

Warwickshire Local Pension Board

Wednesday 20 October 2021

Minutes

Attendance

Committee Members

Keith Bray
Keith Francis
Alan Kidner
Sean McGovern
Mike Snow

Officers

Neil Buxton, Technical Specialist - Pension Fund Policy and Governance
Andrew Felton, Assistant Director - Finance
Liz Firmstone, Service Manager (Transformation)
Victoria Jenks, Pensions Admin Delivery Lead
Ian Marriott (Legal and Democratic)
Deborah Moseley, Senior Democratic Services Officer
Chris Norton, Strategy and Commissioning Manager (Treasury, Pensions, Audit, Risk, & Insurance)

Also Present

Jeff Carruthers, prospective Board Member.

1. Introductions and General Business

The Chair welcomed Jeff Carruthers as an observer to the meeting. Mr Carruthers had come forward as a new board member, following the departure of Councillor Dave Parsons. The Board extended their thanks to Councillor Parsons for his previous contribution and noted that the appointment of Mr Carruthers would need to be ratified by the next meeting of the County Council.

(1) Apologies

Councillor Parminder Singh Birdi

(2) Board Members' Disclosures of Interests

The Chair stated that he worked for the Local Authority Pension Fund Forum and also for Barrack, Rodos and Bacine, a firm of American lawyers which had Pension Fund clients, although these did not include Warwickshire.

(3) Minutes of the Previous Meeting

It was noted that since the draft minutes had originally been circulated to the Board, Alan Kidner had requested the addition of his comments regarding Business Plan Monitoring and the Chair had agreed their inclusion. The minutes in the report pack, therefore, reflected Mr Kidner's comments with regard to BCPP's net zero targets and encouragement for Warwickshire Pension Fund to follow the good example of South Yorkshire and adopt a 2030 target.

The Chair asked for an update on the summary of key actions and was advised that:

1. A note had been circulated regarding the position on the reporting of internal audit reports relating to the pension fund. It was confirmed that the reports were not written for public consumption but could be circulated to the Board once finalised and approved.
2. The investment strategy would include consideration of what happened in the event 100% funding was reached.
3. Chris Norton would check if the Employer Engagement findings were shared.
4. Investigation of options for remote meetings had resulted in this meeting being hosted on Teams with a notice on the website for scheme members and scheme employers to contact Democratic Services if they wished to observe. The Board agreed that the circumstances around Covid-19 warranted the next meeting being held remotely. The Chair suggested that the position be reviewed in February 2022 and considered that it would be helpful to meet at least once per year in person.

The minutes of the meeting held on 20 July 2021 were agreed by the Board as a true and accurate record.

2. Forward Plan

Neil Buxton, Technical Specialist - Pension Fund Policy and Governance presented this report which provided an updated one year rolling forward plan. The forward plan included a schedule of policy reviews and a training plan for the forthcoming year.

The Local Pension Board noted the forward plan set out in appendix 1 to the report, subject to the inclusion of the Chair's annual report to the Board in July 2022.

3. Business Plan Update

This report was presented by Chris Norton, Strategy and Commissioning Manager (Treasury, Pension, Audit & Risk) who explained that the report provided a quarterly progress update against the action plan which had been previously agreed by the Pension Fund Investment Sub-Committee.

Appendix 1 to the report provided a breakdown of the Business Plan into a total of 49 actions. The actions were RAG rated, and the majority were on track but a number of activities were subject to challenges identified in the report at paragraphs 1.5 to 1.10. Chris Norton highlighted capacity issues and the preparation of business cases to seek to address this in the areas of governance and investment.

It was mentioned that the late finalisation and publication of the accounts was due to external audit capacity.

It was confirmed that the intention was to hold the Pension Fund Annual General Meeting remotely (with a test run in advance to eliminate any technical problems).

With regard to questions about the accounts, Chris Norton advised that there would be an adjustment to the figures in relation to the Harbourvest Private Equity Fund. This was not an uncommon position in the national landscape and a comment would be made in the accounts to explain that the correct values were reflected at the balance sheet date but that due to market factors the investments were subsequently worth more.

Keith Francis suggested that action point 34 regarding the plan to tender expired contracts may need to remain red (rather than move to amber) as it could take several months before they were all completed.

With regard to paragraph 1.5, Chris Norton confirmed that reference to “CMA” referred to the Competition and Markets Authority and it was noted that acronyms needed to be explained in future reports.

The Board also discussed the use of colour in the report and whether or not there might be a better way to provide the content in an accessible format.

The Local Pension Board noted the report.

4. Risk Monitoring

Chris Norton, Strategy and Commissioning Manager (Treasury, Pension, Audit & Risk) explained that this report presented the risk register for the Fund which set out the risks that the Fund was exposed to before and after mitigating actions. The Board were advised that the internal audit on fraud had been completed and a business continuity workshop had taken place focussing on cyber security.

In terms of the rating for the ‘employer contributions cannot be met’ risk score (risk number 4), Chris Norton advised that the risk register reflected the management of risk and the likelihood of occurrence matrix provided an appropriate weighting to the impact score and the level of risk that was indicated for this in the report.

In response to a question regarding the improved customer satisfaction rating, Vicky Jenks, Pensions Admin Delivery Lead, advised that this had been achieved by looking at feedback from surveys and registering compliments and complaints. More work was needed on customer feedback and the implementation of Member Self Service would allow this to happen in a more efficient way.

The Local Pension Board noted the risk register appended to the report and the risk appetite statement at section 2.3 of the report.

Alan Kidner joined the meeting at this point (10.46am).

5. Pensions Administration Activity and Performance Update

Vicky Jenks, Pensions Admin Delivery Lead, presented this report which provided an update on the key developments affecting pensions administration and the performance of the Pensions Administration Service, including the issue of Annual Benefit Statements, the implementation of Member Self Service, achievement of key performance indicators, workloads in the team, management of breaches, the continuation of the McCloud project, new employers seeking admission to the Fund, and the internal dispute resolution procedure.

Regarding the small number of statements not sent out due to outstanding queries, Keith Francis asked if this related to a small number of employers and was advised that there were a couple of employers where further information had been sought and it had been identified that the issue was that they were not registered on the iConnect system but once they had been onboarded the problem would cease.

With regard to a query from Mike Snow, Vicky Jenks noted that an issue had been identified whereby some employers did not collect marital status through their payroll and, upon transfer of the data, the system recorded a blank marital status as 'single'. Whilst this had not been anticipated, it was not a material breach and could be easily rectified for the future to ensure that information on spousal benefits was included. There had been no bearing on the content of the annual benefit statements. Vicky Jenks also confirmed that the issue of the annual benefit statements generally resulted in an influx of queries; whilst there were notes that sat alongside the statements, generally people did not want a lot of complicated information. Nationally there was some discussion about the level of information being included in the statements and about increasing awareness. The key factor was to make members aware of their pensions and the introduction of a pensions dashboard in 2023 would be beneficial as this would allow people to see all their pension pots together.

Keith Francis asked about the assertion in the report (KPI11) that when the Fire Pensions administration transferred to a new provider more resource would be available. Vicky Jenks advised that the current focus was on making sure fire records were as up to date as possible in readiness for the transfer. One member of the team was therefore spending more time in this area than would normally be required. Once the administration had transferred, that person would be available to pick up other areas of work. The statement therefore related to targeted resource rather than there being additional resource.

Noting issues regarding Multi Academy Trust contracts, the Chair pointed out that there was pressure nationally to address the issues raised.

The Local Pension Board noted the report.

6. Conflicts of Interest Policy

Neil Buxton, Technical Specialist - Pension Fund Policy and Governance explained that the annual review of the Conflicts of Interest Policy had identified that members of the Board were required to complete a declaration of pecuniary interests. A standard proforma had been issued and members would be asked to update it annually.

Alan Kidner noted that the focus on pecuniary interests was very narrow and that a wider range of interests should be encapsulated when relevant. Chris Norton, Strategy and Commissioning Manager (Treasury, Pension, Audit & Risk) agreed with this principle and the need to provide an adequate level of transparency in respect of any conflict of interest. The Chair noted that members had the opportunity to declare interests at the commencement of each meeting

The Local Pension Board noted the report.

7. Training Policy

Neil Buxton, Technical Specialist - Pension Fund Policy and Governance summarised this report, noting that The Pensions Regulator required appropriate training to be provided for pension committee members, members of the local pension board and senior officers with a responsibility for investment matters and the administration of a public sector pension scheme. The Pension Fund Investment Sub-Committee had approved the training policy appended to the report in September 2021. Neil Buxton issued a schedule of training opportunities at regular intervals and a system was being implemented in conjunction with Hymans Robertson to provide a portal for members to register training received. An overview of the system would be provided in due course. The National Knowledge Assessment would be used to formulate the plan going forward and it was anticipated that the assessment would next take place in January or February 2022.

Members asked for links to recorded training sessions to be shared so that those unable to attend at the allotted time could still appraise themselves of the detail. The Chair indicated that he intended to list training sessions offered to the Board in his next annual report; this would spark discussion on how the training was received and where knowledge gaps existed.

Chris Norton, Strategy and Commissioning Manager (Treasury, Pension, Audit & Risk) noted that a lot of sessions were taking place outside the formal Committee setting which provided not only opportunities for training but also to engage in discussion of key issues in an attempt to maximise the productivity of formal committee and board meeting time.

The Local Pension Board noted the report and training policy.

8. Investments Update

Chris Norton, Strategy and Commissioning Manager (Treasury, Pension, Audit & Risk) introduced this report which provided a general update on investment related activity. He highlighted that the funding level had improved to 101% over the quarter ending 30 June 2021, the Multi Asset Credit Fund transfer had taken place, and the tendering process for a second Independent Adviser with a liabilities focus would commence shortly.

In response to the Board's questions on climate change Chris Norton advised that there had been a meeting arranged by a local climate interest group and whilst he did not have full details of attendance, he was aware that Councillors John Horner and Bill Gifford had attended and engaged with the meeting. It was clear that climate change was a serious issue but there was some divergence of views in terms of divesting or engaging. It would be essential that clear communication was issued on the approach being taken.

In response to a query about the minus figure entry in Appendix 1 to the report in relation to “WORKS-BCPP INFRA”, Chris Norton agreed to look into this and provide an explanation.

The Local Pension Board noted the report.

9. Regulatory Update

This report, presented by Neil Buxton, Technical Specialist - Pension Fund Policy and Governance, provided an update on the Ministry for Housing, Communities and Local Government’s (subsequently known as the Department for Levelling Up, Housing and Communities) consultation on draft statutory guidance on the making and disclosure of Special Severance Payments by local authorities.

The Local Pension Board noted the report.

10. Minutes of the Pension Fund Investment Sub-Committee

The Board noted the content of this report which comprised a copy of the minutes of the public part of the meeting held on 14 June 2021 and the draft forward plan.

11. Review of the Minutes of the Staff and Pensions Committee 14th June 2021

The Board noted the abridged version of the minutes of the meeting which Neil Buxton, Technical Specialist - Pension Fund Policy and Governance explained focussed on items relating to the Pension Fund.

12. Summary of Key Actions

	Action	
1	Add the Chair’s Annual Report to the Board to the Forward Plan	Neil Buxton
2	Share links to recorded training sessions	Neil Buxton
3	Provide an explanation of the “WORKS-BCPP INFRA” minus figure in Appendix 1 of the Investment Update Report	Chris Norton
4	To advise how many annual benefit statements had been affected by the marital status issue	Liz Firmstone/Vicky Jenks

The meeting rose at 11.47am.

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Chair