

# Warwickshire Local Pension Board

## Business Plan Monitoring

20 October 2020

### Recommendation

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	29
Amber	7
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

None

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

Local Member(s): None

Other members: Councillors Warwick, Singh Birdi, Boad, O'Rourke and Falp

## Annex 1

### Ensuring a high-quality administration service

	Action	Timescale	RAG	Update
1	<p>Deliver a Pension Fund Annual General Meeting.</p> <p><i>Updating fund stakeholders on investment and governance developments.</i></p>	November 2020	Green	This is planned to go ahead virtually on the 16 <sup>th</sup> November 2020. Activity is under way to make arrangements.
2	<p>Deliver a Pension Fund Employers Meeting.</p> <p><i>Updating employers on developments relating to the administration of the scheme.</i></p>	November or December 2020	Green	This is planned to go ahead virtually on the 25 <sup>th</sup> November. The team is assessing which information is best delivered on the day and what may be better delivered in separate sessions.
3	<p>Regular review of complaints.</p> <p>Ensuring specific and systematic issues are identified and actioned.</p>	Quarterly	Green	A monthly meeting of pension fund managers includes a standing item to review complaints and compliments.
4	<p>Begin implementation of i-Connect</p> <p>Complete implementation</p>	<p>September 2020</p> <p>March 2021</p>	Green	The project is in progress and running approximately to time. Heywood have delivered training on how to use the system.
5	Review lessons learned from 2019 Valuation	October 2020	Green	Fund officers met with fund actuaries in June to review the valuation process.
6	Annual pensions newsletter issued	April-June 2021	Green	

	<b>Action</b>	<b>Timescale</b>	<b>RAG</b>	<b>Update</b>
7	Benefit statements issued	May-August 2020	Amber	Most Annual Benefit Statements were released on time. The Fund notified The Pensions Regulator (TPR) about a breach due to external printing issues. TPR are comfortable with the resolution.
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 September.
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	Green	Significant progress has been made, 50 out of 54 actions completed.
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.

	<b>Action</b>	<b>Timescale</b>	<b>RAG</b>	<b>Update</b>
12	Maintain a liaison meeting with the Warwickshire County Council payroll function	Monthly	Amber	<p>Monthly meetings with WCC Payroll continue, and the general Administration Strategy is in place.</p> <p>A Service Level Agreement is being progressed, and this item is tagged as amber until the SLA is agreed.</p>
13	Maintain regular officer monitoring and management of breaches activity	Monthly	Green	Monthly meetings focused on breaches continue. This is now a business as usual activity.

## Actuarial Activities

	Action	Timescale	RAG	Update
14	Support a review of 2019 valuation lessons learned	October 2020	Green	Completed.
15	Monitor employer contribution performance through the year	Monthly	Amber	Monitoring is in place but further work required to embed this in business as usual activity.
16	Review employer covenants and risk management for non-statutory employers	July 2020	Amber	A separate report covers a planned employer covenant review. The work will be delivered but later than originally planned.

## Maximising Investment Benefits

	Action	Timescale	RAG	Update
17	Make decisions regarding new Border to Coast fund launches	As new funds launch	Green	Continuing to input into fund selection and structure discussions.
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 mangers	Annual	Green	This has 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	Green	Officer meetings have resumed. Iterative changes are taking place to improve this.

	<b>Action</b>	<b>Timescale</b>	<b>RAG</b>	<b>Update</b>
25	Ensure the Fund meets the requirements of the UK Stewardship Code	Annual	Green	A project is underway to ensure submission of the final stewardship report to the FRC by 31 March 2021.
26	Review ways of improving the measurement and reporting of the Fund's climate risks and exposures	Annual	Green	The Fund has a Climate Risk policy. Hymans produced a paper for the PFISC on methods for monitoring ESG, including climate change.

## Ensuring Good Governance

	Action	Timescale	RAG	Update
27	Production of draft statement of accounts	May 2020	Green	Completed
28	Publication of Annual Pension Fund Report	November 2020	Green	Awaiting final sign-off
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	Movements are being reported to Staff and Pensions Committee as required.
31	Review of contracts for services provided to the Pension Fund	September 2020	Amber	<p>Almost all contracts are now on In-Tend (the contracts database).</p> <p>Those that have expired or are due to expire before the end of 2020 are being reviewed. Other contracts will be reviewed subsequently.</p> <p>Contract management requires significant capacity – there is a risk that capacity is not enough to keep up with the activity required. This will be kept under review.</p>
32	Support governing committees and boards in the delivery of their responsibilities through the provision of appropriate information, advice, and training:	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.

	<b>Action</b>	<b>Timescale</b>	<b>RAG</b>	<b>Update</b>
	<ul style="list-style-type: none"> <li>• Pension and Investments Sub-Committee</li> <li>• Local Pension Board</li> <li>• Staff and Pensions Committee</li> </ul>			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	Green	50 out of 54 actions completed. Detail reported 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.
36	Maintain a rolling programme of policy reviews to ensure all pension fund policies are reviewed with the correct timing and frequency	Quarterly	Amber	<p>A schedule of policies and provisional dates for review is reported specifically elsewhere on the agenda.</p> <p>There are a significant number of policies and the Fund will review the capacity required to service a timely schedule of policy reviews.</p>