

MINUTES OF PENSION FUND COMMITTEE HELD ON 2 JUNE 2023**Present in Person**

Cheshire West and Chester: Cllrs Hogg (Chair), Gould and Neil
Cheshire East: Cllrs Corcoran, Gorman and Snowball
Halton: Cllr Dennett (Part A)

Apologies

Cheshire West and Chester: Cllr Rimmer
Cheshire East: Cllr Bailey
Warrington: Cllr Mitchell
Member Representative: Paul Matthews, GMB
CW&C Officer: Steve Wilcock

In Attendance

Actuary: Hymans Robertson – Gemma Sefton
Investment Advisor: Mercer – Chris West
External Auditor: Grant Thornton – John Farrar
CW&C Officers: Simon Riley, Heidi Catherall, Nick Jones, Claire Jones,
Aaron Thomas and Debbie Darlington.

PART A:**1. PROCEDURAL MATTERS**

- 1.1 There were no declarations of interest.
- 1.2 Following the recent local elections a number of new Members were attending their first meeting: Councillors Arthur Neil, Michael Gorman, Judy Snowball and, returning to the Committee, Councillor Mark Dennett. Simon Riley, the new Chief Operating Officer, also attended the meeting.
- 1.3 Councillors Phil Rimmer and Rachel Bailey have also joined the Committee but were unavailable for this meeting.
- 1.4 Apologies were received from Councillor Mitchell, Paul Matthews and Steve Wilcock.

2. MINUTES OF MEETINGS

- 2.1 The minutes of the Pension Fund Committee held on 10 March 2023 were reviewed, having previously been distributed and agreed by email.
- 2.2 The Committee noted the minutes from the Local Pension Board meetings which took place on 15 February and 30 May 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 March and 31 May 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 March 2023. Fifty-nine breaches occurred in the period and required no further action following investigation.
- 3.3 During the year 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: noted the cumulative Breaches Log for the period to 31 March 2023 and the update on the Annual Benefit Statements.

Business Plan Update

- 3.4 The Committee received the 2023/27 Business Plan which had been updated with ten key performance indicators.
- 3.5 The Committee were also presented with the 2023/24 Action Plan Tracker and the performance dashboard, outlining progress in achieving the planned actions for quarter one.

The Committee:

- a) Endorsed the amended Business Plan for 2023/27 including the key performance indicators for 2023/24.
- b) Noted the 2023/24 Action Plan Tracker and progress dashboard.

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.

Electronic Decision Notices

- 3.7 The Committee received an overview of the Electronic Decision Notice process, and reviewed the first of a regular summary of decisions taken outside of formal Committee meetings via this process.

The Committee: noted and minuted the approvals provided outside of formal Committee meetings in the reporting period.

4. DRAFT STATEMENT OF ACCOUNTS 2022/23

4.1 The Committee received a report providing an overview of the draft Statement of Accounts for the Cheshire Pension Fund for the year to 31 March 2023. Officers outlined the main movement in the figures in the draft Statement of Accounts from the prior year and also explained that the report included full details of the responses of the Fund to a range of assurance questions from Grant Thornton.

4.2 The key dates for Committee to note are:

Date	Action
30 May	The draft accounts will be reviewed by the Local Pension Board prior to review by the Pension Fund Committee
2 June	The Pension Fund Committee will review the draft accounts, provide comment and recommend that the accounts are presented to Audit and Governance Committee for approval following the completion of the audit
Early July	Grant Thornton will commence the audit testing of the accounts
8 Sept	The majority of the audit will be completed by this date and Grant Thornton will produce their Audit Findings Report
8 Sept	The Draft Audit Findings Report and Annual Report, including the Statement of Accounts, will be presented to the Pension Fund Committee
TBC	The Final Audit Findings Report and audited Statement of Accounts will be presented to the Audit and Governance Committee (A&GC).
30 Sep*	Audited Statement of Accounts to be published on Cheshire West and Chester Council's website
1 Dec*	Annual Report including the Audited Statement of Accounts to be published on the Fund's website

*The Cheshire West and Chester Council Audit must be signed off before the Pension Fund Audited Accounts can be published. In the event that they are not signed off the Annual Report will still be published by the above deadline with the exception of the audit report.

4.3 The Committee was reminded of the Local Pension Board's role to ensure the accounts are produced in compliance with statutory and best practice guidance. The Local Pension Board reviewed the draft Statement of Accounts at their meeting on 30 May 2023 and confirmed that, in their opinion, the accounts had been prepared in accordance with statutory and best practice guidance.

4.4 Grant Thornton advised that they were anticipating signing off the 2020-21 audit in the next few days following the meeting and progress was being made on the 2021-22 audit. The final completion of the pension fund audit for 2020-21 and 2021-22 has been delayed as it forms part of the Administering Authority's accounts and there have been national delays in completing Council audits in recent years.

- 4.5 Members of the Committee thanked the finance team for their work in preparing the accounts in line with the original 31 May deadline.
- 4.6 The report also included the final outturn for the 2022/23 Administration Budget, which showed an underspend of £350k.

The Committee:

- a) Recommended that the Statement of Accounts are presented to the Audit and Governance Committee following completion of the audit.
- b) Noted the outturn position for 2022-23.
- c) Reviewed and endorsed the management responses to questions posed by the Fund's external auditors Grant Thornton.

5 EXTERNAL AUDIT PLAN

- 5.1 The Committee received the external Audit Plan for 2022/23 from Grant Thornton, which included an explanation of the areas of significant risks that would be focused on during the audit. In addition, the Committee were informed that Grant Thornton would report to the Committee any misstatements they discovered in the accounts of a value greater than £3.5m.

The Committee: noted the Audit Plan from Grant Thornton prior to the plan being presented to the Cheshire West and Chester Council's Audit and Governance Committee.

6 ANY OTHER BUSINESS

- 6.1 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.

7 PROCEDURAL MATTERS

- 7.1 The Committee noted the minutes from the Investment Sub-Committee meeting on 19 May 2023 which had been circulated via email.

8 2022 VALUATION OUTCOMES – INITIAL ANALYSIS

- 8.1 The Committee received a report from Hymans Robertson analysing the national picture across the LGPS from the 2022 triennial valuation results.
- 8.2 The Fund's 2022 valuation funding level was 113%. This ranks 18th out of the 86 funds analysed. On the Scheme Advisory Board like-for-like funding basis, the Fund is ranked 7th out of 86.
- 8.3 The analysis suggests that the funding plan adopted is appropriate for both the Fund's funding position and investment strategy.
- 8.4 Compared to peers, contribution rates in the longer term are more likely to fall or have a lower chance of needing to increase in any future adverse scenarios.

The Committee: noted the contents of the report

9 EMERGING EMPLOYER ISSUES

- 9.1 The Committee received a report outlining considerations for the Cheshire Pension Fund resulting from improved funding levels of employers seeking to exit the Local Government Pension Scheme (LGPS).
- 9.2 The Committee were reminded that the Fund's policies on employer exits/cessations are set out in the Funding Strategy Statement (FSS) and that the Fund's key objective is to protect the interests of the Fund, which is aligned to protecting the interests of the remaining employers.

The Committee: noted the position as set out in the report

10 ANY OTHER BUSINESS

- 10.1 Officers are arranging an induction training session for new members in July. This will also act as a refresher training session for existing Committee and Board members. Members will be contacted to confirm availability.
- 10.2 The Committee received a verbal update on the ongoing exercise to procure investment consultancy services for the Fund. Officers have reviewed and evaluated all bids received, and now intend to notify all bidders of the proposed contract award via the issue of standstill letters. The possible presentation to Committee by leading bidders has been determined as unnecessary, as the gap between the leading bidder and their nearest competitor based on the bid evaluation outcome could not be closed by any outcome of a presentation exercise.

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