

BOARD : LOCAL PENSIONS BOARD
DATE : 20 July 2021
TIME : 10am
VENUE : Virtual meeting using Microsoft Teams

LOCAL PENSION BOARD MEETING
10.00 – 12.30
AGENDA

PART A

1. PROCEDURAL MATTERS (Pages 3 – 19)

The Board will:

- a) Receive the minutes of the meeting on 4 May 2021
- b) Receive the minutes of the meeting on 1 June 2021
- c) Receive the minutes of the Pensions Consultative Forum meeting 25 June 2021
- d) Review the Actions Tracker
- e) LPB Board Members Re-nomination
- f) Register of Interests
- g) 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 4 June 2021 and the Investment Sub-Committee minutes from 14 May 2021.

3. PENSIONS PROGRAMME UPDATE (VERBAL)

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

4. UPDATE FROM THE SCHEME ADVISORY BOARD (VERBAL)

The Board will receive a verbal update following the Scheme Advisory Board meeting as outlined below:

Committee	Meeting Dates - 2021
Scheme Advisory Board	10 May

There have been no further meetings of the sub-committees since the last update to the Board in May.

5. PERFORMANCE MANAGEMENT FRAMEWORK QUARTER 1 – 2021/22 (Page 21)

The Board will receive the Performance Management Framework covering the period 1 April to 30 June 2021 (along with the quarter 4 comparator – 1 January to 31 March 2021).



6. RISK REGISTER (Pages 22 – 23)

The Board will undertake a review of the risk register and determine if any amendments are required.

7. DATA QUALITY (Page 24)

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. COMPLIANCE UPDATE (Pages 25 – 26)

The paper also provides a summary of the Breaches Log for the period 1 April to 31 March 2021.

9. FEEDBACK FROM EVENTS (VERBAL)

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

- PLSA Local Authority Conference – 18/19 May 2021
- CIPFA/BW LPB Annual Conference – 23 June 2021

10. REVIEW AND DEVELOP THE WORK PLAN (Page 27)

The Board will review the plan.

11. AOB

The next meeting will take place on 5 October 2021

Suggested dates for 2022 meetings are:

- 15 February
- 3 May
- 31 May (to review the production of the Statement of Accounts/Annual Report)
- 19 July
- 8 October



MINUTES OF LOCAL PENSION BOARD – 4 MAY 2021

PRESENT

Board Members: Peter Raynes (Chair),
Geoff Wright (Member representative, Unison),
Neil Harvey (Member representative, GMB)
Cllr Robert Bisset (Employer Representative, CW&C)
Adrienne Laing (Employer representative, The Challenge
Academy Trust)

CW&C Officers: Maggie Sheppard, Heidi Catherall, Dan Harte and Aaron Austin

Guest: John Hall – Local Pension Board Chair, Shropshire Pension
Fund

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 The meeting was attended by John Hall, Local Pension Board Chair for Shropshire Pension Fund. John attended the meeting in an observer capacity to share knowledge and best practice between the two funds.
- 1.4 The Board reviewed the minutes from the last meeting on 16 February 2021 having previously approved them by email. Board members also reviewed the minutes from the special meeting on 19 April 2021 where they considered the Pensions Regulator's consultation on the Modular Code of Practice and drafted responses to the consultation.
- 1.5 The action tracker was reviewed, and it was noted that
 - The updated CIPFA knowledge and skills framework has not yet been issued. Once it is the Board will convene a special meeting to review the contents.
 - There is an action for Board members to Invite interested parties to future meetings. Any opportunity to invite potential future Board members will be taken.
 - Officers have recommended the project on identifying improvements in the retirements process with Cheshire West and Chester Council and will keep the Board informed of progress.



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 12 March 2021. The Board noted:

- the uncertainty in the timetable for the audit of the Statement of Accounts and that notwithstanding this uncertainty, the Fund would again be adhering to its usual timetable to produce the accounts.
- the decision to invest £150m in the LGPS Central (LGPSC) Limited Multi Asset Credit Fund.
- the Committee recommendation that the operation of the LGPSC Climate Factor Fund, in which the Fund is invested, is amended to ensure the delivery of minimum carbon reduction targets.

2.2 The Board also reviewed the minutes from the Investment Sub Committee held on 12 February 2021. The Board noted:

- the summary cashflow report and welcomed the requested additional commentary on cashflow performance in the minutes.
- noted the decision to review of the funds approach to stock lending and the Board will be interested to review the decisions taken by the Committee in this area.

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 a verbal update on the pension change programme.

3.2 Strategic project briefs developed for each workstream have now been approved by the Programme Board.

3.3 A Project Manager/Business Analyst has been recruited and work has now commenced to develop detailed project plans and timelines.

3.4 A communications manager post has been advertised to support the Fund both with the pensions programme and general communication requirements. An interim communication manager had been appointed pending recruitment of the permanent post holder however they found alternative employment very soon after appointment.

3.5 Board members will be kept informed of progress in meeting the programme aims.

4. UPDATE FROM THE SCHEME ADVISORY BOARD

4.1 Board members received an update on the final recommendations from the SAB Good Governance project. SAB have set out an implementation action plan which has been sent to the Local Government Minister for consideration.



- 4.2 The Fund is now considering the recommendations from the final report and identifying those actions that can be taken in advance of any final regulation/guidance.
- 4.3 Board members reviewed the sixteen recommendations from the report and were comfortable that the Fund would be able to meet them without the need for material changes.
- 4.4 Board members will be kept informed of progress on the Good Governance review and the Funds implementation of its recommendations.

5. PERFORMANCE MANAGEMENT FRAMEWORK Qtr 4 – 2020/21

- 5.1 The Board reviewed the Performance Management Framework (PMF) for quarter 4 (January to March 2021), which contained updates on key areas of performance and comparator information from previous quarters.
- 5.2 Board members noted the continued red rating on administration casework with backlogs exceeding 10% of membership. It was noted that this is likely to continue in the medium term whilst the pension team continue to resolve old casework and implement the developments outlined in the pensions programme and manage the impact of Covid-19.
- 5.3 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.
- 5.4 The Board received three direct submission from members during the quarter via the link on the Board section of the website, covering issues around carbon neutrality, a transfer of pension and the pensioner newsletter Cheshire Chat. The Board responded to each enquiry.

6. TERMS OF REFERENCE / CONFLICTS OF INTEREST POLICY REVIEW

- 6.1 Now that the SAB Good Governance review has reported its recommendations, the Board could now undertake a review of its Terms of Reference (ToR) and Conflict of Interest (Col) Policies.
- 6.2 As part of this review the Board will also revisit those recommendations from the Barnett Waddingham review in 2019 of the Fund's governance structure and where action was held pending the outcome of the SAB review.
- 6.3 Board members reviewed the terms of reference and identified several potential changes required. The changes will be collated and considered along with any changes required to the Fund's Governance Compliance Statement, as required by the Good Governance review.



- 6.4 The Board also undertook a review of the Conflicts of Interest policy but did not identify any amendments required to it. The Good Governance review requires pension funds to have a specific conflicts of interest policy and so the fund will ensure that the LPB policy is consistent with those requirements as well.
- 6.5 Board members noted the requirement to confirm the details held in the LPB register of interests on an annual basis. Officers will circulate the register to Board members to obtain the necessary confirmation.
- 6.6 Board members reviewed the recommendations from the 2019 Barnett Waddingham review and determined whether they required a change to the ToR. The recommendations for any changes, as suggested by the Board, will be considered along with any changes from the Good Governance review and implemented as the appropriate time.
- 6.7 As well as being the chair of the Board, PR is also the chair of the Pensions Consultative Forum (PCF) which is the Fund's employer representative group. PR suggested that it would be good for other Board members to attend a PCF meeting to engage with employers. Officers will invite all Board members to future meetings and members can attend on a rotation basis.

RESOLVED that the Board:

- identified several potential amendments to the Terms of Reference and Conflicts of Interest Policies having taken account if the recommendations from both the Barnett Waddingham and SAB reviews.
- Officers will circulate the register of interests for Board members to confirm that the details held in the register remain accurate.
- Officers will invite all Board members to future employer forum meetings.

7. DATA QUALITY

- 7.1 The Board received the updated TPR Data Scores produced as at 1 April 2021.
- 7.2 The scores for April were provided alongside the scores submitted for the previous three years for the Pensions Regulators scheme return.
- 7.3 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-Apr-21
Common Data	98.10%	98.07%	98.73%	98.85%
Scheme Specific Data	68.80%	74.18%	74.01%	77.29%

- 7.4 The data scores were again produced using the local foundation report.



7.5 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.

7.6 Board members queried the timescales for moving to this new report. It is expected that the Fund can move to using the new measurement report later this year.

RESOLVED that the Board noted the position on the common and scheme specific data scores.

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

8.1 Board members had received the final draft of the 2020-21 report by email prior to the meeting, as agreed at the 16 February meeting.

8.2 The final version of the LPB Annual Report was approved by the Board. The report will be included within the Fund's Annual Report which will be published on the website later this year.

8.3 The report included the outturn of c£1,500 spend against the budget of £10,000.

RESOLVED that: Board approved the final version of the Annual Report.

9. COMPLIANCE UPDATE

9.1 The Board were presented with a summary of the breaches log for the period 1 April to 31 December 2020, noting that 86 breaches had been logged over the period.

9.2 Board members noted the position with regards to the Annual Benefit Statements and the work undertaken by the Fund to ensure all members receive their statement.

RESOLVED that: Board members noted the summary breaches log covering the period 1 April to 31 December 2020.

10. FEEDBACK FROM EVENTS

10.1 Members of the Board and officers provided feedback from the various events they had attended.

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

10.2 PR attended the CIPFA / Barnett Waddingham event on 18 February which included a suggestion that Boards may want to undertake a self-assessment of themselves. Board members expressed interest in exploring this further at the next meeting.



- 10.3 PR also attended the SAB training event on 22 February national structure and roles of the various organisations in the LGPS, along with an update on a number of topical issues. Attendees also discussed the effectiveness of Boards while working remotely.
- 10.4 The joint Committee and Board training on 26 February covered one of the combined training requirements identified in the training plan which was investment performance and risk management. The training also covered the Scheme Advisory Board Good Governance outcomes along with an update on the joint Committee and Board training plan for 2021/22. This was attended by PR and GW for the Board.
- 10.5 PR also attended the LGPS Central Stakeholder Day on 10 March which included the global economy post Covid-19 and responsible investing.
- 10.6 The LGPS Central LPB Chairs meeting took place on 29 March. Board members from the Funds within the pool share knowledge and best practice ideas as part of this group. PR attended the meeting.
- 10.7 PR also advised Board members that the Institute for Business Ethics run regular lunchtime webinars which may be of interest for other Board members to attend. PR will circulate details of the webinars to other Board members.

RESOLVED that:

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

11. REVIEW OF THE WORK PLAN for 2021/22

- 11.1 The Board reviewed the work plan for 2021-22.
- 11.2 The Board, along with the Committee, had received some training on the issue of cyber security. As part of the review of the Pensions Regulator's modular code of practice, Board members had established that the Fund needs to produce a clear overview of the roles and responsibilities between the Fund, its administration database provider and the Council's ICT department regarding cyber security. Once this document has been produced the Board can determine whether any additional training is required on the subject of cyber security.
- 11.3 Following the suggestion at the CIPFA / Barnett Waddingham event on 18 February Board members would like to consider the steps required to undertake a self-assessment. This will be added to the agenda for the next meeting.
- 11.4 Board members will also receive an update on the rolling programme of internal audits for the 2021-22 year for the October meeting.

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



12. AOB

12.1 The next Board meeting will take place on 1 June 2021.

12.2 At this meeting the Board will review the approach taken by the Fund in producing the Annual Report and Statement of Accounts for 2020/21.

12.3 PR requested that the meeting planned for 13 July be moved to a week later on 20 July. Board members agreed to the change of date.

12.4 Future meetings dates are as follows:

- 20 July 2021
- 6 October 2021



MINUTES OF LOCAL PENSION BOARD 01 June 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)

Apologies: Cllr Robert Bisset (Employer Representative, CW&C)

CW&C Officers: Heidi Catherall and Cheryl Brassey

1. PROCEDURAL MATTERS

1.1 No declarations were received.

2. DRAFT STATEMENT OF ACCOUNTS 2020-21

2.1 The Local Pension Board has an important role in the governance process for the Statement of Accounts to ensure that:

- The accounts have been produced in compliance with statutory and best practice guidance, and;
- That the Pension Fund Committee discharges its duty of reviewing the accounts and recommending they are presented to Audit and Governance Committee.

2.2 To satisfy the first requirement, the Board received a presentation from Officers confirming the detailed steps taken in order to produce the statement of accounts.

2.3 Board members were advised that the statement of accounts are produced in accordance with the CIPFA Example accounts guidance. This guidance includes a checklist which allows Funds to ensure they have met all of the requirements.

- 2.4 The Board were reminded of the timetable for the accounts which is set out in the table below.

Date	Action
1 June	The draft accounts will be reviewed by the LPB prior to review by the Pension Fund Committee
4 June	Pension Fund Committee review the draft accounts, provide comment and recommend that the accounts are presented to Audit and Governance Committee for approval following the completion of the audit
1 July	Grant Thornton commence the audit testing of the accounts
10 Sept	The majority of the audit completed and Grant Thornton will produce their Audit Findings Report
10 Sept	The Audit Findings Report and Annual Report, including the Statement of Accounts, presented to the Pension Fund Committee
TBC	The Audit Findings Report and audited Statement of Accounts presented to the Audit and Governance Committee
30 Sep*	Audited Statement of Accounts to be published on CW&C website and Annual Report including the Audited Statement of Accounts to be published on the Fund's website

*The Cheshire West and Chester Council Audit must be signed off before the Pension Fund Accounts can be published

- 2.5 To satisfy themselves that the Committee discharges its duty of reviewing the accounts and recommending commencement of the audit, Board members were invited to attend the Committee meeting on the 4 June in an observer capacity.

3. DRAFT ANNUAL REPORT

- 3.1 The Fund's Annual Report is produced in accordance with the CIPFA Annual Report guidance.
- 3.2 The guidance states that the Board has an important role in the governance process for the Annual Report and should undertake a review of how the Annual Report is produced in order to ensure that:
- The Annual Report has been produced in compliance with statutory and best practice guidance, and;
 - That the Pension Fund Committee discharges its duty of reviewing the Annual Report.
- 3.3 To satisfy the first requirement, members of the Board received a presentation from Officers providing an overview of the information required in the Annual Report and how the Fund meets those requirements.

3.4 It was noted the Annual Report was not yet fully completed although the majority of the report had been written. Officers will complete the Annual Report in line with statutory deadlines.

4. BOARD DECISION

4.1 The Board resolved that in their opinion the draft Statement of Accounts and the draft Annual Report for the year ending 31 March 2021 have been produced in accordance with statutory and best practice guidance.

4.2 The Board noted that Board members are invited to attend the Pension Fund Committee meeting on the 4 June to observe the discussion on the item on the draft Statement of Accounts

5. AOB

5.1 No matters were raised.

GROUP : PENSION CONSULTATIVE FORUM
DATE : 25/06/2021
TIME : 10am
VENUE : Virtual Meeting via Microsoft Teams

Present:

Chair	Peter Raynes (PR)
Cheshire West and Chester Council	Rosemary Hodgson (RH) and Chris Pleavin (CP)
Cheshire East Council	Craig Hughes (CH)
Cheshire Police	Michael Nulty (MN) and Jude West (JW)
Halton BC	Yvonne Caldwell (YC)
Warrington BC	Helen Barr (HB)
Guinness Partnership	Andrew Wilson
Cheshire Pension Fund	Heidi Catherall (HC), Nick Jones (NJ), John Coombes (JC) and Jenny Brien (JB)

Apologies:

Cheshire Pension Fund	Maggie Sheppard
Cheshire Police	Wendy Bebbington
Halton BC	Richard Route
Warrington BC	Nicola Kane
Adoption Matters	Karen Davies

Item	Minute
1	<p>Minutes of the Last Meeting</p> <p>The minutes of the 5 February 2021 meeting were reviewed and approved, having previously been circulated via email.</p>
2	<p>Administration Strategy</p> <p>The Pensions Administration Strategy (PAS) has been in place since 1 April 2019.</p> <p>At the last meeting on 5 February Forum members reviewed the PAS and identified the areas that required amendment. The areas identified for amendment included the following:</p> <ul style="list-style-type: none"> • What should be considered as core deliverables by the Fund and what services should attract additional charges for employers • What requirements should be placed upon employers who require bulk estimates – i.e. what notice period should be given to the Fund, any potential limit on the number of requests per year <ul style="list-style-type: none"> ○ Any policy applied to this will need to consider the disparity between employers in terms of numbers of employees.

Item	Minute
	<ul style="list-style-type: none"> ○ Requests may also vary year to year – in one year an employer may not require any bulk estimates but the following year may have more than one exercise. Any policy would have to be fairly applied. <p>Forum members were presented with a summary of the main findings from the 5 February review with the view to agreeing a way forward on bulk estimates, member estimates and retirements.</p> <p>Forum members shared their views on the suitability of proposals suggested but broadly agreed with the proposals.</p> <p>A discussion was held around engagement and how the Fund can work with employers in future. Attendees felt that the Employer Meetings held by the Fund were an effective way of engaging with employers.</p> <p>A couple of Forum members had not been able to attend that last Employer meeting which took place in March and requested that the slides be re-circulated.</p> <p>The next steps were agreed as follows:</p> <ul style="list-style-type: none"> ● Officers will update the PAS and share with PCF members for final comment. ● The draft PAS will then be issued to all employers as part of a consultation. ● The Fund will develop a reporting and monitoring framework for compliance against the PAS. ● The Fund will develop an employer engagement strategy. ● Officers will circulate the slides from the last Employer Meeting.
3	<p>Pensions Programme</p> <p>Officers presented an overview of progress on the pensions programme.</p> <p>Since the last meeting in February the Fund has appointed a Project Manager to assist with managing the programme. A Communications Manager should also be in post within the next couple of months.</p>
4	<p>Monthly Interfacing (MI)</p> <p>Forum members received an update on the transition of employers onto MI. There were now 71% of employers are live on MI, up from 60% at the last meeting.</p> <p>Several other employers due to the join in the next few weeks.</p> <p>All employers must convert to MI this year. Forum members were requested to encourage any employers who are not yet live on MI to contact the Fund.</p>
5	<p>Funding Strategy Statement</p> <p>Forum members were advised that the Fund had published a revised Funding Strategy Statement (FSS) which was now in force.</p>

Item	Minute
	<p>This followed a four-week consultation with employers.</p> <p>The revisions to the FSS set out the administering authority’s policies in regard to new powers to:</p> <ul style="list-style-type: none"> • review employer contributions outside of the normal triennial valuation cycle. But only in specified circumstances • to spread exit payments for exiting employers rather than require a lump sum payment • or alternatively set up Deferred Debt Agreements for exiting employers <p>The revised FSS can be found on the Fund’s website:</p> <p>https://www.cheshirepensionfund.org/members/wp-content/uploads/sites/2/2021/06/June-2021-FINAL-.pdf</p>
7	<p>Round Table Briefing</p> <p>No issues were raised.</p>
8	<p>AOB</p> <p>Forum members discussed how future meetings should take place i.e. virtually or face to face. On the whole it was agreed that virtual meetings should remain the default method for PCF meetings but that an occasional face to face meeting would be considered, perhaps once a year to allow for networking.</p>

Cheshire Local Pension Board – Actions Tracker
July 2021

Item Number / Date Raised	Topic	Action	Update from 4 May 2021
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.
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.
Item 5 – Performance Management Framework – 16 February 2021	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.



Item 12 – Review of the Work Plan – 16 February 2021	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. A training session on the valuation process will take place on 16 July.
Item 11 – Review of the Workplan – 4 May 2021	Self-Assessment	Following the suggestion at the CIPFA / Barnett Waddingham event on 18 February Board members would like to consider the steps required to undertake a self-assessment.	Board members will be invited to conduct a separate discussion to undertake this review.



LPB Re-nomination 2021

Name	Role	Employer	Date Appointed	Re-appointment Date	Term of Office - Years
Peter Raynes	Chair	Independent	26 June 2021	25 June 2024	3 Years
Councillor Robert Bisset	Employer Representative	Cheshire West and Chester Council	26 June 2021	25 June 2024	3 Years
Adrienne Laing	Employer Representative	The Challenge Academy Trust	1 April 2020	31 March 2023	3 Years
Geoff Wright	Member Representative	UNISON	26 June 2021	25 June 2024	3 Years
Neil Harvey	Member Representative	GMB	26 June 2020	25 June 2023	3 Years

Cheshire Pension Fund - Local Pension Board - Register of Interest - 2021-22

Board Member	Role	Appointed	Term end date	Details of employment, office, trade, profession or vocation	Organisational relationship with Cheshire Pension Fund	Details of any directorships and indicate whether there is any association with the scheme	Board Member is a shareholder in the following associated companies.
Peter Raynes	Chairperson	27/06/2021	26/06/2024				Legal & General PLC
Neil Harvey	Member Representative	27/06/2020	26/06/2023	Cheshire West & Chester Council employee GMB Union	Contributing employee to the scheme Union Representative		
Geoff Wright	Member Representative	27/06/2021	26/06/2024	Cheshire West & Chester Council employee Unison Union	Contributing employee to the scheme Union Assistant Branch Secretary		
Councillor Robert Bissett	Employer Representative	27/06/2021	26/06/2024	Cheshire West & Chester Councillor Labour Party Member Chief Executive Officer - Chester Aid to the Homeless (CATH)			
Adrienne Laing	Employer Representative	01/04/2020	31/03/2023	Director of Operations - The Challenge Academy Trust	Contributing employee to the scheme	Bridgewater High School Trading Ltd (Closed Admitted Body) - Director and company Secretary	

Scheme Advisory Board

Agenda

1.00pm – 2.30pm, Monday 10th May 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 8 th February	1.10
	Paper A	
4	2016 SAB Cost management process – Paper B	1.15
5	Climate Change and Reporting Regulations – Paper C	1.50
6	SAB 2021/22 workplan and budget	2.00
7	Cost Management Committee Report - Paper D	2.10
8	Investment Committee Report – Paper E	2.20
9	AOB and date of next meeting	2.25

Scheme Advisory Board Secretariat

Local Government House, Smith Square, London SW1P 3HZ T 020 7187 7344 E Elaine.english@local.gov.uk W www.lgpsboard.org

<p>This is the quarterly pack of Pension Fund performance information which is based on the period 1 April to 31 December 2020 and includes a comparison to the previous quarter - 1 January to 31 March 2021.</p> <p>The overall assessment for Quarter 1 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 1 (Apr-Jun 2021)
	Summary position:
	This Quarter - 1 Apr to 30 Jun 2021
	RED
	Previous Quarter - 1 Jan to 31 Mar 2021
RED	

Subject	Comment	RAG Status
Administration Casework	<p>Overall administrators have completed 15,670 cases during the 3 month period to 30 June 2021, compared to 14,414 in quarter 4 of 2020/21.</p> <p>There has been a slight increase in casework completed in quarter 1, compared to quarter 4 which covered 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. All Breaches are reviewed by the LPB, with approval also provided by the Director of Governance where necessary, in accordance with the Breaches Policy. The PFC and LPB also receive a summary of all breaches (since inception), including identified trends, on a quarterly basis.</p> <p>There were 20 new breaches in quarter 1 of 2021/22, which covered breaches that related to April and May (compared to 17 in quarter 4 of 2020/21). 12 of the breaches in quarter 1 were contribution breaches and 8 of the 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 1, all 20 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 1.	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> <p>Employers are also required to provide a contribution form to accompany each amount paid so that the Fund can correctly allocate the income.</p>	GREEN
Financial Performance	The Fund's 2021/22 budget for Administration/Oversight and Governance Costs is c£4.7m. A forecast outturn against the budget will be provided from quarter 2.	GREEN
HR (absence)	<p>The service lost 130.5 days through sickness during quarter 1 of 2021/22 which equates to an annual average of 6%. This compares to 71 days lost in quarter 4 which is an annual average of 3%.</p> <p>There were no sickness days lost in the 1st quarter relating to work related stress.</p>	GREEN
Debt Recovery	<p>The Pension Fund has £194k of debt outstanding at the end of Quarter 1 of 2021/22, £143k of which relates to prior years.</p> <p>A large proportion of the debt (£73k) relates to invoices that are in the 0-90 day category. The majority of this debt relates to Early Retirement invoices received approval from the employer prior to raising the invoices.</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	The Action Plan Tracker for 2021/22 has been produced and a new reporting framework is being developed which will summarise progress on each area and highlight issues on an exception basis.	GREEN
Feedback from External Sources	Board members receive feedback from external sources. This includes submissions to the Board which are received via the website.	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

LPB RISK REGISTER

Introduction

1. The Board introduced their risk register in 2019 and undertake regular reviews of the register to ensure that all risks associated with the Board are captured and mitigating actions are considered and implemented.

Recommendation

2. The Board are requested to: Undertake a review of the register and consider whether any updates are required or whether any additional risks need to be included.

Risk Register

3. The risk register for the Board is attached in Appendix A. The register outlines the risks, mitigating actions for those risks, and the planned actions identified to further mitigate some of the risks.
4. Board members review the register to determine whether any of the scores, mitigation or planned risk actions requires updating. Board members will also consider whether any additional risks need to be included. For instance, whether any changes are required as a result of the pandemic with the introduction of virtual meetings and the impact upon the Board's effectiveness.
5. The Board will review the planned risk actions and agree what further steps can be taken to implement them.
6. One of the planned risk actions relates to the attendance of Board members at external events. Due to the pandemic many events are being delivered as online webinars and Board members are encouraged to attend as many events as possible to maintain their knowledge and skills and to stay informed on current issues.

Risk Register Completed:

Objective / Priority	Risk No	Risk / Opportunity	Gross (without any)			Current Mitigating Controls (in place and effective mitigation of risk)	Current / Net (as)			Risk Owner	Planned Risk Actions	Timescale	Target / Aspiration			Status of Risk (←, ↑, ↓, ☀)	Next Review Date
			Likelihood	Impact	Total Risk Score		Likelihood	Impact	Total Risk Score				Likelihood	Impact	Total Risk Score		
Securing compliance with the LGPS regulations and any other legislation relating to the governance and administration of the LGPS	1	Failure to identify Board members' conflicts of interest results in failure to act in the best interests of the Fund leading to challenge/cost.	2	4	8	<ul style="list-style-type: none"> The Board has a conflict of Interest Policy The Conflict of Interest policy is reviewed on an annual basis All Board members sign a declaration upon appointment to confirm there are no conflicts which would prevent them from undertaking the role Annual declarations of interest are completed by Board members and are published on the Fund's website Declarations of Interest are requested at the start of each Board meeting Information supplied to the Board is anonymised to allow them to make recommendations free from any unconscious bias 	1	4	4				1	4	4		
	2	Failure to maintain a Competent Board with adequate skills and knowledge, results in failure of Board members to properly exercise their functions as a member of the Pension Board.	3	4	12	<ul style="list-style-type: none"> All Board members receive an induction upon joining the Board and are required to read all statutory Fund documents within a short timeframe of being appointed All Board members attend training events delivered by Pensions Experts such as the LGA, PLSA and CIPFA All Board members have access to accurately maintained core documents and policies Board members attend quarterly joint training sessions with the Pension Fund Committee in accordance with the Fund's Training Policy Each member has agreed to adopt the knowledge and understanding policy framework The Chair of the Board has a role to ensure that the terms of reference are adhered to by all Board members 	2	4	8		<ul style="list-style-type: none"> The knowledge and skills of the Board will be regularly reviewed and any training requirements will be addressed Board members will complete the TPR Toolkit training online Board members will take every opportunity to attend external events and training sessions 		2	4	8		
	3	Change of membership of the Board leading to loss of knowledge and skills, resulting in inability to fulfil its obligations under the Terms of Reference	3	4	12	<ul style="list-style-type: none"> 5 Board members are appointed for a term of 3 years, with the option to extend where a member leaves during that term a recruitment process is undertaken by the Fund to replace them Every 3 years the Fund will seek expressions of interest for suitably qualified and experienced members to join the Board and/or extend the tenure of existing members Terms of office have been staggered to avoid a cliff edge scenario of all members leaving on the same date. 	2	4	8		<ul style="list-style-type: none"> The Board will consider whether they can introduce any steps to assist with succession planning The Board also has the option of co-opting additional members to provide support on either specific issues, or general matters. 		2	4	8		
	4	Failure of the Board to implement the correct mechanisms in order to effectively monitor the compliance of the Fund leading to the inability to undertake their role efficiently	2	4	8	<ul style="list-style-type: none"> The Pension Fund's Governance Policy clearly outlines the role of the Board and the Pension Fund Committee Board members review the Pension Fund Committee papers and minutes and attend joint training sessions so have a detailed understanding of the decisions the Committee are asked to make The Board's Terms of reference provides the framework for how the Board should perform their duties The Board receive a comprehensive set of standard performance reports on a regular basis which allow them to monitor the performance of the Fund The Chair of the Board also holds regular liaison meetings with the Chair of the Committee and Board minutes are a standing item on the Committee agenda allowing any recommendations by the Board to be escalated The Board continually review systems and processes and implement regular changes to improve efficiency The Board constantly review their systems and processes and make incremental changes throughout the year or at annual reviews The Board adhere to national guidance from The Pensions Regulator and the Scheme Advisory Board and ensure that they are monitoring performance against high risk areas. 	1	4	4				1	4	4		
	5	Failure of the Board to receive the required support from the Fund resulting in the inability of the Board to carry out its functions	2	4	8	<ul style="list-style-type: none"> A key officer is appointed to provide support to the Board Additional officer support is available from within the Fund Officers attend network groups in order to share ideas to help facilitate the Board The Board has its own budget and so can appoint external advisers if required Two career grade posts have been implemented by the Fund and are providing support to the Board 	1	4	4		<ul style="list-style-type: none"> Board meetings are being held remotely due to the pandemic. Board members will keep under review the effectiveness of such meetings. 		1	4	4		
	6	Failure of the Board to be aware of national developments or have inadequate links with outside bodies resulting in failing to assist the Fund with efficient and effective management.	4	2	8	<ul style="list-style-type: none"> LGPS Central - Local Pension Board Chairs meeting - where common issues are discussed and developing links with the Scheme Advisory Board Regular attendance by Board members at national conferences and seminars Undertaking additional training such as the TPR Trustee Toolkit 	1	2	2				1	2	2		

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 July 2021 are also included within the table.

	TPR Scheme Return			Latest Scores
	1-Sep-18	1-Sep-19	25-Sep-20	1-Jul-21
Common Data	98.10%	98.07%	98.73%	98.81%
Scheme Specific Data	68.80%	74.18%	74.01%	77.18%

6. As the Board can see, the scores for both common and scheme specific data for July 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.



COMPLIANCE UPDATE

Introduction

1. This report provides the Board with a summary of the Breaches Log for 1 April 2020 to 31 March 2021

Recommendation

2. The Board are requested to note and comment on the summary of the Breaches Log for 1 April 2020 to 31 March 2021.

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 March 2021 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	47	0	0	47
ABS	1	1	1	0	0
Disclosure	1	0	0	0	0
Administration	26	55	0	0	55
Total	99	103	1	0	102

6. There has been one red, no amber and 102 green breaches in the period. Below is a summary of the breaches.



Contribution Breaches

7. During the period there were forty-seven 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-five 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 were not 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.
11. The one red breach relates to the Annual Benefit Statements which the Board have been advised of previously.



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</p> <p>Review the Performance Management Framework</p> <p>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</p> <p>Review the Performance Management Framework</p> <p>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</p> <p>Review the Performance Management Framework</p> <p>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</p> <p>Review the Performance Management Framework</p> <p>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</p> <p>Cyber security</p> <p>Event Planner</p> <p>SSD - update</p> <p>Review Register of Interests and update website</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>Undertake a self-assessment of the Board</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> <p>Review the process for IA in assessing internal controls of the fund and external audit process for reviewing the Accounts and Annual Report. Include a practical session on the rolling programme of audits.</p>