

Pension Fund Investment Sub-Committee

12 June 2023

Governance Report

Recommendations

That the Pension Fund Investment Sub-Committee:

1. Considers and comments on the items contained within this Governance Report.
2. Comments on and approves the revised Investment Strategy Statement provided by Hymans Robertson (Appendix 6).

1. Executive Summary

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.

2. Financial Implications

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

As stated in previous Governance Reports, Climate Risk is identified as a key risk on the Fund's Risk Register.

4. Supporting Information

The 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 Pension Fund Investment Sub-Committee. It has been rolled forward to cover the year ahead. The Plan is set out (in Appendix 1) and Committee's comments are welcomed.

Risk Monitoring

- 4.2 This section provides an update on the risks facing the Fund and the management actions necessary to address them. Fund Officers have reviewed the risks and do not consider that any amendments are required to the Risk Register for this period.
- 4.3 As mentioned and agreed in previous reports, the full Risk Register will be provided once a year in the June Committee. Therefore, (Appendix 2) reproduces the Fund's risk appetite. (Appendices 3 and 4) reproduce the criteria for scoring risks and (Appendix 5) provides the current full risk register. In April Fund Officers were joined by Hymans Robertson to review the Warwickshire Risk Register.
- 4.4 Fund Officers ask members to pay particular attention to the red risks shown on the register. They are Climate Change, Long Term Market Risk, and Cyber Security. The high-risk items have not altered since our last Governance Report in March 2023.
- 4.5 Any updates to the commentary in the risk register made since the latest review are presented in red font, and where future actions have become current actions, these are highlighted in a green font.
- 4.6 The Warwickshire Pension Fund's Net Risk chart is shown below:

	5				9. Climate Change	
	4	3. Liabilities cannot be met	8. Cyber Security	1. Long term asset values do not meet expectations		
Impact	3	7. Business interruption 11. Fraud 12. Governance Failure	5. Pooling objectives not met 6. Inability to meet demand for activity			
	2	10 Data Quality	4. Employer contributions not paid		2. Short term asset values do not meet expectations	
	1					
		1	2	3	4	5
		Likelihood				

Policies

- 4.7 The Voting and Stewardship Policy has been reviewed by officers and it was felt that no changes are required to this document.
- 4.8 Our Investment Strategy Statement (Appendix 6) has been reviewed and updated by Hymans Robertson. The changes that have been made include:
- Funding risk - section added to highlight the transition to a higher inflation and interest rate environment.
 - Asset Risk – We have added a comment on geopolitical risk
 - BCPP – changed to BTC

Training

- 4.9 The current Training Plan can be found in (Appendix 7).
- 4.10 Fund Officers will continue to support members in providing them with the training they require. The Training Plan has been developed to ensure any knowledge gaps are filled as identified by the Knowledge and Skills Assessment, are met as well as covering areas that are due to be discussed at meetings.

5. Timescales associated with the decision and next steps

- 5.1 None

Appendices

- Appendix 1 – Forward Plan
Appendix 2 – Fund's Risk Appetite.
Appendix 3 – Risk Scoring Convention and Likelihood Definitions
Appendix 4 – Impact Score Definitions
Appendix 5 – Full Risk Register (June 2023)
Appendix 6 – Investment Strategy Statement
Appendix 7 – Training Plan

	Name	Contact Information
Report Author	Martin Griffiths, Victoria Moffett, Chris Norton	martingriffiths@warwickshire.gov.uk, victoriamoffett@warwickshire.gov.uk, chrisnorton@warwickshire.gov.uk
Assistant Director	Andy Felton, Assistant Director for Finance	andrewfelton@warwickshire.gov.uk
Strategic Director	Rob Powell, Strategic Director for Resources	robpowell@warwickshire.gov.uk
Portfolio Holder	Councillor 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: Councillor Christopher Kettle and Councillor Bill Gifford