

BOARD : LOCAL PENSIONS BOARD
DATE : 18 February 2025
TIME : 10am
VENUE : Online – Microsoft Teams

LOCAL PENSION BOARD MEETING

10.00 – 12.30

AGENDA

1. PROCEDURAL MATTERS (Pages 3 - 7)

The Board will:

- a) Consider any Declarations of interest
- b) Receive the minutes of the meeting on 22 October 2025
- c) Receive the minutes of the Pensions Employer Forum 7 February 2025
- d) Review the Actions Tracker

2. REVIEW OF PENSION FUND COMMITTEE MINUTES

To receive the minutes from the Pension Fund Committee meeting which took place on 6 December 2024 and the Investment Sub-Committee minutes from 15 November 2025.

3. PENSIONS PROGRAMME UPDATE

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

4. PERFORMANCE MANAGEMENT FRAMEWORK QUARTER 3 – 2024-25 (Page 8)

The Board will receive the Performance Management Framework covering the period 3 October to December 2024 (along with the quarter 2 comparator – July to September 2024).

5. UPDATE FROM THE SCHEME ADVISORY BOARD (Pages 9 - 21)

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

Committee	Meeting Date
Scheme Advisory Board	25 Nov 24
Cost Management, Benefit Design and Administration Committee	28 Oct 24
Investment, Governance and Engagement Committee	11 Nov 24
Compliance and Reporting Committee	21 Oct 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. INTERNAL AUDIT ASSURANCE (Pages 22 - 25)

The Board will receive a report from Internal Audit on their approach to assurance in relation to the Pension Fund.

7. LOCAL PENSION BOARD ANNUAL REPORT 2024-25 (Pages 26 - 39)

The Board will be invited to identify the content for the 2024-25 Annual Report.

8. DATA QUALITY (Pages 40)

The Board will receive an update on the data scores for common and scheme specific data.

9. COMPLIANCE UPDATE (Pages 41 - 44)

The paper also provides a summary of the Breaches Log for the period to 30 September 2024.

10. FEEDBACK FROM EVENTS

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

- Joint Board and Committee Training – 25 October 2024
- LGA Fundamentals Training – Oct-Dec – 3 days
- CIPFA / Isio LPB Seminar – 21 November 2024
- Joint Chairs Meeting – 16 December 2024
- LOLA Webinar – 24 January 2025
- LGA Conference – 30/31 January 2025
- Pensions Employer Forum – 7 February 2025

11. REVIEW AND DEVELOP THE WORK PLAN (Page 45)

The Board will review the plan.

12. AOB

Dates for future meetings are included in the table below:

Date	Meeting
13 May 2025	In person - Chester
20 May 2025 – Statement of Accounts and Annual Report	Online
12 August 2025	In person - Winsford
21 October 2025	Online

MINUTES OF LOCAL PENSION BOARD – 22 October 2024

PRESENT

Board Members: Amanda Stott (Chair),
Geoff Wright (Member representative, Unison),
Cllr Robert Bisset (Employer Representative, CW&C)
Jason Lambert (Member Representative, CW&C)

CW&C Officers: Heidi Catherall

Apologies: Kay Lennon (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 30 July having previously approved them by email. The Board noted the minutes from the Pensions Employer Forum meeting which took place on 11 October.
- 1.3 The action tracker was reviewed, and the contents noted. Officers provided further detail on the Local Government Association Peer Review which is being considered by the Compliance and Reporting Sub Committee, as requested by the Chair at the last meeting.
- 1.4 Board members noted the appointment of Amanda Stott as the new Chair who took over from Peter Raynes on 26 September 2024.

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 6 September 2024.
- 2.2 The Board also reviewed the minutes from the Investment Sub Committee meeting held on 23 August 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 transformation programme and its workstreams for 2024-25.
- 3.2 Board members were reminded that this is a multi-year programme of work, so many of the workstreams have continued from the previous year.

- 3.3 Officers provided a more detailed update on several aspects of the programme including the rollout of digital Annual Benefit Statements, the introduction of the website and branding in the Spring of 2025 and the further rollout of the Cheshire Employer Hub portal.
- 3.4 Officers will keep the Board informed of progress in meeting the actions outlined in the pensions programme.

4. PERFORMANCE MANAGEMENT FRAMEWORK Qtr 2 – 2024-25

- 4.1 The Board reviewed the Performance Management Framework (PMF) for quarter 2 (July to September 2024), which contained updates on key areas of performance and comparator information from previous quarters.
- 4.2 The rating on administration casework is again categorised as red due to casework backlogs exceeding 10% of membership. Board members noted the position.
- 4.3 The Board also noted the rating for the debt and the business plan sections had been classed as amber. The amber rating on debt denotes the percentage of debt which is over 90 days old. The Fund does not have any concerns about recovering these debts. The amber rating on the business plan simply denotes some actions which will be realigned to the next quarter.
- 4.4 The Board received one direct submission from a member during the quarter relating to attendance of Committee Members at the July 2024 meeting.

5. UPDATE FROM THE SCHEME ADVISORY BOARD

- 5.1 The Board did not review the agendas of the Scheme Advisory Board or its sub committees, as no further meetings had taken place in the intervening period since the last Board meeting.
- 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 6 September 2024 regarding the McCloud remedy and the Pensions Dashboards programme.
- 5.4 Both the Board and the Committee will continue to receive regular updates on both McCloud and the Pensions Dashboards Programme at each meeting.

RESOLVED that the Board:

- a) Noted the regulatory changes that the Fund will need to address during 2024.
- b) Noted the position with regards to the McCloud remedy and the Pensions Dashboards programme.

6. TERMS OF REFERENCE AND CONFLICTS OF INTEREST REVIEW

- 6.1 Board members undertook a review of their terms of reference and did not identify any changes required.
- 6.2 The Board also reviewed the Funds conflict of interest policy and again, did not identify any required amendments.
- 6.3 Board members noted that once the outcomes from the Good Governance review are published there may be changes required to the conflict of interest policy. The Board will be invited to comment on any changes to the policy.

RESOLVED that the Board:

- a) Reviewed the terms of reference.
- b) Reviewed the Conflict of Interest Policy

7. DATA QUALITY

- 7.1 The Board received a summary of the Data Scores which have been provided to the Pensions Regulator as part of the annual Scheme Return for the past five years, the latest of which were 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 scores have improved over the years due to the address tracing undertaken by the Fund. Scheme specific scores have also improved reflecting the ongoing work with employers on data cleansing.
- 7.3 Due to a technical issue with the report the Fund has not been able to produce up to date figures. The technical issues are expected to be addressed in the autumn.

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 30 June 2024, noting that eleven breaches had been logged over the period and all required no further action following investigation.

RESOLVED that: Board members noted the summary breaches log covering the period to 30 June 2024.

9. FEEDBACK FROM EVENTS

- 9.1 AS attended an induction session with officers on 16 August.
- 9.2 AS also attended the Pensions Employer Forum on 11 October and the LGPS Central Local Pension Board Chairs meeting which took place on 21 October.
- 9.3 Board members had previously attended the Pension Fund offices to see how administrators process casework. This was a useful learning experience for members which would be beneficial to repeat.
- 9.4 Officers will review the original agenda for the training and suggest a programme for the Board to review at the next meeting.

RESOLVED that: Board members will circulate copies of event slides.

10. REVIEW OF THE WORK PLAN

- 10.1 The Board reviewed the work plan.
- 10.2 The plan included an action for the Board to review the process for Internal Audit in assessing internal controls of the fund and external audit process for reviewing the Accounts and Annual Report. Officers will raise this issue with audit and provide feedback at the next meeting.

11. AOB

- 11.1 Board members would like to hold future meetings both online and in person.
- 11.2 Dates have been agreed for the meetings in 2025 so they will take place as follows:

Date	Meeting
18 February 2025	Online
13 May 2025	In person - Chester
20 May 2025 – Statement of Accounts and Annual Report	Online
12 August 2025	In person - Winsford
21 October 2025	Online

Cheshire Local Pension Board – Actions Tracker

February 2025

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 1 – Minutes of the Last Meeting 22 October 2024	Training on administration processes	<p>Board members had previously attended the Pension Fund offices to see how administrators process casework. This was a useful learning experience for members which would be beneficial to repeat.</p> <p>Officers were asked to review the original agenda for the training and suggest a programme for the Board to review at the next meeting.</p>	Officers will provide an update at the Board meeting on 18 February 2025.
Item 10 – Review of the work plan 22 October 2024	Internal Controls	Board members discussed the requirement to review the process for Internal Audit in assessing internal controls of the fund and external audit process for reviewing the Accounts and Annual Report.	Internal audit has produced a report setting out the assurance process which will be presented to the Board on 18 February 2025.

<p>This is the quarterly pack of Pension Fund performance information which is based on the period 1 October to 31 December 2024 and includes a comparison to the previous quarter - 1 July to 30 September 2024.</p> <p>The overall assessment for Quarter 3 is Red.</p> <p>A summary of performance for each area is shown below including a RAG status. There is also a detailed worksheet for each of the subjects which contains more detailed information.</p>	Qtr 3 (Oct-Dec 24)
	Summary position:
	This Quarter - 1 Oct to 31 Dec 24
	RED
	Previous Quarter - 1 Jul to 30 Sep 24
	RED

Subject	Comment	RAG Status
Administration Casework	<p>Overall administrators have completed 17,063 cases during the 3 month period to December 2024, compared to 18,426 cases during the 3 month period to September 2024.</p> <p>The status is RED because the number of pieces of casework outstanding exceeds more than 10% of the membership.</p>	RED
Breaches	<p>The Fund updates the Breaches Log on a monthly basis. All Breaches are reviewed by the LPB, with approval also provided by the Director of Governance where necessary, in accordance with the Breaches Policy. The PFC and LPB also receive a summary of all breaches (since inception), including identified trends, on a quarterly basis.</p> <p>There were 10 new breaches in quarter 3 of 2024/25 (compared to 20 in quarter 2 of 2024/25). 8 of the breaches related to the collection of contributions income and 2 were an administration breaches.</p> <p>During quarter 2 and 3, all breaches were recorded as Green (Closed) with the exception of 1 breach which was Red (Report) in relation to the Funds Annual Benefit Statements and 4 breaches in relation to 2 employers which were Amber (Monitor) breaches.</p>	GREEN
Compliance	The Fund did not identify any material compliance issues during the quarter.	GREEN
Contributions Monitoring	<p>In accordance with regulations contributions should be received by the Fund by the 22nd of the month (if paid electronically) after they have been deducted from pay.</p> <p>The Fund also has an internal KPI to receive at least 98% of contributions income on time each month. The Fund collected over 99% of contributions income in each of the last six months.</p>	GREEN
Financial Performance	The Fund's 2024/25 budget for Administration/Oversight and Governance Costs is c£5.75m. The outturn for Quarter 3 2024/25 is an underspend of £212k.	GREEN
HR (absence)	<p>The service lost 67 days through sickness during quarter 3 (Oct-Dec 2024) of 2024-25 which equates to an annual average of 3%. This compares to 85 days lost in quarter 2 (Jul-Sep 2024) which is an annual average of 4%.</p> <p>There were no sickness days lost in the quarter relating to work related stress.</p>	GREEN
Debt Recovery	<p>The Pension Fund has £290k of debt outstanding at the end of Quarter 3 of 2024/25, £23k of which relates to prior years.</p> <p>The RAG status GREEN to reflect the fact that the value of debt outstanding over 90 days is 16%, Many of the invoices in the over 6 month period are being paid in monthly installments.</p>	GREEN
Business Plan Progress	<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 3 denoting that actions under Administration and Communication will be slightly delayed.</p>	AMBER
Feedback from External Sources	Board members receive feedback from external sources. This includes submissions to the Board which are received via the website.	GREEN
Investment Manager Qualitative and Quantitative Performance	The Fund monitors its overall investment performance over periods of at least 3 years. It believes that this is a reasonable period of time over which it can begin to meaningfully assess performance. Performance is monitored against the Fund's tailored benchmark, CPI and asset performance assumptions from the most recent valuation. This allows the Fund to monitor its investment performance both on a standalone basis, and relative to the long term funding plan. As shown by the accompanying chart, rolling 3 year investment performance is ahead of benchmark, CPI and the valuation assumption.	GREEN

Scheme Advisory Board

HYBRID MEETING – 25 NOVEMBER 2024

1.00pm – 3.00pm

Beecham Room, 7th Floor, 18 Smith Square and MS Teams

AGENDA

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 22 July 2024 – Paper A	1.10
4	LGPC update – Paper B	1.15
5	Pensions review and Mansion House – Verbal Update	1.20
6	Board 2025/26 budget and medium-term financial strategy – Paper C (CONFIDENTIAL)	1.45
7	Code of Transparency Project Update – Paper D (CONFIDENTIAL)	1.55
8	Board Annual Report – Paper E	2.10
9	SAB Website Upgrade Project – Paper F (CONFIDENTIAL)	2.20
10	Board and Committee Membership – Paper G	2.30
11	Compliance & Reporting Committee report – Paper H	2.40
12	Cost Management, Benefit Design and Administration Committee report – Paper I	2.45
13	Investment Committee report – Paper J	2.50
14	AOB and date of next meeting - Stewardship Code Consultation launched 11 Nov 2024	2.55

Scheme Advisory Board Secretariat

Local Government House, Smith Square, London SW1P 3HZ

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Cost Management, Benefit Design and Administration Committee (CMBDA)

DATE:	28 th October 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 1 st July 2024 meeting	Paper A	11:10
4	Update on McCloud and Pensions Dashboards	Verbal	11:15
5	Update from Gender Pensions Gap working group	Paper B	11:25
6	Opt out survey update	Verbal	11:45
7	Update on Pensions Review	Paper C	12:05
8	New Fair Deal	Verbal	12:20
9	Normal Minimum Pension Age	Verbal	12:30
10	Ministry of Housing, Communities and Local Government (MHCLG) update	Verbal	12:40
11	AOB and date of next meeting		12:50

Investment Committee

DATE:	11th November 2024
VENUE:	Hybrid Meeting (MS Teams and 18 Smith Square)
TIME:	11:05 – 13:00

AGENDA

Item		Paper	Timings
1	Welcome, introductions, apologies and declaration of interests		11:05
2	Meeting protocol		11:10
3	Actions and Agreements from 8 th July 2024	Paper A	11:15
4	Code of Transparency Compliance Update	Paper B	11:20
5	Code of Transparency Project Update - CONFIDENTIAL	Paper C	11:30
6	Update on Pensions Review and post Budget discussion	Paper D	11:45
7	Responsible Investment Advisory Group (RIAG) Report	Paper E	12:00
8	Legal advice on fiduciary duty	Paper F	12:10
9	Funding Strategy Statement guidance	Paper G	12.25
10	Ministry of Housing, Communities and Local Government (MHCLG) Update	Verbal	12:35
11	AOB and Date of next meeting		12:50

Compliance and Reporting Committee (CRC)

DATE:	21 October 2024
VENUE:	Hybrid meeting – MS Teams & 18 Smith Square
TIME:	11.00am – 1.00pm

AGENDA

Item		Paper	Timings
1	Welcome, introductions, apologies and declaration of interests		11:00
2	Hybrid meeting protocol		11:05
3	Actions and Agreements from 24 June 2024 meeting	Paper A	11:10
4	Ministry of Housing Communities and Local Government (MHCLG) update	Verbal	11.15
5	Work plan update	Paper B	11:30
6	Funding Strategy Statement guidance	Paper C	11:40
7	Knowledge and Skills working group update	Paper D	12:05
8	Good Governance working group update	Paper E	12:20
9	Audit Update	Paper F	12.35
10	AOB and date of next meeting		12:45

Pension Fund Committee – 6 December 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:
 - a) Note the update on the latest UK Budget;
 - b) Review and comment on the key issues identified in the Fund's draft response to the "LGPS: Fit for the Future" consultation proposals;
 - c) Subject to comments from the Committee, agree the key issues identified as the basis for the Fund's response to the consultation, and delegate the final submission of the response to Fund officers; and
 - d) Endorse the Fund's updated Risk Management Policy.

Reasons for the decisions

4. The Fund's response to the Government consultation is due on 16 January 2025. Consideration of draft responses now allows Committee members to review and input into the Fund's final submission. Delegating the final submission to officers will ensure Committee feedback is taken into account and that the Government's submission deadline will be met.
5. The Committee play a key role in reviewing and endorsing new or amended policy documents before they are approved by the Chief Operating Officer. Endorsing the revised policy will allow for it to be approved and published. Changes to the Risk Management Policy are required to ensure it is kept up to date and compliant with current regulatory requirements.

Budget 30 October 2024

6. On 30 October 2024 the Chancellor of the Exchequer, the Rt Hon Rachel Reeves MP, delivered the Government's first autumn budget.
7. Prior to the budget there were suggestions that the Chancellor may impact pensions by changing the rules on tax allowances on contributions. However, the budget only included one, albeit potentially significant, change by applying inheritance tax to unspent pension pots from April 2027.
8. The wording in the budget for the change to inheritance tax is set out below:

“The government will bring unused pension funds and death benefits payable from a pension into a person’s estate for inheritance tax purposes from 6 April 2027. This will restore the principle that pensions should not be a vehicle for the accumulation of capital sums for the purposes of inheritance, as was the case prior to the 2015 pensions reforms.”

9. In the LGPS this could mean that lump sums payable on the death of a member could now be subject to additional tax. In theory this could mean a 40% charge on these benefits where estates are above the inheritance tax thresholds.
10. There are also concerns about potential delays to the processing of death grants while the tax position is confirmed.
11. The technical details of the proposed changes will be subject to a consultation, the timeframe for which is yet to be agreed.

Mansion House Speech – 14 November 2024

12. On 14 November 2024, the Chancellor delivered her first Mansion House speech. The speech itself contained little detail relating to the LGPS. However, following the speech a Government consultation was launched – “Local Government Pension Scheme (England and Wales): Fit for the Future”¹. The consultation sets out 18 proposals and poses 30 questions for responders to consider. The consultation will run for nine weeks, with a closing date of 16 January 2025.
13. The headline proposals, as described in the consultation, are as follows:

This consultation seeks views on proposals to strengthen the management of LGPS investments in 3 areas:

Reforming the LGPS asset pools by mandating certain minimum standards deemed necessary for an optimal and consistent model in line with international best practice. The minimum standards proposed are:

- Administering Authorities (AAs) would be required to fully delegate the implementation of investment strategy to the pool, and to take their principal advice on their investment strategy from the pool;
- pools would be required to be investment management companies authorised and regulated by the Financial Conduct Authority (FCA), with the expertise and capacity to implement investment strategies;
- AAs would be required to transfer legacy assets to the management of the pool.

¹ [Local Government Pension Scheme \(England and Wales\): Fit for the future - GOV.UK](https://www.gov.uk/government/consultations/local-government-pension-scheme-england-and-wales-fit-for-the-future)

Boosting LGPS investment in their localities and regions in the UK, by requiring AAs to:

- set out their approach to local investment in their investment strategy including a target range for the allocation and having regard to local growth plans and priorities,
- to work with local authorities, Combined Authorities, Mayoral Combined Authorities, Combined County Authorities and the Greater London Authority to identify local investment opportunities;
- to set out their local investment and its impact in their annual reports.

Pools would be required to conduct suitable due diligence on potential investments and make the final decision on whether to invest.

Strengthening the governance of both LGPS AAs and LGPS pools in the following ways, building on the recommendations of the Scheme Advisory Board (SAB) in their 2021 Good Governance Review:

- committee members would be required to have the appropriate knowledge and skills.
- AAs would be required to publish a governance and training strategy (including a conflicts of interest policy) and an administration strategy, to appoint a senior LGPS officer, and to undertake independent biennial reviews to consider whether AAs are fully equipped to fulfil their responsibilities.
- pool boards would be required to include representatives of their shareholders and to improve transparency.

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14. The consultation goes into much more detail across each of the headline proposals. The text of the consultation requires careful analysis.
 15. Fund officers have drafted outline responses to the 30 questions set out in the consultation. Although there will be further updates required to fully develop the Fund's submission, it is not anticipated that the key messages within the responses will change.
 16. Committee members are therefore requested to endorse and comment on the draft responses to the Government's "LGPS: Fit for the Future" consultation as the basis for the Fund's submission, and approve the delegation to officers to finalise the Fund's final submission.
 17. The 30 questions posed by the Government, along with the Fund's draft responses, are set out at Appendix A.

Risk Management Policy

18. At the meeting of this Committee on 1 December 2023, the Fund's new Risk Management Policy was endorsed and adopted. At the time, The Pension Regulator's new General Code of Practice was anticipated but had not yet been published. Fund

officers committed to carrying out a review of the Risk Management Policy in light of the subsequent publication of the General Code.

19. Members will be aware that the General Code of Practice came into force in March 2024. Amongst its content, there are modules setting out expectations in relation to risk management, internal controls and systems of governance.
20. The Fund's existing Risk Management Policy has been reviewed alongside this new regulatory guidance. While largely compliant, and with no fundamental gaps identified, the Fund's policy has been updated, to ensure all necessary definitions and guidance are fully aligned with the General Code. This better allows us to demonstrate compliance with the requirements of the General Code through the policies we operate.
21. Key changes to the policy include:
 - A regulatory statement setting out the requirement for pension schemes and funds to have systems of governance and internal control;
 - A definition of internal controls;
 - A note that legal responsibility for internal controls rests with the Fund even where functions or activities are delegated to third parties;
 - A statement that internal controls are not infallible and cannot eliminate error or fraud;
 - Factors to consider when designing internal controls; and
 - Circumstances which may lead to a risk review.
22. The Committee are requested to endorse the updated policy.

Pension Fund Committee – 6 December 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.

Administration System Developments

3. The Fund continues to work with the administration system provider Civica to implement functionality for the McCloud remedy.
4. Some functionality changes resulting from the McCloud remedy have already been delivered to date, which allows the Fund to implement the calculation of the new underpin for:
 - Retirement of active members aged under 65; and
 - Calculation of deferred benefits for members under age 65.
5. All remaining functionality, including that required to process all leavers using the new underpin, and to allow the possible rectification of casework which has been processed since 1 April 2014, was due to be delivered in two further tranches, the first in October 2024 and the second in January 2025.
6. The Fund has received the first tranche of functionality, and Fund officers have completed user acceptance testing. There are a number of issues with the functionality identified through testing which will need to be fixed, before the Fund can promote the functionality to the live database.
7. It is expected that these fixes will be implemented by the end of the calendar year. Civica are assessing the impact of this activity on the second tranche of functionality that was due to be released in January, although inevitably it will lead to a delay.
8. Across the two tranches of functionality, the updates to the administration system will allow the new underpin to be applied to all leaver cases and all rectification cases once fully implemented.
9. The revised timetable for administration system updates will mean there is a further overall delay in the Fund's ability to apply the new underpin to all eligible members leaving the Fund and in commencing the bulk rectification of casework which has already been processed since 1 April 2014.

Guidance and Training

10. On 11 October 2024, the Local Government Association (LGA) published the second instalment of their McCloud technical guide for administrators.
11. The first instalment was published in November 2023 and gave an overview of which pension accounts qualified for underpin protection, and how to perform the underpin calculations.
12. LGA have released the guide in instalments 'due to the breadth and complexity of the McCloud remedy project', and because they were still awaiting guidance in some areas.
13. The second instalment of the guidance covers other calculations that are impacted by the underpin and revisiting past calculations.
14. Following clarification from the Government about eligibility criteria, as set out in Section 5 of the McCloud Implementation Statutory guidance, the LGA have also amended their guidance on this important area.
15. The updated eligibility section of the LGA guidance confirms that a member's eligibility for the McCloud remedy is not static and can change in the future depending on decisions the member takes (for instance to transfer benefits).
16. There are now five categories of members that Fund needs to take account of, adding further complexity to the McCloud casework. The five categories of members are set out in the table below:

Eligibility Position	Fund Action
Someone who qualifies and always will	Once the Fund identifies them their status will never change
Someone who qualifies now but may not in the future	The Fund needs to carry out checks at retirement
Someone who doesn't qualify now, and never will	The Fund does not need to carry out any further checks
Someone who doesn't qualify now but could qualify in the future	The Fund needs to carry out checks at retirement
Not enough information to know whether a member qualifies or not	The Fund needs to find out the missing information

17. Alongside the publication of the second instalment of the guidance, LGA delivered two webinars for the LGPS on McCloud in October, which were attended by staff from the Fund.
18. Hymans Robertson also delivered three separate training sessions, which were attended by twenty Fund staff members during October and November. The training covered:

- Qualifying criteria
- Underpin calculations
- Complex cases

19. Hymans Robertson are also producing a McCloud handbook, which will be a useful document for staff both now and into the future. We expect the handbook to be available in the Spring of 2025.

Rectification Plan

20. As the Committee are aware, the Fund needs to develop a detailed rectification plan to manage the work required because of the McCloud remedy.
21. Production of a plan had been delayed while the Fund waited for remaining guidance and regulations to be finalised, and the remaining administration system functionality to be in place.
22. Now that full LGA guidance has been received, and on the assumption that the administration system functionality should be available early in 2025, the Fund can now start to prepare this detailed rectification plan.
23. A procurement process to commission the services of a third-party provider to assist with the production of the detailed rectification plan will commence in quarter 4. The Committee will continue to receive update reports setting out progress on this matter at future meetings.

Pension Fund Committee – 6 December 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 (PDP).

Integrated Service Provider – Beta Sign Off

3. The Fund previously appointed its administration software database provider, Civica UK Limited, as their Integrated Service Provider (ISP).
4. As previously reported to the Committee, before becoming an approved ISP, all such providers are required to go through a 'beta' testing phase managed by the PDP and be officially signed off by the national programme.
5. Civica were due to commence their beta phase in October 2024. However, Civica have been informed by the PDP that their beta phase will now commence in December 2024 and conclude in April 2025.
6. That means the first Civica ISP client will not be able to 'onboard' until May 2025. The date for Cheshire to onboard has not yet been confirmed.
7. The deadline for all LGPS Funds, including Cheshire to connect to the national dashboards service is October 2025. The national deadline for all dashboards to have gone live is currently October 2026.
8. In the meantime, the Fund is working with our ISP on preparatory work, drafting policies required for dashboards and focussing on data cleansing.

Data Cleansing

9. The Fund will need to baseline and assess the quality of the data required to support the dashboard programme and cleanse any records as necessary ahead of our onboarding deadline.
10. The Fund have appointed Intellica, via our existing Civica contract, to complete the data baselining and cleansing work.
11. Civica are developing a connection between the software used by Intellica to our administration system database, so that we can commence the data baselining and cleansing work.

12. The Fund should have access to Intellica's reporting tool before the end of the calendar year and so data cleansing can commence soon after.

Local Pension Board

Date of report: 18th February 2025

Report of: Jim Dean
Senior Manager Assurance

Internal Audit – Assessment of Internal Controls

1. Purpose of the paper

This paper provides a brief overview of Internal Audit and its approach to assessing Cheshire Pension Fund’s internal control framework.

2. Introduction to Internal Audit

The Internal Audit function for Cheshire Pension Fund is delivered by Cheshire West and Chester Council’s Internal Audit team, headed by the Senior Manager Assurance. Internal Audit is an independent, objective assurance and consulting service designed to add value and improve the Council and Pension Fund’s operations and assist both organisations to accomplish their objectives. This is done via a systematic, disciplined approach aimed at evaluating and improving the effectiveness of risk management, control and governance processes.

The requirement for an Internal Audit function is implied by section 151 of the Local Government Act 1972, which requires authorities to “make arrangements for the proper administration of their financial affairs”. Regulation 5 of the Accounts and Audit Regulations 2015, more specifically requires that “a relevant authority must undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards or guidance”.

3. Independence and Objectivity

The Internal Audit team is independent in its planning and operation and has no responsibility for delivering non-audit services. The team do not implement internal controls, develop procedures, install systems, prepare records, or engage in any other activity that may impair an internal auditor’s judgement. The Senior Manager Assurance confirms the team’s independence as part of the Head of Internal Audit Annual Report and Opinion, which is reported to the Council’s senior management and Audit and Governance Committee.

The Internal Audit team has its own Charter, which establishes the framework in which the team operates to best serve the Council and meet its professional obligations. It defines the team’s purpose, authority and responsibility and its position within the Council and reporting lines. Furthermore, the Charter authorises access to records, personnel

and physical property relevant to the performance of audit work; and defines the scope of internal audit activities.

All members of the team complete annual declarations of interest. In addition, for each audit auditors must complete a pre audit checklist, for review by the Senior Manager Assurance, where they are required to declare any possible conflict of interest. In the event of a potential conflict of interest being identified the audit would be reassigned.

4. Ensuring effective delivery of the internal audit service

The Internal Audit team has delivered internal audit services to the Pension Fund since the Council was formed in 2009 and have thus developed a considerable level of knowledge of the subject area. The current lead auditor has worked on pension fund audits since 2015.

All auditors in the team are professionally qualified and experienced in undertaking internal audits or, in the case of a newly qualified audit apprentice, closely supervised by someone who has that experience. The auditors understand the principles of risk, governance and internal control through their training and experience and adapt it to the assigned area to be audited. All audit work is documented to professional audit standards, with draft reports and supporting working papers subject to review by the Senior Manager Assurance, before the report is shared with the client service.

Currently, the team is required to comply with the UK Public Sector Internal Audit Standards (PSIAS) and accompanying Local Government Application Note. The standards require that compliance with the standards is externally assessed at least every five years. The Audit team has been externally assessed as fully compliant, most recently in April 2024.

With effect from 1 April 2025 internal audit teams in the public sector will be required to comply with new internal audit standards. These are based on the new Global Internal Audit Standards issued by the Institute of Internal Auditors, combined with the Global Internal Audit Standards in the UK Public Sector Application Note issued by the Relevant Internal Audit Standard Setters. The Standards encompass 15 guiding principles, supported by 52 Standards covering five broad areas. These are the Purpose of Internal Auditing; Ethics and Professionalism; Governing the Internal Audit Function; Managing the Internal Audit Function; and Performing Internal Audit Services. Internal audit teams are not expected to be fully compliant on 1 April 2025, but to be working toward full compliance. However, in practice, many of the new standards' requirements articulate best practices which most UK public sector internal audit teams have already been following. The Charter Institute of Public Finance and Accountancy (CIPFA) has stated that internal audit teams, such as this team, that are assessed as fully complying with the current PSIAS should have most of the practices in place to ensure compliance with the new standards.

5. Assessment of Cheshire Pension Fund's internal control framework

The Pension Fund's internal control framework comprises the systems, arrangements and procedures in place to ensure compliance with the scheme regulations and to protect the fund from any adverse risks. It is management's responsibility to establish

and maintain internal control systems and to ensure that resources are properly applied, risks appropriately managed and outcomes achieved.

Internal Audit review systems of internal control for the Pension Fund, on an agreed basis, as part of the delivery of its risk-based annual audit plan. In determining where to focus resource, Internal Audit reviews the Fund's risk register which highlights the key risks critical to the scheme and uses intelligence gathered from discussions with the Fund's senior management and external audit (Grant Thornton) regarding risks, operations, systems and priorities for the year. The audit plan is developed in March each year but is flexible and adaptable as new risks and issues emerge. The Pension Fund Manager is a member of the Council's Finance Management team and has direct access to the Senior Manager Assurance to raise any areas of concern or requests for support on an ongoing basis.

In addition, assurance is obtained on an annual basis through Internal Audit's reviews of Cheshire West and Chester Council's key financial systems which are also used by the Fund, in particular the payroll, accounts payable and accounts receivable systems.

6. Internal Audit reporting arrangements

For each audit, terms of reference are prepared, discussed and agreed with relevant managers. The terms of reference establish the objectives, scope and timing of the assignment and its resource and reporting requirements.

Audit work is allocated to staff with the appropriate skills, experience and competence and is subject to an appropriate internal quality review process to ensure that sufficient evidence has been obtained and recorded to support the opinion, conclusions, recommendations and action plans. On completion of the audit an opinion report is issued to management that includes:

- the engagement's objectives and scope;
- applicable findings, conclusions, recommendations and agreed management action plans; and
- an internal audit opinion on the control environment for the area under review that is based on an assessment of the results of audit work and their significance – there are four levels of opinion ranging from 'substantial' to 'no' assurance on the system of governance, risk management and control.

During 2023/24, separate audits of Refunds and Retirements were concluded as part of a rolling programme of reviews of the Fund's key functions, originally agreed in 2019. The review of Refunds was given a rating of 'Substantial Assurance', indicating that based on the evidence provided by the Fund and testing carried out, internal controls were operating effectively and applied consistently. The audit of Retirements was given a rating of 'Reasonable Assurance', indicating that key controls were generally in place, but some improvements were required to strengthen the overall control environment. Following the issue of final reports, all agreed actions are followed up with the Fund's managers to ensure they are implemented as agreed. There are no outstanding actions at the time of reporting.

Internal Audit also completed a review of Investments on behalf of the Internal Audit Working Group, which comprises audit professionals who represent the eight pension funds that make up

the asset pool managed by LGPS Central. The audit teams carry out annual reviews of Investments and Governance on a rotational basis. The review of Investments was also given a rating of 'Substantial Assurance'.

Audit work delivered so far in 2024/25, or currently in progress, is as follows:

- Processing of Death Notifications – As part of the rolling programme of review, Internal Audit was asked to look at the robustness of CPF processes for dealing with death notifications and the subsequent payment of benefits. The final report was issued in February 2025 and received a 'Substantial Assurance' rating.
- Asset Pooling – Internal Audit has continued to attend regular meetings and contribute to the work carried out by the Internal Audit Working Group. The annual review of Investments within LGPS Central was issued earlier this year and the annual review of the company's Governance arrangements is currently in progress.

Moving forwards, Internal Audit will continue to provide support to Cheshire Pension Fund via the 5-year rolling programme of reviews of the Fund's key functions, with Transfers In currently scheduled for review in 2025/26.

Other audits that have been highlighted by Cheshire Pension Fund as potentially being of benefit are as follows:

- General Code of Practice – review of the self-assessment carried out by CPF
- Governance and Training Strategy – review of the evidence used in the completion of the strategy
- Pensions Dashboards Programme (PDP) – review of CPF's preparedness for onboarding to the PDP
- McCloud – review of CPF's approach to the remedy / rectification work required following the McCloud judgement

The order in which these reviews will be conducted, and the timing and scope of each, will be agreed between Internal Audit and Cheshire Pension Fund on a yearly basis, and may be subject to change as needed following discussions between the two parties.

For further information:

Officer: Jim Dean, Senior Manager - Assurance

Email: jim.dean@cheshirewestandchester.gov.uk

LOCAL PENSION BOARD 2024-25 ANNUAL REPORT

Introduction

1. This Board will be invited to discuss the content to be included in the Local Pension Board Annual Report for 2024-25.

Recommendation

2. The Board are requested to identify the content to be included in the draft Local Pension Board Annual report for 2024-25.

Annual Report

3. As set out in their Terms of Reference, the Board are required to produce an Annual Report specifically for the Local Pensions Board (LPB).
4. The Board's Annual Report will be required to be completed by the end of May 2025 in order to be incorporated into the Fund's Annual Report. The LPB Annual Report requires production so that it can be completed in time for approval at the next Board meeting in May.
5. The format of the report will be the same as the 2023-24 report which was published on the Fund's website as within the main Scheme Annual Report. A copy of the 2023-24 report is enclosed in Appendix A.
6. The report is split into six sections as summarised in the table below:

Introduction
Details of Membership
Summary of past year activity and plans for year ahead
Attendance at Meetings
Skills and Development Activities
Budget

7. Included within the Annual Report is the outturn for the Board's allocated budget of £5k.
8. The Board are requested to identify items to be included in the draft of the 2024-25 report.

Cheshire Pension Fund

Local Pension Board

Annual Report 2023-24

INTRODUCTION

Welcome to the ninth annual report for the Local Pension Board (the Board) for the year ending 31 March 2024.

The Board assists Cheshire West and Chester Council, as Administering Authority, with the efficient governance and administration of the Cheshire Pension Fund.

It has been another busy year for the Board in monitoring the Fund's progress in meeting compliance with complex regulatory changes including the McCloud remedy and the Pensions Dashboards programme.

The Board have also received regular updates on the Fund's ongoing transformation programme, which is designed to make the best use of technology and other resources to deliver an effective service to customers and employers. This included the launch of the Fund's new My Cheshire Pension portal, a key development in the move to 'digital first'.

The Board said goodbye to two long standing members of the Board. Adrienne Laing, Employer Representative and Neil Harvey, Member Representative; each reached the end of their tenure during the year. The Board and the Fund are grateful for their considerable contributions over the years.

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

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

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

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

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

Peter Raynes
Local Pension Board Chair

1. Board Membership

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

Role	Name	Organisation	Date Appointed	Term End Date
Employer representative	Kay Lennon	Cheshire West and Chester Council	26/6/23	25/6/26
Employer representative	Cllr Robert Bisset	Cheshire West and Chester Council	26/6/21	25/6/24
Member representative	Geoff Wright	UNISON	26/6/21	25/6/24
Member representative	Jason Lambert	Cheshire West and Chester Council	26/6/23	25/6/26
Chair*	Peter Raynes	Independent (non-voting)	26/6/21	25/9/24

*Peter Raynes is continuing in the role until 25 September 2024

- 1.4 During the year, Adrienne Laing, Employer Representative and Neil Harvey, Member Representative, both reached the end of their tenure and were replaced by Kay Lennon and Jason Lambert respectively.
- 1.5 Councillor Bisset reaches the end of his current tenure on 25 June 2024. In accordance with the board's terms of reference Councillor Bisset has again been nominated by the administering authority to serve a further 3-year term commencing from 26 June 2024.
- 1.6 Similarly, Geoff Wright has been jointly renominated for the role of Member Representative by GMB and Unison, as required by the Board's terms of reference.
- 1.7 The Fund will invite expressions of interest for the role of Independent Chair, which is currently held by Peter Raynes, in the Summer of 2024.

2. Review of 2023-24

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

Joint Chairs Meetings

- 2.2 The Chair of the Board has again held quarterly meetings with the Chair of the Pension Fund Committee (the Committee) to discuss common issues.
- 2.3 These meetings provide the Chairs with a regular opportunity to discuss important topics and to ensure that their work compliments and avoids duplication of effort.

Pensions Employer Forum

- 2.4 The Pensions Employer Forum (PEF) is made up of representatives from the main employers and employer groups within the fund. Peter Raynes, Board Chair, is also Chair of the PEF providing an important link between the Board and the Forum.
- 2.5 The PEF works with the Fund to ensure an efficient service is delivered for all stakeholders, with particular emphasis on administration and communication.
- 2.6 The Forum is key to assisting the Fund in developing new ways of working which improve efficiency for both the Fund and Employers and to assist the Fund in developing its transformation agenda which aims for services to be delivered with a 'digital first' ethos.

LGPS Central Board Chairs / Scheme Advisory Board Engagement

- 2.7 The Board Chair continues to meet with Chairs from the Boards of the LGPS funds within the Central Pool (these are Derbyshire, Leicestershire, Nottinghamshire, Shropshire, Staffordshire, West Midlands and Worcestershire LGPS funds).
- 2.8 These meetings allow the Boards to discuss important topics, share ideas and receive first hand updates on national regulatory developments.
- 2.9 The Scheme Advisory Board plays an important role in this group. A SAB representative attends the meetings and provides regular updates on regulatory and other relevant issues. The updates are helpful as they provide an overview of the upcoming issues that Local Pension Board members need to consider.
- 2.10 Two meetings took place during the year on 23 October 2023 and 25 March 2024.

Knowledge and Skills

- 2.11 The Committee endorsed the Fund's training policy at its meeting on 13 March 2020. The policy was effective from 1 April 2020 and covers the collective training requirements for Committee and Board members.

- 2.12 A joint training plan was developed for the 2023-24 year which was based upon the results of CIPFA knowledge and skills self-assessment questionnaires which had been completed by Committee and Board members.
- 2.13 In addition, the Fund maintained a record of any additional training and development opportunities which were attended by individual members of the Board and Committee to further their own knowledge and understanding.
- 2.14 Individual training opportunities are through attendance at conferences and seminars, along with details of any online learning, such as the Pensions Regulator's Trustee Toolkit and the Hymans Robertson LGPS Online Learning Academy (LOLA).
- 2.15 In the autumn the Board and Committee Chairs again undertook their review of the collective training which had been delivered to members, the summary of the individual training and development, and the results from the further self-assessment questionnaire which had been completed by members.
- 2.16 The training plan for 2024-25 was derived from these results and approved by the Chairs.

Terms of Reference Review

- 2.17 The Board undertook its annual review of the Terms of Reference (ToR) at its meeting on 17 October 2023.
- 2.18 Board members questioned the meaning of paragraph 2.6.3. which relates to internal dispute resolutions. The Fund instructed a solicitor who confirmed that the wording only related to members when acting in their capacity as a member of the Board. An amendment to the ToR has been made to clarify the position.
- 2.19 The ToR have also been amended to update the wording relating to the independent Chair, and to correct out of date titles for the Chief Operating Officer and the Pensions Employer Forum.
- 2.20 The changes to the ToR were endorsed by the Pension Fund Committee at their meeting on 8 March 2024, and will be approved by the Audit and Governance Committee, as required by the ToR themselves.

Regulatory Changes

- 2.21 The Board continued to receive detailed briefings on regulatory changes during the year with a specific focus on the two main developments (explained in 2.22 – 2.27 below), which the Fund is currently working on.

McCloud Judgement

2.22 The McCloud judgement refers to a court case which found that transitional protections introduced in public sector pension schemes when they changed from final salary to career average in 2014-2015, amounted to age discrimination to younger workers.

2.23 This regulatory change presents a significant challenge and will require input from all areas of the Fund. The McCloud remedy regulations came into effect from 1 October 2023. The Fund is working on developing a rectification plan to implement any necessary changes required because of the regulatory change.

2.24 The Board regularly monitor the Fund's progress in preparing for and meeting the requirements of this regulatory change.

Pensions Dashboard Programme

2.25 The Pensions Dashboard Programme requires all pension funds in the UK to onboard to allow members to view their pensions in one place.

2.26 The onboarding date for the LGPS has been confirmed as October 2025 and the Fund is working on the steps required to register for dashboards, to ensure all data is ready for use with the dashboards and to implement back-office systems to accommodate any operational changes required as a result.

2.27 Again, the Board receive regular progress updates from the Fund in preparing for this significant regulatory change.

Risk Register

2.28 The Board undertakes regular reviews of its risk register several times per year.

2.29 The register contains six risks that relate specifically to the Board itself. The register identifies additional actions which could be taken in future to further mitigate the risks. The Board seek to implement these where possible.

2.30 A high-level summary of the risks outlined in the Board's register along with their current rating is shown below:

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

2.31 The fund's Risk Register was reviewed at the Board meeting on 29 August 2023 and it was agreed that it contained all necessary risks.

The Pensions Regulator – General Code of Practice

2.32 On 10 January 2024 The Pensions Regulator (TPR) published their General Code of Practice (the Code). This new code replaces ten existing specific Codes of Practice, including Code 14 The Public Services Pensions Code of Practice which the Board have been monitoring the Fund's compliance against since 2015.

2.33 The Board received an update confirming that officers will assess the Fund's compliance with the new code by the end of March 2024. The Board were also advised that an action plan to close any gaps between required elements of the Code will be put in place during 2024-25.

2.34 The Board will receive regular updates on the Fund's compliance with the new Code during 2024-25.

Cyber Security

2.35 The Board have received regular updates on the Fund's progress of assessing and mitigating cyber security risk.

2.36 The Fund commissioned external support to assist with this work and has been providing quarterly updates to the Board throughout the year.

Internal Audit Reports

2.37 Another role of the Board is to review the outcomes from Internal Audit (IA) reports on pension activities. During 2023-24 there were two reports completed by IA.

2.38 The first related to the Fund's processes for managing retirements. The report assessed that there is 'Reasonable Assurance' in the retirements process and made three recommendations. 'Reasonable Assurance' is the second of four levels of rating provided by IA.

2.39 The Fund implemented the first two recommendations which were around training notes and improving the speed of notifications from employers to avoid delays in processing retirements.

2.40 The third recommendation centred on the service level agreement (SLA) that the Fund use to measure retirements. Retirements are measured as those that are completed within 45 days, under 60 days and over 60 days with an SLA of 100% of retirements to be processed within 45 days.

- 2.41 IA noted that the 100% SLA is not achievable due to a variety of reasons which were beyond the Fund's control. For instance, if the employer has not made the Fund aware of the retirement in good time and so the process of completing the necessary paperwork did not commence on time or where the member has not made decisions about how much lump sum they wish to take.
- 2.42 For these reasons IA suggested the Board should review the SLA and look to reduce it from 100% to perhaps 80%.
- 2.43 Whilst the Board understood the recommendation from IA, they decided to retain the existing SLA. By measuring against the 100% within 45 days target, the Fund can demonstrate the number of members who have not received their benefits within the acceptable timeframe. The Board feel it was important to retain this key statistic to encourage employers to improve their systems and processes to support the Fund in meeting the SLA.

Data Quality

- 2.44 The Board has a key role in managing oversight of the Fund's essential work to improve the quality of data.
- 2.45 A quarterly report is presented to the Board confirming the fund's TPR common and scheme specific data scores.
- 2.46 The Fund has a workstream in its transformation programme dedicated to improving data quality and has been providing progress updates to the Board on a regular basis.

Transformation Programme

- 2.47 The Board undertake a quarterly review of the Fund's progress in meeting targets set within the transformation programme. This includes workstreams to tackle historic casework backlogs, improve data quality and onboard employers onto Monthly Interfacing, the Fund's monthly member data collection process.
- 2.48 The programme has seen a significant move forward this year with the introduction of the My Cheshire Pension portal (MCP). This portal marks a major step in the Fund's move to a digital first ethos.
- 2.49 MCP is a member self-serve portal where the Fund's members can undertake a variety of activities including viewing their own records, making changes to personal details, updating their death grant nominations and viewing documents.
- 2.50 MCP is being further developed and in early 2024 members will be able to model their retirement benefits at different ages and contact the Fund securely. In August 2024 the Fund will deliver all Annual Benefit Statements to active

members digitally via the portal, unless members elect to opt out and still receive a paper statement.

Breaches Policy/Log

- 2.51 The Board has a key role in monitoring breaches and reviews the breaches log monthly. The Board reviews any new breaches to monitor local actions to redress the breach and to determine if the breach meets the requirement for reporting to TPR.
- 2.52 In addition to reviewing the breaches log, the Board undertakes a quarterly review to identify any trends which require further investigation.
- 2.53 The Breaches policy and Breaches Log are available on the Fund's website.

Member Engagement

- 2.54 The Board has a dedicated facility on the Fund's website to allow members to contact the Board with any questions.
- 2.55 The Board received three questions, from the same group, during the year and provided a response to each. The subjects covered included:
- The Fund's Spotlight communications on Investments
 - The Fund's 2022 taskforce on Climate Related Financial Disclosures Report
 - Cheshire Chat – pensioner newsletter

3. Board Attendance at Meetings 2023-24

- 3.1 The terms of reference for the Board state that there should be a minimum of four meetings per year. There were five meetings held during 2023-24.
- 3.2 The table below summarises the meetings which have taken place including attendance by members of the Board. (A tick denotes the Board member was present).

Members	15-May-23	30-May-23	29-Aug-23	17-Oct-23	20-Feb-24	Percentage
		SoA/AR				
Peter Raynes	✓	X	✓	✓	✓	80%
Cllr Rob Bisset	✓	✓	✓	X	✓	80%
Adrienne Laing	✓	✓				100%
Geoff Wright	✓	X	✓	✓	✓	80%
Neil Harvey	✓	✓				100%
Kay Lennon			X	✓	X	33%
Jason Lambert			X	✓	✓	66%

- 3.3 The meeting on the 30 May was dedicated to the review of the fund’s draft Statement of Accounts and Annual Report for 2022-23 so that the Board could ensure these had been produced in accordance with statutory and best practice requirements. This is an important part of the Fund’s governance process to produce the Statement of Accounts and Annual Report.
- 3.4 The Board’s review provided assurance to the Committee that they could recommend the draft accounts to be presented to the Council’s Audit and Governance Committee.

Skills and Development Activities

- 3.5 The Board and Committee have attended joint training sessions during the year which, as well as developing Board members’ knowledge, have helped the Board to gain assurance that the Committee decision making processes are robust and properly informed, and are in accordance with regulations and best practice.
- 3.6 A summary of the training provided for the Board, including attendance, during 2023-24 is shown below.

Date	Topic	Delivered by	Board Attendees
14 July 2023	Pensions Financial Strategy, Management, Accounting, Reporting and Auditing Standards	Officers	Geoff Wright Jason Lambert
	Cheshire Pension Fund Annual Report 2022/23	Officers	

Date	Topic	Delivered by	Board Attendees
	Overview of External Relationships	Officers	
	Role of the Fund's Investment Consultants	Mercer	
27 October 2023	Pensions Administration and Communications	Officers	Peter Raynes Councillor Bisset Geoff Wright Jason Lambert
	Climate Risk Report	LGPS Central Limited	
	Stewardship Engagement Themes	Officers	
	Training Plan Update 2024/25	Officers	
23 February 2024	Pensions Services Procurement, Contract Management and Relationship Management	National LGPS Frameworks	Peter Raynes Councillor Bisset Jason Lambert
	Managing Cyber Risk	Officers	
	Local Investing	Officers	
	Business Plan	Officers	

External training events

- 3.7 Board members also attended a number of external conferences and seminars in order to maintain knowledge and keep up to date with current issues facing the LGPS.

Event Date	Organised by	Topic
18 May 2023	CIPFA	Local Pension Board Conference
8 November 2023	CIPFA / Isio	Local Pension Board Seminar
Oct-Dec 2023	LGA	Fundamentals
18-19 January 2024	LGA	Governance Conference

Budget

- 3.8 The Board agreed a budget of £5,000 for 2023-24 to assist with its operation. This included costs for training, external advice, expenses and travel costs.
- 3.9 The Board incurred costs of £2,803 which was spent on attending conferences and seminars. Budgeted provisions for external advice were not required in 2023/24.

4. 2024-25 Work Plan

- 4.1 The Board already has a detailed work plan for 2024-25 which includes a number of key tasks for the Fund, as outlined below.
- 4.2 A consultation on changes to regulations and statutory guidance resulting from the SAB Good Governance review is expected in 2024. The Board will be consulted on the Fund's response to this consultation.
- 4.3 The Board will ensure that the Fund adheres to any regulatory changes which may come into effect during the year, as well as those already in progress, and will ensure that the Fund introduces clear and timely communication of those changes with members, employers and other stakeholders.
- 4.4 The Board will also keep a close eye on any changing guidance from TPR and SAB and ensure the Fund implements any recommendations as prescribed.
- 4.5 The Board will continue to monitor progress in delivering the Fund's transformational pensions programme, including the ongoing work to improve data quality ahead of the introduction of the pension dashboard.
- 4.6 The Board will continue with its compliance role in ensuring Fund policies and publications are produced and updated in line with statutory requirements and best practice guidance.
- 4.7 The Board will undertake the annual review of its own policies, such as the Terms of Reference, to ensure that they remain fit for purpose.
- 4.8 The Board's activity will support the Administering Authority and Pension Fund Committee in making decisions safe in the knowledge that the Fund is compliant with statutory and best practice and that any areas for development will be highlighted to them by the Board.
- 4.9 Board members will attend external conferences and seminars to maintain knowledge and to keep up to date with current issues facing the LGPS.

5. Further information

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

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

DATA QUALITY

Introduction

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

Recommendation

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

Data Scores

3. As Board members are aware, each year the Fund is required to report data quality scores to the Pensions Regulator (TPR) as part of the Scheme Return.
4. The scores submitted for the TPR Scheme Return submitted for the last 4 years are included within the table below along with the latest scores as at 7 January 2025.

	TPR Scheme Return				
	10-Oct-22	9-Oct-23	2-Jan-24	1-Nov-24	7-Jan-25
Common Data	99.10%	99.17%	99.74%	96.00%	99.74%
Scheme Specific Data	77.17%	74.04%	85.62%	84.00%	85.62%

5. The Common data scores have improved over the years as a result of the address tracing undertaken by the Fund. There was also an improvement in scheme specific data scores reflecting the ongoing work with employers on data cleansing following the March 2024 year-end.
6. Work is ongoing to improve both common and scheme specific data scores, 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 to 30 September 2024.

Recommendation

2. The Board are requested to:
 - a) Note and comment on the summary of the Breaches Log for 1 April to 30 September 2024;
 - b) Note the continuing positive progress in issuing Annual Benefit Statements to those members who haven't yet received them.

Breaches Log

3. The Pension Fund Committee approved the updated version of the Fund's Breaches Policy at its September 2024 meeting. The categorisation of breaches has been updated within this report to be in line with the new policy.
4. "Report" breaches are those which require reporting to the Pensions Regulator (TPR). "Monitor" 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. "Closed" breaches are those where, following investigation, no further action is deemed necessary.
5. A summary of the breaches included on the log between 1 April and 30 September 2024 are listed below in Table 1. For comparison purposes the total numbers of breaches for the prior year have also been included.

Table 1: Summary of the Breaches Log

	Total 2023-24	Total 2024-25	Status 2024-25		
			Report	Monitor	Closed
Contributions	44	25	0	1	24
ABS	1	1	1	0	0
Administration	4	5	0	0	5
AVC	1	0	0	0	0
Total	50	31	1	1	29

Contribution Breaches – 25

6. The twenty-four closed 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.

7. One contribution breach was escalated to the monitor category. This was in relation to a small employer with one employee in the Fund who failed to pay their contributions for three months in a row. This employer has now paid all backdated contributions

Administration Breaches - 5

8. Board members were briefed at the October meeting about one administration breach, which was identified as part of a process review, where 2,420 members who left the Fund within the period June 2022 to May 2024 were not notified of their rights and options when leaving the Fund, in the form of a Deferred Holding Letter within 2 months of leaving the Fund.
9. Following the retirement of a member of staff in pensions, the usual process to identify these members had been missed, resulting in the affected members not receiving the letter notifying them of their rights and options. By the September 2024 all members had been written to. The impact on them was assessed as minimal, as the majority are not within 12 months of their Normal Pension Age (NPA) or are ineligible to transfer for other reasons, so their pension rights are unaffected.
10. The remaining four administration breaches relate to ongoing activity to progress legacy administration casework - triggering breaches as scheme members are now receiving notification of their benefits who were not notified at the time within the specified limits.

Annual Benefit Statements - 1

11. LGPS Regulations require that all active and deferred members receive an Annual Benefit Statement (ABS) by 31 August each year. In addition, TPR sets a requirement that pension funds must self-report a breach if they do not provide ABSs to 100% of eligible members by this deadline.
12. The Fund has reported itself to TPR for a breach relating to the 2024 ABS. Due to a combination of missing data issues, combined with a number of lost contact addresses, particularly of deferred members, the Fund was not able to send 100% of ABSs on time.
13. Following the Fund's breach process, the ABS breach was approved by the Board and the Director of Governance before being issued to TPR. The Fund has since received a response from TPR which confirms that they do not intend to take any enforcement action as a result of this breach.

Active Members

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

Table 2: Summary of Delivery of Active Members ABS

	2024	%	2023	%
Active Members eligible to receive an ABS	32,000	100	31,596	100
Members who received an ABS on time	27,289	85	25,574	81
Members who did not receive an ABS on time	4,711	15	6,022	19

15. The Fund was able to issue an ABS to 85% of active members by the deadline of 31 August.
16. The table shows some 15% of active members did not receive their ABS by the deadline compared to 19% in 2023. The reasons why these 4,711 members have not received their ABS include:
 - the data provided to the Fund by employers via our data collection process or other documentation is inconsistent or contains errors; and
 - missing information, that we will need to work with our employers to obtain.
17. Whilst the Fund have been able to improve the percentage of members who received an ABS compared to the previous year; the overall percentage is still lower than we would like it to be.
18. There are two main reasons why the Fund was not able to issue an ABS to many members by 31 August, as set out below:
 - i. The Fund has been continuing to work with the payroll provider who processes the payroll for about 40% of the membership. This provider changed their back-office systems in the autumn of 2021 which led to problems extracting data in a consistent format. Whilst the Fund has received data throughout the year, it has required considerable manual work to cleanse the data sufficiently for use in the ABS; and
 - ii. There have been a number of issues with the bulk processing of records with the Fund’s administration system, which required external assistance from the Fund’s software provider to investigate and resolve each issue, which has led to delays in being able to complete critical processes in a timely manner.
19. During 2024 the Fund introduced its first digital ABS for active members. Members can view their digital ABS by accessing the Fund’s member self-serve portal, known as the “My Cheshire Pension” portal.
20. As the ABSs are now available online, it allows the Fund to issue further batches to members who have not yet received their statement, once data issues have been resolved. Since the end of August the Fund has continued with the data cleansing work and processing of ABSs, and have been issuing further statements to members every two weeks.
21. Before the introduction of the digital ABS, the Fund would have had to arrange for further statements to be printed and posted by an external company. As a result, no further statements would previously have been issued until the end of December. Digital statements allow the Fund to issue statements to members faster than was previously possible.

- 22. By the middle of November the Fund had been able to increase the percentage of members who have received their ABS from 85% to 92%.
- 23. The Fund will continue to resolve data issues and issue ABSs to members who have not yet received them.

Deferred Members

- 24. The table below summarises the number of deferred members who were eligible to receive an ABS and those that received it on time. As the Board will note, the Fund was able to send 99% of deferred ABSs on time.

Table 4: Summary of Delivery of Deferred Members ABS

	2024	%	2023	%
Deferred Members Eligible to receive an ABS	28,754	100	29,039	100
Members who received an ABS on time	28,327	99	28,451	98
Members who did not receive an ABS on time	427	1	583	2

- 25. The Fund was able to increase the percentage of deferred members who received their ABS in 2024 to 99% compared to 98% in 2023. This was possible as the tracing company which was commissioned by the Fund to trace lost contact members has been able to locate a number of additional addresses.
- 26. Some 427 deferred members did not receive their ABS by the deadline, due to the Fund not holding a current address for those members. The majority of these members have already been traced by an independent tracing company who were previously not able to locate them.
- 27. There were around 60 members who had not been traced previously, and the Fund has sent their details to a tracing company to see if they can be located.

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 Scores 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
<i>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.</i>	Review the progress made by the Fund including the detail of any ongoing actions	Review policies are kept up to date and produced in accordance with legislation and guidance	Review Terms of Reference
Statutory Policies (FSS, ISS, Comms Policy, Admin Strategy Gov Policy and Breaches Policy - as required)		LPB Risk Register 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 - as required)	Review Fund's Conflict of Interest Policy