

Summary of Pension Fund Committee on 7 March 2025

Introduction

This document provides a brief summary of the subjects discussed at the most recent meeting of our Pension Fund Committee. Detailed minutes of the meeting will also be available as usual on our website.

Part A - Public reports

Compliance Update

Breaches report notes:

- A number of non-recurring contribution breaches caused by employer staff absences.
- Two breaches relating to employers who failed to pay contributions over an extended period (these have been reported to The Pensions Regulator).
- A small number of administration breaches arising from legacy casework being progressed, causing late notification letters to be triggered.
- Continued progress reported in issuing delayed Annual Benefit Statements to those members who have not yet received their statement – 94% of active members' ABSs now issued.

Business Plan 24-25

- Action tracker progress for the year summarised as "amber".
- Some due dates have moved back one or two quarters, due to internal resource capacity and/or external factors eg technical issues.
- KPI performance – one out of twelve KPIs is flagged as "red" – investment performance below benchmark (but by a much smaller margin than in December).
- An underspend against the Fund budget of £153k is forecast to the financial year end, largely due to staff vacancies.



McCloud Remedy

Necessary administration system developments are subject to issues and delays. First tranche of casework rectification functionality did not pass acceptance testing. Fund now unlikely to achieve 31 August 2025 deadline (along with other Civica customers). Our concerns have been shared with Civica.

Regulatory update

- Ministerial appointments.
- Fund response and LGPS Central Ltd response to the "LGPS: Fit for the Future" consultation.
- Extension of New Fair Deal to Further Education (FE) Colleges.

Part A - Continued...

Pensions dashboard programme

Integrated Service Provider "beta testing" or "volunteer" phase started later than planned. Cheshire "onboarding" date to be confirmed once this phase is concluded. Timeframe before connection deadline of 31 October 2025 is challenging due to this delay. The national programme recognise that these delays are beyond the Fund's control.

Third party data analytics specialist Intellica now appointed to give a view on data quality and where data cleansing should be targeted – the connection between the Intellica software and the Fund's administration system has been established.



Draft Business Plan 2025-29

Fund draft business plan and budget for 2025-26 and beyond is presented. Significant actions include: McCloud, Pensions Dashboard Programme, Cyber Risk, My Cheshire Pension portal, new Fund website, and the outcomes of the "LGPS: Fit for the Future" consultation.

Updated strategic risk register is also presented.

Proposed 2025-26 budget is presented, requesting an increase of 7.1%, of which 3.4% are permanent increases, with 3.7% being temporary increases relating to triennial valuation and legal costs.



Training Plan for Committee and Board

Proposed training plan for 2025-26 is presented, based on outcome of 2024 knowledge and skills self-assessment by Committee and Board members.

Part B - Confidential items

Employer Changes and Activity - a summary of recent activity of employers who have either recently joined or exited the Fund and a forecast of potential activity in the coming months.

2025 Triennial Valuation update - an update on progress towards delivering the 2025 triennial valuation, including the approach to setting contribution rates for the four councils and setting the financial, longevity and demographic assumptions.

Contribution Rate Review for Further Education Bodies – a report and proposal to revise the contribution rates for Further Education Bodies following the recent provision of a guarantee from the Department for Education.

Investment Strategy Review – a report on the outcomes from the review of the investment strategy for the "open" employer group, and a proposal for an initial investment in the newly launched LGPS Central Buy & Maintain Credit fund.

Cyber Risk – a report on the delivery of the Fund's Cyber Risk Action Plan for 2024-25.