

BOARD : LOCAL PENSIONS BOARD
DATE : 4 May 2021
TIME : 10am
VENUE : Virtual meeting using Microsoft Teams

LOCAL PENSION BOARD MEETING
10.00 – 12.30
AGENDA

PART A

1. PROCEDURAL MATTERS

The Board will:

- a) Receive the minutes of the meeting on 16 February 2021
- b) Receive the minutes of the meeting on 19 April 2021
- c) Review the Actions Tracker
- d) Chair of Shropshire LPB to observe the meeting
- e) Consider any Declarations of interest

2. REVIEW OF PENSION FUND COMMITTEE MINUTES

To receive the minutes from the Pension Fund Committee meeting which took place on the 12 March 2021 and the Investment Sub-Committee minutes from 12 February 2021.

3. PENSIONS PROGRAMME UPDATE

The Board will receive a verbal update on progress with the Funds transformation project.

4. UPDATE FROM THE SCHEME ADVISORY BOARD

The Board will receive a verbal update following the Scheme Advisory Board and its sub-committee meetings as outlined below:

Committee	Meeting Dates - 2021
Scheme Advisory Board	8 February
Cost Management, Benefit Design and Administration Sub-Committee	12 April
Investment, Governance and Engagement Sub-Committee	19 April

5. PERFORMANCE MANAGEMENT FRAMEWORK QUARTER 4 – 2020/21

The Board will receive the Performance Management Framework covering the period 1 January to 31 March 2021 (along with the quarter 3 comparator – 1 October to 31 December 2021).

6. TERMS OF REFERENCE / CONFLICTS OF INTEREST POLICY REVIEW

The Board will undertake a review of their terms of reference and conflicts of interest policies. The review will also consider recommendations from the governance review



undertaken by Barnett Waddingham and the Scheme Advisory Board Good Governance Review.

7. DATA QUALITY

The Board will be presented with updated data scores for common and scheme specific data along with details of actions the Fund has undertaken to improve the quality of data held.

8. LOCAL PENSION BOARD ANNUAL REPORT AND OUTTURN 2020/21

The Board will receive the forecast outturn against the Local Pension Board Budget and will approve the 2020/21 LPB Annual Report.

9. COMPLIANCE UPDATE

The paper also provides a summary of the Breaches Log for the period 1 April to 31 December 2020.

10. FEEDBACK FROM EVENTS

Board members/officers will feedback from recent conferences and seminars attended, including:

- CIPFA/BW LPB Seminar – 18 February 2021
- LGPS Central LPB Training Event – SAB – 22 February 2021
- Joint Committee/Board Training – 26 March 2021
- LGPS Central Annual Stakeholders Day – 10 March 2021
- LGPS Central LPB Chairs Meeting – 29 March 2021

11. REVIEW AND DEVELOP THE WORK PLAN

The Board will review the plan.

12. AOB

To note the next Board meeting will take place on 1 June 2021 where the Board will undertake their annual review of the production of the Statement of Accounts and Annual Report.

Dates for future meetings are:

- 13 July 2021
- 5 October 2021



MINUTES OF LOCAL PENSION BOARD – 16 FEBRUARY 2021

PRESENT

Board Members: Peter Raynes (Chair),
Geoff Wright (Member representative, Unison),
Neil Harvey (Member representative, GMB)
Adrienne Laing (Employer representative, The Challenge
Academy Trust)

CW&C Officers: Maggie Sheppard and Heidi Catherall

Apologies: Cllr Robert Bisset (Employer Representative, CW&C)
Aaron Austin and Dan Harte (CW&C Officers)

1. PROCEDURAL MATTERS

- 1.1 This Local Pension Board meeting was again held virtually due to the coronavirus pandemic.
- 1.2 No declarations of interest were received.
- 1.3 Board members will be requested to complete their usual annual declaration of interest form covering the period 1 April 2020 to 31 March 2021.
- 1.4 The Board reviewed the minutes from the last meeting on 27 October 2020 having previously approved them by email.
- 1.5 The action tracker was reviewed, and it was noted that
 - At the Board meeting in October 2020, members discussed whether there was an opportunity to invite interested parties to observe future meetings with a view to joining when a vacancy arises. The Board requested that this be included within the action tracker.
 - The Board has not conducted the usual review of their Terms of Reference and Conflict of Interest Policy pending publication of the Scheme Advisory Board's Good Governance review - the final report has just been published. Both documents will be reviewed at the next meeting in May.
 - The Pensions Regulator is due to issue their new combined Code of Practice, likely in the Spring of 2021. Once available a special meeting will be arranged so that the Board can work through the detail.



- Similarly, CIPFA will be updating their knowledge and skills frameworks which is also expected in early 2021. Again, once available a special meeting will be arranged so that the Board can work through the detail.

2. REVIEW OF PENSION FUND AND INVESTMENT SUB COMMITTEE MINUTES

- 2.1 The Board reviewed the minutes from the Pension Fund Committee meeting held on 4 December 2020.
- 2.2 The Board also reviewed the minutes from the Investment Sub Committee held on 13 November 2020.

RESOLVED that the Board: Noted the minutes of the Pension Fund Committee and Investment Sub Committee meetings.

3. PENSIONS PROGRAMME

- 3.1 The Board received an update on the pension change programme.
- 3.2 Strategic project briefs have been developed for each workstream within the project. A recruitment exercise is underway to appoint a Project Manager/Business Analyst to develop detailed project plans and timelines.
- 3.3 A communications manager has been appointed to support the Fund both with the pensions programme and general communication requirements.
- 3.4 Board members recognised the breadth of the work to be covered by the change programme.
- 3.5 Board members will be kept informed of progress in meeting the project aims.

4. UPDATE FROM THE SCHEME ADVISORY BOARD

- 4.1 Following the meeting on 8 February, the SAB have issued their final report on the Good Governance project and have set out an implementation action plan which has been sent to the Local Government Minister for consideration.
- 4.2 The Fund will consider the final report and identify any actions that can be taken in advance of any final regulation/guidance. Now that the outcomes from the project are known the Board can receive their Terms of Reference and Conflict of Interest policies in line with the final report.
- 4.3 The Board can also revisit the recommendations held over from the independent review of the Fund' governance structure, which was carried out by Barnett Waddingham in 2019.



5. PERFORMANCE MANAGEMENT FRAMEWORK Qtr 3 – 2020/21

- 5.1 The Board reviewed the Performance Management Framework (PMF) for quarter 3 (October to December 2020), which contained updates on key areas of performance and comparator information from previous quarters.
- 5.2 Board members noted the red rating on administration casework with backlogs exceeding 10% of membership and noted that this is likely to continue in the medium term whilst the pension team implement the developments outlined in the pensions programme and manage the impact of Covid-19.
- 5.3 The Board also discussed the issue of retirements and ensuring they are processed in a reasonable timeframe. The Fund has produced retirement guides for both employees and employers which aim to inform the steps that both need to take in the lead up to a retirement. Officers had commenced a project with Cheshire West and Chester Council to identify any areas for improvement in the process. Unfortunately, this project was delayed due to the pandemic. The Board will add this issue to the action tracker to be reviewed again later once the lockdown has ended.
- 5.4 The Board also noted the red rating on aged debt. This relates to one pension strain payment due from an employer. There are no concerns about the ability to recover outstanding debt to the pension fund.
- 5.5 The Board received one direct submission from members during the quarter via the link on the Board section of the website, covering a specific issue on the payment of a benefit. The Board responded to this enquiry.

RESOLVED that the Board: Officers will include the review of the retirements project on to the action tracker.

6. POOLING

- 6.1 The Board received a report providing information on progress with the investment pooling agenda including the transition of assets, pooling governance and responsible investing.
- 6.2 The report recapped the legal background to pooling and noted the varying pooling delivery approaches adopted in England and Wales (pooling not being a requirement in Scotland).
- 6.3 The report described the LGPS Central pool in which the Fund participates with seven other administering authorities (known as Partner Funds) and explained the governance in place, noting the appropriate separation in governance structures between the Partner Funds' roles as shareholder and client.



- 6.4 The report summarised the LGPS Central pooled investment funds launched to date, flagging those in which the Fund has invested and described the local governance in place to ratify initial investment and monitor ongoing performance
- 6.5 Finally, the report described the important focus on Responsible Investment delivered by LGPS Central Ltd on behalf of Partner Funds.

RESOLVED that the Board noted the content of the report.

7. EXIT CAP £95k

- 7.1 Officers had produced a report explaining the interim process that the Fund was following whilst there was disparity between HM Treasury and LGPS Regulations.
- 7.2 However, on 12 February 2021, and after the Board Agenda was distributed, the Government announced that the Restriction of Exit Payment Regulations which gave rise to the regulatory conflict were to be revoked and should be treated as disapplied.
- 7.3 The Fund had been monitoring redundancy cases since the regulations were introduced on 4 November and officers confirmed there were no members who had been affected by the Fund's Interim Policy to withhold unreduced pension when the exit cap was exceeded.
- 7.4 Although the exit cap regulations are to be revoked as drafted, Government has confirmed its intention to regulate further in relation to public sector exit payments.
- 7.5 Board members will be kept informed of any developments around exit pay reform.

8. DATA QUALITY

- 8.1 The Board received the updated TPR Data Scores produced as at 1 February 2021.
- 8.2 The scores for February were provided alongside the scores submitted for the previous three years for the Pensions Regulators scheme return.
- 8.3 Board members noted the scores had remained consistent to previous years.

	TPR Scheme Return			Latest Scores
	1-Sep-18	1-Sep-19	25-Sep-20	1-Feb-21
Common Data	98.10%	98.07%	98.73%	98.82%
Scheme Specific Data	68.80%	74.18%	74.01%	76.81%

- 8.4 The data scores were again produced using the local foundation report.
- 8.5 The Board were reminded that the Fund is continuing to work with its database provider to move to the new measurement report which will provide the scores from



directly within the database. It is expected that the Fund can move to using the new measurement report later this year.

- 8.6 Board members also received an update on progress on the Annual Benefit Statements (ABS) 'mop-up' exercise, that is sending an ABS to any members who did not receive their statement by the end of August.
- 8.7 The Board were reminded that due to the considerable data cleansing work that the Fund had carried out in the past year the number of ABS that could be issued on time met the target of 90% of active members (from 85% last year).
- 8.8 This meant that c3,000 members did not receive their ABS on time. Since the end of August, the Fund has resolved data queries and issued an ABS to a further c670 members and will issue statements to a further c,1,200 by the end of the year. Work is ongoing to resolve any data issues for the remaining members with a view to issuing an ABS as part of the 2021 exercise.
- 8.9 The Fund is also required to issue an ABS to all deferred members and was able to do so for 87% of the membership (89% last year).
- 8.10 There were c3,400 members who did not receive their ABS by the deadline and they were all because the Fund had lost contact with the member. The Fund commissioned the services of a tracing company and has been able to locate c2,100 members and issue them with an ABS. A further c220 members cannot be traced and their benefits will remain frozen with the Fund. Work is continuing to trace the remaining members so that an ABS can be issued to them in 2021.
- 8.11 Board members recognised the considerable work that has been undertaken by the team to resolve data issues and trace lost members in order to provide the members with an ABS and requested that their thanks be passed on to the team.

RESOLVED that the Board noted:

- the position on the common and scheme specific data scores.
- the position on the Annual Benefit Statements rectification process for 2020.

9. LOCAL PENSION BOARD ANNUAL REPORT AND OUTTURN 2020-21

- 9.1 Board members reviewed the format and content of the 2019-20 LPB Annual Report and outlined content that they would like to see included in the 2020-21 report.
- 9.2 Officers will draft the 2020-21 report and send to Board members for comment via email. The final version of the LPB Annual Report will be approved at the next meeting on 4 May.
- 9.3 The Board also reviewed their forecast outturn of c£1,400 spend against the budget of £10,000. The Board requested that their budget for 2021-22 be reduced to £5,000 to cover training and attendance at seminars/conferences. If any additional expenditure is required by the Board this can be reviewed at the time.



RESOLVED that: Officers will produce a draft annual report reflecting the agreed content for Board members to review via email.

10. COMPLIANCE UPDATE

- 10.1 The Board were presented with a summary of the breaches log for the period 1 April to 30 September 2020, noting that 60 breaches had been logged over the period.
- 10.2 Board members noted the Red breach which had been reported to TPR and had previously been approved by Board members as part of the breaches governance process.
- 10.3 Board members noted the actions the Fund is taking in dealing with a small number of employers who have failed to pay their contributions on time.

RESOLVED that: Board members noted the summary breaches log covering the period 1 April to 30 September 2020.

11. FEEDBACK FROM EVENTS

- 11.1 Members of the Board and officers provided feedback from the various events they had attended.
- Joint Board and Committee Training – 30 October 2020
 - Pensions Consultative Forum – 5 February 2021
- 11.2 The joint Committee and Board training on 30 October covered one of the combined training requirements as identified in the training plan which was on administration. The training also covered the important topic of cyber security. This was attended by PR and GW.
- 11.3 PR chaired the Pensions Consultative Forum which was a meeting focussed on the review of the Pension Administration Strategy. PR stated that a virtual platform works well for these meetings and ensures good attendance as members do not need to travel.
- 11.4 Board members were reminded of the upcoming LGPS Central LPB Chairs' training session which has been arranged for all board members of LGPS Central Funds. The virtual training event takes place on 22 February.

RESOLVED that:

- Board members will circulate copies of event slides to share knowledge.

12. REVIEW OF THE WORK PLAN for 2020/21

- 12.1 The Board reviewed the work plan for 2020-21.



- 12.2 The Board noted that they had not reviewed their Terms of Reference or Conflict of Interest policy this year as they were awaiting the outcome of the SAB Good Governance review which may inform any changes required. Now that the Good Governance review outcomes are known the policy reviews will take place at the May.
- 12.3 Other actions to be added onto the workplan include a review of the TPR Combined Code of practice and updated CIPFA Knowledge and Skills Frameworks, once they are available.
- 12.4 Board members will also be briefed on any further regulatory changes. As 2022 is a triennial valuation year the Board also requested that the key steps that the Fund and Committee will follow in order to meet the requirements of this task be presented to them.
- 12.5 Officers were also requested to produce an event calendar for any known conferences and seminars which are taking place this year. Such events are likely to take place virtually for the foreseeable future.

RESOLVED that: Officers will update the workplan to capture the actions outlined above.

13. AOB

- 13.1 The next Board meeting will take place on: 4 May 2021
- 13.2 Three Board members, Peter Raynes, Councillor Bisset and Geoff Wright, reach the end of their tenure in June. Officers will set out a plan to advertise the posts and undertaken a recruitment exercise. Any potential changes to the Board can be determined as part of this exercise.
- 13.3 Officers informed the Board the Pension Bill has now received Royal Assent and will contain some topics for discussion at future meetings, such as the Pensions Dashboard and supporting members to avoid pension scams on transfers out.
- 13.4 Future meetings dates are as follows:
- 1 June 2021 – to review the draft Statement of Accounts and Annual Report
 - 13 July 2021
 - 6 October 2021



MINUTES OF LOCAL PENSION BOARD – 19 APRIL 2021

PRESENT

Board Members: Peter Raynes (Chair),
Geoff Wright (Member representative, Unison),
Neil Harvey (Member representative, GMB)
Adrienne Laing (Employer representative, The Challenge
Academy Trust)

CW&C Officers: Heidi Catherall and Dan Harte

Apologies: Aaron Austin (CW&C Officer)

1. PROCEDURAL MATTERS

- 1.1 This Local Pension Board meeting was held virtually due to the coronavirus pandemic.
- 1.2 No declarations of interest were received.

2. THE PENSION REGULATORS MODULAR CODE OF PRACTICE CONSULTATION

- 2.1 The Board convened this special meeting to review the Pension Regulators (TPR) consultation on their new modular code of practice and to consider responses to questions posed therein.
- 2.2 Board members received a presentation summarising the modular code. The Code relates to all public sector pension schemes, not just the LGPS, and so there is no requirement to answer all of the questions in the consultation.
- 2.3 Based on information received from the Local Government Association, the Board considered and drafted responses to three main areas of the consultation:
 - General questions about the code
 - Universal questions on the 12 new modules
 - Module specific questions from the consultation document
- 2.4 Once the new modular code is officially published the Fund will conduct a full review of its compliance with this new code.

RESOLVED that the Board: reviewed the consultation on the modular code of practice and drafted responses to the relevant questions posed within it.

3. AOB

- 3.1 The next Board meeting will take place on: 4 May 2021



Cheshire Local Pension Board – Actions Tracker
May 2021

Date	Item Raised Under	Topic	Action	Update from 4 May 2021
16/02/21	Item 11 – 27 October 2020	Terms of Reference and Conflict of Interest Policy Reviews	The Board had not reviewed their Terms of Reference or Conflict of Interest policy during 2020/21 as they were awaiting the outcome of the SAB Good Governance review which may inform any changes required.	Outcomes from the Good Governance review have now been published. The policies are being reviewed by the Board at the May meeting.
16/02/21	Item 11 – 27 October 2020	The Pensions Regulator – Combined Codes of Practice	Board members noted that the Pensions Regulator was due to issue their new combined Code of Practice, likely in the new year. Once available a special meeting will be arranged so that the Board can work through the detail.	A consultation on the modular code was issued on 17 March with a closing date of 26 May. The Board held a special meeting on 19 April to consider responses to the relevant questions in the modular code.
16/02/21	Item 11 – 27 October 2020	CIPFA – Knowledge and Skills Guidance	Board members also noted that CIPFA will be updating their Knowledge and Skills frameworks which are expected in 2021. Once available a special meeting will be arranged so that the Board can work through the detail.	A special meeting will be arranged to work through the K&S Framework once it is available.



16 February 2021	Item 1 – Minutes of the Last Meeting 27 October 2020	Attendance of interested parties at future meetings	At the Board meeting in October 2020, members discussed whether there was an opportunity to invite interested parties to observe future meetings with a view to joining when a vacancy arises. The Board requested that this be included within the action tracker.	Board members will invite interested parties to attend future meetings.
16 February 2021	Item 5 – Performance Management Framework	Retirements	The Board also discussed the issue of retirements and ensuring they are processed in a reasonable timeframe. The Fund has produced retirement guides for both employees and employers which aim to inform the steps that both need to take in the lead up to a retirement. Officers had commenced a project with Cheshire West and Chester Council to identify any areas for improvement in the process. Unfortunately, this project was delayed due to the pandemic.	Board members will review the retirements position later in 2021.
16 February 2021	Item 12v – Review of the Work Plan	Valuation Training	As 2022 is a triennial valuation year the Board also requested that the key steps that the Fund and Committee will follow in order to meet the requirements of this task be presented to them.	Committee and Board members will receive training on the valuation process via the joint training sessions.



Scheme Advisory Board

Agenda

1.00pm – 2.30pm, Monday 8th February 2021

Item		Timings
1	Welcome, apologies and introductions	1.00
2	Declarations of conflicts of interest	1.05
3	Actions and agreements from meeting of 2 nd November 2020 – Paper A	1.10
4	95K Cap Update – Paper B	1.15
5	2021/22 Workplan and Budget – Paper C	1.35
6	Responsible Investment Update – Paper D	1.45
7	Good Governance Project Update – Paper E	1.55
8	Cost Management Committee Report – Paper F	2.15
9	Investment Committee Report – Paper G	2.25
10	AOB and date of next meeting	

Cost Management, Benefit Design and Administration Committee

DATE:	12 April 2021
VENUE:	Virtual meeting via MS Teams
TIME:	11.00am – 12.30pm

AGENDA

Item		Paper	Timings
1	Welcome, introductions, apologies and declaration of interests		11:00
2	Meeting protocol		11:05
3	Matters Arising from 11 th January meeting	Paper A	11:10
4	95K Cap and McCloud Update		11.20
5	2016 Cost Cap Valuation + Presentation by GAD	Paper B	11.30
6	MHCLG Regulatory Update		12.20
7	AOB and date of next meeting		12.30

Investment, Governance and Engagement Committee

DATE:	19 April 2021
VENUE:	Virtual meeting via MS Teams
TIME:	11.00AM – 12.30PM

AGENDA

Item		Paper	Timings
1	Welcome, introductions, apologies and declaration of interests		11:00
2	Meeting protocol		11:05
3	Matters Arising from 18 th January meeting	Paper A	11:10
4	RIAG – Chair’s report	Paper B	11.20
5	Consultations	Paper C	11.40
6	Cost Transparency/Compliance Update	Paper D	11.55
7	Good Governance Project - Update		12.00
8	MHCLG Regulatory Update, inc TCFD reporting		12.05
9	AOB and Date of next meeting		12.25

Good Governance Review – phase three project update

Introduction

1. This report provides the Board with an update on the progress of the Good Governance review and the recommendations from phase three of the project provided to the Scheme Advisory Board (SAB) by Hymans Robertson.
2. Phase three of the project sought to take forward the recommendations of the two working groups established from phase two of the project and combine these to form an implementation group that would consider the steps to be taken to prepare revised statutory guidance.
3. Originally due to report back to SAB in May 2020 the project was paused due to the Covid -19 emergency so that stakeholders in the working group could focus on the response to the pandemic.
4. Summarised below are details of the sixteen recommendations of the phase three report presented to the scheme advisory board at the end of February.

Phase 3 recommendations

Area	Proposal
A. General	A.1 MHCLG will produce statutory guidance to establish new governance requirements for funds to effectively implement the proposals below. (“the Guidance”).
	A.2 Each administering authority must have a single named officer who is responsible for the delivery of all LGPS related activity for that fund. (“the LGPS senior officer”).
	A.3 Each administering authority must publish an annual governance compliance statement that sets out how they comply with the governance requirements for LGPS funds as set out in the Guidance. This statement must be co-signed by the LGPS senior officer and S151.
B. Conflicts of interest	B.1 Each fund must produce and publish a conflicts of interest policy which includes details of how actual, potential and perceived conflicts are addressed within the governance of the fund, with specific reference to key conflicts identified in the Guidance.
	B.2 The Guidance should refer all those involved in the management of the LGPS, and in particular those on decision making committees, to the guide on statutory and fiduciary duty which will be produced by the SAB
C. Representation	C.1 Each fund must produce and publish a policy on the representation of scheme members and non-administering authority employers on its committees, explaining its approach to voting rights for each party.
	D.1 Introduce a requirement in the Guidance for key individuals within the LGPS, including LGPS officers and pensions committees, to have the appropriate level of



D. Knowledge and understanding	knowledge and understanding to carry out their duties effectively.
	D.2 Introduce a requirement for s151 officers to carry out LGPS relevant training as part of CPD requirements to ensure good levels of knowledge and understanding.
	D.3 Administering authorities must publish a policy setting out their approach to the delivery, assessment and recording of training plans to meet these requirements.
	D.4 CIPFA should be asked to produce appropriate guidance and training modules for s151 officers.
E. Service delivery for the LGPS function	E.1 Each administering authority must document key roles and responsibilities relating to the LGPS and publish a roles and responsibilities matrix setting out how key decisions are reached. The matrix should reflect the host authority's scheme of delegation and constitution and be consistent with role descriptions and business processes.
	E.2 Each administering authority must publish an administration strategy.
	E.3 Each administering authority must report the fund's performance against an agreed set of indicators designed to measure standards of service.
	E.4 Each administering authority must ensure their committee is included in the business planning process. Both the committee and LGPS senior officer must be satisfied with the resource and budget allocated to deliver the LGPS service over the next financial year.
F. Compliance and improvement	F.1 Each administering authority must undergo a biennial Independent Governance Review and, if applicable, produce the required improvement plan to address any issues identified. IGR reports to be assessed by a SAB panel of experts.
	F.2 LGA to consider establishing a peer review process for LGPS Funds.

5. The SAB chair has forwarded a copy of the recommendations and outlined requirements to the minister at the Ministry for Housing Communities and Local Government for review with a view to either amending scheme regulations or to update statutory guidance.
6. CPF will seek to apply the recommendations from the review once the guidance has been finalised for all for all funds.



<p>This is the quarterly pack of Pension Fund performance information which is based on the period 1 January to 31 March 2021 and includes a comparison to the previous quarter - 1 October to 31 December 2020.</p> <p>The overall assessment for Quarter 4 is Red.</p> <p>A summary of performance for each area is shown below including a RAG status. There is also a detailed worksheet for each of the subjects which contains more detailed information.</p>	Qtr 4 (Jan-Mar 2021)
	Summary position:
	This Quarter - 1 Jan to 31 Mar 2021
	RED
	Previous Quarter - 1 Oct to 31 Dec 2020
	RED

Subject	Comment	RAG Status
Administration Casework	<p>Overall administrators have completed 14,414 cases during the 3 month period to 31 March 2021, compared to 11,715 in quarter 3 of 2020/21.</p> <p>There has been a reduction in casework completed between in quarter 3 due to the Christmas period.</p> <p>The status is RED because the number of pieces of casework outstanding exceeds more than 10% of the membership.</p>	RED
Breaches	<p>The Fund updates the Breaches Log on a monthly basis.</p> <p>All Breaches are reviewed by the LPB, with approval also provided by the Director of Governance where necessary, in accordance with the Breaches Policy.</p> <p>The PFC and LPB also receive a summary of all breaches (since inception), including identified trends, on a quarterly basis.</p> <p>There were 16 new breaches in quarter 4 of 2020/21, which covered breaches that related to January and February (compared to 25 in quarter 3 of 2020/21). The majority (12) of the breaches in quarter 4 were contribution breaches related, the remaining 4 breaches were in relation to an administration breach. Administration breaches relate to the late notification to leavers of their rights and options.</p> <p>During quarter 4, 16 breaches were recorded as Green.</p> <p>There were instances of repeat breaches during the quarter for employers who again failed to pay their contributions on time. The Fund has a Contributions Policy which includes penalties for repeat offenders due to the administrative burden that this places upon the Fund.</p> <p>The Fund is continuing the process of developing the automated identification of administration breaches within the database and the reporting of such will evolve over the coming months.</p>	GREEN
Compliance	The Fund did not identify any material compliance issues in Quarter 4.	GREEN
Contributions Monitoring	<p>In accordance with regulations contributions should be received by the Fund by the 22nd of the month (if paid electronically) after they have been deducted from pay.</p> <p>The Fund also has an internal KPI to receive at least 98% of contributions income on time each month.</p> <p>Contributions income are monitored against both of these criteria and also whether the income received in aggregate is above the aggregate value of the pensions paid out each month. The Fund has the right to charge interest on late payments and the monetary value of the applicable interest is now included within the tables below. The Fund takes a pragmatic approach to recharge interest.</p>	GREEN
Financial Performance	The Fund's 2020/21 budget for Administration/Oversight and Governance Costs is c£4.6m. The outturn for Quarter 4 is an underspend of £282k. The underspend largely relates to the unused contingency caused by delays to expected areas of work arising from the pandemic. The RAG status is green to reflect the fact that the fund is currently forecasting an underspend.	GREEN
HR (absence)	<p>The service lost 71 days through sickness during quarter 4 of 2020/21 which equates to an annual average of 3%. This compares to 96 days lost in quarter 3 which is an annual average of 4%.</p> <p>There were no sickness days lost in the 3rd quarter relating to work related stress.</p>	GREEN
Debt Recovery	<p>The Pension Fund has £975k of debt outstanding at the end of Quarter 4 of 2020/21, £27k of which relates to prior years (which typically relates to overpayments which are being repaid by instalments).</p> <p>A large proportion of the debt (£75k) relates to invoices that are in the 91-180 day category. The majority of this debt relates to an Early Retirement costs for employers for which the Fund received prior approval before raising the invoice.</p> <p>The RAG status is Red to reflect the fact that the value of debt outstanding which is over 30 days old is over 50%.</p>	RED
Business Plan Progress	There were 33 actions assigned to Quarter 4. No actions are flagged as red, six actions are flagged as amber and seven are green. The remaining actions moved to 2021-22, highlighted blue, reflecting external dependencies which mean they cannot be achieved this financial year.	GREEN
Feedback from External Sources	Board members receive feedback from external sources. This includes submissions to the Board which are received via the webiste.	GREEN
Investment Manager Qualitative and Quantitative Performance	The Fund monitors its overall investment performance over periods of at least 3 years. It believes that this is a reasonable period of time over which it can begin to meaningfully assess performance. Performance is monitored against the Fund's tailored benchmark, CPI and asset performance assumptions from the most recent valuation. This allows the Fund to monitor its investment performance both on a standalone basis, and relative to the long term funding plan. As shown by the accompanying chart, rolling 3 year investment performance is ahead of benchmark, CPI and the valuation assumption.	GREEN

TERMS OF REFERENCE AND CONFLICT OF INTEREST POLICY REVIEW

Introduction

1. The Local Pension Board has been in operation since 1 April 2015. At its first meeting the Board reviewed and adopted the Terms of Reference (Appendix A) and the Conflicts of Interest Policy (Appendix B). The Board undertakes an annual review of both documents.
2. The Board will also review the recommendations from the 2019 review of the Funds governance arrangements to determine whether this requires any changes to the Board's Terms of Reference.

Recommendation

3. The Board are requested to:
 - Review the recommendations from the Barnett Waddingham review and consider any necessary changes to the Terms of Reference.
 - Comment on the Terms of Reference and identify any required amendment, either to the ToR or to the Board's working practices.
 - Comment on the Conflict of Interest Policy and identify any required amendment.

Governance Reviews

4. During 2018/19 the Fund commissioned Barnett Waddingham to undertake an independent review of the Funds Governance arrangements. The review included the role of the Board and how it fits in with the wider governance framework.
5. The conclusions from the review were positive and contained some recommendations to change the Board's ToR, for instance to recognise that the Board actually meets a minimum of 4 times per year whilst the ToR states the minimum will be twice a year.
6. The BW review also contained other recommendations and the Board determined that these would be considered in conjunction with the outcomes from the Scheme Advisory Board's national review of Governance.
7. The Scheme Advisory Board (SAB) commissioned Hymans Robertson to undertake a wider review of governance in the LGPS. The outcomes from this review were delayed due to the pandemic, however, in February 2021 SAB approved and published their recommendations.
8. SAB have issued their recommendations to MHCLG for formal implementation. It is not known when the recommendations will be formally adopted or whether there will be any changes to them, however, it is assumed there will not be any material changes.
9. The Fund is undertaking a review of compliance with the recommendations the Good Governance recommendations and will report back to the Board in due course.
10. Attached in Appendix C is a summary of the recommendations from the BW review which the Board will be requested to comment upon.



Terms of Reference

11. The Terms of Reference (ToR) contains a specific requirement for the Board to undertake an annual review to identify any required amendments. The review also provides an opportunity for the Board to refine its working practices in line with the ToR.
12. Now that the outcomes from the national Good Governance review are known the Board are requested to review the terms of reference, identify and agree any required changes, including those from the BW review.
13. Any changes to the Board's ToR would need to be reviewed by the Pension Fund Committee and thereafter, approved by the Audit and Governance Committee.

Conflicts of Interest Policy

14. In addition to the ToR the Board also undertake an annual review of the Conflict of Interest policy in order to identify any changes which may be required.
15. Members of the Board each signed a declaration upon appointment confirming that there were no interests which would preclude them from undertaking their role on the Board. Declarations are also requested at the start of each meeting and Board members also complete a declaration of interest form on an annual basis. The annual declaration forms are available on the Fund's website.
16. Any changes to either the Terms of Reference or the Conflicts of Interest Policies would need to be approved by the Pension Fund Committee and then the Audit and Governance Committee.



LOCAL PENSION BOARD**TERMS OF REFERENCE****1. Introduction**

- 1.1 The purpose of this document is to set out the terms of reference for the establishment of a Local Pension Board. Administering Authorities are now required to establish a new body to be known as the Local Pension Board (“The Board”) to assist Cheshire West and Chester Council in its role as Administering Authority and Scheme Manager of the Cheshire Pension Fund. This requirement stems from the provisions of the Public Service Pensions Act 2013 (“The 2013 Act”) and Regulation 106 of the Local Government Pension Scheme Regulations 2013 (“LGPS 2013”). Other relevant documents are the Pension Regulator’s Codes of Practice, and the “Guidance on the Creation and Operation of Local Pension Boards in England and Wales” (“the Guidance”). The Board is not intended as a replacement for the present Cheshire Pension Fund Committee (“CPFC”). The Board’s functions, listed below at Paragraph 2.1-2.5, should complement those of the CPFC.
- 1.2 The Cheshire Pension Fund is part of a nationwide pension scheme called the Local Government Pension Scheme (LGPS). The pension fund administers the LGPS for the local authorities in Cheshire together with a number of other bodies who participate in the fund, including colleges, academies and housing trusts. The fund is administered by Cheshire West and Chester Council and its Chief Finance Officer (“CFO”) is ultimately responsible for its affairs with powers delegated by Council. In this capacity the CFO is known as the Scheme Manager. The CFO appointed an advisory panel known as the Cheshire Pension Fund Committee. That committee is convened as necessary by and to advise the Chief Finance Officer on matters relating to the administration of the fund that they require advice on. Its functions are described within the Council’s constitution at D1. The CPFC’s governance terms will require review and amendment of the Council’s constitution in light of the introduction of the Board.

2. Function and Role

- 2.1 The role of the Board is defined by sections 5(1) and (2) of the Act and related legislation and Regulations. The Board’s aim is to assist the Administering Authority to ensure the effective and efficient governance and administration of the LGPS, including;
- 2.1.1 Securing compliance with the LGPS regulations and any other legislation relating to the governance and administration of the LGPS;
- 2.1.2 Securing compliance with requirements imposed in relation to the LGPS by the Pensions Regulator;
- 2.1.3 Such other matters as the LGPS regulations may specify.

- 2.2 The Board will ensure it effectively and efficiently complies with the Guidance issued by the LGPS Scheme Advisory Board and may determine the areas it wishes to consider including:
- 2.2.1 Review regular compliance monitoring reports which shall include reports to, and decisions made under the Regulations by the Committee.
 - 2.2.2 Monitor complaints and performance on the administration and governance of the scheme.
 - 2.2.3 Review the implementation of revised policies and procedures following changes to the Scheme.
 - 2.2.4 Review the arrangements for the development of Board members and those elected members and officers with delegated responsibilities for the management and administration of the Scheme.
 - 2.2.5 Review the exercise of employer and administering authority discretions.
 - 2.2.6 Review the outcome of internal and external audit reports, review draft accounts and scheme annual report.
 - 2.2.7 Any other area within the core function (i.e. assisting the Administering Authority) the Board deems appropriate.
- 2.3 The Local Pension Board will also help ensure that the Cheshire Pension Fund is managed and administered effectively and efficiently and complies with the Codes issued by the Pension Regulator.
- 2.4 The Board will assist the Scheme Manager to be satisfied that a person to be appointed as a member of the Board does not have a conflict of interest, and to be satisfied from time to time that none of the members of the Board have a conflict of interest.
- 2.5 The Board will assist the Administering Authority to include undertaking work requested by the Administering Authority for the purposes of scrutiny of Scheme Manager and CPFC decisions including funding and investments. However, the Local Pension Board does not replace the Administering Authority or make decisions which are the responsibility of the Scheme Manager or the CPFC.

2.6 The Board shall not:

- 2.6.1 Counter or alter investments decisions that have or have not been made by the Scheme Manager other than to review that due process has been followed when making decisions;
- 2.6.2 Amend the statements, strategies and reports prepared in compliance with section 57 to 61 of the LGPS Regulations;
- 2.6.3 Become involved in any internal dispute resolution appeals;
- 2.6.4 Enter into contracts on behalf of the Scheme Manager;
- 2.6.5 Dismiss any members of the CPFC;
- 2.6.6 Use the Board to act on behalf of a particular constituency or Pension Fund Member in general or in relation to a specific complaint at any time.

3. **Membership and Appointment Process**

3.1 The Board shall consist of 4 members and be constituted as follows:

- 3.1.1 2 employer representatives, of whom;
 - 1 shall be nominated by Cheshire West and Chester Council. Where they are elected members or officers, they shall meet the requirements of the relevant Regulations in relation to avoidance of conflict with the Council's role as Administering Authority. No officer or elected member of an Administering Authority who is responsible for the discharge of any function under the Regulations may be a member of the Board within the authority they represent or are employed by. An elected member presently sitting on the Pension Committee may not be a member of the Board;
 - 1 shall be nominated by agreement between the representative employer bodies who are employers within the Cheshire Pension Fund Such appointment will only be made following an openly advertised competition for the role;
- 3.1.2 Employer member selection can be assisted and advised by the Scheme Manager.
- 3.1.3 Scheme member representatives (who may be elected members) of whom;
 - 1 shall be appointed by the recognised Trade Unions representing active members of the Cheshire Pension Fund;
 - 1 shall be appointed following an openly advertised competition for the role.

- 3.1.4 1 independent member may be selected by the Scheme Manager, who shall have no pre-existing employment, financial or other material interest in either the Administering Authority or any scheme employer in a fund or funds administered by the Administering Authority and who shall be appointed as a non-voting independent Chair of the Board. Such appointment will only be made following an openly advertised competition for the role.
- 3.2 The Board may, with the approval of the Scheme Manager, co-opt other persons who are not members of the Board to serve on the Board as non-voting members, particularly where this would assist the other Board members to gain appropriate knowledge and understanding of the Board's functions and duties in the context of the Administering Authority and the Pension Committee. The maximum number of members to be co-opted to the Board will be 2. These potential members may include access to an agreed pool of senior pension fund officers from other (possibly neighbouring) authorities where such advice and assistance will not prevent a conflict of interest or breach of confidentiality.
- 3.3 Subject to any applicable regulation and legislation in force appropriate advisors shall include but not be limited to:
- 3.3.1 The Fund's Actuary;
 - 3.3.2 The Fund's legal advisor;
 - 3.3.3 The Fund's investment advisor(s);
 - 3.3.4 Other external advisors, so approved by the Scheme Manager.
- 3.4 The Scheme Manager may appoint substitutes for each representative group who may be requested to attend Board meetings if an appointed member is unable to attend and notifies the Scheme Manager at least 2 days in advance.
- 3.5 The methodology for appointing employer and member representatives is not prescribed by the Regulations. It therefore falls to each Administering Authority to establish an appropriate process. All Board members will be formally appointed by the Scheme Manager in accordance with the appointment process to be settled by the Scheme Manager. Recognised trade unions, scheme employers and members of the scheme are being asked to nominate representatives for appointment to the board. The Scheme Manager will establish a formal selection process in the event that the number of nominees exceeds the available places. The selection process will assess relevant experience, capacity to represent scheme members and their knowledge and understanding of the Local Government Pension Scheme. The Administering Authority must be satisfied that a person to be appointed as an employer or scheme member representative has the capacity to represent employers or scheme members. Proposed appointments will be ratified by the Audit and Governance Committee.

- 3.6 A Local Pension Board member should not have a conflict of interest as defined under the Act and the relevant Regulations, The Localism Act 2011 and the Nolan Principles on conduct in public office. However, a financial or other conflict of interest will not arise merely by virtue of a member of a Local Pension Board being a member of the LGPS and/or Fund.
- 3.7 A “conflict of interest”, in relation to a person, means a financial or other interest which is likely to prejudice the person’s exercise of functions as a member of the Board.
- 3.8 The Scheme Manager should obtain confirmation from the appointee in the form of a written undertaking that they understand the requirements of the role and to commit to those requirements, by:
- 3.8.1 Disclosing all interests and responsibilities which have the potential to become conflicts of interest;
 - 3.8.2 Committing to attend a minimum number of meetings a year;
 - 3.8.3 Committing to undertake development to increase knowledge and understanding; and
 - 3.8.4 Undertaking to abide by the Board’s terms of reference and wider constitutional documents.
- 3.9 The Board will provide the Scheme Manager with such information as he or she requires in order to ensure that any member of the Board or person to be appointed to the Board can show they do not have a conflict of interest.

4. Term of Office

- 4.1 Each employer representative and scheme member representative so appointed shall serve for a fixed 3 year period which can be extended for further period(s) subject to re-nomination.
- 4.2 Each Board member should endeavour to attend all Board meetings.
- 4.3 In the event of consistent non-attendance by any Board member, then the tenure of that membership should be reviewed by the other Board members in liaison with the Scheme Manager and the other Board members may vote to remove the non-attending Board member and re-appoint their successor.

4.4 Other than by ceasing to be eligible as set out above, a Board member may only be removed from office during a term of appointment by the unanimous agreement of all of the other voting members. The removal of an independent member requires the consent of the Scheme Manager.

5. Quorum

5.1 A quorum will comprise 2 of which at least one shall be an Employer representative and one a scheme member representative

6. Voting Rights

6.1 Each member representative and employer representative will have one vote. This excludes other members including any independent member, co-opted member, and advisor. There shall be no casting vote in the event of a tie of votes such that the debate and voting must continue until a majority is reached, or the item of business deferred.

7. Termination

7.1 Termination will arise at the expiry of a member's term of office.

7.2 The Board may also make a decision to terminate a member's term of office for the following:

7.2.1 A member discloses or it is determined that they have a conflict of interest which cannot be managed in accordance with the Board's code of conduct policy;

7.2.2 A member dies or becomes incapable of acting;

7.2.3 A member who is a Councillor of the Administering Authority is appointed to a Pensions Committee;

7.2.4 A member is appointed to the role of an officer of the Administering Authority with responsibility for the discharge of functions under the Regulations;

7.2.5 A member wishes to resign; and

7.2.6 A representative member ceases to represent his constituency, for example if an employer representative leaves the employment of his employer and therefore ceases to have the capacity to represent the Fund's employers.

8. Remuneration of Board Members

- 8.1 Members of the Board shall be reimbursed for reasonable subsistence and travel expenses in accordance with relevant policies held by the Administering Authority.
- 8.2 Although the appointments to the Board fall outside the provisions of the Local Government Act and therefore are not strictly subject to the Council's established remuneration procedures, the Administering Authority should still clearly make reference to any appropriate Council policies and principles.
- 8.3 All members of the Board shall be reimbursed for travel and subsistence expenses they have actually and necessarily incurred in the conduct of their duties as a member of the Board, including attendance at relevant training and development activities. Rules in relation to the production of receipts and other financial procedures will apply.
- 8.4 In relation to members of the Board who are not elected members and are in employment, their employer may be able to reclaim a sum equivalent to salary, employers' national insurance contributions and employers' pension contributions, in respect of time spent by the individual in fulfilling their duties as a member of the Board during normal working hours of their employer's business, including attendance at relevant training and development activities.
- 8.5 These measures attempt to ensure that no member of the Board will be out of pocket as a result of their membership and seeks to remove potential disincentives to membership while not providing a solely financial incentive to take part in the work of the Board.
- 8.6 For elected members who are appointed to the Board the role would be part of the various council appointments they participate in in accordance with the relevant approved Members Allowance Scheme.
- 8.7 The Board must seek written consent from the Scheme Manager (such consent not to be unreasonably withheld) for:
- 8.7.1 The allocation of a Budget;
 - 8.7.2 Instructing the Pension Fund actuary to provide a report;
 - 8.7.3 Request any external advisor to attend a meeting of the Pension Board which shall require remuneration;
 - 8.7.4 Incurring a cost to the Scheme Manager;

9. Chair

9.1 An independent Chair will be appointed, who shall have no pre-existing employment, financial or other material interest in either the Administering Authority or any scheme employer in a fund or funds administered by the Administering Authority and who shall be appointed as a non-voting independent Chair of the Board. Such appointment will only be made following an openly advertised competition for the role. An independent Chair does not have a casting vote.

9.2 It shall be the role of the Chair to:

9.2.1 Ensure that all members of the Board show due respect for process, that all views are fully heard and considered and that decisions are democratically made where consensus cannot be reached.

9.2.2 To uphold and promote the purpose of the Board and to interpret its Terms of Reference when necessary.

9.2.3 Ensure that the Board members have relevant knowledge and skills and maintain a training record where appropriate.

9.2.4 Liaise with the administrator from the Administering Authority who supports the Board and agree the agenda and minutes for each Board meeting.

9.2.5 Ensure an attendance record is maintained along with advising the Scheme Manager on remuneration and expenses to be paid.

9.2.6 Advise the Scheme Manager on an appropriate budget for the Board.

9.2.7 Write reports required by Scheme Manager on the performance of the Board.

9.2.8 Liaise with the Scheme Manager on the requirements of the Board, including advanced notice for Officers to attend and arranging dates and times of Board meetings.

9.2.9 To annually review and report on the performance of the Board.

9.3 The decision of the Chair on all points of procedure and order and the Chair's interpretation of the Protocol shall be final.

10. Knowledge, Skills and Training

10.1 To be appointed as a member of the Board a person must be conversant with:

10.1.1 The legislation and associated guidance of the Local Government Pension Scheme (LGPS); and

10.1.2 Any document recording policy about the administration of the LGPS which is adopted by the Cheshire Pension Fund.

10.2 In addition, a member of the Board must have knowledge and understanding of:

10.2.1 The law relating to pensions, and

10.2.2 Any other matters which are prescribed in regulations.

10.3 Individual Pension Board members should be satisfied that they have the appropriate degree of knowledge and understanding to enable them to properly exercise their functions as a member of the Pension Board.

10.4 To ensure that the knowledge and understanding requirements are met:

10.4.1 The Board should adopt a knowledge and understanding policy and framework

10.4.2 The Board should designate a person to take responsibility for ensuring that the knowledge and understanding policy and framework is developed and implemented.

10.4.3 The Board should prepare (and keep updated) a list of the core documents recording policy about the administration of the Fund and make the list and documents (as well as the rules of the LGPS) accessible to its members.

10.4.5 Advisors to the Board should have regard to the LGPS guidance (Schedule A, Part 2) on Local Pension Boards as it contains detailed information regarding sources and information required to achieve applicable levels of knowledge and understanding.

10.4.6 Appropriate records should be kept of the learning activities of members and the Board as a whole.

11. Board Review Process

11.1 The Board will undertake a formal review process each year to assess the performance of the Board's functions in order to seek continuous improvement.

11.2 The Board may vary these terms of reference and adopt revised terms following approval from Audit and Governance Committee.

12. Meetings

12.1 The Scheme Manager shall give notice to all Board members of every meeting of the Board, and shall ensure that all papers are published on the Cheshire Pension Fund Website at least 5 working days prior to each meeting. These may be edited at the discretion of the Scheme

Manager to exclude items on the grounds that they would either involve the likely disclosure of exempt information as specified in Part 1 of Schedule 12A of the Local Government Act 1972 or it being confidential for the purposes of Section 100A (2) of that Act and/or they represent data covered by the Data Protection Act 1998.

12.2 The Scheme Manager shall ensure that a formal record of Pension Board proceedings is maintained. Subsequent to each meeting the Chair will be asked to approve the minutes for publication as a draft and circulation to all members of the Board.

12.3 The Pension Board shall on an annual basis produce a report on both the nature and effect of its activities for consideration by the Administering Authority. The contents of this annual report will be subject to consideration and agreement at a meeting of the Board, but should include, inter alia:

12.3.1 Details of the attendance of members of the Board at meetings;

12.3.2 Details of skills and development activities provided for members of the Board and attendance at such activities;

12.3.3 Details of any recommendations made by the Board to the Scheme Manager and the Scheme Manager's response to those recommendations; and

12.3.4 Details of the costs incurred in the operation of the Board.

12.4 The Board in considering items of business at its ordinary meetings shall in relation to each item consider whether it wishes to make a recommendation to the Scheme Manager, to which the Scheme Manager shall respond at the subsequent meeting.

12.5 The Board shall meet at least twice a year and may call additional meetings if the need arises.

12.6 An extraordinary meeting will be called when the Chair considers this necessary and/or in circumstances where the Chair receives a request in writing by 50% of the voting membership of the Board.

13. Decision making

13.1 Each member of the Board will have an individual voting right but it is expected that the Board will, as far as possible, reach a consensus.

14. Standards of conduct and conflicts of interest

14.1 The Board should cultivate a culture of openness and transparency.

- 14.2 All members of the Board are expected to act in accordance with the Code of Conduct described in the Administering Authority's Constitution at G1A, and any other requirements provided for in associated government guidance and relevant legislation, where applicable.
- 14.3 Following the establishment of the Board the Administering Authority may prepare and approve a conflicts policy for the Board to adopt. The conflicts policy should cover issues relating to the identification, monitoring and management of potential conflicts of interest (including adviser conflicts). Once adopted, the Board should keep this policy under regular review.
- 14.4 The conflicts policy should include as a minimum examples of scenarios giving rise to conflicts of interest how a conflict might arise specifically in relation to a member of the Board and the process to be followed by members of the Board and the Administering Authority to address a situation where members are subject to a potential or actual conflict of interest.
- 14.5 As the function and role of the Board develops, a review should be undertaken after Year 1 to assess whether Board members require a supplementary or separate code of conduct owing to their duties under the Pension Act 2004 and Regulations. This would be in addition to member duties under the Local Government Acts as defined in the Administering Authority's Code of Conduct.
- 14.6 In accordance with s5 (5) Public Service Pension Act 2013, a Board member must not have a financial or other interest that could prejudice them in carrying out their Board duties.
- 14.7 The Scheme Manager shall not appoint as a member, a person who has an existing conflict of interest.
- 14.8 Where a member encounters a conflict of interest during their appointment, they shall inform the Scheme Manager without delay and their tenure shall end with immediate effect.
- 14.9 Where a member has been removed from the Board under this clause they may be entitled to be reappointed once the conflict has been resolved at the Board's discretion.
- 14.10 Such reappointment shall be made by the Board, only where written approval from the Scheme Manager (advised by the Monitoring Officer) has been provided.
- 14.11 The role of Board members requires the highest standards of conduct and therefore should have regard to the 'Seven Principles of Public Life' (known as the Nolan Principles):

Selflessness Holders of public office should act solely in terms of the public interest. They should not do so in order to gain financial or other benefits for themselves, their family or their friends.

Integrity Holders of public office should not place themselves under any financial or other obligation to outside individuals or organisations that might seek to influence them in the performance of their official duties.

Objectivity In carrying out public business, including making public appointments, awarding contracts, or recommending individuals for rewards and benefits, holders of public office should make choices on merit.

Accountability Holders of public office are accountable for their decisions and actions to the public and must submit themselves to whatever scrutiny is appropriate to their office.

Openness Holders of public office should be as open as possible about all the decisions and actions that they take. They should give reasons for their decisions and restrict information only when the wider public interest clearly demands it.

Honesty Holders of public office have a duty to declare any private interests relating to their public duties and to take steps to resolve any conflicts arising in a way that protects the public interest.

Leadership Holders of public office should promote and support these principles by leadership and example.

15. Publication

15.1 The Board's method of reporting shall be in accordance with established Committee rules procedures as prescribed in B5 of the Administering Authority's Constitution. Its reports shall be taken to the Council's Audit and Governance Committee.

15.2 Where the Board considers reports or information should be communicated for additional scrutiny, the Board will refer to matters to the Councils' scrutiny process.

15.3 The annual review shall be published on the Cheshire Pension Fund Website and made available in hard copy upon request.

15.4 The minutes of Board meetings shall be published on the Cheshire Pension Fund Website and made available in hard copy upon request.

15.5 The minutes may, at the discretion of the Scheme Manager be edited to exclude items on the grounds that they would either involve the likely disclosure of exempt information as specified in Part 1 of Schedule 12A of the Local Government Act 1972 or it being confidential for the purposes of Section 100A (2) of that Act and/or they represent data covered by the Data Protection Act 1998.

15.6 Up to date information will be posted on the Cheshire Pension Fund website showing:

- The names and information of the Board members
- How the scheme members are represented on the Board
- The responsibilities of the Board as a whole
- The full terms of reference and policies of the Board and how they operate
- The Board appointment process
- Who each individual Board member represents
- Any specific roles and responsibilities of individual Pension Board members.

16. Wider Board Reporting Duties

16.1 The Board will be accountable to report under the relevant provisions of the Pension Act 2004, the 2013 Act and the relevant LGPS Regulations.

16.2 In accordance with section 70 of the 2004 Act, certain individuals, including persons involved in advising trustees or managers of pension schemes, must report to the Regulator as soon as reasonably practicable where that individual has reasonable cause to believe that:

16.2.1 A duty which is relevant to the administration of the LGPS, and is imposed by or by virtue of an enactment or rule of law, has not been or is not being complied with by:

- any CPFC member;
- the CPFC collectively;
- any Board Member;
- the Board collectively;
- the Scheme Manager;
- any Fund officer

16.3 The failure to comply is likely to be of material significance to the Regulator in the exercise of any of its functions.

16.4 The Board will liaise with and notify the Scheme Manager and CPFC if any formal report is to be referred to the Regulator, Council or other interested parties.

17. Data Protection, Confidentiality and Freedom of Information

17.1 The Board will initially incorporate the Administering Authority's own codes in respect of Data Protection, Confidentiality and Freedom of Information. The Board will assess whether it requires adoption of separate Board codes to enable the performance of its functions.

17.2 The Board will also assess the requirement to adopt the following policies to be appended to these Terms of Reference

17.2.1 A code of conduct;

17.2.2 A conflicts policy;

17.2.3 Policies dealing with information security, acceptable use (and monitoring) and subject access request.

.....

Signed on behalf of the Administering Authority

.....

Signed on behalf of the Board

Annex to
Terms of Reference for the Local Pension Board for the Cheshire Pension Fund

Conflicts of Interest Policy

1. The Legal Background

1.1 The Public Service Pensions Act 2013 (the 2013 Act) makes it a legal requirement that members of local pension boards do not have a conflict of interest and that they declare this position. The Local Government Pension Scheme Regulations 2013 (the 2013 Regulations) have been amended accordingly. Regulation 108 of the 2013 Regulations requires that;

Each administering authority must be satisfied that any person to be appointed as a member of a local pension board does not have a conflict of interest

1.2 Section 5(5) of the 2013 Act defines a conflict of interest as;

A financial or other interest which is likely to prejudice the person's exercise of functions as a member of the board (but does not include a financial or other interest arising merely by virtue of membership of the scheme or any connected scheme).

1.3 Declarations are required as part of the appointment process, as well as regular intervals throughout a Member's tenure to the Scheme Manager's satisfaction, normally on an annual basis but, depending on the circumstances, at the Scheme Manager's discretion.

1.4 The 2013 Regulations allow for elected members to sit on a Local Pension Board. Under the Localism Act of 2011 all elected members will be covered by and subject to their own local authority's code of conduct. Nothing in this policy in any way supersedes or replaces any requirements under an elected member's own authority's code of conduct.

2. Conflict of Interests – General Principles

2.1 A conflict of interest is defined as a financial or other interest which is likely to prejudice a person's exercise of functions as a member of the Board. The basic principle in relation to conflicts of interest is that a member of the Board must not put him or herself in a position where duty and personal interest conflict or where their duty to one conflicts with their duty to another unless expressly authorised'

2.2 Conflicts of interest may arise for Members and their advisors. This simply reflects the fact that individual Members and their advisors will have a variety of other roles and responsibilities outside the Board. Members and their advisors must be able to identify potential conflicts of interest and have procedures in place to manage them. This document outlines the procedure the Members have adopted to do this.

3. Examples of Conflicts of Interest

3.1 Some examples of potential conflicts would include;

3.2 A finance officer appointed as a member of a Local Pension Board may, from time to time, be required to review a decision which may be, or appear to be, in opposition to another interest or responsibility. For example, they may be required as a member of the Local Pension Board to review a decision which involves the use of departmental resources to improve scheme administration, whilst at the same time being tasked, by virtue of their employment, with reducing departmental spending.

3.3 A member representative who works in the Administering Authority's internal audit department may be required as part of his work to audit the Fund. For example, the employee may become aware of confidential breaches of law by the Fund which have not yet been brought to the attention of the Local Pension Board.

3.4 An employer representative from the private sector may also have a conflict of interest as a decision-maker in their own workplace. For example, if an employer representative is drawn from a company to which the Administering Authority has outsourced its pension administration services and the Board are reviewing the standards of service provided by it.

4. How a Conflict or Potential Conflict Might Arise

4.1 The Public Service Pensions Act 2013 defines a conflict of interest as a financial interest which is likely to prejudice a person's exercise of functions.

4.2 Therefore, a conflict of interest may arise when an individual:

- Has a responsibility or duty in relation to the management of, or provision of advice to, the LGPS fund administered by Cheshire West and Chester Council, and
- At the same time has:
 - A separate personal interest (financial or otherwise) or
 - Another responsibility in relation to the matter,
- giving rise to a potential conflict with their first responsibility

4.3 An interest could also arise due to a family member or close colleague having a specific responsibility or interest in a matter.

5. Procedure

5.1 For this procedure to work the Members have agreed that they must:

- declare any actual or potential conflict of interest they may have;
- be open with each other on any conflicts of interest they may have;
- provide information reasonably requested to assess whether there is any actual or potential conflict of interest;
- adopt practical solutions; and
- plan ahead and agree on how they will manage any conflicts of interest which arise.

5.2 The following procedures have been adopted:

5.2.1. To maintain a register of Members' interests which could give rise to a conflict.

5.2.2. To maintain a register of interests which could give rise to a conflict covering the Members' advisors.

5.3.3. Each Member and advisor will sign an annual return confirming that their information contained in the register of interests is correct. The updated register will then be circulated to all Members and the Scheme Manager. These two events will be added to the agenda at the appropriate annual meeting.

5.3.4. The Scheme Manager's representative advising the Board will identify any potential or actual conflicts of interest and advise the Chair. The Chair in conjunction with the Scheme Manager is to decide on the action required and to advise the Members of any actions taken.

5.3.5. Any Member who feels that they, another Member or advisor has a conflict of interest must seek early advice from the Scheme Manager.

5.3.6. Any Member or advisor must withdraw from a Local Pension Board meeting if they have a conflict of interest. The conflict of interest and the action taken must be recorded in the minutes.

5.3.7. If a conflict is identified outside a Local Pension Board meeting the Chair shall consult with the other Members prior to making a decision. The conflict of interest and the action taken must be recorded.

6. Perception of Conflicts of Interest

6.1 Members of the Local Pension Board should be aware that even if no actual conflict of interest exists it is important to guard against the perception among, for example, Scheme members, the Pensions Regulator, elected members or members of the public that a real conflict of interest exists.

6.2 If there is the possibility that a perceived conflict of interest may exist, it should be managed by the Local Pension Board in the same way as a real conflict of interest.

7. Confidential Information

7.1 A member of the Local Pension Board may, by virtue of their employment by an employing authority within the Cheshire Pension Fund, have access to confidential information about their employer. A member of the Board is not obliged to reveal this information as part of their role on the Local Pension Board. However, if an affected member considers that the information to which they are party may:

7.1.1 adversely affect the Cheshire Pension Fund or an employer within the Fund,

7.1.2 reasonably cause the Local Pension Board to interpret a decision by the Pensions Committee differently or act in a different way were it to be known at the time and;

7.1.3 the information will not be made available to the Local Pension board through some other means within such time as the Board is able to fully act upon it;

that Local Pension Board member shall withdraw from all discussion in relation to that issue and notify the Board that a conflict of interest exists. The details of the conflict need not be disclosed. For example, this scenario may occur where a Board member is aware of legally confidential negotiations around, for example, the takeover of a Cheshire Pension Fund employer which may radically alter that business and have a corresponding effect on its participation in the fund or the size of its liabilities.

8. Managing Conflicts of Interest

8.1 In the event that the Local Pension Board is of the view that a potential conflict of interest may become an actual or perceived conflict in respect of one or more of its members the Board must determine the appropriate mechanism for managing that conflict. The approach taken will depend on the nature and extent of the potential conflict. Some possible methods for the management of potential conflicts are given below:

8.1.1 Requiring that the member for whom the conflict exists takes no part in discussions or does not vote in respect of the matter for which they are conflicted.

8.1.2 If practical the member may relinquish or divest themselves of a personal interest which is the source of a conflict of interest with their Local Pension Board responsibilities.

8.1.3 If the conflict is likely to be persistent and ongoing in such a way that it is likely to limit a member's meaningful participation in the Local Pension Board, that member should consider resigning from their position.

8.1.4 The Scheme Manager may remove any individual from the Local Pension Board where they consider there is an actual conflict of interest or a potential conflict which it is impractical to manage.

9. Adviser and Officer Conflicts

9.1 The Local Pension Board will be supported and advised by officers of the Fund in its day to day business. Similarly the Board may, if appropriate, seek independent or professional advice for legal or governance advice.

9.2 The Local Pension Board must be confident that the advice it receives from officers and advisers is independent and truly in the best interests of the Pension Fund. For this reason officers and advisers giving advice to the Local Pension Board must also declare any situation where a potential, perceived or actual conflict exists, in order that it can be appropriately managed.

BARNETT WADDINGHAM – GOVERNANCE REVIEW RECOMMENDATIONS

Ref.	Recommendation	Comment	Requires Change to ToR Y/N	Change Required
R8	That the Pension Board be increased to include three member and three employer representatives, spread across different membership and employer types.			
R11	That an exercise is carried out to review the operation of the Pension Board against the Terms of Reference, and changes made to either as appropriate, including the addition of who approved the Terms of Reference and when they were approved, and that a check is then made of all other relevant published documents including the text on the website to ensure consistency, such as with regard to the use or not of substitutes.	<p>The ToR are reviewed annually by the Board and any changes would be recorded in the minutes.</p> <p>Paragraph 3.4 in the ToR relates to the use of substitutes. Board members will consider the appropriateness of substitutes for Board meetings.</p>		
R15	That the Pension Board Terms of Reference and Governance Policy Statement be amended to require a	The ToR currently reference a minimum of 2 meetings per year, although the Board decided at its first meeting in 2015 that they would hold a minimum		



	minimum of four meetings per year, reflecting actual and best practice.	of 4, and typically hold a minimum of 5 meetings each year.		
R16	That the Pension Fund consider whether they would find attendance of a monitoring officer at the Board meetings helpful to assist with procedural matters.	The monitoring officer could assist with procedural matters. For instance, ensuring that Declarations of interest are requested.		
R17 and R28	That a Pension Board employer representative attend each meeting of the Pensions Consultative Forum to gain further direct contact with employers and enhance their capacity to represent employers at Board meetings. That the aspiration for the Pension Board and Consultative Forum to have the same chair be made a requirement of the role rather than an aspiration, if the Forum is not a secondary committee.	The LPB Chairman is also the chair for the Pensions Consultative Forum thereby establishing a link between the two bodies. Board members to consider whether this should be formalised in the ToR.		
R19	That a further exercise is carried out to review and consider the level of detail and information published in Pension Board, and Pension Fund Committee, papers and minutes including the benefits and risks and that consideration be given to the minutes being written by or reviewed by a monitoring officer prior to publication.	Board members to consider whether the full minutes require an independent review each time or whether just potentially contentious issues could be referred for advice.		



<p>R26</p>	<p>That the status, role and reporting lines of the Pension Consultative Forum be considered and clarified as a forum/working group providing for key stakeholders to be represented and to carry out the role described in the Terms of Reference, reporting through the Pension Board, and not a secondary committee of the Pension Fund Committee, and that the next version of the Governance Compliance Statement be completed consistently in that light.</p>	<p>Board members to give a view on whether the PCF should report to the Board</p>		
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DATA QUALITY

Introduction

1. This report provides the Board with the quarterly update on the Pensions Regulators (TPR) data quality scores for common and scheme specific data.

Recommendation

2. The Board are requested to note the position on the common and scheme specific scores.

Data Scores

3. As Board members are aware, each year the Fund is required to report data quality scores to the Pensions Regulator (TPR) as part of the Scheme Return.
4. The Fund currently produces the scores from reports which have been developed internally. The scheme specific score is based on a 'foundation approach' to measuring the data, which was previously approved by the Board in the absence of any national guidance
5. The scores for the 2020 TPR return were calculated as at 25 September 2020 and are included within the table below, alongside the scores for the previous two years. The latest scores as at 1 April 2021 are also included within the table.

	TPR Scheme Return			Latest Scores
	1-Sep-18	1-Sep-19	25-Sep-20	1-Feb-21
Common Data	98.10%	98.07%	98.73%	98.85%
Scheme Specific Data	68.80%	74.18%	74.01%	77.29%

6. As the Board can see, the scores for both common and scheme specific data for April are comparable with the scores provided in the September 2020 Scheme return for common data, and slightly improved for scheme specific data.
7. The improvement in scheme specific data results from the Fund completing the process to upload all annual 'per member' information received from employers who have not yet moved onto the Monthly Interfacing system along with the data cleansing work that has been undertaken by the Fund in the past year.

New Measurement Report

8. As Board members are aware, the Fund's administration database provider has produced a report which will produce the common and scheme specific data scores directly from the administration database.
9. The Fund is continuing to work with the database provider to resolve the data validation issues that arise when the report is run.
10. Board members will be kept informed of progress in moving to the new report.



LPB 2020/21 ANNUAL REPORT and OUTTURN**Introduction**

1. This Board will be requested to approve the LPB Annual Report for 2020/21 which includes a summary of the expenditure incurred during the year. A copy of the Annual Report is attached as Appendix A.

Recommendation

2. The Board are requested to approve the LPB 2020/21 Annual Report.

Annual Report

3. Board members reviewed the 2019/20 LPB Annual Report at the last meeting in February and discussed and agreed the content to be included within the 2020/21 report.
4. A draft of the 2020/21 report was previously circulated to Board members via email and the final version is presented today for the Board to approve.
5. Included within the Annual Report is a summary of the expenditure incurred by the Board during the year against the allocated budget of £10k. The total expenditure for the year was £1,500, the majority of which was spent on attending conferences and seminars to maintain knowledge and understanding of Board members.
6. The LPB report which be published as part of the wider Cheshire Pension Fund Annual Report and will be available on the website at the end of September.

COMPLIANCE UPDATE

Introduction

1. This report provides the Board with a summary of the Breaches Log for 1 April 2020 to 31 December 2020.

Recommendation

2. The Board are requested to note and comment on the summary of the Breaches Log for 1 April 2020 to 31 December 2020 and the red breach reported to the Pensions Regulator.

Breaches Log

3. In accordance with the Breaches Policy, both the Board and the Pension Fund Committee review the Breaches Log on a quarterly basis, in order to identify any trends that may require further action.
4. A summary of the breaches included on the log between 1 April 2020 and 31 December 2020 are listed below in Table 1 and are categorised by red, amber and green. For comparison purposes the total numbers of breaches for the prior year have also been included.
5. Red breaches are those which require reporting to the Pensions Regulator (TPR). Amber breaches are where the Fund has highlighted an issue with the employer which requires further monitoring but are not material enough to require reporting to the Pensions Regulator. Green breaches are those where following investigation, no further action is deemed necessary.

Table 1: Summary of the Breaches Log

	Total 2019/20	Total 2020/21	Status 2020/21		
			Red	Amber	Green
Contributions	71	34	0	0	34
ABS	1	1	1	0	0
Disclosure	1	0	0	0	0
Administration	26	51	0	0	51
Total	99	86	1	0	85

6. There has been one red, no amber and 85 green breaches in the period. Below is a summary of the breaches.



Contribution Breaches

7. During the period there were thirty-four Green breaches. The majority of these relate to employers who have small numbers of staff and so are easily affected by unexpected staff absences or have been impacted by Covid-19. These breaches have been quickly rectified by the employer.

Administration Breaches

8. The Fund has identified fifty-one breaches relating to administration casework during the period.
9. As staff work through the casework backlog, many older cases are now being processed. This has resulted in an increase in administration breaches as members weren't notified of their pension options within the specified time periods.
10. Processes have been amended to ensure we do not breach disclosure regulations for current cases, however, as the cases which are now being processed pre-date these changes, they will flag up as a breach.

Annual Benefit Statement Breach

11. LGPS Regulations require that all active and deferred members receive an Annual Benefit Statement (ABS) by 31 August each year. In addition, TPR sets a requirement that pension funds must self-report if they don't provide ABS to 100% of eligible members by this deadline.
12. The Fund has reported to TPR a breach relating to the 2020 ABS. Board members approved the reporting of this breach to TPR as part of their oversight process.
13. The Board will recall that the Fund delivered 90% of ABS's to active members on time (compared to 85% in 2019). For deferred members 87% (compared to 89% in 2019) received their ABS on time.
14. Since the end of August the Fund has been working through all data queries on active member records and will issue an ABS to a further 6% (c1,900) members by the end of March 2021. Work is continuing to resolve the data issues for the remaining members.
15. For deferred members the fund was unable to issue an ABS to 13% (3,411) members as no current address was held. The Fund commissioned the services of a tracing company and has since located and sent an ABS to a further 2,053 members.
16. The tracing exercise was unsuccessful for 224 members and so the Fund is unable to issue ABS to these members. For those members their benefits will remain frozen with the Fund until the member can either be located by a future trace or, more likely, that the member contacts the Fund when they are nearing retirement. National initiatives such as the Pensions Dashboard should also provide opportunities for reuniting members with their benefits in the future.



17. For the remaining 787 members, the Fund is continuing with the tracing by prioritising those members who are nearer to retirement.



Local Pension Board - Workplan

Standard Meetings			
February	May	July	October
<p>Review of Pension Fund Committee, Investment Sub Committee and Pensions Consultative Forum Minutes</p> <p>Review Scheme Advisory Board and Sub Committee meetings Review the Performance Management Framework Review the Fund Compliance /Breaches Log</p>	<p>Review of Pension Fund Committee, Investment Sub Committee and Pensions Consultative Forum Minutes</p> <p>Review Scheme Advisory Board and Sub Committee meetings Review the Performance Management Framework Review the Breaches Log</p>	<p>Review of Pension Fund Committee, Investment Sub Committee and Pensions Consultative Forum Minutes</p> <p>Review Scheme Advisory Board and Sub Committee meetings Review the Performance Management Framework Review the Breaches Log</p>	<p>Review of Pension Fund Committee, Investment Sub Committee and Pensions Consultative Forum Minutes</p> <p>Review Scheme Advisory Board and Sub Committee meetings Review the Performance Management Framework Review the Breaches Log</p>
<p>Draft Annual Report</p> <p>Review the TPR Data Scored and associated actions</p> <p>Review policies are kept up to date and produced in accordance with legislation and guidance</p> <p>Statutory Policies (FSS, ISS, Comms Policy, Admin Strategy Gov Policy and Breaches Policy)</p> <p>MI Update Cyber security Event Planner SSD - update</p>	<p>Sign off LPB Annual Report</p> <p>Review the TPR Data Scored and associated actions</p> <p>Review LPB Terms of Ref/ Conflicts of Interest Policy (once Good Governance outcomes available)</p> <p>Review the progress made by the Fund including the detail of any ongoing actions</p>	<p>Review the TPR Data Scored and associated actions</p> <p>Cyber security - a policy will be developed for the Fund</p> <p>Consider the outcomes from the SAB Good Governance review and any actions the Fund needs to take as a result.</p> <p>Review policies are kept up to date and produced in accordance with legislation and guidance</p> <p>LPB Risk Register</p> <p>Statutory Policies (FSS, ISS, Comms Policy, Admin Strategy Gov Policy and Breaches Policy)</p> <p>Review the process for IA in assessing internal controls of the fund and external audit process for reviewing the Accounts and Annual Report</p>	<p>Review the TPR Data Scored and associated actions</p> <p>Review the progress made by the Fund including the detail of any ongoing actions</p>