

Warwickshire Local Pension Board

Date: Tuesday 16 April 2024
Time: 11.00 am
Venue: Committee Room 2, Shire Hall

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

5 - 12

2. Governance, Regulatory and Policy Update Report

13 - 22

3. Pension Administration Activity and Performance update

23 - 30

4. Warwickshire Pension Fund Business Plan Report

31 - 54

5. Investment Update

55 - 60

6. Minutes from the March 2024 Pension Fund Committees

61 - 76

7. Any Other Business

Monica Fogarty
Chief Executive
Warwickshire County Council
Shire Hall, Warwick

To download papers for this meeting scan here with your camera



Disclaimers

Disclosures of Pecuniary and Non-Pecuniary Interests

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

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

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

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

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

Observing the Meeting

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

This page is intentionally left blank

Warwickshire Local Pension Board

Tuesday 30 January 2024

Minutes

Attendance

Committee Members

Keith Bray (Chair)
Jeff Carruthers
Keith Francis
Sean McGovern
Councillor Ian Shenton
Beverley Farmery

Officers

Liz Firmstone, Head of Finance Transformation and Transactions
Victoria Moffett, Pensions and Investments Manager
Sarah Cowen, Senior Solicitor
Martin Griffiths, Technical Specialist Pensions Fund Policy and Governance
Paul Higginbotham, Investment Analyst
Lisa Eglesfield, Pension Administration Service Manager
Rob Powell, Executive Director for Resources
Andy Carswell, Democratic Services Officer

1. Introductions and General Business

The Chair welcomed the Board's newest member, Beverley Farmery, to the meeting and Lisa Eglesfield, who was attending her first meeting since taking on the role of Pension Administration Service Manager. The Chair said this would be Victoria Moffett's (Lead Commissioner, Pensions and Investments) final Board meeting before she left Warwickshire County Council for a new job elsewhere. He said members would be sorry to see her go, and thanked her for all her help supporting the Board.

(1) Apologies

Apologies were received from Mike Snow.

(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 24 October 2023 were approved as an accurate record, save for a small amendment to change the acronym TFCD to TCFD.

Arising from the minutes, it was clarified that the government wanted pension funds to have choice but not competition against each other. Victoria Moffett said it would be for the administering authorities to decide whether to invest in a pool product, and for the pools to potentially select other pooled products. Regarding the retrospective checks to rectification cases, Lisa Eglesfield said this was still being worked on and there had been a delay as part of the required software was not quite ready. However it was anticipated this would be completed ahead of the March deadline. Responding to a question from Beverley Farmery, Lisa Eglesfield confirmed pension holders were able to request paper copies of statements. It was confirmed the acronym BAU on page 3 of the minutes meant a business as usual task.

The Chair asked for clarification on whether the government's desire for local investments referenced in the report meant those specific to Warwickshire or the UK generally. He reminded members that Funds were for paying pensions and should not be used for political priorities. Rob Powell (Executive Director, Resources) said it referred to UK investment, and advised members that Border to Coast had set up a UK Opportunities Fund, which would be a vehicle to support UK investment and, through this, the levelling up agenda. Warwickshire County Council's Pension Fund Investment Sub Committee had not yet decided whether to invest in this; if it did then there was the possibility for investments in Warwickshire to be proposed. However a decision on whether to endorse a proposed investment based in Warwickshire would then be made independently by Border to Coast as part of a strategic investment approach.

Responding to a question from the Chair, Paul Higginbotham (Investment Analyst) said there were some equity funds included within the Border to Coast portfolio whose benchmarks and targets were being met. The Chair said it would be useful if future reports could highlight if there were cases where the benchmark was being met but not the higher target.

Regarding the reference to a section 114 notice, Rob Powell said the Council's budget papers were due to be published the following day. These would enable the Council to set a balanced budget for the 2024/25 financial year and a five-year medium term financial strategy, and a section 114 was not something that Warwickshire County Council needed to be concerned with at this time. He added this was a topic that had been raised due to well-publicised financial issues and the issuing of section 114 notices at other local authorities, in part reflecting sector-wide national challenges.

2. Governance, Regulatory and Policy Update Report

The report was introduced by Martin Griffiths (Technical Specialist, Pensions Fund Policy and Governance). The first item presented was the Forward Plan, which detailed the areas of governance work to be covered over the next 12 months. Although nothing specific needed to be brought to the attention of the Board, they were reminded of the training session that had been organised for the following day (31 January). This covered 'Club Vita', the tool that Hymans Robertson use to monitor member longevity. Members were thanked for completing the

Knowledge and Skills Assessment and informed that a report would be made available shortly when the results were published.

Members' attention was drawn to the red-rated risks on the risk register, relating to climate change, long term market risk and cyber security. The risk item of governance failure had also become a red risk since the time of writing the report. This related mainly to the introduction of the Pension Regulators' General Code of Practice and the expected Scheme Advisory Board Good Governance Review. The Board were assured that the Fund would meet the basic requirements of the General Code as it was already meeting the required components of the original Code of Practice 14.

Responding to a question from Jeff Carruthers about what action the Regulator would take if Funds didn't comply with the General Code, Martin Griffiths said action could be taken against non-compliant Funds using spot checks. However if evidence could be provided that a Fund was working on becoming compliant, legal action would not be taken. A cross unit working group had been set up to look at cyber security, and AON had been asked to review the Cyber Security Policy. Training would be offered to officers, the Committees and Board in due course. Martin Griffiths said the issue of cyber security would ultimately become a business-as-usual item, but practice relating to it had been heightened as a result of the General Code of Practice and had been added as a specific item for the first time. The new Cyber Security Policy would be presented at the Staff and Pensions Committee meeting in March 2024. The Fund would also be updating its Business Continuity Plan shortly and this would include some cyber security scenario testing.

Members were told the new Department of Levelling Up, Housing and Communities had published statistics relating to the LGPS and published its response to the consultation on investment reforms. Responding to a question from Jeff Carruthers about some of the statistics published by the Department of Levelling up, Housing and Communities, Martin Griffiths said the Warwickshire Pension Fund did not need to have any great concerns regarding the market value decrease in the LGPS Fund, as the figures quoted related to every Fund in the country and not specifically Warwickshire. He also confirmed that the new Code of Practice would address pension scams. Consideration would be given to providing additional communications to pension holders warning of possible scams.

The Chair stated his annual report would be going to the July meeting, not the April one as recorded on the Forward Plan. The Forward Plan would be amended to reflect this.

Members noted the contents of the report.

3. Pensions Administration Activity and Performance update.

The item was introduced by Lisa Eglesfield. Sign-up to the member self-service portal was continuing to increase and were comparable with other local government pension schemes. Communications encouraging pension holders to sign up to the portal were continuing to be sent out.

Key performance indicators were continuing to improve. External factors outside of the team's control had had an impact on the ability to meet some of the measures; for example, the KPI relating to the SCAPE discount rate had been affected due to a delayed update from the government's actuarial department impacting on calculations. The notice of termination form for

retiring members had been redesigned as it was believed the drop in performance was related to employers being delayed by having to request additional information. Lisa Eglesfield said the Local Government Association had advised to block certain transfers for pension holders being in scope for the McCloud remedy, which was also affecting the team's KPIs.

No concerns had been raised over the performance of the payroll team in the latest quarterly review. The introduction of the iConnect system and member self-service portal had massively reduced the number of required data entry tasks, freeing up staff for other projects. The telephony system was being updated to make it easier to obtain data on the number and length of calls received, and which topic they related to.

Members were told no further action would be taken against a Multi Academy Trust that had been in red breach due to a persistent failure to provide data to the Fund in a timely manner. The Trust had been reported to the Pensions Regulator, which had made the ruling that no action would be taken as the missing data had now been supplied and the Trust's payroll provider was working more effectively with the Fund.

Lisa Eglesfield said there had been a second IDRP reported since the time the report was written. Both were at the initial investigation stage.

The implementation date of the pensions dashboard programme had been moved from October 2026 to October 2025. Lisa Eglesfield said this was the date the data needed to be provided by, not when the system would go live. She said she was confident this would be done by the revised date. Procurement for an integrated service provider to supply this had begun. A tracing exercise to establish missing addresses and other details would also take place. Jeff Carruthers said there had been issues with the software provider dealing with the pensions dashboard within the police service, and said he was reassured this not the case within the Warwickshire Pension Fund.

McCloud cases were now being processed following the implementation of the new legislation on 1 October 2023. Lisa Eglesfield said although there was a large number of people that were in scope for the project, the number that would actually see a change in benefits was very low.

Responding to a question from Jeff Carruthers, Lisa Eglesfield said quarterly meetings were planned with employers relating to new payroll providers, to share any issues that had been raised and any examples of good practice.

Responding to a question from Councillor Ian Shenton, Lisa Eglesfield said two posts referred to in the report were being filled on a temporary basis due to maternity leave. It was anticipated the two staff members would return upon completion of their leave. She said the team was fully resourced.

Responding to a question from Keith Francis, Lisa Eglesfield said people attempting to visit the pensions dashboard would be redirected to use the member self-service portal. In future the two services were likely to be strongly interlinked. New members signing up to the portal had plateaued and communications were still being sent out to drive up interest.

Keith Francis suggested a group of staff should be set up that looked at the implementation of new payroll systems, so any issues could be anticipated and tackled proactively. He said employers were likely to only get in touch with the Fund when there was a problem. Lisa Eglesfield said that

the fund will liaise with employers on issues around changing payroll during the quarterly employer meetings and support would be offered for employers going through a payroll change.

Members noted the contents of the report.

4. Pension Fund Business Plan Update Report

The item was introduced by Victoria Moffett, who said that of the 37 activities outlined for the Fund for 2023/24 financial year, 30 had either been completed or were on track to be completed. Of the remaining seven, two had been highlighted in the report as providing areas of concern. These had amber ratings rather than red. One of these was the production of the accounts. Since the time of writing this had now been completed and gone through Full Council. There had been issues with staff turnover within the Fund and the external auditors' capacity and processing some of the information, which had left the accounts' production behind schedule. This was a situation that had been replicated elsewhere however. Victoria Moffett also highlighted compliance with the 2020 UK Stewardship Code and Task Force on climate related financial disclosure requirements, which was not a regulatory requirement. The required metrics were being monitored and it was felt the Fund would eventually be in a good position to get external certification. Consideration was being given to having this as a single entity with other members of the Border to Coast Partnership.

Of the other activities that had been graded amber, one related to the implementation of a system with criteria to trigger enhanced scrutiny of fund performance, with a view to potentially reallocate funds elsewhere. Discussions were taking place on when interventions ought to take place, as some Funds may hit their benchmark but not targets, and others may underperform for a few months ahead of a future strong performance. Maintenance of business continuity planning had also been given an amber rating. Victoria Moffett said it was likely most of the amber rated items would move to a green or blue rating indicating completion. The segments relating to the UK stewardship code and TCFD were likely to remain at amber at the end of the financial year, but would not count as red as they were not regulatory requirements. However it was expected TCFD would become a requirement for LGPS schemes in the near future, as it was a regulatory requirement for some private sector pension funds.

Responding to a question from Keith Francis regarding the delay to having the accounts signed off, Victoria Moffett said this had been due to a number of factors, including workload issues within the Fund and the external auditor. Better project plans were in place this time to avoid a potential repeat.

Beverley Farmery noted the direct debit scheme had been tested with four employers, and asked if this would be rolled out further and if employers would have a choice over membership. Liz Firmstone (Head of Finance Transformation and Transactions) said testing was still taking place to identify any issues. Take up of direct debits would be the employer's choice, but was likely to be a topic at the quarterly review meetings that had been referred to earlier in the discussions.

Responding to a question from Jeff Carruthers, Victoria Moffett said the same external auditors were used for the Warwickshire Pension Fund and the County Council. Other auditors had faced resourcing issues and there had been delays to approving accounts elsewhere.

Members noted the contents of the report.

5. Investment Update Report

The item was introduced by Paul Higginbotham, who reminded members the report summarised the performance of the portfolio to the end of September. There was a return of 1.23 per cent against a target of one per cent. Overall performance had remained consistent despite market volatility.

Greater allocation to private market assets, such as growth assets, private equity and private credit, was taking place. Many of these sat with Border to Coast and Legal and General, who would vote on issues on behalf of the Pension Fund. These related mainly to issues associated with responsible investing. There had been 65 capital movements in the quarter covered in the report, with a significant proportion of these taking place in September. A total of £591million had been committed and there was a further £430million available. Allocation of this would be discussed at the March Pension Fund Investment Sub Committee. Cash balances were just under £40million, which was considered to be a healthy position.

Paul Higginbotham said there had been a review of the long-term strategic asset allocation. This had recommended more money was moved into protection assets, such as corporate bonds or index linked corporate bonds. This had subsequently been approved and the first had moved around £158million from equities into protection assets bonds. Potential moving of investments from equities to protection was being analysed by Hymans Robertson to see when the best opportunity to do this would be. Paul Higginbotham said the Fund would be able to act quickly on this when the analysis had been completed. A first tranche of investments into low carbon transition funds, worth £61.5million, had been made and another was due to go through on schedule within the next two weeks.

Paul Higginbotham said some recommendations relating to investment pooling had been announced by the government in November. It was expected all assets would be pooled by March 2025, which was likely to mean lower costs and make it easier to manage, but further clarification was needed on what overall effect pooling would have on the individual Fund. The Fund was talking to Border to Coast about a UK Opportunities Fund, and how this could be progressed, and levels of any allocation, would be discussed at the next Pension Fund Investment Sub Committee. Within that Fund it had been suggested the Border to Coast Fund would allocate 40 per cent of investments into real estate, 40 per cent into infrastructure renewables, and the rest into a mix of private credit and equity. Paul Higginbotham said Border to Coast had voted against the appointment of the proposed Chair at the National Grid AGM due to investments that did not positively impact on climate change, although the appointment was ultimately approved.

The CMA compliance statement had been signed and submitted.

Responding to a point raised by Jeff Carruthers, Paul Higginbotham said there was careful monitoring of the performance of pooled funds, particularly if there were concerns about performance. Responding to a question from Beverley Farmery, Victoria Moffett said the Fund had responded to the government consultation, both individually and as part of Border to Coast's pooled response.

Keith Francis said it would be helpful to know if the Warwickshire Pension Fund was either fully, under or over funded. Victoria Moffett said quarterly funding level updates were available from the Fund's advisors and these went to the Investment Sub Committee.

Councillor Ian Shenton said he had reservations over the government guidance, stating his belief that it could be construed as the government seeking to influence where Funds should be investing. The Chair said he shared those concerns.

Members noted the contents of the report.

6. Minutes from the December Pension Fund Committees

Members noted the contents of the minutes from the two meetings. The Chair stated his belief that in certain circumstances it may be useful for Board members to have sight of the exempt minutes.

7. Any Other Business

Members noted the minutes of the previous meeting had referred to a forthcoming item on climate change, and asked for an update on this. Victoria Moffett said this was considered by the Pension Fund Investment Sub Committee each quarter, and information on climate change had been included throughout the papers presented to this meeting. The Chair asked if consideration could be given to having an item providing more information about the Fund's approach to climate change issues at a future meeting.

The meeting rose at 1.00pm

.....
Chair

This page is intentionally left blank

Warwickshire Local Pension Board

16 April 2024

Governance, Regulatory and Policy Update Report

Recommendation

That the Warwickshire Local Pension Board notes and comments upon the contents of this Report.

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 and training and regulatory updates.

2. Financial Implications

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

3. Environmental Implications

- 3.1 Climate risk is identified as a key risk on the Fund's Risk Register.

4. Supporting Information

Forward Plan

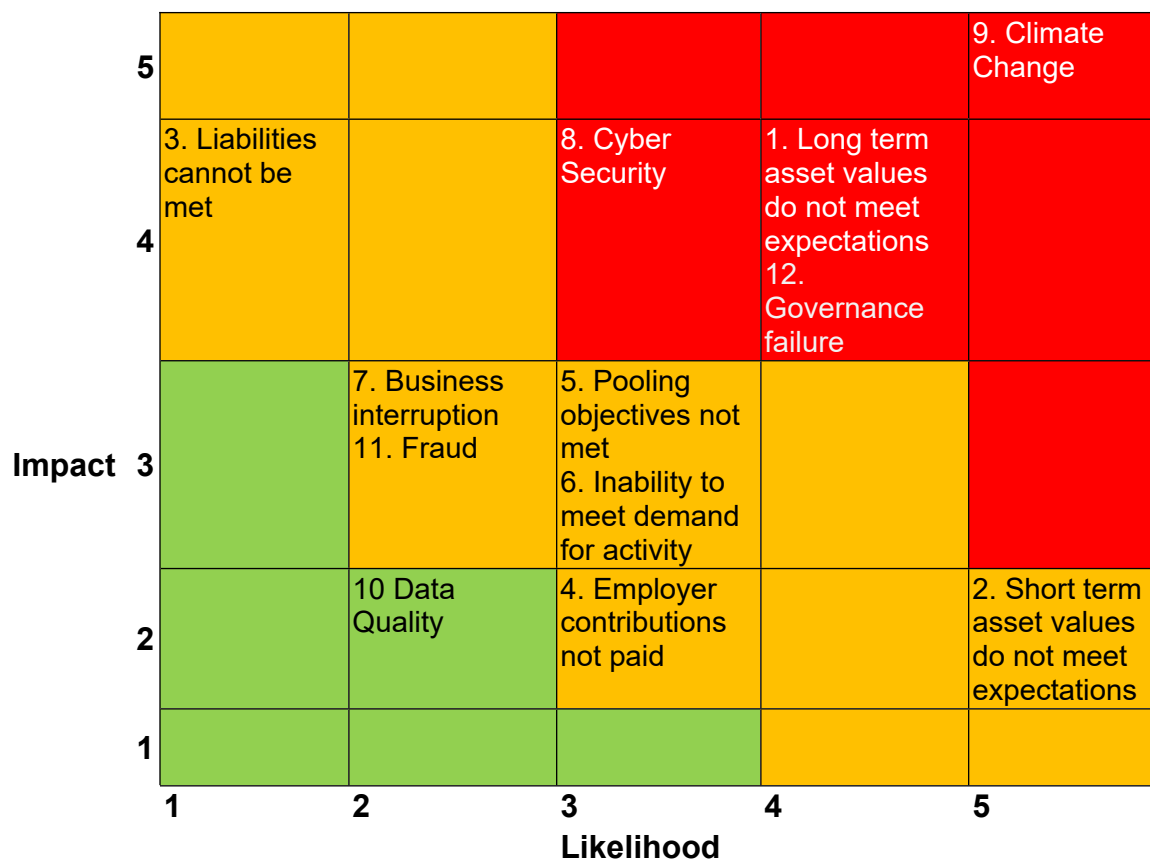
- 4.1 The purpose of including the Forward Plan in this report is to provide an updated version of the document for the Local Pension Board. It has been rolled forward to cover the year ahead. The Plan is set out (in Appendix 1) and the Board's comments are welcomed.

Risk

- 4.2 This section provides an update on the risks facing the Fund and the management actions necessary to address them.
- 4.3 In January 2024, officers reviewed the Fund's risk appetite but felt no changes were currently required. Officers will however engage with the Fund's advisers

to carry out a full review of the register and level of risk appetite to be presented to the Pension Investment Sub-Committee in June 2024.

4.4 Members of the Sub-Committee are asked to pay particular attention to the red risks shown indicated on the Net Risk chart shown below:



4.5 Governance Failure has been increased to a **red risk** along with Climate Change, Cyber Security and Long-Term Assets Values not meeting Expectations.

4.6 Governance Failure has been increased to a red risk in order to highlight to both Committees and the Local Pension Board that although the Fund is compliant with the Regulators Code of Practice 4, the new General Code of Practice and Scheme Advisory Board Good Governance Review may generate some additional work to ensure we are fully meet these two revised standards. The Fund will be instructing an outside independent organisation to carry out a full governance review later this year, and this is likely to become a requirement of all Funds, biannually. The Fund will review this particular risk once again in June and hopefully reduce it back to amber.

4.7 Fund Officers have also reviewed the Risk Management Policy and no changes were required to this document.

Training

- 4.8 Thank you to all Local Pension Board members who completed the Knowledge and Skills Assessment from Hymans Robertson. The Fund have received the final report and we will construct a training programme to cover the areas where additional knowledge may be required. The first item to be added to our training programme, will be an item on Pension Scams that will be delivered to Committee, Board and Officers by Hymans Robertson in April. The Fund's Training Policy has been reviewed and no current changes are required.

Policies

- 4.9 The review of the Fund's Climate Risk Policy has been re-scheduled for the June Committee.
- 4.10 It has been confirmed that the Fund does not require its own Accountancy Policy, so it has been removed from our Policy list.
- 4.11 The Fund's Conflict of Interest Policy has been reviewed once again and was taken to Staff and Pensions Committee for approval.
- 4.12 The Warwickshire Pension Fund Cyber Security Policy was referred to Aon Hewitt for them to carry out a full review of its contents. This Policy now meets the requirements of the Regulator for Cyber Security. The new Policy will be taken to the Staff and Pension Committee in June 2024. Training for all Committee members, Board and officers will also be arranged.
- 4.13 The Fund's Business Continuity Plan has been updated to reflect changes in personnel within the Fund. Officers will, however, be revisiting this document as Warwickshire County Council has a new version that teams within the County Council need to complete.
- 4.14 As part of our work to ensure that the Business Continuity Plan could be used in an emergency, during February, the Pension Administration Team were one of the first Teams in the County Council to carry out a documented scenario test. This involved an analysis of how the Administration Team would carry out its functions, if there were to be a cyber-attack, which took down the systems it used.
- 4.15 The Fund's Internal Dispute Resolution Procedure guidance has been reviewed but no material changes were required. This is the procedure that is followed by Pension Fund members, generally to raise an official complaint about a decision that has been made relating to their pension benefits.

Regulatory Updates

- 4.16 The 2024/25 employee contribution bands set out the employee contribution bands effective from the start of this month (1 April 2024). These are calculated by increasing the 2023/24 employee contribution bands by the

September 2023 CPI figure of 6.7% and then rounding down the result to the nearest £100.

Band	Actual Pension Pay	Main Section Contribution Rate	50/50 Section Contribution Rate
1	Up to £17,600	5.50%	2.27%
2	£17,601 to £27,600	5.80%	2.90%
3	£27,601 to £44,900	6.50%	3.25%
4	£44,901 to £56,800	6.80%	3.40%
5	£56,801 to £ 79,700	8.50%	4.25%
6	£79,701 to £ 112,900	9.90%	4.95%
7	£112,901 to £133.100	10.50%	5.25%
8	£133,101 to £199,700	11.40%	5.70%
9	£199, 701 or more	12.50%	6.25%

- 4.17 As mentioned earlier in this Report, on 10 January 2024 the Pensions Regulator (TPR) produced the new General Code of Practice. The Scheme Advisory Board (SAB) is studying the Code to identify any new requirements for administering authorities and to consider how the Code's requirements align with items on the SAB workplan, such as the SAB's 2021 Good Governance recommendations.
- 4.18 TPR's research on governance and administration shows that the LGPS already has high standards of governance in place. The Code provides an opportunity for funds to review current practices, but also presents challenges during what is already a busy time for the LGPS. Clarity is required on which parts of the Code apply to the LGPS, what these mean for administering authorities and how they should be applied in practice. The SAB will support authorities in understanding any new requirements in the Code and, where needed, will produce new or update existing guidance to help authorities with their responsibilities. If the Fund commission an independent governance review further supporting guidance will be made available to Warwickshire.

5. Timescales associated with the decision and next steps

- 5.1 None

Appendices

1. Appendix 1 – Forward Plan

	Name	Contact Information
Report Author	Martin Griffiths, Technical Specialist Pension Fund Policy and Governance Chris Norton, Head of Investments, Audit and Risk	martingriffiths@warwickshire.gov.uk, chrisnorton@warwickshire.gov.uk
Director	Virginia Rennie Director of Finance (Interim)	vrennie@warwickshire.gov.uk
Executive Director	Rob Powell, Executive Director for Resources	robpowell@warwickshire.gov.uk
Portfolio Holder	Peter Butlin, Portfolio Holder for Finance and Property	peterbutlin@warwickshire.gov.uk

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

Local Member(s): not applicable – pension report

Other members: Cllr C Kettle & Cllr B Gifford

This page is intentionally left blank

Appendix 1

Local Pension Board Forward Plan

Q4 16 April 2024	Q1 19 July 2024	Q2 22 October 2024	Q3 21 January 2025
Administration and Performance update	Administration and Performance update	Administration and Performance update	Administration and Performance update
Policy & Regulation Update (Governance)	Policy & Regulation Update (Governance)	Policy & Regulation Update (Governance)	Policy & Regulation Update (Governance)
Forward Plan (Governance)	Forward Plan (Governance)	Forward Plan (Governance)	Forward Plan (Governance)
Risk Monitoring (Governance)	Risk Monitoring (Governance)	Risk Monitoring (Governance)	Risk Monitoring (Governance)
Training Plan (Governance)	Training Plan Governance)	Training Plan (Governance)	Training Plan (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)
	Chair's Annual Report		

Bespoke Items

Q4 16 April 2024	Q1 19 July 2024	Q2 22 October 2024	Q3 21 January 2025
Knowledge & Skills Assessment / LOLA Training	Knowledge & Skills Assessment / LOLAS Training	Knowledge & Skills Assessment/ LOLA Training	Knowledge & Skills Assessment / LOLA Training

Polices for Review

Staff and Pension Committee (S&PC)

Pension Fund Investment Sub-Committee (PFISC)

Q4 16 April 2024	Q1 19 July 2024	Q2 22 October 2024	Q3 21 January 2025
Conflicts of Interest Policy (S&PC)	Cyber Security (S&PC)	Administration Strategy (S&PC)	Conflict of Interest Policy (S&PC)
Business Plan (S&PC)	Governance Review (S&PC)	Admission and Termination Policy (S&PC)	Cyber Security Policy (S&PC)
Business Continuity Plan (S&PC)	Breaches Policy (S&PC)	Governance Compliance Statement (S&PC)	Training Policy (PFISC)
Governance Policy (S&PC)	Communications Policy (S&PC)	Voting and Stewardship Policy (PFISC)	
Internal Dispute Resolution Procedure Review (S&PC)	Data Retention Policy (S&PC)	Responsible Investment Policy (PFISC)	
Training Policy (PFISC)	Fraud Prevention Policy (S&PC)		
	Fund Discretions (S&PC)		
	Climate Risk Policy (PFISC)		
	Investment Strategy Statement (PFISC)		

Please note...

Any of the Policies or reviews relating directly to Governance matters will be completed after the publication of the Scheme Advisory Boards Good Governance Review.

Any Policy contained in the table above may be reviewed in a different quarter in order to reflect workloads or requirements for more urgent amendments.

OFFICIAL

This page is intentionally left blank

Warwickshire Local Pension Board

16 April 2024

Pension 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	6,573	35.28% of active members	+1.36%
Deferred	5,527	25.58% of deferred members	+1.14%
Pensioner	5,184	33.10% of pensioners	+1.40%

- 4.2 All types of membership have increased by between 1% and 2% from last reported figures. The fund continues to advertise the MSS system in other communications with our members. We hope to see an increase in MSS usage when we issue our Annual Benefit Statements for 2023/2024.

5. Key Performance Indicators (KPIs)

- 5.1 Appendix 1 shows the KPI performance for the period 1 April 2023 to 29 February 2024.
- 5.2 7 out of 14 KPIs are meeting their target; the KPIs that are currently below target and the reasons for this are set out in paragraphs 5.3 to 5.9.
- 5.3 **KPI 1 (Letter detailing transfer in quote)** - There had 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 87% at the last report to 89% 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 is improving. The result for February 2024 was 92.5%, up from 88.5% in January 2024.
- 5.6 **KPI 4 (Letter notifying estimate of Retirement benefits (Active))** – Fund staff continue to work to improve this KPI. Manual workarounds needed for McCloud cases had affected the fund’s ability to meet this KPI, these workarounds are no longer needed due to a recent software update, so we expect to see an improvement.
- 5.7 **KPI 8 (Initial letter notifying death of a member)** – This KPI is nearly achieving the 95% target. 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.
- 5.8 **KPI 9 (Letter notifying amount of dependent’s benefits)** - This KPI is improving. When last reported it was 85%, it is now 88%. 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	456	57%	258
2.Letter detailing transfer out quote	10 days	323	89%	287
3.Process and pay a refund	10 days	323	90%	291
4.Letter notifying estimate of retirement benefits (Active)	15 days	279	90%	252
5.Letter notifying actual retirement benefits (Active)	15 days	345	100%	344
6.Process and pay lump sum (Active)	10 days	345	97%	336
7.Process and pay death grant	10 Days	120	96%	115
8.Initial letter notifying death of a member	5 days	444	93%	415
9.Letter notifying amount of dependents benefits	10 days	144	88%	126
10.Divorce quote letter	45 days	92	98%	90
11.Divorce settlement letter	15 days	3	33%	1
12.Send notification of joining scheme to member	40 days	369	98%	362
13.Deferred benefits into payment	15 days	675	98%	661
14.Calculate and notify deferred benefits.	30 days	1893	96%	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	Q3
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	NIL
Accuracy	Paying people accurately	99% of all requested staff payments will be paid accurately	100%	99.99%	100%
Assurance	Paying people on time	100% of input submitted onto YourHR before deadline will be paid on the relevant scheduled pay day	100%	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%	100%
Satisfaction with service	We will achieve consistently high levels of customer satisfaction	Traded wide net promotor score will be 8.8 or more	10	NIL	10

7. Workloads

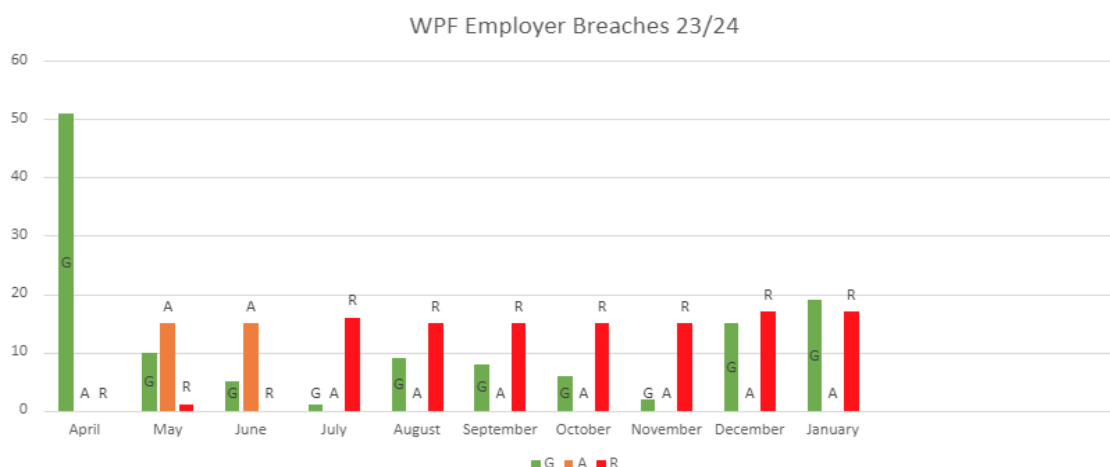
- 7.1 The PAS continues to monitor work being received by the team and ensure we have the resources to manage the workload.
- 7.2 From 1 January 2024 to 29 February 2024 there have been 6,235 cases created and 6,505 completed. This compares to 6,623 created and 7,635 completed in the same period last year.
- 7.3 The drop in the 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 and the i-connect system where employers can upload data directly into our administration system.
- 7.4 We (along with wider council colleagues) have implemented a new telephone system from 27 February 2024 which will allow us to collate data on the volume, length and type of telephone calls we receive. The PAS will review the additional information this provides, and where appropriate include data on this in future reports.
- 7.5 With the introduction of pension dashboards, the PAS will need to consider how it will resource queries coming into the team as awareness regarding

pensions and planning for retirement increases. Further information on Pension Dashboards is shown in section 11.

8. Breaches

8.1 In accordance with the Fund’s Breaches Policy, a green breach is recorded where a breach is identified and monitored by the fund but is not yet material and no further escalation is required. An amber breach arises from multiple breaches and 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, and a red breach recorded.

8.2 The table below indicates the number of breaches the Fund has recorded for the period 1 April 2023 to 31 January 2024:



8.3 The Multi Academy Trust (MAT) (consisting of 17 employers) who had not provided data since April 2023 have provided outstanding information up to 31 December 2023 and 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. As at January 2024 the MAT’s data is still one month behind schedule and the red breaches will be removed when data submissions are up to date.

8.4 We have reported to the Pension Regulator (tPR) a breach in relation to the non-payment of employer contribution’s on back pay for a group of 6 employers who use Warwickshire County Council payroll. The PAS have an agreed action plan to rectify this error. We await to hear a response from tPR.

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 which fund officers are following.
- 11.3 The Pensions Dashboard Programme (PDP) has confirmed that public service pension schemes will have a staging date of 30 September 2025.
- 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 93.5%, with our main issue being that we have 2,043 records with out-of-date addresses. The fund are beginning to look at providers which run address tracing services, this will be used to improve our data prior to the staging date.
- 11.5 The fund have created a business case for the PDP project and are engaging with suppliers and Warwickshire County Council procurement team to purchase an Integrated Service Provider (ISP) which will connect us to the national dashboard.

12. McCloud Project

- 12.1 The McCloud project is now drawing to a close. The regulations were laid on 1 October 2023 and all business-as-usual work is being calculated in accordance with the new regulations.
- 12.2 The fund are working through rectification calculations for members who left the scheme during the remedy period of 01/04/2014 to 31/03/2022.
- 12.3 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.

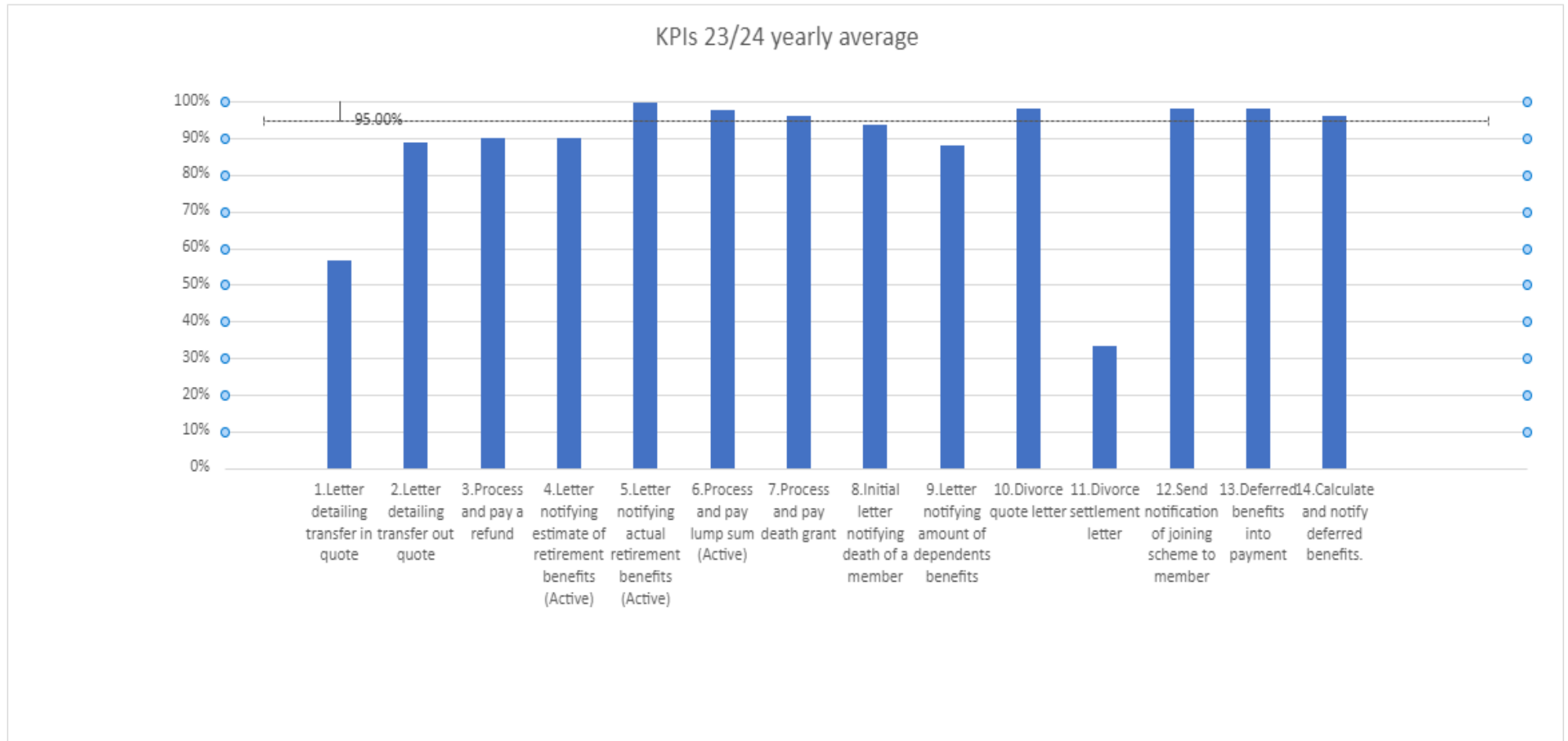
	Name	Contact Information
Report Author	Lisa Eglesfield Interim Pension Administration Delivery Lead, Ian Morris Membership Team Manager, Alistair Wickens, Employer Relations Team Manager	lisaeglesfield@warwickshire.gov.uk, ianmorris@warwickshire.gov.uk, alistairwickens@warwickshire.gov.uk
Director	Virginia Rennie, Director of Finance	vrennie@warwickshire.gov.uk
Executive Director	Rob Powell, Executive Director for Resources	robpowell@warwickshire.gov.uk
Portfolio Holder	Cllr Peter Butlin Portfolio Holder for Finance and Property	peterbutlin@warwickshire.gov.uk

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

Local Member(s): n/a

Other members: Cllrs Dahmash and Gifford

Appendix 1 KPI Chart



Warwickshire Local Pension Board

16 April 2024

Warwickshire Pension Fund Business Plan Report

Recommendations

That the Warwickshire Local Pension Board:

- 1) notes and comments on the progress made as at Quarter 4 on the 2023/24 Business Plan; and
- 2) notes and comments on the 2024/25 Warwickshire Pension Fund Business Plan, approved by the Staff and Pension Committee on 4 March 2024.

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 discusses the Warwickshire Pension Fund's Business Plan for 2023/24 (Appendix 1), as approved by the Staff and Pensions Committee in March 2024, and the progress made up to the fourth 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 This Report also contains the Warwickshire Pension Fund Business Plan for 2024/25 as approved by the Staff and Pension Committee on the 4 March 2024 (Appendix 2). The majority of the items will appear each year as they relate directly to procedures that need to be carried out on an annual basis to fulfil regulatory requirements.

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 Items	10	22	5	0	37
Percentage of Items	27%	59%	14%	0%	100%

- 4.2 The Green items on the Business Plan are principally not marked completed, as these projects will be continuing into the 24/25 year. Items like the newsletters and benefit statements are however marked as completed as they will become a new project for the next Plan.
- 4.3 We still have a number of amber items on the Business Plan. These include:
- 4.3.1 **(Item 8)** Review of complaints received; we have one outstanding IDRPs case that is still to be resolved.
 - 4.3.2 **(Item 12)** dealing with monitoring employer contributions, where there has been a slight hold up with the direct debit project that we launched. We hope the staffing capacity to look at this project will be available shortly.
 - 4.3.3 **(Item 19)** the implementation of a system to check underperforming funds, which officers are picking up with advisers, unfortunately this has been held up by a lack of officer capacity and
 - 4.3.4 **(Items 36 & 36)**, Compliance with the 2020 Stewardship Code and the implementation of TCFD disclosure requirements, which have been held up by officer capacity and staff turnover.
- 4.4 The Business Plan for 2024/25 was taken to the Staff and Pension Committee in June where the Plan was approved. The current Plan can be seen in Appendix 2.

5. Timescales associated with the decision and next steps

- 5.1 None.

Appendices

1. Appendix 1 Warwickshire Pension Fund Business Plan Update for Q4
2. Appendix 2 Warwickshire Pension Fund Business Plan 2024/25

	Name	Contact Information
Report Author	Martin Griffiths, Technical and Policy Lead Chris Norton Head of Investments, Audit and Risk	martingriffiths@warwickshire.gov.uk, chrisnorton@warwickshire.gov.uk
Director	Virginia Rennie Interim Finance Director	virginia.ennie@warwickshire.gov.uk
Executive Director	Rob Powell Executive Director for Resources	rob.powell@warwickshire.gov.uk
Portfolio Holder	Cllr Peter Butlin Portfolio Holder for Finance and Property	peter.butlin@warwickshire.gov.uk

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

Local Member(s): n/a pension fund report

Other members: Cllr C Kettle & Cllr B Gifford

This page is intentionally left blank

Appendix 1 - Quarter 4 Business Plan (2023-24) Review

Ref	Business Plan Action	Timescale within Business Plan	RAG Rating at Q4	Comments at Q4
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 uptake from new starters and signing up sessions will be held in the new year at different Fund employers. Membership is expected to grow in the coming year.
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	Green	The majority of KPIs are above 90%, we are however, working to improve others. Back logs had 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

Ref	Business Plan Action	Timescale within Business Plan	RAG Rating at Q4	Comments at Q4
				information updated when required. This work will continue into the coming year.
8	Review of complaints received.	Quarterly	Amber	1 outstanding 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 once monthly post 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. Work on McCloud will continue, but PAS will meet the new Statutory guidance released by the LGA.
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 has been created in order that the PAS can prioritise areas of data that require attention. Work on data quality is a continuing workstream.
11	Develop pension dashboards.	Dependent on issue of requirements	Green	Now delayed to September 2025, preparation continues as above. The change in date

Ref	Business Plan Action	Timescale within Business Plan	RAG Rating at Q4	Comments at Q4
				has been caused by the movement of the government's timeline. PAS are waiting approval on their business case for additional resources.
12	Monitor employer contribution performance through the year.	Monthly	Amber	Direct debit project progressing, testing has taken place with a small number of employers this year, 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. We will continue to work on this project in the coming year.
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 on bonds. Work on this will continue into the coming year.

Ref	Business Plan Action	Timescale within Business Plan	RAG Rating at Q4	Comments at Q4
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	December 2023	Amber	Officers progressing this work alongside advisors.

Ref	Business Plan Action	Timescale within Business Plan	RAG Rating at Q4	Comments at Q4
	funds with a view to potential reallocation of funds elsewhere.			
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 2023	Completed	Annual General Meeting held on the 24 November at Warwick Racecourse.
22	Production of Statement of Accounts	May 2023	Completed	The Accounts went to Council on the 19 December for approval and have also been reported in their final form to the Audit and Standards Committee.
23	Publication of Pension Fund Annual Report	November 2023	Completed	Published on the website on. Received Council approval in December 2023.
24	Ensure Fund risks are reviewed regularly.	Quarterly	Green	Regular Risk Meetings held by Officers and Advisers. This will continue into the coming year.
25	Review of the pension fund committee structure and terms of reference	March 2024	Green	Changes may be required to comply with the SAB Good Governance Review. And TPR General Code of Practice. Full Governance Review will take place in coming year.
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. This will continue into the coming year.
27	Maintenance of Business Continuity planning	March 2024	Green	The Council has development a new business continuity plan and the Fund

Ref	Business Plan Action	Timescale within Business Plan	RAG Rating at Q4	Comments at Q4
				is working on this document. A scenario test was carried out during quarter 4, by the PAS.
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 published this document in January 2024. Management is working through any changes that may be required, this will be continued into the coming year.
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 funds that assist in meeting the levelling up 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. Training has been arranged for Committee, Board and Officers for May 2024.
32	Succession planning for Committee and Board membership.	March 2024	Completed	Vacant Local Pension Board member role has been filled.

Ref	Business Plan Action	Timescale within Business Plan	RAG Rating at Q4	Comments at Q4
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. This will continue into the coming year.
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.
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.

This page is intentionally left blank

WARWICKSHIRE

pension fund

Business Plan

2024/2025

Contents

1	Introduction
2	Activity
3	Long-Term Objectives
4	Key Performance Measures
5	Key Business Plan Items
6	Actions

Appendices

A	Administration Performance Measures
B	Investment Performance Measures
C	Single Action Plan

1 Introduction

- 1.1 This document sets out the business plan for the Warwickshire Pension Fund for 2024/25, including objectives, strategic priorities, and an action plan to achieve them.
- 1.2 Warwickshire County Council (WCC) is the Administering Authority of the Warwickshire Pension Fund ('the Fund') administering both the Local Government and Firefighter Pension Schemes. This business plan relates to the Local Government Pension Scheme only.
- 1.3 The role of Scheme Manager for the Warwickshire Pension Fund is undertaken by the Executive Director for Resources.
- 1.4 The administration of the fund is carried out through Warwickshire County Council's Staff and Pensions Committee, the Pension Fund Investment Sub Committee, and the Local Pension Board and WCC employs a Pensions Administration Team within Finance to undertake the day-to-day operation of the Fund.
- 1.5 The Staff and Pensions Committee and Pension Fund Investment Sub-Committee are comprised of elected County Council members whilst the Local Pension Board is an equal mix of representatives of employers and scheme members with an independent chair in accordance with the requirements of the Public Services Pension Act 2013.

2. Activity

- 2.1 At December 2023, the total membership of the fund stood at 57,768. Pension fund membership continues to increase over the long-term. This increase is expected to continue due to automatic enrolment and increased public awareness of pensions.
- 2.2 The number of employers within the scheme has increased to 227 at December 2023, and this also continues a long-term trend of an increasing number of active employers, driven for example by academisation and the contracting out of services by organisations within the pension fund.
- 2.3 The complexity of the scheme continues to increase over time, for example the implementation of the McCloud remedy, Pension Dashboards, and the simpler final salary pension activity being gradually replaced by more complex calculations for pensions which have to incorporate different rules and retirement ages for different periods of membership. Checking compliance with the TPR General Code of Practice.
- 2.4 The fund value has continued to increase and was at £2.97bn by the end of December 2023
- 2.5 The complexity of investment activity has steadily increased with the introduction of a variety of "alternatives" funds.

- 2.6 In the longer term, pooling will reduce the amount of fund managers that the Fund commissions directly, however the increased complexity in terms of the number of different mandates invested in is likely to remain.

3. Long term objectives

- 3.1 The Fund's fundamental objectives are that:
- i.) Pension benefits are paid to members accurately and on time; and
 - ii.) The funds are available to pay benefits when they fall due.
- 3.2 To do this the Fund will:
- i.) Ensure the governance arrangements of the Pension Fund allow officers, employers, pension fund committee and Pension Board members to discharge their responsibilities efficiently and effectively;
 - ii.) Deliver a high-quality pension administration service, working effectively with scheme employers and maintaining a constant focus on data quality and customer service; and
 - iii.) Ensure the financial sustainability of the Fund through effective forecasting of long-term liabilities, determination and collection of appropriate contributions and generation of an appropriate risk adjusted return from the fund's investments.

4. Key Actions and Performance Measures

- 4.1 Key actions and performance indicators for the Fund are organised into the categories of administration, investment, and governance / management.

Administration

- 4.2 Administration service performance measures are set out in Appendix A.
- 4.3 Alongside the key metrics for the administration service a number of key activities will be progressed, these include:
- i.) The implementation of the McCloud remedy;
 - ii.) Expanding the number of members using the online member self-service portal; and
 - iii.) Preparation for the introduction of the Pensions Dashboard.

Investments

- 4.4 Ultimately, the Fund needs to focus on ensuring that the rates of return required by the triennial valuation are achieved and that enough income is generated to cover any shortfall between contributions, benefits and expenses.
- 4.5 To support this aim, the Investment Strategy sets out a Strategic Asset Allocation (Appendix B), and within each investment fund a target risk / return profile is delivered over the appropriate timeframe, i.e. performance is usually measured over the medium to long-term.
- 4.6 In addition to business as usual the following key activities will be undertaken:
 - i.) Further development of ESG monitoring and climate change actions.
 - ii.) Supporting the further development of the Border to Coast Pension Partnership.
 - iii.) Review the implications of the LGPS Next Steps Consultation.
 - iv.) Recruitment of a Permanent Investment Manager.

Governance / Management

- 4.7 In maintaining the good governance of the fund, the following additional performance measures and key actions will be delivered:
 - i.) Cash flow management will continue to have a high profile to ensure that it is not necessary to sell assets inappropriately under distress.
 - ii.) The pension fund accounts are prepared and published on time, without qualification by external audit. Delays in approving the accounts have been experienced in recent years due to external audit and team capacity.
 - iii.) Review and implement as appropriate the requirements of the Scheme Advisory Board Good Governance project and the Pensions Regulators General Code of Practice.

5. Key Business Plan Themes

Workforce Planning

- 5.1 Workforce planning will be undertaken to promote staff retention and maintaining resilience within small and specialized services.
- 5.2 Full Council will consider succession planning in respect of board membership in order to maximize the chances of identifying and recruiting new members when required and will consider ways to promote diversity.

- 5.3 Both the administration team and the governance and investments team have increased resources in recent years, and this has improved the performance, governance and resilience of the Fund's operations. Capacity will be kept under review. Resources required for specific projects will be identified and approved through business cases and project management approaches.

Ensuring Appropriate Governance

- 5.4 The Fund will review the outcomes of the Scheme Advisory Good Governance Project and Pension Regulators General Code of Practice and take steps to implement any new arrangements that are required.

Climate Change / ESG Policy

- 5.5 The Fund will continue to mitigate the Fund's exposure to climate risk and to ensure climate issues are appropriately considered in its decision making. It will also look to improve its use of metrics relating to ESG and Climate Change.

Developing Improved Systems

- 5.6 i-Connect has been successfully implemented and embedded, and Member Self Service will continue to expand its coverage to a wider proportion of the scheme's membership.
- 5.7 We will be monitoring the success of the new telephone system used by the Pension Administration Team, in providing statistics on calls received.
- 5.8 Implementation of Pensions Dashboard functionality will be an important activity for the Fund but will be driven by externally set timelines. In the short term it is important for the Fund to focus on advanced preparation for the anticipated changes wherever possible.

Collaboration

- 5.9 The Fund will collaborate with Partner Funds and the Border to Coast Pension Partnership to further develop the performance and activities of the Pool and expand the benefits of Pooling.

Strong Investment Management

- 5.10 As Border to Coast matures and develops more products the Fund may increase its allocations to the pool. At the same time the Fund will ensure it retains strong links with fund managers outside of the pool to exercise appropriate stewardship of all its assets.

Pooling

- 5.11 The Border to Coast Pension Partnership will continue to develop new products and Warwickshire Pension Fund will work with BCPP and partner funds to help to shape the products being developed.
- 5.12 Warwickshire Pension Fund will retain a preference for investing in pooled products that meets its objectives but retains the option to invest with other managers where this is appropriate.
- 5.13 The Fund will continue to work alongside the pool and partner funds on responsible investment and sustainability, including making more use of metrics to evidence and promote sustainable activity.

Investing in Employer Liaison

- 5.14 The fund will continue to work closely with employers, providing information, support, signposting, and training to help employers to meet their responsibilities.

Review of Cashflow Requirements

- 5.15 Officers will continue to monitor cash balances closely so the Fund can meet operating and investment cashflow requirements.

6. Actions

- 6.1 Appendix C sets out a summary of the actions planned for the coming year. The activity plan focuses on significant change activity and activity to do with delivering key functions.
- 6.2 Actions are grouped into the following categories:
 - i.) Ensuring a high-quality administration service
 - ii.) Actuarial activities
 - iii.) Maximising Investment Benefits
 - iv.) Ensuring Good Governance
 - v.) Sustainability

Appendix A

Administration Performance Measures

Key Performance Indicator	Fund Target (95%)
1. Letter detailing transfer in quote	10 days
2. Letter detailing transfer out quote	10 days
3. Process and pay a refund	10 days
4. Letter notifying estimate of retirement benefits (Active)	15 days
5. Letter notifying actual retirement benefits (Active)	15 days
6. Process and pay lump sum (Active)	10 days
7. Process and pay death grant	10 Days
8. Initial letter notifying death of a member	5 days
9. Letter notifying amount of dependents benefits	10 days
10. Divorce quote letter	45 days
11. Divorce settlement letter	15 days
12. Send notification of joining scheme to member	40 days
13. Deferred benefits into payment	15 days
14. Calculate and notify deferred benefits.	30 days
15. Average days from retirement to payment of lump sum.	Measure of member experience

Strategic Asset Allocation

Asset class	Current Target Asset Allocation (%)	Asset Allocation Range (%)
UK equities	6.0	+/-2.5
Overseas equities	31.0	+/-2.5
Fundamental global equity*	5.0	+/-2.5
Private equity	6.0	n/a
Total Growth	48.0	
Property	10.0	n/a
Infrastructure	10.0	n/a
Private debt	7.0	n/a
Multi asset credit	10.0	n/a
Total Income	37.0	
UK corporate bonds	10.0	+/-1.5
UK index linked bonds	5.0	+/-0.5
Total Protection	15.0	
Total	100.0	

* Refers to passive global equities invested in line with the RAFI All World 3000 index, which weights underlying constituents by fundamental factors as opposed to traditional market capitalisation weightings.

Single Action Plan

C1. Ensuring a high-quality administration service

Ref	Action	Timescale
1	Annual Pensioners Newsletter issued	April-June 2024
2	Annual benefit statements issued	By 31 August 2024
3	Member Self Service, expanding the number of users	April March 2025
4	Annual Allowance statements issued	By 5 October 2024
5	Employer Engagement/training event	November 2024
6	Administration performance - KPIs reported to the Staff and Pensions Committee and Local Pensions Board	Quarterly
7	Review of Pension Fund website	Quarterly
8	Review of complaints and compliments received, and report to Staff and Pensions committee during the year	Quarterly
9	McCloud Project	March 2025
10	Data quality review	Annually
11	Develop pension dashboards	Ongoing

C2. Actuarial Activities

Ref	Action	Timescale
12	Monitor employer contribution performance through the year	Monthly

C3. Optimising Investment Risk and Return

Ref	Action	Timescale
13	Support the development of new Border to Coast fund products, for example the property fund	As funds launch
14	Continue to move the investment mix towards the long-term Strategic Asset Allocation	Ongoing
15	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
16	Respond to the new pooling guidance arising from the LGPS next Steps on Investments Consultation	December 2024

C4. Ensuring Good Governance

Ref	Action	Timescale
17	Deliver the Pension Fund Annual General Meeting, aiming for positive feedback from all stakeholders	November 2024
18	Production of draft statement of accounts	May 2024
19	Publication of Annual Pension Fund Report	November 2024
20	Regular and effective review and management of Fund risks	Quarterly
21	Maintenance of a Policy Register / schedule for policy reviews, and the timely delivery of policy reviews	Quarterly
22	Maintenance of business continuity planning	Ongoing
23	Respond to the Scheme Advisory Board Good Governance Review	Dependent on issue of requirements
24	Respond to the tPR General Code of Practice that became live in March 2024	December 2024
25	Testing of cyber security arrangements	Ongoing (Intervals as agreed by the Fund)
26	Succession planning for committee and board membership	March 2025
27	Maintenance of a training strategy and training log	Quarterly

C5. Sustainability

Ref	Action	Timescale
28	Further develop the Fund's Climate Risk Strategy and the Fund's approach ESG, including the development of goals and milestones and monitoring of metrics	Ongoing
29	Implement TCFD disclosure requirements	March 2024
30	Engage with pooling partner funds and Border to Coast on climate change and RI developments	Quarterly

This page is intentionally left blank

Warwickshire Local Pension Board

16 April 2024

Investment Update

Recommendation

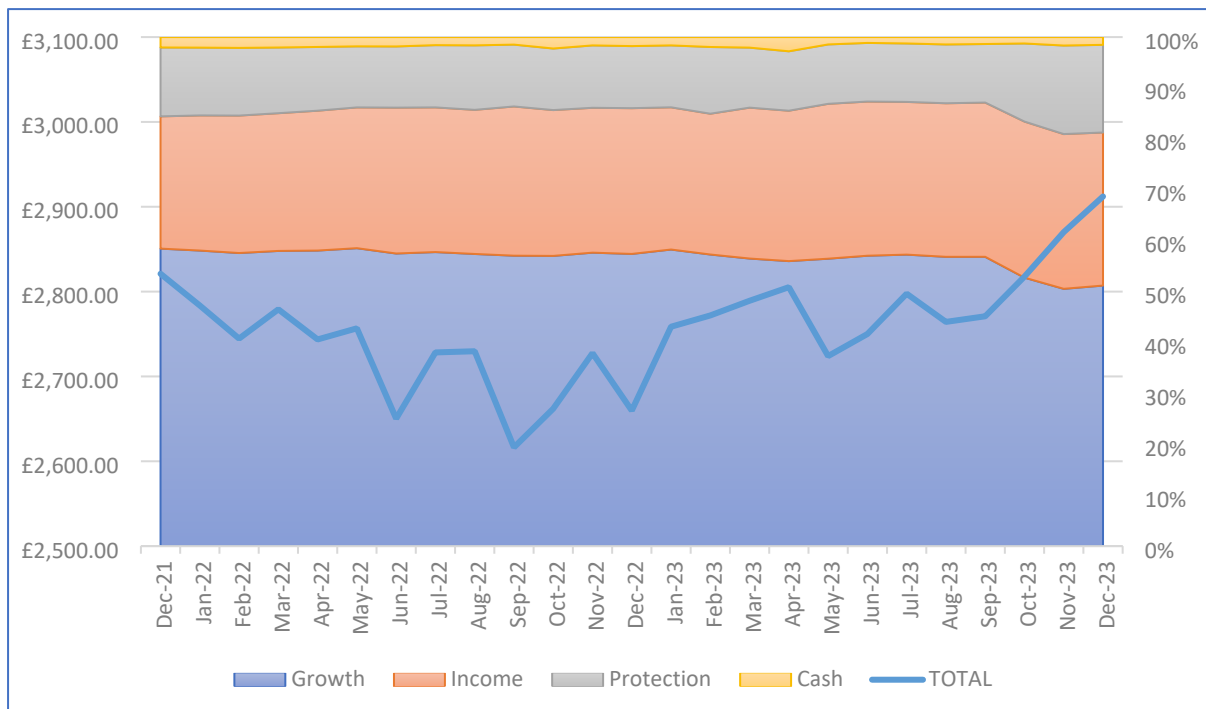
That the Pension Board notes and comments on the contents of this report.

1. Executive Summary

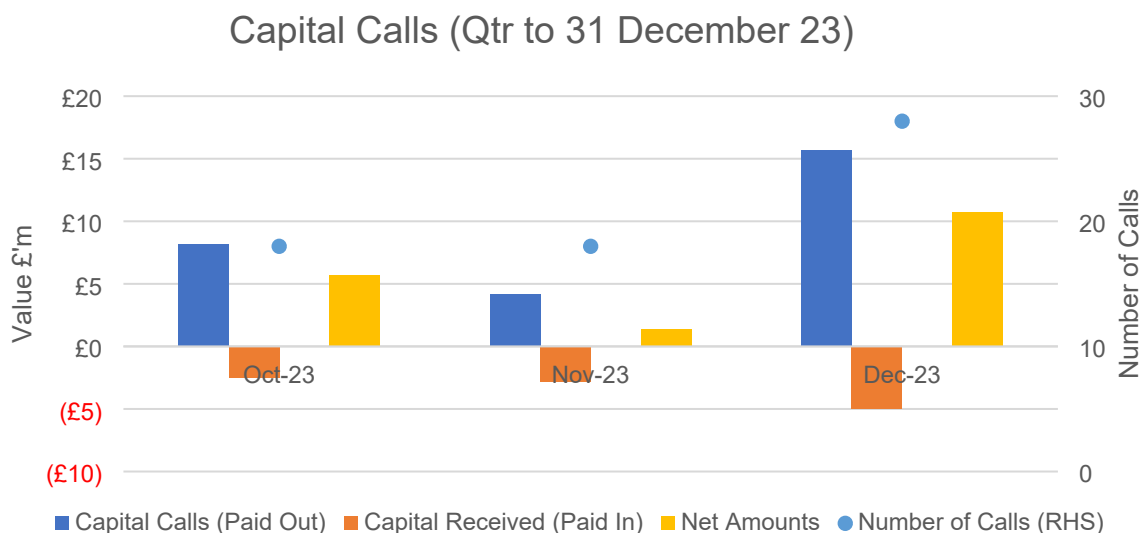
1.1. This report provides a general update on investment related activity including cashflow, private markets activity, voting, and the next steps for the LGPS investment management following a recent government consultation.

2. Portfolio Commentary

2.1. The return on the Fund's assets over the quarter (end Sept to end Dec 2023) was 1.34%, with equities and bonds remaining flat over the period. This means that the Fund was above its benchmark target (of 1%) over this quarter. A visual view of portfolio performance (since Dec 21) is shown below:



- 2.2. A key activity for the Fund remains the building up of investments in alternatives, in line with the approved Investment Strategy (private equity, infrastructure, and private debt). The Fund serviced 64 capital movements in the last quarter, with a net value of £17.83m. This represents almost a doubling in activity compared to the previous 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	£611,000,000	£410,000,000	£1,022,000,000
% of Total	60%	40%	100%

- 2.4. Cash balances as at the end of December 2023 were £44.2m. This total represents approximately 1.5% of the Fund's value. (£21m in Lloyds – to manage transactions such as receiving employer contributions and paying member benefits and £23.2m in BlackRock – this account is used to meet capital movements). Following recommendations approved at the December 2023 Pension Fund Investment Sub-Committee, our cash float target is now £50m going forward.

3. Voting

- 3.1. The Fund holds actively managed equities through funds within the Border to Coast Pensions Partnership (BCPP), and passive equities managed through funds held with Legal & 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 (September 30, 2023 - December 31 2023)				
Voting Direction	UK Alpha	Global Alpha	UK Alpha	Global Alpha
	Vote Count		% of Total	
For	164	196	92%	81%
Against	13	39	7%	16%
Other	2	8	1%	3%
Total	179	243	100%	100%

- 3.3. Border to Coast provide published reports on their website in respect of voting (and engagement) activity, and the link is included [here](#).
- 3.4. The table below summarises voting activity in the previous quarter in respect of funds held with LGIM.

LGIM Equity Funds - Voting Q3 (September 30, 2023 - December 31 2023)				
Voting Direction	UK	Rest of World	UK	Rest of World
	Vote Count		% of Total	
For	1246	2586	94%	74%
Against	78	786	6%	23%
Other	4	109	0%	3%
Total	1328	3481	100%	100%

- 3.5. 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

Protection Assets

- 4.1. More money is now being allocated to 'protection assets' since the 'Real Yield' trigger (this is when bond yields are above long-term inflation rates) has now been reached and higher yield assets are more attractive. Tranche 2 (of 5 allocation tranches) is being completed and to date £158m has been moved so far from listed equities (seperate from private equity) to bonds.

- 4.2. The global passive equity funds restructuring (which is in 3 separate tranches and will also include the addition of to the new Responsible Investment (“RI”)fund (The LGIM Low Carbon Transition Fund) has started well and to date £170m has been moved. The additional 2 tranches are expected to be completed in early 2024.

Government Consultation – LGPS Next Steps on Investments

- 4.3. Chancellor Jeremy Hunt announced a package of measures in July 2023 which were indicated to be aimed at enabling the financial services sector to increase pension and other investment returns for people across the UK and to 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.
- 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. 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. This guidance included:
- 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.
 - The Government will set out a preferred model of pooling (including delegation of manager selection and strategy implementation).
 - Funds are to set a training policy for pensions committee members, and report against the policy.
 - 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.
 - Funds to have an ambition to invest 10% in Private Equity and a plan to invest 5% in Levelling Up.
 - Pools should seek scale and should be c.£200bn by 2040 (Gad estimating LGPS at c. £950bn by 2040 implies 4-5 pools).
- 4.6. The Government wishes to see greater collaboration between pools in the meantime. The Government has indicated its intention to develop the associated Guidance, ideally by the summer. The Government has previously

stated that if an individual Fund doesn't meet this policy intent, their position as an Administrating Authority can be removed through existing powers.

- 4.7. Russia/Ukraine War. Our exposure to the region is very limited now, with our total exposure (across all asset classes including bonds and equities) totalling £293k via the BCPP Multi Asset redit ("MAC") Fund.
- 4.8. The Fund is in discussion with Border to Coast regarding their newly proposed UK Real Estate Fund, which would potentially replace our existing property exposure (currently with Schroders and Threadneedle). We are now awaiting further workshops to increase our understanding.
- 4.9. The Fund has been undertaking due diligence on the Border to Coast UK Opportunities Fund and Climate Opportunities II Fund.
- 4.10. There has been a collaboration with seven other LGPS funds, to facilitate independent external research (via a company called Inalytics) into the current Equity 'Alpha' funds held with Border to Coast.
- 4.11. We continue to monitor all our managers, regarding their RI pledges. The latest report from BCPP (who are very active and committed to their RI principles) is their Quarterly Stewardship Report Q3 which is available on their [data room](#) (This includes (amongst other RI related items) some excellent engagement examples.
- 4.12. At the time of writing, a procurement exercise is underway in respect of the contract for actuarial services to the Fund. There is also the intention to tender for the custodian service and investment consultant service at a point in the future. However, decisions on the timing of these further procurements will have regard to the capacity to undertake the procurement processes.

CEM Benchmarking Study

- 4.13. The results of the 2022-23 CEM Benchmarking study, which highlights how we have performed against a similar peer group, in relation to our funds performance, costs and funding. The report is available on request, with the key takeaways below:
 - Our investment costs of 67.6 basis points ("bps") was below the benchmark cost of 96.9 bps.
 - Our investment costs were £18m (67.6bps) versus £18.8m in 2022 (70.1bps).

- Our 5-year net total return was 6.9%. This was above the LGPS median of 6.3%.
- Our funding level of 118% on the standard SAB basis in 2022 was below the LGPS median of 123%.
- Our strategic asset allocation suggests that we take less risk relative to our liabilities than LGPS peers.
- Our cumulative 5-year net value added has added £46 million to the funding of our plan.

5. Financial Implications

- 5.1. Further detailed information about the financial implications of the last quarter’s investment performance is included 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.

Background Papers

None

	Name	Contact Information
Report Authors	Paul Higginbotham	paulhigginbotham@warwickshire.gov.uk
Director	Virginia Rennie, Director of Finance	vrennie@warwickshire.gov.uk
Executive Director	Rob Powell, Executive Director for Resources	robpowell@warwickshire.gov.uk
Portfolio Holder	Peter Butlin, Deputy Leader and Portfolio Holder for Finance and Property	peterbutlin@warwickshire.gov.uk

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

Local members: not applicable – pension fund report
Other members: Cllr C Kettle, Cllr B Gifford

Warwickshire Local Pension Board

16 April 2024

Minutes from the March 2024 Pension Fund Committees

Recommendation

That the Local Pension Board considers and comments on the minutes from the March 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 4 March 2024
2. **Appendix 2** - Pension Fund Investment Sub- Committee Minutes from 4 March 2024 and 14 March 2024

Exempt minutes are not included.

	Name	Contact Information
Report Author	Martin Griffiths Technical and Policy Lead	martingriffiths@warwickshire.gov.uk
Director	Virginia Rennie Interim Director of Finance	vrennie@warwickshire.gov.uk
Executive Director	Rob Powell Executive Director for Resources	robpowell@warwickshire.gov.uk
Portfolio Holder	Cllr Peter Butlin Portfolio Holder for Finance and Property	peterbutlin@warwickshire.gov.uk

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

Local Member(s): Cllr C Kettle and Cllr B Gifford

Other members: N/A

Staff and Pensions Committee

Monday 4 March 2024

Minutes

Attendance

Committee Members

Councillor Yousef Dahmash (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
Lisa Eglesfield, Pensions Administration Service Manager
Julie Elliston, Assistant Civic Services Officer
Liz Firmstone, Head of Finance Transformation and Transactions
Martin Griffiths, Technical Specialist – Pension Fund Policy and Governance
Bal Jacob, Director of Workforce and Local Services
Paul Morley, Area Manager – Response, Warwickshire Fire and Rescue Service
Kate Sullivan, Strategy and Commissioning Lead for Organisational Development

Others

Councillor George Jabbour (North Yorkshire Council), Vice Chair of the Border to Coast Pensions Partnership Joint Committee

1. General

(1) Apologies

Apologies for absence were received from Councillor Bill Gifford.

(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 11 December 2023 be approved as an accurate

record and signed by the Chair.

There were no matters arising.

2. Our People Strategy Annual Review 2023/24 and Year 4 Plan 2024/25

Kate Sullivan (Strategy and Commissioning Lead for Organisational Development) introduced the report, stating that the Our People Strategy was reviewed each year and presented to the Committee. The Annual Review examined achievements over the past year as well as performance metrics and priority actions for the year ahead. She advised that five key areas had been prioritised, these were: Strategic Workforce Planning; Reward and Recognition; Recruitment and Retention; Leadership; and Equality, Diversity and Inclusion (EDI) and Wellbeing. The Committee was asked to note the activity summarised within the 2023/24 Annual Review and endorse the Our People Strategy Delivery Plan for 2024/25.

Councillor Millar praised the quality of the report and its findings. She highlighted that it was proposed to work more closely with staff network groups in 2024/25. She asked if the involvement of trade unions would also be sought, stating that trade union representatives were often experienced, well-informed of EDI-related matters, and able to contribute positively.

Kate Sullivan advised that the Joint Consultative Committee (JCC) met on a quarterly basis, providing a means to liaise with trade unions. At present, trade unions did not participate in staff network groups but there was nothing to prevent their involvement. She would highlight this option to trade unions and staff network groups.

In response to Councillor Millar, Kate Sullivan advised that there had been an increase in the number of staff absences due to sickness, including stress and mental health-related absences. In response, an action plan had been devised. Attention had been given to causes of absences including workloads and the effect of long NHS waiting lists. This work was ongoing. She advised that stress and mental health support was provided. The increased number of mental health-related absences was consistent with trends nationally. It was a priority area and continued support would be offered to staff.

Kate Sullivan advised that the wellbeing offer to staff would be augmented by partnership work with Occupational Health and Employee Assistance Programme providers with specific focus on stress and mental health. The Council would also strive to achieve Silver Thrive at Work Accreditation in the year ahead. This included a strong emphasis on stress and mental health support.

In response to the Chair, Kate Sullivan advised that new starters to Warwickshire County Council were asked a series of questions to inform an understanding of social mobility. These questions had recently been refreshed and work would be undertaken to compare the Council's workforce with others both locally and nationally. A 'grow your own' approach was promoted, providing improved opportunities to recruit, retain and develop talented individuals. Social mobility objectives were also supported by visits to schools to promote what the Council had to offer as an employer and provide insight into the range of different careers that were available.

In response to the Chair, Kate Sullivan advised that the Council performed well against EDI criteria. Pay gaps within the organisation compared well against the national average. It would be

important to maintain this good progress and enable staff to feel safe and included. This objective was supported by working closely with staff network groups to listen to feedback and develop effective policies to further promote EDI.

Bal Jacob (Director of Workforce and Local Services) advised that meetings had been held with staff network groups to develop an understanding of how they could be most effectively supported and resourced. This encompassed a focus on communication and approaches to engagement with the workforce. The Council also had an opportunity to engage with local services to promote levelling up and social mobility objectives. This encompassed collaborative working to engage with communities (with a particular focus on areas of social deprivation) to promote career opportunities within the Council. Apprenticeship programmes provided an effective means to bring talented individuals into the organisation and invest in their development.

In response to Councillor Kettle, Kate Sullivan advised that a significant amount of internal communication took place over digital platforms including emails and the Council's intranet. It was acknowledged that this was not always the most effective way to engage with community teams. This had been the focus of a project to give detailed attention to the needs of community workers. It had been found that, whilst community workers may be less likely to respond to a staff survey, the level of engagement within individual teams was very good. As a result, renewed attention would be given to approaches to engage with community teams. She advised that the staff survey response rate was highest within the Resources Directorate. This was anticipated as many of those within the Resources Directorate were desk-based. Within the Communities and People Directorates, there was a higher proportion of staff who had different working patterns which accounted for slightly lower response rates within specific teams. However, the overall response rate had increased from 43% to 56% which was very encouraging.

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

Resolved:

That the Committee notes the activity as set out in the 2023/24 Annual Review of Our People Strategy and endorses the 2024/25 Our People Strategy Delivery Plan.

3. Pension Fund Regulatory and Policy Update Report

The Chair highlighted that Martin Griffiths (Technical Specialist – Pension Fund Policy and Governance) would leave the Council before the date of the next meeting. On behalf of the Committee, he thanked Martin for his dedication and hard work and gave his best wishes.

Martin Griffiths introduced the report which provided an update on the findings of the Annual Review of Pension Fund Policies as well as details of regulatory developments in the pensions arena.

Councillor Millar stated that it was positive that a Business Continuity Plan was in place to ensure smooth running of the Fund following the recent departures of experienced officers. It was also promising that cyber security was being treated as a priority.

Councillor Kettle 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 updates contained within the report.

4. Pension Fund Business Plan 2024/25

Martin Griffiths (Technical Specialist – Pension Fund Policy and Governance) introduced this report which sought the Committee’s approval of the Pension Fund Business Plan for 2024/25. He advised that it was best practice for pension funds to have a formal documented Business Plan in place. This was not only for the benefit of the Fund to demonstrate compliance with the relevant codes, but also for stakeholders to provide an indication of the Fund’s aims and objectives for the year ahead. He advised that the Business Plan complemented the other key documents which governed the strategy and operation of the Fund, including the Investment Strategy and Funding Strategy. He highlighted the governance elements of the Business Plan which formed the main areas of focus for the year ahead. This would enable implementation of the requirements of the Scheme Advisory Board Good Governance Review and the Pensions Regulators General Code of Practice. Preparation for the introduction of the Pensions Dashboard and implementation of the McCloud remedy were also key areas of focus.

In response to Councillor Kettle, Martin Griffiths advised that there were no issues of the magnitude of the McCloud Judgement on the horizon. There were some national pensions administration issues which would require attention; however, these affected a much smaller number of members.

Liz Firmstone (Head of Finance Transformation and Transactions) advised that preparation for the introduction of the Pensions Dashboard was the next large-scale project for the Pensions Administration Team. A Business Plan was being prepared to determine how to manage the anticipated workload. This would include consideration of whether additional resources would be needed to support delivery of the project.

In response to Councillor Hammersley, Martin Griffiths advised that the Triennial Valuation had been successfully completed to ensure that sufficient income could be generated to cover any shortfall between contributions, benefits, and expenses. Work was underway with employers to implement any required changes to contribution rates.

Councillor Millar stated that it was promising that the Business Plan included climate change commitments. She emphasised that the Fund was a long-term investment vehicle. There was a need to ensure that the Fund could fulfil its fiduciary duties which encompassed making investment choices which contributed to mitigating climate change. She praised the inclusion of further development of ESG monitoring for climate change actions within the Business Plan. This was an area of growing importance following recommendations by the Transition Plan Taskforce and International Sustainability Standards Board (ISSB) which would strengthen expectations for reporting by companies on carbon impacts.

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

Resolved:

That the Staff and Pension Committee approves the Business Plan as set out in Appendix 1 of the report.

5. Pensions Delegation Update

Jan Cumming (Senior Solicitor and Team Leader, Commercial and Contracts) introduced the report, stating that Warwickshire County Council's status as a Fire and Rescue Authority meant that it was the Scheme Manager of the Firefighter's Pension Fund. In 2015, it had been decided to delegate the role of Scheme Manager of the Fire Pension Fund to the Chief Fire Officer. However, in practical terms the oversight of administration of the Fire Pension Fund was managed by the Finance Team. Day-to-day activities were largely outsourced to the West Yorkshire Pension Fund under a contract managed by the Finance Team. Having discussed this matter, the Chief Fire Officer and the Executive Director for Resources had concluded that it would be preferable for these finance-based functions to have the oversight of the Council's Chief Finance Officer and thus be delegated to the Executive Director for Resources.

Jan Cumming advised that, at the meeting of the Staff and Pensions Committee in December 2023, updates were proposed to the Fund's Conflict of Interest Policy. The report included clarification that the Executive Director for Resources held the role of s151 for the Council and therefore for the Council in its capacity as Administering Authority for the Pension Fund. To avoid the perception of any conflict, day-to-day functions required in respect of the Pension Fund were delegated to the Director of Finance. These functions were delegated to the post, rather than an individual, and were currently exercised by the Interim Director of Finance pending a permanent appointment to the role. The Committee's approval was sought for the recommendations of the report.

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

Resolved:

That the Staff and Pensions Committee:

1. Approves the delegation of the role of Scheme Manager of the Warwickshire Fire and Rescue Firefighter's Pension Fund to the Executive Director of Resources as set out in paragraph 1 of the report.
2. Approves the amendments to the Conflict of Interest Policy for the Warwickshire Pension Fund set out in Appendix 1 of the report.

6. Pensions Administration Activity and Performance Update

Lisa Eglesfield (Pensions Administration Service Manager) introduced the report which outlined key developments affecting pensions administration and the performance of the Pensions Administration Service (PAS). She provided details of take up of the Member Self Service (MSS)

initiative, performance against KPIs, workloads across the PAS, breaches, implementation of measures to administer the McCloud remedy, and progress of the Pensions Dashboard project.

In response to Councillor Hammersley, Lisa Eglesfield advised that it was anticipated that the Fund would meet the staging date of 1 October 2025 for the Pensions Dashboard without any significant difficulties. An integrated service provider for the project had not yet been sourced. This would be accomplished once a procurement framework was in place.

In response to Councillor Kettle, Lisa Eglesfield advised that a robust process had been followed to notify members of the Fund of the legislative changes brought about by the McCloud remedy. Details had been sent to all members within scope.

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

Resolved:

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

7. Review of the Minutes of the Warwickshire Local Fire Pension Board of 6 November 2023

Lisa Eglesfield (Pensions Administration Service Manager) provided a summary of the topics covered at the meeting of the Local Fire Pension Board, including details of the Second Modified Retained Exercise, preparations for the Pensions Dashboard, and the McCloud age discrimination remedy.

In response to Councillor Millar, Lisa Eglesfield advised that approximately 120 people had been identified as being in scope for the Second Modified Retained Exercise.

In response to Councillor Hammersley, Lisa Eglesfield advised that guidance had been sought from the Local Government Association (LGA) about accessing funding from the Fire Pensions Top-Up Grant including measures to ensure that the right amounts would be applied for at the right intervals.

Councillor Kettle 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 meeting of the Warwickshire Fire Local Pension Board on 6 November 2023.

8. Employers Joining and Leaving the Warwickshire Pension Fund

Lisa Eglesfield (Pensions Administration Service Manager) introduced this report which provided details of academies and contractors that had applied to join the Pension Fund over the past three months, as well as any employers leaving the Fund.

Councillor Kettle moved that the recommendations 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:

1. 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. Facilitate those employers listed in Appendix 1 of the report to exit the Pension Fund.

9. Future Meeting Dates

The Committee noted the dates of future meetings.

The meeting rose at 10:41.

.....
Chair

This page is intentionally left blank

Pension Fund Investment Sub-Committee

Monday 4 March 2024

Minutes

Attendance

Committee Members

Councillor Christopher Kettle (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
Martin Griffiths, Technical Specialist – Pension Fund Policy and Governance
Paul Higginbotham, Investment Analyst – Pensions and Investment
Rob Powell, Executive Director for Resources
Becky Robinson, Lead Commissioner – Treasury and Investment

Others Present

Frank Eich, Independent Advisor
Anthony Fletcher, Independent Advisor
James Glasgow, Hymans Robertson
Councillor George Jabbour (North Yorkshire Council), Vice Chair of the Border to Coast Pensions Partnership Joint Committee
Anthony Kerr, Independent Advisor
Dave Knight, Border to Coast Pensions Partnership
Joe McDonnell, Border to Coast Pensions Partnership
Philip Pearson, Hymans Robertson
Richard Warden, Hymans Robertson

1. General

The Chair welcomed Councillor George Jabbour of North Yorkshire Council to the meeting, stating that Councillor Jabbour had recently been appointed as Vice Chair of the Border to Coast Pensions Partnership Joint Committee. He highlighted the knowledge and experience that Councillor Jabbour would bring to this role.

On behalf of the Sub-Committee, the Chair expressed thanks to Martin Griffiths (Technical Specialist – Pension Fund Policy and Governance) who would leave the Authority before the date

of the next meeting. He praised the high quality of support Martin had provided to the Sub-Committee and gave his best wishes.

As the length of the agenda made it likely that the meeting would be longer than usual, the Chair moved that the Sub-Committee resolve for the meeting to continue beyond three hours' duration. Councillor Hammersley seconded the motion which was unanimously accepted.

(1) Apologies

Apologies for absence were received from Councillor Bill Gifford and Chris Norton (Head of Investments, Audit and Risk).

(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 11 December 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 24 October 2023

Resolved:

That the Pension Fund Investment Sub-Committee notes the minutes of the Local Pension Board meeting of 24 October 2023.

3. Pension Fund Governance Update Report

Martin Griffiths (Technical Specialist – Pension Fund Policy and Governance) introduced this report which provided updated governance information including details of Warwickshire Pension Fund's Forward Plan, risk monitoring, policies, and training. He drew members' attention to the Net Risk Chart on page 3 of the report and highlighted that, following a review of the Risk Register by officers, it had been resolved to upgrade 'Governance Failure' to a red risk. This change had not been made due to any significant financial issues but had come about to ensure compliance with new legislation introduced by the Pensions Regulator. He thanked members for completing the Knowledge and Skills Assessment. The findings of the Assessment had been received from Hymans Robertson and would be used to develop the training programme.

The Chair noted that Climate Change was listed as the most severe risk for both impact and likelihood within the Net Risk Chart. He highlighted the seriousness of climate change which was treated as a priority by the Fund with a focus on risks and mitigations.

Paul Higginbotham (Investment Analyst – Pensions and Investment) stated that continued progress had been made to transition to low-carbon with guidance from advisors on approaches to achieve this objective. Work was also underway with Border to Coast Pensions Partnership (BCPP) to reduce carbon impacts. The Fund was moving quickly, and the pace of the transition would continue to be an area of focus.

Councillor Millar highlighted that recent analysis by the Confederation of British Industry (CBI) and others had shown that acceleration of green growth would lead to increased economic activity, delivering both environmental and economic benefits.

In response to Councillor Hammersley, Martin Griffiths advised that Cyber Security would remain as a red risk for the foreseeable future. New threats in this area were constantly emerging.

In response to the Chair, Paul Higginbotham advised that 'Long term asset values do not meet expectations' had been included as a red risk on the Net Risk Chart in recognition of the risks presented by factors outside of the Fund's control, such as war, oil price shocks, and geopolitical considerations.

James Glasgow (Hymans Robertson) stated that it was not possible to insure against all potential shocks to markets. However, the Fund was in a good position.

Rob Powell (Executive Director for Resources) stated that there were external factors outside of the Fund's control. The Fund was operating in a volatile environment, and current economic conditions meant that there was a need to remain vigilant.

Resolved:

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

4. 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.

Councillor George Jabbour left the meeting at this point.

5. Macroeconomic Update

The Sub-Committee held a confidential discussion.

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. Commitments to Alternative Assets, BTC Series 2c, Climate Opportunities Fund 2 and UK Opportunities Fund

The Sub-Committee held a confidential discussion.

9. Presentation from Joe McDonnell, Chief Investment Officer of Border to Coast Pensions Partnership

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 December 2023 be approved as an accurate record and signed by the Chair.

There were no matters arising.

The meeting rose at 16:42.

.....
Chair

Pension Fund Investment Sub-Committee

Thursday 14 March 2024

Minutes

Attendance

Committee Members

Councillor Christopher Kettle (Chair)
Councillor Brian Hammersley
Councillor Mandy Tromans

Officers

John Cole, Senior Democratic Services Officer
Jan Cumming, Senior Solicitor and Team Leader, Commercial and Contracts
Martin Griffiths, Technical Specialist – Pension Fund Policy and Governance (by video link)
Paul Higginbotham, Investment Analyst – Pensions and Investment
Chris Norton, Head of Investments, Audit and Risk
Rob Powell, Executive Director for Resources

Others Present

James Glasgow, Hymans Robertson (by video link)
Anthony Kerr, Independent Advisor (by video link)
Philip Pearson, Hymans Robertson

1. General

(1) Apologies

Apologies for absence were received from Councillor Bill Gifford and Councillor Sarah Millar.

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

There was none.

2. 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.

3. Commitments to Alternative Assets, Border to Coast Series 2c, Climate Opportunities Fund II and UK Opportunities Fund

The Sub-Committee held a confidential discussion.

The meeting rose at 14:58.

.....
Chair