

Warwickshire Local Pension Board

Business Plan monitoring

20th July 2021

Recommendation

1. That the Local Pension Board notes and comments on the report.

1. Executive Summary

- 1.1 The Fund Business Plan for the year ending April 2022 was approved by the Pension Fund Investment Sub Committee in March. This report provides a quarterly progress update against the action plan.
- 1.2 Appendix 1 breaks down the Business Plan into the 42 actions identified in the original plan. 8 further actions have been added making 50 in total. These additional actions are tagged with new reference numbers so that it is clear which actions are from the original plan and which are new. All original plan items retain their original reference number.
- 1.3 Actions are RAG rated as follows:

Rating	Description
Green	Action ok or materially ok or completed.
Amber	Action materially off track but can be managed back on track or the objective can be revised without need for escalation outside of the team
Red	Action is materially off track and cannot be resolved without escalation, or requires escalation outside of the team by its nature, even if a resolution is in place

- 1.4 The summary RAG rating assessment is as follows:

Rating	C1 Admin	C2 Actuarial	C3 Investments	C4 Governance	Total
Green	16	2	10	9	37
Amber	3	1	2	4	10
Red	0	0	1	2	3
Total	19	3	13	15	50

- 1.5 The majority of actions are on track but there are a number of activities where there are challenges and some with significant challenges flagged as red.

- 1.6 For comparison in 2019/20 the Quarter 1 position was 27 Green, 9 Amber, and 0 Red. There are more actions this year because there has been an intentional consolidation down to a single action plan for the Fund in order to have all significant activity in one place and because there is more activity across all fronts driven by the last governance review.
- 1.7 Increases in capacity have helped to deliver this additional activity (for example clearing the administration backlog, implementing iConnect, having a schedule and plan for policy reviews, and more pro-active reporting to the Staff and Pensions Committee) but at the same time these lines of work have shone a light on further activity that has been identified as necessary and alongside this new requirements driven externally by entities such as the Scheme Advisory Board and the Pensions Regulator require further activity to manage, for example the Good Governance review.
- 1.8 There are a greater proportion of Ambers and Reds in respect of governance and investments and a common underlying factor is resourcing. In particular the need/demand for activity has grown by a greater margin than the increases in capacity that were put in place in the last reorganisation.
- 1.9 Officers are reviewing the specific capacity that is required and preparing business cases to present the rationale for where additional capacity is required. There are three areas under consideration:
- Governance - to be able to manage the governance agenda overall, to be able to review the effectiveness of policies and update policies, and to meet the additional requirements driven by the Good Governance review.
 - Accountancy - to support financial and management reporting, provide more team resilience, and free up some capacity to focus more on investments.
 - Investment – internal investment capacity to assist in investment management and strategy/development (this would potentially facilitate reductions in external investment costs).
- 1.10 The business case relating to investment and accountancy support should be completed by August (as the inputs are known), and the business case in relation to governance should be completed by November (as the inputs are being worked on and depend upon external inputs).

2. Financial Implications

- 2.1 If any additional capacity is in due course determined and approved, then any costs associated with supporting the pension fund will be a cost to the pension

fund, not to be County Council.

3. Environmental Implications

- 3.1 The activity around the reviewing of the investment strategy will have regard to climate risk.

4. Supporting Information

- 4.1 None.

5. Timescales associated with the decision and next steps

- 5.1 Officers will continue to monitor activity against the business plan regularly, and activity will be reported quarterly to the Local Pension Board.

Appendices

1. Appendix 1 – Quarter 1 Business Plan Monitoring

Background Papers

1. None

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

Local Member(s):

Other members: