

Warwickshire Local Pension Board

Business Plan Monitoring

21 July 2020

Recommendation(s)

1. That the Local Pension Board notes and comments on the report.

1. Executive Summary

- 1.1 The pension fund business plan was approved at the March 2020 Pension Fund Investment Subcommittee. This report provides a quarterly update on progress against the plan and issues arising.
- 1.2 The most significant development since the plan was approved was the acceleration of the Covid-19 pandemic. Therefore actions in respect of managing the impact of the pandemic on the fund are not a feature of the Business Plan. However a specific risk assessment and action plan is in place in respect of Covid-19 and is reported elsewhere on the agenda.
- 1.3 Appendix 1 sets out business plan actions and the current position in respect of them.

2. Financial Implications

- 2.1 Many aspects of the business plan have financial implications. Financial implications are reported and managed appropriately for each issue and are not listed / repeated here. For example the Pension Fund Investment Sub Committee receive information on the impact of Covid-19 on investments.

3. Environmental Implications

- 3.1 There will be environmental implications for some aspects of the fund's activities. The fund has a Climate Risk strategy and Environmental, Social, and Governance Policy which guides its approach to environmental issues.

4. Supporting Information

- 4.1 The monitoring report in Appendix 1 uses a simple RAG rating as follows:

- Green – on track.
- Amber – off track but it is possible to get back on track or revise the plan without significant adverse consequences to the fund.
- Red – off track with significant governance input required to get back on track and/or significant potential consequences being likely.

4.2 The position is summarised below:

RAG Rating	Number
Green	27
Amber	9
Red	0
Total	36

5. Timescales associated with the decision and next steps

5.1 Monitoring against the business plan will be reported quarterly to the Local Pension Board.

Appendices

1. Appendix 1 – Business Plan Monitoring

Background Papers

1. None

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

Local Member(s):

Other members:

Ensuring a high quality administration service

	Action	Timescale	RAG	Update
1	Deliver a Pension Fund Annual General Meeting. Updating fund stakeholders on investment and governance developments.	November 2020	Green	Planning will include a contingency to run a remote AGM as this if a foreseeable possibility.
2	Deliver a Pension Fund Employers Meeting. Updating employers on developments relating to the administration of the scheme.	November or December 2020	Green	Planning will include a contingency to run a remote meeting as this if a foreseeable possibility.
3	Regular review of complaints. Ensuring specific and systematic issues are identified and actioned.	Quarterly	Green	A log of complaints is kept in respect of member services and employer services. This is kept under review by the administration team. No complaints have been received in the last quarter in respect of investments activity.
4	Develop a business case for use of iConnect Begin implementation Complete implementation	March 2020 September 2020 March 2021	Green	The full business case has been developed and completed. It has been through the Adminstrating Authority's programme/project governance process and was formally approved by Corporate Board in June.
5	Review lessons learned from 2019 Valuation	October 2020	Green	Fund officers met with fund actuaries in June to review the valuation process. A report reviewing the valuation is a dedicated agenda item elsewhere on the agenda.
6	Annual pensions newsletter issued	April-June 2020	Green	Issued to printers on 12 th June

	Action	Timescale	RAG	Update
7	Benefit statements issued	May-August 2020	Green	A work plan is in place covering activities in spring and summer to prepare for the issue of annual benefits statements in August, and is progressing well. Deferred member statements have already been issued and work on active member statements is currently on track.
8	Report administration performance KPIs to the Local Pension Board	Quarterly	Green	Reported elsewhere on the agenda. A revised set of KPIs was reported to and approved by the Staff and Pension Committee in June.
9	Keep the new pension fund web site up to date with developments	Quarterly	Green	The website has been updated with revised policies as they have been approved. Updates to the website have been made to refer members to relevant content regarding pension fund developments.
10	Complete actions identified in the governance review	December 2020	Amber	Significant progress has been made on the action plan, this was reported to the Staff and Pensions Committee in June and is also reported within the Administration update on this meeting agenda.
11	Implement monthly officer monitoring meetings to formally review activity and performance	April 2020	Green	Officer meetings in respect of investment and administration activity have continued.
12	Maintain a liaison meeting with the Warwickshire County Council payroll function	Monthly	Green	Monthly meetings with WCC Payroll continue. The administration strategy is in place now so the Service Level Agreement can be progressed.

	Action	Timescale	RAG	Update
13	Maintain regular officer monitoring and management of breaches activity	Monthly	Green	Monthly meetings focused on breaches continue, further work is required to embed this as business as usual activity.

Actuarial Activities

	Action	Timescale	RAG	Update
14	Support a review of 2019 valuation lessons learned	October 2020	Green	This is the subject of a specific report elsewhere on the agenda.
15	Monitor employer contribution performance through the year	Monthly	Amber	9 employer contributions due by mid-May outstanding by mid June. Further work required to embed monitoring as a business as usual activity.
16	Review employer covenants and risk management for non-statutory employers	July 2020	Amber	This work will be scheduled to occur over the summer.

Maximising Investment Benefits

	Action	Timescale	RAG	Update
17	Make decisions regarding new Border to Coast fund launches	As new funds launch	Green	
18	Implement Border to Coast fund transfers where approved	As funds launch	Green	
19	Ensure the fund remains MIFID2 compliant	Annual	Green	
20	Continued growth of alternative asset classes towards their new strategic asset allocation	Annual	Green	
21	Meet with directly commissioned active fund managers	Annual	Amber	This has been paused since the lockdown began but this activity will be resumed.
22	Investment monitoring reports provided to the investment sub-committee.	Quarterly	Green	
23	Plan cashflow strategy in order to avoid the need to sell assets under time pressure	Annual	Green	Cashflow strategy / approach reported to Investment Sub Committee in June. Pension payroll and investment capital calls on cash have all been met.
24	Hold officer monitoring meetings to formally review activity and performance	Monthly	Amber	Officer meetings have occurred but the most productive format under remote working will take time to develop.
25	Ensure the Fund meets the requirements of the UK Stewardship Code	Annual	Green	This work will be conducted later in the year.
26	Review ways of improving the measurement and reporting of the Fund's climate risks and exposures	Annual	Green	Climate risk strategy approved, training planned for later in the year.

Ensuring Good Governance

	Action	Timescale	RAG	Update
27	Production of draft statement of accounts	May 2020	Green	
28	Publication of Annual Pension Fund Report	November 2020	Green	
29	Ensure a risk register is maintained	Quarterly	Green	
30	To ensure employers join and leave the fund in accordance with LGPS and Warwickshire Pension Fund policies	When employers join or leave the fund	Green	No movements yet in 2020/21 that require reporting to the Staff and Pension Committee
31	Review of contracts for services provided to the Pension Fund	September 2020	Amber	This can be completed by the end of the year but may not be possible to complete by September.
32	Support governing committees and boards in the delivery of their responsibilities through the provision of appropriate information, advice, and training: <ul style="list-style-type: none"> Pension and Investments Sub-Committee Local Pension Board Staff and Pensions Committee 	Quarterly	Green	Committees continue to meet despite Covid-19. Some agenda items have been taken off agendas to ensure a focus on the top priorities. Training plans will be run for committee and board members during the year.
33	Complete the implementation of actions related to the governance review	September 2020	Amber	This is reported specifically elsewhere on the agenda.
34	Maintain a one year rolling forward plan of agenda items for all pension fund boards and committees	Quarterly	Green	
35	Implement and embed a commissioning/delivery approach to the administration of the fund	May 2020	Amber	A draft commissioning/delivery approach has been completed. Further work is required to specify an approach to planning for 2021/22.

	Action	Timescale	RAG	Update
36	Maintain a rolling programme of policy reviews to ensure all pension fund policies are reviewed with the correct timing and frequency	Quarterly	Amber	This work is under way but a finalised schedule of policies and dates for review is not yet completed.