

# Warwickshire Local Pension Board

18 October 2022

## Governance Report

### Recommendations

That the Local Pension Board

1. notes and comments on the Forward Plan and Training Schedule.
2. considers the current Risk Register
3. notes the pension policies that have been and are being reviewed.
4. notes the current issues impacting on the Local Government Pension Scheme.

### 1. Executive Summary

- 1.1 This Report provides the Local Pension Board with details of how the Fund is dealing with its governance requirements.

### 2. Financial Implications

None

### 3. Environmental Implications

None

### 4. Supporting Information

- 4.1 This report provides an updated one year rolling Forward Plan for the Local Pension Board looking forward one year.
- 4.2 This is not intended to be rigid or definitive, and the intention is that it can be updated and amended on a rolling basis at each meeting and be informed by the latest developments.
- 4.3 In order to provide a complete picture of policy activity, a schedule of policy review activity at the Staff and Pensions Committee and Pension Fund

Investment Sub-Committee is also provided on the plan. The Forward Plan can be seen in Appendix 1.

- 4.4 The Training Schedule has also been attached in Appendix 2. In addition to this the Local Pension Board are reminded that 'LoOLA' the Hymans online training portal is still available.
- 4.5 The next Knowledge and Skills Assessment will also be issued in the Autumn, and we encourage the Local Pension Board to complete and submit this assessment.
- 4.6 Fund Officers continue to monitor the risks facing the Fund and the latest Risk Register can be found in Appendix 3. Please note we have amended the following risks:
- (2) Short Term Market risk has increased to reflect the lack of WPF control over risks materialising. Any changes to the Market in the short term can have a material impact on the WPF potentially affecting the results of the valuation and the funding level of our employers.
  - (3) Financial Mismatching risk has decreased to reflect the successful mitigation of some risks' impact.
  - (6) Inability to meet demand for activity risk has reduced due to the implementation of new systems and growing team experience.
  - (9) Climate Change risk has increased as the Fund on its own can have limited impact on what happens globally, although we do work in conjunction with others to try and make a difference. The Fund must acknowledge that Climate Change is moving at an accelerating rate, much quicker than was originally expected. This is affecting geo-politics, the world's changing energy supplies and rising inflation, which in turn affect WPF's ability to maintain a stable funding level.
  - (12) Governance Failure risk has decreased because of the introduction of more robust practices within the Team, these include greater traceability through our management co-ordination meetings reviewing of contracts and policies and overall, more driven approaches.
- 4.7 Please also note the specific Covid related risk items have now been removed, as any residual Covid risk forms part of the other risks covered.
- 4.8 The Fund has continued to review its Policies. Following a workshop with the Fund, Hymans Robertson have made some proposed changes to the Responsible Investment Policy and these will be presented to the Investment Sub Committee in the Autumn (Date to be confirmed) for comment. Hymans are also going to be working on our Climate Policy and an updated version should be available for the December Pension Fund Investment Sub-Committee.
- 4.9 The Administration Strategy was reviewed and some minor changes were made. These were technical updates to reflect the use of I-Connect, changes to procedures following the change in the receipt of member data from

employers and to reference Member Self -Service (MSS) which is now available to members.

- 4.10 Officers are currently working with the legal team to create a new Conflict of Interests policy that covers members, Officers, and the Local Pension Board in one document. We expect to bring this document back to Fund Investment Sub-Committee in December.
- 4.11 The Governance Statement requires updating to ensure it complies with the most recent requirements of the UK Stewardship Code. Additional information on the governance arrangements of the Border to Coast Pension Partnership, and Fund Training will be included. In addition, the delegation of functions will be reviewed to ensure that this continues to reflect the latest constitutional delegations. The Statement will be presented to the Committee in December, once it has been approved by the Strategic Director for Resources (in consultation with appropriate persons).
- 4.12 The Admission and Termination policy has been reviewed by Hymans, who have made some suggested changes. However, Hymans are also in the process of restructuring the Funding Strategy Statement (FSS) with some supporting 'satellite policies'. It is therefore recommended that changes to the Admission and Termination Policy are more appropriate to consider and implement later in the year as part of the wider FSS review.
- 4.13 A monthly summary is provided to the Board of the main LGPS and regulatory issues:
- The Chancellor of the Exchequer has confirmed that the state pension triple lock will be reinstated from next April.
  - The SAB has introduced a new sub-committee called the Compliance and Reporting Committee. This new committee replaces the CIPFA Pensions Panel and will report to both SAB and Chartered Institute of Public Finance and Accounting (CIPFA).
  - The Pension Regulator's (TPR) Single Code of Practice, has no go live date as yet but, following TPR's interim response to the consultation outcome, it is expected to be laid before Parliament and implemented by the autumn. The new Code seeks to rationalise 10 out of the 15 existing codes of practice, and capture changes implemented by the Governance Regulations 2018.

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

5.1 None

## **Appendices**

Appendix 1 The Forward Plan

Appendix 2 The Training Plan

Appendix 3 The Risk Register

## Background Papers

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

Local Member(s): not applicable – county wide paper

Other members: