

# Warwickshire Local Pension Board

21 January 2025

## Governance Review - Compliance with Code of Practice

### Recommendation

That the Warwickshire Local Pension Board notes and comments on the report

#### 1. Executive Summary

- 1.1 The purpose of this report is to update the Local Pension Board on the Governance Review that is being undertaken with the support of AON.
- 1.2 The Board will recall that the purpose of the Review was to conduct a full review of the governance arrangements in place at the Fund. The first part of the review which comprised a check against the Fund's compliance with the Pension Regulators' General Code of Practice, has been completed and the report of the results is attached in Appendix 1.
- 1.3 The key points for the Board are set out in Section 4 below.

#### 2. Financial Implications

- 2.1 There are no financial implications arising directly from this report.

#### 3. Environmental Implications

- 3.1 None

#### 4. Supporting Information

- 4.1 The Warwickshire Pension Fund appointed AON to conduct a full review of its governance arrangements in September 2024. Part of the review covered a check of the Fund's compliance with the Pension Regulator's Code of Practice (the Code) and to report on where the Fund is fully compliant, where it is partially compliant, and where it is not yet compliant.
- 4.2 The Code is divided into sections covering Administration, Funding and Investment, The Governing Body, Reporting to The Pensions Regulator (TPR) and Communications and Disclosure. A summary of the results is below:

Module	Green	Amber	Red
The Governing Body	102	35	6
Funding and Investment	36	1	0
Administration	80	6	2
Communications and Disclosure	32	0	1
Reporting to TPR	13	1	0

- 4.3 These results represent the outcomes from the first stage of the review being undertaken by AON. The findings of the full governance review will be presented at the Local Pension Board meeting scheduled for April 2025, and this will be informed by wider work being done by AON including reviewing policies and undertaking surveys of the committee and board members. We are advised that the initial compliance checker reports in terms of whether a Fund is fully compliant with each module. Therefore, if there is any non-compliance however minor, this results at the first stage in a 'not compliant' summary rating. However, we are advised that although there are a number of areas rated Amber and some Red, the Fund is in a good position compared to other Funds and has been able to provide substantial evidence of policies already in place. Following completion of the review, a plan will be developed to prioritise and action areas those areas of policy and practice identified.
- 4.4 There are three areas of non-compliance highlighted at this stage in relation to Board recruitment. These focus on succession planning, the process for appointing a new Chair and potential resources required for business continuity. Three areas of non-compliance are noted in the Risk Management module (Governing Body section) which focus on Own Risk Assessments and conflicts of interest for Fund advisors and potential applicants to the Local Pension Board. There were two areas of non-compliance in the Administration module, relating to processes to deal with incorrect or absent data which cannot be corrected and communications with members about their AVC. The final area of non-compliance was recorded in the Communications and Disclosure module focusing on publishing related information about the Board members. These areas are summarised below.
- 4.5 **Recruitment Policy for Local Pension Board members** – A Fund specific policy is recommended to detail the Funds' process for recruiting and appointing Local Pension Board members and Chairs. The Policy will include the approach to succession planning, inclusivity, remuneration, prospective applicant conflicts of interest and the resignation and removal of members.
- 4.6 **Conflicts of Interest** – The Fund will include the requirement for all advisers to provide copies of their own respective Conflicts of Interest policy on appointment. The responses will then be reviewed by Fund officers.
- 4.7 **Own Risk Assessment (ORA)** – The Code suggests pension funds carry out an ORA for good practice. The code is not clear on what this assessment

should entail and the Fund is seeking further clarification on this with Aon before revisiting this module.

4.8 **Policy for unavailable data** – The Fund will consider whether a Policy is required to explain how the Fund will proceed where required data is unavailable.

4.9 **Administration** – An amendment will be made to the existing communications to scheme members over 50 who request a transfer of their AVC fund to a Defined Contribution scheme reminding them to check the Pension Wise guidance and be aware of scams.

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

5.1 A report will be brought to the Local Pension Board in April on the full review being undertaken by AON.

## Appendices

1. Appendix 1 – TPR Code of Practice compliance report

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

Local Member(s): not applicable

Other members: not applicable