner – Pensions and Investment) stated that the Risk Register was presented to the Fund's advisors each quarter for external scrutiny to seek an independent view of emerging risks.

In response to the Chair, Andy Felton (Director of Finance) advised that, in circumstances when a local authority issued a Section 114 Notice, this did not freeze all spending. Local authorities were legally obliged to continue to make pension contributions. In these circumstances, there were more severe impacts on other costs than for pension payments.

In response to Councillor Millar, Martin Griffiths advised that attention had been given to the difficulties experienced by pension funds nationally to recruit administrative staff. The Local Government Association (LGA) was examining the causes of recruitment challenges in this area. It would be a focus of the Workforce Planning Strategy to ensure that measures were in place to mitigate risk.

Councillor Gifford highlighted the risk to the Fund posed by changes to government legislation, stating that it was possible that any future government irrespective of political party could seek to make changes to Local Government Pension Scheme rules to support other priorities.

Andy Felton advised that there was a need to examine the broader context of the prospect of legislative changes by the Government. These could impact on other risk categories, such as the Fund's ability to meet its liabilities.

There was discussion of the scenario of an academy becoming insolvent and the measures in place to mitigate any risk this presented to the Fund.

Richard Warden (Hymans Robertson) advised that if an academy became insolvent, the Fund could make a claim to the Department for Education. There had been very few instances of total financial failure by academies, as larger academy trusts tended to pick up academies that were failing. Additionally, market conditions had improved, making deficits less severe.

Resolved:

That the Pension Fund Investment Sub-Committee notes the items contained within the report.

4. Carbon Transition Update

Victoria Moffett (Lead Commissioner – Pensions and Investment) introduced the report, stating that it had been included to provide assurance that the Fund was committed to achieving carbon transition.

The Chair stated that the report was intended to make a clear public statement that the Sub-Committee recognised the risk of climate change and the need for decarbonisation. Often, it was necessary to discuss the relevant issues privately due to the need to maintain financial confidentiality. However, it was hoped that there would be opportunities in future to publicly demonstrate the Fund's progress towards decarbonisation.

Councillor Millar highlighted that decarbonisation of the Fund was an area that attracted considerable public interest. She emphasised that the issue was treated with seriousness by the Sub-Committee.

Councillor Gifford agreed, stating that climate impacts were regularly discussed and treated as a priority. He emphasised the complexity of work in this area.

Resolved:

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

5. Macroeconomic Update

Bob Swarup (Independent Advisor to the Sub-Committee) presented this report which provided a six-monthly update on the wider factors influencing the performance of the Pension Fund from a macroeconomic perspective.

There was discussion of the cost implications of work to achieve net zero carbon. Bob Swarup stated that geopolitically there were signs of a more fractured approach to climate change; there was little evidence of coherent action on a global level. He highlighted that adaptation was also a

core consideration which would require investment. There were also implications for insurance (due to increased flooding, for example).

Councillor Gifford commented that this demonstrated the complexity of responding to climate change and the impact that it had on markets.

Councillor Millar stated that the costs of net zero had been widely reported, including by the Stern Review which highlighted that the benefits of strong early action on climate change far outweighed the costs of not acting. In context, it was considered that investment of 1% of global GDP per annum was required to avoid the worst effects of climate change. She emphasised that the cost of not acting would be considerably higher.

Resolved:

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

6. Reports Containing Exempt or Confidential Information

Resolved:

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

7. 30 June 2023 Quarterly Monitoring Report

The Sub-Committee held a confidential discussion.

8. Global Equity Allocation and Suitability Notes

The Sub-Committee held a confidential discussion.

9. General Activity Investment Update Report

The Sub-Committee held a confidential discussion.

10. Exempt Minutes of the Previous Meeting

Resolved:

That the exempt minutes of the meeting held on 12 June 2023 be approved as an accurate record and signed by the Chair.

There were no matters arising.

The meeting rose at 12.55.

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Chair