

**BOARD** : **LOCAL PENSIONS BOARD**  
**DATE** : **30 July 2024**  
**TIME** : **10am**  
**VENUE** : **Online – Microsoft Teams**

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

**1. PROCEDURAL MATTERS (Pages 3 - 14)**

The Board will:

- a) Consider any Declarations of interest
- b) Receive the minutes of the meeting on 14 May 2024
- c) Receive the minutes of the meeting on 21 May 2024
- d) Review the Actions Tracker
- e) Board Membership

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

To receive the minutes from the Investment Sub-Committee minutes from 17 May 2024.

The minutes from the Pension Fund Committee meeting which took place on 19 July 2024 will be presented at the meeting.

**3. PENSIONS PROGRAMME UPDATE**

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

**4. PERFORMANCE MANAGEMENT FRAMEWORK QUARTER 1 – 2024-25 (Page 15)**

The Board will receive the Performance Management Framework covering the period 1 April to 30 June 2024 (along with the quarter 4 comparator – January to March 2024).

**5. UPDATE FROM THE SCHEME ADVISORY BOARD (Pages 16 - 34)**

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

<b>Committee</b>	<b>Meeting Date</b>
Scheme Advisory Board	22 Jul 24
Cost Management, Benefit Design and Administration Committee	1 Jul 24
Investment, Governance and Engagement Committee	8 Jul 24
Compliance and Reporting Committee	24 Jun 24

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

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

- 6. RESPONSIBLE INVESTMENT POLICY AND CLIMATE CHANGE STRATEGY (Pages 35 - 60)**  
The Board will receive a copy of the report setting out the consultation feedback on the updated Responsible Investment Policy and Climate Change Strategy and details of any proposed amendments to the documents which were endorsed by the Committee on 19 July 2024.
- 7. RISK REGISTER (Pages 61 - 67)**  
The Board will undertake a review of their register of interests and identify any required amendments. The Board will also review the strategic risk register for the pension fund.
- 8. REGISTER OF INTERESTS (Pages 68 - 69)**  
The Board will undertake a review of their register of interests and identify any required amendments.
- 9. DATA QUALITY (Page 70)**  
The Board will be presented with update on the data scores for common and scheme specific data.
- 10. COMPLIANCE UPDATE (Pages 71 - 90)**  
The paper also provides a summary of the Breaches Log for the period to 30 September 2023.
- 11. FEEDBACK FROM EVENTS**  
Board members/officers will feedback from recent conferences and seminars attended, including:
  - Pensions Employer Forum – 14 June 2024
  - Joint Chairs Meeting – 24 June 2024
  - Joint Board and Committee Training – 12 July 2024
- 12. REVIEW AND DEVELOP THE WORK PLAN (Page 91)**  
The Board will review the plan.
- 13. AOB**  
The date of the next main meeting is 22 October 2024.

## **MINUTES OF LOCAL PENSION BOARD – 14 May 2024**

### **PRESENT**

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

**CW&C Officers:** Steve Wilcock, Heidi Catherall and Aaron Thomas

**Apologies:** Cllr Robert Bisset (Employer Representative, CW&C)

### **1. PROCEDURAL MATTERS**

- 1.1 No declarations of interest were received.
- 1.2 The Board reviewed the minutes from the meeting which took place on 20 February having previously approved them by email.
- 1.3 Officers advised that there are now over 10,000 members registered for the My Cheshire Pension portal which represents around 32% of the active membership. Board members have contributed to the high number of member registrations by sharing details and encouraging participation.
- 1.4 The action tracker was reviewed, and the contents noted.
- 1.5 Three members of the Board reach the end of their current tenure in June. Councillor Bisset has been renominated by the administering authority to fulfil the role of Employer Representative for a further 3 years. Similarly, Geoff Wright has been jointly renominated as a Member Representative by Unison and GMB to continue for a further 3 years. Both roles will be extended to June 2027.
- 1.6 Peter Raynes will continue in his role as Chair of the Board for a further 3 months to September 2025. This will allow time for the amendments to the Board's Terms of Reference, which were agreed at the meeting on 20 February 2024, to be approved by Audit and Governance Committee, as required by the Terms of Reference themselves.
- 1.7 The Fund will be conducting an exercise to invite expressions of interest for the role of Local Pension Board Chair, in the summer.

### **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 8 March 2024.

- 2.2 Officers provided an update on LGPS Central. The budget setting process for 2024-25 had ended without agreement to the requested budgetary increase of 14.9% and so will revert to the default RPI increase of 8.9% instead.
- 2.3 Central have been asked to set out the implications of the reduced budget increase. Central Board members met with each partner fund shareholder and discussed the relationship and how it could be strengthened in the future.
- 2.4 The new Chief Executive is due to start with the company in early June.
- 2.5 The Board also review the minutes from the Investment Sub Committee meeting held on 9 February 2024.

**RESOLVED that the Board:** Noted the minutes of the Pension Fund Committee and Investment Sub Committee meetings.

### **3. PENSIONS PROGRAMME**

- 3.1 The Board received a verbal update on the pension change programme and the achievements made during 2023-24.
- 3.2 The Fund has reduced the backlog of historic administration casework by 60.5% and are working on plans to eliminate the remaining backlog. Progress has also been made with improving data quality which meant the Fund was able to increase the percentage of active members who had received an Annual Benefit Statement from 81% to 97%.
- 3.3 There are 93% of employers (representing 97.8% of members) providing monthly 'per member' data to the Fund via the Monthly Interfacing system with the remaining 7% due to join in early 2024.
- 3.4 Work continues in preparation for the McCloud remedy with the collection of data, development of functionality and training of staff. A detailed rectification plan will be developed through the Summer of 2024.
- 3.5 Good progress is also being made in preparation for the Pensions Dashboards programme. The Fund has appointed an Integrated Service Provider and completed a Data Protection Impact Assessment, which has been approved by the Council's Data Protection Officer. Work has commenced on data baselining and cleansing ready for dashboards implementation in 2025.
- 3.6 As already noted, the number of members registered for the member self-serve functionality, known as My Cheshire Pension portal, has increased to over 10,000 and continues to climb. This represents 32% of the active membership and far exceeds the levels expected from the first year of operation.
- 3.7 Board members reiterated their desire to see MCP turned into an app as this would appeal to younger members and encourage further participation.

- 3.8 MCP is functionality developed by the Fund's database provider so officers will feed this back to them. Officers will also share this suggestion with members of the Scheme Advisory Board so they can use their national influence to encourage consideration of an app.
- 3.9 The Fund continues to work on the introduction of Employer Hub, the self-serve portal for employers. Phase 1 will see the replacement of the current web 1 system for employers to load their monthly files. This is due to go live in June. Further development of employer hub will progress after June and will facilitate a transformational channel shift in how the Fund engages with employers.
- 3.10 A key change in the Fund's transition to a digital first is to implement Annual Benefit Statements (ABS) online for active members. The Fund conducted a successful pilot exercise in 2023 and will roll out digital ABS to all active members in 2024.
- 3.11 During 2023-24 the Fund implemented the new Employer Engagement Strategy and Annual Calendar, setting out how and when the Fund would interact with employers. The strategy also covers the Fund's aspiration to implement a digital first strategy which will also be supported by the Fund's new website which will launch in 2024.
- 3.12 Finally, the Fund has conducted a thorough review of its cyber security risk and implemented a new cyber risk strategy.
- 3.13 Board members thanked the wider team for the considerable achievements made with the pensions programme in 2023-24.

#### **4. PERFORMANCE MANAGEMENT FRAMEWORK Qtr 4 – 2023/24**

- 4.1 The Board reviewed the Performance Management Framework (PMF) for quarter 4 (January to March 202), which contained updates on key areas of performance and comparator information from previous quarters.
- 4.2 The Board again noted the rating on administration casework is categorised as red due to casework backlogs exceeding 10% of membership.
- 4.3 The Board also noted the rating for the Business Plan section had been classed as amber. The amber rating denotes some actions which will be realigned to the next quarter.
- 4.4 The Board received a presentation summarising progress made by the Fund on assessing and managing the risk of cyber-attack. Cyber risk is increasingly an area of focus by the Pension Regulator. The Fund have engaged Aon Ltd to carry out a cyber risk and vulnerability review, assessing overall Fund governance, and the cyber risk management arrangements operated by our key technology providers, Civica and the Council's ICT service. The Board received a summary of reports taken to Pension Fund Committee meetings in September 2023, December 2023 and February 2024.

- 4.5 Overall Fund governance arrangements were assessed, and a Cyber Risk Strategy has been implemented as a key recommendation arising. Civica's cyber risk management arrangements were reviewed, and a report was presented to the Committee recommending enhancements to build on the positive outcomes of the review. The Council's ICT service's cyber risk management arrangements were also reviewed, with several recommendations arising which are linked the ongoing major ICT transformation and disaggregation programme.
- 4.6 A Fund cyber risk action plan for 2024-25 has been agreed and will be monitored as part of the overall Pensions Programme. Board members discussed the importance of maintaining cyber safety as systems evolve, arrangements for 24 hours a day 7 days a week security monitoring, and the role of individuals in protecting the Fund from cyber-attack.
- 4.7 The Board did not receive any direct submissions from members during the quarter.

## **5. UPDATE FROM THE SCHEME ADVISORY BOARD**

- 5.1 Board members noted the agendas from the recent SAB meeting, and those from the sub-committees.
- 5.2 The Board received a report setting out the regulatory changes that the Fund will need to address during 2024 and beyond.
- 5.3 The Board also received copies of the latest two reports which were presented to the Pension Fund Committee on 8 March 2024.
- 5.4 The first report related to the Fund's progress in implementing the McCloud remedy.
- 5.5 The second report related to the Pensions Dashboards programme and the Fund's progress in preparing for its implementation.
- 5.6 Both the Committee and the Board will continue to receive regular updates on both McCloud and the Pensions Dashboards Programme at each meeting.

### **RESOLVED that the Board:**

- a) Noted the agendas from meetings of the Scheme Advisory Board and its sub-committees.
- b) Noted the regulatory changes that the Fund will need to address during 2024.
- c) Noted the position with regards to the McCloud remedy and the Pensions Dashboards programme.

## **6. LOCAL PENSION BOARD ANNUAL REPORT AND OUTTURN 2023/24**

- 6.1 As agreed at the meeting which took place on 20 February, Board members received a draft of the 2023-24 Annual Report by email for final review.

6.2 The final version of the LPB Annual Report was approved by the Board. The report will be included within the Fund’s Annual Report which will be published on the website later this year.

6.3 The report included the outturn of £2,803 spend against the budget of £5,000.

**RESOLVED that:** the Board approved the final version of the 2023-24 Annual Report.

## 7. DATA QUALITY

7.1 The Board were reminded of the Data Scores which have been provided to the Pensions Regulator as part of the annual Scheme Return for the past four years, along with the latest scores from 2 January 2024.

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

7.2 The common data percentage score as of 2 January 2024 was 99.74%. This reflects the considerable work the Fund has been doing to trace lost contact members.

7.3 Scheme specific scores are slightly higher as the Fund continues the process of updating the 2022/23 ‘per member’ information.

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

## 8. COMPLIANCE UPDATE

8.1 The Board were presented with a summary of the breaches log for the period to 31 December 2023, noting that forty-one breaches had been logged over the period and thirty-four required no further action following investigation.

8.2 Six breaches, relating to one employer, have been classed as amber and relate to late payment of contributions income. The Board noted that this employer is now paying current contributions on time and a plan is being developed to recover outstanding contributions.

8.3 The Board notes that the Fund had reported a red breach to the Pensions Regulator relating to the Annual Benefit Statements and the subsequent progress that has been made to issue statements to eligible members.

**RESOLVED that:** Board members noted the summary breaches log covering the period to 31 December 2023 and noted the position on the amber and red breaches.

## **9. FEEDBACK FROM EVENTS**

- 9.1 PR, RB and JL attended the Joint Board and Committee training event on 23 February 2024, which covered pensions procurement, cyber risk, local investing and the Business Plan.
- 9.2 PR attended the Joint Chairs meeting on 18 March 2024 the LGPS Central LPB Chairs meeting on 25 March 2024.
- 9.3 At the LGPS Central LPB Chairs meeting there was a discussion about how Fund's deliver training to Board and Committee members. PR noted that there was lots of commonality of approach between Funds.
- 9.4 One of the Fund's had introduced facilitated sessions where they would work through one of the modules on the Hymans LGPS Online Learning Academy (LOLA) while officers were on hand to respond to any specific questions from members.

### **RESOLVED that:**

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

## **10. REVIEW OF THE WORK PLAN**

- 10.1 The Board reviewed the work plan.
- 10.2 The Fund is consulting on its revised Responsible Investment Policy and Climate Change Strategy which has a closing date of 15 May. The update on climate change and the impact upon investments will, therefore, be deferred to the 30 July meeting.

## **11. AOB**

- 11.1 The next meeting will take place on 21 May 2024 where the Board will review the processes followed to produce the Fund's Statement of Accounts and Annual Report.
- 11.2 Meeting dates for the remainder of 2024 are:
- 30 July 2024
  - 22 October 2024

**MINUTES OF LOCAL PENSION BOARD 21 May 2024****PRESENT**

**Board Members:** Peter Raynes (Chair)  
Cllr Robert Bisset (Employer Representative, CW&C)  
Geoff Wright (Member Representative, Unison),  
Jason Lambert (Member Representative, CW&C)

**Apologies:** Kay Lennon (Employer Representative, CW&C)

**CW&C Officers:** Claire Jones, Debbie Darlington and Heidi Catherall

**1. PROCEDURAL MATTERS**

1.1 No declarations were received.

**2. DRAFT STATEMENT OF ACCOUNTS 2023-24**

2.1 The Local Pension Board has an important role in the governance process for the Statement of Accounts to ensure that:

- The accounts have been produced in compliance with statutory and best practice guidance, and;
- That the Pension Fund Committee discharges its duty of reviewing the accounts and recommending they are presented to Audit and Governance Committee.

2.2 To satisfy the first requirement, the Board received a presentation from Officers confirming the detailed steps taken in order to produce the statement of accounts.

2.3 Board members were advised that the statement of accounts are produced in accordance with the CIPFA Example accounts guidance. This guidance includes a checklist which allows Funds to ensure they have met all of the requirements.

2.4 The Board were reminded of the timetable for the accounts which is set out in the table below.

<b>Date</b>	<b>Action</b>
<b>21 May</b>	The draft accounts will be reviewed by the LPB prior to review by the Pension Fund Committee
<b>7 June</b>	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
<b>Late June</b>	Grant Thornton will commence the audit testing of the accounts
<b>6 Sep</b>	A substantial amount of the audit will be completed by this date and Grant Thornton will produce their Draft Audit Findings Report
<b>6 Sep</b>	The Draft Audit Findings Report and Annual Report, including the Statement of Accounts, will be presented to the Pension Fund Committee
<b>TBC</b>	The Final Audit Findings Report and audited Statement of Accounts will be presented to the Audit and Governance Committee (A&GC).
<b>30 Sep*</b>	Audited Statement of Accounts to be published on Cheshire West and Chester Council's website
<b>1 Dec*</b>	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.

2.5 To satisfy themselves that the Committee discharges its duty of reviewing the accounts and recommending commencement of the audit, Board members were invited to attend the Committee meeting on the 7 June in an observer capacity.

2.6 Members of the Board were happy with the process that officers have undertaken to complete the draft statement of accounts.

### **3. DRAFT ANNUAL REPORT**

3.1 The preparation and publication of the pension fund annual report is required by regulation 57 of the Local Government Pension Scheme Regulations 2013.

3.2 New guidance on preparing the Pension Fund Annual Report was issued in April 2024 and this guidance has been jointly produced by the Scheme Advisory Board, Chartered Institute of Public Finance and Accountancy and Department for Levelling Up, Housing and Communities.

- 3.3 The new guidance applies to 2023-24 annual reports and later years; however, it is noted that Funds should use their best endeavours to comply fully where there have been changes to previous years guidance.
- 3.4 The Board has an important role in the governance process for the Annual Report and should undertake a review of how the Annual Report is produced in order to ensure that:
- The Annual Report has been produced in compliance with statutory and best practice guidance, and;
  - That the Pension Fund Committee discharges its duty of reviewing the Annual Report.
- 3.5 To satisfy the first requirement, members of the Board received a presentation from Officers providing an overview of the production of the Annual Report to demonstrate how the Fund was compliant with the Annual Report guidance.
- 3.6 In order for the Board to satisfy themselves that the Committee discharges its duty of reviewing the Annual Report Board members are invited to attend the Committee meeting on the 6 September in an observer capacity.

#### **4. BOARD DECISION**

- 4.1 The Board resolved that in their opinion the draft Statement of Accounts and the draft Annual Report for the year ending 31 March 2024 have been produced in accordance with statutory and best practice guidance.
- 4.2 The Board noted that Board members are invited to attend either the Pension Fund Committee meeting on the 7 June or 6 September to observe the discussion on the item on the draft Statement of Accounts and Annual Report.

#### **5. AOB**

- 5.1 No matters were raised.

## Cheshire Local Pension Board – Actions Tracker

### July 2024

Item Number / Date Raised	Topic	Action	Latest Position
Item 1 – Minutes of the Last Meeting 27 October 2020	Attendance of interested parties at future meetings	At the Board meeting in October 2020, members discussed whether there was an opportunity to invite interested parties to observe future meetings with a view to joining when a vacancy arises. The Board requested that this be included within the action tracker.	Board members will invite interested parties to attend future meetings.
Item 3 – Pensions Programme – 14 May 2024	Member Self-serve portal	<p>Board members reiterated their desire to see the My Cheshire Pension portal turned into an app as this would appeal to younger members and encourage further participation.</p> <p>MCP is functionality developed by the Fund’s database provider so officers will feed this back to them. Officers will also share this suggestion with members of the Scheme Advisory Board so they can use their national influence to encourage consideration of an app.</p>	<p>The Fund’s database provider gave this response:</p> <p>Successful apps tend to relate to something which the users do frequently – such as checking their bank balance, using a map, sending messages etc. With a DB pension scheme, that ongoing continuous interaction does not exist, as the cycle for updates is much slower. In these instances, the ability for members to check information or update tends to be easier when using the website.</p> <p>From our studies, apps are unlikely to increase younger member engagement it is more likely that as retirement is a long way away, they are saving for other things say a house for example. We have studied Smartphone use for the over 75s and it is at around 65%, this section are more likely to be engaged with financial products through apps, rather than younger users (with primary usage- for younger users being social media and messaging).</p>

			<p>For reference there are some useful articles we can point to which illustrate some of the above points.</p> <p>An IBM whitepaper on GenZ app usage: <a href="https://glukoze.com/retail-generation-z.PDF">https://glukoze.com/retail-generation-z.PDF</a></p> <p>A Hargreaves Lansdown article on engagement with young savers: <a href="https://www.hl.co.uk/workplace/workplace-insights/workplace-article-feed/how-to-speak-to-young-people-about-pensions">https://www.hl.co.uk/workplace/workplace-insights/workplace-article-feed/how-to-speak-to-young-people-about-pensions</a></p> <p>The suggestion of an app was also shared with SAB/LGA and they in turn will raise with the Communications Working Group and see what other funds make of the suggestion.</p>
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### LPB Membership 2024

<b>Name</b>	<b>Role</b>	<b>Employer</b>	<b>Date Appointed</b>	<b>Re-appointment Date</b>	<b>Term of Office - Years</b>
Peter Raynes	Chair	Independent	26 June 2021	25 September 2024	3 Years
Councillor Robert Bisset	Employer Representative	Cheshire West and Chester Council	26 June 2024	25 June 2027	3 Years
Kay Lennon	Employer Representative	Cheshire West and Chester Council	26 June 2023	25 June 2026	3 Years
Geoff Wright	Member Representative	UNISON	26 June 2024	25 June 2027	3 Years
James Lambert	Member Representative	Cheshire West and Chester Council	26 June 2023	25 June 2026	3 Years

<p>This is the quarterly pack of Pension Fund performance information which is based on the period 1 April to 30 June 2024 and includes a comparison to the previous quarter - 1 January to 31 March 2024.</p> <p>The overall assessment for Quarter 1 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 1 (Apr-Jun 24)</b>
	<b>Summary position:</b>
	<b>This Quarter - 1 Apr to 30 Jun 24</b>
	<b>RED</b>
	<b>Previous Quarter - 1 Jan to 31 Mar 24</b>
	<b>RED</b>

Subject	Comment	RAG Status
<b>Administration Casework</b>	<p>Overall administrators have completed 16,644 cases during the 3 month period to June 2024, compared to 15,838 cases during the 3 month period to March 2024.</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>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 9 new breaches in quarter 1 of 2024/25 (compared to 9 in quarter 4 of 2023/24). 8 of the breaches related to the collection of contributions income and 1 was an administration breach.</p> <p>During quarter 1 and 4, all breaches were recorded as Green with the exception of 1 breach which was Red in relation to the Funds AVC provider</p>	<b>GREEN</b>
<b>Compliance</b>	The Fund did not identify any material compliance issues during the quarter.	<b>GREEN</b>
<b>Contributions Monitoring</b>	<p>In accordance with regulations contributions should be received by the Fund by the 22nd of the month (if paid electronically) after they have been deducted from pay.</p> <p>The Fund also has an internal KPI to receive at least 98% of contributions income on time each month. The Fund collected over 99% of contributions income in each of the last six months.</p>	<b>GREEN</b>
<b>Financial Performance</b>	The Fund's 2024/25 budget for Administration/Oversight and Governance Costs is c£5.75m. The final outturn for 2023/24 is an underspend of £175k.	<b>GREEN</b>
<b>HR (absence)</b>	<p>The service lost 58 days through sickness during quarter 1 (Apr-Jun 2024) of 2024/25 which equates to an annual average of 1%. This compares to 29 days lost in quarter 4 (Jan-Mar 2024) which is an annual average of 2%.</p> <p>There were no sickness days lost in the quarter relating to work related stress.</p>	<b>GREEN</b>
<b>Debt Recovery</b>	<p>The Pension Fund has £136k of debt outstanding at the end of Quarter 1 of 2024/25, £69k of which relates to prior years.</p> <p>90% 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 Red to reflect the fact that the value of debt outstanding over 90 days is over 50%, however this is mainly due to one £32k recharge invoice which is just over 90 days late.</p>	<b>GREEN</b>
<b>Business Plan Progress</b>	<p>The 2024-28 Business Plan was approved by the Committee in March 2024.</p> <p>An Action Plan Tracker has been produced for the 2024/25 year and sets out the milestones to be achieved during that year.</p> <p>A reporting framework summarises progress on each action and highlight issues on an exception basis. The reporting framework has an overall RAG rating of Amber for Qtr 1 denoting that actions under Administration and Communication will be slightly delayed.</p>	<b>AMBER</b>
<b>Feedback from External Sources</b>	Board members receive feedback from external sources. This includes submissions to the Board which are received via the website.	<b>GREEN</b>
<b>Investment Manager Qualitative and Quantitative Performance</b>	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.	<b>GREEN</b>

# Scheme Advisory Board

## HYBRID MEETING – 22 July 2024

### AGENDA

1.00pm – 3.00pm, Monday 22 July 2024

Beecham Room, 7<sup>th</sup> 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 11 March 2024 – <b>Paper A</b>	1.10
4	LGPC update – <b>Paper B</b>	1.15
5	King’s Speech - verbal update	1.25
6	Post Election discussion	1.35
7	Consideration of non-financial factors in investment decisions – verbal update	1:50
8	Risk Register – <b>Paper C</b>	1.55
9	Code of Transparency Project Update – <b>Paper D (CONFIDENTIAL)</b>	2:00
10	Scheme Annual Report – verbal update	2.10
11	Board and Committee Membership – verbal update	2.15
12	Secretariat Team Recruitment – <b>Paper E (CONFIDENTIAL)</b>	2.20
13	Compliance & Reporting Committee report – <b>Paper F</b>	2.25
14	Cost Management, Benefit Design and Administration Committee report – <b>Paper G (CONFIDENTIAL)</b>	2.35
15	Investment Committee report – <b>Paper H</b>	2.45
16	AOB and date of next meeting	2.55

### Scheme Advisory Board Secretariat

Local Government House, Smith Square, London SW1P 3HZ

E [SABSecretariat@local.gov.uk](mailto:SABSecretariat@local.gov.uk) W [www.lgpsboard.org](http://www.lgpsboard.org)

# Cost Management, Benefit Design and Administration Committee

DATE:	1st July 2024
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 19 <sup>th</sup> February 2024 meeting	<b>Paper A</b>	11:10
4	Update on McCloud and Pensions Dashboards		11:15
5	Update from Gender Pensions Gap working group	<b>Paper B &amp; Annex A</b>	11:25
6	Opt out survey and forms	<b>Paper C</b>	11:45
7	Normal Minimum Pension Age	<b>Paper D</b>	12:00
8	Update on recent engagement activity	<b>Paper E</b>	12:10
9	Administration data collection discussion		12:20
10	Post-Election Planning		12:35
11	AOB and date of next meeting		12:55

# Investment Committee

<b>DATE:</b>	<b>8<sup>th</sup> July 2024</b>
<b>VENUE:</b>	<b>Hybrid Meeting (MS Teams and 18 Smith Square)</b>
<b>TIME:</b>	<b>11:00 – 12:30</b>

## AGENDA

Item		Paper	Timings
1	Welcome, introductions, apologies and declaration of interests		11:00
2	Meeting protocol		11:05
3	Actions and Agreements from 26 <sup>th</sup> February 2024	<b>Paper A</b>	11:10
4	Code of Transparency Compliance Update	<b>Paper B</b>	11.15
5	Code of Transparency Project Update - CONFIDENTIAL	<b>Paper C</b>	11:25
6	RIAG Report	<b>Paper D</b>	11:40
7	Update on recent engagement activity	<b>Paper E</b>	11:55
8	Post Election Planning		12:10
9	AOB and Date of next meeting		12:25

# Compliance and Reporting Committee

<b>DATE:</b>	<b>24<sup>th</sup> June 2024</b>
<b>VENUE:</b>	<b>Hybrid meeting – MS Teams &amp; 18 Smith Square</b>
<b>TIME:</b>	<b>11.00am – 1.00pm</b>

## 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 12 <sup>th</sup> February 2024 meeting	<b>Paper A</b>	11:10
4	Development of Funding Strategy Statement guidance	<b>Paper B</b>	11:15
5	The Pension Regulator’s General Code	<b>Paper C</b>	11:30
6	Peer support offer – scoping discussion	<b>Paper D</b>	11:40
7	Audit Roundtable – update and next steps	<b>Paper E</b>	11:55
8	Knowledge and Skills working group	<b>Verbal</b>	12:05
9	Work plan update	<b>Paper F</b>	12:15
10	Post election planning	<b>Verbal</b>	12:35
11	AOB and date of next meeting		12:45

**Pension Fund Committee – 19 July 2024**  
**REGULATORY UPDATE****Introduction**

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

**Recommendation**

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

**Labour party - Manifesto**

4. Following the General Election on 4 July the Labour party have been elected to Government.
5. The Labour party manifesto contains a high-level overview of the approach they intend to take around pensions, which includes a pensions review. Details of what this review will include have not yet been confirmed.
6. It is expected that Labour will continue the approach to investment pooling from the previous government.
7. The wording from the Labour manifesto says:  
  
‘Labour will also act to increase investment from pension funds in UK markets. We will adopt reforms to ensure that workplace pension schemes take advantage of consolidation and scale, to deliver better returns for UK savers and greater productive investment for UK PLC. We will also undertake a review of the pensions landscape to consider what further steps are needed to improve pension outcomes and increase investment in UK markets.’
8. Further clarity on the approach to pensions is expected to be set out in the King’s speech on 17 July 2024.
9. One change that has been made is the Department for Levelling Up, Housing and Communities has reverted to its previous title of the Ministry for Housing, Communities and Local Government (MHCLG).

### **Guidance on Preparing the Pension Fund Annual Report**

10. On 28 March 2024 updated guidance was published on preparing the fund Annual Report.
11. This guidance is the first publication which has been reviewed and jointly approved by the Scheme Advisory Board's (SAB) Compliance and Reporting Committee (CRC), the Chartered Institute of Public Finance and Accountancy (CIPFA) and the Department for Levelling Up, Housing and Communities (DLUHC). It replaces the 2019 guidance produced by the CIPFA Pensions Panel, which was disbanded in 2021.
12. The new guidance applies to the 2023-24 annual reports which are due for publication by 1 December 2024. The guidance says administering authorities should use their best endeavours to comply fully with the requirements for the 2023-24 annual report but exercise judgement where, because of changes to the previous content, to do so would require disproportionate effort or cost.
13. The guidance includes some revised tables on investments, in response to DLUHC's desire to see more detail on progress with pooling including investments in the UK.
14. The guidance also includes additional reporting requirements on:
  - Communication and engagement
  - Data quality
  - Resources
15. The Fund will make every effort to include the new disclosures in the 2023-24 annual report, however, there will be some disclosures where the Fund does not currently hold the information requested and will need to introduce processes to obtain it going forward.

### **Audit Backlogs**

16. On 8 February 2024 DLUHC issued a consultation on Addressing the Local Authority backlog in England, which aims to clear all audit backlogs. The consultation ran for 4 weeks with a closing date of 7 March 2024.
17. DLUHC issued the consultation as the backlogs of audits had grown to an unacceptable level with 771 audits outstanding as at 1 December 2023.
18. DLUHC intend to clear the backlog of historical accounts and 'reset' the system by introducing a new 'backstop date' of 30 September 2024 by which time local authorities must publish all accounts for financial years 2015-16 to 2022-23.
19. To achieve the backstop date auditors would be able to issue 'disclaimed opinions' where they had not had time to complete all audit work by that date.

20. The delays in completing local authority audits have also impacted Pension Fund accounts as the two currently have to be produced together.
21. The SAB responded to the consultation and expressed concern that if the disclaiming of audits were widespread there could be knock on implications for the 18,000 scheme employers that rely on information from the pension fund audit in order to complete their own audits.
22. This would essentially mean that scheme employer auditors would need to complete further work to gain assurance on the information provided to it by the LGPS actuary on its assets and liabilities under the scheme.
23. The SAB response to the consultation re-emphasised representations it originally made in a letter to DLUHC dated 03 August 2022 which recommended that pension fund audits should be separated from the host authority, as they are in Wales and Scotland.
24. Members will be kept informed of progress with any changes set out in the consultation.

### **Economic Activity of Public Bodies (Overseas Matters) Bill**

25. As Members will recall, on 19 June 2023 the Government introduced into Parliament the Economic Activity of Public Bodies (Overseas Matters) Bill, also known as the Boycotts, Divestment and Sanctions Bill.
26. The Bill aims to prevent public bodies from being influenced by political or moral disapproval of foreign states when taking certain economic decisions, subject to certain exceptions. The Bill will extend to LGPS investment decisions. The Pensions Regulator will be responsible for overseeing compliance of LGPS administering authorities, although details in respect of demonstrating compliance with the Bill are yet to be published.
27. The Local Government Association (LGA) do not expect the bill to have any significant effect on local authority investment or procurement practices. However, they do have significant concerns about the impact the current drafting will have on the operation of the LGPS.
28. LGA have not identified any examples of any boycotts, divestments and sanctions having been made in the LGPS. LGA also have some concerns around the drafting of the wording in the Bill, particularly around exemptions, how enforcement will work and any restrictions this place on LGPS funds.
29. The Bill had reached the committee stage in the House of Lords and was expected to receive Royal Assent soon after making its way through Parliament. However, as parliament was dissolved on 30 May ahead of the general election the bill will not make any further progress.

### **Lifetime Allowance Abolition**

30. In the Spring Budget on 15 March 2023 the Chancellor of the Exchequer announced the abolition of the lifetime allowance (LTA).
31. The LTA is the total value of all pensions benefits you can have without having to pay extra tax.
32. Under the changes the LTA charge was removed in April 2023 before the allowance was abolished entirely from April 2024 via a Finance Bill.
33. At the time of its abolition the LTA limit was £1,073,100. The LTA is a key pillar in the current tax system and is also used to calculate the maximum lump sum a member can take on retirement, among other things.
34. Therefore, although the LTA has been abolished it needed to be retained in some form for LGPS funds to calculate the maximum tax-free lump sum that members can take on retirement.
35. For most members the maximum tax-free lump sum is calculated as a percentage of the LTA and is currently £268,275 (£1,073,100 x 25%).
36. The abolition of the LTA, and the need to replace it with something that pension funds can use to process benefits, has led to a far more complicated system.
37. One reason for this is that the LTA has now been replaced with three new allowances:
  - The lump sum allowance (LSA) – set at £268,275 (1/4 of the LTA)
  - The lump sum death allowance (LSDBA)
  - The overseas transfer allowance (OTA)
38. The latter two allowances are set at the same level as the LTA, and all three allowances are not to exceed the £1,073,100 figure.
39. There remain some regulatory issues which has seen HMRC advising some members to delay taking benefits or transferring pensions until it can fix legislation around the abolition of the LTA.
40. The replacements for the abolished LTA have resulted in additional complexity for administrators when processing benefits.

### **Efficiencies in management of LGPS funds**

41. On 15 May 2024, the Minister for Local Government wrote to all LGPS administering authorities in England. The Minister asked that each fund set out its approach to delivering efficiencies in the management, governance, and administration of their LGPS funds and asset pool. Responses must be returned by 19 July 2024 and responses must be no longer than two pages.

42. Although, since the letter was received, there has been a change of Government, officers understand that many LGPS funds, including several within the LGPS Central pool still intend to respond to the letter as requested.
43. Therefore, officers have drafted a proposed response for submission by the deadline (set out in para. 38). This response draws heavily on the Fund's consultation submission to the Government in October 2023, which was considered by the Committee at the time.
44. Responses should consider the following themes:
  - How your fund will complete the process of pension asset pooling to deliver the benefits of scale.
  - a) What proportion of assets have been pooled in your chosen LGPS asset pool? Is your fund on track to pool all listed assets by March 2025, and if not, what are the barriers to this?

*Suggested response: As at 31 March 2024 the Cheshire Pension Fund has pooled 31% of assets in LGPS Central. This rises to 37% when undrawn private market commitments are included. In addition, the Fund retains 28% of assets in collectively procured passive life policies which pre-date pooling. The Fund believes this arrangement offers optimal value for money with excellent choice, customer service and very low fee levels. The advantages to managing passive funds at scale are overwhelming and this is clearly the most efficient way to manage our market cap passive investments. The Cheshire Pension Fund considers these assets as pooled; giving a % of total assets pooled of 65%.*

*The Cheshire Pension Fund is unlikely to transition all of its listed assets to LGPS Central by March 2025; the reasons for this remain as set out in the Fund's Consultation response to the Local Government Pension Scheme (England and Wales) - Next steps on investments, submitted to the Government on 2 October 2023. In this response, the Fund argued that a 'quicker pace of pooling is likely to lead to rushed and inefficient asset transitions. New pooled funds may need to be set up to transition into, and these will take time to design, procure investment managers and to launch. The 31 March 2025 deadline does not allow sufficient time for this process to be managed effectively and securely. Its imposition may result in higher procurement and set up costs, and a poor alignment between the products on offer and individual funds' requirements.*

*Furthermore, the imposition of a fixed deadline provides limited time and opportunity for new and recently pooled investment products to establish and demonstrate outstanding net investment performance; it is important that this can be demonstrated so that individual LGPS funds can be confident that, when investing, they are adhering to their fiduciary duty to act in the best long-term interests of their members. The 31 March 2025 transition target date is not aligned with the fact that funds would not ordinarily be looking to make significant investment changes until after the 2025 actuarial valuation cycle. This could see assets move twice, firstly to meet the pooling deadline followed reasonably soon*

*after by further changes to implement any revised investment strategies following the 2025 valuation cycle. We believe that LGPS funds and their pools are best placed to determine an appropriate and deliverable timetable for the transition of assets.*

*The Fund believes all these points are still valid.*

- b) Is there scope for minimising waste and duplication by making use of your LGPS asset pool's services and expertise in reporting and development of the pension's investment strategy? What is your expenditure on pensions investment consultancy?

*Suggested response: The Fund's investment strategy is reviewed regularly in partnership with the Fund's independent investment adviser. All reviews are conducted with a focus on the availability of investment products on offer by the Fund's investment pool and there is regular dialogue and consultation with our pooling company as the Fund's investment strategy is developed.*

*In respect of pools providing investment advice to LGPS funds the Fund re-iterates its Investment Pooling consultation response that, "from a governance perspective we would argue that independent advice, scrutiny and oversight of the investment decisions taken by the pool is essential. Combining the provision of strategic investment advice with the investment management function runs the risk of introducing a significant potential conflict of interest and eroding clear accountability for investment outcomes. We therefore believe that the two functions should be kept separate, and that pools should continue to work collaboratively with partner funds to understand their investment strategy requirements and consider the most effective implementation options."*

*This approach appeared to be confirmed by DLUHC's consultation on LGPS investments, in which it was confirmed that decisions regarding setting investment objectives, risk appetite and high-level investment strategy will remain with LGPS funds. These are the most important considerations for any long-term investment, so it is critical that those decisions remain with LGPS funds.*

*The Fund has a fixed fee contract with an investment advisor. This was entered into following a competitive exercise which ensured best value for the Fund, with the successful provider offering the lowest annual cost alongside satisfactory quality assurances. The Fund does not incur any further costs on investment advisors or consultants.*

- c) Does your LGPS asset pool have an effective, modern governance structure in place, which is able to deliver timely decisions and ensure proper oversight? If not, what steps are you taking to make your pool's governance more effective?

*Suggested response: LGPS Central was created with an effective modern governance structure to ensure proper oversight and effective governance in respect of both shareholder and client functions. The operation of an FCA regulated company with eight shareholders and customers is a complex process*

*and governance is subject to ongoing review and improvement. We will therefore continue to work with our existing partner funds and pooling company to ensure investment decision making is as efficient as possible while remaining collaborative.*

- How you ensure your LGPS fund is efficiently run, including consideration of governance and the benefits of greater scale.

*Suggested response: The Fund has commissioned external governance reviews in the recent past which have resulted in positive outcomes and constructive recommendations for improvement. We intend to commission further such reviews once we have implemented any additional requirements arising from The Pension Regulator's recently launched General Code of Practice. We note that the Cheshire Pension Fund is the 12<sup>th</sup> largest LGPS fund out of 86, based on 31 March 2022 valuation outcomes, and that 33 of the 86 funds manage assets worth £2bn or less, compared to Cheshire's £7bn of assets at that date.*

- a) Does your LGPS fund have effective and skilled governance in place, which is able to hold officers, service providers and the pool to account on performance and efficiency?

*Suggested response: The Fund has an established training policy in place for members of our Local Pension Board and our Pension Fund Committee, based on the CIPFA Knowledge & Skills Framework, including pensions governance and administration aspects. It ensures, through a regular training needs analysis and annual self-assessment process, that those charged with governance have sufficient knowledge and skills to deliver their responsibilities. The Fund supports the recommendations from the Good Governance review and would welcome their implementation.*

- b) Would you be likely to achieve long-term savings and efficiencies if your LGPS fund became part of a larger fund through merger or creation of a larger pensions authority?

*Suggested response: CPF measures its cost per member through benchmarking against other LGPS funds and is satisfied that members receive strong value for money. The Fund is committed to improving the service it provides to members and employers through the full implementation of a 'digital first' philosophy and believes this will deliver significant efficiency savings. With governance and administration costs accounting for around 15% of the Fund's total costs, compared to 85% for investment management costs, potential merger savings are unlikely to sufficiently outweigh significant implementation and transition costs and the risks inherent in any merger.*

## **Pension Fund Committee – 19 July 2024 McCLOUD REMEDY**

### **Introduction**

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

### **Recommendation**

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

### **Progress Update**

3. Work has continued on the McCloud remedy and this report sets out progress that has been made since the Committee received their last update in March 2024.

### **Data**

4. As Members will recall, to be able to rectify any benefits, for members who qualify for the new underpin as part of the McCloud remedy, the Fund has been required to obtain information from employers dating back to 1 April 2014.
5. This data consists of part time hours worked and details of any service breaks for all employees covering the period 1 April 2014 to 31 March 2022.
6. The Fund has obtained this data from 65% of employers and this has been loaded into the administration database.
7. For the remaining 35% the Fund extracted the data currently held on the administration database and sent this to the employers for verification and requested that employers fill any gaps in the data.
8. To date a small number of the 35% have responded to the Fund and we continue to chase for responses.
9. Where the Fund cannot obtain the additional information, it will either calculate benefits based on the information already held on the database or use the Scheme Advisory Board guidance to create the service history record, where required.

### **Administration Database Developments**

10. The Fund continues to work with the administration database provider, Civica to implement functionality for the McCloud remedy.
11. Some functionality changes resulting from the McCloud remedy have been delivered to date. This allows the Fund to:

- Implement the calculation of the new underpin for:
  - Retirement of active members aged under 65
  - Calculation of deferred benefits for members under age 65
- 12. It was hoped that functionality to implement the new underpin to all leavers would be available by June. However, issues identified throughout the testing of this functionality has meant that the implementation has been delayed.
- 13. All remaining functionality for McCloud will be available for testing from September with a view to being implemented into live from November 2024. This includes the functionality required to allow the review and possible rectification of casework which has been processed since 2014.
- 14. Therefore, the Fund cannot yet apply the new underpin to all eligible members and cannot commence the bulk rectification of casework which has already been processed since 1 April 2014, until November 2024 at the earliest.

### **Rectification Plan**

- 15. The Fund needs to develop a detailed rectification plan to manage the work required because of the McCloud remedy.
- 16. To develop the full rectification plan, the Fund will need to be know the full extent of the regulatory changes and have received all necessary guidance. Aspects of regulations and guidance are still awaited which makes it difficult to produce a detailed plan.
- 17. In the meantime, the Fund has developed a high level 'plan on a page' summarising the current actions relating to the McCloud remedy. The plan was presented to the Committee in March.
- 18. The Fund will commission the services of a third-party provider to assist with the production of a detailed rectification plan. This will ensure that the Fund complies with all aspects of regulations and guidance.

### **Training**

- 19. The Fund also commissioned a third-party provider to deliver training on the technical details of the McCloud remedy. On 16 April thirty of the Fund's administration staff members received training on the McCloud remedy and how it applies to administration casework, in terms of applying the new underpin. They also received training on rectification of administration casework processed since 1 April 2014, which will need to be revisited because of the remedy.
- 20. Staff members found the training useful in terms of reinforcing their understanding of the remedy and providing detailed explanations of some of the more complex aspects of the remedy.

21. The Committee will be kept informed of progress with implementing the McCloud remedy.

**Pension Fund Committee – 19 July 2024**  
**PENSIONS DASHBOARDS PROGRAMME****Introduction**

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

**Recommendation**

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

**Pensions Dashboards - Timelines**

3. The Committee are reminded that on 19 July the Department for Work and Pensions (DWP) laid the Pensions Dashboards (Amendment) Regulations 2023, which came into force on 9 August 2023. The amendment regulations introduced a single 'connection deadline' of 31 October 2026 for relevant schemes to connect to pensions dashboards.
4. The explanatory memorandum which accompanied the amendment to the regulations stated:
  - 'Through this instrument, the Department for Work and Pensions is retaining the policy of compulsory connection by a set date and intends to encourage a staged approach set out in guidance, rather than mandated in Regulations.
  - The connection timetable set out in guidance will be developed in collaboration with industry and is expected to be published in due course.'
5. In addition to this single connection deadline, which applies to all pension schemes in the UK, there are separate staging dates for specific schemes ahead of the 31 October 2026 deadline to encourage a staged approach as set out in guidance.
6. On 25 March 2024 the Department for Work and Pensions (DWP) published guidance setting out a staged timetable for pension schemes to connect to the pensions dashboards ecosystem.
7. For the LGPS the staging date has been confirmed as 31 October 2025, one month later than the previously suggested deadline of 30 September 2025.
8. Although the staging guidance is not mandatory the explanatory memorandum which accompanied the regulations for dashboards stated that Fund's must have regard to DWP guidance. That makes the 31 October 2025 staging date a 'must do' requirement in all but name.
9. By the 31 October 2025 staging date, the Fund must be connected to the pensions dashboards ecosystem and be able to process 'Find' and 'View' requests. Find

requests relate to members being able to confirm that are a match to our Fund. View data requests are when the member is supplied with details of the benefits that we hold for them.

10. The Fund will work with an Integrated Service provider to meet the 31 October 2025 staging date.

### **Integrated Service Provider**

11. As Members are aware the Fund has appointed its administration software database provider, Civica UK Limited, as their Integrated Service Provider (ISP).
12. The ISP sits between the Fund and the pensions dashboards and will create their own connections to the dashboards. They will take a regular cut of the Fund's data, typically monthly, and make that available to the dashboards so that members can be matched, and the relevant data can be viewed.
13. As the Committee are aware, before becoming an approved ISP, all such providers are required to go through the 'Beta' testing phase and be officially signed off by the PDP. Dates for the beta phase have not been formally announced as they need to be agreed by Parliament beforehand. It is expected that the beta phase will commence in the late summer of 2024.
14. In the meantime, the Fund is working with the ISP on any preparatory work. A series of workshops have been arranged to work through the necessary steps as follows:
  - Pensions Dashboards Programme – Public Sector Session – 22 May 2024
  - Processing, the likely types of requests and what can be automated. (June 2024)
  - Member Matching, PASA Standards and opportunities to customise the matching criteria. (July 2024)
  - Compliance with the Standards and Technical Connection detail. (August 2024)
  - Reporting, the standard suite of reports, how they will work and any enhancements. (September 2024)

### **Data**

15. An important aspect of preparing for the implementation of dashboards is to have accurate data. Implementing dashboards does not generally require new information but rather that the information held by the Fund on each member is correct and available to be shared digitally.
16. As previously reported to Committee, the Fund's pensions programme has workstreams dedicated to improving data quality and clearing casework backlogs. The Fund is working to streamline and standardise data collection practices and clear historic data queries, along with any casework.
17. The Fund also complies with the Pensions Regulators (TPR) requirement to measure the presence and accuracy of common and scheme specific data. We submit

information to TPR on an annual basis as part of the Scheme Return and report quarterly figures to the Local Pension Board.

18. The data cleansing work completed to date, and the progress being made with clearing casework backlogs, will assist in preparing for dashboards albeit there remains more work to be done.
19. As mentioned in paragraph 9, the data required for dashboards is split into two main categories, 'Find' (matching) data and 'View' (details of member benefits) data.
20. The Fund will need to baseline and assess the quality of this data and cleanse any records as necessary ahead of the staging date. To assist with this there are a number of companies who supply data analytics service which can provide an independent assessment of the Fund's data and suggest where we should target our efforts in terms of data cleansing.
21. This would be a useful exercise to undertake as it would provide clear evidence of the work the Fund has undertaken in preparing for the dashboards. A key requirement of the dashboards' guidance is that the Fund must take decisions in preparation for dashboards and must be able to evidence the decisions taken.
22. One of the key decisions that the Fund will need to make, in conjunction with the ISP, is what criteria it uses for the 'Find' data i.e. what information do members need to supply to confirm their identify before any information can be shared with them.
23. The Pensions Administration Standards Association (PASA), who produce guidance on behalf of the dashboards programme, suggest the standard matching criteria should be Date of Birth (DOB), Surname and National Insurance Number (NINO).
24. However, there are options to widen the criteria to reduce the number of partial matches. This could be by adding criteria such as mobile phone number, email addresses and forenames, for example.
25. The data analytics companies can baseline our existing 'Find' criteria categories and suggest the optimum criteria that would result in the most positive matches for the Fund, based on the current quality of the data. We could then use this information as part of our discussions with the ISP to develop the optimum 'Find' criteria.
26. The Fund has received presentations from several companies on the data baselining and cleansing services they can provide and will be exploring options to appoint a third-party during the next quarter.

## **Project Plan**

27. The Fund will need to develop a detailed project plan to prepare for the implementation of dashboards. The detailed plan is being developed over the coming months and will be influenced by discussions with the ISP.
28. In the meantime, the Fund has produced a plan on a page to illustrate the actions that are required for the project. A copy of the plan is attached at Appendix B. Members

should note that the suggested timings within the plan are for illustration only and will change once the detailed plan is progressed.

29. As previously mentioned, the Fund will require a budget for the pension's dashboard project. This includes ISP costs, procuring data analytics services to assist with organising the data cleansing work and potentially consultancy services to help organise the project itself.
30. A full budget will be presented to the Committee once it is available.

Illustrative Pensions Dashboard - Plan on a Page

Key	
	Not started
	Ongoing and on track
✓	Complete
	Ongoing - some slippage
	Ongoing - overdue

	2024/25				2025/26				RAG Status
	May - July 24	Aug - Oct 24	Nov 24 - Jan 25	Feb - Apr 25	May - Jul 25	Aug - Oct 25			
<b>Governance</b>									
Establish Governance Framework									
Decision Oversight									
Finalise the Delivery Plan									
<b>Data quality</b>									
Baseline find data (personal) in UPM									
Baseline view data (ABS and scheme specific) in UPM									
Commission 3rd party to perform personal data matching exercise for data cleansing									
Update data in UPM based on findings									
Commission 3rd party to perform personal data matching using live data from UPM before go live									
Update UPM to include digital ABS data (awaiting clarification on AVCs)									
<b>Matching</b>									
Assess Personal Data in UPM									
Confirm the Matching Approach									
Test the Effectiveness of the Matching Approach									
Agree a Personal Data Improvement Plan									
Write a Matching Readiness statement									
<b>View data</b>									
General View Data Availability									
Admin and Signpost Data									
Pension Values Data Availability									
Consistency with wider comms									
Implement changes to processes and scheme data									
<b>Technology</b>									
Select connection approach									
Install connection approach									
Configure and test ready for go live									
<b>Administration</b>									
Design process to deal with 'possible' and 'negative' matches									
Design process to handle view data queries									
Create reports and management processes									
Establish a Future Target Operating Model to determine what BAU will look like									
Update communications strategy									

## **RESPONSIBLE INVESTMENT POLICY AND CLIMATE CHANGE STRATEGY CONSULTATION FEEDBACK**

### **Introduction**

1. At its meeting on 8 March 2024, the Pension Fund Committee endorsed the updated Responsible Investment Policy (RI Policy) and Climate Change Strategy for an eight-week consultation period. The consultation closed on 15 May 2024. This report provided the Committee with an evaluation of the feedback from the consultation and the proposed changes to the documents as a result of the feedback received.

### **Recommendation**

2. The Board are asked to:
  - a) Note the feedback from the consultation (paragraph 6 - Table 1 and Appendix A).
  - b) Note the changes to the RI Policy and Climate Change Strategy (paragraph 8 and Appendix B).

### **Introduction**

3. The Board has previously agreed that any changes to Fund policy or strategy documents should be presented to the Board after they have been endorsed by the Pension Fund Committee. Board members can then satisfy themselves that they agree with any changes to the documents.
4. The results from the consultation on the RI Policy and Climate Change Strategy were presented to the Pension Fund Committee at its meeting on 19 July 2024.
5. As a result of the consultation responses some minor changes were made to both the RI Policy and the Climate Change Strategy.
6. The remainder of this report is the detail that was presented to the Committee on 19 July 2024.

### **Consultation Responses**

7. The consultation on the RI Policy and Climate Change Strategy opened on 20 March 2024 and ran for a period of eight weeks, closing on 15 May 2024. In order to get more focussed feedback from respondents, the consultation was in the form of a questionnaire and included a number of questions that respondents were asked to respond to on a scale of strongly agree to strongly disagree. The consultation also included sections for respondents to provide additional comments for both documents.
8. The consultation was launched via a Fund news item with a link to the Fund website. In addition, the consultation was highlighted in the spring/summer edition of the

Pensioner Newsletter. An email was also sent to all Fund employers with a link to the consultation on the Fund website.

9. The consultation received 15 responses from the following groups:
- Active members – 2
  - Pensioner – 7
  - Employers – 4
  - Cheshire resident – 1
  - Other – 1

## Consultation Feedback

10. Overall, the consultation feedback was positive with most responders agreeing with the work that the Fund is doing in respect of Responsible Investment and climate change. Appendix A provides an evaluation of the feedback in response to the specific questions asked, with the following table summarising the percentage of positive responses received.

**Table 1 – Percentage of Positive Feedback**

Question	% Agree or Strongly Agree
Do you agree or disagree with the Fund’s approach to managing Responsible Investment, which is to include environmental, social and governance factors in its investment process?	93
Do you agree or disagree with the Fund’s ambition, as set out in the updated Climate Change Strategy, for its whole investment portfolio to be net carbon neutral by 2050 at the latest?	80
Do you agree or disagree with the proposed targets set out in the updated Climate Change Strategy to reduce the carbon footprint of the Fund’s equity portfolio by the end of 2030?	80
Do you agree or disagree with the proposal to introduce a target to measure the Fund’s climate-related engagement and stewardship activities by the end of 2030?	87
Do you agree or disagree with the proposal to introduce a target to measure the proportion of the Fund’s investment assets that are achieving net zero, ‘aligned’ or ‘aligning’ to net zero?	87
Do you agree with the proposal to increase the target for the Fund to invest in low carbon and sustainable investments from 20% to 25% of total investment assets by the end of 2026?	80

11. Respondents were also asked to provide any additional comments on the RI Policy and Climate Change Strategy. Appendix B outlines the most common themes of the comments received, along with responses and proposed changes to the documents. In summary, the general themes of the comments received are:
- Lack of evidence of effectiveness of responsible investment activity
  - Calls for disinvestment from certain sectors of the market
  - Earlier achievement of the Fund’s overarching net zero target
12. No significant changes are proposed to either the RI Policy or the Climate Change Strategy as a result of the feedback received. A number of minor changes are however proposed as follows:
- Inclusion of a specific action within the RI Policy to assess the outcomes of engagement activity as part of the annual review of corporate governance, voting and engagement activity undertaken by the Fund and its underlying managers.

- Within both documents, clarify that the Fund's target to achieve net zero is by 2050 at the latest, which will be reviewed annually, along with the new short-term, interim targets that the Fund has set.

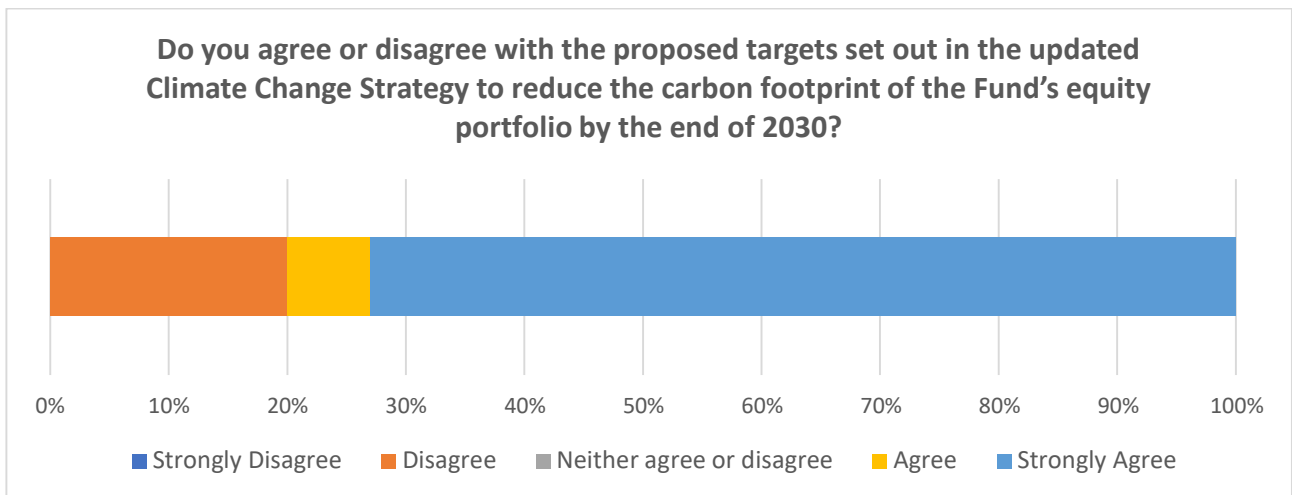
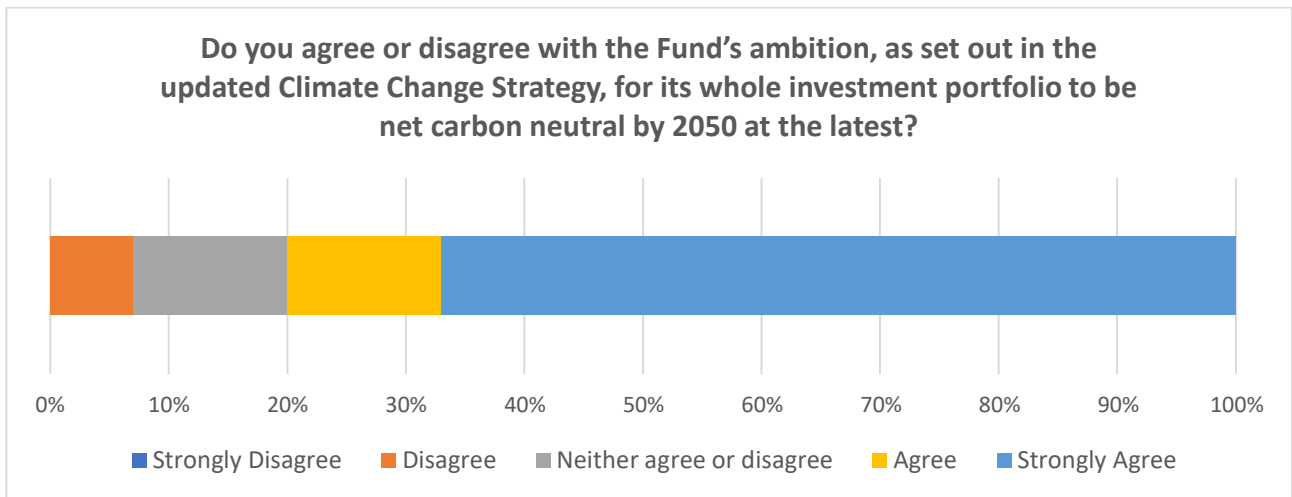
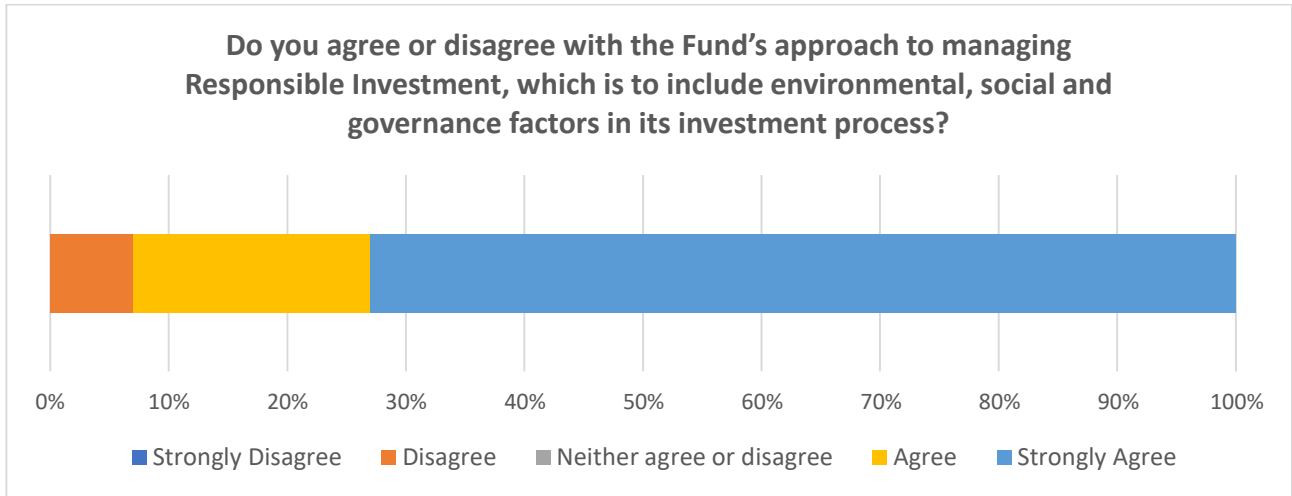
### **Fund Response to Consultation Feedback**

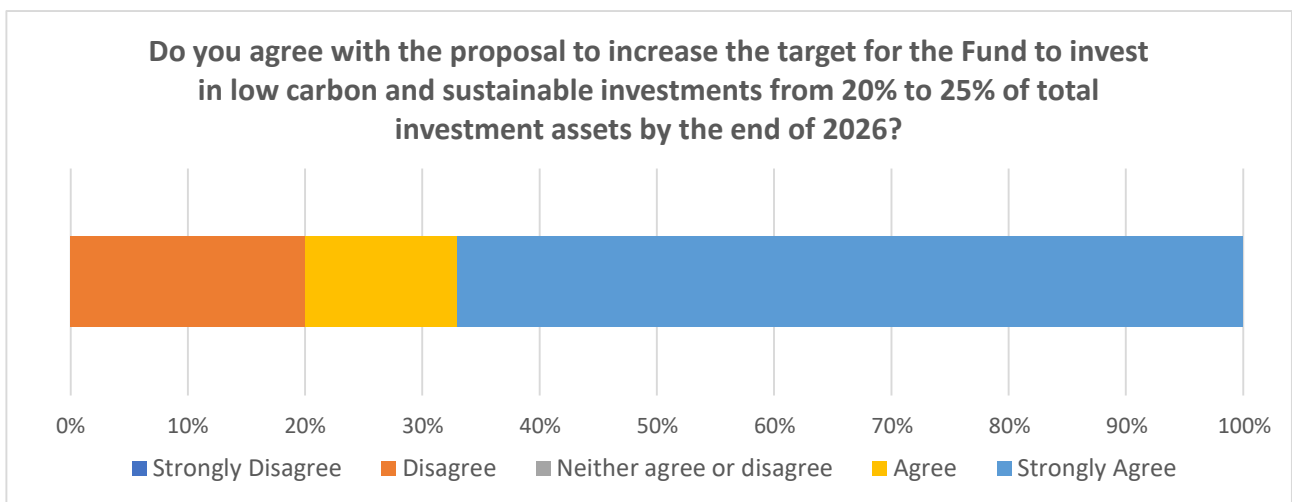
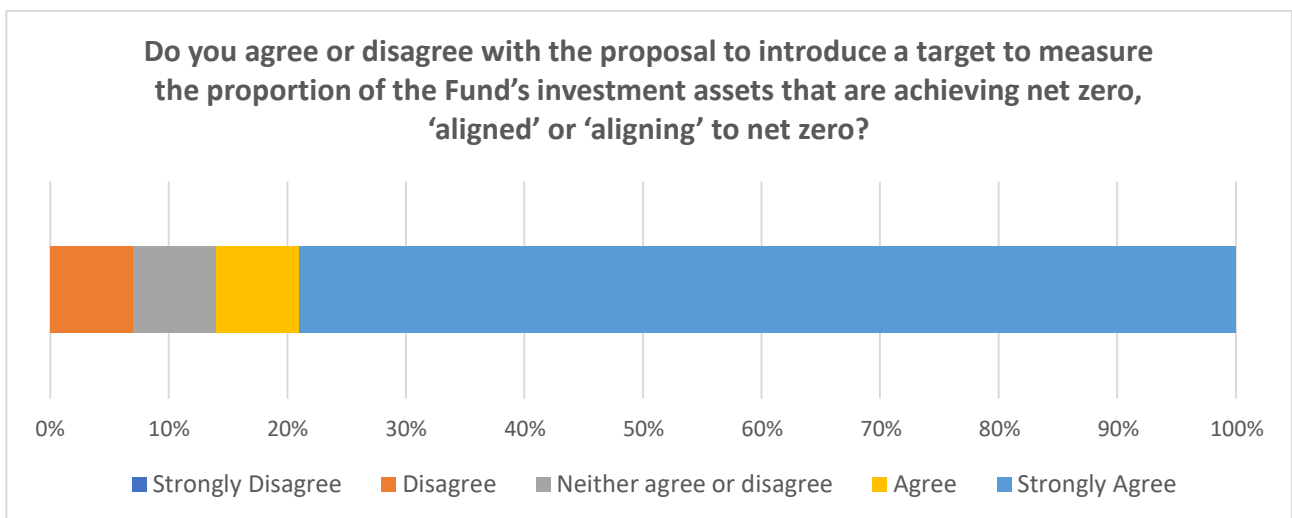
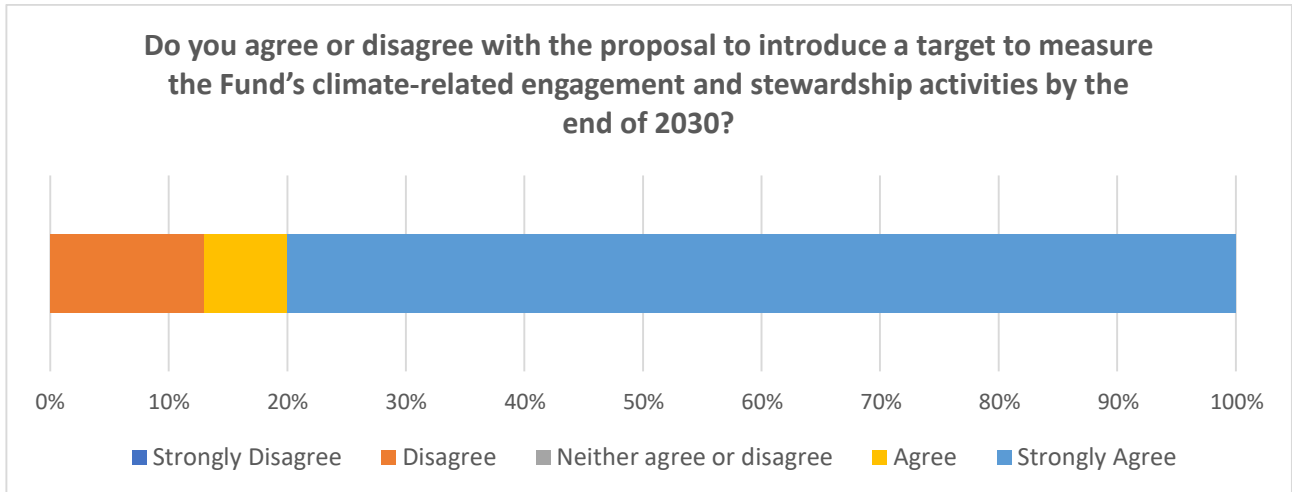
13. As agreed by the Committee at its meeting on 8 March 2024, consultation responses will not be provided to individual respondents, but an overall consultation response will be published on the Fund's website following Committee review.

### **UK Stewardship Code 2020**

14. The UK Stewardship Code (the Code) is a voluntary code for asset managers (investment managers), asset owners, and service providers (such as proxy advisers, investment consultants, and data providers). Its stated aim is to encourage active and engaged monitoring of corporate governance in the interests of beneficiaries.
15. The Code comprises a set of 12 'apply and explain' Principles for asset managers and asset owners, and a separate set of six Principles for service providers. To become a signatory to the Code, organisations must submit a Stewardship Report to the Financial Reporting Council (FRC) demonstrating how they have applied the Code's Principles in the previous 12 months.
16. The Fund has previously stated its commitment to becoming a Code signatory; in line with this commitment the Fund submitted its Stewardship Report on 31 May 2024. The FRC will now assess the Fund's submission and it is anticipated that a response will be received in August 2024.

**EVALUATION OF CONSULTATION RESPONSES**





**RESPONSES TO GENERAL FEEDBACK THEMES AND PROPOSED CHANGES**

Theme	Response	Proposed Change
<b>RI Policy</b>		
Lack of evidence of the effectiveness of engagement in the policy	<p>The RI Policy is a policy document that sets out the Fund's overall approach to responsible investment and engagement, including the actions that the Fund takes to monitor the performance of its responsible investment activity (section 5.2). It is the implementation and output of these individual actions that are intended to provide the Fund with evidence of the outcomes and effectiveness of its responsible investment activity, rather than including the outputs of this activity within the document itself.</p> <p>The Fund includes an assessment of the outcomes of its engagement activity as part of the annual review of corporate governance, voting and engagement activity undertaken by the Fund and its underlying managers.</p>	There is currently no explicit action included within the RI Policy to assess the outcomes of engagement activity. It is therefore proposed to add this to the existing action in respect of the Fund's annual review of corporate governance, voting and engagement activity.
Calls for disinvestment from certain sectors of the market	<p>The Fund understands that a number of members have strong views about investing in certain companies or sectors. However, we do not believe that excluding companies on non-financial grounds would be compatible with the Fund's fiduciary duty to act in the best long-term interests of fund members and employers.</p> <p>This policy does not preclude the Fund making a significant range of investments in progressive companies in the health care and green technology sectors as well as companies seeking to improve social inclusion and education.</p>	No change
<b>Climate Change Strategy</b>		

Theme	Response	Proposed Change
<p>Earlier achievement of net zero for the Fund's investment portfolio</p>	<p>The Fund's overarching commitment, for its whole investment portfolio to be net carbon neutral by 2050, is in line with the goals of the Paris Agreement on Climate Change. This reflects a collective goal to hold the increase in the climate's mean global surface temperature to well below 2°C above pre-industrial levels and to pursue efforts to limit the temperature increase to 1.5°C. This overarching aim also aligns with our pooling company, LGPS Central, who manage a number of the Fund's investment assets.</p> <p>The Fund does recognise, however, that 2050 is the latest date by which to achieve this target and will ensure the Fund's commitment reflects this.</p> <p>The Fund reviews progress on delivering against its climate change targets on an annual basis. The targets themselves will also be regularly reviewed and the Fund expects to update targets accordingly, for example to reflect changes in the portfolio and changes to climate science.</p>	<p>Minor change proposed to make clear that the Fund's target to achieve net zero is by 2050 at the latest. This will be reviewed annually, along with the new short-term, interim targets that the Fund has set.</p> <p>Should changes to climate science suggest that achieving net zero by 2050 will not limit the increase in the climate's mean global surface temperature to 1.5°C, the targets will be updated accordingly.</p>

# Responsible Investment Policy

March 2024

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[www.cheshirepensionfund.org](http://www.cheshirepensionfund.org)

## RESPONSIBLE INVESTMENT POLICY

### 1. Introduction

- 1.1 The Cheshire Pension Fund (“the Fund”) is the name of the Local Government Pension Scheme (LGPS) in Cheshire. Cheshire West and Chester Council (“the Council”) as the administering authority of the Fund, has a fiduciary duty to act in the best, long-term interests of the Fund’s scheme members and participating employers.
- 1.2 The Fund’s primary investment objective is to meet its fiduciary duty and to maximise returns subject to an acceptable level of risk whilst increasing certainty of cost for employers given the long-term nature of the scheme.
- 1.3 The Fund believes that in order to fulfil this duty, it must have a clear policy on how it invests in a responsible manner. Consideration of Environmental, Social and Governance (“ESG”) issues are fundamental to responsible investment, particularly where they are likely to impact on the primary investment objective.
- 1.4 This Responsible Investment (RI) policy sets out the Fund’s approach to embedding consideration of ESG issues in the investment process, utilising the various tools available to manage ESG risks and harness opportunities presented by ESG factors.

### 2. What is Responsible Investment?

- 2.1 The term ‘responsible investment’ refers to the integration of financially material ESG factors into investment processes. It has relevance both before and after the investment decision and is a core part of our fiduciary duty. It is distinct from ‘ethical investment’, which is an approach in which the moral persuasions of an organisation take primacy over its investment considerations. Such an approach is often typified by an exclusions policy whereby certain sectors or groups of companies are excluded at the initial stage of the investment analysis process.

### 3. What is our policy on Responsible Investment?

- 3.1 The Fund’s core principles guiding our approach to Responsible Investment are:
  - We will apply **long-term thinking** to deliver **long-term sustainable returns**.
  - We will seek **sustainable returns** from **well-governed assets**.
  - We will use an **evidence-based** long-term investment appraisal to inform **decision-making** in the implementation of Responsible Investment principles and consider the costs of Responsible Investment decisions consistent with our fiduciary duties.



3.2 The Fund will invest in sustainable assets to deliver long term financial returns to enable pension promises to be paid now and into the future. This approach places the full consideration of financially material ESG factors at the heart of the Fund’s investment decision making and monitoring process.

#### 4. What actions will the Fund take to meet these principles?

Core Principle	Actions
We will apply long- term thinking to deliver long-term sustainable returns	<ul style="list-style-type: none"> <li>- Investment objectives are clearly set out in the published Investment Strategy Statement.</li> <li>- Set longer-term performance objectives for investment managers.</li> <li>- Seek to ensure that long term interests are aligned with that of its investment managers on all issues, including on ESG considerations.</li> <li>- Policies relating to ESG will be considered as part of the Fund’s long term investment planning process following a thorough and robust investment appraisal.</li> </ul>
We will seek sustainable returns from well-governed assets	<ul style="list-style-type: none"> <li>- Apply a robust approach to stewardship, linked to the Fund’s approach that engagement can positively and effectively influence behaviours.</li> <li>- Engage with companies to improve ESG outcomes and add value to the Fund.</li> <li>- Comply with the UK Stewardship Code and work within the spirit of the United Nation backed Principles of Responsible Investment (“PRI”).</li> <li>- Hold investment managers to account to ensure compliance with this policy.</li> <li>- Collective engagement through membership of the Local Authority Pension Fund Forum (LAPFF), the LGPS Central pool and other opportunities that arise from time to time.</li> <li>- Exercise voting rights in all markets where practicable.</li> </ul>
We will use an evidence-based long-term investment appraisal to inform decision-making in the implementation of RI principles and consider the costs of RI decisions consistent with our fiduciary duties	<ul style="list-style-type: none"> <li>- Consider the potential financial impact of ESG related issues (such as climate change or executive remuneration) on an ongoing basis.</li> <li>- Consider the potential financial impact of investment opportunities that arise from ESG related factors (e.g. investment in renewable energies or housing infrastructure).</li> <li>- Monitor the carbon footprint of all publicly listed investment assets (and privately listed, as far as is possible) and actively manage any potential financial risks that this identifies through a Climate Change Stewardship Plan.</li> <li>- Consider investment opportunities that have positive impacts and recognise that the changing external environment presents new opportunities i.e. renewable energy, green technology and social impact investments.</li> </ul>



## 5. How will we monitor performance on Responsible Investment?

5.1 The Fund will be **transparent and accountable** in terms of its performance on Responsible Investment.

5.2 To achieve this the Fund will: -:

- publish the Investment Strategy Statement on the Fund's website in line with the scheme regulations
- explain decisions relating to the setting of the investment policy
- publish the Responsible Investment Policy on its website together with the Climate Change Strategy
- review the Responsible Investment Policy on an ongoing basis and formally consult on the policy at least every three years
- publish an annual report using the recommendations of the Taskforce on Climate-related Financial Disclosures (TCFD)
- extend reporting to cover biodiversity in line with the recommendations of the Taskforce on Nature-related Financial Disclosures (TNFD) in advance of regulatory requirements
- undertake an annual review of corporate governance, voting and engagement activity undertaken by the Fund and its underlying managers, including an evaluation of the outcomes and effectiveness of engagement activity
- report a quarterly summary of voting and engagement activity to the Investment Sub-Committee
- ensure that its decision makers are properly trained and kept abreast of ESG issues
- include ESG as standing item on the Investment Sub-Committee (or equivalent) agendas with a view to reporting on manager performance in relation to ESG investing, and noting any hot topics / issues arising
- undertake a fundamental review of any specific ESG issues that are considered by the Investment Sub-Committee to have a potentially material financial impact
- consider and respond to feedback from stakeholders in relation to issues of concern.

## 6. Responsible Investment and LGPS Central Ltd

6.1 The Fund has joined with seven other LGPS Funds (Derbyshire, Staffordshire, Shropshire, Leicestershire, Nottinghamshire, West Midlands and Worcestershire) to create the LGPS Central pool. This is one of eight pools across the LGPS.

6.2 The pool was set up to deliver the Government's requirement for all administering authorities in England and Wales to join together and pool the way they manage their investment assets to drive economies of scale and increase opportunities in asset classes which partner funds may not have the capacity to invest in individually.

6.3 In April 2018, the partner funds created a jointly owned company called LGPS Central Ltd, a Financial Conduct Authority accredited investment company, to manage their pooled investment assets, collectively valued at some £56bn.



6.4 To date the Cheshire Pension Fund has transitioned over £1.8billion of assets across to LGPS Central (approx. 30% of the Cheshire Fund's total assets) and this figure will increase as LGPS Central launch new investment products.

6.5 It is expected that the Fund's ability invest in a responsible way will be enhanced through LGPS Central due to the inherent benefits of scale, collectivism and innovation that will result from the project.

6.6 LGPS Central Ltd has developed a Responsible Investment & Engagement Framework (LGPSC Framework) incorporating the investment beliefs and responsible investment policies of the eight Pension Funds within the LGPS Central pool which will be applied to both internally and externally managed investment mandates. The LGPSC Framework contains the following beliefs:

- **Long-termism**

A long-term approach to investment will deliver better returns and the long-term nature of LGPS liabilities allows for a long-term investment horizon.

- **Responsible Investment**

Responsible Investment is supportive of risk adjusted returns over the long-term, across all asset classes. Responsible investment should be integrated into the investment process of the Company and its investment managers.

- **Diversification, risk management and stewardship**

Diversification across investments with low correlation improves the risk return profile. A strategy of engagement, rather than exclusion, is more compatible with fiduciary duty and more supportive of responsible investment, because the opportunity to influence companies through stewardship is waived in a divestment approach. Even well-diversified portfolios face systematic risk. Systematic risk can be mitigated over the long-term through widespread stewardship and industry participation.

- **Corporate governance and diversity**

Investee companies and asset managers with robust governance structures should be better positioned to handle the effects of shocks and stresses of future events. There is clear evidence showing that decision-making and performance are improved when company boards and investment teams are composed of diverse individuals.

- **Fees and remuneration**

The management fees of investment managers and the remuneration policies of investee companies are of significance for the Company's clients, particularly if in a low-return environment. Fees and remuneration should be aligned with the long-term interests of our clients, and value for money is more important than the simple minimisation of costs. Contributing to national initiatives that promote fee transparency such as the LGPS Code of Transparency is supportive of this belief.



- **Risk and opportunity**  
Risk premia exist for certain investments; taking advantage of these can help to improve returns. There is risk, but also opportunity, in holding companies that are on an improving trajectory in respect of financially material ESG issues. Opportunities can be captured so long as they are aligned to the Company's objectives and strategy, and so long as there is a sufficient evidence base upon which to make an investment decision.
- **Sustainable business practice:**  
We expect investee companies to consider relevant, material social and environmental risk factors in their long-term strategic business planning such as climate change related risks, including biodiversity loss, and human rights related risks. We believe these can have a significant effect on the value of a company's assets over time, and on its ability to generate long term returns for shareholders.

## 7. Responsible Investment Engagement Themes

7.1 Working in partnership with LGPS Central, the Fund has identified the following four key engagement themes for particular focus during the year:

- Climate Change
- Natural Capital
- Human Rights
- Sensitive/Topical Issues

7.2 LGPS Central Ltd has appointed a specialist engagement provider, Hermes EOS. Every quarter LGPS Central Ltd reports on their activities and progress in a Quarterly Stewardship report, which is publicly available at:

[Responsible Investment – LGPS Central](#)

7.3 In addition to the focus on the four themes outlined above, LGPS Central Ltd have a wealth of active engagement activity on numerous other themes including executive remuneration, board composition, diversity and workforce rights.

## 8. Engagement versus Exclusion

8.1 The Fund believes that its influence as a shareholder is most effective by engaging with companies, in order to influence behaviour and enhance shareholder value.

8.2 Consequently, the Fund will not seek to impose on investment managers a divestment approach that excludes certain types of investments, companies or sectors except where barred by UK law. If one of the Fund's existing investment managers seek to introduce an exclusions policy to apply to an investment product that the Fund is already invested in, then the Fund will consider the benefits/disbenefits of the policy change on a case-by-case basis.



- 8.3 The Fund actively engages with companies in which it is invested through LGPS Central Ltd, its investment managers and through membership of the Local Authority Pension Fund Forum (LAPFF).
- 8.4 Ultimately the Fund retains the right to disinvest from certain companies or sectors in the event that all other approaches are unsuccessful, and it is determined that the investment is no longer aligned with the interests of the Fund or that the issue poses a material financial risk.
- 8.5 Specifically, in respect of climate change, the Fund will not seek to impose on investment managers an approach to disinvest from companies or sectors on a mechanistic basis. For example, calls to disinvest from fossil fuel companies by default take insufficient account of the relatively high carbon footprint of many companies outside of the energy sector. In addition, there is strong evidence that some companies within this sector are transitioning effectively to a net zero carbon emissions position and/or are engaging positively with the requirements of the Paris Climate Change agreement. The Fund therefore believes that it is not sensible to disinvest from such companies when pursuing a holistic and evidence-based approach to managing and monitoring climate change risk.

## **9. Exercise of Voting Rights**

- 9.1 The Fund exercises its ownership rights by actively voting stock it holds.
- 9.2 The Fund delegates responsibility for voting to LGPS Central Ltd or the Fund's directly appointed investment managers, who are required to vote wherever the Fund has a voting interest.
- 9.3 For Fund assets managed by LGPS Central Ltd, wherever practicable, votes must be cast in accordance with LGPS Central's Voting Principles (available on LGPS Central's website) at:

[LGPSC-2023-Voting-Principles.pdf \(lgpscentral.co.uk\)](https://www.lgpscentral.co.uk/LGPSC-2023-Voting-Principles.pdf)

- 9.4 For Fund assets managed by appointed external investment managers, votes must be cast in line with industry best practice as set out in the Combined Code of Corporate Governance with a clear focus on enhancing long term shareholder value.
- 9.5 Investment managers' quarterly performance reports are required to include a specific briefing on corporate governance, detailing all votes cast on the Fund's behalf. The Investment Sub-Committee receives these reports on a quarterly basis and any exceptions or examples of non-compliance are addressed directly with the Fund's managers.

## **10. UK Stewardship Code**

- 10.1 The UK Stewardship Code (the Code) is a voluntary code for asset managers (investment managers), asset owners, and service providers (such as proxy advisers, investment consultants, and data providers). Its stated aim is to encourage active and engaged monitoring of corporate governance in the interests of beneficiaries.



10.2 The Code comprises a set of 12 'apply and explain' Principles for asset managers and asset owners. To become a signatory to the Code, organisations must submit a Stewardship Report to the Financial Reporting Council (FRC) demonstrating how they have applied the Code's Principles in the previous 12 months.

10.3 The Fund is committed to becoming a signatory to the Code and will submit a Stewardship Report for assessment by the FRC in line with the required deadlines.

## 11. Climate Change

11.1 The Fund recognises that financial markets will be impacted by climate change and by the response of climate change policy makers. Risks and opportunities related to climate change are likely to be experienced across the whole of the Fund's portfolio.

11.2 Reflecting the potential material effect of climate change, and the impact on the assets and liabilities of the Fund, a separate Climate Strategy has been developed. In the document the Fund commits itself to:

- i) Support the Paris Climate Agreement, which seeks to limit increases in global temperatures below 2 degrees centigrade. By extension, the Fund expects all investee companies to align their business activities with the Paris Agreement.
- ii) The belief that climate change is a long-term material risk and therefore it is correct that the Fund consider it as an integral part of its statutory fiduciary duties.
- iii) The belief that climate change may impact the Fund through asset pricing, life expectancy, employer covenants, long term inflation and interest rates.
- iv) The belief that the transition to a low carbon world economy presents both risk and opportunities and therefore, the Fund will consider climate change as a part of all asset allocation, manager selection and individual investment decisions.
- v) Decarbonise its investment portfolio to deliver net zero emissions by 2050 at the latest.
- vi) Support the long-term aim of net zero by 2050 or sooner by setting specific short-term interim targets to lower the carbon footprint of its equity portfolio year on year compared to the general market.
- vii) Increase the level of sustainable investments to support the net zero transition, where attractive financial return targets are available.

11.3 Further details of the Fund's approach to climate change are included in the Fund's Climate Change Strategy document which is available at:

[Link to updated Climate Change Strategy](#)



## 12. Net Zero

12.1 In line with the goals of the Paris Agreement, the Fund has an overarching commitment to decarbonise its investment portfolio to deliver net zero emissions by 2050 at the latest. In order set a clear pathway towards net zero, the following short term interim targets have been set, which align with guidance from net zero initiatives including the Institutional Investors Group on Climate Change (IIGCC) and the Net Zero Asset Owner Alliance (NZAOA).

Target
42% reduction in the carbon footprint of the Fund's equity portfolio (scope 1 and 2 emissions) by 2025 increasing to 50% by 2030.
Engagement target of at least 90% of financed emissions in material sectors assessed as net zero, aligned, aligning, or the subject of direct or collective engagement and stewardship actions, by 2030.
50% of assets under management in material sectors that are achieving net zero, 'aligned' or 'aligning' to net zero by 2030.
25% of total Fund assets invested in low carbon and sustainable assets by 2026.

12.2 The Fund believes that the above targets can be delivered without jeopardising its fiduciary duty to act in the best long-term financial interests of members and employers.



## Glossary

**Decarbonisation:** reduction in carbon emissions.

**Engagement:** dialogue with a company concerning particular aspects of its strategy, governance, policies, practices, and so on. Engagement includes escalation activity where concerns are not addressed within a reasonable time frame.

**Financed Emissions:** the absolute amount of greenhouse gas emissions associated with a particular holding or portfolio. This is calculated by assuming the investor is responsible for their share of the company's total emissions. For example, if an investor owns 10% of a company which emits 1000 tonnes of CO<sub>2</sub>, the investor's financed emissions will be 100 tonnes.

**Paris Agreement on Climate Change:** The Paris Agreement is a legally binding international treaty on climate change, adopted in December 2015. Its goal is to limit global warming to well below 2°C, preferably to 1.5°C, compared to pre-industrial levels.

**Portfolio Carbon Footprint/ Carbon Footprint:** A proxy for a portfolio's exposure to potential climate-related risks (especially the cost of carbon), often compared to a performance benchmark. It is calculated by working out the carbon intensity (Scope 1+2 Emissions / \$M sales) for each portfolio company and calculating the weighted average by portfolio weight.

**Scope 1 Greenhouse Gas Emissions:** Direct emissions from owner or sources controlled by the owner, including: on-campus combustion of fossil fuels; and mobile combustion of fossil fuels by institution-controlled vehicles.

**Scope 2 Greenhouse Gas Emissions:** Indirect emissions from the generation of purchased energy

**Stewardship:** the promotion of the long-term success of companies in such a way that the ultimate providers of capital also prosper, using techniques including engagement and voting.

**Taskforce on Climate-related Financial Disclosures (TCFD):** the Task Force on Climate-related Financial Disclosures has developed consistent climate-related financial risk disclosures for use by companies in providing information to investors, lenders, insurers and other stakeholders.

**Taskforce on Nature-related Financial Disclosures (TNFD):** The Taskforce on Nature-related Financial Disclosures (TNFD) has developed a set of disclosure recommendations and guidance that encourage and enable business and finance to assess, report and act on their nature-related dependencies, impacts, risks and opportunities.

**United Nations Principles for Responsible Investment:** six principles for Responsible Investment that are a voluntary and aspirational set of investment principles that offer a range of possible actions for incorporating ESG issues into investment practice.

**Voting:** the act of casting the votes bestowed upon an investor, usually in virtue of the investor's ownership of ordinary shares in publicly listed companies.



## **Climate Change Strategy**

### **Introduction**

This Climate Change Strategy sets out the Cheshire Pension Fund's approach to managing the risks and opportunities to its investment portfolio from climate change.

The publication of a separate Climate Change Strategy reflects the Fund's view that there is a significant material risk from climate change to the value of the Fund's investment assets and this risk needs to be actively monitored and managed.

### **Climate Change Risk**

Climate action failure is the stand-out, long-term risk the world currently faces, according to the Intergovernmental Panel on Climate Change's (IPCC) Sixth Assessment Report. In order to mitigate the worst economic impacts of climate change, there must therefore be a large, swift, and globally co-ordinated policy response. The majority of climate scientists anticipate that given the current level of climate action, by 2100 the world will be between 2°C and 4°C warmer, with significant regional variations. This is substantially higher than the Paris Climate Change Agreement (Paris Agreement), which reflects a collective goal to hold the increase in the climate's mean global surface temperature to well below 2°C above pre-industrial levels and to pursue efforts to limit the temperature increase to 1.5°C.

As a long-term asset owner, the Fund would like to see stable, well-functioning and sustainable markets which will foster long-term value creation and sustainable returns. Climate change cuts across industries, markets and economies and is a risk that cannot be fully diversified. How companies manage climate-related transition and physical risks and opportunities is highly likely to affect long-term profits and company returns. The Fund will endeavour to take a holistic approach to managing climate change risk and to act in a manner that will enable the broader transition towards a low-carbon economy through a combination of portfolio construction, engagement and policy advocacy.

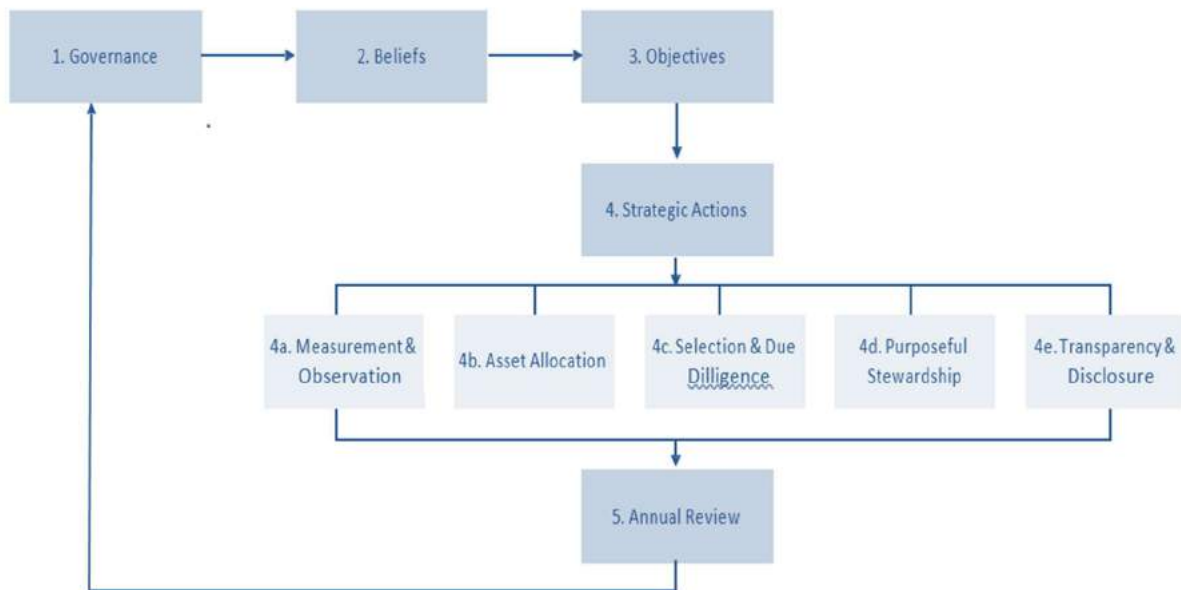
### **Governance of Climate Change Risk**

The Pension Fund Committee is responsible for endorsing the Fund's policies and procedures including the Fund's *Climate Change Strategy*. Responsibility for the implementation of the Strategy is held by the Head of the Cheshire Pension Fund and the Finance and Investments Manager. The Pension Fund Committee will review the strategy on a bi-annual basis and agenda time will be scheduled twice a year for discussion of progress on the strategy.

The Fund is committed to providing decision-makers with appropriate training, including specialised training on climate change. The Investment Sub-Committee includes responsible investment (including climate change) as a standing item on the Investment Sub-Committee agendas, and investment managers' quarterly performance reports are required to include a specific briefing on responsible investment (including climate change as relevant).

As a primarily externally managed Fund, the implementation of much of the management of climate-related risk is delegated onwards to portfolio managers, with oversight from Fund officers. Where appropriate, the Fund’s asset pooling company, LGPS Central Ltd, assists in assessing and managing climate-related risks.

**Figure 1: Depiction of the Climate Change Strategy**



The Fund believes that:

- i) Climate change is a financially material risk for the Fund. It has the potential to impact our beneficiaries, employers and all our holdings across asset classes. Due consideration of climate risk falls within the scope of the Fund’s fiduciary duty.
- ii) There is overwhelming evidence that climate change is impacting the environment. This will have long-term consequences for our financial system. The Fund holds that the economic damages of climate change will outweigh the costs of precautionary mitigation.
- iii) As a result of human activities, the world is warming at an unsustainable rate. Already the world is approximately 1.1°C warmer than pre-industrial levels. Unabated, such change would be devastating for our way of life.
- iv) Climate change has the potential to impact the funding level of the Fund through impacts on employer covenant, asset pricing, and longer-term inflation, interest rates and life expectancy.
- v) The Fund strongly supports the Paris Agreement on climate change.
- vi) The Fund believes that a transition to a low-carbon economy is essential. This requires greenhouse gas emissions to decline to

- net-zero well before the end of this century. This will happen not only by focusing on the suppliers of energy, but also the demand for energy must undergo a major transformation.
- vii) The Fund believes all companies should align their business activities with the Paris Agreement. It is possible for a high-emitting company to undergo this transformation and thrive in the transition to a low-carbon future.
  - viii) Investors have an important role to play in the transition to a low-carbon economy. The Fund believes the global economy will be less likely to realise a Paris-aligned energy transition if investors cease to influence company behaviours.
  - ix) A global co-ordinated response is needed to limit the rise in temperatures. No individual investor is influential enough to act alone. Governments, policymakers, consumers, companies and investors all have a role to play. Acting in collaboration will increase the likelihood of an orderly transition to a low-carbon economy.
  - x) Climate-aware decisions can only be made with accurate, relevant, complete, and comparable data.

## **Objectives**

### **Identify, understand and assess risks and opportunities**

The Fund aims to utilise the best available information and tools to identify, understand and assess climate change risks and opportunities across regions and sectors that are material to our Fund. This includes both relevant climate-related transition and physical risks and opportunities likely to impact on the Fund's Investment Strategy and Funding Strategy.

### **Integration**

The Fund intends to ensure that its investment portfolio, Funding Strategy and Employer Covenant Framework are resilient to climate change impacts.

To achieve climate change resilience, the Fund will ensure that material short, medium and long-term climate change considerations play an integral part in the stewardship of our investment portfolio. This includes climate change integration in the selection and due diligence, and continuous monitoring of assets.

The Fund will seek to influence investee companies and fund managers through routine engagement and voting on climate change issues.

## **Climate solutions and decarbonisation**

The Fund aims to promote the transition to a low carbon economy through identifying and investing in sustainable and low carbon products across all asset classes. The Fund will also aim to benefit from the opportunities posed by the transition to a low carbon economy. To further support the low carbon transition, the Fund will continue to steadily decarbonise our listed equities portfolios.

## **Policy advocacy and transparency**

The Fund will work alongside like-minded organisations to support the ambitions of the Paris Agreement. This includes advocating for Paris-aligned regulations and policies with governments, policy makers, the investment industry and other stakeholders.

The Fund will aim to be fully transparent with our stakeholders through regular public disclosure, aligned with best practice.

## **Strategic Actions**

### **Measurement & Observation**

The Fund recognises that methodologies for assessing investment related climate change risk are evolving rapidly and we will seek to use the best information available. The Fund will make regular measurements and observations on the climate-related risks and opportunities relating to investment performance. This will include:

- Identification of the most material climate-related risks and opportunities relevant to the Fund;
- Economic assessment of the Fund's asset allocation against plausible climate-related scenarios;
- A carbon risk metrics assessment of the Fund's listed equities and fixed income assets. This includes the following metrics;
  - Absolute financed emissions
  - Financed emissions normalised by £m invested
  - Exposure to fossil fuel
  - Exposure to thermal coal reserves
  - Exposure to coal power
  - Exposure to clean technology
- The Fund aims to expand this type of analysis to other asset classes once reliable climate-related data becomes available.
- Regular assessment of progress against the Fund's climate change targets.

Recognising the deficiency of relevant, consistent and comparable climate-related financial data, the Fund will encourage disclosure and the adoption of the recommendations of the Taskforce on Climate-related Financial Disclosures (TCFD) across our investment chain, including external managers and investee companies.

### Asset Allocation and Targets

Where permitted by a credible evidence base, the Fund will integrate climate change factors into reviews of our asset allocation, subject to the requirements of the Investment Strategy statement (ISS) and Funding Strategy Statement (FSS). In light of this, the Fund will actively consider allocations to asset classes that improve our ability meet our investment objectives.

In line with the goals of the Paris Agreement, the Fund has an overarching commitment to decarbonise its investment portfolio with the aim of being carbon neutral by 2050 at the latest. It believes that the setting of meaningful and measurable targets can be a meaningful aid to set, measure and demonstrate a clear pathway towards net zero. The Fund has therefore set short term interim targets, aligning with guidance from net zero initiatives including the Institutional Investors Group on Climate Change (IIGCC) and the Net Zero Asset Owner Alliance (NZAOA). The Fund’s climate change targets are set out below:

Target
42% reduction in the carbon footprint of the Fund’s equity portfolio (scope 1 and 2 emissions <sup>1</sup> ) by 2025 increasing to 50% by 2030.
Engagement target of at least 90% of financed emissions in material sectors assessed as net zero, aligned, aligning, or the subject of direct or collective engagement and stewardship actions, by 2030.
50% of assets under management in material sectors that are achieving net zero, ‘aligned’ or ‘aligning’ to net zero by 2030.
25% of total Fund assets invested in low carbon and sustainable assets by 2026.

The Fund commits to review progress on delivering against these targets on an annual basis. The targets themselves will be regularly reviewed and the Fund expects to amend the targets as both the scope and quality of investment asset carbon data improves.

### Selection, Due Diligence and Monitoring

When considering all new investment decisions, the Fund will assess the material climate-related risks and opportunities and the investment manager’s approach to managing climate-related risks. Wherever possible, the Fund will fully assess the impact of all new investment decisions on the carbon footprint of the investment portfolio.

Appointed investment managers will be regularly monitored to ensure climate-related risk is fully integrated into the managers investment process. The Fund will also regularly monitor and review the managers climate-related engagement and voting activity.

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<sup>1</sup> Scope 1 Greenhouse Gas Emissions: Direct emissions from owner or sources controlled by the owner, including: on-campus combustion of fossil fuels; and mobile combustion of fossil fuels by institution-controlled vehicles.  
 Scope 2 Greenhouse Gas Emissions: Indirect emissions from the generation of purchased energy

## **Purposeful Stewardship**

The Fund will develop an Annual Climate Stewardship Plan, which will set clear goals of engagement, particularly on Paris Alignment, with companies, fund managers, policymakers and other organisations of influence. It is clear that the transition to a low carbon economy will depend on policy intervention, changes in corporate behaviour and changes in technology. It is therefore critical that the Fund engages in these discussions to help shape the policy and business landscape. The Fund's engagement efforts are carried out through its asset pooling company LGPS Central Ltd and through other external investment managers.

The Fund will use stewardship techniques to manage the risks and opportunities within our investment portfolio, focusing on the risks and opportunities of greatest magnitude. Engagement will be prioritised using the following criteria: perceived level of climate risk, considering carbon risk metrics; weight of the company in the portfolio; likelihood of achieving change; and ability to leverage investor partnerships. Climate related investment risk is not restricted to just companies in the energy sector; the Fund will therefore engage across all relevant sectors and on both the energy supply and demand side, including but not limited to fossil fuels, diversified energy, mining, cement, aviation and utilities.

The Fund will collaborate with like-minded investors where possible and be an active participant in selected collaborative initiatives that support the Fund's stewardship aims, such as the Transition Pathway Initiative (TPI) and Climate Action 100+ (CA100+) engagement initiative. The objectives of this engagement activity with companies will be largely aligned with a Benchmark Framework launched by CA 100+ in September 2020. In line with this Framework, the Fund will ask companies to:

- i) Work toward providing disclosures consistent with the Framework enabling investors to assess a company's potential for long-term value creation;
- ii) Set an ambition to achieve net zero emissions by 2050 or sooner across all material GHG emissions, and establish short, medium, and long-term targets to support that ambition;
- iii) Work with investors on action plans to develop and implement net zero transition pathways toward achieving net zero emissions for specific sectors or value chains.

The Fund will make full use of its voting rights and will co-file or support climate-related shareholder resolutions where these align with the Fund's Climate Change Strategy.

## **Transparency & Disclosure**

The Fund will continue to publish a TCFD report on an annual basis, which will include our carbon risk metrics.

The Fund will disclose the stewardship reports of the Fund's key investment managers on a quarterly basis and report on progress against the Fund's Climate Stewardship Plan every year.



## Glossary

**Engagement:** dialogue with a company concerning particular aspects of its strategy, governance, policies, practices, and so on. Engagement includes escalation activity where concerns are not addressed within a reasonable time frame.

**Financed Emissions:** the absolute amount of greenhouse gas emissions associated with a particular holding or portfolio. This is calculated by assuming the investor is responsible for their share of the company's total emissions. For example, if an investor owns 10% of a company which emits 1000 tonnes of CO<sub>2</sub>, the investor's financed emissions will be 100 tonnes.

**(Normalised) Financed Emissions:** the portfolio's financed emissions divided by £1m invested. This intensity figure allows investors to track changes in financed emissions over time, irrespective of changes in the value of assets under management (AUM).

**Paris Agreement on Climate Change:** The Paris Agreement is a legally binding international treaty on climate change, adopted in December 2015. Its goal is to limit global warming to well below 2°C, preferably to 1.5°C, compared to pre-industrial levels.

**Paris Alignment:** This shows the proportion of financed emissions within the portfolio that are aligned to the Fund's 'alignment' metric. In order to classify as aligned, the company must meet several threshold criteria across a variety of climate metrics.

**Physical risk/ climate physical risk:** the financial risks and opportunities associated with the anticipated increase in frequency and severity of extreme weather events and other phenomena, including storms, flooding, sea level rise and changing seasonal extremities.

**Portfolio Carbon Footprint/ Carbon Footprint:** A proxy for a portfolio's exposure to potential climate-related risks (especially the cost of carbon), often compared to a performance benchmark. It is calculated by working out the carbon intensity (Scope 1+2 emissions / \$M sales) for each portfolio company and calculating the weighted average by portfolio weight.

**Scope 1 Greenhouse Gas Emissions:** Direct emissions from owner or sources controlled by the owner, including: on-campus combustion of fossil fuels; and mobile combustion of fossil fuels by institution-controlled vehicles.

**Scope 2 Greenhouse Gas Emissions:** Indirect emissions from the generation of purchased energy

**Stewardship:** the promotion of the long-term success of companies in such a way that the ultimate providers of capital also prosper, using techniques including engagement and voting.

**Taskforce on Climate-related Financial Disclosures (TCFD):** the Task Force on Climate-related Financial Disclosures has developed consistent climate-related financial risk disclosures for use by companies in providing information to investors, lenders, insurers and other stakeholders.



**Transition risk/ climate transition risk:** the financial risks and opportunities associated with the anticipated transition to a lower carbon economy. This can include technological progress, shifts in subsidies and taxes, and changes to consumer preferences or market sentiment.

**Voting:** the act of casting the votes bestowed upon an investor, usually in virtue of the investor's ownership of ordinary shares in publicly listed companies.



## **RISK REGISTER**

### **Introduction**

1. The Board undertake regular reviews of their risk register to ensure that all risks associated with the Board are captured and mitigating actions are considered and implemented.
2. The Board also undertake a detailed review of the Pension Fund Risk Register.

### **Recommendation**

3. The Board are requested to:
  - a) Undertake a review of the Local Pension Board's Risk Register and identify any required amendments.
  - b) Undertake a review of the Pension Fund's Risk Register which was updated in July 2024.

### **Risk Register**

4. The risk register for the Board is attached in Appendix A. The register outlines the risks, mitigating actions for those risks, and the planned actions identified to further mitigate some of the risks.
5. The Board last reviewed the register in August 2023 and are requested to undertake a further review to identify any required amendments.

### **Pension Fund Risk Register**

6. As well as undertaking a regular review of their risk register the Board also review the Pension Fund's risk register as well.
7. The Pension Fund risk register, which was last reviewed by the Pension Fund Committee in July 2024, is attached in Appendix B. Board members are invited to review the detail of the register and feedback any comments to the Committee.

Risk Register Completed:

Objective / Priority	Risk No	Risk / Opportunity	Gross (without any)			Current Mitigating Controls (in place and effective mitigation of risk)	Current / Net (as)			Risk Owner	Planned Risk Actions	Timescale	Target / Aspiration			Status of Risk (←, ↑, ↓, ☀)	Next Review Date
			Likelihood	Impact	Total Risk Score		Likelihood	Impact	Total Risk Score				Likelihood	Impact	Total Risk Score		
Securing compliance with the LGPS regulations and any other legislation relating to the governance and administration of the LGPS	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	4	8	<ul style="list-style-type: none"> <li>The Fund has a conflict of Interest Policy</li> <li>The Conflict of Interest policy is reviewed on an annual basis</li> <li>All Board members sign a declaration upon appointment to confirm there are no conflicts which would prevent them from undertaking the role</li> <li>Annual declarations of interest are completed by Board members and are published on the Fund's website</li> <li>Declarations of Interest are requested at the start of each Board meeting</li> <li>Information supplied to the Board is anonymised to allow them to make recommendations free from any unconscious bias</li> </ul>	1	4	4				1	4	4		
	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	4	12	<ul style="list-style-type: none"> <li>All Board members receive an induction upon joining the Board and are required to read all statutory Fund documents within a short timeframe of being appointed</li> <li>Board members attend training events delivered by Pensions Experts such as the LGA, PLSA and CIPFA</li> <li>All Board members have access to accurately maintained core documents and policies</li> <li>Board members attend quarterly joint training sessions with the Pension Fund Committee in accordance with the Fund's Training Policy</li> <li>Each member has agreed to adopt the knowledge and understanding policy framework</li> <li>The Chair of the Board has a role to ensure that the terms of reference are adhered to by all Board members</li> <li>Board members regularly network with Board members from other Funds</li> </ul>	2	4	8		<ul style="list-style-type: none"> <li>The knowledge and skills of the Board will be regularly reviewed and any training requirements will be addressed</li> <li>Board members will take every opportunity to attend external events and training sessions</li> <li>Board members will complete the modules of the Hymans Robertson LGPS Online Learning Academy (LOLA) training tool.</li> </ul>		2	4	8		
	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	3	4	12	<ul style="list-style-type: none"> <li>5 Board members are appointed for a term of 3 years, with the option to extend</li> <li>where a member leaves during that term a recruitment process is undertaken by the Fund to replace them</li> <li>Every 3 years the Fund will seek expressions of interest for suitably qualified and experienced members to join the Board and/or extend the tenure of existing members</li> <li>Terms of office have been staggered to avoid a cliff edge scenario of all members leaving on the same date.</li> </ul>	2	4	8		<ul style="list-style-type: none"> <li>The Board will consider whether they can introduce any steps to assist with succession planning</li> <li>The Board also has the option of co-opting additional members to provide support on either specific issues, or general matters.</li> </ul>		2	4	8		
	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	2	4	8	<ul style="list-style-type: none"> <li>The Pension Fund's Governance Policy clearly outlines the role of the Board and the Pension Fund Committee</li> <li>Board members review the Pension Fund Committee papers and minutes and attend joint training sessions so have a detailed understanding of the decisions the Committee are asked to make</li> <li>The Board's Terms of reference provides the framework for how the Board should perform their duties</li> <li>The Board receive a comprehensive set of standard performance reports on a regular basis which allow them to monitor the performance of the Fund</li> <li>The Chair of the Board also holds regular liaison meetings with the Chair of the Committee and Board minutes are a standing item on the Committee agenda allowing any recommendations by the Board to be escalated</li> <li>The Board continually review systems and processes and implement regular changes to improve efficiency</li> <li>The Board constantly review their systems and processes and make incremental changes throughout the year or at annual reviews</li> <li>The Board adhere to national guidance from The Pensions Regulator and the Scheme Advisory Board and ensure that they are monitoring performance against high risk areas.</li> </ul>	1	4	4		<ul style="list-style-type: none"> <li>Board members will monitor progress of the fund in implementing their own cyber risk policy</li> </ul>		1	4	4		
	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	2	4	8	<ul style="list-style-type: none"> <li>A key officer is appointed to provide support to the Board</li> <li>Additional officer support is available from within the Fund</li> <li>Officers attend network groups in order to share ideas to help facilitate the Board</li> <li>The Board has its own budget and so can appoint external advisers if required</li> <li>Board meetings are typically held online with one physical meeting each year</li> </ul>	1	4	4				1	4	4		
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.	4	2	8	<ul style="list-style-type: none"> <li>LGPS Central - Local Pension Board Chairs meetings take place twice a year - where common issues are discussed and maintaining links with the Scheme Advisory Board</li> <li>Regular attendance by Board members at national conferences and seminars</li> <li>Undertaking additional training such as the TPR Trustee Toolkit and LOLA</li> <li>Officers provide regular briefings on regulatory changes and consultations</li> </ul>	1	2	2				1	2	2			

Title	Theme	Risk description	Leading to	Impact	Current mitigating actions	Current likelihood	Current impact	Current risk score	Planned risk actions	Planned risk actions target date	Target likelihood	Target impact	Target risk score
Data Quality	Admin & Comms	Failure to achieve the quality of data required by the Fund, clear backlogs of casework, and collect accurate and timely data from employers	Inability to meet key regulatory changes, poor customer service, errors in calculation / inability to calculate benefits, delays in processing casework, failure to meet statutory disclosures, adverse impact on employer contributions, negative impact on ab	Service delivery failures, avoidable complaints from members, increased audit costs, regulatory breaches and penalties, regulatory intervention from The Pension Regulator	Full rollout of monthly interfacing to streamline and standardise data collection from employers and to ensure timely receipt of data Dedicated project workstreams within a formal programme management structure, on data quality and backlogs	4	4	16	Introduction of a Data Improvement Plan which uses exception reporting to target areas for improvement on existing data issues. Completion of the move to a TPR common and scheme specific measuring report which is embedded within our administration system, allowing us to identify and rectify all data anomalies in accordance with SAB requirements. Preparation for the Pensions Dashboard will further improve the quality of data held by the Fund and allow members to view their own record online (onboarding is expected in October 2025). Introduce a suite of monitoring reports to assess compliance with employers submissions of MI reports. Support to the Transactional Services stabilisation plan to improve data quality for CW&C / CE. Preparation for the 2025 triennial valuation will involve a data cleansing exercise in conjunction with the Fund Actuary over summer 2024.	31/03/25	3	4	12
LGPS Central	Investment	Failure to effectively manage the client and shareholder relationship with LGPS Central	Suboptimal transition of Fund assets, below target investment performance, failure to achieve planned savings and benefits set out in pooling business case, failure to define and agree a shared vision for pooling, negative impact on relationship with pool	Suboptimal investment returns putting increased pressure on other investments, increased scrutiny from central Government, increased resources having to be committed by the Fund to justify pooling approach to central Government and to manage relationships	Partner fund shareholder monitoring of company through Shareholders Forum Partner fund client side monitoring of delivery and performance through the Joint Committee and Practitioners' Advisory Forum Business Case for all asset transfers considered and endorsed by Pension Fund Committee CPF input alongside partner funds into design of pooled investment products via Investment Working Group Partner Fund regular scrutiny of investment performance of existing LGPSC products.	4	3	12	Continue with fundamental 3 year review of all existing LGPS Central Ltd investment products. Proposed changes to manager review process by LGPS Central. Shareholder engagement with newly appointed Non Executive Directors (NEDs) and newly appointed Chief Executive Officer to clarify expectations regarding expectations of the company both now and in the medium term. Review composition of Board and shareholder representation. Early engagement in process for appointing new Chair. Detailed model for cost / savings tracking - to be refreshed during 24/25.	31/03/24	3	3	9
Key person risk	Governance	Key person risk at Officer, Committee and Local Pension Board	Insufficient skills and knowledge	Ineffective governance and management / administration of the Fund should key person(s) depart	Training and induction plans in place for existing and new Committee and Board members in line with CIPFA guidance Officer training programmes in line with CIPFA guidance. Staff training needs identified and addressed through the training and development plans linked to the appraisal process. Collective and shared knowledge embedded through team meetings, internal staff bulletins, written procedure notes and internal training etc. Career grade posts are included within the structure to retain staff and develop their skills.	3	4	12	Develop and implement a workforce plan - contingent on CW&C HR launching a corporate approach. Review and update the training policy in line with the SAB Good Governance outcomes - consultation expected during 24/25.	31/03/25	3	3	9

Title	Theme	Risk description	Leading to	Impact	Current mitigating actions	Current likelihood	Current impact	Current risk score	Planned risk actions	Planned risk actions target date	Target likelihood	Target impact	Target risk score
Cyber Risk	Governance	Failure to protect the Fund's technology devices, services and networks, and the information held on them, from theft or damage via electronic means	Failure to prevent cyber attack and/or poorly planned response to cyber attack	Financial or non-financial loss, service disruption, potential fines, and reputational damage.	Undertake, with external support, a cyber risk and vulnerability review, using industry best practice, to assess current protections and to identify what additional steps the Fund needs to take to protect itself adequately from cyber attack, to ensure it has response plans in place should an attack occur, and to ensure appropriate ongoing governance around this risk. Cyber Risk Strategy has been adopted as a result of this exercise.	4	3	12	Action plan arising from risk and vulnerability review incorporated into 24/25 pensions programme. Key priority areas are i) develop and adopt a Fund-specific cyber incident response plan, and ii) complete a data and asset mapping exercise to inform the need for future third party cyber risk reviews.	31/03/25	4	2	8
Fund cashflow	Investment	Changing composition of employers impacts on risk profile and cashflow projections	Concentration of investment risk on smaller number of continuing employers, and greater reliance on investment income to meet cashflow requirements	Potential failure of investment strategy to generate necessary cashflow to support ongoing pension payments	Quarterly monitoring and reporting of Fund's cashflow position. Cashflow modelling, including sensitivity analysis, to evaluate potential impact of e.g. changes to inflationary assumptions, contribution rates. Regular review of investment strategy.	3	3	9	An actuarial review is being commissioned to review the evolving employer profile and to articulate the risks and impacts on the Fund's investment strategy. Conversion of assets to income distributing rather than accumulating if required/where appropriate.	31/03/25	2	3	6
Pensions programme	Overarching	Failure to meet the objectives of the pensions programme due to: insufficient capacity of staff, competing priorities, external imposition of deadlines and targets	Failure to achieve planned programme outcomes and resulting improvements in productivity, outcomes and governance	Reduced overall ability to deliver on Fund vision and outcomes	Programme resource requirements continually evaluated and supplemented as required with additional resources within wider team when required	3	3	9	Ongoing progress with the pensions programme on achieving the objectives will lead to increased capacity for staff once key milestones achieved (backlogs reduced / cleared, staff multi skilled, employers submitting data via MI and data quality improved, delivering support to members in new ways e.g. online videos) System developments will lead to reduced manual work required for some processes and will free up capacity for the team Shift to "digital first"; e.g. on line Annual Benefit Statements to reduce resource intensive manual processes to release staff time for business improvement and value add work - with electronic ABS being launched during 24/25	31/03/25	2	3	6

Title	Theme	Risk description	Leading to	Impact	Current mitigating actions	Current likelihood	Current impact	Current risk score	Planned risk actions	Planned risk actions target date	Target likelihood	Target impact	Target risk score
Employer exits	Admin & Comms	Not having a robust and transparent process for dealing with employers exiting the Fund.	Employers may formally challenge an exit credit determination through legal avenues which could ultimately end up in court.	Significant resource (internal and external) to respond to challenge. Could lead to legal claim. Reputational risk.	Internal governance decision making - goes through Head of Fund and s151 Officer. Consistent approach applied each time. Standard actuarial methodology agreed with Hymans. Funding Strategy Statement (FSS) recently revised (after employer consultation) to be more transparent about exiting employer process. Employers issued with cessation report and determination decision (and rationale)	3	3	9	Keep FSS under constant review and further refine if required (after consultation) to reflect new experiences. Potentially get Internal Audit to review the process when an employer exits the Fund	31/03/25	2	3	6
Member engagement	Admin & Comms	The move to online communication with members, including online provision of Annual Benefit Statements, may result in loss of contact with members	Disengagement with members, deterioration of data quality, inability to maintain timely communication	Service delivery failures, decreased customer satisfaction, increased administration and communication costs	Paper write out to all active members planned again in August 2024 to encourage take up. Regular refresher campaigns in communication plan to relaunch. Active support for employers with marketing materials to distribute to their staff	3	3	9	Additional voluntary rounds of written communication to members prior to move to online Annual Benefit Statement to reduce risk of disengagement and to ensure those members who prefer written communications are able to lodge this request	31/03/25	2	3	6
Communication and Engagement Strategy	Admin & Comms	Failure to resource or deliver revised communication and employer engagement strategy	Poor member and employer decision making and poor customer service	Not meeting expectations of the Pensions Administration Strategy, failure to meet statutory requirements, and possible reporting of breaches to the Pension Regulator	Communications Strategy and employer engagement strategy in place Annual Communications and employer engagement plan and calendar published - delivery against plan measured and reported to Committee, Local Pensions Board and Pensions Employer Forum. Pensions Employer Forum acts as sounding board and engagement with employers Member / employer customer satisfaction and monitoring with defined key performance indicators introduced as part of business plan	2	3	6	Rollout of My Cheshire Pension (MCP) portal as default mechanism to communicate with registered members - underway with Active members and planned for 24/25 for Deferred members Relaunch of Cheshire Pension Fund website - due Sept 2024 Implement Employer Hub and transition to this as default communication channel for employers - will commence during 24/25 Employer monitoring dashboard being introduced via new Employer Hub facility	31/03/25	2	3	6

Title	Theme	Risk description	Leading to	Impact	Current mitigating actions	Current likelihood	Current impact	Current risk score	Planned risk actions	Planned risk actions target date	Target likelihood	Target impact	Target risk score
Knowledge and Skills	Governance	Failure to instil appropriate knowledge and skills at Officer, Committee and Board	Reduced capacity / quality of decision making at Committee, Board and Fund officer level	Reduced quality of governance and management / administration of the Fund and suboptimal outcomes for members	Training and induction plans in place for new staff, Committee and Board members in line with CIPFA guidance, supported by annual self-assessment of knowledge and skills Split cycle of tenure and re-nomination for Pension Board members with not all members being on the same cycle - Board and Committee membership reviewed and refreshed in line with election cycle and agreed tenures Online learning facility for all members in line with CIPFA Knowledge & Skills Framework	2	3	6	Scope of s151 training requirements and delivery to be reviewed as part of implementation of SAB Good Governance outcomes - expected during 24/25	31/03/25	2	3	6
Compliance with statutory / regulatory requirements	Governance	Failure to comply with current and emerging statutory and regulatory requirements	Potential non-compliance with statutory / regulatory requirements	Impact on service delivery, reputational risk and penalties	<ul style="list-style-type: none"> <li>Regular monitoring of compliance against all statutory, regulatory and best practice requirements with reporting to Committee and Board</li> <li>Engage with the Local Government Association / Scheme Advisory Board / Fund Actuary and other networking groups / conferences / seminars to keep abreast of emerging issues</li> </ul>	2	3	6	<ul style="list-style-type: none"> <li>Respond to consultations on regulatory changes (Good Governance further consultation expected during 24/25)</li> <li>Review of compliance with new General Code of Practice and action plan to rectify any gaps with required practice</li> <li>Review and/or develop policies and processes in line with changing guidance e.g. Taskforce for Climate-related Financial Disclosures</li> </ul>	31/03/25	2	3	6
Investment Risk	Investment	Failure to effectively manage financially related investment risk from Environmental, Social and Governance factors	The adoption of an investment approach which fails to place sufficient emphasis on the importance of strong financial returns to meet pension obligations	Failure to achieve investment return targets and increased pressure on employer contributions	Continue to develop the Fund's proactive approach to the management of Responsible Investment issues Reporting on Responsible Investment issues to every meeting of the Fund's Investment Sub Committee Leverage support of LGPS Central to proactively manage all financially material Responsible Investment related risks - work with Partner Funds and LGPS Central to embed Responsible Investment approach and processes in investment products Maintain a proactive approach to engaging with all key stakeholders on RI issues e.g. regular meetings with Chief Execs of four Cheshire councils Ongoing challenge to legacy managers to improve RI metrics	2	3	6	Continual improvements to reporting and communication on Responsible Investment issues with Committee and Board members Preparation for adoption of Taskforce on Nature related Financial Disclosures (TNFD) reporting requirements Engagement with LGPS Central on development of Sustainable Investment monitoring reports	31/03/25	2	3	6

Title	Theme	Risk description	Leading to	Impact	Current mitigating actions	Current likelihood	Current impact	Current risk score	Planned risk actions	Planned risk actions target date	Target likelihood	Target impact	Target risk score
Administration system	Admin & Comms	Failure to implement technological developments to the administration database	Inability to harness technology led opportunities to make processes more efficient and increase capacity	Reduced overall ability to deliver on Fund vision and outcomes	Continued delivery of rolling two year roadmap of development with administration system provider, appropriately supported with sufficient Fund resources to ensure delivery of agreed proposals	2	3	6	The Fund will continually seek opportunities to develop the administration system so as to take advantage of technological advancements which can benefit the Fund The Fund will develop the functionality available to members through the My Cheshire Pension and Employer Hub portals resulting in improved business processes and reduced demands on staff	31/03/25	2	3	6
Climate Change	Investment	Failure to effectively manage the risk from climate change	The adoption of an investment approach which fails to place sufficient emphasis on the importance of strong financial returns to meet pension obligations	Failure to achieve investment return targets and increased pressure on employer contributions	Annual (currently voluntary) publication of a Fund Climate Risk report, fully compliant with the requirements of the industry best practice Taskforce on Climate Related Financial Disclosures (TCFD) Annual stewardship and engagement plan to manage investment holdings with high carbon footprint	1	3	3	Plan and ambitious targets to decarbonise the Fund's investment holdings Continue to implement new investments in green, low carbon and sustainable assets offering suitable financial returns Develop and implement the Fund's approach to net zero transition and communicate progress with stakeholders effectively Push for improved carbon data metrics for all asset classes in the Fund's portfolio	31/03/25	1	3	3

## **REGISTER OF INTERESTS**

### **Introduction**

1. The Board's register of interests is published on the Fund's website and an annual review is undertaken to ensure it contains up to date information.
2. This report provides the Board with a summary of the current register of interests for review by board.

### **Recommendation**

3. Board members are requested to review the register of interests and advise if any amendments are required.
4. The register will also need to be updated to reflect changes in membership of the Board.

Cheshire Pension Fund - Local Pension Board - Register of Interest - 2024-25							
Board Member	Role	Appointed	Term end date	Details of employment, office, trade, profession or vocation	Organisational relationship with Cheshire Pension Fund	Details of any directorships and indicate whether there is any association with the scheme	Board Member is a shareholder in the following associated companies.
Peter Raynes	Chairperson	26/06/2021	25/09/2024		Local Pension Board Chairman Pensions Consultative Forum Chairman		Legal & General PLC
James Lambert	Member Representative	26/06/2023	25/06/2026	Cheshire West & Chester Council employee	Contributing employee to the scheme.		
Geoff Wright	Member Representative	26/06/2024	25/06/2027	Cheshire West & Chester Council employee Unison Union	Contributing employee to the scheme Union Assistant Branch Secretary Local Pension Board Member Representative		
Councillor Robert Bissett	Employer Representative	26/06/2024	25/06/2027	Cheshire West & Chester Councillor Labour Party Member Chief Executive Officer - Chester Aid to the Homeless (CATH)	Local Pension Board Employer Representative		
Kay Lennon	Employer Representative	26/06/2023	25/06/2026	Cheshire West & Chester Council employee	Contributing employee to the scheme.		

**DATA QUALITY**
**Introduction**

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

**Recommendation**

2. The Board are requested to note the position on the common and scheme specific scores.

**Data Scores**

3. As Board members are aware, each year the Fund is required to report data quality scores to the Pensions Regulator (TPR) as part of the Scheme Return.
4. Up until 2023 the Fund produced the scores from reports which have been developed internally. The scheme specific score is based on a 'foundation approach' to measuring the data, which was previously approved by the Board in the absence of any national guidance.
5. The Pensions Regulators Scheme Return for 2020 to 2023 were completed using the results from this foundation approach.
6. The results for the Scheme Return, issued in January 2024, were issued using the report provided by the Fund's administration database provider.
7. The scores submitted for the TPR Scheme Return submitted for the last 5 years are included within the table below.

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

8. The Common data scores have improved further as a result of the address tracing undertaken by the Fund. There is also an improvement in scheme specific data scores between October 2023 and January 2024 reflecting the ongoing work with employers on data cleansing following the March 2023 year-end.
9. Work is ongoing to improve both common and scheme specific data scores and will be aligned with the data cleansing work required to prepare for the Pensions Dashboards Programme.

## COMPLIANCE UPDATE

### Introduction

1. This report provides the Board with a summary of the Breaches Log for 1 April 2023 to 31 March 2024.
2. The report will also present a new proposed Breaches Policy and will suggest changes to the monthly approval process and to Fund terminology used in classifying breaches.

### Recommendation

3. Board are requested to comment on the summary of the Breaches Log for 1 April 2023 to 31 March 2024, approve the new policy, and recommend that the Pension Fund Committee approve any changes to the monthly approval process.

### Breaches Log

4. In accordance with the Breaches Policy, both the 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.
5. A summary of the breaches included on the log between 1 April 2023 and 31 March 2024 are listed below in Table 1 and are categorised as red, amber or green. For comparison purposes the total numbers of breaches for the prior year have also been included.
6. 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 2022/23	Total 2023/24	Status 2023/24		
			Red	Amber	Green
Contributions	38	44	0	6	38
ABS	1	1	1	0	0
Administration	21	4	0	0	4
AVC	0	1	1	0	0
<b>Total</b>	<b>60</b>	<b>50</b>	<b>2</b>	<b>6</b>	<b>42</b>

7. There have been two red breaches, six amber breaches and forty-two green breaches in the reporting period. Below is a summary of the reasons for the breaches.

### **Contribution Breaches – 44**

8. The thirty-eight green contribution breaches mainly relate to employers who have small numbers of staff and so are easily affected by unexpected staff absences. All these breaches have been quickly rectified by the employer.
9. The six amber breaches relate to one employer with two members of part time staff, this employer had not paid contributions to the Fund for the months November 2022 to November 2023 (total amount: £14.3k) due to cash flow difficulties.
10. This employer has now restarted paying monthly contributions and contributions from December 2023 onwards have been received. The Fund has agreed to allow three to six months for the employer to settle the arrears relating to November 2022 to November 2023, on the condition that they continue to pay their monthly contributions as they fall due.

### **Administration Breaches - 4**

11. These relate to ongoing activity to progress legacy administration 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**

12. Members of the Board were briefed about the Red Annual Benefit Statements (ABS) breach at a previous meeting.
13. Board members will recall that, largely due to issues with receiving data from Cheshire West and Chester and Cheshire East Councils, the Fund had only been able to send an ABS to 81% of members by the 31 August 2023 deadline. There were also data issues with other employers in the Fund which had contributed to the lower than usual percentage.
14. The Fund worked with the Councils and other employers to improve the data on member records where an ABS had not been issued and by the end of December the percentage had improved to 94%.
15. Work has since continued to correct as many records as possible and by 31 March 2024 the Fund had managed to send an ABS to over 97% of members.

### **RED BREACH- AVC Provider – 1**

16. At the end of January 2024 the Fund reported one of its AVC Providers, Scottish Widows to The Pensions Regulator.

17. Since changing their back office systems in July 2022 Scottish Widows have failed to provide basic functions expected of an AVC provider.
18. The Fund along with five other LGPS Funds, wrote a letter of complaint to Scottish Widows on 21 December 2023 outlining the issues that were being experienced by the Funds and their members. The letter requested a detailed response including a rectification plan and timetable by 19 January 2024 or we would report them to the Pensions Regulator.
19. Whilst the Fund has had some engagement with Scottish Widows, and seen some improvement in some areas on specific member cases, the underlying issues addressed in the January letter largely remain unresolved.
20. The Fund continues to request support from the LGPC Technical Group and are exploring other options to raise these issues with the company.
21. The Board will be kept informed of progress.

## **New Breaches Policy and supporting process**

### **Background**

22. The Fund has operated a Breaches Policy since 2015, when the requirement to report breaches of law in relation to public service pension schemes was set out in the first Code of Practice issued by The Pensions Regulator (TPR) which applied to LGPS Funds - "Code of Practice No 14 - Governance and Administration of Public Service Pension Schemes" ("Code of Practice 14").
23. TPR has recently issued a new General Code of Practice, replacing the existing Code of Practice 14. The new General Code contains revised and updated expectations in relation to reporting breaches of the law.
24. It should be noted that the legislative requirement to report breaches of law to TPR is enshrined in the Pensions Act 2004 and has not fundamentally changed since then. The new General Code still requires breaches to be reported only where there is reasonable cause to believe a breach has occurred, and where the breach is likely to be of material significance to TPR.
25. However, the General Code provides refreshed guidance in relation to matters such as:
  - The scope of "administration" activities which TPR considers relevant;
  - The definition of breaches which would be considered "materially significant" to TPR, considering matters such as the effects of the breach, the role of possible dishonesty in the breach, and wider risk factors such as the funding level of the fund or scheme; and
  - The role of governing bodies / Local Pension Boards (LPBs) in the process of reporting breaches.

## Role of the Board

26. The original Breaches Policy put in place by the Fund in 2015, in response to the launch of Code of Practice 14, set out a process whereby every individual potential breach was reported firstly to the Board, for an officer recommendation on whether to report to be considered and endorsed. Each individual breach was then further reported to the Administering Authority's Director of Governance, for a final decision on whether to report to be taken on an individual basis.
27. A review of the outcomes of the Breaches Policy and its supporting process in 2018 led to a change to the policy in relation to approval of officer recommendations as to whether individual breaches should be reported to TPR. Since 2018, individual potential breaches have still been shared with Board members for a decision on whether to report to TPR or not. However, since that time the Director of Governance has only been involved in the approval process for individual breaches in certain circumstances:
  - Where a breach is identified as being reportable to TPR (currently described in Fund terminology as a "Red" breach);
  - Where the Board disagree with the recommendations of Officers; or
  - Where there is an unusual breach.
28. The requirements and guidance on reporting breaches of law set out in Code of Practice 14 made specific reference to the role of LPBs, albeit in the context of the LPBs' potential role in clarifying the detail of reportable breaches. The new General Code of Practice makes no reference to a specific role for LPBs in the breaches process, referring instead in general terms to the role of "the governing body".
29. It is noted that in the intervening period since the current Breaches Policy and process was approved in 2018, officer recommendations as to whether to report a breach are typically supported consistently by Board members, and also by the Director of Governance where their input is requested.
30. It is therefore proposed as part of the Breaches Policy being presented for endorsement that the supporting process be further streamlined. Under the proposed changes, breaches which are identified through the Fund's reporting process and which are assessed as reportable to TPR would also be reported immediately to the chair of the Board. Otherwise, breaches identified but not considered by Fund officers to be materially significant enough to report to TPR would be reported as they are now on a quarterly basis to Board members and to the Pension Fund Committee.
31. It is noted that stakeholders who wish to report a breach have the option to do so directly to TPR, without engaging with the Fund's reporting process – for example, if the reporter is concerned about alerting an officer involved in a breach through use of a centralised reporting process. In these circumstances, it is assumed that TPR would contact Fund senior officers to discuss the reported breach, at which point Board members would be notified about the breach.

32. The alternative to this proposal is that Board members continue to be involved at an individual breach level on decisions as to whether to report breaches to TPR or not (notwithstanding the option for individuals to report outside of the Fund's process as noted above). If this is preferred, the draft Breaches Policy will be amended accordingly before being presented for final endorsement.

### **Classification of breaches**

33. TPR uses the concept of ranking potential reportable breaches as Red, Amber or Green. Red breaches must be reported to TPR as they are always of material significance to them. Amber breaches may need to be reported as they are less clear cut and must be considered in the context of the breach as to whether or not they are of material significance. Green breaches do not have to be reported if they are not of material significance.
34. The Fund's current Breaches Policy also uses a Red / Amber / Green system to classify breaches. Red breaches are those which are to be reported to TPR. Amber breaches are not to be reported but are to be monitored in case of recurrence. Green breaches require no further action.
35. The proposed Breaches Policy changes the terminology used by the Fund to classify breaches, to avoid confusion with the definitions used by TPR. It is proposed that the Fund now classifies breaches either as "Report", being those reportable to TPR; "Monitor", being those which do not need to be reported but which require ongoing monitoring; and "Closed", being those which have been logged but where no further action is required. These are analogous to the current Fund use of the terms Red, Amber and Green respectively.
36. The quarterly reports to Board members and to the Pension Fund Committee will begin using these alternative classifications following formal endorsement of the revised Breaches Policy by the Pension Fund Committee and by the Board.



# Cheshire Pension Fund

**Breaches Policy**

**September 2024**

## Introduction

This policy sets out the processes to be followed by stakeholders involved with the Cheshire Pension Fund (“the Fund”), which is managed and administered by Cheshire West and Chester Council (“the Administering Authority”), in relation to identifying, recording and potentially reporting breaches of the law to The Pensions Regulator (“TPR”).

Breaches can occur in relation to a wide variety of the tasks normally associated with the administrative function of a scheme such as keeping records, internal controls, calculating benefits and making investment or investment-related decisions.

This policy has been developed to assist those stakeholders who have a legal responsibility to report certain breaches to TPR, in determining whether a breach they have identified should be reported.

The policy aims to describe:

- The legal and regulatory background which requires certain breaches to be reported to TPR;
- Who this policy applies to, ie who may be required to make a report;
- Making the decision to report, or not to report; and
- If making a report, how to do so.

The Administering Authority has delegated responsibility for the day-to-day implementation of this Policy and its processes to the Head of Pension Fund, in their role as LGPS Senior Officer.



## Status of this policy for different stakeholders

This policy is mandatory for **public service scheme pension boards**, meaning the members of the Fund’s Local Pension Board, and for **scheme managers**, which includes the Chief Operating Officer / s151 Officer, the Head of Pension Fund / LGPS Senior Officer, all employees in the Pensions Service, and members of the Pension Fund Committee.

All Pensions Service staff are required to take a proactive approach to the identification, management and reporting of all breaches that have occurred, or are likely to occur.

The Fund strongly encourages other stakeholders potentially impacted by the statutory reporting duties described in this Policy, including **service providers**, **employers**, and **professional advisers**, to put adequate policies and processes in place to ensure they are able to meet their obligations under the legislation and regulations set out in this Policy to identify, assess, and where necessary report breaches of the law to TPR.

## Legal, Regulatory and Organisational Framework

### Legislation

Section 70 of the Pensions Act 2004<sup>1</sup> (“the Act”) imposes a requirement on the following persons:

- a trustee or manager of an occupational or personal pension scheme;
- a member of the pension board of a public service pension scheme;
- a person who is otherwise involved in the administration of an occupational or personal pension scheme;
- the employer in relation to an occupational pension scheme;
- a professional adviser in relation to such a scheme; or
- a person who is otherwise involved in advising the trustees or managers of an occupational or personal pension scheme in relation to the scheme

to report a matter to TPR as soon as is reasonably practicable, where that person has reasonable cause to believe that:

- a) a legal duty relating to the administration of the scheme has not been or is not being complied with, and
- b) the failure to comply is likely to be of material significance to TPR.

The Act states that a person can be subject to a civil penalty if they fail to comply with this requirement without a reasonable excuse.

The duty to report breaches under the Act overrides any other duties the individuals listed above may have. However, the duty to report does not override ‘legal privilege’. This means that, generally, communications between a professional legal adviser and their client, or a person representing their client, in connection with legal advice being given to the client, do not have to be disclosed.

### The Pension Regulator's General Code of Practice

Practical guidance in relation to this legal requirement is provided in TPR’s General Code of Practice<sup>2</sup>, including in the following sections:

- Reporting to TPR: Whistleblowing – reporting breaches of the law
  - Who must report
  - Decision to report
  - How to report

The General Code of Practice also contains specific guidance on reporting of payment failures, which is the subject of local policies and procedures adopted by Fund officers.

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<sup>1</sup> [Pensions Act 2004 \(legislation.gov.uk\)](https://legislation.gov.uk)

<sup>2</sup> [Whistleblowing reporting breaches of the law TPR code section | The Pensions Regulator](#)

## **Administering Authority policies**

In addition to the requirements of this Policy, there may be other policies and procedures which may be in place relating to areas such as fraud or whistleblowing that apply to some of the stakeholders addressed by this Policy for reporting and recording breaches in relation to Fund matters.

For example, the Administering Authority has in place the following:

- Anti Fraud and Corruption Strategy
- Anti Fraud and Corruption Response Plan
- Whistleblowing Policy

These and other relevant documents and articles can be found on the Administering Authority's intranet site<sup>3</sup>.

This Policy should be followed **in addition** to any existing procedures or policies that may be in place and which may apply to those affected by this Policy. Stakeholders affected by this Policy are reminded that the potential requirement to report breaches of the law in relation to the Fund to TPR is a specific legal requirement. Officers of the Administering Authority may be contacted for assistance (contact details below) if an individual is uncertain how to deal with the interaction between this Policy and any other Administering Authority policy or procedure that may be in place.

### **Director of Governance / Monitoring Officer:**

Vanessa Whiting

01244 975970

[vanessa.whiting@cheshirewestandchester.gov.uk](mailto:vanessa.whiting@cheshirewestandchester.gov.uk)

### **Fraud and Investigations Manager / Whistleblowing Officer:**

Helen Peters

01244 977375

[helen.peters@cheshirewestandchester.gov.uk](mailto:helen.peters@cheshirewestandchester.gov.uk)

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<sup>3</sup> [Fraud - Home \(sharepoint.com\)](#)

Does it apply to me?

## Who must report

Certain people – described in the General Code as “reporters” - are required to report breaches of the law to TPR under certain circumstances, which are described in the next section.

The General Code lists the following stakeholders as having a duty to report – while noting that the list is not exhaustive. If you fall within one of these categories, this policy applies to you, and you should go on to confirm your understanding of the circumstances under which you must report.

If you are unsure, you may wish to take advice, including legal advice.

## Categories of reporter

### Public service scheme pension boards

Each member of the pension board of a public service pension scheme, ie the members of the Fund’s Local Pension Board.

### Scheme managers

This includes managers of public service pension schemes and personal pension schemes where a direct payment arrangement exists.

In the context of the LGPS, the Scheme Manager is the Administering Authority, which delegates responsibility for the Fund to the Chief Operating Officer / s151 Officer. The Chief Operating Officer is supported by the Pensions Service, led by the Head of Pension Fund / LGPS Senior Officer, and is advised by the Pension Fund Committee. Therefore members of the Committee, and everybody employed in the service of the Fund, falls within this category.

### Service providers

Those who provide administrative services to occupational and personal pension schemes, including:

- insurance companies and third-party administrators, who carry out administrative tasks relating to a scheme
- participating employers, who provide staff to carry out administration tasks in-house (this includes performing payroll and similar functions, as well as carrying out or helping with direct administration of the pension scheme) – this therefore includes everybody employed in the service of the Fund, as well as those employed in other functions which support the Fund.
- financial advisers and consultants, who provide services such as record-keeping or acting as intermediaries receiving and forwarding scheme documents.

### Employers

All employers. In a multi-employer scheme, this includes any employer who becomes aware of a breach, regardless of whether the breach relates to or affects, members who are its employees or those of other employers.

### Professional advisers

This includes advisors appointed by the governing body, such as scheme actuaries, scheme auditors, reporting accountants, legal advisers, investment managers, and custodians of scheme assets. Where an individual is appointed to provide the relevant service, the duty to report applies to that individual. Where a firm is appointed to provide services, the duty to report applies to the firm.

### Trustees / a scheme strategist or scheme funder of master trust scheme

Does not apply to LGPS funds.

A person's responsibility to report breaches is not limited to those that relate to their specific role in a scheme. Regardless of the activities being undertaken, material breaches should be reported as they are identified.

In all cases, anybody with a duty to make a report should act conscientiously and honestly, and to take account of expert or professional advice where appropriate.

### **Confidentiality**

It is a statutory duty to report breaches of the law. This may involve a duty to whistleblow on the part of an employee of the Fund or a member of the Pension Fund Committee / Local Pension Board. The duty to report does not override any other duties the reporting individual may have, such as confidentiality. Any such duty is deemed not to have been breached by making a report to TPR.

Given the statutory duty that exists, in exercising this breaches policy the Fund will ensure it adheres to the requirements of the Employment Rights Act 1996 in protecting an employee's making a whistleblowing disclosure to TPR if this is done in good faith.

The duty to report, however, does not override 'legal privilege', so oral and written communications between the reporter and a professional legal adviser do not have to be disclosed.

If requested, TPR will do its best to protect the identity of an individual who has reported a breach, and will not disclose information except where it is lawfully required to do so.

## The decision to make a report

Do I need to report?

Those stakeholders classed in the previous section as potential “reporters” must report a breach of the law to TPR when they have a **reasonable cause** to believe that:

- a legal duty which is relevant to the administration\* of a scheme, has not been, or is not being, complied with, and
- the failure to comply is likely to be of **material significance** to TPR in exercising any of their functions.

\* “Administration” should be interpreted widely. In this context it is broader than (but includes) day-to-day administrative tasks, such as record-keeping, dealing with membership movements, calculating benefits, and preparing accounts. It also includes considering investment policy, investment management, the custody of invested assets in all schemes, and scheme funding. Broadly, the interpretation should cover anything that could affect members’ benefits, or members’ and others’ ability to access the information they are entitled to.

There are two key judgements to make when considering whether to report a breach of the law:

- 1) Is there **reasonable cause** to believe there has been a breach of the law?  
and
- 2) Is the breach likely to be of **material significance** to TPR?

A substantial degree of subjective judgement may be required in order to reach a conclusion on these points.

### Reasonable cause

Having a reasonable cause to believe that a breach has occurred means more than merely having a suspicion that cannot be proved.

If, as a stakeholder with a duty to report, you do not know the facts or events around the suspected breach, it will usually be appropriate to check with members of the governing body or with others who are able to confirm what happened – in other words, the Head of Pension Fund, senior members of the Pension Fund leadership team, or members of the Pension Fund Committee / Local Pension Board as appropriate.

However, it would not be appropriate to alert those implicated in potential serious offences involving dishonesty, such as theft or fraud. In such cases, due to the immediate risk to scheme assets, those considering whether to make a report should bypass the usual checks, making only those they deem necessary and not cause undue delay to the report being made to us.

### Material significance

TPR provides guidance on the factors they consider relevant to whether a breach of law would be likely to be materially significant to them in carrying out their functions. There are a range of different categories set out below, all of which will contribute to an overall view as to whether the breach of law is potentially materially significant to TPR.

### **Material significance – the fundamentals**

Fundamentally, a breach is likely to be of material significance to TPR when it is caused by:

- dishonesty, negligence, or reckless behaviour;
- poor governance, ineffective controls resulting in deficient administration, or slow or inappropriate decision-making practices;
- incomplete or inaccurate advice; and/or
- a deliberate act or failure to act.

### **Material significance – the effects of the breach**

A breach is likely to be judged to be materially significant if it causes any of the following effects:

- A significant proportion of members - or a significant proportion of members of a particular category of membership, eg active members, pensioners - are affected by the breach;
- A significant effect on the benefits being paid, to be paid, or being notified to members;
- The breach, or series of unrelated breaches, have a pattern of recurrence – for example, in relation to participating employers, certain members, or groups of members;
- The breach results from the governing body not having the appropriate degree of knowledge and understanding, preventing them from fulfilling their roles - resulting in the scheme not being properly governed and administered, and/or breaching other legal requirements;
- Unmanaged conflicts of interest arise within the governing body, making it prejudiced in the way it collectively carries out the role - resulting in ineffective governance and scheme administration, and/or breaches of legal requirements;
- Systems of governance and/or internal controls are not established or operated, leading to schemes not being run in line with their governing documents and other legal requirements, resulting in a breach;
- Risks are not properly identified and managed;
- The right money is not being paid to or by the scheme at the right time;
- Accurate information about benefits and scheme administration is not being provided to scheme members and others - meaning members are unable to effectively plan or make decisions about their retirement;
- Records are not being maintained – resulting in member benefits being calculated incorrectly and/or not being paid to the right person at the right time; and/or
- Governing bodies, or anyone associated with the scheme, misappropriate scheme assets - or are likely to do so.

\* “The governing body” in the context of an LGPS Funds refers to those employed by the Pensions Service, members of the Pension Fund Committee, and/or members of the Local Pension Board.

### **Material significance – the reaction to the breach**

A breach is likely to be of material significance to TPR if a breach has been identified that:

- does not receive prompt and effective action to remedy the breach and identify and tackle its cause, to minimise risk of recurrence;
- is not being given the right priority by the governing body or relevant service providers;
- has not been communicated to affected scheme members where it would have been appropriate to do so;

- forms part of a series of breaches indicating poor governance; and/or
- was caused by dishonesty, **even** when action has been taken to resolve the matter quickly and effectively.

### **Material significance – the wider implications of the breach**

A breach is likely to be of material significance where:

- the fact that the breach has occurred makes it appear more likely that other breaches will emerge in the future (for example, if the reason for the breach is that the governing body lacks the appropriate knowledge and understanding to fulfil their responsibilities); and/or
- other schemes may be affected, for example schemes administered by the same organisation where a system failure has caused the breach.

### **Material significance – general risk factors**

Those reporting a breach should consider general risk factors, such as the level of funding of the Fund, or how well-run the Fund appears to be. Some breaches that occur in a poorly funded and/or poorly administered scheme will be more significant to TPR than if they occurred in a well-funded and generally well-administered scheme.

### **Material significance – previous breaches**

Reporters should consider other reported and unreported breaches that they are aware of (for example, historic breaches in the Fund's Breaches Log). However, historical information should be used with care, particularly where changes have been made to address breaches already identified.

### **Material significance – indicators that a breach is NOT materially significant**

A breach is not normally considered to be materially significant if prompt and effective action is taken to investigate and correct the breach and its causes and, where appropriate, all affected scheme members have been notified. Note however the point made above about breaches resulting from dishonesty.

A breach arising from an isolated incident will not usually be regarded as materially significant. For example, breaches resulting from teething problems with a new system, or from an unpredictable combination of circumstances. However, in such circumstances, those considering whether to make a report should consider other aspects of the breach - such as the severity of the effect it has had - that may make it materially significant despite the isolated or unusual circumstances.

### **Material significance – in conclusion**

It can be seen that there are a wide variety of factors which may lead to the conclusion that a breach may be materially significant to TPR. If, combined with this, there is reasonable cause in the first place to believe a breach has occurred, this indicates to any potential reporter of a breach that a report must be made to TPR. How to go about this is addressed later in this policy.

TPR recognises that this is a complex area requiring a significant degree of judgement. Their own guidance describes a "traffic light framework", which aims to categorise different examples of breaches into three categories:

- **Red** breach situations **must** be reported as they are **always** of material significance to TPR.
- **Amber** breach situations **may** need to be reported as they are less clear cut, and **must** be considered in the context of the breach as to whether or not they are of material significance.
- **Green** breach situations **do not** have to be reported unless they are deemed to be of material significance for reasons specific to the breach.

More information on this framework, along with a wide range of illustrative examples, is available on the TPR website: [Assess whether to report a breach of pensions law | The Pensions Regulator](#)

### **Deciding not to report a breach / maintaining a record of all breaches**

A record of past breaches may be relevant in deciding whether to report a newly discovered breach - for example evidence of past breaches may reveal a systemic or ongoing issue.

Therefore, the Head of Pension Fund (supported by the Pensions Governance Manager) will maintain a record of all breaches identified, whether or not they are reported to TPR. Stakeholders impacted by this Policy should provide the following information to the Head of Pension Fund so that all identified breaches can be recorded systematically:

- 1) copies of all breach reports formally submitted to TPR; and
- 2) copies of information relating to any other breach the individual has identified but not reported to TPR, capturing the same information as would have been reported to TPR if a report was being made (refer to next section for details).

These records should be provided to the Head of Pension Fund as soon as reasonably practicable, and certainly no later than within 20 working days of the decision made to report, or not to report. Refer also to the section “Maintaining a Breaches Log / responding to breaches” below.

## Reporting to the TPR

### Assistance for individuals

The Fund has designated an officer (the Head of Pension Fund – supported by the Pensions Governance Manager) to assist any individual with applying this Policy. The Head of Pension Fund is considered to have appropriate experience to help investigate whether there is reasonable cause to believe a breach has occurred, to check the law and facts of the case, to maintain records of all breaches and to assist in any reporting to TPR, where appropriate. Where appropriate, the Head of Pension Fund may discuss the potential breach with members of the Local Pension Board and/or Pension Fund Committee.

Individuals must bear in mind, however, that the involvement of the Head of Pension Fund is to support the individual, and to ensure this procedure is followed. The individual remains responsible for the final decision as to whether a breach of law should be reported to TPR, and for completing the reporting procedure.

The Head of Pension Fund will provide advice and guidance to assist stakeholders to determine whether any breach or likely breach is materially significant, having regard to the guidance set out in the General Code of Practice, and after consultation with the Administering Authority's Monitoring Officer, and where appropriate the Pension Fund Committee and Local Pension Board.

If appropriate, independent legal advice will be sought before deciding if the breach is considered to be of material significance to TPR. Where uncertainty exists as to the materiality of any identified breach, the stakeholder considering making the report to TPR should informally notify TPR of the situation and the steps being taken to reach a conclusion.

The breach should not be referred to the Head of Pension Fund if doing so would alert any person potentially responsible for a serious offence to the investigation. If that is the case, the individual may instead consider discussing the breach (being mindful of the need to avoid alerting any person potentially responsible for the breach) with:

- A member of the Pensions Leadership Team;
- The Chair of the Local Pension Board;
- The Chair of the Pension Fund Committee;
- The Chief Operating Officer / s151 Officer;
- The Administering Authority's Monitoring Officer; and/or
- The Administering Authority's Whistleblowing Officer.

Otherwise, the individual should report the matter to TPR, setting out the reasons for reporting, including any uncertainty. A telephone call to TPR ahead of any formal submission may be appropriate, particularly in the case of a more serious breach.

It is noted that stakeholders who wish to report a breach have the option to do so directly to TPR, without engaging with the Fund's reporting process – for example, if the reporter is concerned about alerting an officer involved in a breach through use of a centralised reporting process. In these circumstances, it is assumed that TPR would contact Fund senior officers to discuss the reported breach, allowing such reports to be logged centrally.

### **Early identification of very serious breaches**

In cases of immediate risk to the scheme, for instance, where there is any indication of dishonesty, TPR does not expect individuals to seek an explanation or to assess the effectiveness of proposed remedies (as part of determining whether a breach is materially significant or not). They should only make such immediate checks as are necessary. The more serious the potential breach and its consequences, the more urgently individuals should make these necessary checks. In cases of potential dishonesty, the individual should avoid, where possible, checks which might alert those implicated. In serious cases, individuals should use the quickest means possible to alert TPR to the breach.

### **Dealing with complex cases**

The Head of Pension Fund may be able to provide guidance on particularly complex cases. Guidance may also be obtained by reference to previous cases, information on which will be retained by the Head of Pension Fund in the Breaches Log, or via discussions with those responsible for maintaining the records.

Information may also be available from national resources such as the Scheme Advisory Board ([www.lgpsboard.org](http://www.lgpsboard.org)) or the Local Government Association ([www.lgpsregs.org](http://www.lgpsregs.org)). If timescales allow, legal advice or other professional advice can be sought, and the case can be discussed at the next Local Pension Board or Pension Fund Committee meeting.

### **Timescales for reporting**

The Pensions Act and TPR's General Code of Practice require that, if an individual decides to report a breach, the report must be made in writing, as soon as reasonably practicable. In most cases, this should be within 10 working days of the breach being identified. However, reporters may use their judgement and apply 'reasonably practicable' to their own circumstances. Where reporters decide a longer reporting time is reasonable, they should record the reasons for this.

Individuals should not wait for others to report. Nor is it necessary for an individual to gather all the evidence which TPR may require before taking action. A delay in reporting may exacerbate or increase the consequences of the breach. The time taken to reach the judgements on "reasonable cause to believe" and on "material significance" should be consistent with the speed implied by "as soon as reasonably practicable". In particular, the time taken should reflect the seriousness of the suspected breach.

### **Making the report**

Anybody wishing to formally report a breach of law to TPR should do so using the contact methods outlined on their website – current via an online web form, by email or by post. Telephone reports are not usually accepted unless the breach is deemed to be urgent and likely to have an immediate and damaging effect for scheme members.

Contact details can be found on the TPR website: [How to report breaches TPR code module | The Pensions Regulator](#)

The report to TPR (and also any report made to the Head of Pension Fund if a breach is not being reported to TPR) should include as a minimum:

- Full name of the scheme (Cheshire Pension Fund)
- Description of the breach or breaches, including any relevant dates
- Name of the scheme manager (Cheshire West and Chester Council)
- Name, position, and contact details of the reporter
- Role of the reporter in the scheme

Reports should also where possible include:

- Reason the reporter believes the breach is of material significance to TPR
- Address of the scheme (The Portal, Wellington Road, Ellesmere Port, CH65 0BA)
- Type of scheme – Local Government / public service
- Name and contact details of the governing body (refer to the Chief Operating Officer / Monitoring Officer at the same address as the scheme address)
- Pension scheme registration (PSR) number (10027832)
- Address of the employer (if relevant)

## Other considerations

### Maintaining a Breaches Log / responding to breaches

In addition to the formal process of identifying and where necessary reporting a particular breach, this Policy and the supporting process provides an opportunity to learn from mistakes and review and improve processes in the areas where breaches have occurred.

Once a breach or likely breach has been identified, regardless of whether it ultimately is reported to TPR, the Head of Pension Fund must review the circumstances of the breach using the information provided by the stakeholder who has reported the breach (refer to the section “maintaining a record of all breaches” above), in order to understand why it occurred, the consequences of the breach and agree the corrective measures required to prevent reoccurrence.

Remember that a breach is not normally considered to be materially significant if prompt and effective action is taken to investigate and correct the breach and its causes and, where appropriate, all affected scheme members have been notified.

All breaches must be recorded in the Fund’s Breaches Log. The Head of Pension Fund will be responsible for recording and reporting breaches and likely breaches as follows:

- Record all identified breaches and likely breaches of which they are aware in the Fund’s Breaches Log;
- Investigate the circumstances of all reported breaches and likely breaches;
- Ensure where necessary that an action plan is put in place and acted upon, to correct the identified breach and also ensure further breaches of a similar nature do not reoccur; and
- Classify all logged breaches using the following Fund classifications:
  - “Report” – to be reported to TPR;
  - “Monitor” – a report to TPR is not required, but the breach should be monitored in case of recurrence; or
  - “Closed” – following investigation, no further action or monitoring is required.

### Reporting to Fund governance bodies

The Head of Pension Fund will report immediately to the Chair of the Local Pension Board and the Chair of the Pension Fund Committee any instances of breaches which the Head of Pension Fund is aware of having been reported to TPR – ie those breaches classed as “Report”. This may include breaches which are independently reported by relevant stakeholders, which the Head of Pension Fund later becomes aware of as a result of consequential TPR liaison.

The record of all breaches (reported to TPR or otherwise) will be included in the quarterly Compliance Update report at each Pension Fund Committee meeting, and this will also be shared with the Local Pension Board.

### Training

This policy is mandatory for **public service scheme pension boards**, meaning the members of the Fund’s Local Pension Board, and for **scheme managers**, which includes the Chief Operating Officer / s151 Officer, the Head of Pension Fund / LGPS Senior Officer, all employees in the Pensions Service, and members of the Pension Fund Committee. The Head of Pension Fund will ensure that training on this policy is conducted for these stakeholders, at induction and on an ongoing basis.

The Fund strongly encourages other stakeholders potentially impacted by the statutory reporting duties described in this Policy, including **service providers**, **employers**, and **professional advisers**, to put adequate policies and processes in place to ensure they are able to meet their obligations under the legislation and regulations set out earlier in this Policy to identify, assess, and where necessary report breaches of the law to TPR. These stakeholders may contact the Head of Pension Fund for advice on any aspect of this Policy and how it may be applied to them.

### **Approval and review**

This version of the Fund's Breaches Policy was reviewed and endorsed by the Pension Fund Committee on 6 September 2024. It will be reviewed at least once every three years, or more frequently as considered appropriate, for example following any important changes to the scheme's governance arrangements. After any update it will be reconsidered by the Pension Fund Committee, and key stakeholders to whom the Policy does or may apply will be informed of its reissue.

### **Further information**

If you require further information about reporting breaches, this Policy, or wish to discuss reporting a breach, please contact:

#### **Head of Pension Fund**

Position currently vacant

or

#### **Pensions Governance Manager**

Aaron Thomas

[aaron.thomas@cheshirewestandchester.gov.uk](mailto:aaron.thomas@cheshirewestandchester.gov.uk)

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 of cyber security	Review policies are kept up to date and produced in accordance with legislation and guidance	Cyber security
	Review the progress made by the Fund including the detail of any ongoing actions	LPB Risk Register	Review Terms of Reference
Statutory Policies (FSS, ISS, Comms Policy, Admin Strategy Gov Policy and Breaches Policy)	Climate change impact on investments (move to July)	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