

Warwickshire Local Pension Board

Business plan

26 January 2021

Recommendation

1. That the Local Pension Board reviews this report.
2. That the Local Pension Board notes the report.
3. That the Local Pension Board comments on the report.

1. Executive Summary

- 1.1 At March 2020's Pension Fund Investment Sub-Committee meeting, the members approved a Business Plan for the year ending April 2021. This paper is the quarterly progress update against that Business Plan.
- 1.2 COVID-19 is not explicitly mentioned in the Business Plan, however Covid is addressed by a specific risk register and it has been possible to deliver the majority of the business plan.
- 1.3 Appendix 1 breaks down the Business Plan into 34 actionable items. The Pension Fund is on target for 28 of these (Green) and are aware of manageable issues with 6 (Amber). Officers are not aware of any problematic issues (Red).

2. Financial Implications

- 2.1 There are no financial proposals contained in this document.
- 2.2 Many aspects of the Business Plan have financial implications, these are reported as and managed appropriate where they arise.
- 2.3 The Board's scrutiny and oversight of the Fund's progress against the agreed Business Plan reduces the risk of inadequate governance impacting negatively on the Fund's finances.

3. Environmental Implications

- 3.1 There are no direct (significant) implications.

- 3.2 However, the Business Plan includes reference to the Fund's environmental risks through the Climate Risk strategy and Environmental, Social, and Governance Policy.
- 3.3 There are also broader environmental implications that can be managed, mitigated or monitored through good governance.

4. Supporting Information

- 4.1 Appendix 1 rates progress against each business item using a 'Red, Amber, Green' colour indicators:

Rating	Progress meaning	Action
Green	On track	Continue
Amber	Off expected course but recoverable	Increase governance to get back on track, alter expectations, or assessed as immaterial in impact on the Pension Fund.
Red	Off track	Increase governance, alter the Business Plan, highlight potential for material impact to the Pension Fund.

Appendices

1. Appendix 1- Business Plan action log

Background Papers

None

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

Local Member(s): None
Other members: None

Appendix 1 – Business Plan action log

Ensuring a high-quality administration service				
	Action	Timescale	RAG	Update
1	Deliver a Pension Fund Annual General Meeting.	Nov-20	Amber	Carried out. Some systems issues resulted in low participation. A review of lessons learned has been carried out.
2	Deliver a Pension Fund Employers Meeting.	Nov-20	Green	Carried out. There was a good turnout and positive feedback was received.
3	Regular review of complaints.	Quarterly	Green	The pensions administration team keeps a log of complaints in respect of member services and employer services. There are none at present.
4	i-Connect implementation	Jun-21	Green	The project is in progress and approximately running to time. Phase 1 completed. Phase 2 nearing completion. Phases 3 and 4 scheduled.
5	Maintain accurate data	Oct-20	Green	Considering data cleansing. Use Hymans' HEAT product.
6	Annual pensions newsletter issued	April-June 2021	Green	Issued to printers on 12th June
7	Benefit statements issued	May-August 2020	Green	Most Annual Benefit Statements were released on time. The Fund notified The Pensions Regulator (TPR) about a breach due to external printing issues. TPR are comfortable with the resolution.
8	Report administration performance KPIs to the Local Pension Board	Quarterly	Green	Reported elsewhere on the agenda. A revised set of KPIs was reported to and approved by the Staff and Pension Committee in September.

9	Keep the new pension fund web site up to date with developments	Quarterly	Green	The website is regularly updated with revised policies as they have been approved. Accessibility was improved in September.
10	Complete actions identified in the governance review	Dec-20	Green	The remaining item are i-Connect implementation and the signing of a Service Level Agreement with Warwickshire County Council HR. Officers take a report to Staff and Pensions Committee each quarter.
11	Implement monthly officer monitoring meetings to formally review activity and performance	Apr-21	Green	Officer meetings in respect of investment and administration activity continued.
12	Monthly liaison meeting with the Warwickshire County Council payroll function	Apr-21	Green	Monthly meetings with WCC Payroll continue. There are service level agreements within the administration strategy.
13	Monthly officer monitoring and management of breaches activity	Apr-21	Green	This continues to happen.
Actuarial Activities				
	Action	Timescale	RAG	Update
14	Support a review of 2019 valuation lessons learned	Oct-20	Green	Completed
15	Monitor employer contribution performance through the year	Apr-21	Amber	10 employer contributions not received by due date
16	Review employer covenants and risk management for non-statutory employers	Apr-21	Amber	This work is in the planning stage.
Maximising Investment Benefits				

	Action	Timescale	RAG	Update
17	Make decisions regarding new Border to Coast fund launches	As new funds launch	Green	Continuing to input into fund selection and structure discussions.
18	Implement Border to Coast fund transfers where approved	As funds launch	Green	
19	Ensure the fund remains MIFID2 compliant	Annual	Green	
20	Continued growth of alternative asset classes towards their new strategic asset allocation	Annual	Amber	Strategic asset allocation unlikely to be met this year due to the timeline involved in drawing down committed capital.
21	Meet with directly commissioned active fund managers	Annual	Green	Officers met with all fund managers this year
22	Investment monitoring reports provided to the investment sub-committee.	Quarterly	Green	
23	Plan cashflow strategy in order to avoid the need to sell assets under time pressure	Annual	Green	Cashflow strategy / approach reported to Investment Sub-Committee in June. Cashflow strategy / approach reported to Investment Sub Committee in June.
24	Ensure the Fund meets the requirements of the 2020 UK Stewardship Code	Annual	Green	The project to submit an application to the FRC in 2021 is underway.
25	Review ways of improving the measurement and reporting of the Fund's climate risks and exposures	Annual	Green	The Fund has a Climate Risk policy. The investment consultant and pooled fund manager (Border to Coast) provide updates too.
Ensuring Good Governance				
	Action	Timescale	RAG	Update
26	Production of draft statement of accounts	May-20	Green	Completed
27	Publication of Annual Pension Fund Report	Nov-20	Green	Completed
28	Ensure a risk register is maintained	Quarterly	Green	Actively maintained

29	To ensure employers join and leave the fund in accordance with LGPS and Warwickshire Pension Fund policies	Ongoing	Green	Staff and Pension Committee receive reporting on Schools converting to Academy status
30	Review of contracts for services provided to the Pension Fund	Apr-21	Amber	Almost all contracts are now on In-Tend (the contracts database). Those that have expired or are due to expire before the end of March 2021 are being reviewed. Other contracts to be reviewed subsequently.
31	Support governing committees and boards in the delivery of their responsibilities through the provision of appropriate information, advice, and training:	Quarterly	Green	This has continued over the past quarter (and business year) despite working from home.
32	Maintain a one year rolling forward plan of agenda items for all pension fund boards and committees	Quarterly	Green	Actively maintained
33	Implement and embed a commissioning/delivery approach to the administration of the Fund	Apr-21	Amber	A draft commissioning/delivery approach has been completed. Planning for 2021/22 is under way.
34	Maintain a rolling programme of policy reviews to ensure all pension fund policies are reviewed with the correct timing and frequency	Quarterly	Green	Actively maintained