

# Pension Fund Investment Sub-Committee

10 March 2025

## Pension Fund Governance Report

### Recommendation

That the Pension Fund Investment Sub-Committee 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. The report looks at the Forward Plan, Risk Monitoring, updated policies and training.

### 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 remains identified as a key risk on the Fund's Risk Register.

### 4. Supporting Information

#### Forward Plan

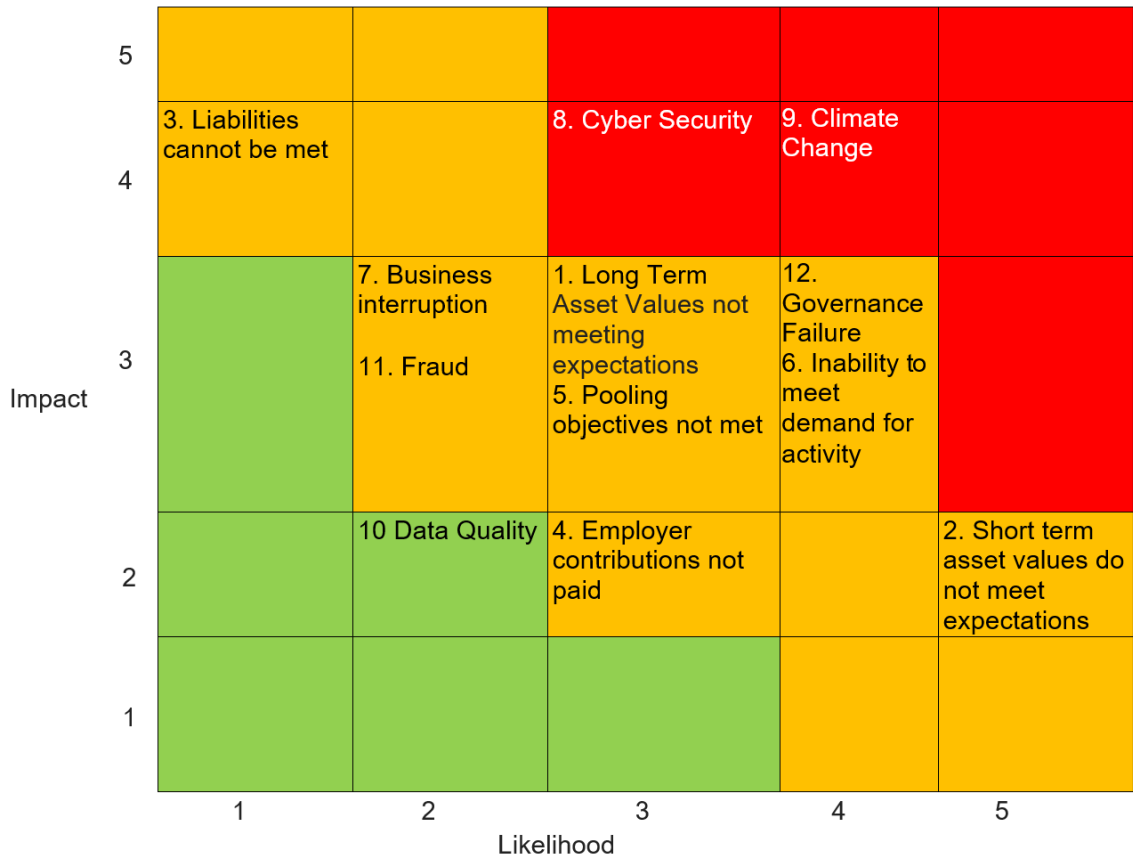
- 4.1 An updated Forward Plan is appended for the Pension Fund Investment Sub-Committee's review and awareness. The Plan has been rolled forward to cover the year ahead.

#### Risk Register

- 4.2 This section provides an update on the risks facing the Fund and the management actions necessary to address them.
- 4.3 The Full Risk Register will continue to be provided once a year and will next be presented in June 2025. Before populating the updated risk register, the

Fund proposes conducting a training session for members of this committee and the Local Pension Board. Following the training, separate meetings will be held for each group to provide input into the risk register population process.

4.4 Members of the Sub-Committee are asked to note the risks summarised in the chart below:



4.5 A review of the Fund’s Risk Register is conducted on a quarterly basis. During that review the inherent and residual score of each named risk is considered and amended where necessary. No risk scores have changed, but risk controls, causes and consequences have been updated where appropriate.

4.6 The risk causes and consequences added since the previous review are:

**Pension Dashboard requirements not met** – This has been added to the recorded consequences for Inability to meet demand for activity (Administration) (Risk 6) and Data Quality (data) (Risk 10). This is to recognise the additional consequences to dashboard users of poor data quality.

**Governance Failure (Risk 12)** – The demands of the Fit for the Future consultation on LGPS reform have been added as a risk cause. A new risk control has been added to record the creation of an action plan to meet the areas of non-compliance in the AON full governance review, including the

move to a more medium-term focussed Business Plan.

**Cyber Security (Risk 8)** – An increasing reliance on AI and automation has been added as a risk cause to recognise the potential risk associated with this developing area.

**Employer risk (Risk 4)** – A risk cause and consequence for high funding levels and the potential for employer challenges on the post 2025 valuation employer contribution rates has been added to the register to highlight the additional potential for this risk occurring.

### Policies

- 4.7 An interim review of the Fund’s Training Policy has been completed while the results from the full governance review are compiled. Following a compliance check against the General Code of Practice, an induction section has been added to our training policy. New Committee and Local Pension Board members are now required to complete a series of online training sessions within a reasonable timeframe. The updated policy also includes the use of a SharePoint channel for sharing training and relevant materials with Staff and Pensions Committee, Pension Fund Investment Sub-Committee and Local Pension Board members. Access to this SharePoint channel will be provided in March 2025.
- 4.8 The Admissions and Terminations policy has been updated to include the new cessation approach proposed by the Fund. The policy has been updated to reflect the changes made to the cessation methodology in the Funding Strategy Statement. This includes the move to a risk-based cessation approach and the setting of an upper and lower likelihood of success to consider the amount of assets a ceasing contractor is required to leave in the Fund.

### Training

- 4.9 A workshop was held for members of the Pension Fund Investment Sub-Committee on 7<sup>th</sup> February to discuss the BCPP Alpha fund asset allocation and was led by Hymans Robertson. The purpose of the session was to discuss option from Hymans in advance of the March Sub-Committee meeting.
- 4.10 A second training session was held on 7<sup>th</sup> February for members of the PFISC and Local Pension Board on the actuarial assumptions that will be used for the 2025 formal valuation of the Fund. The session was led by Hymans Robertson in preparation for the approval of the assumptions in the March Sub-Committee meeting.
- 4.11 In advance of a comprehensive review of the Fund’s risk register a training session will be arranged to cover risk monitoring and risk register maintenance. The session will be externally led, and a time and date will be confirmed in due course.

## 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

Other members: Councillors Christopher Kettle, Bill Gifford and Peter Butlin