

BOARD : LOCAL PENSIONS BOARD
DATE : 21 February 2023
TIME : 10am
VENUE : Virtual meeting using Microsoft Teams

LOCAL PENSION BOARD MEETING

10.00 – 12.30

AGENDA

PART A

1. PROCEDURAL MATTERS

The Board will:

- a) Consider any Declarations of interest
- b) Receive the minutes of the meeting on 18 October 2022
- c) Review the Actions Tracker

2. REVIEW OF PENSION FUND COMMITTEE MINUTES

To receive the minutes from the Pension Fund Committee meeting which took place on the 2 December 2022 and the Investment Sub-Committee minutes from 18 November 2022.

3. PENSIONS PROGRAMME UPDATE

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

4. UPDATE FROM THE SCHEME ADVISORY BOARD

The Board will receive an update following the Scheme Advisory Board meetings outlined below:

Committee	Meeting Date
Scheme Advisory Board	5 Dec 22
Cost Management, Benefit Design and Administration Committee	30 Jan 23
Investment, Governance and Engagement Committee	6 Feb 23
Compliance and Reporting Committee	23 Jan 23

The Board will receive a Regulatory update which was presented to the Pension Fund Committee in December.

5. PERFORMANCE MANAGEMENT FRAMEWORK QUARTER 3 – 2022/23

The Board will receive the Performance Management Framework covering the period 1 October to 31 December 2022 (along with the quarter 2 comparator – 1 July to 30 September 2022).

6. TERMS OF REFERENCE UPDATE

The Board will receive an update on the requested changes to their terms of reference, which were approved by Audit and Governance Committee on 24 January 2023.

7. LOCAL PENSION BOARD ANNUAL REPORT AND OUTTURN 2022/23

The Board will receive the forecast outturn against the Local Pension Board budget and will discuss the content to be included in the 2022/23 Annual Report.

8. DATA QUALITY

The Board will be presented with update on the data scores for common and scheme specific data along with an update on progress with the Pensions Dashboards Programme.

9. COMPLIANCE UPDATE

The paper also provides a summary of the Breaches Log for the period to 31 March 2022.

10. FEEDBACK FROM EVENTS

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

- Pension Fund Committee – 30 September 2022
- Baillie Gifford - LGPS Investment and Training Seminar – 9-10 November 2022

11. REVIEW AND DEVELOP THE WORK PLAN

The Board will review the plan.

12. AOB

Dates for 2023 meetings:

2 May
30 May (Statement of Accounts / Annual Report)
8 August (Subject to change)
17 October

MINUTES OF LOCAL PENSION BOARD – 18 October 2022

PRESENT

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

CW&C Officers: Heidi Catherall, Steven Wilcock, Dan Harte and Aaron Austin

1. PROCEDURAL MATTERS

- 1.1 No declarations of interest were received.
- 1.2 The Board reviewed the minutes from meeting which took place on 12 July 2022 having previously approved them by email.
- 1.3 Board members noted that the suggestion from the last meeting, of reporting on Multi Academy Trusts rather than individual academies, had been discussed and it was confirmed that this would not reduce the administrative burden upon the Fund.
- 1.4 The action tracker was reviewed and the contents noted.

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 30 September 2022 and the minutes from the Investment Sub Committee held on 26 August 2022.
- 2.2 The Board noted that there had been a number of apologies for the Committee meeting. Officers confirmed that due to the sad passing of Her Majesty Queen Elizabeth II, the original Committee meeting of 9 September was cancelled. It was therefore difficult to find a suitable date when all members would be available at short notice.
- 2.3 Whilst the Fund is not directly impacted by recent market volatility relating to Liability Driven Investments, the Board felt it would be informative if the Fund's Investment Advisors Mercer, could provide an overview of the long-term implications of the investment markets on asset and liability values.

- 2.4 Officers highlighted an issue relating to the Fund's investment property at the Lansdown Industrial Estate in Cheltenham. The Fund's property development company, Patrizia, have a redevelopment proposal for the site which is being considered by Cheltenham Borough Council. There has been local opposition to the redevelopment, particularly from the Cheltenham Civic Society. The Fund are attending a meeting with the Cabinet Member for Economic Growth at Cheltenham Borough Council to discuss the issue in the coming weeks.
- 2.5 Board members requested that an item be added to the agenda for the next meeting on the Fund's approach to monitoring the impact of climate change on its investments. The Fund is about to publish its third annual report in line with the requirements of the Taskforce for Climate Related Financial Disclosures (TCFD) which is soon to be a mandatory requirement for all LGPS funds.

RESOLVED that the Board: Noted the minutes of the Pension Fund Committee and Investment Sub Committee meetings. Officers will ensure that the Board's suggestions outlined above are taken forward.

3. PENSIONS PROGRAMME

- 3.1 The Board received a verbal update on the pension change programme and noted the progress which is being made.
- 3.2 The Fund has now transitioned its administration database from an 'on premise' solution hosted by the Council's ICT department to a cloud hosted solution managed by Civica. Now that this move has been made the Fund can implement the Member Self-Serve functionality which will transform how the Fund engages with its members.
- 3.3 Board members will be kept informed of progress in meeting the programme aims.

4. UPDATE FROM THE SCHEME ADVISORY BOARD

- 4.1 Board members noted the agenda from the recent SAB meeting, and those from the sub-committees.
- 4.2 Officers produced a summary of a number of topics covered at the meetings and highlighted a couple of areas of interest for the Board.
- 4.3 The Board also received a copy of a report which was presented to the Pension Fund Committee in September setting out the regulatory changes that the Fund will need to address during 2022 and beyond.

5. PERFORMANCE MANAGEMENT FRAMEWORK Qtr 2 – 2022/23

- 5.1 The Board reviewed the Performance Management Framework (PMF) for quarter 2 (July to August 2022), which contained updates on key areas of performance and comparator information from previous quarters.

- 5.2 Board members noted that the red rating remains on administration casework with backlogs exceeding 10% of membership. Material progress is being made on reducing casework backlogs, but the balance remains above 10% of members and this position will continue in the medium term whilst the pension team continues to resolve old casework and implement the developments outlined in the pensions programme.
- 5.3 The Board received an update on the additional posts which have been added to the structure to add resilience for the additional regulatory and governance challenges facing the Fund.
- 5.4 A new Governance Manager has now started with the Fund and other posts will be advertised in the coming weeks.
- 5.5 The Board did not receive any direct submissions from members during the quarter.
- 6. TERMS OF REFERENCE / GOVERNANCE REVIEW AMENDMENTS AND CONFLICTS OF INTEREST REVIEW**
- 6.1 The Board reviewed the proposed changes to their Terms of Reference (ToR), which has initially been suggested by the Barnett Waddingham Governance review, and last considered by the Board in May 2021.
- 6.2 Board members delayed amendments to the ToR awaiting the outcomes from the Scheme Advisory Board Good Governance review to be officially adopted by DLUHC, however, as the changes are largely a reflection of common practice they will now be implemented.
- 6.3 The Board worked through each change and agreed whether they want to amend the ToR. The changes will be presented to the Audit and Governance Committee in January 2023.
- 6.4 The Board also reviewed the ToR document itself and noted a couple of additional changes to be made. These changes will be incorporated into the report to Audit and Governance Committee.
- 6.5 Finally, the Board reviewed the, now Fund wide, Conflicts of Interest policy and did not identify any required changes.

RESOLVED that the Board:

- a) Reviewed the recommendations from the Barnett Waddingham review and considered any necessary changes to the Terms of Reference.
- b) Commented on the Terms of Reference and identified any required amendment, either to the ToR or to the Board's working practices.
- c) Commented on the Conflicts of Interest Policy and identified any required amendments.

7. COMMUNICATIONS STRATEGY UPDATE

- 7.1 Board members were reminded that the Pension Fund Committee originally reviewed the draft communications strategy in June. The strategy was then issued for consultation and the Fund received a number of responses which were overwhelmingly positive.
- 7.2 The Board also received verbatim copies of the narrative feedback to the consultation.
- 7.3 No changes were made to the strategy as a result of feedback from the consultation and the Committee endorsed the final version at its meeting on 30 September, to come into force with immediate effect.
- 7.4 The Board were happy with the strategy and pleased to see it come into effect.

RESOLVED that the Board:

- a) Noted that the Communications Strategy has not been amended following the responses to the consultation, and
- b) Noted that the Pension Fund Committee, endorsed that Officers publish the Communications Strategy to come into force with immediate effect and begin implementing the strategy to meet the Fund's communication objectives.

8. DATA QUALITY

- 8.1 The Board were reminded of the Data Scores which have been provided to the Pensions Regulator for the past three years.

	TPR Scheme Return			
	1-Sep-19	25-Sep-20	1-Nov-21	10-Oct-22
Common Data	98.07%	98.73%	98.95%	99.10%
Scheme Specific Data	74.18%	74.01%	80.09%	77.17%

- 8.2 The common data percentage score as at 10 October 2022 is 99.10%. This has been achieved as the Fund commissioned a company to complete the tracing of lost contact members.
- 8.3 Scheme specific scores are slightly lower as the Fund is in the process of updating the 2021/22 'per member' information.
- 8.4 The Fund has worked with its database provider to move to the new TPR measurement report which will provide the scores directly from the database.
- 8.5 The database provider has made the necessary changes to the report and the Fund hopes to implement a software update in order to implement the changes. However, this will not take place before the Fund has to submit the 2022 Scheme Return to the Pensions Regulator so the Fund will again report scores based on the foundation approach.

- 8.6 Once the database provider report is implemented, the Fund will need to retest the report to ensure that all of the data validation issues have been fixed before switching to the report.
- 8.7 Board members also received an update on the pension dashboards programme and the Fund's continued focus on improving data quality in preparation. The Fund is also researching options for an Integrated Service Provider who will assist the Fund in providing the necessary information to the Pensions Dashboard.

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

9. COMPLIANCE UPDATE

- 9.1 The Board were presented with a summary of the breaches log for the period 1 April to 30 June 2022, noting that 19 breaches had been logged over the period.

RESOLVED that: Board members noted the summary breaches log covering the period 1 April to 30 June 2022.

10. FEEDBACK FROM EVENTS

- 10.1 PR attended the Pension Fund Committee meetings on 30 September to observe the discussion on the review of the Statement of Accounts and Annual Report.
- 10.2 PR also advised the Board that he had now completed all modules of the Hymans online learning academy, known as LOLA, and recommended it to colleagues

RESOLVED that:

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

11. REVIEW OF THE WORK PLAN

- 11.1 The Board reviewed the work plan.
- 11.2 Items identified for the next meeting included an update on cyber security, the pensions dashboard programme and any other regulatory changes.

12. AOB

- 12.1 Meeting dates for 2023 have been suggested as follows:

- 21 February 2023
- 3 May 2023
- 30 May 2023 (Review of the Statement of Accounts/Annual Report)
- 8 August 2023 (this meeting date may need to change to accommodate availability)

- 17 October 2023

12.2 Officers briefed the Board on news of Mark Wynn's move to become Director of Resources at Lancashire County Council. The post of Chief Operating Officer at Cheshire West and Chester Council plays a central role in the governance of the Fund and officers will keep the Board updated as appropriate.

Cheshire Local Pension Board – Actions Tracker

February 2023

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 – 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.	<p>The long term plan is to develop the online self-serve capabilities for members so they can retire online in the future.</p> <p>Internal Audit are undertaking a review of the retirement processes of the Fund and will include consideration of any issues which cause delays in the process.</p>

Scheme Advisory Board

HYBRID MEETING HELD ON 5th DECEMBER 2022

AGENDA

1.00pm – 3.00pm, Monday 5th December 2022

Room 1 & 2, Ground Floor, 18 Smith Square and MS Teams

Item		Timings
1	Welcome, apologies and introductions	1.00
2	Meeting protocol and declarations of conflicts of interest	1.05
3	Actions and Agreements from meeting of 10 th October 2022 – Paper A	1.10
4	SAB Workplan and Budget – Paper B	1.20
5	Agenda Steering Group Update – Paper C	1.30
6	McCloud and Exit Pay – verbal update	1.40
7	SAB/Committee Membership – verbal update	1.50
8	Risk Register – Paper D	1.55
9	Good governance update – verbal update	2.05
10	Compliance & Reporting Committee report – Paper E	2.15
11	Cost Management Committee report – Paper F	2.25
12	Investment Committee report – Paper G	2.35
13	AOB and date of next meeting -Submission of SAB's response to DLUHC's climate risk reporting consultation -Sharia law and the LGPS – verbal update -Autumn Statement	2.45

Cost Management, Benefit Design and Administration Committee

DATE:	30 th January 2023
VENUE:	Hybrid meeting (MS Teams and 18 Smith Square)
TIME:	11:00am to 1:00pm

AGENDA

Item		Paper	Timings
1	Welcome, introductions, apologies and declaration of interests		11:00
2	Meeting protocol		11:05
3	Actions and Agreements from 21 st November meeting	Paper A	11:10
4	McCloud Update		11:15
5	Update on Cost Control Mechanism and SCAPE		11:25
6	Proposed amendment of SAB Scheme Cost Assessment process by DLUHC - verbal update		11:30
7	Scheme Level Valuation Report – verbal update		11:45
8	Section 13 and Academies Working Group – verbal update		12:00
9	Gender Pensions Gap	Paper B	12:10
10	Opt Out Rates	Paper C	12:30
11	DLUHC Update		12:45
12	AOB and date of next meeting		12:55

Investment, Governance and Engagement Committee

DATE:	6th February 2023
VENUE:	Hybrid Meeting (MS Teams and 18 Smith Square)
TIME:	11:00 – 13:00

AGENDA

Item		Paper	Timings
1	Welcome, introductions, apologies and declaration of interests		11:00
2	Meeting protocol		11:05
3	Actions and Agreements from 28 th November	Paper A	11:10
4	Code of Transparency Compliance Update	Paper B (confidential)	11.15
5	Code of Transparency AUM Update		11:25
6	Code of Transparency – Next Steps	Paper C (confidential)	11:45
7	Climate Risk Reporting Readiness Survey Analysis	Paper D (confidential)	12:05
8	Sharia Compliance Report	Paper E (confidential)	12.15
9	DLUHC Update		12:30
10	AOB and date of next meeting		12.45

Compliance and Reporting Committee

DATE:	23rd January 2023
VENUE:	Hybrid meeting – MS Teams & 18 Smith Square
TIME:	11.00am – 1.00pm

AGENDA

Item		Paper	Timings
1	Welcome, introductions, apologies and declaration of interests		11:00
2	Hybrid meeting protocol		11:05
3	Actions and Agreements from the 14 th November Meeting	Paper A	11:10
4	Committee workplan	Paper B	11:20
5	Funding Strategy Statement Guidance		11:30
6	Annual Report Guidance		11:50
7	Audit Issues		12:05
8	Knowledge & Skills Framework		12:20
9	Review of Guidance on Administration, Communications and Governance		12:35
10	AOB and date of next meeting		12:50

Scheme Advisory Board Update – February 2023

Meeting	Items Discussed:
SAB – 5 December 2022	<p>The last meeting of the SAB took place on 5 December 2022. At the time of writing the actions and agreements arising from this meeting were not available and the papers discussed at the meeting are not publicly available.</p> <p>The board received a verbal update on McCloud and Exit Pay. The latest position on McCloud is concluded in the chairs report of the Cost Management, Benefit Design and Administration Committee Meeting of 21 November 2022 (summarised below).</p> <p>The SAB also received a verbal update on ‘Good Governance’.</p>
Cost Management, Benefit Design and Administration Committee – 30 January 2023	<p>21 November 2022 – “The Committee was advised that the government’s response to the consultation on McCloud remedy was expected in December. A further consultation will then follow in early 2023 with the necessary regulations being made in the Spring and coming into effect on 1 October 2023.”</p> <p><i>NB: A response to the McCloud consultation has not been published.</i></p> <p>The LGA and the SAB have created a working group formed of representatives from administering authorities, actuarial firms, DLUHC and SPPA. The purpose of this group is to produce guidance on the data needed to implement the McCloud remedy and what actions Funds should take when they cannot obtain the necessary data, or have concerns about the quality of data. The guidance is due to be published by the end of February.</p> <p>On the Exit Cap there is no further update from DLUHC on when the new consultation will be issued.</p>

<p>Investment, Governance and Engagement Committee – 6 February 2023</p>	<p>The committee met on 6 February 2023 but official papers from this meeting have not been released, key highlights from the agenda include:</p> <ul style="list-style-type: none"> - Climate Risk Reporting Readiness Survey Analysis - DLUHC Update
<p>Compliance and reporting committee - 23 January 2023</p>	<p>The committee met on 23 January 2023 but official papers from this meeting have not been released.</p> <p>The C&R Committee have introduced a workplan which consists of 6 active workstreams. Updates on each of the workstreams was provided at the last meeting</p> <p>Audit Separation issue</p> <p>Agreed Objective – ‘To examine the scope for pension fund audit to be separated from host authority audit and consider the impact on quality and cost of external audit. Also consider communications on pension fund accounting and the impasse between fund actuaries and external auditors on the allocation of assets between scheme employers’</p> <p>Update – The working group last met on 13 January 2023; it was agreed that meetings are to be arranged with NAO & FRC.</p> <p>Completion of this workstream is scheduled for April 2023</p> <p>Funding Strategy Statement Guidance</p> <p>This workstream is separated into two separate phases I & II.</p>

Objective – ‘Review the existing CIPFA guidance and consider where extra guidance is needed, eg on cash-flow levels and their management.’

Update – The working group met on 6 January 2023 to review the survey results. It was agreed that Phase I (Current Issues) should include work on the new employer flexibilities and the consultation process.

Completion of Phase I (current issues) is scheduled for completion in Spring 2023 and Phase 2 is scheduled for completion in spring 2024.

Annual Report Guidance

Objective – ‘To explore concerns around compliance and consider whether the current requirements on contents and publication remain fit for purpose for different audiences. Explore whether the requirements could be simplified.’

Update – The working group met on 8 December 2022 to discuss the programme and the next steps. It was agreed that stakeholders would be surveyed on the existing CIPFA guidance checklist.

Completion of this work stream is scheduled for April 2023.

Knowledge and Skills Framework

Objective – ‘To explore the introduction of a single robust framework for K&U, both in terms of what level of K&U is required and how that should be monitored and reviewed.’

Update – The working group met on 15 December 2022 to discuss the programme and the next steps. The working group were invited to submit questions for a possible survey of stakeholders in the future.

A completion timeline for this workstream is to be confirmed.

Review of Guidance on Administration, Communications and Guidance

Objective – ‘Review and if possible, simplify the number of policy statements that administering authorities are responsible for producing.’

Update – The working group met on 30 November 2022 and considered what could be fed into the good governance consultation being led by DLUHC.

A completion timeline for this workstream is to be confirmed.

DLUHC Consultations and Good Governance response

Objective – ‘Monitor and try to influence policy development at DLUHC to ensure that it reflects the views of the Committee. Ensure that workstream content and timings are aligned to have most impact.’

Update – This working group have engaged with DLUHC on possible content of proposals emerging from good governance. A consultation is expected later in the year. The working group is set to arrange a further catchup with DLUHC officials.

Completion of this work stream is ongoing, and a deadline has not been agreed.

Pension Fund Committee Report – 2 December 2022
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).

Recommendation

2. The Committee is asked to note the position as set out in the report and that further reports will be presented as consultations and/or guidance on amending regulations are received.

LGPS Minister Changes

3. At the September meeting members were advised that Paul Scully MP had taken over ministerial responsibility at the Department for Levelling Up, Housing and Communities (DLUHC), which has responsibility for the LGPS, following the resignation of Kemi Badenoch.
4. Paul Scully has now moved to the Department for Digital, Culture, Media and Sport. On 27 October 2022 it was confirmed that Lucy Fraser MP was now the Minister of State at DLUHC.

McCloud Remedy

5. Work continues within DLUHC on the steps to rectify the discrimination as it affects the LGPS in England and Wales.
6. It is expected that DLUHC would be publishing the Government's response to their 2020 consultation, which would set out decisions on the matters covered in that consultation, in November 2022. The response will not include any draft regulations which will be issued in a further consultation early next year.

Cost cap control judicial review given permission to be heard

7. At the September meeting the Committee were advised that on 4 July 2022, the Fire Brigades Union and the British Medical Association were given permission to judicially review the Government's decision to include the McCloud remedy costs in the 2016 cost control valuations.
8. The judicial reviews are taking place in January 2023.

Pensions Dashboards

9. On 15 November 2022 the Pensions Dashboards regulations were laid before Parliament. The draft regulations can be viewed on the following link: [Indicative draft regulations: The Pensions Dashboards Regulations 2022 \(publishing.service.gov.uk\)](https://publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/114444/indicative_draft_regulations_the_pensions_dashboards_regulations_2022.pdf)
10. The regulations set out the requirements for how schemes must co-operate and connect to the dashboards in order to fulfil their duties in relation to matching an individual with their data.

Governance and Reporting on Climate Risks Consultation

11. On 1 September 2022 DLUHC issued a consultation on Governance and Reporting on Climate Risks. The consultation closed on 24 November 2022. The Committee will be aware that Cheshire Pension Fund have been early adopters of the recommendations of the TCFD and will shortly be publishing their third annual TCFD climate report. The Fund believes that it is already substantially aligned with the principles underpinning the proposals in this consultation through its existing approach to TCFD reporting.
12. On 18 November the Fund's Investment Sub-Committee considered the consultation document and LGPS Central's Ltd's proposed response. On balance the Sub-Committee were in favour of a degree of consistency in data metrics and reporting between LGPS funds to facilitate like for like comparisons. The Fund's consultation response has reflected these views.

Good Governance Consultation

13. The DLUHC are expected to issue a consultation on the outcomes of the Good Governance review in early 2023 with a view to bringing them into law by April 2023.
14. The main recommendations from the Scheme Advisory Board are expected to be proposed for adoption together with an additional requirement for funds to have a workforce plan in place. This will help funds ensure they have the right people in place to meet the challenges of administering the LGPS effectively.

Other Consultations

15. There are a number of other consultations which the Fund is expecting, including the Boycotts, Divestment and Sanctions Bill, Levelling Up and further pooling guidance. It is not clear when these consultations will be published.
16. The Committee will receive an update on each of these consultations as they are received.

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<p>This is the quarterly pack of Pension Fund performance information which is based on the period 1 October to 31 December 2022 and includes a comparison to the previous quarter 2 - 1 July to 30 September 2022.</p> <p>The overall assessment for Quarter 3 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 3 (Oct-Dec 2022)
	Summary position:
	This Quarter - 1 Oct to 31 Dec 2022
	RED
	Previous Quarter - 1 Jul to 30 Sep 2022
	RED

Subject	Comment	RAG Status
Administration Casework	<p>Overall administrators have completed 13,118 cases during the 3 month period to 31 December 2022, compared to 16,642 in quarter 2 of 2022/23.</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 13 new breaches in quarter 3 of 2022/23 (compared to 12 in quarter 2 of 2022/23). 8 of the breaches related to the collection of contributions income and 5 were administration breaches (i.e. late notification of rights and options).</p> <p>During quarter 3, all 13 breaches were recorded as Green.</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 month of quarter 1 and 2 with the exception of August due to one large payment being late which has now been received.</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 2022/23 budget for Administration/Oversight and Governance Costs is c£5.2m. The forecast outturn is an underspend of £257k	GREEN
HR (absence)	<p>The service lost 62 days through sickness during quarter 3 (Oct-Dec) of 2022/23 which equates to an annual average of 3%. This compares to 50 days lost in quarter 2 (Jul-Sep 2022) which is an annual average of 2%.</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 £33k of debt outstanding at the end of Quarter 3 of 2022/23, £13k of which relates to prior years.</p> <p>51% of the debt relates to invoices that are in the 0-90 day category which is the average time for invoices to be paid.</p> <p>The RAG status is Amber to reflect the fact that the value of debt outstanding over 90 days is between 25% and 50%</p>	AMBER
Business Plan Progress	<p>The 2022/26 Business Plan was approved by the Committee in March 2022.</p> <p>An Action Plan Tracker has been produced for the 2022/23 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 3 denoting that some actions will be moved forward into future periods.</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	The Fund monitors its overall investment performance over periods of at least 3 years. It believes that this is a reasonable period of time over which it can begin to meaningfully assess performance. Performance is monitored against the Fund's tailored benchmark, CPI and asset performance assumptions from the most recent valuation. This allows the Fund to monitor its investment performance both on a standalone basis, and relative to the long term funding plan. As shown by the accompanying chart, rolling 3 year investment performance is ahead of benchmark, CPI and the valuation assumption.	GREEN

TERMS OF REFERENCE UPDATE

Introduction

1. This report provide the Board with an update on the proposed changes to the Terms of Reference which were considered by Audit and Governance Committee on 24 January 2023.

Recommendation

2. The Board are requested to note the requested changes to the terms of Reference were approved by Audit and Governance Committee on 24 January.

Governance Reviews

3. At the last meeting on 18 October the Board reviewed the proposed changes to their Terms of Reference (ToR), which were initially suggested by the 2019 Barnett Waddingham Governance review, and last considered by the Board in May 2021.
4. Board members had delayed any amendments to the ToR awaiting the outcomes from the Scheme Advisory Board Good Governance review to be officially adopted by the Department for Levelling Up, Housing and Communities (DLUHC). However, as the outcomes from the Good Governance review have been delayed and, in consideration of the fact that the changes are largely a reflection of common practice, the Board requested that the changes now be implemented.
5. In addition to the BW recommended changes it was also an opportunity to update the ToR for constitutional and legislation changes, and to amend any typographical errors.
6. A report summarising the proposed changes was presented to Audit and Governance Committee (A&GC) on 24 January 2023. All changes were approved.
7. A copy of the report which was presented to A&GC is enclosed in Appendix A. The report includes a version of the ToR which are tracked to show each change that was requested.

Cheshire West And Chester

Audit & Governance Committee

Date of meeting: 24 January 2023

Report of: Heidi Catherall, Operations Manager

Title: Local Pension Board – Change to Terms of Reference

1. Purpose of Report

1.1. The Cheshire Pension Fund's Local Pension Board ("**the Board**") has proposed to vary its terms of reference ("**Terms of Reference**"). The adoption of revised terms requires the approval of the Audit & Governance Committee ("**Committee**") and this report explains the proposed changes to the Terms of Reference so the Committee can determine whether to approve the changes.

2. Decision Required

2.1. **APPROVAL** of revised Terms of Reference.

3. Report Details

3.1. The Board was established to assist Cheshire West and Chester Borough Council in its role as administering authority and scheme manager of the Cheshire Pension Fund Local Government Pension Scheme ("**LGPS**").

3.2. The Board's function and role, together with its governance processes, are set out in the Terms of Reference. Paragraph 11 of the Terms of Reference states:

"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."

3.3. The Terms of Reference were reviewed as part of a Cheshire Pension Fund governance review in 2019 undertaken by Barnett Waddingham. That review was positive and put forward some recommendations for changes to the Terms of Reference. At that time, the LGPS Scheme Advisory Board was undertaking a good governance review and the adoption of Barnett Waddingham's

recommendations was delayed pending the outcome of the good governance review. As a result of the covid-19 pandemic, the good governance review is still ongoing and, in the circumstances, the Board consider that it would be appropriate to amend certain provisions within the Terms of Reference without waiting for the good governance review to be completed.

3.4. The proposed revised Terms of Reference are set out in the schedule to this report, and the changes to the exiting Terms of Reference are shown in tracked changes. The proposed changes include:

- 3.4.1. matters recommended by Barnett Waddingham;
- 3.4.2. updates to reflect changes to the Council's constitution and changes in legislation; and
- 3.4.3. minor typographical and formatting changes.

3.5. The key proposed changes to the Terms of Reference are:

- 3.5.1. **an increase in Board members from 4 to 6** (paragraphs 3.1, 3.2 and 4.5). This allows for a greater breadth of member representation and reduces the risk of a meeting not being quorate. However, the Board is mindful that recruiting member representative Board members can be challenging and the revised Terms of Reference provide, therefore, that if it is not practicable to appoint a third member representative Board member, there shall instead continue to be 4 Board members so that there are an equal number of employer representative and member representative Board members;
- 3.5.2. **no substitutes** (paragraph 3.3). This brings the Terms of Reference in line with the *Governance of the Cheshire Pension Fund* section of the Cheshire Pension Fund's website which states that substitutes will not be allowed;
- 3.5.3. **the Chair to act as chair of the Pensions Consultative Forum** (paragraph 9.4). At present, the Chair is also the chair of the Pensions Consultative Forum, but the proposed new wording formalises this arrangement to ensure that it continues with a view to strengthening engagement between the Fund and the scheme's employers.
- 3.5.4. **an increase in Board meetings from 2 to 4** (paragraph 12.5). While the relevant LGPS regulations do not state the number of meetings that should take place four is generally considered to be best practice and in line with Pensions Regulator expectations.

4. What will it cost?

4.1. The proposed changes do not have any cost implications.

5. What are the Legal aspects?

5.1. None other than as set out above.

6. What risks are there and how can these be reduced?

6.1. None.

7. What is the impact of the decision on health inequalities and equality and diversity issues?

7.1. None.

8. What are the implications of the decision on Climate Change?

8.1. None.

9. Are there any other options?

9.1. Not applicable.

For further information:

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Background Documents:

None.

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~~ **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~~ **the 2013 Act**") and Regulation 106 of the Local Government Pension Scheme Regulations 2013 ("**LGPS 2013 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 ~~Cheshire West and Chester~~the Council and its Chief Finance Officer ("**CFO**") is ultimately responsible for its affairs with powers delegated by Council. In this capacity the CFO is known as the Scheme Manager. The CFO appointed an advisory panel known as the Cheshire Pension Fund Committee. That committee is convened as necessary by and to advise the Chief Finance Officer on matters relating to the administration of the fund that they require advice on. Its functions are described within paragraph 9.20 of Part 1 of the Council's constitution ~~at D1. The CPFC's governance terms will require review and amendment of the Council's constitution in light of the introduction of the Board.~~

2. Function and Role

2.1 The role of the Board is defined by sections 5(1) and (2) of the 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~~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~~Regulations may specify.

- 2.2 The Board will ensure it effectively and efficiently complies with the Guidance ~~issued by the LGPS Scheme Advisory Board~~ and may determine the areas it wishes to consider including:
- 2.2.1 Review regular compliance monitoring reports which shall include reports to and decisions made under the Regulations by the Committee.
 - 2.2.2 Monitor complaints and performance on the administration and governance of the scheme.
 - 2.2.3 Review the implementation of revised policies and procedures following changes to the Scheme.
 - 2.2.4 Review the arrangements for the development of Board members and those elected members and officers with delegated responsibilities for the management and administration of the Scheme.
 - 2.2.5 Review the exercise of employer and administering authority discretions.
 - 2.2.6 Review the outcome of internal and external audit reports, review draft accounts and scheme annual report.
 - 2.2.7 Any other area within the core function (i.e. assisting the Administering Authority) the Board deems appropriate.
- 2.3 The ~~Local Pension~~ Board will also help ensure that the Cheshire Pension Fund is managed and administered effectively and efficiently and complies with the Codes issued by the Pension Regulator.
- 2.4 The Board will assist the Scheme Manager to be satisfied that a person to be appointed as a member of the Board does not have a conflict of interest, and to be satisfied from time to time that none of the members of the Board have a conflict of interest.
- 2.5 The Board will assist the Administering Authority to include undertaking work requested by the Administering Authority for the purposes of scrutiny of Scheme Manager and CPFC decisions including funding and investments. However, the ~~Local Pension~~ Board does not replace the Administering Authority or make decisions which are the responsibility of the Scheme Manager or the CPFC.
- 2.6 The Board shall not:
- 2.6.1 Counter or alter investments decisions that have or have not been made by the Scheme Manager other than to review that due process has been followed when making decisions;
 - 2.6.2 Amend the statements, strategies and reports prepared in compliance with ~~section~~ regulations 57 to 61 of the LGPS Regulations;

- 2.6.3 Become involved in any internal dispute resolution appeals;
- 2.6.4 Enter into contracts on behalf of the Scheme Manager;
- 2.6.5 Dismiss any members of the CPFC;
- 2.6.6 Use the Board to act on behalf of a particular constituency or Pension Fund Member in general or in relation to a specific complaint at any time.

3. Membership and Appointment Process

3.1 Subject to paragraph 3.2 below, the Board shall consist of 4-6 voting members and 1 non-voting member and be constituted as follows:

3.1.1 ~~2-3~~ 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;
- ~~4-2~~ 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;

~~3.1.2~~ Employer member selection can be assisted and advised by the Scheme Manager.

3.1.~~3~~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;
- ~~4-2~~ shall be appointed following an openly advertised competition for the role.

3.1.~~4~~3 1 independent member ~~may be~~ selected by the Scheme Manager, who shall have no pre-existing employment, financial or other material interest in either the Administering Authority or any scheme employer in a fund or funds administered by the Administering Authority and who shall be appointed as a non-voting independent Chair of the Board. Such appointment will only be made following an openly advertised competition for the role.

3.2 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.

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

3.35.1 The Fund's Actuary;

3.35.2 The Fund's legal advisor;

3.35.3 The Fund's investment advisor(s);

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

~~3.4 The Scheme Manager may appoint substitutes for each representative group who may be requested to attend Board meetings if an appointed member is unable to attend and notifies the Scheme Manager at least 2 days in advance.~~

3.5.6 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.

3.6.7 A ~~Local Pension~~ Board member should not have a conflict of interest as defined under the Act and the relevant Regulations, The Localism Act 2011 and the Nolan Principles on conduct in public office. However, a financial or other conflict of interest will not arise

merely by virtue of a member of a ~~Local Pension~~ Board being a member of the LGPS and/or Fund.

~~3.7-8~~ 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.

~~3.8-9~~ 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:

~~3.89.1~~ Disclosing all interests and responsibilities which have the potential to become conflicts of interest;

~~3.89.2~~ Committing to attend a minimum number of meetings a year;

~~3.89.3~~ Committing to undertake development to increase knowledge and understanding; and

~~3.89.4~~ Undertaking to abide by the Board’s terms of reference and wider constitutional documents.

~~3.9-10~~ 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 ~~3-3~~-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 Chair will be appointed, who shall have no pre-existing employment, financial or other material interest in either the Administering Authority or any scheme employer in a fund or funds administered by the Administering Authority and who shall be appointed as a non-voting independent Chair of the Board. Such appointment will only be made following an openly advertised competition for the role. An independent Chair does not have a casting vote.
- 9.2 It shall be the role of the Chair to:

- 9.2.1 Ensure that all members of the Board show due respect for process, that all views are fully heard and considered and that decisions are democratically made where consensus cannot be reached.
- 9.2.2 To uphold and promote the purpose of the Board and to interpret its Terms of Reference when necessary.
- 9.2.3 Ensure that the Board members have relevant knowledge and skills and maintain a training record where appropriate.
- 9.2.4 Liaise with the administrator from the Administering Authority who supports the Board and agree the agenda and minutes for each Board meeting.
- 9.2.5 Ensure an attendance record is maintained along with advising the Scheme Manager on remuneration and expenses to be paid.
- 9.2.6 Advise the Scheme Manager on an appropriate budget for the Board.
- 9.2.7 Write reports required by Scheme Manager on the performance of the Board.
- 9.2.8 Liaise with the Scheme Manager on the requirements of the Board, including advanced notice for Officers to attend and arranging dates and times of Board meetings.
- 9.2.9 To annually review and report on the performance of the Board.

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

9.4 The Chair will accept appointment as the chair of the Cheshire Pension Fund's Pension Consultative Forum ("PCF"), if and for so long as required to do so under the PCF'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 ~~Local Government Pension Scheme~~ (LGPS); and

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

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

10.2.1 The law relating to pensions, and

10.2.2 Any other matters which are prescribed in regulations.

- 10.3 Individual Pension Board members should be satisfied that they have the appropriate degree of knowledge and understanding to enable them to properly exercise their functions as a member of the Pension Board.
- 10.4 To ensure that the knowledge and understanding requirements are met:
- 10.4.1 The Board should adopt a knowledge and understanding policy and framework
- 10.4.2 The Board should designate a person to take responsibility for ensuring that the knowledge and understanding policy and framework is developed and implemented.
- 10.4.3 The Board should prepare (and keep updated) a list of the core documents recording policy about the administration of the Fund and make the list and documents (as well as the rules of the LGPS) accessible to its members.
- 10.4.5 Advisors to the Board should have regard to the ~~LGPS guidance~~ Guidance (Schedule A, Part 2) on Local Pension Boards (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~~ website at least 5 working days prior to each meeting. These may be edited at the discretion of the Scheme Manager to exclude items on the grounds that they would either involve the likely disclosure of exempt information as specified in Part 1 of Schedule 12A of the Local Government Act 1972 or it being confidential for the purposes of Section 100A (2) of that Act and/or they represent data covered by the Data Protection Act 1998.
- 12.2 The Scheme Manager shall ensure that a formal record of Pension Board proceedings is maintained. Subsequent to each meeting the Chair will be asked to approve the minutes for publication as a draft and circulation to all members of the Board.
- 12.3 The Pension Board shall on an annual basis produce a report on both the nature and effect of its activities for consideration by the Administering Authority. The contents of this

annual report will be subject to consideration and agreement at a meeting of the Board, but should include, inter alia:

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

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

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

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

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

12.5 The Board shall meet at least ~~twice~~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)-at ~~G1A~~, and any other requirements provided for in associated government guidance and relevant legislation, where applicable.

14.3 Following the establishment of the Board the Administering Authority may prepare and approve a conflicts policy for the Board to adopt. The conflicts policy should cover issues relating to the identification, monitoring and management of potential conflicts of interest (including adviser conflicts). Once adopted, the Board should keep this policy under regular review.

14.4 The conflicts policy should include as a minimum examples of scenarios giving rise to conflicts of interest how a conflict might arise specifically in relation to a member of the Board and the process to be followed by members of the Board and the Administering Authority to address a situation where members are subject to a potential or actual conflict of interest.

- 14.5 As the function and role of the Board develops, a review should be undertaken after Year 1 to assess whether Board members require a supplementary or separate code of conduct owing to their duties under the Pension Act 2004 and Regulations. This would be in addition to member duties under the Local Government Acts as defined in the Administering Authority's Code of Conduct.
- 14.6 In accordance with s5 (5) Public Service Pension Act 2013, a Board member must not have a financial or other interest that could prejudice them in carrying out their Board duties.
- 14.7 The Scheme Manager shall not appoint as a member, a person who has an existing conflict of interest.
- 14.8 Where a member encounters a conflict of interest during their appointment, they shall inform the Scheme Manager without delay and their tenure shall end with immediate effect.
- 14.9 Where a member has been removed from the Board under this clause they may be entitled to be reappointed once the conflict has been resolved at the Board's discretion.
- 14.10 Such reappointment shall be made by the Board, only where written approval from the Scheme Manager (advised by the Monitoring Officer) has been provided.
- 14.11 The role of Board members requires the highest standards of conduct and therefore should have regard to the 'Seven Principles of Public Life' (known as the Nolan Principles):

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

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

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

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

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

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

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

15. Publication

- 15.1 The Board's method of reporting shall be in accordance with established Committee rules procedures as prescribed in ~~B5 of~~ the Administering Authority's Constitution (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~~ 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~~ website and made available in hard copy upon request.
- 15.5 The minutes may, at the discretion of the Scheme Manager be edited to exclude items on the grounds that they would either involve the likely disclosure of exempt information as specified in Part 1 of Schedule 12A of the Local Government Act 1972 or it being confidential for the purposes of Section 100A (2) of that Act and/or they represent data covered by the Data Protection Act ~~1998~~ 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

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

16.43 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

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

17.2.1 A code of conduct, 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

LOCAL PENSION BOARD 2022/23 ANNUAL REPORT and OUTTURN

Introduction

1. This Board will be invited to discuss the content to be included in the Local Pension Board Annual Report for 2022/23.

Recommendation

2. The Board are requested to identify the content to be included in the draft Local Pension Board Annual report for 2022/23.

Annual Report

3. As set out in their Terms of Reference, the Board are required to produce an Annual Report specifically for the Local Pensions Board (LPB).
4. The Board's Annual Report will be required to be completed by the end of May 2023 in order to be incorporated into the Fund's Annual Report. The LPB Annual Report requires production so that it can be completed in time for approval at the next Board meeting in May.
5. The format of the report will be the same as the 2021/22 report which was published on the Fund's website as within the main Scheme Annual Report. A copy of the 2021/22 report is enclosed in Appendix A.
6. The report is split into six sections as summarised in the table below:

Introduction
Details of Membership
Summary of 2021/22 activity and plans for 2022/23
Attendance at Meetings
Skills and Development Activities
Budget

7. Included within the Annual Report is the outturn for the Board's allocated budget of £5k.
8. The Board are requested to identify items to be included in the draft of the 2022/23 report.

Cheshire Pension Fund
Local Pension Board
Annual Report 2021/22

INTRODUCTION

Welcome to the seventh annual report for the Local Pension Board (the Board) for the year ending 31 March 2022.

The Board assists Cheshire West and Chester Council, as Administering Authority, with the efficient governance and administration of the Cheshire Pension Fund, the name of the local government pension scheme in Cheshire.

In accordance with the Board's terms of reference, an annual report is required to provide an overview of the nature and effect of the Board for consideration by the Administering Authority.

The Board have continued to hold meetings virtually and intend to hold the majority of future meetings in the same way, perhaps meeting face to face once a year.

Board members received regulator updates on the fund's transformation programme, which is designed to make the best use of technology and other resources in order to deliver an effective service to customers and employers.

Further meetings were held with other Funds within LGPS Central (the pooling partnership with seven other local government pension funds) to share ideas and best practice.

The Board met seven times in the year and Board members attended three joint training sessions with the Pension Fund Committee to maintain and develop knowledge and understanding.

Two special meetings took place during the year. One meeting was convened to review the Pension Regulators single code of practice and respond to the consultation. The other was for the Board to undertake a self-assessment of their own performance.

A collaboration between the Cheshire and Shropshire Local Pension Board took place during the year with the aim of sharing best practice.

During the year, the term of office for the chair, one employer representative and one member representative came to an end. The Board sought expressions of interest and Peter Raynes was reappointed as the chair, and Geoff Wright as the member representative for a further three-year term commencing 27 June 2021.

Councillor Robert Bisset was again nominated as the employer representative by Cheshire West and Chester Council, in accordance with the Board's terms of reference. This appointment is for a three-year term commencing 27 June 2021

The Board places great importance on being open and transparent. A wealth of information relating to the Board, including minutes of meetings, can be found on the Pension Fund website using the link below. There is also a facility for members to contact the Board for any questions/issues relating to the Board's role:

<https://www.cheshirepensionfund.org/members/resources/forms/contact-the-pension-board/>

A summary of the work undertaken by the Board in the past year, along with information about the work plan for the year ahead can be found below.

Peter Raynes
Local Pension Board Chair

1. Board Membership

- 1.1 The Board consists of five members, two scheme member and two employer representatives and an Independent Chair. All members are unpaid volunteers.
- 1.2 Terms of office are staggered to ensure business continuity.
- 1.3 Further information, including biographies of each member, is available on the Fund’s website.

Role	Name	Organisation	Date Appointed	Term End Date
Employer representative	Adrienne Laing	The Challenge Academy Trust	1/4/20	31/3/23
Employer representative	Cllr Robert Bisset*	Cheshire West and Chester Council	27/6/21	26/6/24
Member representative	Geoff Wright*	UNISON	27/6/21	26/6/24
Member representative	Neil Harvey	GMB	27/6/20	26/6/23
Chair	Peter Raynes*	Independent (non-voting)	27/6/21	26/6/24

*Reappointed following requests for Expressions of Interest

2. Review of 2021/22

2.1 Below is a summary of key areas of activity for the Board during the year and an outline of the plans for the year ahead.

Joint Chairs Meetings

2.2 The Chairs of the Board and the Pension Fund Committee (the Committee) continue to meet on a quarterly basis to discuss common issues.

2.3 These meetings provide the Chairs with a regular opportunity to discuss important topics and to ensure that their work compliments and avoids duplication of effort.

Pensions Consultative Forum

2.4 The Pensions Consultative Forum (PCF) is made up of representatives from the main employers and employer groups within the Fund. It works with the Fund to ensure an efficient service is delivered for all stakeholders, with particular emphasis on administration and communication.

2.5 The Board Chair, Peter Raynes is also Chair of the PCF providing an important link between the Board and the Forum.

2.6 The Forum is key to assisting the Fund in developing new ways of working which will improve efficiency for both the Fund and Employers.

2.7 Forum members assisted the Fund by sharing information with their employees on a baselining survey on communication with the Fund during the autumn of 2021. The support from the Forum meant that the Fund received just under 1,000 responses. The valuable feedback from the surveys is now being used to inform the new communications strategy which will be published in the summer of 2022.

LGPS Central Board Chairs / Scheme Advisory Board Engagement

2.8 As in previous years, the Board Chair has continued to meet with Chairs from the Boards of the LGPS Funds within the Central Pool (these are Derbyshire, Leicestershire, Nottinghamshire, Shropshire, Staffordshire, West Midlands and Worcestershire LGPS Funds). These meetings allow the Boards to discuss important topics and share ideas.

2.9 Two virtual meetings took place during the year on 25 October 2021 and 28 March 2022.

2.10 The Scheme Advisory Board continues to play an important role in this group. A SAB representative (Bob Holloway) attends the joint meetings and provides

regular updates on regulatory and other relevant issues. The updates are helpful as they provide an overview of the upcoming issues that Local Pension Board members need to consider.

Knowledge and Skills

- 2.11 The Committee endorsed the training policy at its meeting on 13 March 2020. The policy was effective from 1 April 2020 and covered the collective training requirements for Committee and Board members.
- 2.12 A joint training plan was developed for the 2021/22 year which was based upon the results of CIPFA knowledge and skills self-assessment questionnaires which had been completed by Committee and Board members.
- 2.13 In addition, members each received a summary of their own results in the form of an individual training plan which they would update with details of other training they attended. This training would be accessed through conferences and seminars, along with details of any online learning, such as the Pensions Regulator's Trustee Toolkit and the Hymans Robertson LGPS Online Learning Academy (LOLA).
- 2.14 In the autumn the Board and Committee Chairs undertook a review of the collective training which had been delivered to members, the results of the individual training plans and the results from the further self-assessment questionnaire which had been completed by members.
- 2.15 The training plan for 2022/23 was derived from these results and approved by the Chairs.

Governance Review

- 2.16 In 2018/19 the Pension Fund commissioned Barnett Waddingham (BW) to conduct a review of the governance arrangements within the Fund, including the role of the Board. The review found that the governance arrangements worked well and there were no material issues to be addressed. The review did, however, make some minor recommendations in relation to the Board, including updating the Terms of Reference to reflect some changes to working practices (e.g. the number of Board meetings held each year had increased).
- 2.17 Board members agreed to align implementation with the outcomes from the Scheme Advisory Board's Good Governance Review, so that any changes needed flowing from the SAB's recommendations could be incorporated.
- 2.18 At its meeting on 4 May 2021 the Board identified the specific changes they would like to make to the terms of reference following the BW review.
- 2.19 The Board also received an update on the outcomes from the SAB Good Governance review, which were published in February 2021, and the recommendations that have been made to the Department for Levelling Up, Housing and Communities (DLUHC).

- 2.20 Board members reviewed the sixteen recommendations from the outcomes report and were comfortable that the Fund would be able to meet them without the need for material changes.
- 2.21 Further regulations and guidance are required to bring the recommendations into full effect and are expected sometime during 2022. The proposed changes to the Board's ToR will be made alongside any required changes resulting from the Good Governance review.

Regulatory Changes

- 2.22 The Board received detailed briefings on regulatory changes during the year.

McCloud Judgement

- 2.23 The first related to the McCloud judgement which refers to the case in which the Supreme Court found that transitional protections introduced in the firefighters and judges pension schemes in 2015 amounted to age discrimination to younger workers. Similar protections were introduced into other public sector schemes, and the Government confirmed the ruling applies to those schemes as well.
- 2.24 This regulatory change presents a significant challenge and will require input from all areas of the Fund. The regulations themselves are expected to come into force from October 2023. In the meantime the Fund is working on obtaining necessary information from employers dating back to 2014 when the scheme changed to a career average revalued earnings scheme.
- 2.25 The Board regularly monitor the Fund's progress in preparing for and meeting the requirements of this regulatory change.

Exit Reform

- 2.26 Board members also received a briefing on caps on exit payments resulting from redundancy and efficiency.
- 2.27 The Government initially introduced the Restriction of Exit Payment Regulations in autumn 2020 but they were revoked early in 2021.
- 2.28 It is expected that a further consultation on proposed exit reforms will be received in 2022/23. Board members will be briefed on the consultation once it is received.

Risk Register

- 2.29 The Board reviewed and updated the risk register during the year.
- 2.30 The register contains six risks that relate specifically to the Board itself. The register identifies additional mitigating actions which could be taken in future to further mitigate the risks. The Board will seek to implement these where possible.
- 2.31 A high level summary of the risks outlined in the Board’s register along with their current rating is shown below:

Risk	RAG Status
Conflicts of Interest	Green
Maintaining knowledge and skills	Amber
Changes to Board membership	Amber
Monitoring compliance effectively	Green
Support to the Board	Green
National developments	Green

- 2.32 At the meeting on 15 September 2021, where Board members undertook a review of their own performance, it was suggested that it would be beneficial for the Board to conduct a detailed review of the Pension Fund’s risk register as well.
- 2.33 The Fund’s Risk Register was reviewed at the Board meeting on 5 October 2021 and a recommendation was made to include a specific risk on cyber security. The Pension Fund Committee agreed and added this risk to their register at the meeting on 3 December 2021.

Coronavirus and Changes to Working Practices

- 2.34 At the outset of the pandemic in 2020 pension fund staff switched from being mostly office based to working wholly from home. This position has largely continued over the past two years with a small number of staff members attending the office when required in order to carry out tasks that cannot be completed remotely.
- 2.35 The Board received regular updates on how the Fund was able to maintain service delivery and support staff members and customers through this challenging time.
- 2.36 The switch to home working required some changes to working practices, such as how the Fund deals with post, suspension of the office based pension helpline, setting up a recorded message to explain how customers could reach us via email.
- 2.37 The Board were pleased to find that, similar to the previous year, the Fund had been able to maintain its standards of service to members throughout the year.

2.38 The Fund will be implementing new ways of working for all staff in line with the Council's modern workforce strategy. The strategy classes pension fund staff members as agile workers which means they will continue to work from home but will attend the office, and other collaboration spaces, in line with business need.

The Pensions Regulator – Code of Practice

2.39 One of the key tasks for the Board is to monitor the Fund's compliance with the Pensions Regulators (TPR) Code of Practice.

2.40 On 17 March 2021 TPR issued a consultation on its Modular/Single Code of Practice. The consultation was on ten of the 15 codes of practice, relating to the public sector, which had been combined into one.

2.41 The Board considered the consultation questions and provided responses by the 26 May deadline.

2.42 The new code is expected to be published in 2022. At that point the Board will undertake a thorough review of the Fund's compliance with the new code along with any action plan to address any areas where further work may be required.

Data Quality

2.43 A key objective of the transformation programme is to improve the quality of data held by the Fund. The Board has continued its oversight of the Fund's important work to improve the quality of data held throughout the year.

2.44 A quarterly report is presented to the Board confirming the Fund's TPR common and scheme specific data scores, along with an explanation of any work which is underway to improve those scores.

2.45 The Fund has also identified a number of other actions that it can take, as part of the transformation programme, to improve data quality and has been providing updates to the Board on a regular basis.

2.46 This is a significant and resource intensive activity and the data quality work in 2021/22 has included:

- a) **Tracing services** – commissioning a third party to locate members that the Fund has lost contact with.
- b) **Monthly Interfacing** – the project to move from annual to monthly employer submissions of membership and contributions information. This involves a specific data cleanse for each employer and creation of unique identifier numbers so individual contracts of employment can be clearly identified. By the end of 2021/22 80% of employers had moved onto monthly interfacing.
- c) **Resolving historic data queries** - including liaison with employers to retrieve missing data.

2.47 The Board received regular detailed updates on progress for all three areas.

2.48 The Board was pleased to note that the Fund issued Annual Benefit Statements to 91% of active members by the 31 August deadline, compared to 90% in 2020 and 85% in 2019. This demonstrates that the Fund's data quality is improving.

Breaches Policy/Log

2.49 The Board has a critical role in monitoring breaches and reviews the breaches log on a monthly basis. The Board reviews any new breaches to monitor local actions to redress the breach and to determine if the breach meets the requirement for reporting to TPR.

2.50 In addition to reviewing the breaches log, the Board undertakes a quarterly review to identify any trends which require further investigation.

2.51 The Breaches policy and Breaches Log are available on the Fund's website.

Member Engagement

2.52 The Board has a dedicated facility on the Fund's website to allow members to contact the Board with any questions.

2.53 The Board received seven questions, from four members, during the year and provided a response to each. The subjects covered included

- The Fund's investments and responsible investing, including carbon neutrality/net zero
- The pooling of assets
- Local Pension Board membership
- Cheshire Chat – pensioner newsletter
- Consultations on the Funding Strategy Statement and Investment Strategy Statement
- Individual member queries on transfer of pension.

3. Board Attendance at Meetings 2021-22

3.1 The terms of reference for the Board state that there should be a minimum of two meetings per year, however, the Board has chosen to meet a minimum of four times per year. There were seven meetings held during 2021/22.

3.2 The table below summarises the meetings which have taken place including attendance by members of the Board. (A tick denotes the Board member was present)

Members	19 Apr 2021	4 May 2021	1 Jun 2021	20 Jul 2021	15 Sep 2021	5 Oct 2021	10 Mar 2022	%
Peter Raynes	✓	✓	✓	✓	✓	✓	✓	100
Cllr Robert Bisset	✓	✓		✓	✓		✓	71
Adrienne Laing	✓	✓	✓	✓		✓	✓	86
Geoff Wright	✓	✓	✓	✓	✓	✓	✓	100
Neil Harvey	✓	✓	✓	✓	✓	✓	✓	100

- 4.1 A special meeting was convened on 19 April 2021 so that Board members could review the consultation on the Pension regulator's Single Code of Practice and respond to the questions in that consultation.
- 4.2 John Hall, Local Pension Board Chair for Shropshire Pension Fund attended the meeting on 4 May 2021. John attended the meeting in an observer capacity to share knowledge and best practice between the two funds.
- 4.3 Peter Raynes attended the Shropshire Local Pension Board meeting on 23 July as an observer. A comparison of the Terms of Reference for the Board's has also been completed.
- 4.4 The meeting on the 1 June was dedicated to the review of the Fund's draft Statement of Accounts and Annual Report for 2020/21 so that the Board could ensure these had been produced in accordance with statutory requirements and best practice. This is an important part of the Fund's governance process for the production of the Statement of Accounts and Annual Report.
- 4.5 The Board's review provided assurance to the Committee that they could recommend the draft accounts to be presented to the Council's Audit and Governance Committee.

- 4.6 A further special meeting took place on 15 September 2021 where the Board undertook a self-assessment of its own performance as a means of identifying how it could add more value to the Cheshire Pension Fund via improving outcomes.

Skills and Development Activities

- 4.7 The Board and Committee have attended several joint training sessions during the year which, as well as developing Board members' knowledge, have helped the Board to gain assurance that the Committee decision making processes are robust and properly informed, and are in accordance with regulations and best practice.
- 4.8 A summary of the training provided for the Board, including attendance, during 2021/22 is shown below.

Date	Topic	Delivered by	Board Attendees
16 July 2021	Pensions Legislation	Officers	Peter Raynes
	Online Learning Academy	Hymans Robertson	
	Cheshire Pension Fund Annual Report 2020/21 – key facts and figures	Officers	
	Valuation Process	Hymans Robertson	
19 November 2021	Financial Markets and Product Knowledge	Officers/Mercer	Peter Raynes Neil Harvey
	Committee/Board Joint Training Policy and Plan Update	Officers	
	Valuation – Assumptions and Funding Strategies	Hymans Robertson	
25 February 2022	Valuation – Setting Assumptions	Hymans Robertson	Peter Raynes Geoff Wright
	Valuation – Employer Considerations and Section 13	Hymans Robertson	

External training events

- 4.9 Board members attended a number of external conferences and seminars in order to maintain knowledge and keep up to date with current issues facing the LGPS. These events have taken place virtually this year due to the pandemic. These were

Event Date	Organised by	Topic
18-19 May 2021	PLSA	Local Authority Conference
23 June 2021	CIPFA/ Barnett Waddingham	LPB Annual Seminar
13 October 2021	LGPS Central Ltd	Responsible Investing Summit
20-21 January 2021	LGA	LGPS Governance Conference

Budget

- 4.10 The Board agreed a budget of £5,000 for 2021/22 to assist with its operation. This included costs for training, external advice, expenses and travel costs.
- 4.11 The Board incurred costs of £950 which was spent on attending conferences and seminars, reflecting the reduced number of in person events in the year. Budgeted provisions for external advice were not required in 2021/22.

4. 2022/23 Work Plan

- 4.1 The Board will undertake a review of compliance with the Pensions Regulator's new single code of practice, which is expected to be published in 2022.
- 4.2 Changes to regulations and statutory guidance resulting from the SAB Good Governance review are expected in 2022. Once published the Board will review the requirements to ensure that the Fund is compliant and monitor progress on any actions that the Fund may need to take are implemented as soon as possible. This will include the introduction of a Fund specific cyber security policy.
- 4.3 The Board will ensure that the Fund adheres to any regulatory changes which may come into effect during the year, including clear and timely communication of those changes with members and employers.
- 4.4 The Board will monitor progress in delivering the Fund's transformational pensions programme, including the ongoing work to improve data quality ahead of the introduction of the pension dashboard in 2023.
- 4.5 The Board will keep a close eye on any changing guidance from TPR and SAB and ensure the Fund implements any recommendations as prescribed.
- 4.6 The Board will continue with its compliance role in ensuring Fund policies and publications are produced and updated in line with statutory requirements and best practice guidance.
- 4.7 The Board will undertake the annual review of its own policies, such as the Terms of Reference, to ensure that they remain fit for purpose.
- 4.8 The Board's activity will support the Administering Authority and Pension Fund Committee in making decisions safe in the knowledge that the fund is compliant with statutory and best practice and that any areas for development will be highlighted to them by the Board.
- 4.9 Board members will attend external conferences and seminars in order to maintain knowledge and also to keep up to date with current issues facing the LGPS.

5. Further information

- 5.1 If you would like to further information regarding the Cheshire Pension Fund Local Pension Board or have any questions please visit our website:

<https://www.cheshirepensionfund.org/members/about-us/how-we-manage-the-fund/governance-structure/>

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 2022 TPR return were calculated as at 10 October 2022 and are included within the table below, alongside the scores for the previous three years. The latest scores as at 3 February 2023 are also included.

	TPR Scheme Return				
	1-Sep-19	25-Sep-20	1-Nov-21	10-Oct-22	3-Feb-23
Common Data	98.07%	98.73%	98.95%	99.10%	97.95%
Scheme Specific Data	74.18%	74.01%	80.09%	77.17%	72.59%

6. There is a slight reduction in both the common and scheme specific data scores between October 2022 and February 2023 reflecting the work which is underway with employers on data cleansing following the March 2022 year-end.

New Measurement Report

7. As Board members are aware, the Fund's administration database provider has created a report which will produce the common and scheme specific data scores directly from the administration database.
8. The Fund has worked with the database provider to resolve the data validation issues that arise when the report is run.
9. The database provider has now updated the report in a test environment and the Fund is in the process of completing the testing. If the report performs as expected the Fund can switch to reporting on this basis.
10. Board members will be kept informed of progress in moving to the new report.

Pensions Dashboard

11. The Fund continues to work on data cleansing in order to be ready for the implementation of pensions dashboards in 2024.

12. The Fund is also starting to explore the options for an Integrated Service Provider (ISP) who will provide regular fund data to the dashboards and manage all member engagement through the dashboard portal.
13. Once an ISP is appointed the Fund can identify the specific data requirements for the Dashboard and baseline its current position. A plan can then be developed to improve any areas of data quality.
14. Board members will be kept informed of progress with the pensions dashboards programme.

COMPLIANCE UPDATE

Introduction

1. This report provides the Board with a summary of the Breaches Log for 1 April 2022 to 30 September 2022.

Recommendation

2. The Board are requested to;
 - a) Note the red breach relating to Annual Benefit Statements which was reported to the Pensions Regulator in September, and
 - b) Comment on the summary of the Breaches Log for 1 April 2022 to 30 September 2022.

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 2022 and 30 September 2022 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 2021/22	Total 2022/23	Status 2022/23		
			Red	Amber	Green
Contributions	40	15	0	0	15
ABS	1	1	1	0	0
Administration	34	15	0	0	15
Total	75	31	1	0	30

6. There was one red breach, no amber breaches and 30 green breaches in the reporting period. Below is a summary of the reasons for the breaches.

Contribution Breaches – 15

- The majority of these 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 - 15

- These relate to ongoing activity to progress legacy casework - triggering breaches as scheme members are now receiving notification of their benefits who weren't notified at the time within the specified limits.

RED BREACH - Annual Benefit Statements - 1

- LGPS Regulations require that all active and deferred members receive an Annual Benefit Statement (ABS) by 31 August each year. In addition, TPR sets a requirement that pension funds must self-report if they don't provide ABS to 100% of eligible members by this deadline.
- The Fund has reported to TPR a breach relating to the 2022 ABS. Due to a combination of missing data issues, plus a number of lost contact addresses, particularly of deferred members, the Fund was not able to send 100% of ABS on time.
- Following the Fund's breach process, the ABS breach was approved by the Local Pension Board and the Director of Governance before being issued to TPR. The Fund has since received a response from TPR which confirms that they do not intend to take any enforcement action as a result of this breach.

Active Members

- The table below summarises the number of active members (those making contributions) eligible to receive an ABS and those that received an ABS on time.

Table 2: Summary of Delivery of Active Members ABS

	2022	%	2021	%
Active Members eligible to receive an ABS	31,015	100	30,537	100
Members who received an ABS on time	28,434	92	27,905	91
Members who did not receive an ABS on time	2,581	8	2,629	9

- The Fund was able to issue ABS to 92% of active members by the deadline of 31 August.
- The table shows some 8% of active members did not receive their ABS by the deadline compared to 9% in 2021 (and 10% in 2020). The reasons why these members have not received their ABS include:

- a) The data provided from employers is inconsistent or contains errors.
 - b) Missing data that we will need to work with employers to obtain.
15. The Fund identified 1,418 (2,755 in 2021) members for whom contributions had ceased but no leaving notification had been provided by their employer. These members were not active at year end and hence not eligible to receive an ABS. A letter has been sent to the members explaining we are liaising with employers to obtain the missing leaving details.
 16. Active members who did not receive an ABS, but we believe should have, received a letter explaining the position and informing them that the Fund is working to resolve any outstanding queries so that they can receive an ABS by the end of January 2023.
 17. Due to the considerable data cleansing work which has been carried out as part of the Monthly Interfacing rollout, the Fund is confident that the majority of the 2,581 members will receive their ABS by the end of January.

Deferred Members

18. The table below summarises the number of deferred members who were eligible to receive an ABS and those that received it on time. As the Board will note, the Fund was able to send c97% of deferred ABS on time.

Table 4: Summary of Delivery of Deferred Members ABS

	2022	%	2021	%
Deferred Members Eligible to receive an ABS	28,860	100	28,074	100
Members who received an ABS on time	28,039	97	26,705	95
Members who did not receive an ABS on time	821	3	1,369	5

19. The Fund was able to increase the percentage of deferred members who received their ABS in 2022 to 97% compared to 95% in 2021 (87% in 2020). This was possible as the Fund commissioned the services of a tracing company who was able to locate a further c500 members or confirm that they were at the same address held by the Fund.
20. Some 821 deferred members did not receive their ABS by the deadline. These are members for whom the Fund no longer holds a current address. Work is continuing to trace these remaining members. The Fund is continuing to trace members and will issue ABS to any members who have been located by the end of January 2023.

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Local Pension Board - Workplan

Standard Meetings			
February	May	July	October
Review of Pension Fund Committee, Investment Sub Committee and Pensions Consultative Forum Minutes	Review of Pension Fund Committee, Investment Sub Committee and Pensions Consultative Forum Minutes	Review of Pension Fund Committee, Investment Sub Committee and Pensions Consultative Forum Minutes	Review of Pension Fund Committee, Investment Sub Committee and Pensions Consultative Forum Minutes
Review Scheme Advisory Board and Sub Committee meetings Review the Performance Management Framework Review the Fund Compliance /Breaches Log	Review Scheme Advisory Board and Sub Committee meetings Review the Performance Management Framework Review the Breaches Log	Review Scheme Advisory Board and Sub Committee meetings Review the Performance Management Framework Review the Breaches Log	Review Scheme Advisory Board and Sub Committee meetings Review the Performance Management Framework Review the Breaches Log
Draft Annual Report	Sign off LPB Annual Report		
Review the TPR Data Scored and associated actions	Review the TPR Data Scored and associated actions	Review the TPR Data Scored and associated actions	Review the TPR Data Scored and associated actions
Review policies are kept up to date and produced in accordance with legislation and guidance	Review LPB Terms of Ref/ Conflicts of Interest Policy	Review policies are kept up to date and produced in accordance with legislation and guidance	Cyber security
Statutory Policies (FSS, ISS, Comms Policy, Admin Strategy Gov Policy and Breaches Policy)	Review the progress made by the Fund including the detail of any ongoing actions	LPB Risk Register	Review proposed changes to Terms of Reference and prepare for possible changes to constitution - following outcome of Good Governance review
		Update the Register of Interests/update website	Review the progress made by the Fund including the detail of any ongoing actions
		Statutory Policies (FSS, ISS, Comms Policy, Admin Strategy Gov Policy and Breaches Policy)	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.
			Review Fund's Conflict of Interest Policy