

Warwickshire Local Pension Board

24 October 2023

Governance, Policy, and Regulatory Update

Recommendation

That the Local Pension Board considers and comments on the items within this report the detail of which was previously presented to the Pension Fund Investment Sub-Committee and Staff and Pensions Committee.

1. Executive Summary

- 1.1 This report summarises the main governance issues currently affecting the Warwickshire Pension Fund. These areas include the Forward Plan, Risk Monitoring, updated Policies, Regulations and Training.

2. Financial Implications

- 2.1 There are no financial implications arising directly from this report. Where changes to policies were recommended, any implications arising from those changes are covered in the body of the report.

3. Environmental Implications

- 3.1 As stated in previous reports, Climate Risk is still a key risk on the Fund's Risk Register and is considered regularly by the Fund.

4. Supporting Information

Forward Plan

- 4.1 The purpose of including the Forward Plan in this report is to provide the Local Pension Board with details of the work the Fund will be undertaking in relation to governance matters for the year ahead. The Plan is set out in Appendix 1 and the Local Pension Board's comments are welcomed.

Risk Monitoring

- 4.2 This section provides an update on the key risks facing the Fund. Officers ask members of the Board to pay particular attention to the red risks shown on the chart. They are Climate Change, Long Term Market Risk, and Cyber Security. The high-risk items have not altered since our last report to Committee in March 2023.
- 4.3 Several updates have been made to the commentary in the Risk Register, but these have not altered any of the risk scores. They relate particularly to issues around resourcing and officers are looking to create a Workforce Planning Strategy, which will be a requirement of the Scheme Advisory Board Governance Review, when it is announced next year.
- 4.4 The chart below sets out the RAG rating of risks on a five-by-five scale.

	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

- 4.5 The Fund's Responsible Investment Policy has been reviewed by officers and it is felt that no changes are required to this document. It is an area, however, that Officers continue to consider with the Fund's advisors to ensure it remains fit for purpose.
- 4.6 Fund Officers have also reviewed the Administration Strategy and have concluded that no amendments are required at this time as timescales and

contents are still fully compliant with the relevant legislation governing the LGPS.

- 4.7 The Admission and Termination Policy and Funding Strategy Statement have been updated to reflect an amendment relating to how exit credit payments should be assessed for Community Admission Bodies (CABs) These alterations were minor but provided clarification of the process that needs to be followed in these cases. These policies have not been included with this paper but are available on the Fund's [Website](#).
- 4.8 It is important that members of the Fund are confident that we collect and use their data safely and compliantly. This includes ensuring that data is disposed of safely when no longer required. Fund Officers have therefore reviewed processes and created a 'Data Retention Policy' (Appendix 3) that distilled the current best practice followed by the Fund into a single document This was approved by the Committee..

Training

- 4.9 A summary of the current items on the Training Plan can be found below. We are currently in the process of looking at arranging sessions for next year.

Date	Training	Delivered by
11 th October 2023 (AM) <i>This will have taken place before the October Board Meeting.</i>	Accounting and audit Procurement and contract management	Aon Hewitt
24 th November 2023 (AM)	AGM	Officers and Advisors

- 4.10 The next Knowledge and Skills Assessment will be launched by Hymans Robertson in November and Officers ask all Board members to complete and return the Assessment in the normal way.
- 4.11 Officers will carry out a review of its Governance arrangements once the SAB Good Governance Review has been completed as covered in the training from Hymans Robertson on the 18 September. If you have any feedback on this training, Officers would be keen to hear it.

Vacancy on the Warwickshire Local Pension Board

- 4.12 Following the recent resignation of Alan Kidner from the Local Pension Board, officers are working to recruit a replacement member representative. Two candidates have had an informal discussion with Officers about the role and if they are still interested, interviews will follow. At the time of writing this Report no interviews had taken place.

Regulatory Update

- 4.13 Public sector exit payment reform remains a government commitment, although there is no indication of when new rules might be consulted on. Any changes will be introduced for each individual scheme, there will not be a public sector-wide approach. Other public service schemes do not provide unreduced benefits to members made redundant at age 55 or older. There is a possibility that this provision will be changed in the LGPS.
- 4.14 There are no immediate plans to remove the upper age limit of 75 for death grants. The SAB Chair has raised concerns about this with the Minister because of the possibility of a legal challenge, as changes are scheduled to be made to other public sector pension schemes to remove the upper age limit. The LGA and SAB have indicated that they will continue to pursue this with the Minister.
- 4.15 A consultation on equalising the survivor benefits paid to male spouses or civil partners of female members with the benefits paid to same sex spouses or civil partners is expected. The rules will be backdated to 5 December 2005 to reflect the earliest date that a couple could have entered a same sex civil partnership. The Local Government Association (LGA) has indicated that the numbers involved nationally are likely to be low and therefore unlikely to have a great impact on the Fund.
- 4.16 The Local Government Association (LGA) has responded to the Department for Levelling Up, Housing and Communities (DLUHC) McCloud Consultation. The response was generally supportive of the policies that were proposed but made a number of technical comments about whether the draft regulations deliver the policies as intended.
- 4.17 Following the Department for Work and Pensions (DWP) Written Ministerial Statement in March, a further statement was published in June 2023 giving an update on pensions dashboards. The latest statement confirms the removal of the phased staging deadline from legislation, replacing it with a single connection deadline of 31 October 2026

5. Timescales associated with the decision and next steps

- 5.1 None

Appendices

Appendix 1 – Forward Plan

	Name	Contact Information
Report Author	Martin Griffiths, Victoria Jenks	martingriffiths@warwickshire.gov.uk, vickyjenks@warwickshire.gov.uk
Director	Andrew Felton	andrewfelton@warwiickshire.gov.uk
Executive Director	Executive Director for Resources	robpowell@warwickshire.gov.uk
Portfolio Holder	Portfolio Holder for Finance and Property	peterbutlin@warwickshire.gov.uk

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

Local Member(s): Cllr Dahmash and Gifford

Other members: N.A