

# Warwickshire Local Pension Board

16 April 2024

## Governance, Regulatory and Policy Update Report

### Recommendation

That the Warwickshire Local Pension Board notes and comments upon the contents of this Report.

### 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 and training and regulatory updates.

### 2. Financial Implications

- 2.1 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

- 3.1 Climate risk is identified as a key risk on the Fund's Risk Register.

### 4. Supporting Information

#### Forward Plan

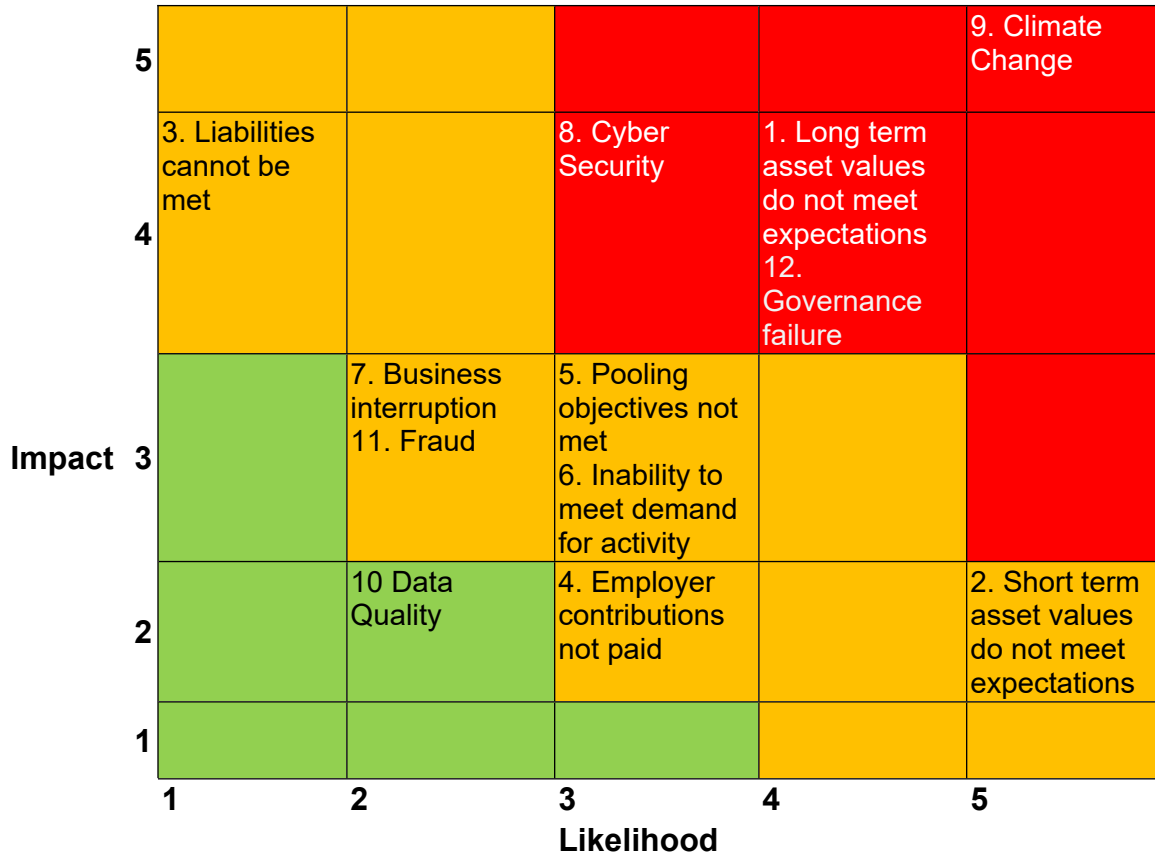
- 4.1 The purpose of including the Forward Plan in this report is to provide an updated version of the document for the Local Pension Board. It has been rolled forward to cover the year ahead. The Plan is set out (in Appendix 1) and the Board's comments are welcomed.

#### Risk

- 4.2 This section provides an update on the risks facing the Fund and the management actions necessary to address them.
- 4.3 In January 2024, officers reviewed the Fund's risk appetite but felt no changes were currently required. Officers will however engage with the Fund's advisers

to carry out a full review of the register and level of risk appetite to be presented to the Pension Investment Sub-Committee in June 2024.

4.4 Members of the Sub-Committee are asked to pay particular attention to the red risks shown indicated on the Net Risk chart shown below:



4.5 Governance Failure has been increased to a **red risk** along with Climate Change, Cyber Security and Long-Term Assets Values not meeting Expectations.

4.6 Governance Failure has been increased to a red risk in order to highlight to both Committees and the Local Pension Board that although the Fund is compliant with the Regulators Code of Practice 4, the new General Code of Practice and Scheme Advisory Board Good Governance Review may generate some additional work to ensure we are fully meet these two revised standards. The Fund will be instructing an outside independent organisation to carry out a full governance review later this year, and this is likely to become a requirement of all Funds, biannually. The Fund will review this particular risk once again in June and hopefully reduce it back to amber.

4.7 Fund Officers have also reviewed the Risk Management Policy and no changes were required to this document.

## Training

- 4.8 Thank you to all Local Pension Board members who completed the Knowledge and Skills Assessment from Hymans Robertson. The Fund have received the final report and we will construct a training programme to cover the areas where additional knowledge may be required. The first item to be added to our training programme, will be an item on Pension Scams that will be delivered to Committee, Board and Officers by Hymans Robertson in April. The Fund's Training Policy has been reviewed and no current changes are required.

## Policies

- 4.9 The review of the Fund's Climate Risk Policy has been re-scheduled for the June Committee.
- 4.10 It has been confirmed that the Fund does not require its own Accountancy Policy, so it has been removed from our Policy list.
- 4.11 The Fund's Conflict of Interest Policy has been reviewed once again and was taken to Staff and Pensions Committee for approval.
- 4.12 The Warwickshire Pension Fund Cyber Security Policy was referred to Aon Hewitt for them to carry out a full review of its contents. This Policy now meets the requirements of the Regulator for Cyber Security. The new Policy will be taken to the Staff and Pension Committee in June 2024. Training for all Committee members, Board and officers will also be arranged.
- 4.13 The Fund's Business Continuity Plan has been updated to reflect changes in personnel within the Fund. Officers will, however, be revisiting this document as Warwickshire County Council has a new version that teams within the County Council need to complete.
- 4.14 As part of our work to ensure that the Business Continuity Plan could be used in an emergency, during February, the Pension Administration Team were one of the first Teams in the County Council to carry out a documented scenario test. This involved an analysis of how the Administration Team would carry out its functions, if there were to be a cyber-attack, which took down the systems it used.
- 4.15 The Fund's Internal Dispute Resolution Procedure guidance has been reviewed but no material changes were required. This is the procedure that is followed by Pension Fund members, generally to raise an official complaint about a decision that has been made relating to their pension benefits.

## Regulatory Updates

- 4.16 The 2024/25 employee contribution bands set out the employee contribution bands effective from the start of this month (1 April 2024). These are calculated by increasing the 2023/24 employee contribution bands by the

September 2023 CPI figure of 6.7% and then rounding down the result to the nearest £100.

<b>Band</b>	<b>Actual Pension Pay</b>	<b>Main Section Contribution Rate</b>	<b>50/50 Section Contribution Rate</b>
1	Up to £17,600	5.50%	2.27%
2	£17,601 to £27,600	5.80%	2.90%
3	£27,601 to £44,900	6.50%	3.25%
4	£44,901 to £56,800	6.80%	3.40%
5	£56,801 to £ 79,700	8.50%	4.25%
6	£79,701 to £ 112,900	9.90%	4.95%
7	£112,901 to £133.100	10.50%	5.25%
8	£133,101 to £199,700	11.40%	5.70%
9	£199, 701 or more	12.50%	6.25%

- 4.17 As mentioned earlier in this Report, on 10 January 2024 the Pensions Regulator (TPR) produced the new General Code of Practice. The Scheme Advisory Board (SAB) is studying the Code to identify any new requirements for administering authorities and to consider how the Code's requirements align with items on the SAB workplan, such as the SAB's 2021 Good Governance recommendations.
- 4.18 TPR's research on governance and administration shows that the LGPS already has high standards of governance in place. The Code provides an opportunity for funds to review current practices, but also presents challenges during what is already a busy time for the LGPS. Clarity is required on which parts of the Code apply to the LGPS, what these mean for administering authorities and how they should be applied in practice. The SAB will support authorities in understanding any new requirements in the Code and, where needed, will produce new or update existing guidance to help authorities with their responsibilities. If the Fund commission an independent governance review further supporting guidance will be made available to Warwickshire.

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

- 5.1 None

## **Appendices**

1. Appendix 1 – Forward Plan

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

Local Member(s): not applicable – pension report

Other members: Cllr C Kettle & Cllr B Gifford