

MINUTES OF PENSION FUND COMMITTEE HELD ON 7 MARCH 2025**Present online**

Cheshire West and Chester: Cllr Gould
Cheshire East: Cllrs Corcoran (acting Chair), Gorman and Smith
Warrington: Cllr Matthews
Halton: Cllr Dennett
Member Representative: Neil Harvey, GMB

Apologies

Cheshire West and Chester: Cllrs Hogg, Neil and Rimmer
Cheshire East: Cllr Bailey

In Attendance

Advisor: Hymans – Gemma Sefton and Barry Dodds
Mercer – Chris West

CW&C Officers: Heidi Catherall, Nick Jones, Claire Jones, Aaron Thomas
and Debbie Darlington.

PART A:**1. PROCEDURAL MATTERS**

- 1.1 There were no declarations of interest.
- 1.2 Apologies were received from Councillors Hogg, Bailey, Rimmer and Neil.
- 1.3 The Committee welcomed Councillor Geoff Smith who replaced Councillor Snowball.

2. MINUTES OF MEETINGS

- 2.1 The minutes of the Pension Fund Committee held on 6 December 2024 were reviewed, having previously been distributed and agreed by email.
- 2.2 The Committee noted the minutes from the LGPS Central Joint Committee which took place on 7 October 2024, the Local Pension Board meeting which took place on 18 February 2025 and the Pensions Employer Forum meeting which took place on 7 February 2025.

3 STANDING ITEMS

Compliance Update

- 3.1 The Committee received the Compliance Update including a summary of the breaches log for the period to 31 December 2024.
- 3.2 Fifty breaches occurred during the period and two required no further action following investigation.

The Committee: Noted the summary of the Breaches Log for 1 April to 31 December 2024.

Business Plan Update

- 3.3 The Committee were presented with the 2024-25 Business Plan Performance Dashboard, outlining progress in achieving the planned actions for quarter four.
- 3.4 The Committee also received an update on key performance indicators for quarter three of 2024-25, along with the forecast outturn.

The Committee:

- a) Noted the progress on the performance dashboard for quarter 4.
- b) Noted the key performance indicators for quarter 3.
- c) Noted the forecast outturn for 2024-25.

Regulatory Update

- 3.5 The Committee received an update providing an overview of regulatory changes which impact the Local Government Pension Scheme.

The Committee: noted the position as set out in the report

4 MCLOUD REMEDY

- 4.1 The Committee received a report providing an update on the McCloud remedy.
- 4.2 Members were advised of further delays in receiving the required functionality from the Fund's administration system provider and the implications for meeting statutory deadlines.
- 4.3 The Fund has commenced a procurement process to develop the McCloud implementation and rectification plan.

The Committee: noted the position on the McCloud remedy.

5 PENSIONS DASHBOARDS PROGRAMME

- 5.1 The Committee received a further update on the Pensions Dashboards Programme and the Fund's progress in preparing for its implementation.

- 5.2 The Fund's Integrated Service Provider (ISP) has commenced the process (known as the 'volunteer' phase) to be officially signed off as an approved ISP with the Pensions Dashboards Programme. No date has been confirmed for when the process will conclude but it is expected to be late spring.
- 5.3 That means the Fund will be unlikely to be able to onboard before May 2025 at the earliest. The actual timeframe for the Fund to commence the onboarding process is yet to be agreed.
- 5.4 The Fund has appointed a third-party provider to assist with baselining data quality, and to help the Fund prioritise the data cleansing work required.

The Committee: noted the position on the Fund's preparation for the pensions dashboards programme.

6 DRAFT BUSINESS PLAN 2025-29

- 6.1 The Committee received the Fund's draft Business Plan for 2025-29, which set out a range of key activities and milestones themed under the four primary objectives, which are:
- To be a well-managed pension fund that delivers value for money.
 - To be a customer focused organisation.
 - To communicate effectively with our stakeholders.
 - To increase the availability of online services.
- 6.2 The Committee also received an updated strategic risk register which contained new risks relating to the changing relationship with the pooling company based on Government proposals, resource and capacity issues and the McCloud remedy.
- 6.3 The key themes and objectives were considered by the Local Pensions Board and Pension Fund Committee at their joint training session on 21 February 2025. Subject to any further views from the Committee, officers will finalise the Plan (with a focus on refining the KPIs and actions) and report any significant amendments to the May Committee. The Fund's progress against the Business Plan and in particular the Risk Register and Action Plan, will be reported to the Committee on a quarterly basis through the year.
- 6.4 The forecast budget for 2025-26 is £6.165m; this is a net increase of £411k or 7.1% on the approved budget for 2024-25. Part of the increase (£215k) is a temporary increase for 2025-26 due to one-off costs expected in the year in relation to legal costs and the Fund's triennial valuation. Excluding these one-off costs, the permanent increase is £196k or 3.4% which is attributable to increased staffing costs linked to pay awards, increase IT costs for the pensions dashboard and inflationary price increases.

The Committee endorsed the Business Plan and the proposed 2025-26 budget.

Reason for the decision

- 6.5 The Pension Regulator's General Code of Practice requires that pension funds should identify and record risks and regularly review and evaluate them. In evaluating risks, pension funds should set scheme objectives. This Business Plan and Strategic Risk Register helps to fulfil these requirements.
- 6.6 The Scheme Advisory Board's Good Governance review set out in its draft recommendations that "each administering authority must report the fund's performance against an agreed set of indicators designed to measure standards of service." The key performance indicators described in this Business Plan help to fulfil this requirement. The report further requires that "each administering authority must ensure their committee is included in the business planning process." Endorsement of this report will demonstrate the Committee's involvement in our business planning process.

7 TRAINING POLICY and PLAN FOR COMMITTEE

- 7.1 The Committee received the Training Policy for Committee and Board, which is unchanged from the version approved by the Committee in March 2020. The policy will be reviewed and updated during 2025-26 in line with emerging national developments.
- 7.2 Members were reminded of the opportunities for developing their knowledge and understanding by attending regular conferences and seminars and through online learning.

The Committee:

- a) Noted the current Training Policy and that it will be reviewed during 2025-26 in line with national developments,
- b) Endorsed the 2025-26 Training Plan.

Reasons for decisions

- 7.3 The Fund's training policy and plan are developed in conjunction with the CIPFA Knowledge and Skills Framework, which sets out that those responsible for the management, decision-making and governance of the LGPS retain the necessary knowledge and skills.
- 7.4 Furthermore, The Pensions Regulator's General Code of Practice (GCoP) states that a governing body should regularly carry out an audit of Members' knowledge and skills, to identify any gaps and to inform training policies.
- 7.5 The GCoP also requires the governing body to have and maintain training and development plans, to ensure that knowledge and understanding is kept relevant and up to date.

8 ANY OTHER BUSINESS

- 8.1 The Committee were reminded to complete the on-line form for Related Party Declarations, that was sent via email on 3 March 2025, by the deadline of 4 April.

PART B

The Committee resolved that:

The details of the following items remain confidential on the grounds they/it involves the likely disclosure of exempt information as defined by Paragraph 3 Part 1 of Schedule 12A of the Local Government Act 1972 (as amended) and that the public interest would not be served in publishing the information. A non-confidential summary of the items discussed is provided for information.

9 PROCEDURAL MATTERS

9.1 The Committee noted the minutes from the Investment Sub-Committee meeting on 14 February 2025 which had been circulated via email.

10 STANDING ITEMS

Employer Changes and Activity

10.1 The Committee received a report detailing changes of employers that joined or exited the Fund during the period 1 December 2024 to 28 February 2025 (inclusive) and a verbal update regarding an exit credit determination from an exited employer

The Committee: noted the update on employers that have entered or exited the Cheshire Pension Fund in the reporting period.

11 2025 TRIENNIAL VALUATION

11.1 This committee received a report providing an update on progress towards delivering the 2025 triennial valuation and the opportunity to consider and endorse the actuarial assumptions recommended for the 2025 triennial valuation and the approach to setting contribution rates for the four councils.

The Committee reviewed and endorsed:

- a) The recommended assumptions as set out in Appendix A and noted that the assumptions would be reviewed again at the next triennial valuation.
- b) The recommended approach to setting contribution rates for the four Councils with effect from 1 April 2026.

Reasons for the decisions

11.2 Endorsing the recommended valuation assumptions will set the agreed parameters to allow Officers and the fund actuary to progress delivering the 2025 triennial valuation over the summer months within the agreed timetable to deliver the valuation outcomes.

11.3 Endorsing the approach to setting contribution rates for the four councils will deliver one of the key deliverables of the valuation in advance of the 31 March 2025 valuation date. This will free up resources over the summer months to focus on the other employers in the Fund. Another key benefit is that it will give the councils early certainty of their contribution rates for the period 1 April 2026 to 31 March 2029 to support their medium-term financial planning.

12 CONTRIBUTION RATE REVIEW FOR FURTHER EDUCATION BODIES

12.1 The report provided a recommendation to revise the contribution rates for Further Education Bodies following the recent provision of a guarantee from the Department of Education (DfE).

The Committee: endorsed the recommended revision of Further Education Bodies' contribution rates with effect from 1 April 2025.

Reasons for the decision

12.2 Further to requests from Further Education Bodies for an immediate contribution rate review, endorsing the recommendation will allow the Fund to reduce contribution rates for those employers covered from 1 April 2025.

12.3 The recommendation meets the criteria for such a review in the LGPS regulations and is consistent with the current Funding Strategy Statement.

13 INVESTMENT STRATEGY REVIEW

13.1 The Committee received a report on the outcomes from the review of the investment strategy for the "open" employer group, including the recommended strategy for endorsement. The report also included a proposal for an initial investment in the newly launched LGPS Central Buy & Maintain Credit fund for endorsement.

The Committee: endorsed the recommendations presented

Reasons for the decisions

13.2 The next formal triennial valuation of the Fund will be as at 31 March 2025, in line with all other LGPS funds in England and Wales.

13.3 Alongside the valuation exercise, the Fund takes the opportunity to carry out a fundamental review of its investment strategy. This ensures that all employer groups have an investment strategy that is appropriate to their funding objectives.

13.4 A more detailed review of the investment strategy for the Open employer group has now been undertaken and the recommended option presented to the Committee for endorsement.

13.5 Buy and Maintain Credit is an investment strategy focused on purchasing and holding a diversified portfolio of corporate bonds until maturity, rather than actively trading them. This approach emphasises long-term stability and predictable cash flows.

14 CYBER RISK

14.1 The Fund's Advisors, Mercer and Hymans, exited the meeting for this item.

14.2 The report outlined progress in delivering the 2024-25 Cyber Risk Action Plan, including progress updates on recommendations arising from previous external reviews, and the outcomes of a data and asset mapping exercise.

The Committee: noted progress in delivering the Fund's Cyber Risk Action Plan 2024-25.

15 ANY OTHER BUSINESS

15.1 No matters were raised.