

**BOARD** : LOCAL PENSIONS BOARD  
**DATE** : 4 February 2020  
**TIME** : 10am  
**VENUE** : Room 3.1, Nicholas House, Blackfriars, Chester

**LOCAL PENSION BOARD MEETING**  
**10.00 – 12.30**  
**AGENDA**

**PART A**

**1. PROCEDURAL MATTERS**

The Board will:

- a) Receive the minutes of the meeting on 29 October 2019.
- b) Review the Actions Tracker
- c) Consider any Declarations of interest

**2. REVIEW OF PENSION FUND COMMITTEE MINUTES**

To receive the minutes from the Investment Sub-Committee minutes from 15 November. The Pension Fund Committee meeting which was planned for 6 December was cancelled due to the general election.

**3. PROJECT CHRYSALIS**

The Board will receive a verbal update on progress with the Funds transformation project known as Project Chrysalis.

**4. UPDATE FROM THE SCHEME ADVISORY BOARD**

The Board will receive a verbal update following the Scheme Advisory Board and its sub-committee meetings as outlined below:

| <b>Committee</b>   | <b>Meeting Dates</b> |
|--|----------------------|
| Scheme Advisory Board  | 6 Nov 2019           |
| Cost Management, Benefit Design and Administration Sub-Committee | 6 Jan 2020           |
| Investment, Governance and Engagement Sub-Committee              | 13 Jan 2020          |

**5. PERFORMANCE MANAGEMENT FRAMEWORK QUARTER 3 – 2019/20**

The Board will receive the Performance Management Framework covering the period 1 October to 31 December 2019 (along with the quarter 1 comparator – 1 July to 30 September 2019).

**6. LOCAL PENSION BOARD ANNUAL REPORT AND OUTTURN 2019/20**

The Board will receive the forecast outturn against the Local Pension Board Budget and will discuss the content to be included in the 2019/20 Annual Report.

**7. DATA QUALITY**

The Board will be presented with updated data scores for common and scheme specific data.

**8. FEEDBACK FROM EVENTS**

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

- LGPS Central Infrastructure Event – 26 November 2019
- LGA Fundamentals – 5, 12 and 18 December 2019

Board members will also review the calendar of events for 2020 and agree which they will attend.

**9. REVIEW AND DEVELOP THE WORK PLAN FOR 2019/20**

The Board will review the revised plan for 2019/20.

**10. AOB**

Two Board members will reach the end of their term of office in 2020. The Pensions team will therefore need to invite expressions of interest for an Employer representative role to commence on 1 April 2020 and a Member representative role to commence on 27 June 2020. Existing members can be re-appointed subject to re-nomination.

Board members will receive an update on the process to be followed.

To note the next Board meeting will take place on 5 May 2020 and that other meeting dates for 2020 are as follows:

- 2 June – to review the Annual Report/Statement of Accounts
- 14 July
- 27 October

**MINUTES OF LOCAL PENSION BOARD 29 October 2019****PRESENT**

|                           |   |
|---------------------------|---|
| <b>Board Members:</b>     | <b>Peter Raynes (Chair),<br/>Geoff Wright (Member representative, Unison),<br/>Neil Harvey (Member representative, GMB)<br/>Adrienne Laing (Employer representative, The<br/>Challenge Academy Trust)</b> |
| <b>Apologies:</b>         | <b>Cllr Robert Bisset (Employer representative.<br/>CW&amp;C)</b>   |
| <b>CW&amp;C Officers:</b> | <b>Maggie Sheppard, Heidi Catherall, Dan Harte and<br/>Aaron Austin</b>   |

**1. PROCEDURAL MATTERS**

The Board reviewed the minutes from the last meeting on 16 July having previously approved them by email.

The Board also reviewed the minutes from the Pensions Consultative Forum (PCF) on 20 September 2019.

The action tracker was reviewed and it was noted that two Board members had fully completed the Pensions Regulators Trustee Toolkit and one member had completed some of the modules. All Board members are required to complete the toolkit as part of their training requirements.

No declarations of interest were received.

**2. REVIEW OF PENSION FUND AND INVESTMENT SUB COMMITTEE MINUTES**

The Board reviewed the minutes of the Pension Fund Committee meeting held on the 13 September and the Investment Sub Committee held on the 6 September. The Board noted that a substitute member had attended the Pension Fund Committee and felt that the attendance of substitute members should be reviewed.

The Board noted the record of questions asked of the Fund's investment managers which the Board felt were sufficiently probing and challenging.

**RESOLVED that the Board:**

- Noted the minutes of the Pension Fund Committee and Investment Sub Committee meetings.

**3. PROJECT CHRYSALIS UPDATE**

The Board received a further update on the transformation project known as Project Chrysalis. The Board noted that 41 of 315 employers are live on the new Monthly Interfacing system and work continues to 'on-board' all employers to the system by 31 March 2020.

#### **4. UPDATE FROM THE SCHEME ADVISORY BOARD (SAB)**

The Board were presented with the agendas of the SAB meeting on the 8 July, the Cost Management, Benefit Design and Administration (CMBD&A) Sub-Committee meeting of 7 October and the Investment, Governance and Engagement (IG&E) Sub-Committee meeting of 14 October.

The Board received a verbal update on the SAB's Good Governance Project. Hymans Robertson has completed their research and presents their findings to SAB. The report has been published on the SAB website and had been previously shared with the Board.

SAB are reviewing the report findings and will develop their recommendations for consultation with Funds nationally before the recommendations are presented to MHCLG.

**RESOLVED that the Board:**

- Noted the minutes from the SAB, IGE and CMBDA meetings.
- Noted the outcomes from the Good Governance review.

#### **5. PERFORMANCE MANAGEMENT FRAMEWORK Qtr 2 – 2019/20**

The Board were presented with the Performance Management Framework (PMF) for quarter 2 (1 July to 30 September 2019), which contained updates on key areas of performance and comparator information from previous quarter/s.

The Board were happy with the level of performance and activity information being provided.

The Board queried an outstanding invoice for early retirement strain income over 181 days old, and had caused the red RAG rating on debt. Officers explained the background and confirmed that this debt has now been paid.

**RESOLVED that the Board:**

- Received the Performance Management Framework for quarter 2 2019.

#### **6. THE PENSIONS REGULATORS CODE OF PRACTICE/ENGAGEMENT REPORT**

The Board received an update on the actions being taken to improve compliance with Code of Practice 14. Board noted that the Fund is 92% compliant (up from 85% at the last meeting).

The remaining areas for action relate to developing a new Committee/Board training plan, the Board's completion of the TPR Trustee Toolkit and the production of a Data Management Strategy for the Fund.

The new Board/Committee training plan will be presented at the joint training session on 8 November. The Data Management Strategy will be developed once all employers have moved to Monthly Interfacing after which data will be received in a consistent manner.

The Board received a copy of the findings from TPR's "deep dive" review of ten LGPS Funds it has engaged with over the past 12 months. The engagement outcomes were positive with the Regulator now having a better understanding of the LGPS and Funds being clearer on the expectations of the Regulator.

The review outlined high level findings and some recommendations for improvement that funds should focus on. The review also included illustrative case studies. Officers will reflect on these findings and recommendations.

One of the Regulator's areas of focus was pension scams. The Board received a presentation explaining the types of scams that exist, information available to assist members in not falling victim to scams and the actions the Fund takes both to educate members and to ensure the Fund only transfers pension monies to legitimate companies.

**RESOLVED that the Board:**

- Noted the improvement in the Fund's compliance with Code of Practice 14.
- Noted the recommendations from the Pensions Regulator's Engagement report.

## **7. DATA QUALITY**

The Board were presented with the updated TPR Data Scores for September 2019 which showed continued high levels of compliance.

The scheme specific scores are based upon the Fund's own 'foundation' approach agreed with the Board and developed in the absence of national guidance.

In recent months, the SAB, working with a number of other parties, has developed a list of 22 data items which it says should form the basis of the scheme specific score in the future.

The Fund's administration database provider is now developing a report which will allow the Fund to report on this basis. However, that new report will not be available in time for the Fund to submit its data scores in 2019 Scheme Annual Return, due on 19 November.

It is therefore suggested that the Fund submits the data scores based upon current practice and, subject to satisfactory testing and verification, introduces the new approach for the 2020 data return. This is acceptable to the Regulator. The Board agreed to this approach.

**RESOLVED that the Board:**

- Noted the Fund's data scores for September 2019.
- Noted the SAB's approach to developing a standard data set for Scheme Specific data.
- Endorsed the approach that the Fund submits its foundation data scores for the TPR Scheme Return for 2019 pending development of a new report incorporating the SAB data items.

## **8. COMPLIANCE UPDATE**

The Board were presented with a summary of the breaches log for the period 1<sup>st</sup> April 2015 to 31 July 2019, noting that a total of 299 breaches had been logged over the period.

The Board noted the actions that the Fund continues to take in chasing the employer who has outstanding contributions due to the Fund.

The Board had previously been notified that the Fund had self-reported a breach for not issuing 100% of Annual Benefit Statements by the deadline of 31 August.

The Fund is working through an improvement plan in order to issue the remaining ABS to members by the end of November.

**RESOLVED that the Board:**

- Noted the cumulative summary of the Breaches Log for 1 April 2015 to 31 July 2019.
- Noted the position on the ABS which has been reported to the Pensions Regulator as a RED breach.

## 9. FEEDBACK FROM EVENTS

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

- CIPFA/Barnett Waddingham – LPB Autumn Seminar – 8 October
- PLSA Conference – 16-18 October
- LGPS Central – LPB Chair's meeting 28 October

Officers have developed a summary of key conferences, seminars and events that occur each year which Board members may wish to attend.

At the next meeting in February, Board members will review the summary and agree events the Board wished to attend and attendees.

**RESOLVED that the Board:**

- Agreed that Board members will circulate copies of event slides to all members to share knowledge
- Will review the event calendar at the next meeting in February so Board members can determine which events to attend and agree attendees.

## 10. REVIEW OF THE WORK PLAN for 2019/20

The Board reviewed the work plan for 2019-20 and requested that officers update the plan to align actions to specific meetings.

## 11. AOB

The next meeting is 4 February 2020. Board members also reviewed the 2020 meeting dates and determined that they may need to move the meeting planned for 14 July but would review this next year once diary commitments become clearer.

- 5 May 2020
- 2 June 2020 – to review the Annual Report/Statement of Accounts
- 14 July 2020
- 27 October 2020

**Cheshire Local Pension Board – Actions Tracker**

**February 2020**

| Date   | Item Raised Under         | Action              | Progress   | Update from 4 February 2020 |
|--------|---------------------------|---------------------|--|-----------------------------|
| 4/2/20 | Minutes – 29 October 2019 | TPR Trustee Toolkit | <p>A summary of the TPR 21<sup>st</sup> Century Trustee Guidance, including the toolkit has been produced. Officers have summarised the results of modules completed by Board members to date.</p> <p>Board members will complete the Toolkit as soon as possible and send the results to the Fund so that a central record can be held.</p> |                             |

# Scheme Advisory Board

## Agenda

1.00pm, Wednesday 6th November 2019

| Item |   | Timings |
|------|---|---------|
| 1    | Welcome, apologies and introductions  | 1.00    |
| 2    | Declarations of conflicts of interest   | 1.05    |
| 3    | Actions and agreements from meeting of 6 <sup>th</sup> July – <b>Paper A (BH)</b> | 1.10    |
| 4    | Good Governance Project – <b>Paper B (BH)</b>                                     | 1.15    |
| 5    | Cost Management committee report* – <b>Paper C (JH)</b>                           | 2.00    |
| 6    | Investment committee report** – <b>Paper D) (BH)</b>                              | 2.25    |
| 7    | AOB and date of next meeting  | 2.50    |

Meeting venue is Beecham Room, 18 Smith Square, Westminster, London SW1P 3HZ.

<https://www.google.co.uk/maps/place/Westminster,+London+SW1P+3HZ/@51.4955666,-0.1289997,17z/data=!3m1!4b1!4m5!3m4!1s0x487604c2f22fcf31:0x4d27e283349ac875!8m2!3d51.4955757!4d-0.1267826>

Please report to reception who will direct you to the meeting room.

(\* to cover McCloud, 4 year valuations, Fair Deal, Pensions Tax and 95K cap, and Section 13 SAB recommendations)

(\*\* to cover cost transparency, pooling guidance, CMA update, committee membership request, scheme member representation in asset pools, responsible investment guidance and TPR cohort report).

# Cost Management, Benefit Design and Administration Committee

|        |  |
|--------|--|
| DATE:  | 06 January 2020                                      |
| VENUE: | Eaton Cockell Room, 18 Smith Square, London SW1P 3HZ |
| TIME:  | 1.00PM – 3.00PM                                      |

## AGENDA

| Item |  | Paper          | Timings |
|------|--|----------------|---------|
| 1    | Welcome, introductions, apologies and declaration of interests |                | 1:00    |
| 2    | Matters arising  | <b>Paper A</b> | 1:05    |
| 3    | Post-election consequentials – Update                          |                | 1:15    |
| 4    | McCloud/Cost Management process – Update                       |                | 1.30    |
| 5    | Academies and Data Quality – Update                            |                | 2.00    |
| 6    | TPR scheme return/Conditional Data – Update                    |                | 2.30    |
| 7    | Regulatory Changes – Update                                    |                | 2.40    |
| 8    | Section 13 Report – Draft GAD letter                           | <b>Paper B</b> | 2.45    |
| 9    | AOB/Date of next meeting                                       |                | 2:55    |

# Investment, Governance and Engagement Committee

## Agenda

1.00pm – 3pm on 13<sup>th</sup> January 2020

### Item

1. Introductions, apologies and declaration of interests 1.00 – 1.10
2. Actions and Agreement from previous meeting (**Paper A**) 1.10 – 1.20
3. Summary of 6<sup>th</sup> November SAB meeting 1.20 – 1.30
4. Responsible Investment Guidance – (**Paper B**) 1.30 – 2.15
5. Cost transparency/Compliance - Update 2.15 – 2.25
6. Good Governance – Update 2.25 – 2.45
7. Proposals for 2019 Section 13 report – Update from GAD 2.45 – 2.55
8. AOB 2.55 – 3.00
9. Date of next meeting

The venue will be the Victoria Room at 18 Smith Square, Westminster, London SW1P 3HZ (see

<https://www.google.co.uk/maps/place/Westminster,+London+SW1P+3HZ/@51.4955666,-0.1289997,17z/data=!3m1!4b1!4m5!3m4!1s0x487604c2f22fcf31:0x4d27e283349ac875!8m2!3d51.4955757!4d-0.1267826>)

Please report to reception who will direct you to the meeting room.

|  |  |
|--|--|
| <p>This is the quarterly pack of Pension Fund performance information which is based on the period 1 October to 31 December 2019 and includes a comparison to the previous quarter - 1 July to 30 September 2019.</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> | <b>Qtr 3 (Oct-Dec 2019)</b>                    |
|  | <b>Summary position:</b>                       |
|  | <b>This Quarter - 1 Oct to 31 Dec 2019</b>     |
|  | <b>RED</b>                                     |
|  | <b>Previous Quarter - 1 Jul to 30 Sep 2019</b> |
|  | <b>RED</b>                                     |

| Subject  | Comment   | RAG Status   |
|--|---|--------------|
| <b>Administration Casework</b>                                     | <p>Overall administrators have completed 13,852 cases during the 3 month period to 31 December 2019, compared to 16,119 in quarter 2. The reduction in casework between quarter 2 and 3 due to the Christmas period and due to an increase in staff sickness during quarter 3.</p> <p>The status is RED because the number of pieces of casework outstanding exceeds more than 10% of the membership.</p>   | <b>RED</b>   |
| <b>Breaches</b>  | <p>There were 18 new breaches in quarter 3 of 2019/20, which covered breaches that relating to October to November (compared to 22 in quarter 2 of 2019/20). Of the 22 breaches identified 16 related to contributions and two Administration related breaches. Administration breaches relate to the late notification to leavers of their rights and options.</p> <p>During quarter 3, 14 breaches were recorded as Green and 4 were Amber.</p> <p>There were instances of repeat breaches during the quarter for employers who failed to pay their contributions on time. The Fund has a Contributions Policy which includes penalties for repeat offenders due to the administrative burden that this places upon the Fund.</p> | <b>AMBER</b> |
| <b>Compliance</b>  | The Fund did not identify any material compliance issues in Quarter 3.  | <b>GREEN</b> |
| <b>Contributions Monitoring</b>                                    | The Fund has an internal KPI to receive 98% of contributions income on time. For each of the months between October and November 2019 the Fund received 98% of income on time.  | <b>GREEN</b> |
| <b>Financial Performance</b>                                       | The Pension Fund is currently forecasting an underspend of £388k. The RAG status is green to reflect the fact that the fund is currently forecasting an underspend.   | <b>GREEN</b> |
| <b>HR (absence)</b>  | <p>The service lost 99.5 days through sickness during quarter 3 of 2019/20 which equates to an annual average of 4%. This compares to 27.5 days lost in quarter 2 which is an annual average of 1%.</p> <p>There were no sickness days lost in the 3rd quarter relating to work related stress.</p>   | <b>GREEN</b> |
| <b>Debt Recovery</b>   | <p>The Pension Fund has £43k of debt outstanding at the end of Quarter 3 of 2019/20, some of which relates to prior years (which typically relates to overpayments which are being repaid by instalments).</p> <p>A large proportion of the Quarter 3 debt (£16k) is made up of debt which is 31-90 days old. This relates to debt owed in relation to Overpayment of Pensions which are being repaid in instalments each month or due to be written off.</p> <p>The RAG status is Red to reflect the fact that the value of debt outstanding which is over 30 days old is above 50%.</p>   | <b>RED</b>   |
| <b>Business Plan Progress</b>                                      | The majority of tasks for quarter 3 will be completed on time.  | <b>GREEN</b> |
| <b>Feedback from External Sources</b>                              | The Board receive feedback from various external sources on a variety of issues.  | <b>GREEN</b> |
| <b>Investment Manager Qualitative and Quantitative Performance</b> | Fund investment returns remain ahead of the asset performance assumptions contained within the actuarial valuation over a rolling 3 year period. Returns are also ahead of the tailored benchmark return and CPI.   | <b>GREEN</b> |

**LPB 2019/20 ANNUAL REPORT and OUTTURN****Introduction**

1. This Board will discuss the content to be included in the LPB Annual Report for 2019/20.

**Annual Report**

2. As set out in their Terms of Reference, the Board are required to produce an Annual Report specifically for the Local Pensions Board.
3. The Board's Annual Report will be required to be completed by the end of May 2020 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.
4. The format of the report is the same as the 2018/19 report which was published on the Board area of the Fund's website as well as within the main Scheme Annual Report. A copy of the 2018/19 report is enclosed in Appendix A.
5. The report is split into six sections as summarised in the table below:

|   |
|---|
| Introduction                                      |
| Details of Membership                             |
| Summary of 2019/20 activity and plans for 2020/21 |
| Attendance at Meetings                            |
| Skills and Development Activities                 |
| Budget  |

6. Included within the Annual Report is the outturn for the Board's allocated budget of £10k.
7. The Board are requested to draft the 2019/20 report.

***Recommendation******The Board are asked to:***

- The Board are requested to draft Annual Report for 2019/20.

## **Cheshire Pension Fund**

### **Local Pension Board – Annual Report 2018-19**

#### **INTRODUCTION**

Welcome to the third annual report for the Local Pension Board (LPB) for the year ending 31 March 2019.

During 2018 the board went through a re-nomination process as four of the five members of the Board had been in post for 3 years, in accordance with the terms of reference. Nominations were sought for the posts and the outcome from this process was that the existing members were re-appointed into their roles, albeit with different terms of office to assist with continuity of members.

During the year the Board wanted to expand its knowledge and understanding and to learn from the experience of other Board's. In order to achieve this, the Chairman of the Cheshire board instigated a meeting with all Board Chairs from other Funds within LGPS Central, the pool operator company.

This group met twice during the year and has also improved links with the Scheme Advisory Board by inviting a representative to the second meeting. The group will continue to meet twice a year to discuss common issues.

The Board have had a particular focus this year on improving the member experience in relation to administration casework. The initial focus has been on improving the timeliness of process retirement cases which is often delayed as the relevant documentation has not been completed ahead of time.

As a result of this focus the Fund has now developed retirement guides which contain clear checklists for both members and employers detailing the steps required on the journey to a member retiring. The guides will be rolled out to all employers following a pilot phase in early 2019.

The Board has also continued to monitor the Fund's performance on compliance with regulations and the Pensions Regulator's Code of Practice Number 14. In addition the Board have also monitored the Fund's approach to meeting the requirements of key projects including the GMP reconciliation with HMRC and the introduction of the Data Protection Act 2018.

The Board has met five times in the last year and members have attended joint training sessions with the Committee in order to maintain and develop knowledge and understanding in key areas which has allowed the Board to satisfy itself that the Fund has managed these key areas compliantly and effectively.

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

[www.cheshirepensionfund.org/governance-of-the-cheshire-pension-fund/pension-board/](http://www.cheshirepensionfund.org/governance-of-the-cheshire-pension-fund/pension-board/)

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

Peter Raynes  
 Local Pension Board Chairman

### **Details of Membership**

The Board consists of 5 members, 2 member representatives and 2 employer representatives as well as an Independent Chair. All members are unpaid volunteers.

Many of the members had been in post since 2015 and so, in accordance with the Board's terms of Reference, a re-nomination process was carried out during 2018. The outcome of the process was that the four existing members who had been in place since 2015 were re-appointed.

The terms of office, however, have been split between two and three years to ensure continuity of membership.

Further information, including biographies of each member is available on the website.

| Type        | Name               | Organisation                      | Date Appointed | Term End Date |
|-------------|--------------------|-----------------------------------|----------------|---------------|
| Employer    | Adrienne Laing     | The Challenge Academy Trust       | 1/4/17         | 31/3/20       |
| Employer    | Cllr Robert Bisset | Cheshire West and Chester Council | 27/6/18        | 26/6/21       |
| Member      | Geoff Wright       | UNISON                            | 27/6/18        | 26/6/21       |
| Member      | Neil Harvey        | GMB                               | 27/6/18        | 26/6/20       |
| Chairperson | Peter Raynes       | Independent (non-voting)          | 27/6/18        | 26/6/21       |

### **Summary of 2018/19 and plans for 2019/20**

Below is a summary of key achievements during the year and the Board's plans for the year ahead.

#### **Joint Chairs Meetings**

The Chairman of the Board and the Pension Fund Committee continue to meet on a quarterly basis to discuss common issues. This allows the Chairs to agree how issues should be taken forward thereby ensuring that the work of the Board complements and assists the Administering Authority, and avoids duplication of effort.

#### **Pensions Consultative Forum**

The Pensions Consultative Forum work with the Fund to ensure that it delivers an efficient service for all stakeholders, with particular emphasis on administration and communication. The Forum's membership is made up of representatives from the main employers and employer groups within the Fund.

As well as acting at the Chair of the Board, Peter Raynes is also the Chair of the PCF providing an important link between the Board and the Forum.

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

### **Attendance at Committee Meetings / Joint Training**

Given that the role of the Board is to assist the Fund in ensuring compliance with laws and regulations, which extends to include assurance that the Committee is carrying out its functions effectively, Board members will attend Committee meetings in an observer capacity as required.

The Board and Committee also attend joint training sessions on a variety of topics throughout the year.

### **Governance Review**

During the year the Pension Fund commissioned the services of Barnett Waddingham to conduct a review of the governance arrangements within the Fund, including the role of the Board. The review found that the pension fund worked well and there were no material issues to be addressed. The review did, however, identify some specific issues relating to the Board, mainly relating to tidying up the Terms of Reference to reflect actual practice. Board members will consider the points raised in 2019/20 and determine whether any changes are required.

### **Performance Management Framework**

At each meeting the Board is presented with a Performance Management Framework (PMF). The PMF captures key performance information from across the Fund, including administration, finance, HR, complaints, debt recovery and feedback from external sources.

The framework is updated on a quarterly basis and provides comparator information from prior quarters to allow the Board to determine the extent of any changes between the periods.

The framework will satisfy a number of purposes:

- It allows the Board to monitor performance against the outcomes identified in the Fund's Business Plan.
- It provides supporting evidence to demonstrate compliance with regulations and best practice, and;
- It provides a focus for further improvements.

The Board will review the framework on a quarterly basis and make any necessary recommendations to the Pension Fund Committee in order to improve the performance of the Fund. A summary of the PMF results are published along with the Local Pension Board meeting papers.

### **LGPS Central Board Chairs / Scheme Advisory Board**

The Chairman of the Cheshire LPB arranged a meeting with the Chairs of all other Boards within LGPS Central. The meeting was arranged to gain a better understanding of how boards are set up and how they operate.

At the first meeting in October 2018 the 'Chair's agreed that they would value a close relationship with the Scheme Advisory Board so that they could be sure that they were operating effectively and were considering the relevant issues.

A representative from SAB was invited to the February 2019 meeting. Bob Holloway attended on behalf of SAB and there was a useful discussion on a number of topics. SAB are now considering how this same level of engagement can be achieved with all Funds/Pools going forward.

SAB will be repeating the 2017 survey, which was designed to understand progress being made by Boards nationally, in 2019. The Cheshire Board Chairman was pleased to have been given the opportunity to comment upon the draft survey and that the comments have been accepted.

### **Local Government Association – Fundamentals Training**

The Cheshire Pension Fund Local Pension Board has been recognised as a best practice leader in the LGPS.

As a result officers have been asked to present a slot on Day 3 of the 2019 Fundamentals training programme explaining how the Cheshire Board works, what topics it considers and how the Board has assisted the Fund to improve its efficiency and effectiveness.

### **The Pensions Regulator – Code of Practice**

The Fund undertook a further review of its compliance with the Code of Practice and presented the results to the Board at the meeting in February. The Fund is largely compliance in most areas and did not identify any areas of major concern or requiring immediate attention.

There are, however, areas where further improvement is required in order to secure full compliance. The Board will continue to monitor the Fund's progress with this improvement plan.

### **Data Quality**

Another key area of focus for the Board is to track the Fund's progress in improving the quality of data held by the Fund. The Fund complied with the TPR requirements to provide data scores for its common and scheme specific data in the 2018 Scheme Return.

Following this disclosure the Fund now repeats this exercise on a quarterly basis and reports the results to the Board so that they can track the improvements being made. As well as the scores the

Board are also updated on the actions being taken to resolve the data queries on records which are not 100% compliant.

Board members are also regularly updated on all other measures which are taking place in order to improve data quality across the Fund.

### **Breaches Policy/Log**

The Board continues to have a critical role in the Breaches process. The Breaches Log is updated on a monthly basis with any new breaches identified. In the first instance Officers investigate the breach (seeking expert opinion as and when required) and make a recommendation to the Board advising them whether Officers consider that the breach should be reported to the Pensions Regulator.

The Board then provide their own opinion within 3 days. Any cases which require reporting to the Regulator are also then sent to the Director of Governance, who is the responsible person as set out in the breaches policy, for a final decision.

In addition to reviewing the breaches log on a monthly basis the Board also review the entire breaches log on a quarterly basis in order to identify any trends which require further investigation. The Breaches policy and Breaches Log are available on the Fund's website.

### **Member Engagement**

The Board has a facility on the Fund's website to allow members to contact them with any questions. The Board received one question from a pensioner member via this facility during the year and provided a response.

### **2019/20 Work Plan**

The Board will continue to monitor the Fund's progress in improving the data quality of the Fund and in meeting the requirements of GDPR. In addition, the Board will monitor progress on the various work strands designed to ensure that the Fund improves the efficiency of how it delivers the service going forward which includes critical developments to the administration database, changes to the way the team is structured and how the Fund interacts with its stakeholders.

The Board will continue with its compliance role in ensuring that Fund documents are produced and updated in line with statutory and best practice guidance. Examples of such documents are the Statement of Accounts, the Funding Strategy Statement, Investment Strategy Statement, Breaches Policy, Administration Strategy and Communications Policy.

The Board also undertake annual reviews of their own policies, such as the Terms of Reference and Code of Conduct Policy, to ensure that they remain fit for purpose.

This will allow the Pension Fund Committee to concentrate on 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.

### Attendance at Meetings

The terms of reference for the Board state that there should be a minimum of 2 meetings per year. However, at its first meeting members of the Board elected to meet a minimum of 4 times per year. There were xx meetings held during 2018-19.

The table below summarises the meetings which have taken place including attendance by members of the Board.

| <b>Members</b>  | <b>25-Apr-18</b> | <b>08-Jun-18</b> | <b>17-Jul-18</b> | <b>06-Nov-18</b> | <b>05-Feb-19</b> | <b>Percentage</b> |
|-----------------|------------------|------------------|------------------|------------------|------------------|-------------------|
| Peter Raynes    | ✓                | ✓                | ✓                | ✓                | ✓                | 100%              |
| Cllr Rob Bisset | ✓                | ✓                | ✓                | X                | X                | 60%               |
| Adrienne Laing  | ✓                | ✓                | ✓                | ✓                | ✓                | 100%              |
| Geoff Wright    | ✓                | ✓                | ✓                | ✓                | ✓                | 100%              |
| Neil Harvey     | ✓                | X                | ✓                | ✓                | ✓                | 80%               |

The meeting on the 8 June was dedicated to the review of draft Statement of Accounts for 2017/18 to ensure that they 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.

The meeting took place ahead of the Pension Fund Committee's own review of the draft accounts and provided assurance to the Committee that they could recommend the draft accounts to be presented to the Audit and Governance Committee.

### Skills and Development Activities

The Board and Committee have again attended several joint training sessions during the year which, as well as developing Board members knowledge, have also 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.

A summary of the training provided for the Board, including attendance, during 2018-19 is shown below.

| <b>Date</b>      | <b>Topic</b>  | <b>Delivered by</b>              | <b>Attendees</b>                            |
|------------------|---|----------------------------------|---|
| 20 July 2018     | Pooling Update<br><br>National Governance Assessment                                    | Officers<br><br>Hymans Robertson | Peter Raynes<br>Geoff Wright<br>Neil Harvey |
| 23 November 2018 | Good Governance Project / National Confidence Assessment<br><br>Equity Portfolio Review | Hymans Robertson<br><br>Mercer   | Peter Raynes<br>Geoff Wright<br>Neil Harvey |

|              |  |  |              |
|--------------|--|--|--------------|
|              | Managing risk in property portfolios   | Patrizia   |              |
| 1 March 2019 | Review of Fund Governance<br>Investment Pooling Transition<br>2019 Actuarial Valuation | Barnett Waddingham<br>Mercer<br>Hymans Robertson | Peter Raynes |

Board members will also attend external conferences and seminars in order to maintain knowledge and also to keep up to date with current issues facing the LGPS. The events which Board members have attended during the year include:

- Government Actuaries Department - Section 13 / Data Quality Seminar – 11 June 2018
- CIPFA / Barnett Waddingham – Local Pension Boards Annual Seminar – 27 June 2018
- LPB Spring Seminar – CIPFA/Barnet Waddingham – March 2019
- Annual Pensions Conference – CIPFA – 22 November 2018
- LGC Investment Seminar – 28 February – 1 March 2019
- LGPS Central – LPB Chairs Meetings - 10 December 2018 and 20 February 2019
- LGPS Central – Stakeholder Day – 27 February 2019
- Cross Pool Open Session – Scheme Advisory Board – 27 March 2018

### **Budget**

The Board agreed a notional budget of £10k for 2018-19 to assist with its operation. This included costs for training, external advice, expenses and travel costs.

In its fourth year of operation the Board incurred costs of £3.1k with £1.9k spent on training, £1.2k on travel and subsistence costs.

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

[www.cheshirepensionfund.org/governance-of-the-cheshire-pension-fund/pension-board/](http://www.cheshirepensionfund.org/governance-of-the-cheshire-pension-fund/pension-board/)

## DATA QUALITY

### Introduction

1. This report provides the Board with the quarterly update on the TPR data quality scores for common and scheme specific data.

### Data Quality

2. As Board members will recall, the Fund produces data scores, based on the Pensions Regulator's criteria of common and scheme specific data. These scores are produced and presented to the Board on a quarterly basis.
3. The table below summarises the data scores between September 2018 and January 2020.

|                      | 1 Sep 18 | 1 Dec 18 | 1 Mar 19 | 1 Jun 19 | 1 Sep 19 | 1 Jan 20 |
|----------------------|----------|----------|----------|----------|----------|----------|
| Common Data          | 98.1%    | 97.87%   | 97.72%   | 97.74%   | 98.07%   | 98.11%   |
| Scheme Specific Data | 68.8%    | 68.76%   | 76.48%   | 76.58%   | 74.18%   | 74.18%   |

4. As the Board can see, the common data scores remain fairly consistent at around 98%. There has been a slight decrease in the scores for scheme specific data which results from changes in membership identified as part of the annual collection of member data from employers.
5. The majority of the common data queries relate to members for whom the Fund no longer holds a current address, typically this relates to deferred members. There are around 2,200 such members and the Fund is in the process of appointing a tracing company to help us to re-establish contact with these members.
6. The Board will be kept informed of progress with this task.
7. National guidance has now been issued to all Local Government Pensions Schemes in England and Wales which defines 22 separate data fields which should be used to measure the scheme specific score.
8. The database provider for the pension fund has now developed a report for extracting the scheme specific data and this will be used in future to identify the scores and the specific records which require work to clear any data errors.
9. A tracing company will also be appointed by pensions so that the 'lost contact' data queries can be cleared. It is hoped that the tracing company can be appointed in early spring.
10. The Board are already aware of the numerous activities that pensions has undertaken in the past twelve months to improve data quality, along with the phased introduction of Monthly Interfacing which will further assist.
11. The Board will receive regular updates on the TPR data scores along with progress on improving data quality for the Fund.

**Recommendation: *The Board are requested to:***

- Note the Fund's data scores for January 2020.

# Cheshire Pension Fund Local Pension Board 'Case Study'

Heidi Catherall

# Board history

- Set up in 2015 / PSPA 2013
- Followed SAB Guidance
- Changed Council's constitution



# Appointments Process

- ToR determine how roles are appointed to
  - 1 Employer Rep appointed by Admin Authority
  - 1 Member Rep appointed by Trade Union
- 2018 process advertised on Fund's website and article in newsletters
- Expression of interest form:
  - Knowledge and experience
  - Represent the interest of members
  - Feedback info to those you represent

# Board Membership

| Type  | Name                | Organisation                    | Voting Rights | Date Appointed | Term End Date |
|---|---------------------|---------------------------------|---------------|----------------|---------------|
| Employer  | Adrienne Laing      | The Challenge Academy Trust     | Voting        | 1/4/17         | 31/3/20       |
| Employer  | Cllr Robert Bisset* | Cheshire West & Chester Council | Voting        | 27/6/18        | 26/6/21       |
| Member  | Geoff Wright*       | UNISON                          | Voting        | 27/6/18        | 26/6/21       |
| Member  | Neil Harvey*        | GMB                             | Voting        | 27/6/18        | 26/6/20       |
| Chair   | Peter Raynes*       | Independent (non-voting)        | Non-voting    | 27/6/18        | 26/6/21       |
| *Members re-appointed in 2018 having already served 3 years |                     |                                 |               |                |               |

# Management of LPB

- First meeting August 2015
- Four meetings per year (ToR minimum of two)
- Plus review of accounts / ah doc meetings
- Quorum – two Member & two Employer Reps
  - Change date if members unavailable
- Transparency and Accessibility
  - Agenda & papers published
  - Contact the Board facility



# Governance

- Terms of Reference
- Conflicts of Interest
  - Declaration upon appointment
  - Declaration per meeting
  - Annual declaration
- LPB specific risk register
- LPB Annual Report



# Risk Register

| No. | Risk  |
|-----|---|
| 1   | Failure to identify (Board members') conflicts of interest results in failure to act in the best interests of the Fund leading to challenge/cost.                                       |
| 2   | Failure to maintain a Competent Board with adequate skills and knowledge, results in failure of Board members to properly exercise their functions as a member of the Pension Board.    |
| 3   | Change of membership of the Board leading to loss of knowledge and skills, resulting in inability to fulfil its obligations under the Terms of Reference                                |
| 4   | Failure of the Board to implement the correct mechanisms in order to effectively monitor the compliance of the Fund leading to the inability to undertake their role efficiently        |
| 5   | Failure of the Board to receive the required support from The Fund resulting in the inability of the Board to carry out its functions   |
| 6   | Failure of the Board to be aware of national developments or have inadequate links with outside bodies resulting in failing to assist the Fund with efficient and effective management. |

# LPB Statutory Role

Defined by sections 5(1) and (2) of the PSPA Act 2013 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;**

- Securing compliance with the LGPS regulations and any other legislation relating to the governance and administration of the LGPS;
- Securing compliance with requirements imposed in relation to the LGPS by the Pensions Regulator;
- Such other matters as the LGPS regulations may specify.”



# LPB Local Role

- Not a re-run of Pension Fund Com
- Opportunity to delve into detail
- Cover areas in more depth
- Consider performance / fund members' experience
- Breaches – monitor breach log and actions
- Focus on key areas – e.g. data quality



# Committee vs Board

Example:

Committee's role is to appoint an investment manager.

Board's role is to ensure that the selection of the investment manager followed due process.

# Support for LPB

- Dedicated support from officers
- Secretary
- Budget management
- Training / attendance at events
- Close links with Pension Fund Committee
- Links with other Boards
- Briefing packs – publications, guidance & circulars
- SAB / PLSA/ CIPFA / TPR



# Typical Agenda

- Review of minutes – Board, Committee, Employer Forum, Pool Joint Committee
- Review of SAB and sub-committees
- Performance Management Framework
- Breaches Log
- Feedback from Events
- Workplan

## Plus....

- Data Protection (GDPR)
- GMP
- Data Quality
- Cyber Security
- TPR CoP 14
- Review of policies



# Performance Management Framework (PMF)

| Number | Subject                  | Number | Subject                        |
|--------|--------------------------|--------|--------------------------------|
| 1      | Administration casework  | 6      | HR / absence                   |
| 2      | Breaches                 | 7      | Debt recovery                  |
| 3      | Compliance               | 8      | Business plan progress         |
| 4      | Contributions monitoring | 9      | Feedback from external sources |
| 5      | Financial performance    | 10     | Investment Manager performance |



# Interaction between Committee and Board

- Joint Committee / Board Chairs meet quarterly
- Joint Committee / Board Training events quarterly
- Attend Committee ad hoc as observers
- Attend conferences and seminars
- Review of Minutes



# Benefits of LPB

- Support for Committee / Fund
- Back office discipline
- Board recommendations
- Time to work through the operational detail
- Focus on members experience
- Chair of Pensions Consultative Forum



# Training

- Requirements – Regulations / CIPFA Guidance
- LGA Fundamentals
- Attendance at events / seminars / conferences
- Joint Committee / Board Training
- TPR Toolkit



“Well – there’s your problem. You can’t upgrade the system without upgrading the staff.”

# Latest Developments

- Joint meetings with Board Chairs for other Funds in LGPS Central
- Sought increased interaction with Scheme Advisory Board
- Invited SAB to second meeting
- Resulted in a free training event for all LPB members of Funds within LGPS Central pool
- Brought LPB Members together

# Guidance

- CIPFA The Guide for Local Pension Boards – ‘handbook’



# External Guidance

- Scheme Advisory Board (SAB) [www.lgpsboard.org](http://www.lgpsboard.org)
- PLSA Guidance [www.plsa.co.uk](http://www.plsa.co.uk)
- LGA – Bulletins & Guidance [www.lgpsregs.org](http://www.lgpsregs.org)
- The Pensions Regulator – Code of Practice 14 / Scheme Survey Results  
<https://www.thepensionsregulator.gov.uk/en/document-library/codes-of-practice/code-14-public-service-pension-code-of-practice>
- CIPFA Guidance – Guide for LPB / Knowledge and skills <https://www.cipfa.org/policy-and-guidance/publications>

# Questions

- [Heidi.catherall@cheshirewestandchester.gov.uk](mailto:Heidi.catherall@cheshirewestandchester.gov.uk)
- 01244 972665

Local Pension Board - Workplan

Local Pensions Board  
4 February 2020  
Item 9

| Standard Meetings   |  |  |  |
|---|--|--|--|
| February  | May  | July   | October  |
| <p>Review of Pension Fund Committee, Investment Sub Committee and Pensions Consultative Forum Minutes</p> <p>Review Scheme Advisory Board and Sub Committee meetings</p> <p>Review the Performance Management Framework</p> <p>Review the Fund Complainece /Breaches Log</p>  | <p>Review of Pension Fund Committee, Investment Sub Committee and Pensions Consultative Forum Minutes</p> <p>Review Scheme Advisory Board and Sub Committee meetings</p> <p>Review the Performance Management Framework</p> <p>Review the Breaches Log</p> | <p>Review of Pension Fund Committee, Investment Sub Committee and Pensions Consultative Forum Minutes</p> <p>Review Scheme Advisory Board and Sub Committee meetings</p> <p>Review the Performance Management Framework</p> <p>Review the Breaches Log</p>   | <p>Review of Pension Fund Committee, Investment Sub Committee and Pensions Consultative Forum Minutes</p> <p>Review Scheme Advisory Board and Sub Committee meetings</p> <p>Review the Performance Management Framework</p> <p>Review the Breaches Log</p> |
| <p>Draft Annual Report</p> <p>Review the TPR Data Scored and associated actions</p> <p>Review policies are kept up to date and produced in accordance with legislation and guidance</p> <p>Statutory Policies (FSS, ISS, Comms Policy, Admin Strategy Gov Policy and Breaches Policy)</p> <p>MI Update</p> <p>Cyber security</p> <p>Event Planner</p> <p>SSD - update</p> | <p>Sign off Annual Report</p> <p>Review LPB Terms of Ref/ Conflicts of Interest Policy</p> <p>LPB Risk Register</p> <p>Review the progress made by the Fund including the detail of any ongoing actions</p>  | <p>Review the TPR Data Scored and associated actions</p> <p>Review policies are kept up to date and produced in accordance with legislation and guidance</p> <p>Statutory Policies (FSS, ISS, Comms Policy, Admin Strategy Gov Policy and Breaches Policy)</p> <p>Review the process for IA in assessing internal controls of the fund and external audit process for reviewing the Accounts and Annual Report</p> | <p>LPB Risk Register</p> <p>Review the progress made by the Fund including the detail of any ongoing actions</p> <p>TPR CoP</p> <p>RI Policy or Cyber security? This is where they are up to and when you will see something</p>                           |

| Local Pension Board Events  |  |                                      |     |  |   |     |     |  |  |                                  | Local Pensions Board<br>4 February 2020<br>Item 10 |  |
|---|--|--------------------------------------|-----|--|---|-----|-----|--|--|----------------------------------|--|--|
|   | Jan                                      | Feb                                  | Mar | May                                      | Jun   | Jul | Aug | Sep  | Oct  | Nov                              | Dec  |  |
| <b>Local Government Association (LGA)</b>   | LGPS Governance Conference (2 day event) |                                      |     |  |   |     |     |  |  |                                  |  |  |
| <b>Pension, Lifetime Savings Association (PLSA)</b>                                       |  |                                      |     | Local Authority Conference (3 day event) |   |     |     |  | Annual Conference & Exhibition. (3 day event)<br>Annual Conference (3 day event) | Local Authority Update           |  |  |
| <b>Chartered Institute of Public Finance and Accountancy (CIPFA) / Barnett Waddingham</b> |  | LGPS Members Spring Seminar          |     |  | LGPS Local Pension Board Members Annual Event |     |     |  | LGPS Members Autumn Seminar  | CIPFA Pensions Annual Conference |  |  |
| <b>Local Government Chronicle (LGC)</b>   |  | LGC Investment Seminar (2 day event) |     |  |   |     |     | Investment & Pensions Summit (2 day event) |  |                                  |  |  |

**Other Events**

- LGPS Central Stakeholder events