

Warwickshire Local Pension Board

21 January 2025

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 There are no environmental implications arising directly from this report. However, 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 for consideration. The Plan has been reviewed and endorsed by the Staff and Pensions Committee. The Plan operates on a rolling annual basis and covers the year ahead.
- 4.2 The Plan is set out in Appendix 1 and the Board's comments are welcomed.

Risk

- 4.3 This section provides an update on the risks facing the Fund and the management actions necessary to address them and is drawn from the Fund's Risk Register.

4.4 Members of the Local Pension Board are asked to note the risks summarised in the chart below:

Impact 3	5					
	4	3. Liabilities cannot be met		8. Cyber Security	9. Climate Change	
	3		7. Business interruption 11. Fraud	5. Pooling objectives not met 1. Long term asset values do not meet expectations	12. Governance failure 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				

4.5 A review of the Fund’s Risk Register is conducted by officers on a quarterly basis. During that review, the inherent and residual score of each named risk is considered and amended where necessary. Mitigating actions undertaken in the previous quarter are recorded in the Risk Register. No risk scores have changed this quarter, but the risk controls / mitigating actions have been updated where appropriate, including:

4.6 **Cyber Security Data (Risk 8)** – A formal project management approach has been taken for updating the Member Self Service system to Engage. A new phishing exercise has been undertaken with staff.

4.7 **Governance Failure (Risk 12)** – A check against the Fund’s compliance with the Pensions Regulator code of practice has been completed. A new National Knowledge Assessment of the committees and Local Pension Board members has been completed.

4.8 **Data Quality (Risk 10)** – A data management plan has been implemented to identify essential data gaps from the Fund’s pension records and detail an action

plan to rectify any omissions.

- 4.9 The full Risk Register was presented at the June 2024 Pensions Investment Sub Committee and will be presented next in June 2025.

Training

- 4.10 The 2024 National Knowledge Assessment exercise is now complete and the results report is attached in Appendix 2. A training plan will now be created to address the lower scoring knowledge areas identified in the report. Engagement with the Local Pension Board was very strong with an 88.71% participation rate. The Benchmark score was reached in each of the topics completed with a particularly strong score in Pensions Governance.
- 4.11 At the time of writing, a training session on training session on the Assumptions to be used in the 2025 Formal Valuation is planned to be held in January. Members of the Pension Fund Investment Sub Committee and Local Pension Board will be invited to attend.
- 4.12 Members of the Board have access to our LGPS Online Learning Academy (LOLA). There are 6 modules to complete which cover different areas of the LGPS and the roles of its stakeholders. Questions about accessing LOLA can be sent to alistairwickens@warwickshire.gov.uk.

Policies

- 4.13 The Admissions and Terminations policy has been reviewed by Hymans Robertson and a draft version has been shared with Fund officers. The policy will align with the Fund's revised cessation approach, which will be consulted on with the Employers before the paper is taken to the March 2025 Investment Sub Committee meeting.
- 4.14 An updated Responsible Investment Policy was approved by the Pension Fund Investment Sub Committee at the December 2024 meeting. The policy was updated to align the Fund's Responsible Investment Policy with that of Border to Coast.

Regulatory Updates

- 4.15 The LGPS Governance Conference is taking place on 30-31 January 2025 in Bournemouth. The conference is aimed at members of pension committees and Local Pension Boards and the programme is on the [LGA website](#). Board members interested in attending virtually should contact alistairwickens@warwickshire.gov.uk.

- 4.16 **Further Education (FE) LGPS guarantee** – On 12th November 2024, the Secretary of State for Education laid a written ministerial statement in the House of Commons. The statement outlines that the Department for Education will provide an LGPS guarantee to FE providers operating in the statutory sector in England. The guarantee ensures that if an English FE body in the statutory sector closes, any outstanding LGPS liabilities will not revert to the fund. The ESFA has also published [further guidance](#) on the guarantee.
- 4.17 **Budget 2024** – The 2024 budget was delivered on 30 October 2024. HMRC summarised the changes relevant to pension schemes in its [newsletter](#) and these include: Extending inheritance tax to pension death benefits to include LGPS death grants, removal of an exclusion for overseas transfer charges and a requirement that pension administrators of a UK registered pension scheme to be a UK resident from 6 April 2026.
- 4.18 **GAD request for 2024 valuation data** – The Government Actuary Department (GAD) has recently sent requests for 2024 valuation to LGPS pension managers. GAD have requested the same data format for the 2024 exercise than was requested for 2020.
- 4.19 **LGPS ‘fit for the future’ consultation launched** – The chancellor has announced plans for further reform of the LGPS and a consultation has been undertaken which is due to close on 16 January 2025. The proposed changes focus on investment pools and the Scheme Advisory Board (SAB) has indicated that is not expecting any changes to the structure of the 86 LGPS funds in England and Wales as a result of the consultation.
- 4.20 There will be a new requirement for a biennial governance review process for LGPS funds which the SAB secretariat team at the Local Government Association will coordinate. The proposed changes to the Governance requirements are largely in line with the SAB Good Governance review which was completed in 2021. A separate report on this agenda covers this consultation in more detail.
- 4.21 **The 2023/24 Annual Report** for the Warwickshire Pension Fund has been published on the Fund website. The final version will be published after an independent auditor has reviewed and approved the report and the accounts for 2023/24.

5. Timescales associated with the decision and next steps

- 5.1 None

Appendices

1. Appendix 1 Forward Plan
2. Appendix 2 LGPS National Knowledge Assessment

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

Local Member(s): not applicable

Other members: not applicable