

Local Pension Board of Warwickshire Pension Fund

Annual Report 2023/24

The Public Services Pensions Act 2013 requires the Administering Authority for each Local Authority Pension Scheme (LGPS) fund in England and Wales to establish a Local Pension Board.

The role of local pension boards is to assist the Administering Authority to secure compliance with LGPS Scheme Regulations and other legislation relating to the governance and administration of the Fund, together with any requirements imposed by the Pensions Regulator. In short, the Board's role is to ensure the effective and efficient governance and administration of the Warwickshire Fund.

The Regulations also require the membership of the Board to be made up of equal numbers of employer and scheme member representatives with a minimum of four members i.e., at least two employer representatives and two scheme member representatives. The employer representatives on the Board must be independent of the Fund - that is to say they must have no involvement with the day-to-day management of the Fund. The Warwickshire Board has three scheme member representatives and three employer representatives.

The Warwickshire Board was established as required by the 2013 Act. The membership of the Board during the year has been as follows: -

Employer Representatives

Councillor Ian Shenton (Warwickshire CC)

Mr Keith Francis (The Citizens Advice Bureaux Service)

Mr Jeff Carruthers (Warwickshire Police)

Scheme Member Representatives

Mr Sean McGovern (HM Coroner, Warwickshire and Coventry)

Mr Mike Snow (Formerly Warwickshire District Council)

Ms Beverley Farmery (Our Lady Magnificent Multi Academy Trust) –
from 30 January 2024

Independent Chairman (Non- voting)

Mr Keith Bray (formerly Director of Financial Services at the City and County of Cardiff)

Summary

The Board met on four occasions during 2023-24

18 July 2023

14 October 2023

30 January 2024 (via Microsoft Teams)

16 April 2024

At each meeting the Board received updating reports on

Governance, Regulatory and Policy issues

Pensions Administration, Activity and Performance

The Fund's Business Plan

Investment Activity

The minutes of the previous meetings of the Staff and Pensions Committee

The publicly available minutes of the previous meetings of the Pension Fund

Investment Sub Committee.

The agendas, detailed supporting reports and minutes for these meetings can be viewed at [Local Pension Board meeting papers](#)

The Board approved the Chair of the Board's Annual Report for 2022-23 at its meeting on 18 July 2023.

Governance, Regulatory and Policy issues

The Board received regular reports on risk management as recorded and monitored in the Risk Register. The main areas of concern related to the potential impact of climate change and how the Fund is responding, cyber security and long-term investment market risks due to geopolitical factors such as the Russian invasion of Ukraine.

The impact of the McCloud Judgement was monitored throughout the year. This had created a great deal of extra work for the pensions administration staff but had been handled very well by them.

The Pensions Regulator's General Code of Practice has now been issued and while it will be necessary to take some action to be fully compliant it is not anticipated that this will be a major problem for the Fund

The recruitment and retention of suitably qualified and experienced staff is a national problem across the Local Government Pension Scheme (LGPS) which is presenting challenges to UK LGPS funds. At the time of writing the issue is being handled effectively with vacancies being filled by internal or external appointments or by interim (temporary) appointments as appropriate

It took longer than anticipated to find a suitable candidate to fill a vacancy that had arisen on the Board following, long standing member, Alan Kidner's decision to stand down in 2023; but Board members were delighted to welcome Ms Beverly Farmery as a new member at its January meeting (via Microsoft Teams) and then welcome Beverly in person at the April Meeting. The Board thanked Alan for his 8 years of valued service.

The need to develop and maintain the necessary knowledge and skills of Committee Member, Board Members and Officers is readily recognised. At the time of writing training sessions have been held or are scheduled covering the following areas

- Review of Responsible Investment and Climate Risk Policies
- Roles, Responsibilities and Fund Governance
- Accounting and Audit / Procurement and Contract Management
- An Introduction to Border to Coast Fixed Income Products
- Protection Asset Review
- Club Vita – improving understanding of human longevity
- Pension Scams
- Cyber Security
- The Pensions Regulator's General Code of Practice
- The Scheme Advisory Board's (SAB) Good Governance Review
- The Future of Pooling.

At the end of the year the Board lost the services of Andy Felton, Assistant Director of Finance: Vicky Jenks, Pensions Administration Delivery Lead and Martin Griffiths Technical Policy and Governance Lead as they took up posts elsewhere. Rob Powell, Executive Director for Resources (Section 151 Officer) has been more closely involved with the Pension Fund during the interim period recruiting Andy's replacement, Purnima Kandula. The Board was also very pleased to welcome Lisa Eglesfield as Vicky's replacement at the April meeting. The recruitment of a replacement for Martin is underway.

Pensions Administration, Activity and Performance

The Board received detailed reports on 14 Key Performance Indicators (KPI's) at every meeting. At the April 2024 meeting it was reported that the targets for 7 of the 14 KPI's were being met improvements in three of the others and that there were improvements in three of the others. It was also noted that performance in some cases was influenced by the actions or failure to act by employers or scheme members – particularly the timely provision of information.

Board members also receive and examine information regarding administrative workloads regulatory breaches (appropriate action is being taken to address any outstanding issues arising from breaches and the Pensions Regulator is kept informed as and when it is appropriate to do so). The Board monitors cases arising under the Internal Disputes Resolution Procedure and progress in preparing for the introduction of the Pensions Dashboard, the staging date for which for public service pensions schemes is now 31 October 2025.

The Fund's Business Plan

The Board monitors the Fund's Business Plan with the progress of items in the Plan being measured on a "completed/green/amber/red" (RAG rating) basis. It is pleasing to note that there are no 'red' items and that the 5 amber ratings are being actively addressed.

Investment Activity

The overall investment performance of the Fund is reported to the Board at each meeting. In addition, the Board receives a summary of the voting activity of the Border to Coast Pool and Legal and General Investment Management with whom the Fund still has significant investments.

On the Scheme Advisory Board basis, which measures all LGPS funds on a standard basis irrespective of which actuarial firm is employed, the fund had a funding level of 118% in 2022 and it is pleasing to note that a positive funding level has been maintained up to the time of writing. Over a 5-year period the Fund's total net return was 6.9 %. This was above the LGPS median of 6.3%.

The Board has been kept informed of the Government's proposals which would require all assets to be transferred to the Border to Coast Pool by 31 March 2025 and imply that the number of Pools will be reduced from 8 to 4 or 5 by 2040.

The Fund collaborates with other funds in monitoring the performance of the Border to Coast Pool.

The minutes of the meetings of the Staff and Pensions Committee and the publicly available minutes of the Pension Fund Investment Sub Committee.

These are reviewed by the Board at every meeting

Conclusion

While noting the investment performance of the Fund, the Board focusses primarily on the administration of the Fund. i.e. the maintenance of all relevant records, the collection of employer and employee contribution and the calculation and payment of benefits. It is pleasing to note that the administrative improvements made over recent years has been maintained and continues. When viewed alongside the positive actuarial funding position that the Fund currently enjoys (alongside most other Local Authority Pension funds) the Fund is well placed to meet the ever-changing challenges of the future.

Acknowledgements

Mr Keith Francis stood down at the end of the meeting held on 16 April 2024 as he had been a Board member for the maximum period of 9 years allowed by the Board's Terms of Reference. Keith has been a much-valued member of the Board since its inception and will be greatly missed. The Board thanks him for his thoughtful and helpful contributions and wishes him well for the future.

On behalf of the Board, the Chairman also wishes to thank all the members of the officer team (both past and present) for the high quality of their detailed written and oral reports and general support throughout the year.

Keith Bray

Independent Chairman

June 2024