

# Warwickshire Local Pension Board

Thursday, 14 November 2019

## Minutes

### Attendance

#### Committee Members

Keith Francis  
Keith Bray  
Alan Kidner  
Councillor Parminder Singh Birdi  
Councillor Dave Parsons

#### Officers

Neil Buxton, Pension Services Manager  
Liz Firmstone, Service Manager (Transformation)  
Michael Nicalaou, Treasury and Pension Fund Manager  
Chris Norton, Strategy and Commissioning Manager (Treasury, Pension, Audit & Risk)  
Jane Pollard, Legal Service Manager (Corporate)  
Richard Ennis, Assistant Director - Finance  
Rob Powell, Strategic Director for Resources  
Sukhdev Singh, Principal Accountant  
Aneeta Dhoot, Senior Finance Officer

#### Others Present

Ian Coleman – Independent Consultant  
Robert Bilton – Actuary - Hymans Robertson

**Due to bad weather and heavy traffic, the Chair was delayed and was not present for the start of the meeting. It was agreed that Jane Pollard, Legal Services Manager, would be acting Chair until Keith Bray arrived.**

### 1. Introductions and General Business

#### (1) Apologies

David Buckland

#### (2) Board Members' Disclosures of Interests

The Chair stated that he was a member of the Local Authority Pension Fund Forum. In addition, he works for a firm of American lawyers which has Pension Fund clients, but these did not include Warwickshire. Alan Kidner stated that his sister-in-law works for J.P. Morgan. It was acknowledged that these were unlikely to present any issues but still merited recording.

### **(3) Minutes of the meeting held on 8 July 2019**

A series of amendments to the draft minutes were requested. It was agreed that these should be made and that the revised version of the minutes be circulated to Board members and officers for their approval prior to signing by the Chair and subsequent publication.

There were no matters arising

### **(4) Minutes of the Special Meeting held on 19 September 2019**

Alan Kidner presented a series of proposed amendments to the minutes of the special meeting held on 19 September 2019. It was agreed that the board be given time to review the proposals before agreeing to the amendments and that the item be deferred until the next meeting of the Local Pension Board in March 2020

## **2. Governance Review**

Rob Powell, Strategic Director – Resources, introduced the report which had been commissioned through CPIFA to formulate an action plan in view of a number of recent issues. Ian Coleman, independent consultant carried out a complete review of the pension fund administration and compared it against what the pension regulator would be looking for. Ian Coleman confirmed to the board that the judgements made in the report were entirely his own due to there being no hard definition of the RAG ratings. His judgements are based on experience and knowledge.

The board reviewed the action plan, concentrating on red and amber ratings. During the discussion the following points were highlighted;

- i) There is a need for the board for continuous training as well as a training needs analysis for each member.
- ii) The board agreed to move to quarterly meetings.
- iii) A summary of audit reports will be presented to the Board after they have been to the Audit & Standards Committee.
- iv) The current figure for annual benefit statements distributed by the deadline is now 93%. There has been no response from the pension fund regulator in response to the breach.
- v) Rob Powell confirmed that the action plan requirements in relation to the issues with Warwickshire County Council's payroll are being implemented.

Keith Francis questioned the details of the action plan and was advised that the document is a summary and there is more information "behind the scenes" to support the work involved.

### **3. Administration Report**

Rob Powell, Strategic Director – Resources, introduced the report confirming that this was an extensive report and that it would be a standing item for all pension fund meetings moving forward.

Liz Firmstone, Service Manager, Transformation stated that the report reviews all governance matters and provides details on all current activities and progress made.

The following updates were presented to the Board;

- i) With reference to payroll reports, the programme for the payroll reports has now been shared and consolidated into fewer reports. This has improved efficiency. The pension administration officers had input into the design of the reports.
- ii) Following a question from Alan Kidner, assurances were given in relation to the costs involved in the manual intervention. The process is approaching a return to operating efficiently, and within the normal administration function. Rob Powell added that the new system has halved the costs to the pension fund and that the other costs involved have been normal costs for the administration staff doing their job.
- iii) The Starters and Changers backlog has now been cleared. 100% of changes for September have also been cleared.
- iv) With reference to the fund administration costs, it was agreed that they will need to be examined and this will form part of phase two of Ian Coleman's independent consultancy work
- v) With reference to data accuracy, the overall accuracy has increased from 98.4% to 98.5%. There is now a training log in place which will be regularly reviewed and assessed.

Following a question from Alan Kidner in relation to the payroll costs per pensioner and the fact that Warwickshire County Council has been paying a much higher price than the benchmark figure, Rob Powell confirmed that Ian Coleman will be carrying out a deep dive review and that the results will be fed back to the Board once completed. It was agreed that a clearer explanation of the costs is required, and the Board looks forward to the final report from Mr. Coleman at the next meeting in March 2020.

### **4. LGPS Development Update**

Neil Buxton, Pensions Manager updated the Board on recent and future LGPS developments. It was agreed that a link to the Scheme Advisory Board (SAB) would be sent out to all members of the Board.

With reference to the McCloud case it was confirmed to the Board that work is still ongoing. At this point it would be difficult to state what the likely impact would be as well as being difficult to assess with the final cost is likely to be. The Board will be kept updated as the case progresses.

The Hymans report is expected to be presented to the SAB on the 15 November 2019 and officers will send a link out to the members of the Board.

Officers drew attention to appendix A of the report – extracts from the Pensions Regulator Report which contains important information in relation to the pension regulator, governance and administration.

It was also noted that the Brexit issue is still causing some uncertainty for local government pension schemes.

## **5. Review of the papers of the Pension Fund Investment Sub Committee meeting held on 9 September 2019**

The Board noted the papers of the Pension Fund Investment Sub Committee meeting held on 9 September 2019.

There were no matters arising.

## **6. Forward Plan**

The Board noted and agreed the forward plan.

It was agreed that the dates for future meetings need to be discussed and clarified in view of the agreement to hold quarterly meetings. Consideration is to be given to the dates of the meetings for the Pension Fund Investment Sub Committee.

## **7. Any Other Business**

- i) It was agreed that minutes of the meetings should be circulated as soon as possible to the Chair and Board members before they are published.
- ii) Any associated documents are to be shared with Board members as soon as possible. Rob Powell, Strategic Director – Resources, will discuss with the Chair the most appropriate way to action this. The Board is to be made aware of external publications, relevant to the Board as soon as possible.
- iii) Following a discussion, it was confirmed that more administration reports would be sent to the Staff and Pensions Committee as the scheme manager, executive committee. There was some confusion as to the difference between the classification of exempt documents for the Pension Fund Investment Sub Committee (PFISC) and the Local Pension Board. The Chair stated that the

roll of the Board is to support the PFISC which is made difficult if there are exempt papers they cannot review.

- iv) Jane Pollard, Legal Services Manager, confirmed that the remit of each committee, including the Staff & Pensions committee, decided what was relevant and seen.

## **8. Reports Containing Confidential or Exempt Information**

To consider passing the following resolution:

That members of the public be excluded from the meeting for the items mentioned below on the grounds that their presence would involve the disclosure of exempt information as defined in paragraph 3 of Part 1 of Schedule 12A of the Local Government Act 1972.

### **EXEMPT ITEMS FOR DISCUSSION IN PRIVATE (PURPLE PAPERS)**

## **9. 2019 Valuation**

Robert Bilton, Actuary - Hymans Robertson presented the report to the Board and the following points were noted by the Board;

- i) The valuation started approximately 12 months ago
- ii) The assumptions made in the valuation have all stood up to scrutiny and have been agreed and signed off.
- iii) All assumptions were evidence based.
- iv) Feedback from the valuation will be used to make decisions moving forward
- v) The valuation allows comfort and reassurance to be given that the governance process is up to scratch
- vi) The next steps in the process will be to communicate the results to employers and a communication plan has been put in place.

## **10. Pooling Update**

Chris Norton, Strategic Finance Manager presented the report to the Board, highlighting the following key points;

- i) £300 million has been transferred to the Global Equity Fund

- ii) The Warwickshire Pension Fund has subscribed to the following BCPP alternatives sub-funds:
  - Private Equity
  - Infrastructure
  - Private Credit/Debt
- iii) There are currently two BCPP Non-Executive Director vacancies
- iv) A framework for complying with the Competition and Markets Authority Order will be presented to the Pension Fund Investment Sub-committee in December and an update will be provided to the Local Pension Board at the next meeting in March 2020.

The Board noted and commented on the report.

The Board rose at 12:28pm

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Chair