

WARWICKSHIRE

pension fund

Business Plan

2024/2025

Contents

1	Introduction
2	Activity
3	Long-Term Objectives
4	Key Performance Measures
5	Key Business Plan Items
6	Actions

Appendices

A	Administration Performance Measures
B	Investment Performance Measures
C	Single Action Plan

1 Introduction

- 1.1 This document sets out the business plan for the Warwickshire Pension Fund for 2024/25, including objectives, strategic priorities, and an action plan to achieve them.
- 1.2 Warwickshire County Council (WCC) is the Administering Authority of the Warwickshire Pension Fund ('the Fund') administering both the Local Government and Firefighter Pension Schemes. This business plan relates to the Local Government Pension Scheme only.
- 1.3 The role of Scheme Manager for the Warwickshire Pension Fund is undertaken by the Executive Director for Resources.
- 1.4 The administration of the fund is carried out through Warwickshire County Council's Staff and Pensions Committee, the Pension Fund Investment Sub Committee, and the Local Pension Board and WCC employs a Pensions Administration Team within Finance to undertake the day-to-day operation of the Fund.
- 1.5 The Staff and Pensions Committee and Pension Fund Investment Sub-Committee are comprised of elected County Council members whilst the Local Pension Board is an equal mix of representatives of employers and scheme members with an independent chair in accordance with the requirements of the Public Services Pension Act 2013.

2. Activity

- 2.1 At December 2023, the total membership of the fund stood at 57,768. Pension fund membership continues to increase over the long-term. This increase is expected to continue due to automatic enrolment and increased public awareness of pensions.
- 2.2 The number of employers within the scheme has increased to 227 at December 2023, and this also continues a long-term trend of an increasing number of active employers, driven for example by academisation and the contracting out of services by organisations within the pension fund.
- 2.3 The complexity of the scheme continues to increase over time, for example the implementation of the McCloud remedy, Pension Dashboards, and the simpler final salary pension activity being gradually replaced by more complex calculations for pensions which have to incorporate different rules and retirement ages for different periods of membership. Checking compliance with the TPR General Code of Practice.
- 2.4 The fund value has continued to increase and was at £2.97bn by the end of December 2023
- 2.5 The complexity of investment activity has steadily increased with the introduction of a variety of "alternatives" funds.

- 2.6 In the longer term, pooling will reduce the amount of fund managers that the Fund commissions directly, however the increased complexity in terms of the number of different mandates invested in is likely to remain.

3. Long term objectives

- 3.1 The Fund's fundamental objectives are that:
- i.) Pension benefits are paid to members accurately and on time; and
 - ii.) The funds are available to pay benefits when they fall due.
- 3.2 To do this the Fund will:
- i.) Ensure the governance arrangements of the Pension Fund allow officers, employers, pension fund committee and Pension Board members to discharge their responsibilities efficiently and effectively;
 - ii.) Deliver a high-quality pension administration service, working effectively with scheme employers and maintaining a constant focus on data quality and customer service; and
 - iii.) Ensure the financial sustainability of the Fund through effective forecasting of long-term liabilities, determination and collection of appropriate contributions and generation of an appropriate risk adjusted return from the fund's investments.

4. Key Actions and Performance Measures

- 4.1 Key actions and performance indicators for the Fund are organised into the categories of administration, investment, and governance / management.

Administration

- 4.2 Administration service performance measures are set out in Appendix A.
- 4.3 Alongside the key metrics for the administration service a number of key activities will be progressed, these include:
- i.) The implementation of the McCloud remedy;
 - ii.) Expanding the number of members using the online member self-service portal; and
 - iii.) Preparation for the introduction of the Pensions Dashboard.

Investments

- 4.4 Ultimately, the Fund needs to focus on ensuring that the rates of return required by the triennial valuation are achieved and that enough income is generated to cover any shortfall between contributions, benefits and expenses.
- 4.5 To support this aim, the Investment Strategy sets out a Strategic Asset Allocation (Appendix B), and within each investment fund a target risk / return profile is delivered over the appropriate timeframe, i.e. performance is usually measured over the medium to long-term.
- 4.6 In addition to business as usual the following key activities will be undertaken:
 - i.) Further development of ESG monitoring and climate change actions.
 - ii.) Supporting the further development of the Border to Coast Pension Partnership.
 - iii.) Review the implications of the LGPS Next Steps Consultation.
 - iv.) Recruitment of a Permanent Investment Manager.

Governance / Management

- 4.7 In maintaining the good governance of the fund, the following additional performance measures and key actions will be delivered:
 - i.) Cash flow management will continue to have a high profile to ensure that it is not necessary to sell assets inappropriately under distress.
 - ii.) The pension fund accounts are prepared and published on time, without qualification by external audit. Delays in approving the accounts have been experienced in recent years due to external audit and team capacity.
 - iii.) Review and implement as appropriate the requirements of the Scheme Advisory Board Good Governance project and the Pensions Regulators General Code of Practice.

5. Key Business Plan Themes

Workforce Planning

- 5.1 Workforce planning will be undertaken to promote staff retention and maintaining resilience within small and specialized services.
- 5.2 Full Council will consider succession planning in respect of board membership in order to maximize the chances of identifying and recruiting new members when required and will consider ways to promote diversity.

- 5.3 Both the administration team and the governance and investments team have increased resources in recent years, and this has improved the performance, governance and resilience of the Fund's operations. Capacity will be kept under review. Resources required for specific projects will be identified and approved through business cases and project management approaches.

Ensuring Appropriate Governance

- 5.4 The Fund will review the outcomes of the Scheme Advisory Good Governance Project and Pension Regulators General Code of Practice and take steps to implement any new arrangements that are required.

Climate Change / ESG Policy

- 5.5 The Fund will continue to mitigate the Fund's exposure to climate risk and to ensure climate issues are appropriately considered in its decision making. It will also look to improve its use of metrics relating to ESG and Climate Change.

Developing Improved Systems

- 5.6 i-Connect has been successfully implemented and embedded, and Member Self Service will continue to expand its coverage to a wider proportion of the scheme's membership.
- 5.7 We will be monitoring the success of the new telephone system used by the Pension Administration Team, in providing statistics on calls received.
- 5.8 Implementation of Pensions Dashboard functionality will be an important activity for the Fund but will be driven by externally set timelines. In the short term it is important for the Fund to focus on advanced preparation for the anticipated changes wherever possible.

Collaboration

- 5.9 The Fund will collaborate with Partner Funds and the Border to Coast Pension Partnership to further develop the performance and activities of the Pool and expand the benefits of Pooling.

Strong Investment Management

- 5.10 As Border to Coast matures and develops more products the Fund may increase its allocations to the pool. At the same time the Fund will ensure it retains strong links with fund managers outside of the pool to exercise appropriate stewardship of all its assets.

Pooling

- 5.11 The Border to Coast Pension Partnership will continue to develop new products and Warwickshire Pension Fund will work with BCPP and partner funds to help to shape the products being developed.
- 5.12 Warwickshire Pension Fund will retain a preference for investing in pooled products that meets its objectives but retains the option to invest with other managers where this is appropriate.
- 5.13 The Fund will continue to work alongside the pool and partner funds on responsible investment and sustainability, including making more use of metrics to evidence and promote sustainable activity.

Investing in Employer Liaison

- 5.14 The fund will continue to work closely with employers, providing information, support, signposting, and training to help employers to meet their responsibilities.

Review of Cashflow Requirements

- 5.15 Officers will continue to monitor cash balances closely so the Fund can meet operating and investment cashflow requirements.

6. Actions

- 6.1 Appendix C sets out a summary of the actions planned for the coming year. The activity plan focuses on significant change activity and activity to do with delivering key functions.
- 6.2 Actions are grouped into the following categories:
 - i.) Ensuring a high-quality administration service
 - ii.) Actuarial activities
 - iii.) Maximising Investment Benefits
 - iv.) Ensuring Good Governance
 - v.) Sustainability

Administration Performance Measures

Key Performance Indicator	Fund Target (95%)
1. Letter detailing transfer in quote	10 days
2. Letter detailing transfer out quote	10 days
3. Process and pay a refund	10 days
4. Letter notifying estimate of retirement benefits (Active)	15 days
5. Letter notifying actual retirement benefits (Active)	15 days
6. Process and pay lump sum (Active)	10 days
7. Process and pay death grant	10 Days
8. Initial letter notifying death of a member	5 days
9. Letter notifying amount of dependents benefits	10 days
10. Divorce quote letter	45 days
11. Divorce settlement letter	15 days
12. Send notification of joining scheme to member	40 days
13. Deferred benefits into payment	15 days
14. Calculate and notify deferred benefits.	30 days
15. Average days from retirement to payment of lump sum.	Measure of member experience

Strategic Asset Allocation

Asset class	Current Target Asset Allocation (%)	Asset Allocation Range (%)
UK equities	6.0	+/-2.5
Overseas equities	31.0	+/-2.5
Fundamental global equity*	5.0	+/-2.5
Private equity	6.0	n/a
Total Growth	48.0	
Property	10.0	n/a
Infrastructure	10.0	n/a
Private debt	7.0	n/a
Multi asset credit	10.0	n/a
Total Income	37.0	
UK corporate bonds	10.0	+/-1.5
UK index linked bonds	5.0	+/-0.5
Total Protection	15.0	
Total	100.0	

* Refers to passive global equities invested in line with the RAFI All World 3000 index, which weights underlying constituents by fundamental factors as opposed to traditional market capitalisation weightings.

Single Action Plan

C1. Ensuring a high-quality administration service

Ref	Action	Timescale
1	Annual Pensioners Newsletter issued	April-June 2024
2	Annual benefit statements issued	By 31 August 2024
3	Member Self Service, expanding the number of users	April March 2025
4	Annual Allowance statements issued	By 5 October 2024
5	Employer Engagement/training event	November 2024
6	Administration performance - KPIs reported to the Staff and Pensions Committee and Local Pensions Board	Quarterly
7	Review of Pension Fund website	Quarterly
8	Review of complaints and compliments received, and report to Staff and Pensions committee during the year	Quarterly
9	McCloud Project	March 2025
10	Data quality review	Annually
11	Develop pension dashboards	Ongoing

C2. Actuarial Activities

Ref	Action	Timescale
12	Monitor employer contribution performance through the year	Monthly

C3. Optimising Investment Risk and Return

Ref	Action	Timescale
13	Support the development of new Border to Coast fund products, for example the property fund	As funds launch
14	Continue to move the investment mix towards the long-term Strategic Asset Allocation	Ongoing
15	Appropriate engagement with the governance of Border to Coast via the Joint Committee, Operational Officers Group, and Section 151 Meetings, and through the exercising of shareholder voting rights	Ongoing
16	Respond to the new pooling guidance arising from the LGPS next Steps on Investments Consultation	December 2024

C4. Ensuring Good Governance

Ref	Action	Timescale
17	Deliver the Pension Fund Annual General Meeting, aiming for positive feedback from all stakeholders	November 2024
18	Production of draft statement of accounts	May 2024
19	Publication of Annual Pension Fund Report	November 2024
20	Regular and effective review and management of Fund risks	Quarterly
21	Maintenance of a Policy Register / schedule for policy reviews, and the timely delivery of policy reviews	Quarterly
22	Maintenance of business continuity planning	Ongoing
23	Respond to the Scheme Advisory Board Good Governance Review	Dependent on issue of requirements
24	Respond to the tPR General Code of Practice that became live in March 2024	December 2024
25	Testing of cyber security arrangements	Ongoing (Intervals as agreed by the Fund)
26	Succession planning for committee and board membership	March 2025
27	Maintenance of a training strategy and training log	Quarterly

C5. Sustainability

Ref	Action	Timescale
28	Further develop the Fund's Climate Risk Strategy and the Fund's approach ESG, including the development of goals and milestones and monitoring of metrics	Ongoing
29	Implement TCFD disclosure requirements	March 2024
30	Engage with pooling partner funds and Border to Coast on climate change and RI developments	Quarterly