

BOARD : **LOCAL PENSIONS BOARD**
DATE : **22 October 2024**
TIME : **10am**
VENUE : **Online – Microsoft Teams**

LOCAL PENSION BOARD MEETING
10.00 – 12.30
AGENDA

- 1. PROCEDURAL MATTERS** **PAGES 3 - 10**

The Board will:

 - a) Consider any Declarations of interest
 - b) Receive the minutes of the meeting on 30 July 2024
 - c) Receive the minutes of the Pensions Employer Forum 11 October 2024 **To Follow**
 - d) Review the Actions Tracker
 - e) Board Membership

- 2. REVIEW OF PENSION FUND COMMITTEE MINUTES**

To receive the minutes from the Pension Fund Committee meeting which took place on 6 September 2024 and the Investment Sub-Committee minutes from 23 August 2024.

- 3. PENSIONS PROGRAMME UPDATE**

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

- 4. PERFORMANCE MANAGEMENT FRAMEWORK QUARTER 2 – 2024-25** **PAGE 11**

The Board will receive the Performance Management Framework covering the period 2 July to September 2024 (along with the quarter 1 comparator – April to 30 June 2024).

- 5. UPDATE FROM THE SCHEME ADVISORY BOARD** **PAGES 12 - 19**

There have been no new Board or Sub Committee meetings since the last Local Pension Board meeting.

The Board will receive an overview of recent regulatory changes and events, along with an update on expected future consultations which will impact the Local Government Pension Scheme (LGPS).

The Board will also receive an update on the McCloud remedy and the Pensions Dashboards Programme which were presented to the Pension Fund Committee in September 2024.

- 6. TERMS OF REFERENCE and CONFLICTS OF INTEREST REVIEW** **PAGES 20 - 45**

The Board will undertake a review of their terms of reference. The Board will also review the Fund’s conflict of interest policy.

- 7. DATA QUALITY** **PAGE 46**
The Board will receive an update on the data scores for common and scheme specific data.
- 8. COMPLIANCE UPDATE** **PAGES 47 - 49**
The paper also provides a summary of the Breaches Log for the period to 30 September 2023.
- 9. FEEDBACK FROM EVENTS**
Board members/officers will feedback from recent conferences and seminars attended, including:
- Induction – 16 August 2024
 - Pensions Employer Forum – 11 October 2024
 - LGPS Central – Local Pension Board Chairs – 21 October 2024
- 10. REVIEW AND DEVELOP THE WORK PLAN** **PAGE 50**
The Board will review the plan.
- 11. AOB**
The date of future meetings are to be agreed by the Board:
- 18 February 2025
13 May 2025
20 May 2025 – to review the production of the Statement of Accounts and Annual Report
12 August 2025 (moved from late July)
21 October 2025

MINUTES OF LOCAL PENSION BOARD – 30 July 2024

PRESENT

Board Members: Peter Raynes (Chair),
Geoff Wright (Member representative, Unison),
Kay Lennon (Employer Representative, CW&C)

CW&C Officers: Heidi Catherall and Aaron Thomas

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

1. PROCEDURAL MATTERS

- 1.1 No declarations of interest were received.
- 1.2 The Board reviewed the minutes from the meeting which took place on 14 May having previously approved them by email.
- 1.3 The action tracker was reviewed, and the contents noted.
- 1.4 Officers provided a response to the Board's previous question about the possibility of turning the My Cheshire Pension portal into an app. Officers have received feedback from the administration database company citing independent research which suggests an app would not be suitable for this purpose. Further detail is provided in the action tracker.
- 1.5 In terms of membership updates the Board were reminded that Councillor Bisset has been renominated by the administering authority to fulfil the role of Employer Representative for a further 3 years. Similarly, Geoff Wright has been jointly renominated as a Member Representative by Unison and GMB to continue for a further 3 years. Both roles have been extended to June 2027.
- 1.6 Peter Raynes reaches the end of his tenure with the Board on 25 September 2024 after 9 years. The Board expressed their thanks to Peter for his dedication in leading the Board since its inception in 2015.
- 1.7 The Fund has conducted an exercise to invite expressions of interest for the role of Local Pension Board Chair. The selection process to appoint the new chair will be concluded by 9 August.

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 19 July 2024.

- 2.2 The Board also review the minutes from the Investment Sub Committee meeting held on 17 May 2024.

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 transformation programme and its workstreams for 2024-25.
- 3.2 Board members were reminded that this is a multi-year programme of work, so many of the workstreams have continued from the previous year.
- 3.3 Officers will keep the Board informed of progress in meeting the actions outlined in the pensions programme.

4. PERFORMANCE MANAGEMENT FRAMEWORK Qtr 1 – 2024-25

- 4.1 The Board reviewed the Performance Management Framework (PMF) for quarter 1 (April to June 2024), which contained updates on key areas of performance and comparator information from previous quarters.
- 4.2 The Board noted the rating on administration casework is again categorised as red due to casework backlogs exceeding 10% of membership.
- 4.3 The Board also noted the rating for the Business Plan section had been classed as amber. The amber rating denotes some actions which will be realigned to the next quarter.
- 4.4 The Board did not receive any direct submissions from members during the quarter.

5. UPDATE FROM THE SCHEME ADVISORY BOARD

- 5.1 Board members noted the agendas from the recent Scheme Advisory Board (SAB) meeting, and those from SAB's sub-committees.
- 5.2 PR requested additional detail on the peer support agenda item which appeared on the Compliance and Reporting Committee on 24 June.
- 5.3 The Board received a report setting out the regulatory changes that the Fund will need to address during 2024 and beyond.
- 5.4 The Board also received copies of the latest two reports which were presented to the Pension Fund Committee on 19 July 2024 regarding the McCloud remedy and the Pensions Dashboards programme.

- 5.5 Both the Board and the Committee will continue to receive regular updates on both McCloud and the Pensions Dashboards Programme at each meeting.

RESOLVED that the Board:

- a) Noted the agendas from meetings of the Scheme Advisory Board and its sub-committees.
- b) Requested further information on the peer support offer discussed at the Compliance and Reporting Committee meeting on 24 June.
- c) Noted the regulatory changes that the Fund will need to address during 2024.
- d) Noted the position with regards to the McCloud remedy and the Pensions Dashboards programme.

6. RESPONSIBLE INVESTMENT POLICY AND CLIMATE CHANGE STRATEGY

- 6.1 Board members have previously agreed that any changes to Fund policy documents should be presented to the Board after they have been endorsed by the Pension Fund Committee.
- 6.2 The Committee endorsed changes to the Responsible Investment Policy and Climate Change Strategy at their meeting on 19 July. The changes followed a consultation which received a small number of responses from interested parties.
- 6.3 Minor amendments were made to both policies as a result of the consultation feedback.
- 6.4 The Board noted the changes to both policies, along with the generic feedback to the consultation.
- 6.5 The Board also noted that the Fund has been successful in its application to become a UK Stewardship Code signatory.

RESOLVED that the Board:

- a) Noted the feedback from the consultation.
- b) Noted the changes to the RI Policy and Climate Change.

7. RISK REGISTER

- 7.1 The Board reviewed their risk register and noted that no changes were required at this time.
- 7.2 Board members also reviewed the Fund's risk register which had been updated by officers. The updated risk register was reviewed by the Committee at its meeting on 19 July.

RESOLVED that the Board:

- a) Undertook a review of the Local Pension Board’s Risk Register and did not identify any required amendments.
- b) Undertook a review of the Pension Fund’s Risk Register which was updated in July 2024. No changes were identified.

8. REGISTER OF INTERESTS

- 8.1 As part of their annual process Board members reviewed the register of interest and did not identify any changes.
- 8.2 Officers will circulate the register to all Board members for review.

RESOLVED that the Board: reviewed the register and will advise of any changes required.

9. DATA QUALITY

- 9.1 The Board were reminded of the Data Scores which have been provided to the Pensions Regulator as part of the annual Scheme Return for the past five years, the latest of which were from 2 January 2024.

	TPR Scheme Return				
	25-Sep-20	1-Nov-21	10-Oct-22	9-Oct-23	2-Jan-24
Common Data	98.73%	98.95%	99.10%	99.17%	99.74%
Scheme Specific Data	74.01%	80.09%	77.17%	74.04%	85.62%

- 9.2 The common data percentage score as of 2 January 2024 was 99.74%. This reflects the considerable work the Fund has been doing to trace “lost contact members”.
- 9.3 Scheme specific scores are slightly higher as the Fund continues the process of updating the 2022-23 “per member” information.

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

10. COMPLIANCE UPDATE

- 10.1 The Board were presented with a summary of the breaches log for the period to 31 March 2024, noting that fifty breaches had been logged over the period and forty-two required no further action following investigation.
- 10.2 Six breaches, relating to one employer, have been classed as amber and relate to late payment of contributions income. The Board noted that this employer is now paying current contributions on time and a plan has been developed to recover outstanding contributions.

- 10.3 The Board noted that the Fund had reported a red breach to The Pensions Regulator (TPR) relating to the Annual Benefit Statements, and the subsequent progress that has been made to issue statements to eligible members.
- 10.4 The Board also noted that a second red breach had been reported to TPR about the poor performance of one of the Fund's Additional Voluntary Contribution providers. The issues are ongoing, and the Fund continues to engage with the company to improve the situation and is liaising with the 'regulator'.
- 10.5 The Board were also presented with a new Breaches Policy which had been redrafted following publication of TPR's new General Code of Practice. This was presented to the Board ahead of Pension Fund Committee due to the Board's current role in approving breaches to be reported to TPR.
- 10.6 The new policy suggests a change to the monthly board approval process currently in place and the terminology used to classify breaches.
- 10.7 Board members approved the new policy and recommended that the Pension Fund Committee also endorse it.

RESOLVED that:

- a) Board members noted the summary breaches log covering the period to 1 April 2023 to 31 March 2024 and noted the position on the amber and red breaches.
- b) approved the new policy and recommended that the Pension Fund Committee approve the changes to the monthly approval process.

11. FEEDBACK FROM EVENTS

- 11.1 PR attended the Pensions Employer Forum on 14 June 2024, which covered the importance of good quality data, employer engagement and cyber risk.
- 11.2 PR also attended the Joint Chairs meeting on 24 June 2024 with Councillor Hogg, chair of the Pension Fund Committee.
- 11.3 JL attended the joint Committee and Board training event on 12 July 2024 which included training on financial markets and the 2025 valuation.

RESOLVED that: Board members will circulate copies of event slides.

12. REVIEW OF THE WORK PLAN

- 12.1 The Board reviewed the work plan.

13. AOB

- 13.1 The next meeting will take place on 22 October 2024.

Cheshire Local Pension Board – Actions Tracker

October 2024

Item Number / Date Raised	Topic	Action	Latest Position
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 SAB Update – 30 July 2024 meeting	LGA Peer Review	PR requested additional detail on the peer support agenda item which appeared on the Compliance and Reporting Committee on 24 June.	<p>Officers have reviewed the report which can be viewed on the Scheme Advisory Board website. One of the recommendations within the Scheme Advisory Board’s (SAB) Good Governance action plan was for the ‘LGA to consider establishing a peer review process for LGPS Funds’.</p> <p>The Board are exploring options for models of a LGPS peer support service, with the specific focus on governance assurance for a LGPS fund.</p> <p>The report can be viewed on the following link: 24062024_Item6PaperD_Peer_support_offer_scoping_discussion.pdf (lgpsboard.org)</p>

LPB Membership 2024

Name	Role	Employer	Date Appointed	Re-appointment Date	Term of Office - Years
Amanda Stott	Chair	Independent	26 September 2024	25 September 2027	3 Years
Councillor Robert Bisset	Employer Representative	Cheshire West and Chester Council	26 June 2024	25 June 2027	3 Years
Kay Lennon	Employer Representative	Cheshire West and Chester Council	26 June 2023	25 June 2026	3 Years
Geoff Wright	Member Representative	UNISON	26 June 2024	25 June 2027	3 Years
Jason Lambert	Member Representative	Cheshire West and Chester Council	26 June 2023	25 June 2026	3 Years

<p>This is the quarterly pack of Pension Fund performance information which is based on the period 1 July to 30 September 2024 and includes a comparison to the previous quarter - 1 April to 30 June 2024.</p> <p>The overall assessment for Quarter 2 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 2 (Jul-Sep 24)
	Summary position:
	This Quarter - 1 Jul to 30 Sep 24
	RED
	Previous Quarter - 1 Apr to 30 Jun 24
	RED

Subject	Comment	RAG Status
Administration Casework	<p>Overall administrators have completed 18,426 cases during the 3 month period to September 2024, compared to 16,644 cases during the 3 month period to June 2024.</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 13 new breaches in quarter 2 of 2024/25 (compared to 11 in quarter 1 of 2024/25). 10 of the breaches related to the collection of contributions income, 1 was an administration breach and 1 was an Annual Benefit Statement breach.</p> <p>During quarter 1 and 2, all breaches were recorded as Green with the exception of 1 breach which was Red in relation to the Funds Annual Benefit Statements</p>	GREEN
Compliance	The Fund did not identify any material compliance issues during the quarter.	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. The Fund collected over 99% of contributions income in each of the last six months.</p>	GREEN
Financial Performance	<p>The Fund's 2024/25 budget for Administration/Oversight and Governance Costs is c£5.75m.</p> <p>The outturn for Quarter 2 2024/25 is an underspend of £91k.</p>	GREEN
HR (absence)	<p>The service lost 85 days through sickness during quarter 2 (Jul-Sep 2024) of 2024/25 which equates to an annual average of 4%. This compares to 58 days lost in quarter 1 (Apr-Jun 2024) which is an annual average of 1%.</p> <p>There were no sickness days lost in the quarter relating to work related stress.</p>	GREEN
Debt Recovery	<p>The Pension Fund has £115k of debt outstanding at the end of Quarter 2 of 2024/25, £30k of which relates to prior years.</p> <p>The RAG status is AMBER to reflect the fact that the value of debt outstanding over 90 days is 39%, Many of the invoices in the over 6 month period are being paid in monthly installments.</p>	AMBER
Business Plan Progress	<p>The 2024-28 Business Plan was approved by the Committee in March 2024.</p> <p>An Action Plan Tracker has been produced for the 2024-25 year and sets out the milestones to be achieved during that year.</p> <p>A reporting framework summarises progress on each action and highlight issues on an exception basis.</p> <p>The reporting framework has an overall RAG rating of Amber for Qtr 2 denoting that actions under Administration and Communication will be slightly delayed.</p>	AMBER
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	<p>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.</p> <p>As shown by the accompanying chart, rolling 3 year investment performance is ahead of benchmark, CPI and the valuation assumption.</p>	GREEN

Pension Fund Committee – 6 September 2024 REGULATORY UPDATE

Introduction

1. This report provides an overview of recent regulatory changes and events, along with an update on expected future consultations which will impact the Local Government Pension Scheme (LGPS).
2. The report also provides an update on any significant changes in guidance which the Fund must have regard to.

Recommendation

3. The Committee is asked to note the position as set out in the report.

Ministerial Appointments

4. Emma Reynolds MP was appointed Parliamentary Secretary at HM Treasury (HMT) and the Department of Work and Pensions (DWP) on 9 July 2024.
5. Prior to this appointment there has been a separate minister for HMT and DWP. Having one minister responsible for both departments is intended to bridge the gap between the two departments and improve joined up policy.
6. On 6 July 2024, Jim McMahon MP was appointed Minister of State at the Ministry for Housing, Communities and Local Government (MHCLG). This role includes ministerial responsibility for local government, including the LGPS.

King's Speech

7. Following the general election on 4 July 2024, the State Opening of Parliament took place on 17 July 2024 and the King's Speech set out the Government's plans and priorities for the first parliamentary session.
8. The Pensions Schemes Bill was included in the King's Speech. Whilst it did not mention the LGPS specifically, the background briefing papers suggest that Labour will be continuing with the 'Mansion House' reforms outlined by the previous government.
9. The 'Mansion House' reforms covered the areas of asset pooling, levelling up, opportunities in private equity, investment consultancy services and the definition of investments.
10. The Pensions Schemes Bill focusses on 'pension investment' and aligns with the Government's agenda of 'unlocking' economic growth. The Chancellor has spoken of unlocking the investment potential of the LGPS, which has £360bn in assets under management, when launching the pensions review with MHCLG.

11. Another Bill which could impact the LGPS is the Bill on Audit Reform and Corporate Governance.
12. This could result in separation of pension fund from host authority audit in England, as is already the case for LGPS funds in Scotland and Wales. This would mean the pension fund statement of accounts could be completed and signed off separately to Council accounts, the current linking of which has led to delays in completion of Fund accounts in recent years.
13. The Fund will monitor further developments in this area and keep the Committee informed.

Ministerial Statement – Backstop Date

14. At the last meeting of this Committee in July, Members were informed of the government’s intention to introduce a backstop date of 30 September 2024 by which time local authorities must publish all accounts for financial years 2015-16 to 2022-23.
15. To achieve the backstop date, auditors would be able to issue ‘disclaimed opinions’ where they had not had time to complete all audit work by that date.
16. In a Ministerial Statement on 30 July, the Minister for MHCLG Jim McMahon MP revealed that the backstop date for audits up to and including the financial year 2022-23 is 13 December 2024. The deadline for the 2023-24 financial year will be some two months later on 28 February 2025.
17. Failing to meet this deadline will mean that accounts are published with a disclaimer or ‘modified’ opinion.
18. Deadlines for future financial years have also been confirmed as set out below.

Financial Year Accounts	Deadline
Up to and including 2022-23	13 December 2024
2023-24	28 February 2025
2024-25	27 February 2026
2025-26	31 January 2027
2026-27	30 November 2027
2027-28	30 November 2028

19. Any local authority that has not met the deadline would be required to publish an ‘explanation’ to the Secretary of State and will be added to a public list of bodies and auditors.

20. The Fund should be unaffected by these changes as the 2022-23 accounts are due to be signed off in September and the current timescales for signing off the Council accounts for the 2023-24 financial year is before the February 2025 deadline.
21. The Ministerial Statement also confirmed revised dates for the completion and publication of Local Authority draft accounts. For financial years from this year (2024-25) until 2027-28, draft accounts should be published by 30 June, rather than the current deadline of 31 May, in a bid to increase the accounts' quality, and thereby also benefit the audit process. It is the intention of the Fund, however, to continue to complete draft accounts by 31 May.

Scheme Advisory Board Chair sends Welcome letter to the Minister

22. The Chair of the LGPS Scheme Advisory Board (SAB) Councillor Roger Phillips has written to the Minister for MHCLG Jim McMahon MP welcoming him to his role and requesting an early meeting to discuss a number of important matters relating to the LGPS.
23. There are a number of areas for discussion highlighted in the letter, including clarity on the status of the 31 March 2025 deadline for pooling assets which was set under the previous government. The letter also includes a request for a clear indication on the direction of climate change reporting, which has been in place in the private sector for a couple of years and requests the implementation of the recommendations from the Good Governance review.
24. Members can view a copy letter via the following link: [Welcome Letter](#)

Lifetime Allowance Abolition

25. In the Spring Budget on 15 March 2023 the previous Chancellor of the Exchequer announced the abolition of the lifetime allowance (LTA).
26. The LTA is the total value of all pensions benefits you can receive without having to pay extra tax.
27. Although the LTA has been abolished it needed to be retained in some form for LGPS funds to calculate the maximum tax-free lump sum that members can take on retirement.
28. The abolition of the LTA, and the need to replace it with something that pension funds can use to process benefits, has led to a far more complicated system.
29. There remain some regulatory issues which has seen HMRC advising some members to delay taking benefits or transferring pensions until it can resolve issues with the legislation around the abolition of the LTA.
30. HMRC has acknowledged that there are technical inaccuracies in the legislation introduced to implement the new regime following the abolition of the LTA. It plans to introduce new legislation to address these issues after the parliamentary recess.

HMRC is undertaking a short technical consultation on the draft legislation over the summer.

Pension Fund Committee – 6 September 2024 McCLOUD REMEDY

Introduction

1. This report is to provide the Committee with an update on the Fund's progress with implementing the changes required because of the McCloud remedy.

Recommendation

2. The Committee is asked to note the position on the McCloud remedy.

Administration Database Developments

3. The Fund continues to work with the administration database provider, Civica to implement functionality for the McCloud remedy.
4. Members will recall that some functionality changes resulting from the McCloud remedy have already been delivered to date which allows the Fund to:
 - Implement the calculation of the new underpin for:
 - Retirement of active members aged under 65
 - Calculation of deferred benefits for members under age 65
5. All remaining functionality, including that required to process all leavers using the new underpin and to allow the possible rectification of casework which has been processed since 1 April 2014, was due to be available for testing from September.
6. Civica have confirmed that the original timeframe has slipped, and the intention now is to deliver two further tranches of functionality. The first in October 2024 and the second in January 2025.
7. Across the two tranches of functionality, the updates to the administration system will allow the new underpin to be applied to all leaver cases and all rectification cases once fully implemented.
8. The revised timetable will mean there is a further delay in the Fund's ability to apply the new underpin to all eligible members leaving the Fund and in commencing the bulk rectification of casework which has already been processed since 1 April 2014.

Rectification Plan

9. The Fund needs to develop a detailed rectification plan to manage the work required because of the McCloud remedy.
10. As explained in previous reports to the Committee, in order to develop the full rectification plan, the Fund will need to have been informed of the full extent of the regulatory changes and have received all necessary guidance. Aspects of regulations

and guidance are still awaited which causes delays in the ability of the Fund to produce a detailed plan.

11. A procurement process to commission the services of a third-party provider to assist with the production of a detailed rectification plan will commence in quarter 3.

Pension Fund Committee – 6 September 2024 PENSIONS DASHBOARDS PROGRAMME

Introduction

1. This report provides an update on the Fund's progress in preparing for the implementation of the national Pensions Dashboards Programme.

Recommendation

2. The Committee is asked to note the position on the Fund's preparation for the Pensions Dashboard Programme (PDP).

Integrated Service Provider – Beta Sign Off

3. Earlier this year the Fund appointed its administration software database provider, Civica UK Limited, as their Integrated Service Provider (ISP).
4. As previously reported to the Committee, before becoming an approved ISP, all such providers are required to go through the 'beta' testing phase and be officially signed off by the PDP.
5. Civica are due to commence their beta phase in October 2024, and the process is expected to take around 12 weeks.
6. In the meantime, the Fund is working with the ISP on preparatory work. A series of workshops have been attended, with further workshops arranged to work through the necessary steps as follows:
 - Compliance with the Standards and Technical Connection detail. (August 2024)
 - Reporting: the standard suite of reports, how they will work, and any enhancements required. (September 2024)

Data

7. The Fund will need to baseline and assess the quality of the data required for dashboards and cleanse any records as necessary ahead of onboarding to the dashboard. To assist with this there are a number of companies who supply data analytics service which can provide an independent assessment of the Fund's data and suggest where we should target our efforts in terms of data cleansing.
8. This would be a useful exercise to undertake as it would provide clear evidence of the work the Fund has undertaken in preparing for the dashboards as well as giving an indication of any further work required. A key requirement of the dashboards' guidance is that the Fund must take decisions in preparation for dashboards and must be able to evidence the decisions taken.

9. A procurement process to commission the services of a third party to complete data baselining for the Fund will commence in quarter 3 and the Committee will be informed of the outcome in December.

TERMS OF REFERENCE AND CONFLICT OF INTEREST POLICY REVIEW

Introduction

1. This report invites the Board to undertake the annual review of the terms of reference.
2. The Board will also review the Fund wide Conflicts of Interest policy.

Recommendation

3. The Board are requested to:
 - Review 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 amendments.

Terms of Reference

4. The Terms of Reference (ToR) contains a specific requirement for the Board to undertake an annual review to identify any required amendments.
5. The annual review also provides an opportunity for the Board to refine its working practices in line with the ToR.
6. A copy of The ToR are attached to this report in Appendix A.

Conflicts of Interest Policy

7. The Fund has a conflicts of interest (Col) policy which applies to the Pension Fund Committee, Local Pension Board and to officers.
8. A copy of the policy is appended to this report at Appendix B.
9. Board members are invited to review the policy and identify any required amendments for consideration by the Fund.

SCHEDULE

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 Borough Council (“**the 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 Regulations**”). Other relevant documents are the Pension Regulator’s Codes of Practice, and the LGPS Scheme Advisory Board’s “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 the Council and its Chief Operating Officer (“**COO**”) is ultimately responsible for its affairs with powers delegated by Council. In this capacity the COO is known as the Scheme Manager. The COO appointed an advisory panel known as the Cheshire Pension Fund Committee. That committee is convened as necessary by and to advise the Chief Operating Officer on matters relating to the administration of the fund that they require advice on. Its functions are described within paragraph 9.20 of Part 1 of the Council’s constitution.

2. Function and Role

- 2.1 The role of the Board is defined by sections 5(1) and (2) of the 2013 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 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 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 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 regulations 57 to 61 of the LGPS Regulations;
- 2.6.4 Enter into contracts on behalf of the Scheme Manager;
- 2.6.5 Dismiss any members of the CPFC;
- 2.6.3 Become involved in any internal dispute resolution appeals;
- 2.6.6 Be used to act on behalf of a particular constituency or Pension Fund Member in general or in relation to a specific complaint at any time.

Save that the above shall not prevent a member of the Board from bringing a complaint or becoming involved in an internal dispute resolution appeal in their individual capacity, either on their own behalf or as a representative of another member of the Fund.

3. Membership and Appointment Process

- 3.1 Subject to paragraph 3.2 below, the Board shall consist of 6 voting members and 1 non-voting member and be constituted as follows:
 - 3.1.1 3 employer representatives, of whom:
 - 1 shall be nominated by Cheshire West and Chester Borough 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;
 - 2 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.

Employer member selection can be assisted and advised by the Scheme Manager.

3.1.2 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;
- 2 shall be appointed following an openly advertised competition for the role.

3.1.3 1 independent member selected by the Scheme Manager who shall be appointed as a non-voting independent Chair of the Board. The appointment will only be made following an openly advertised competition for the role and the appointee must demonstrate that they have the requisite knowledge, skills and independence to adequately fulfil the role of Chair as set out in these Terms of Reference.

3.2 There shall be an equal number of employer representative and scheme member representative Board members. If from time to time it has not been practicable to appoint either 3 employer representatives or 3 scheme member representatives in accordance with paragraphs 3.1.1 or 3.1.2 respectively, there shall be 4 voting members instead of 6 until such time as a third employer representative or scheme member representative can be appointed. During any such period the provisions of paragraph 4.5 below shall apply.

3.3 The appointment of substitutes for any Board members shall not be permitted.

3.4 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.

3.5 Subject to any applicable regulation and legislation in force appropriate advisors shall include but not be limited to:

3.5.1 The Fund's Actuary;

3.5.2 The Fund's legal advisor;

3.5.3 The Fund's investment advisor(s);

3.5.4 Other external advisors, so approved by the Scheme Manager.

3.6 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.

- 3.7 A 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 Board being a member of the LGPS and/or Fund.
- 3.8 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.
- 3.9 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:
- 3.9.1 Disclosing all interests and responsibilities which have the potential to become conflicts of interest;
 - 3.9.2 Committing to attend a minimum number of meetings a year;
 - 3.9.3 Committing to undertake development to increase knowledge and understanding; and
 - 3.9.4 Undertaking to abide by the Board’s terms of reference and wider constitutional documents.
- 3.10 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, and subject to paragraph 4.5 below, 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.
- 4.5 In the event that there are to be 4 voting Board members instead of 6, in accordance with paragraph 3.2 above:
- 4.5.1 the representative employer bodies shall, as necessary, remove or suspend from office 1 employer representative Board member, and
- 4.5.2 the Scheme Manager shall (after consulting the Trade Unions representing active members of the Cheshire Pension Fund), as necessary, remove or suspend from office 1 member representative Board member,

in either case, and for only so long as is necessary, so that there are an equal number of employer representative and scheme member representative Board members.

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 non-voting Chair of the Board will be appointed in accordance with paragraph 3.1.3 above. The 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.

- 9.4 The Chair will accept appointment as the chair of the Cheshire Pension Fund's Pension Employer Forum ("PEF"), if and for so long as required to do so under the PEF's terms of reference.

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 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 Guidance (Schedule B, Part 2) 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 four times 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 voting 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 Member Code of Conduct described in the Administering Authority's Constitution (Part 4 Section 6), 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 the Administering Authority's Constitution (Part 4 Section 1). 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 Council's 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 2018.
- 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
- 16.2.2 The failure to comply is likely to be of material significance to the Regulator in the exercise of any of its functions.
- 16.3 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.

18. Assessment and adoption of policies

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

17.2.1 A code of conduct, in accordance with paragraph 14.5 above;

17.2.2 A conflicts policy, in accordance with paragraph 14.3 above;

17.2.3 Policies dealing with information security, acceptable use (and monitoring) and subject access request, in accordance with paragraph 17.1 above.

.....
Signed on behalf of the Administering Authority

.....
Signed on behalf of the Board



Cheshire Pension Fund Conflicts of Interest Policy

Publication date: 3 December 2021

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1. Introduction

- 1.1 Cheshire West and Chester Council is the Administering Authority for the Cheshire Pension Fund, the name of the Local Government Pension Scheme in Cheshire.
- 1.2 The Administering Authority has established this Conflicts of Interest Policy to set out the process for identifying, monitoring and managing conflicts of interest in the governance and management of the Cheshire Pension Fund (the Fund).
- 1.3 Conflicts of interest have always existed for those with Local Government Pension Scheme (LGPS) administering authority responsibilities as well as for advisers to LGPS funds. This reflects the fact that many of those managing or advising LGPS funds will have a variety of other roles and responsibilities, for example, as an elected member of an employer participating in the LGPS or as an adviser to more than one LGPS administering authority.
- 1.4 Further, any of those persons may have an individual personal, business or other interest which might conflict, or be perceived to conflict, with their role managing or advising LGPS funds.
- 1.5 LGPS administering authorities have both fiduciary and public law duties to act in the best interest of both their LGPS beneficiaries and participating employers. This, however, does not preclude those involved in the management of the LGPS fund from having other roles or responsibilities which may result in an actual or potential conflict of interest.

2. The Legal Background

- 2.1 The Public Service Pensions Act 2013 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).”
- 2.2 Regulation 108 of the Local Government Pension Scheme Regulations 2013 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”
- 2.3 The Public Service Pensions Act 2013 Act and the 2013 LGPS Regulations largely relate to managing conflicts of interest with respect to members of Local Pension Boards. In the interests of best practice, this Policy will relate to all individuals involved in the management and governance of the Fund.

3. Nolan Principles

- 3.1 The Localism Act 2011 refers to the Seven Principles of Public Life, otherwise known as the 'Nolan Principles'. These apply to anyone who holds public office. This includes people who are elected or appointed to public office, nationally and locally. The principles are:
- selflessness,
 - integrity,
 - objectivity,
 - accountability,
 - openness,
 - honesty and
 - leadership.
- 3.2 All the individuals to whom this Policy applies are expected to comply with these principles which are integral to the successful implementation of this Policy.
- 3.3 In addition, elected members are 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.
- 3.4 Officers involved in managing and governing the Fund are subject to Cheshire West and Chester Council's Employee Code of Conduct.
- 3.5 Declarations are required as part of the appointment process, as well as regular intervals to the Administering Authority's satisfaction, normally on an annual basis but, depending on the circumstances, maybe more frequent.
- 3.6 Declarations of interest are also made at each meeting of the Pension Fund Committee and Local Pension Board.

4. General Principles & Objectives

- 4.1 The basic principle in relation to conflicts of interest is that a member of the Local Pension Board, Pension Fund Committee or Fund Officer must not put themselves in a position where duty and personal interest conflict or where their duties to one conflict with their duty to another, unless expressly authorised.
- 4.2 The aim of this Policy is to provide guidance to members of the Pension Fund Committee, the Local Pension Board, officers, advisers and suppliers on how to manage conflicts when undertaking their roles in relation to the Fund.
- 4.3 It is also intended to provide assurance to the Fund's members, employers and wider stakeholders that conflicts are managed appropriately.
- 4.4 The Administering Authority's objective is to have effective governance arrangements which allow Pension Fund Committee, Local Pension Board, officers, and participating employers to discharge their responsibilities effectively

and compliantly. The identification and management of conflicts of interest is integral to the Administering Authority achieving this governance objective for the Fund.

- 4.5 This Policy supports good governance, in conjunction with other Fund governance documents, encouraging transparency and minimising the risk of any matter prejudicing decision making or the management of the Fund.

5. Persons to whom this Policy applies

- 5.1 This Policy is established for the guidance of:
- All members of Pension Fund Committee (the Committee)
 - The Local Pension Board (the Board)
 - Senior Council officers involved in the governance and management of the Fund (the Chief Operating Officer, the Head of Pension Fund, members of the Pension Leadership Team, senior officers from Legal Services)
 - All advisers and suppliers to the Fund, whether providing advice or supplies to the Committee, the Board or Officers
- 5.2 The Head of Pension Fund will monitor potential conflicts for less senior officers involved in the daily administration of the Fund and highlight this Policy to them as they consider appropriate.
- 5.3 Cheshire West and Cheshire Council's Code of Conduct for Officers includes expected standards of conduct with respect to:
- accountability
 - personal interests
 - relationships with contractors
 - hospitality and gifts
- 5.4 In this Policy, reference to advisers includes all advisers, suppliers and other parties providing advice and services to the Pension Fund, including but not limited to:

- the asset pool operator
- dispute adjudicators
- actuaries
- investment consultants
- independent advisers
- benefits consultants
- third party administrators
- fund managers
- lawyers
- custodians
- AVC providers

- 5.5 Where an advisory appointment is with a firm rather than an individual, reference to 'advisers' is to the lead adviser(s) responsible for the delivery of advice and services to the Fund.
- 5.6 Many advisers are required to meet professional standards relating to the management of conflicts of interest, for example, the Fund Actuary will be bound by the requirements of the Institute and Faculty of Actuaries. Any protocol or other document entered between an adviser and the Administering Authority in relation to conflicts of interest, whether as a requirement of a professional body or otherwise, should be read in conjunction with this policy.
- 5.7 In accepting any role covered by this Policy, individuals agree that they must:
- acknowledge any potential conflict of interest they may have
 - be open with the Fund on any conflicts of interest they may have
 - adopt practical solutions to managing those conflicts (seeking advice from a relevant officer, as required)
 - plan ahead and agree with the Fund how any conflicts of interest may be managed.

6. Examples of Conflicts of Interest

- 6.1 Some examples of potential conflicts include: -
- A member of the Pensions Committee is on the board of, or has a local Ward interest in, an Investment Manager the Fund is considering appointing in an investment fund.
 - An officer or member of the Pension Fund Committee accepting hospitality and/or gifts from a potential adviser or supplier could be perceived as a potential or actual conflict of interest; particularly where a procurement exercise relating to those services is imminent.
 - An Employer representative on the Local Pension Board is employed by a company which also supplies services to the Administering Authority and the Local Pension Board is reviewing the standards of service provided by that company.
 - The person appointed to consider internal disputes is asked to review a case relating to a close friend or relative.
 - A member representative, who is also a trade union representative, appointed to the Local Pensions Board to represent the entire scheme membership could be conflicted if they only act in the interests of their union and union membership, rather than in the interests of all scheme members.

- An officer of the Fund or member of the Pension Fund Committee accepts a dinner invitation from a Fund Manager, who has submitted a bid as part of a tender process.
- An Employer representative has access to information by virtue of their employment, which could influence or inform the considerations or decisions of the Local Pensions Board. They must consider whether to share this information in light of their duty of confidentiality to their Employer. Their knowledge of this information will put them in a position of conflict if it is likely to prejudice their ability to carry out their functions as a member of the Local Pensions Board.

Minor Gifts

- 6.2 For the purposes of this Policy, gifts such as t-shirts, pens, trade show bags and other promotional items obtained at events such as conferences, training events, seminars, and trade shows, that are offered equally to all members of the public attending the event do not need to be declared.
- 6.3 Officers and Members must declare personal gifts of more than £25 in accordance with the Council's Code of Conduct.

7. Operational procedures

- 7.1 For procedures to be effective all persons to whom the policy applies agree 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 and agree on how they will manage any conflicts of interest which arise.
- 7.2 The following procedures have been adopted:
- a. To maintain a register of interests which could give rise to a conflict.
 - b. To maintain a register of interests which could give rise to a conflict covering advisors.
 - c. Each Person 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 Persons and the Administering Authority. These two events will be added to the agenda at the appropriate annual meeting.

- d. Declarations of interest will be made at the commencement of all Committee and Board meetings and will be recorded in the minutes of those meetings
- e. Any elected member of the Committee or Board who declares an interest at the commencement of a Committee or Board meeting will act thereafter in accordance with their authority's Code of Member Conduct.
- f. The Administering Authority's representative advising the Board will identify any potential or actual conflicts of interest and advise the Chair. The Chair in conjunction with the Administering Authority representative is to decide on the action required and to advise the Members of any actions taken.
- g. Any Person who feels that they, another Person or advisor has a conflict of interest must seek early advice from the Administering Authority.
- h. Any Person or advisor member of the Board must withdraw from a Board meeting if they have a conflict of interest. The conflict of interest and the action taken must be recorded in the minutes.
- i. If a conflict is identified outside a Committee or 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.

8. Perception of Conflicts of Interest

- 8.1 Committee and Board Members and Officers 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, or members of the public that a real conflict of interest exists.
- 8.2 If there is the possibility that a perceived conflict of interest may exist, it should be managed in the same way as a real conflict of interest.

9. Confidential Information

- 9.1 Any Person to whom this Policy applies may, by virtue of their role as an elected member or by being employed by an employing authority within the Fund, have access to confidential information about their local authority or employer. They are not obliged to reveal this information as part of their role on the Committee or Board.
- 9.2 However, if an affected person considers that the information to which they are privy may:
 - 9.2.1 adversely affect the Fund or an employer within the Fund,

- 9.2.2 reasonably cause the Committee or Board to interpret a decision differently or act in a different way were it to be known at the time and;
- 9.2.3 the information will not be made available through some other means within such time as the Committee or Board is able to fully act upon it;
- 9.3 that party shall withdraw from all discussion in relation to that issue and notify the Committee or Board that a conflict of interest exists. The details of the conflict need not be disclosed. For example, this scenario may occur where a Person is aware of legally confidential negotiations around, for example, the takeover of a 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.

10. Managing Conflicts of Interest

- 10.1 If the Committee or 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 Committee or Board must determine the appropriate mechanism for managing that conflict.
- 10.2 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:
 - 10.2.1 Requiring that the Person for whom the conflict exists takes no part in discussions or does not vote in respect of the matter for which they are conflicted.
 - 10.2.2 If practical the Person may relinquish or divest themselves of a personal interest which is the source of a conflict of interest with their Fund responsibilities.
 - 10.2.3 If the conflict is likely to be persistent and ongoing in such a way that it is likely to limit a Person's meaningful participation in the Committee or Board, that Person should consider resigning from their position.
 - 10.2.4 The Administering Authority 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.

11. Adviser and Officer Conflicts

- 11.1 The Committee and Board will be supported and advised by officers of the Fund in its day-to-day business. Similarly, the Committee will, and Board may if appropriate, receive independent or professional actuarial advice (including investment, actuarial, legal and governance).

- 11.2 The Committee and Board must be confident that the advice received from officers and advisers is independent and truly in the best interests of the Fund. For this reason, officers and advisers giving advice must also declare any situation where a potential, perceived, or actual conflict exists, in order that it can be appropriately managed.
- 11.3 All advisers must:
- be provided with a copy of this Policy on appointment and whenever it is updated
 - adhere to the principles of this Policy
 - provide, on request, information to the Head of Pension Fund in relation to how they will manage actual or potential conflicts of interest relating to the provision of advice or services to the Council in relation to the Fund; and
 - notify the Head of Pension Fund immediately should a potential or actual conflict of interest arise.
- 11.4 All potential or actual conflicts notified by advisers will be recorded in the Fund's Register of conflicts of interest.

12. Review

- 12.1 The Policy was approved by xx on xxx.
- 12.2 The Policy will be kept under review and will be revised if the conflict management arrangements or other matters included within it merit reconsideration, including if there are any changes to the LGPS or other relevant regulations or guidance which need to be considered.

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. Up until 2023 the Fund produced 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 Pensions Regulators Scheme Return for 2020 to 2023 were completed using the results from this foundation approach.
6. The results for the Scheme Return, issued in January 2024, were issued using the report provided by the Fund's administration database provider.
7. The scores submitted for the TPR Scheme Return submitted for the last 5 years are included within the table below.

	TPR Scheme Return				
	25-Sep-20	1-Nov-21	10-Oct-22	9-Oct-23	2-Jan-24
Common Data	98.73%	98.95%	99.10%	99.17%	99.74%
Scheme Specific Data	74.01%	80.09%	77.17%	74.04%	85.62%

8. The Common data scores have improved over the years as a result of the address tracing undertaken by the Fund. There was also an improvement in scheme specific data scores between October 2023 and January 2024 reflecting the ongoing work with employers on data cleansing following the March 2023 year-end.
9. Due to a technical issue with the report the Fund has not been able to produce up to date figures. The Fund is liaising with the database provider to find a resolution to the technical issue.
10. Work is ongoing to improve both common and scheme specific data scores and will be aligned with the data cleansing work required to prepare for the Pensions Dashboards Programme.

COMPLIANCE UPDATE

Introduction

1. This report provides the Board with a summary of the Breaches Log for 1 April to 30 June 2024.

Recommendation

2. The Board are requested to comment on the summary of the Breaches Log for 1 April to 30 June 2024.

Breaches Log

3. In accordance with the Breaches Policy, both the Local Pension 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 and 30 June 2024 are listed below in Table 1 and are categorised as red, amber or 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 2023-24	Total 2024-25	Status 2024-25		
			Red	Amber	Green
Contributions	44	10	0	0	10
ABS	1	0	0	0	0
Administration	4	1	0	0	1
AVC	1	0	0	0	0
Total	50	11	0	0	11

6. There have been eleven green breaches in the reporting period. Below is a summary of the reasons for the breaches.

Contribution Breaches – 10

7. The ten green contribution breaches mainly relate to employers who have small numbers of staff and so are easily affected by unexpected staff absences. All these breaches have been quickly rectified by the employer.

Administration Breaches - 1

8. As part of a process review, it was identified that 2,420 members who left the Fund within the period June 2022 to May 2024 were not notified of their rights and options when leaving the Fund in the form of a Deferred Holding Letter within 2 months of leaving the Fund.
9. Deferred Holding Letters are sent to members when they leave the Fund to inform them of their rights and options (e.g. that they can transfer their benefits, leave them with the Fund, or retire if they have reach their retirement age). Following the retirement of a member of staff in 2022 these letters have not been routinely sent.
10. All members have now received a letter notifying them of their rights and options, the impact on the members is minimal, as the majority are not within 12 months of their Normal Pension Age (NPA) or are ineligible to transfer for other reasons, so their pension rights are unaffected.
11. The Fund has since conducted a full review of all similar processes to ensure that nothing else had been missed. No other processes were found to be missed.

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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>Sign off LPB Annual Report</p> <p>Review the TPR Data Scored and associated actions</p> <p>Review of cyber security</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>Review policies are kept up to date and produced in accordance with legislation and guidance</p> <p>LPB Risk Register</p> <p>Climate change impact on investments (move to July)</p> <p>Update the Register of Interests/update website</p> <p>Statutory Policies (FSS, ISS, Comms Policy, Admin Strategy Gov Policy and Breaches Policy)</p>	<p>Review the TPR Data Scored and associated actions</p> <p>Cyber security</p> <p>Review Terms of Reference</p> <p>Review the progress made by the Fund including the detail of any ongoing actions</p> <p><i>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.</i></p> <p>Review Fund's Conflict of Interest Policy</p>