

MINUTES OF PENSION FUND COMMITTEE HELD ON 10 MARCH 2023

Present in Person

Cheshire West and Chester: Cllrs Hogg (Chair) and Lewis
Cheshire East: Cllrs Bulman, Corcoran and Findlow

Present Online

Cheshire West and Chester: Cllr Tonge
Cheshire East: Cllrs Stott
Warrington: Cllr Mitchell
Halton: Cllr Wharton

Apologies

Cheshire West and Chester: Cllr Gould
Member Representative: Paul Matthews, GMB

In Attendance

Local Pension Board: Peter Raynes – LPB Chair
Actuary: Hymans Robertson – Gemma Sefton and Robert Bilton
Investment Advisor: Mercer – Chris West
External Auditor: Grant Thornton – John Farrar and Ben Stern
CW&C Officers: Steve Wilcock, Heidi Catherall, Nick Jones, Nigel Dorrington and Debbie Darlington. Aaron Thomas joined online.

PART A:

1. PROCEDURAL MATTERS

- 1.1 There were no declarations of interest.
- 1.2 This Committee was held as a hybrid meeting with some Members attending in person and some joining online.
- 1.3 Apologies were received from Councillor Gould and Paul Matthews.

2. MINUTES OF MEETINGS

- 2.1 The minutes of the Pension Fund Committee held on 2 December 2022 were reviewed, having previously been distributed and agreed by email.
- 2.2 Officers provided a brief update on the planning issue at the Fund's industrial estate in Cheltenham, which is managed by Patrizia. Discussions are ongoing with all parties involved and a planning decision is now expected from Cheltenham Borough Council in 2-3 months' time.
- 2.3 The Committee noted the minutes from the Local Pension Board meeting which took place on 21 February 2023.

- 2.4 The Committee also noted the minutes of the Employer Consultative Forum meeting which took place on 3 February 2023.

3 STANDING ITEMS

Employer Changes

- 3.1 The Committee received a report detailing employers who had joined or exited the Fund over the period 1 December 2022 and 28 February 2023 (inclusive).

The Committee noted the changes to employers during the reporting period.

Compliance Update

- 3.2 The Committee received the Compliance Update including a summary of the breaches log for the period to 31 December 2022. Forty-nine breaches occurred in the period and required no further action following investigation.
- 3.3 The Fund had reported a breach to the Pensions Regulator relating to Annual Benefit Statements which didn't meet the 100% target set by LGPS Regulations. The Committee received an update confirming the number of additional members who had now received their ABS statements, along with an update on the work being taken to issue statements to any remaining members.

The Committee noted the cumulative Breaches Log for the period to 31 December 2022 and the update on the Annual Benefit Statements.

Business Plan 2022/23

- 3.4 The Committee were presented with the 2022/23 performance dashboard, outlining progress in achieving the planned actions for quarter four.
- 3.5 The Committee also received the forecast outturn for 2022/23.

The Committee noted progress in delivering the Action Plan, the updated risk register and the forecast outturn.

Regulatory Update

- 3.6 Committee received a verbal update outlining an overview of regulatory changes which will impact the Local Government Pension Scheme.

The Committee noted the position.

4. COMMUNICATIONS STRATEGY UPDATE

- 4.1 The Committee received an update on progress to date, as well as future plans for implementing the Fund's communications strategy and plan. They were also presented with examples of the Fund's recent communications and contributed to a discussion about how to further improve the Fund's communications.

- 4.2 They were also presented with details about the Fund's proposed approach to the publication and distribution of the 2023 Annual Benefit Statements.

The Committee:

- a) Commented on and noted the progress to date, and future plans for implementing the Fund's communications strategy and plan (including examples in Appendix A).
- b) Commented on and noted the approach to the 2023 Annual Benefit Statement.

5 DRAFT BUSINESS PLAN 2023-2027

- 5.1 The Committee received the Fund's draft Business Plan for 2023-27, which set out a range of key activities and milestones themed under the four primary objectives, which are:

- To be a well-managed pension fund that delivers value for money.
- To be a customer focused organisation.
- To communicate effectively with our stakeholders.
- To increase the availability of online services.

- 5.2 The key themes and objectives were considered by the Local Pensions Board and Pension Fund Committee at their joint training session on 24 February 2023. Subject to any further views from the Committee, officers will finalise the Plan (with a focus on refining the KPI's and actions) and report any significant amendments to the June Committee. The Fund's progress against the Business Plan and in particular the Risk Register and Action Plan, will be reported to the Committee on a quarterly basis through the year.

- 5.3 The forecast budget for 2023-24 is £5.537m; this is a net increase of £320k or 6.1% on the approved budget for 2022-23. The reasons for the increase included an increase in staffing costs (including funding agreed and expected pay awards for 22-23 and 23-24) and charges from many suppliers increasing in line with inflation or above.

The Committee: endorsed the Business Plan and the proposed 2023-24 budget.

6 TRAINING PLAN FOR COMMITTEE AND BOARD

- 6.1 The Committee received the Training Policy for Committee and Board, which is unchanged from the version approved by the Committee in March 2020. The policy will be reviewed and updated during 2023/24 in line with emerging national developments.

6.2 Committee Members will receive the outcome of their individual knowledge and skills self-assessment and individual training plan. Members were reminded of the opportunities for developing their knowledge and understanding by attending regular conferences and seminars and through online learning.

The Committee:

- a) Noted the current Training Policy and that it will be reviewed during 2023/24 in line with national developments,
- b) Endorsed the 2023/24 Training Plan.

7 PROGRESS REPORT - 2022/23 EXTERNAL AUDIT

7.1 The Committee received a progress report on plans to produce and audit the 2022/23 Statement of Accounts.

7.2 The key dates for Committee input are:

Key Date	Action
2 June	Committee review the draft accounts prior to them being presented to Audit and Governance Committee for approval. Grant Thornton Audit Plan also received.
8 Sept	Draft Audit Findings Report presented to Pension Fund Committee

7.3 The proposed timetable was designed to permit the Fund’s Annual Report including the Audited Statement of Accounts to be published by 1 December.

7.4 Grant Thornton presented their Audit progress report and sector update.

The Committee: noted the timetable for producing the 2022/23 Annual Report and Statement of Accounts, along with the Progress Report from Grant Thornton.

8 INVESTMENT STRATEGY STATEMENT

8.1 The Committee received the Fund’s Investment Strategy Statement (ISS), following the conclusion of the public consultation on the draft. The draft ISS had been endorsed by the Committee at its meeting on 2 December 2022 and was then issued for consultation with Fund employers, scheme members and other stakeholders. No responses had been received during the consultation and therefore the report proposed that the Investment Strategy Statement be published as final on the Fund’s website in April 2023.

The Committee: endorsed publication of the Fund’s Investment Strategy Statement, following consultation, in April 2023 as required by the LGPS Investment Regulations 2016.

9 ANY OTHER BUSINESS

9.1 No items were raised

PART B

The Committee resolved that:

The details of the following items remain confidential on the grounds they/it involve the likely disclosure of exempt information as defined by Paragraph 3 Part 1 of Schedule 12A of the Local Government Act 1972 (as amended) and that the public interest would not be served in publishing the information. A non-confidential summary of the items discussed is provided for information.

10 PROCEDURAL MATTERS

10.1 The Committee noted the minutes from the Investment Sub-Committee meeting on 10 February 2023 which had been circulated via email.

11 FUNDING STRATEGY STATEMENT AND TRIENNIAL VALUATION

11.1 The Committee received a providing the opportunity to endorse the final version of the formal 2022 Valuation Report.

11.2 The paper included feedback from the Funding Strategy Statement (FSS) consultation and a recommendation that the Committee endorse the final Funding Strategy Statement for implementation with immediate effect.

The Committee:

- a) Endorsed the 2022 draft Valuation Report as the version to be published 31 March 2023
- b) Noted that at the time of writing, dialogue with a handful of employers is continuing. The final agreed employer contribution rates published in the Rates and Adjustment (R&A) Certificate and the impact on the expected contributions into the Fund for the three-year period starting 1 April 2023 will be communicated to Members electronically once these conversations have concluded.
- c) Noted that Government Actuary Department (GAD) will review each LGPS fund's local valuation under section 13 of the Public Service Pensions Act 2013. At the time of writing GAD have yet to issue their requirements. The section 13 dashboard will be communicated to Members electronically once these requirements have been received.
- d) Endorsed the revised FSS as the final version for adoption by the Fund with immediate effect.

**Representatives of all companies listed on the LGPS National Framework for Investment Consultancy services were invited to leave the room for item 12.

12 INVESTMENT CONSULTANCY - RETENDER

12.1 The Committee received a report on the proposed approach for the re-procurement of investment consultancy services. The process, procurement route, evaluation criteria and timetable were considered.

The Committee endorsed:

- a) the proposed procurement approach set out in the report, including the indicative timeline, and
- b) the delegation to officers to complete the selection process, with the involvement of the Committee as described.

13 ANY OTHER BUSINESS

13.1 Councillor Hogg thanked Councillor Findlow and Councillor Tonge for their outstanding contribution as Members of the Pension Fund Committee. Both Members had confirmed they would not be seeking re-election in the May 2023 local elections.

13.2 Councillor Hogg also paid tribute to the work done by Mark Wynn on all aspects of the LGPS over many years. Mark had now taken up a new post at Lancashire County Council.