

# Warwickshire Local Pension Board

Date: Tuesday 30 January 2024

Time: 11.00 am

Venue: Microsoft Teams

## Membership

Keith Bray (Chair)

Jeff Carruthers

Beverley Farmery

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, Regulatory and Policy Update Report

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## 3. Pensions Administration Activity and Performance update.

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## 4. Pension Fund Business Plan Update Report

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## 5. Investment Update Report

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## 6. Minutes from the December 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](mailto:democraticservices@warwickshire.gov.uk)) to request a joining link.

# Warwickshire Local Pension Board

Tuesday 24 October 2023

## Minutes

### Attendance

#### Committee Members

Keith Bray (Chair)  
Sean McGovern  
Councillor Ian Shenton  
Mike Snow

#### Officers

Andrew Felton, Director of Finance  
Liz Firmstone, Head of Finance Transformation and Transactions  
Victoria Jenks, Pensions Admin Delivery Lead  
Victoria Moffett, Pensions and Investments Manager  
Chris Norton, Head of Investments, Audit and Risk  
Sarah Cowen, Senior Solicitor  
Andy Carswell, Democratic Services Officer  
Martin Griffiths, Technical Specialist Pensions Fund Policy and Governance  
Paul Higginbotham, Investment Analyst

### 1. Introductions and General Business

#### (1) Apologies

Apologies were received from Jeff Carruthers and Keith Francis.

#### (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 18 July 2023 were agreed as an accurate record.

Arising from the minutes, it was agreed there would be an item relating to investments and climate change at the next meeting. Chris Norton (Head of Investments, Audit, Insurance, and Risk) said the draft accounts had now been published and were in the process of being audited externally. A report was being prepared for the Audit and Standards Committee. The

publication meant the risk rating for the accounts had changed from red to amber. Regarding pooling, Chris Norton said there would be a section in the Annual Report that would refer to cost transparency associated with pooling and a chart showing the savings made over time. He added that as Warwickshire was a comparatively small fund, there was greater scope for savings to be made. Andy Felton (Director of Finance) said the government was keen not to create a market so there was competition between pools.

## **2. Governance, Policy and Regulatory Update**

The item was introduced by Martin Griffiths (Technical Specialist). No changes had been made to the positions of the items on the risk register, although there was to be a check made on the risk scores relating to resourcing and workforce planning after this was highlighted as a potential area of concern by the Scheme Advisory Board during their governance review. This was due to be done next year. The Responsible Investment Policy and Administration Strategy had been reviewed but no changes were required. Some minor updates had been made to the Admissions and Terminations Policy and Funding Strategy Statement.

The report noted a training session had taken place earlier in the month. Martin Griffiths said feedback on the training was welcomed. Members were reminded the AGM was taking place next month and they were welcome to attend.

The public sector exit payment scheme remained a government commitment but there was no indication when the consultation would take place. Martin Griffiths said there were no immediate plans to remove the current upper age limit of 75 for death grants. However there was the possibility of a legal challenge and this had been raised with the relevant Minister. A consultation on equalising survivor benefits paid to male spouses or civil partners of female members with the benefits paid to same sex spouses or civil partners was expected to be launched soon. It was noted that the Goodwin case identified that male survivors of opposite-sex marriages and civil partnerships were treated less favourably than survivors in same-sex partnerships and civil partnerships. This would be backdated to 5 December 2005, to reflect the earliest date that a couple could have entered a same sex civil partnership. Members were told the McCloud regulations had now been released.

Responding to a point raised by the Chair regarding staff recruitment, Martin Griffiths said this would be covered in the workforce strategy. Work was taking place with external advisers.

Regarding the upper age limit of death grants, Vicky Jenks (Pensions Admin Delivery Lead) said the policy was age discriminatory, as there were a number of pensioners working past 65 and this would affect their entitlement. Some schemes had already removed the limit, and the Chair of the Scheme Advisory Board had been pushing for the government to use legislation to remove it, but it was believed the Minister was not minded to change it.

Members noted the contents of the report.

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

The item was introduced by Vicky Jenks. She told members that the number of users of the member self serve portal was continuing to increase. A reminder on registering for the portal would

be included in a communication to be sent out regarding the McCloud regulations. Queries relating to e-payslips, and requests to continue receiving them, had fallen. Most of the queries were from people asking for a paper payslip for a one-off, specific reason.

Of the fourteen key performance indicators, eight were being met and levels of performance were improving in the six KPIs that were not currently meeting their target. KPI 1 was not meeting its target as there had been a delay in the team receiving the required information to perform calculations from the Government Actuarial Department. The McCloud regulations had taken effect from 1 October and a full review of these was ongoing. Members' attention was drawn to the table in the report that showed the volume of cases per KPI and the context for their performance.

There had been two new red breaches, relating to a Multi Academy Trust that had changed payroll provider and subsequently failed to provide the required information in time. Vicky Jenks indicated this was close to being resolved, but the case would need to be reported to the Pensions Regulator.

Annual benefit statements had been published by 31 August and these had been made available on the member self service portal.

Regarding McCloud, retrospective checks were being made to see if any recalculation of member benefits were required for anyone leaving the pensions scheme between 1 April 2014 and 31 March 2022. Staff were working full time on making sure the new regulations were implemented correctly for all work going forward, and the piece of work on the retrospective checks was anticipated to be completed by March 2024. Vicky Jenks said a backlog of transfers in from public sector schemes would be dealt with by the team as a business as usual item, rather than a separate project.

Regarding members being within scope, or getting an underpin, Vicky Jenks said there were likely to only be a handful of people affected. She said this had come into effect when the CARE scheme was created in 2014.

Responding to a question from Councillor Ian Shenton regarding the number of red breaches, Vicky Jenks said these related to the same Multi Academy Trust that encompassed a large number of schools. She confirmed these had been reported to the regulator.

Regarding historical BAU cases being looked at, Vicky Jenks said there shouldn't be anything older than six months being worked on. However there had been instances where attempts had been made to contact a pensioner but there had been no response, which could mean certain cases would be older than six months.

Members noted the contents of the report.

#### **4. Pension Fund Business Plan Update**

Chris Norton introduced the item and advised there were 37 items in the Business Plan. Of these, four had an amber rating, five had been completed and the rest had a green rating. Potential issues relating to workforce planning had been identified. Chris Norton said there had been some leavers from the team; one of the posts had been filled by an agency worker but vacancies

remained. He added that new recruits would then need a year's experience to learn the cycle of an annual set of accounts.

Chris Norton clarified that the TFCD referred to in the appendix stood for Task Force on Climate-Related Financial Disclosures.

Members noted the contents of the report.

## **5. Investment Update Report**

The item was introduced by Paul Higginbotham (Investment Analyst). He said there had been little change, with an £8million difference to the Fund between March and June 2023, out of a total fund of £2.8billion. Interest rates had calmed down after a period of high volatility. The total portfolio was performing at a rate of 7.85 per cent since inception. Private funds accounted for 70 per cent of the total investment. The strategic asset management allocation was on target to be delivered and treasury investments were also on target. The cash position was lower than the target.

Regarding voting, Paul Higginbotham said the votes cast were in line with the Fund's Responsible Investment Policy.

Investment exposure to water companies and bonds and equities associated with companies in Russia was extremely low.

Members were told a yield trigger had been reached, following work with Hymans Robertson. Bonds were now considered good value and work was taking place to identify appropriate investment opportunities.

The most recent set of accounts had been sent to the external auditors and were publicly available to view, but had not yet been formally signed off.

In light of the Levelling Up White Paper, there was a government ambition to allocate up to five per cent of investments locally. There had also been a request to invest a further ten per cent of the fund into private equities based in the UK. Paul Higginbotham said the wording of these requests was unclear and clarification was being sought. Victoria Moffett (Lead Commissioner, Pensions and Investment) said it was understood this could include equities and private market investments that were based in the UK, but drew earnings from overseas investments.

Responding to a question from the Chair, Victoria Moffett said £550million had been invested into three areas that encompassed alternatives markets. This included those that received private market investments, but were governed by different risk return parameters. These investments typically lasted for between eight and ten years. The number of Initial Public Offerings was reducing, and larger organisations were choosing to stay outside of listed markets. It was suggested this could form the basis of a future training session.

Members were advised that Border to Coast had outperformed its benchmark by two per cent since inception.

The Chair asked for the information contained in Appendix 1 to be set out more clearly in future. He said it did not rank the length of time certain investments had been in place for; for example, an

investment that appeared to be performing poorly, or one performing well, may only have been in place for a year. The Chair said the performance over a longer period of time was of most interest.

Members noted the contents of the report.

## **6. Minutes from the September Pension Fund Committees**

Members noted the contents of both sets of minutes. Arising from the minutes, it was confirmed that policies relating to working from home were reviewed to see if they remained aligned to the work of the Pension Fund. The Pension Regulators General Code of Practice relating to Pension Funds was expected to be released next year, but no date had yet been set.

Responding to a question from Councillor Ian Shenton, Chris Norton said he was not aware of any issues regarding possible Section 114 notices relating to the Council.

## **7. Any Other Business**

The Chair said interviews to fill the vacancy on the Board had taken place, and an offer had been made to Beverley Farmery to join. She worked for a Multi Academy Trust and was experienced with interacting with the Pension Fund. The Chair said first refusal for any other vacancies arising had been given to a second candidate. Beverley Farmery's appointment was subject to ratification by Full Council.

Members agreed that the January meeting should be held virtually rather than in person.

Members were told that Vicky Jenks and Andy Felton were both leaving Warwickshire County Council. Members thanked them both for all of their work in assisting the Board and said they would be sorely missed.

The meeting rose at 12.55pm

.....  
Chair

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## Warwickshire Local Pension Board

30 January 2024

### Governance, Regulatory and Policy Update Report

#### Recommendation

That the Local Pension Board considers and comments on the items within this report, which were 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 Polices, 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

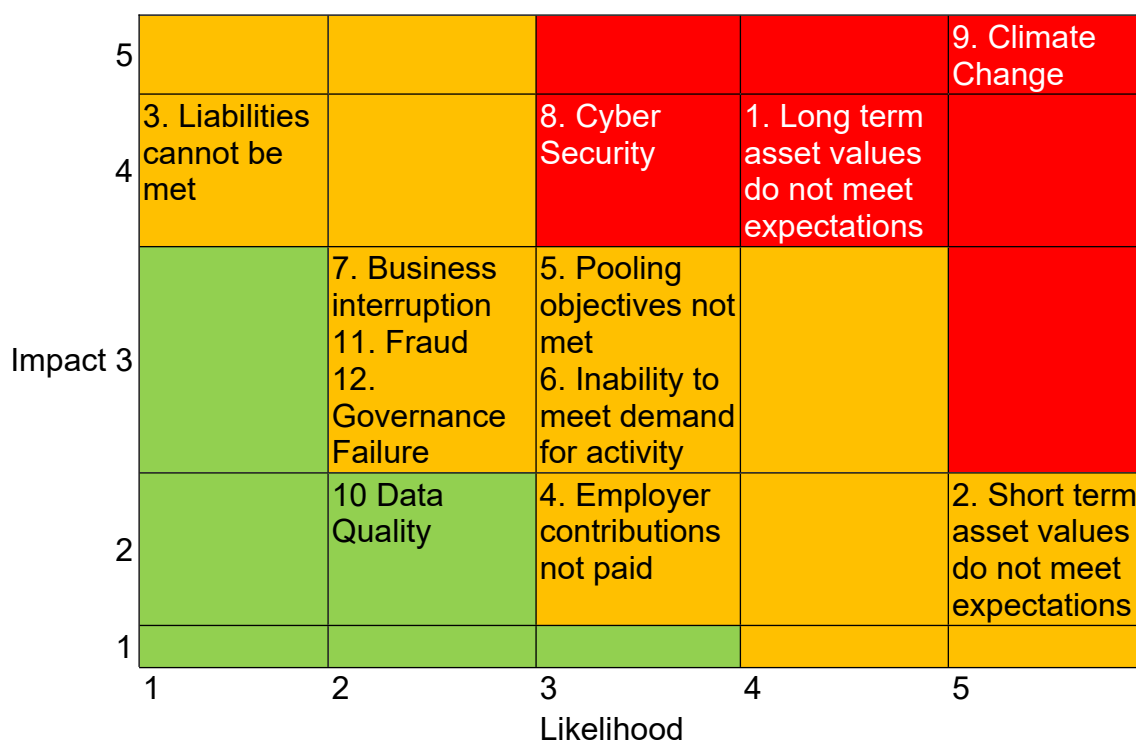
##### Forward Plan

- 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 Management

- 4.2 This section provides an update on the risks facing the Fund and the management actions necessary to address them.

- 4.3 As mentioned, and agreed in previous reports, the full Risk Register will be provided once a year at the March Pension Fund Investment Sub-Committee. It can of course be provided to Board members at any point on request.
- 4.4 Fund Officers ask members to pay particular attention to the red risks shown on the register. They are Climate Change, Long Term Market Risk, and Cyber Security.
- 4.5 Prior to the March Committee, officers will be reviewing the risk appetite levels used to inform the Risk Register and any changes will be reported to Committee.
- 4.6 Several updates have been made to the commentary in the Risk Register, **but these have not altered any of the risk scores.** These have been detailed for the Board as requested and include the following:
- Direct Debit developments that the Fund are developing to assist employers in the payment of their contributions.
  - The work Fund Officers are carrying out ahead of the Good Governance Review that will be published next year by the Scheme Advisory Board.
  - The work the new cross-unit 'Pension Cyber Security Team' are carrying out on Policy Review and setting up scenario testing to demonstrate how officers would deal with a cyber-attack if it occurred.
  - PFISC approval for the transfer of some assets to a low carbon index fund.
  - An audit of the Member Self-Service facility used by members on the Pension Administration software.
- 4.7 The Warwickshire Pension Fund's Net Risk chart is shown below:



## **Policies**

- 4.8 The Fund's Training Policy has been reviewed by officers and it is felt that no changes are required to this document.
- 4.9 Our Cyber Security Policy has been reviewed by the Cross Unit Working Group, but we have decided because of its importance and its rating on the risk register to ask an independent consultant to review this document and provide training for the Committee, Board and Officers on key behaviours and issues surrounding cyber security. We will update the Board once this review is undertaken.
- 4.10 Three Environmental, Social and Governance (ESG) Policies were brought to the Pension Fund Investment Sub-Committee from the Border to Coast Pension Partnership. These were noted by the Committee and will be published in due course on the Border to Coast Pension Partnership website.

## **LGPS Update**

- 4.11 On 25 October 2023, the Department for Levelling Up, Housing and Communities (DLUHC) published the LGPS statistics for England and Wales: 2022 to 2023. Highlights include:
- total expenditure was £15.2 billion, an increase of 5.1 percent on 2021/22
  - total income was £17.3 billion, as increase of 8.5 percent on 2021/22
  - employers' contributions amounted to £8.4 billion, an increase of 7.8 percent on 2021/22
  - employee contributions were £2.8 billion, an increase of 9.5 percent on 2021/22
  - the market value of the LGPS funds at the end of March 2023 was £357.2 billion, a decrease of 1.9 percent.
  - there were 6.2 million scheme members on 31 March 2023: 2 million active members, 1.9 million pensioners and 2.3 million deferred members.
  - There were 87.129 retirements, a decrease of 8 percent with 2021/22.
- 4.12 On 22 November 2023, DLUHC also published its response to the consultation on investment reforms. The response largely adopts the measures that the Government originally consulted on. The Government will now implement proposals to accelerate and expand pooling and increase investment in levelling up and private equity.
- 4.13 The Pension Regulators New General, Code of Practice has been laid before Parliament and will need to be implemented from the 27 March 2024. Fund Officers are currently looking at what may need to be changed in order to comply.

## 5. Timescales associated with the decision and next steps

5.1 N.A

### Appendices

1. Appendix 1 Forward Plan

	<b>Name</b>	<b>Contact Information</b>
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Executive Director	Rob Powell Executive Director for Resources	robpowell@warwickshire.gov.uk
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The report was circulated to the following members prior to publication:

Local Members: n/a county wide report

Other members: Cllr C Kettle, Cllr B Gifford

## Warwickshire Local Pension Board Appendix 1

### Forward Plan

#### Standing Items

Q3 30 January 2024	Q4 16 April 2024	Q1 19 July 2024	Q2 22 October 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 (Nov/ Jan)	Knowledge & Skills Lola Update	Knowledge & Skills Lola Update	Knowledge & Skills Lola Update
Training Plan	Training Plan	Training Plan	Training Plan

**Policies**

Conflicts of Interest Policy (S&P)	Risk Register & Policy Review (PFISC)	Communications Policy (S&P)	Admin Strategy ( S&P)
Cyber Security (S&P) moved to March Committee 2024	Business Plan (S&P)	Investment Strategy Statement (PFISC)	Admission & Termination Policy (S&P)
Training Policy (PFISC)	Business Continuity Plan (S&P)	Governance Review (S&P)	Climate Risk Policy (PFISC)
	Governance Policy (S&P)	Administration Strategy (S&P)	Responsible Investment Policy (PFISC)
		Data Retention Policy (S&P)	Voting & Stewardship Policy (PFISC)
		Breaches Policy (S&P)	IDRP Review (S&P)
		Fund Discretions Policy (S&P)	Fraud Policy (S&P)

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

(PFISC)

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

(S&P)

The policies above may be reviewed in different quarters if information to update them is not available.

## Warwickshire Local Pension Board

30 January 2024

### 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	6,148	33.92% of active members	+0.88%
Deferred	5,253	24.44% of deferred members	+0.64%
Pensioner	4,925	31.7% of pensioners	+2.2%

- 4.4 A recent communication sent out to all members to inform them that the age discrimination remedy legislation is now in place has also included a reminder to register for MSS.

## 5. Key Performance Indicators (KPIs)

- 5.1 Appendix 1 shows the KPI performance for the period 1 April 2023 to 31 November 2023.
- 5.2 7 out of 14 KPIs are meeting their target; the KPIs that are currently below target are listed below.
- 5.3 KPI 1 (Letter detailing transfer in quote) - 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).
- 5.4 KPI 2 (Letter detailing Transfer out quote) - The KPI continues to improve, increasing from 84% at the last report to 87% this report. 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.
- 5.5 KPI 3 (Process and pay a refund) - This KPI has fallen slightly due to resourcing issues but is generally improving. Vacant posts have now both been filled by temporary staff, so we have capacity to meet KPI's going forwards.
- 5.6 KPI 4 (Letter notifying estimate of Retirement benefits (Active)) - This KPI is maintaining at 91% for the last two reports. Staff have implemented a new Notice of Termination form with notes included to reduce the number of queries going back to employers and delaying the process.
- 5.7 KPI 8 (Initial letter notifying death of a member) - The team have been reminded to check for these tasks daily and ensure that sufficient information is gathered during the initial contact with the member's family to enable them to complete the process. The KPI has been met for the last three months.
- 5.8 KPI 9 (Letter notifying amount of dependents benefits) - This KPI is improving. When last reported it was 84%, it is now 85%. The KPI is now being monitored on a weekly basis to ensure the improvement is sustained.
- 5.9 KPI 11 (Divorce settlement letter) - There have only been three cases, two of which were delayed due to new factors being released by GAD and the process being on hold.
- 5.10 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	Cases on Target
Target performance			95.00%	
1.Letter detailing transfer in quote	10 days	329	55%	182
2.Letter detailing transfer out quote	10 days	216	87%	187
3.Process and pay a refund	10 days	222	91%	201
4.Letter notifying estimate of retirement benefits (Active)	15 days	218	91%	198
5.Letter notifying actual retirement benefits (Active)	15 days	264	100%	264
6.Process and pay lump sum (Active)	10 days	264	97%	257
7.Process and pay death grant	10 Days	91	98%	89
8.Initial letter notifying death of a member	5 days	328	93%	306
9.Letter notifying amount of dependent's benefits	10 days	101	85%	86
10.Divorce quote letter	45 days	71	97%	69
11.Divorce settlement letter	15 days	3	33%	1
12.Send notification of joining scheme to member	40 days	269	98%	263
13.Deferred benefits into payment	15 days	497	98%	487
14.Calculate and notify deferred benefits.	30 days	1406	97%	1198

## 6. Pensioner Payroll Key Performance Indicators

- 6.1 Pensioner payroll for Warwickshire Pension Fund is administered by Warwickshire County Council's payroll team.
- 6.2 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

## 7. Workloads

- 7.1 The PAS continues to monitor work being received by the team and ensure we have the resources to manage the workload.
- 7.2 From 1 January 2023 to 30 November 2023 there have been 34,941 cases created and 36,266 completed. This compares to 38,063 created and 37,855 completed in the same period last year.
- 7.3 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.
- 7.4 While we do not currently have a telephony system that records and provides reporting on the number of calls we are receiving, the team is indicating that more calls are being dealt with. We (along with the rest of the Council) will be moving onto a new telephone system called Five-9. The current proposed go-live date for the PAS is the 27<sup>th</sup> February, and the new system should provide us with data on call volumes and types which will help to inform the way we use the teams resources going forwards.
- 7.5 We are also dealing with more email traffic for both login queries and general questions about information held on the MSS system. We have recently

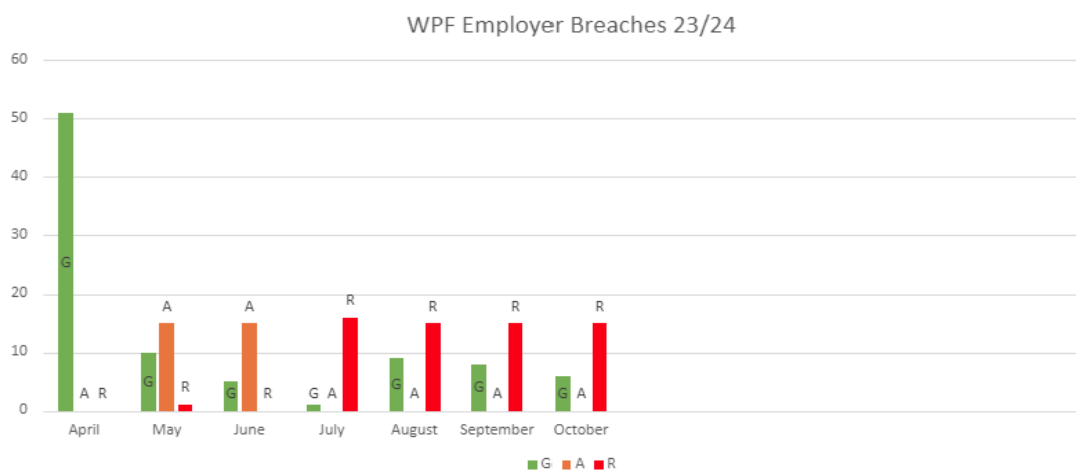
recruited to a vacant part time post, and this post is now dedicated to dealing with this work, freeing other team members to focus on other key tasks.

- 7.6 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.

## 8. Breaches

- 8.1 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.

- 8.2 The table below indicates the number of breaches the Fund has recorded for the period 1 April 2023 to 31 October 2023:



- 8.3 The MAT who had not provided data since April 2023 have now provided all outstanding information and now has a working I-Connect submission for future monthly returns. This was reported to the Pensions Regulator who have confirmed that no further action needs to be taken.

- 8.4 The Fund reported itself for late submission of audited accounts. Based on the information supplied, the Pensions Regulator has confirmed that they will not be taking any further action.

## 9. Internal Dispute Resolution Procedure (IDRP)

- 9.1 The fund has one outstanding IDRP case which is currently at the initial stages of investigation.

## 11. Pensions Dashboards

- 11.1 Pensions dashboards are a government project which will enable individuals to access their pensions information online, securely and all in one place, thereby supporting better planning for retirement. Dashboards will provide clear and simple information about an individual's multiple pension savings, including their State Pension.
- 11.2 The Local Government Association (LGA) has provided a draft guide for Funds to follow in preparation for Pension Dashboards. Fund Officers will be using this document to assist in the creation of the implementation project plan and assessment of the resources required to manage any additional work created from member queries.
- 11.3 The Pensions Dashboard Programme (PDP) has confirmed that public service pension schemes will have a staging date in October 2026.
- 11.4 To ensure a successful implementation date we need to make sure that we have good data quality scores for our active and deferred members. Our current common data has a pass rating of 93.7%, with our main issue being that we have 1,945 records with out-of-date addresses.

## 12. McCloud Project

- 12.1 The McCloud project continues, with work progressing on the creation of an Indicator on records for members who are in scope alongside developing new work processes for cases going forward.
- 12.2 The regulations were laid on 1 October 2023 and the Local Government Association (LGA) has worked on template communications that can be used by funds to inform affected members.
- 12.3 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. The Fund has used LGA communication templates to write to Active, Deferred and Pensioner members to inform them of key points and where to find further information.
- 12.4 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.

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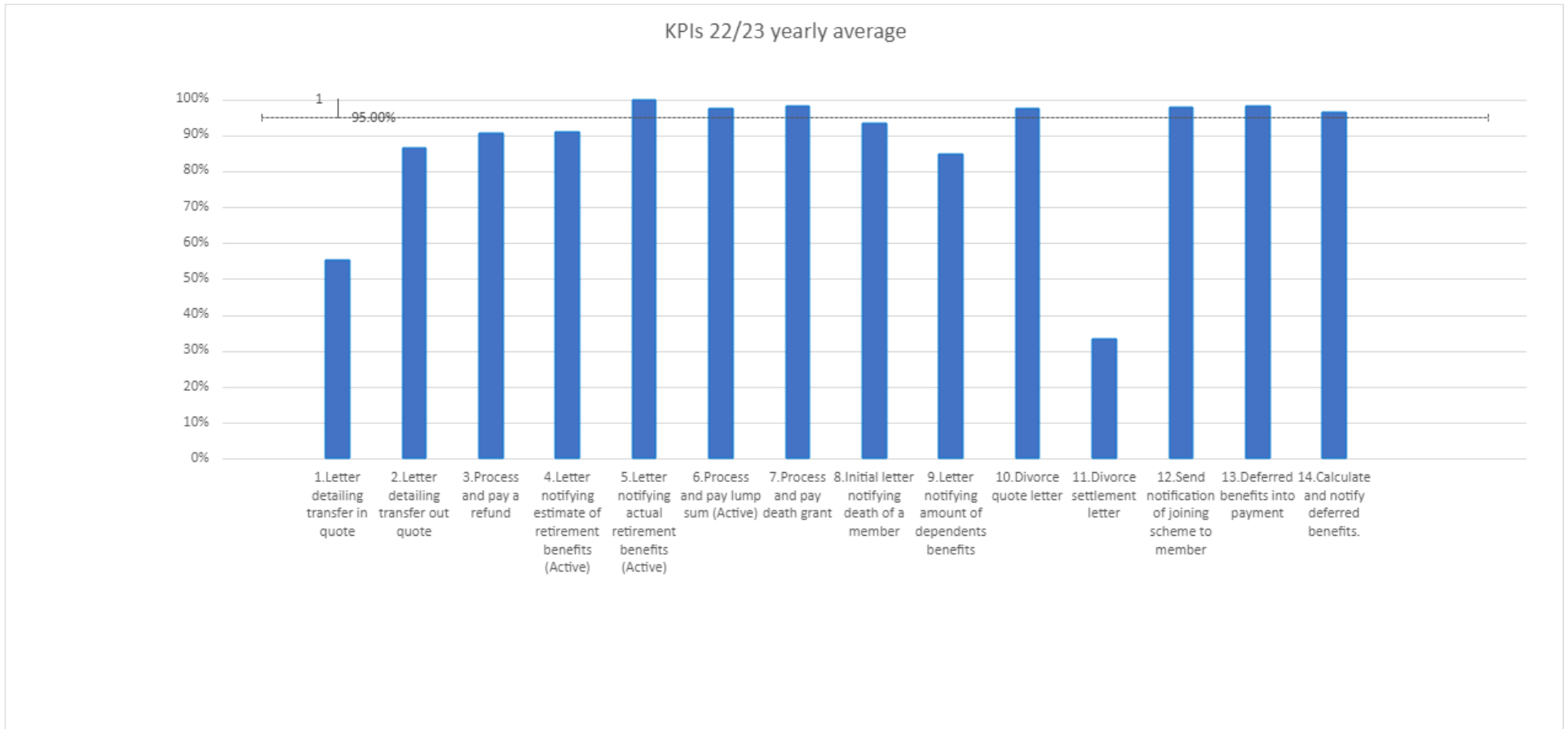
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The report was circulated to the following members prior to publication:

Local Member(s): n/a

Other members: Cllrs Dahmash and Gifford

Appendix 1  
KPI Chart



## Warwickshire Local Pension Board

30 January 2024

### Pension Fund Business Plan Update Report

#### Recommendation

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

#### 1. Executive Summary

- 1.1 It is best practice for Local Government Pension Scheme pension funds to operate a formal and documented Business Plan for their operations. This report sets out the Warwickshire Pension Fund's 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 third quarter.
- 1.2 The Business Plan sits alongside other key documents which govern the strategy and operations of the Warwickshire Pension Fund, including the Administration Strategy, Investment Strategy Statement and Funding Strategy Statement.
- 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 a number of Governance issues where we are still awaiting national guidance).

#### 2. Financial Implications

- 2.1 The Fund has an Investment Strategy Statement and a Funding Strategy Statement 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	8	22	7	0	37
Percentage of Activities	22%	59%	19%	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 although we have no red items, there are a number recorded as amber. These include:

**The production of the Pension Fund Accounts**, which was delayed (Item 22, Appendix 1) This was caused by internal staffing turnover as well as the capacity of external auditors to review the accounts.

**Ensure compliance with the 2020 UK Stewardship Code & Implementing TCFD disclosure requirements**, which have both been delayed by staff turnover and current workloads (Items 35 & 36 Appendix 1).

- 4.3 Work on the business plan for 2024/25 will begin shortly. This work will include, having regard to resourcing, workforce planning, and carry forward of any activities as necessary that were not completed in this year.

#### 5. Timescales associated with the decision and next steps

- 5.1 None

#### Appendices

1. Appendix 1 - Warwickshire Pension Fund Business Plan, progress during Q3.



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

Local Member(s): n/a – county wide report

Other members: Cllr. C Kettle and Cllr B Gifford

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**Appendix 1 - Quarter 3 Business Plan Review**

Ref	Business Plan Action	Timescale within Business Plan	RAG Rating at Q3	Comments at Q3
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. The team has seen some increased update from new starters and signing up sessions will be held in the new year at different Fund employers.
4	Annual Allowance statements issued.	5 October 2023	Completed	Annual Allowance notifications were issued within statutory timescales
5	Employer Engagement/training event	November 2023	Completed	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 and divorce cases. Back logs have been caused as a result to delays in obtaining factors from GAD. 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.

Ref	Business Plan Action	Timescale within Business Plan	RAG Rating at Q3	Comments at Q3
8	Review of complaints received.	Quarterly	Green	1 new IDRPs received in the third quarter, relating to a transfer, all others have been dealt with and reported to Staff and Pension Committee.
9	McCloud Project	Dependent on issue of requirements	Green	Project management with Aon reintroduced 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. Testing has revealed a number of issues but these will be resolved, by March 2024.
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	Amber	Direct debit project progressing, testing with 4 employers took place in October, work ongoing with investments team to look at how data can be electronically transferred to remove any manual interventions. Some delays have been experienced in sorting out issues with our bankers as well as with the coding of secondary deficit contributions.

Ref	Business Plan Action	Timescale within Business Plan	RAG Rating at Q3	Comments at Q3
13	Review, investigate, and mitigate potential sources of funding risk.	March 2024	Green	Triennial valuation showed a good funding position. A Funding Risk Management tool (with support from Hymans) has been set up 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.
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	Ongoing	Green	Officers and Chair of PFISC are attending and participating in these meetings.

Ref	Business Plan Action	Timescale within Business Plan	RAG Rating at Q3	Comments at Q3
	of shareholder voting rights.			
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 progressing this work alongside advisors. The criteria have been agreed but not implemented yet.
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	Completed	Annual General Meeting held on the 24 November at Warwick Racecourse.
22	Production of Statement of Accounts	May 2023	Amber	The Accounts went to Council on the 19 December for approval. There are some minor updates to be made and the final version of the accounts will go to Audit and Standards Committee. The accounts were delayed this year partly due to internal staffing capacity and partly due to external audit capacity.
23	Publication of Pension Fund Annual Report	November 2023	Green	Published in draft format on the website on the 30 November. Waiting for Council approval in December 2023.

Ref	Business Plan Action	Timescale within Business Plan	RAG Rating at Q3	Comments at Q3
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	Amber	Significant changes in personnel will impact on business continuity and the council is revising the format of business continuity plan.
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	The Government has issued their response on the LGPS next-steps consultation. The Fund is working with Border to Coast and partner funds on the development of a 'UK Opportunities Fund' that is

Ref	Business Plan Action	Timescale within Business Plan	RAG Rating at Q3	Comments at Q3
				designed to help meet this agenda.
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	Completed	Vacant Local Pension Board member role has been filled
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.
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 was to draft this by the end of 2023. However, this action his being deferred due to workload and staff turnover.
36	Implement TCFD disclosure requirements.	March 2024	Amber	Not yet a regulatory requirement. Prioritisation of work streams means that the intention is to draft this for year ending March 2024. Workload and staff turnover will make this a challenge to achieve.



Ref	Business Plan Action	Timescale within Business Plan	RAG Rating at Q3	Comments at Q3
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.

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## Warwickshire Local Pension Board

**30th January 2024**

### Investment Update

#### Recommendation

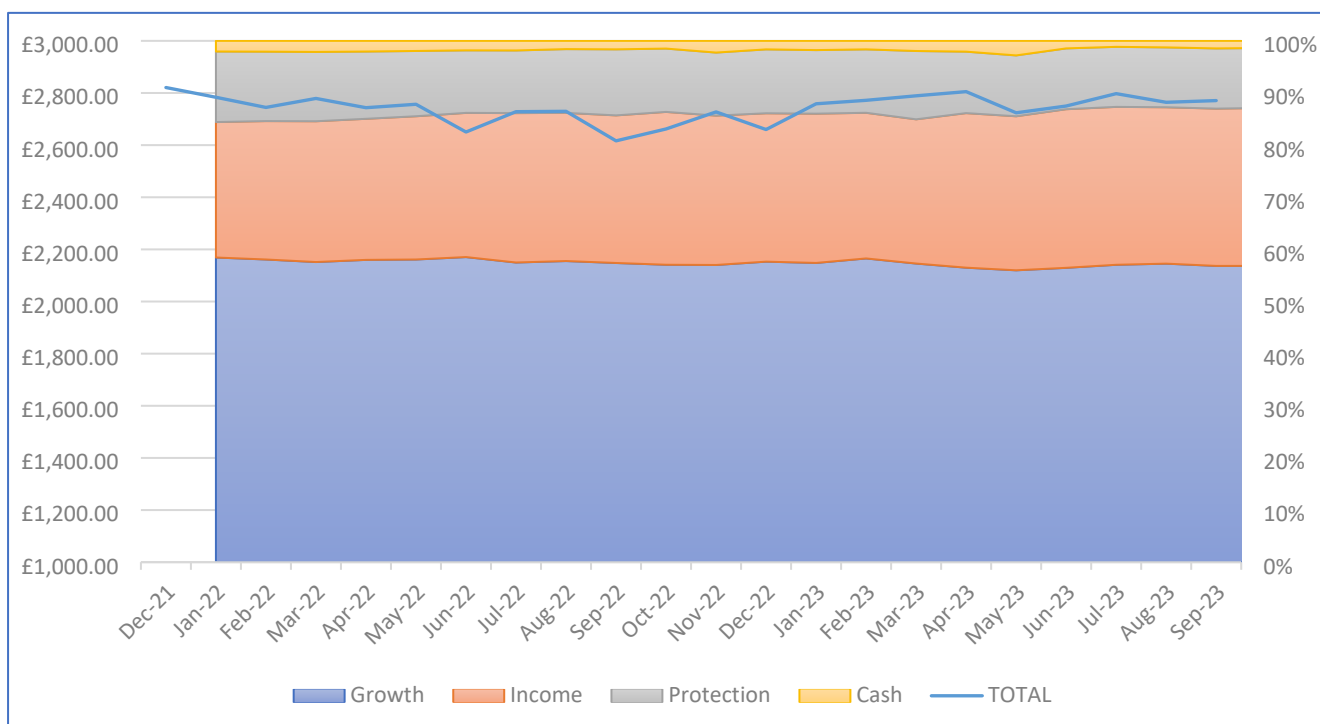
That the Warwickshire Local Pension Board notes and comments on the contents of this report.

#### 1. Executive Summary

1.1 This report provides an update on the Warwickshire Pension Fund’s investment-related governance activities.

#### 2. Portfolio Commentary

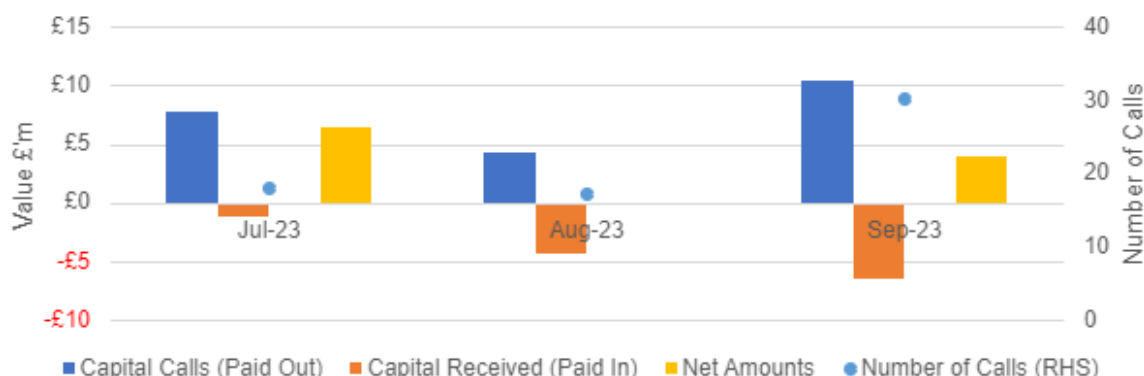
2.1 A visual view of portfolio performance (since Dec 21) is shown below:



2.2 A key activity for the Fund remains in building up investments in alternatives (private equity, infrastructure, and private debt) as per our medium-term asset allocation strategy. The Fund serviced 65 capital movements in the last quarter, with a net value of £10.2m. This was a slight reduction in activity over

the quarter (which was expected, as per our cash flow estimates).

### Capital Calls (Qtr to 30 September 23)



- 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	£591,000,000	£430,000,000	£1,020,000,000
% of Total	58%	42%	100%

- 2.4 Cash balances as at the end of September 2023 were £37.6m. This total represents approximately 1.4% of the Fund's value. This total comprises £18.3m held in a Lloyds account to manage transactions such as receiving employer contributions and paying member benefits; and £19.3m held in a BlackRock account to meet capital movements.

## 3. Voting

- 3.1 The Fund holds actively managed equities through funds within the *Border to Coast Pensions Partnership (Border to Coast)*, and passive equities managed through funds held with Legal and General Investment Management (LGIM). These equities carry voting rights.
- 3.2 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 Q3 (1st Jul to 30th Sept 23)*

Voting Direction	UK Alpha	Global Alpha	UK Alpha	Global Alpha
	Vote Count		% of Total	
For	634	440	93%	83%
Against	50	84	7%	16%
Other	0	4	0%	1%
<b>Total</b>	<b>684</b>	<b>529</b>	<b>100%</b>	<b>100%</b>

- 3.3 Border to Coast provide published reports on their website in respect of voting (and engagement) activity, and the link is included [here](https://www.bordertocoast.org.uk/publications/?_sfm_publication_document_type=Responsible%20Investment%20Reports) ([https://www.bordertocoast.org.uk/publications/?\\_sfm\\_publication\\_document\\_type=Responsible%20Investment%20Reports](https://www.bordertocoast.org.uk/publications/?_sfm_publication_document_type=Responsible%20Investment%20Reports))
- 3.4 The table below summarises voting activity in the previous quarter in respect of funds held with LGIM:

*LGIM Equity Funds - Voting Q3 (1st Jul to 30th Sept 23)*

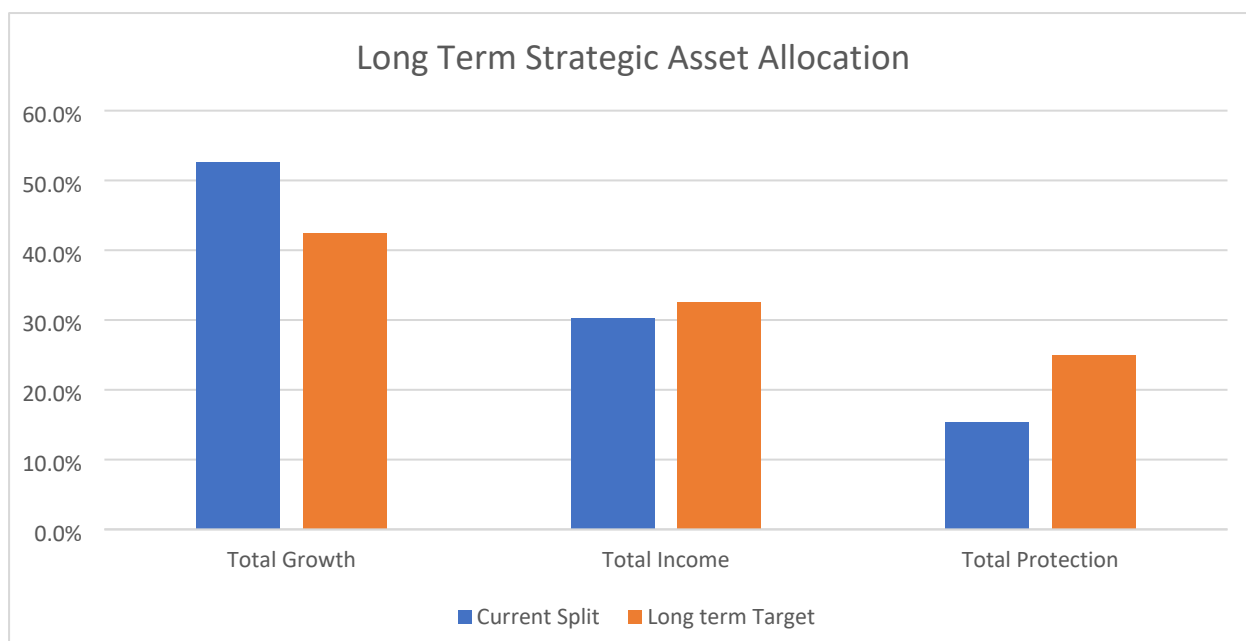
Voting Direction	UK	Rest of World	UK	Rest of World
	Vote Count	Vote Count	% of Total	% of Total
For	2293	3593	95%	76%
Against	123	1015	5%	21%
Other	0	103	0%	3%
<b>Total</b>	<b>2416</b>	<b>4711</b>	<b>100%</b>	<b>100%</b>

- 3.5 LGIM’s Investment Stewardship team directs the assets managed on the Fund’s behalf. Their [Responsible Investing](https://www.lgim.com/uk/en/responsible-investing/) (<https://www.lgim.com/uk/en/responsible-investing/>) page sets out voting (and engagement) activity, as well as their approach to Climate Risk.

#### 4. Other activities

##### Asset Allocation Restructuring

- 4.1 We have started to allocate more money to ‘protection assets’ since the ‘Real Yield’ trigger has now been reached and higher yield assets are looking more attractive (this is in line with the asset allocation restructuring previously approved by the Pension Fund Investment Sub Committee). We are currently completing tranche 2 (of 5) and we have moved £158m so far from equities to bonds. Our current and end target asset allocation is shown below:



- 4.2 The PFISC agreed to the restructuring of the global passive equity funds at its meeting on the 12<sup>th</sup> June 2023 and this process will be started in January 2024. This will include the addition of a new *Responsible Investment* fund (*The LGIM Low Carbon Transition Fund*) which we see 2 tranches invested of c. £61.5m each.

#### **Mansion House Reforms**

- 4.3 During his Mansion House speech on 10 July 2023, Chancellor Jeremy Hunt set out his 'Mansion House Reforms', a substantial package of measures aimed at enabling the financial services sector to increase pension and other investment returns for people across the UK and boost the supply of investment capital available to support the growth of high potential businesses across the UK economy. This led to the Department for Levelling Up, Housing and Communities issuing the '*Local Government Pension Scheme (England and Wales): Next steps on investments*' consultation. On 22 November 2023, DLUHC published its response to the consultation on investment reforms. The response largely adopted the measures that the Government originally consulted on. The Government will now implement proposals to accelerate and expand pooling and increase investment in levelling up and private equity.
- 4.4 In the Autumn Statement the Chancellor confirmed the Government's intention to proceed with this agenda and provided its response to the consultation results.
- 4.5 A range of initiatives, some set out in consultations during the summer, were put forward, including:
- 4.5.1 A call for evidence on a 'pot for life' approach.
  - 4.5.2 A consultation on using PPF as a public consolidator for DB pension schemes;
  - 4.5.3 Surplus extraction arrangements for DB pension schemes; and
  - 4.5.4 Continued enhancement of Trustee skills & capabilities.

#### **LGPS Reform**

- 4.6 In terms of the LGPS Reforms, the Government confirmed it will progress them to accelerate and expand pooling, and to increase investment in levelling up and in private equity. In publishing its consultation response, the Government gave clear guidance on its expectations:
- 4.6.1 Funds should transfer all assets to their pool by 31 March 2025. Funds will need to report the rationale, value for money implications, and date for review, of any assets not pooled.
  - 4.6.2 The Government will set out a preferred model of pooling (including delegation of manager selection and strategy implementation).
  - 4.6.3 Funds are to set a training policy for pensions committee members, and report against the policy.

- 4.6.4 Funds to publicly report their asset allocation, proportion of assets pooled, a comparison between actual and strategic asset allocation, net savings from pooling, and net returns for each asset class against their chosen benchmark.
- 4.6.5 Funds to have an ambition to invest 10% in Private Equity and a plan to invest 5% in Levelling Up.
- 4.6.6 Pools should seek scale and should be c.£200bn by 2040 (Gad estimating LGPS at c. £950bn by 2040 implies 4-5 pools).
- 4.7 The Government wishes to see greater collaboration between pools in the meantime and has indicated its intention to develop the associated Guidance by summer 2024. The Government has previously stated that if an individual Fund does not meet this policy intent, their position as an Administrating Authority can be removed through existing powers.
- 4.8 We are currently in discussion with *Border to Coast* and Partner Funds regarding a proposed *UK Real Estate Fund*, which would in the long term potentially replace our existing property exposure (currently with *Schroders and Threadneedle*).
- 4.9 We are currently in discussion with *Border to Coast* and Partner Funds regarding a proposed *UK Opportunities Fund*. This fund is partly aimed at satisfying the current government levelling up agenda and its investment remit is far reaching.
- 4.10 We are also currently in discussion with *Border to Coast* and Partner Funds regarding a proposed *Climate Opportunities II Fund*. This fund aims to take advantage of climate related investment opportunities.
- 4.11 We have engaged with *Border to Coast* and Partner Funds to monitor the performance of pooled funds through various governance forums including a Joint Committee and an Operational Officers Group.
- Pension Fund Accounts**
- 4.12 The Pension Fund Accounts 2022/23 were presented to the Audit and Standards Committee on 30 November 2023 and endorsed to Council where they were approved on 16 December 2023. There were some further minor updates noted as necessary and accordingly final sign off of the accounts was delegated to the Executive Director for Resources in consultation with the Chair of the Council. The final accounts will be reported back to Audit and Standards Committee.
- 4.13 The completion of the accounts has proved more difficult this year due to resourcing issues coupled with continuing challenges in the external audit market being able to resource local government accounts audits. However, the Fund's Annual Report and Accounts document was published online with draft accounts in line with the 1 December 2023 deadline. A finalised version will be published with the final accounts.

#### **RI Pledges**

- 4.14 We continue to monitor all our managers, regarding their RI pledges. The latest report from BCPP (who are very active and committed to RI principles) is their *Quarterly Stewardship Report Q3* which is available on request from their data room. This includes some excellent engagement examples. For example, with *National Grid*, they voted against the re-election of the Chair of the Board and engaged the company ahead of the AGM. They felt the company was not currently meeting expectations on climate change risk. Whilst the vote was unsuccessful, the re-election of the Chair was opposed by 4% of shareholders.

#### **Procurement Activity**

- 4.15 Procurements for three significant contracts are due to be re-procured in the next year (custodian services, actuarial services, and financial consultancy services). Steps are being taken to prepare for these procurement exercises.

#### **CMA compliance statement**

- 4.16 The Fund must comply with a Competition and Markets Authority compliance statement that requires the Fund to set objectives for their investment consultant and advisors. Officers and Councillors discussed the performance of these roles at the December Pension Fund Investment Sub Committee and the following statement was approved.

Investment Consultancy and Fiduciary Management Market - Investigation Remedy Compliance Statement for Warwickshire County Council as the Administrating Authority for the Warwickshire Local Government Pension Fund:

*'I, Robert Powell, confirm on behalf of Warwickshire County Council that during the period commencing on 13 December 2022 and ending on 11 December 2023, Warwickshire County Council has complied with Part 7 of the Investment Consultancy and Fiduciary Management Market Investigation Order 2019.*

*FOR AND ON BEHALF OF Warwickshire County Council as Administering Authority of the Warwickshire Local Government Pension Fund.'*

## **5. Financial Implications**

- 5.1 None arising directly from this report.

## **6. Environmental Implications**

- 6.1 None arising directly from this report



**Appendices**

None

**Background Papers**

None

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

Local members: not applicable

Other members: not applicable

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## Warwickshire Local Pension Board

30 January 2024

### Minutes from the December Pension Fund Committees

#### Recommendation

That the Local Pension Board considers and comments on the minutes from the December Pension Fund Investment Sub-Committee and Staff and Pensions 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. Supporting Information

- 4.1 None

#### 5. Timescales associated with the decision and next steps

- 5.1 None

#### Appendices

1. Appendix 1 Staff and Pensions Committee Minutes from December 2023\*
2. Appendix 2 Pension Fund Investment Sub- Committee Minutes from December 2023\*

\*Exempt minutes from both meetings are not included.

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

Local Members: Cllr C Kettle and Cllr B Gifford

Other members:

# Pension Fund Investment Sub-Committee

Monday 11 December 2023

## Minutes

### Attendance

#### Committee Members

Councillor Christopher Kettle (Chair)  
Councillor Bill Gifford (Vice Chair)  
Councillor Brian Hammersley  
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  
Victoria Moffett, Lead Commissioner – Pensions and Investment  
Chris Norton, Head of Investments, Audit and Risk  
Rob Powell, Executive Director for Resources

#### Others Present

Rob Bilton, Hymans Robertson  
Anthony Fletcher, Independent Advisor  
James Glasgow, Hymans Robertson  
Anthony Kerr, Independent Advisor  
Philip Pearson, Hymans Robertson

### 1. General

The Chair welcomed Stephen Curry, Stephen Norrie, Janet Palmer and Hazel Underwood of Warwickshire Climate Alliance (WCA) to the meeting. Prior to the meeting, the Sub-Committee had met informally with WCA. This had provided an opportunity to listen to the points raised by WCA relating to divestment from carbon or fossil fuel-related concerns.

On behalf of the Sub-Committee, the Chair expressed thanks to Andy Felton (Director of Finance) and Victoria Moffett (Lead Commissioner – Pensions and Investment) who would leave the Council before the next meeting. He praised the dedication shown by both officers and the high-quality support they had each provided to the Sub-Committee.

### **(1) Apologies**

Apologies were received from Councillor Sarah Millar.

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

Councillor Gifford advised that he had received a request for investment advice from his brother who was employed by GB Bank. He had declined the request.

Councillor Gifford was advised that the matter had been handled properly and there was no potential conflict of interest.

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

#### **Resolved:**

That the minutes of the meeting held on 11 September 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 18 July 2023**

#### **Resolved:**

That the Pension Fund Investment Sub-Committee notes the minutes of the Local Pension Board meeting of 18 July 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 directed the Sub-Committee's attention to the three 'red' risks of climate change, long term market risk, and cyber security. Several updates had been made to the commentary in the Risk Register, including work to progress the Good Governance Review. However, no changes had been made to the risk scores. He requested that the Sub-Committee note the Border to Coast Pensions Partnership (BCPP) Climate Change Policy, Responsible Investment Policy, and Governance and Voting Guidelines which were appended to the report and would shortly be published on the BCPP website. He thanked members for their contributions to the Knowledge and Skills Assessment.

The Chair highlighted the Net Risk chart on page 18 of the agenda pack which listed climate change as the highest risk to the Pension Fund. He emphasised that the Sub-Committee recognised the risks associated with climate change which were treated with seriousness.

Councillor Gifford stated that climate change was regularly discussed and had become a dominant theme of meetings. He stated that the Sub-Committee examined climate change risks closely taking an evidence-based approach. He highlighted the advantages of engagement with companies and asset managers as an effective means to reduce emissions.

Councillor Hammersley stated that BCPP's Climate Change Strategy recognised that "there are financially material investment risks and opportunities associated with climate change which we need to manage across our investment portfolios." BCPP had "committed to a net zero carbon emissions target by 2050 at the latest for our assets under management, in order to align with efforts to limit temperature increases to under 1.5°C." He highlighted BCPP's approach to engagement, stating that it would "hold companies and asset managers to account regarding environmental, social and governance issues, including climate change factors, that have the potential to impact corporate value." He stated that BCPP supported engagement over divestment as it was held that constructive dialogue with companies was "more effective than excluding companies from the investment universe, particularly with regard to promoting decarbonisation in the real world." If it was found that engagement had not resulted in an improvement, BCPP had an escalation process, outlined within the Responsible Investment Policy.

The Chair highlighted that reporting on companies' performance against climate change objectives was more regularly undertaken than had once been the case. This had led to a growing evidence base to inform decision making.

Councillor Gifford stated that climate change was an integral element of BCPP's Responsible Investment Policy. He highlighted that 'Diversity of Thought' was a key engagement theme. He emphasised the importance of work in this area, stating that positive change could be achieved by challenging existing practices.

Councillor Hammersley highlighted that BCPP's Responsible Investment Policy included details of the key investment criteria which underpinned decision making. These included an assessment of the likelihood of success to influence company strategy and behaviour. Where it was considered that engagement would not be effective, BCPP would choose not to invest.

#### **Resolved:**

That the Pension Fund Investment Sub-Committee:

1. Notes the items contained within the report; and
2. Notes the Border to Coast Policies 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 high-level details of the actions and decisions made by the Sub-Committee relating to the global de-carbonisation agenda.

Councillor Gifford stated that the inclusion of the Carbon Transition Update as a regular item at meetings of the Sub-Committee was a positive step. As much of the Sub-Committee's work related to specific investment decisions which needed to be covered during confidential session, there was limited public visibility of progress made to address climate change. The Carbon Transition Update provided public assurance that the Sub-Committee treated climate risks with seriousness.

The Chair highlighted commentary within the report of the Sub-Committee's decision in September 2023 to allocate 4.5% of the Fund's assets to a low carbon transition fund. This demonstrated the importance the Sub-Committee placed on the transition to low carbon.

**Resolved:**

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

**5. Reports Containing Exempt or Confidential Information**

The Chair thanked Stephen Curry, Stephen Norrie, Janet Palmer and Hazel Underwood of Warwickshire Climate Alliance (WCA) for attending the public part of the meeting. He expressed his hope that the meeting had provided assurance that the Sub-Committee was focused on climate risks which were key to investment decision making.

Councillor Gifford stated that members of the Sub-Committee could be contacted by email to respond to any comments or queries.

WCA attendees left the meeting at 10:40.

**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.

**6. Quarterly Investment Monitoring Report**

The Sub-Committee held a confidential discussion.

**7. Warwickshire Pension Fund Cashflow Management**

The Sub-Committee held a confidential discussion.

**8. Potential Investment in Border to Coast Climate Opportunities Fund II and UK Opportunities Fund**

The Sub-Committee held a confidential discussion.

**9. Warwickshire Pension Fund Funding Update**

The Sub-Committee held a confidential discussion.

**10. General Activity Update**

The Sub-Committee held a confidential discussion.



## 11. Exempt Minutes of the Previous Meeting

### Resolved:

That the exempt minutes of the meeting held on 11 September 2023 be approved as an accurate record and signed by the Chair.

There were no matters arising.

The meeting rose at 13:02.

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Chair

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# Staff and Pensions Committee

Monday 11 December 2023

## Minutes

### Attendance

#### Committee Members

Councillor Bill Gifford (Vice Chair in the Chair)  
Councillor Brian Hammersley  
Councillor Christopher Kettle  
Councillor Mandy Tromans

#### Officers

John Cole, Senior Democratic Services Officer  
Jan Cumming, Senior Solicitor and Team Leader, Commercial and Contracts  
Lisa Eglesfield, Team Lead – Benefits  
Andy Felton, Director of Finance  
Liz Firmstone, Head of Finance Transformation and Transactions  
Martin Griffiths, Technical Specialist – Pension Fund Policy and Governance  
Bal Jacob, Head of Strategic HR  
Vicky Jenks, Pensions Administration Delivery Lead  
Sally Waldron, Assistant Chief Fire Officer

### 1. General

The Chair highlighted that Vicky Jenks (Pensions Administration Delivery Lead) would shortly leave Warwickshire County Council to join another local authority. On behalf of the Committee, he thanked Vicky Jenks for her dedication and for the high-quality support she had provided to the Committee.

#### (1) Apologies

Apologies for absence had been received from Councillor Yousef Dahmash (Chair) and Councillor Sarah Millar.

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

There was none.

#### (3) Minutes of Previous Meetings

#### Resolved:

That the minutes of the meetings held on 11 September 2023 and 22 November 2023 be

approved as an accurate record and signed by the Chair.

There were no matters arising.

## **2. Regulatory and Policy Update Report**

Martin Griffiths (Technical Specialist – Pension Fund Policy and Governance) introduced the report which provided a summary of recently reviewed Pension Fund policies and gave an update on regulatory developments in the pensions arena. The report included details of proposed changes to the Fund’s Conflicts of Interest Policy for which approval was sought from the Committee. He advised that the Cyber Security Policy had also been reviewed by Fund officers. The revised version would be presented to the Committee at the next meeting. Cyber security had been identified as a high risk; therefore, consideration would be given to commissioning an external consultant to also review the Policy.

Martin Griffiths advised that input from Hymans Robertson had been sought to inform the review of the Conflicts of Interest Policy. Hymans Robertson had recommended that reference be made to the relationship between the Fund and Border to Coast Pensions Partnership (BCPP) as well as the relationship between the Fund and Warwickshire County Council, where possible conflicts may arise. The proposed changes were highlighted within the updated Conflicts of Interest Policy appended to the report. He provided a summary of the regulatory and general Local Government Pension Scheme (LGPS) updates within the report.

Councillor Kettle highlighted that the updated Conflicts of Interest Policy included a proposed amendment that “to mitigate the risk of conflict... the role of Section 151 Officer for the Pension Fund is held by the Director of Finance while the role of Section 151 Officer for the Council is held by the Executive Director for Resources”. He queried what provision would be made during the interim period following the departure of Andy Felton (Director of Finance) from the organisation.

Andy Felton (Director of Finance) advised that recruitment for a new Director of Finance was progressing, and internal interim arrangements existed through Virginia Rennie (Head of Strategic Finance) should there be a gap between Andy’s departure and the new Director starting. Specifically on pensions, Rob Powell (Executive Director for Resources) remained Section 151 Officer and would be more involved with the Pension Fund as the transitional arrangements progressed.

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

### **Resolved:**

That the Staff and Pensions Committee:

1. Notes the updates contained within the report; and
2. Approves the changes proposed to the Fund’s Conflicts of Interest Policy.

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

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 promote the Member Self Service (MSS) scheme. She advised that the latest figures showed take up of MSS by active members at 33.9%, for deferred members this was 24.2%, and for pensioners, 29.8%. She advised that the PAS made use of opportunities to promote MSS when circulating bulletins. For example, the recent update to members on the McCloud Remedy included a plug for MSS.

Vicky Jenks provided a summary of Pensions Administration Key Performance Indicators (KPIs), as well as details of Pensioner Payroll KPIs, workloads, breaches, the McCloud Project, and pensions dashboards.

In respect of the McCloud Remedy, the Chair noted that the PAS was now able to process all cases going forward from 1 October 2023, and apply the underpin where required, which avoided backlogs. He praised the work that had gone into making this possible.

In response to the Chair, Vicky Jenks advised that pension funds which had adopted MSS earlier than Warwickshire Pension Fund had achieved take up of around 50%. The Fund was close to this level which was positive given that MSS was at an earlier stage. It was not targeted to achieve 100% take up as it was acknowledged that, for a variety of reasons, MSS would not be used by all members. However, continued promotion could see take up of around 50% by the end of 2024 which would be a significant achievement.

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

#### **Resolved:**

That the Staff and Pensions Committee notes the content of the report.

### **4. Employers Joining and Leaving the Warwickshire Pension Fund**

Vicky Jenks (Pensions Administration Delivery Lead) introduced this report which provided details of academies and contractors that had applied to join the Pension Fund. It also gave details of an existing employer that had left the Fund for which cessation arrangements would be made. More information about these arrangements would be provided at the next meeting.

In response to Councillor Hammersley, Vicky Jenks advised that each employer was evaluated to ensure that it could cover its own assets and liabilities. When an employer left the Fund, a cessation report was produced which included details of the employer's asset and liability level at the point of its exit from the Fund. At this stage, the PAS would ensure that money was paid to Fund if there was a deficit. Alternatively, an exit credit could be paid if the employer was in credit.

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

**Resolved:**

That the Staff and Pensions Committee delegates authority to the Executive Director for Resources:

1. 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
2. To facilitate those employers listed in Appendix 1 of the report to exit the Pension Fund.

**5. Review of the Minutes of the Warwickshire Local Fire Pension Board Meetings of 5 June 2023 and 25 September 2023**

Vicky Jenks (Pensions Administration Delivery Lead) advised that following discussion with the Chair of the Staff and Pensions Committee, Councillor Yousef Dahmash, it had been resolved to include a summary of key points from meetings of the Local Fire and Rescue Local Pension Board in future reports to the Committee.

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

**Resolved:**

That the Staff and Pensions Committee notes the minutes of the meetings of the Warwickshire Fire and Rescue Local Pension Board of the Firefighters' Pension Scheme of 5 June 2023 and 25 September 2023.

**6. Reports Containing Exempt or Confidential Information**

**Resolved:**

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

**7. Exempt Minutes of the Previous Meeting**

**Resolved:**

That the exempt minutes of the meeting held on 11 September 2023 be approved as an accurate record and signed by the Chair.

There were no matters arising.

**8. Future Meeting Dates**

The Committee noted the dates of future meetings.

The meeting rose at 14.35.

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Chair

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