

**BOARD : LOCAL PENSIONS BOARD**  
**DATE : 29 August 2023**  
**TIME : 10am**  
**VENUE : Virtual meeting using Microsoft Teams**

**LOCAL PENSION BOARD MEETING**

**10.00 – 12.30**

**AGENDA**

**PART A**

**1. PROCEDURAL MATTERS (Pages 3 - 16)**

The Board will:

- a) Consider any Declarations of interest
- b) Receive the minutes of the meeting on 15 May 2023
- c) Receive the minutes of the meeting on 30 May 2023
- d) Review the minutes from the Pensions Employer Forum on 16 June 2023
- e) Note the changes to Board membership
- f) 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 the 2 June 2023 and the Investment Sub-Committee minutes from 19 May 2023.

**3. PENSIONS PROGRAMME UPDATE**

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

**4. UPDATE FROM THE SCHEME ADVISORY BOARD (Pages 17 - 23)**

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

<b>Committee</b>	<b>Meeting Date</b>
Scheme Advisory Board	17 Jul 23
Cost Management, Benefit Design and Administration Committee	26 Jun 23
Investment, Governance and Engagement Committee	3 Jul 23
Compliance and Reporting Committee	19 Jun 23

The Board will also 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).

**5. PERFORMANCE MANAGEMENT FRAMEWORK QUARTER 1 – 2023/24 (Page 24)**

The Board will receive the Performance Management Framework covering the period 1 April to 30 June 2023 (along with the quarter 4 comparator – 1 January to 31 March 2023).

**6. RISK REGISTER (Pages 25 - 29)**

The Board will undertake a review of the risk register and determine if any amendments are required. The Board will also review the risk register for the Pension Fund.

**7. REGISTER OF INTERESTS (Pages 30 - 31)**

The Board will undertake a review of their register of interests and identify any required amendments.

**8. DATA QUALITY (Page 32)**

The Board will be presented with update on the data scores for common and scheme specific data.

**9. COMPLIANCE UPDATE (Page 33 - 35)**

The paper also provides a summary of the Breaches Log for the period to 31 March 2023.

**10. FEEDBACK FROM EVENTS**

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

- Joint Chairs Meeting – 19 June 2023
- CIPFA – Local Pension Board Annual Conference – 18 May 2023

**11. REVIEW AND DEVELOP THE WORK PLAN (Page 36)**

The Board will review the plan.

**12. AOB**

The date of the next meeting is 17 October 2023.

Suggested meeting dates for 2024:

20 February 2024

14 May 2024

21 May 2024 (Statement of Accounts and Annual Report production review)

16 July 2024

22 October 2024

## MINUTES OF LOCAL PENSION BOARD – 15 May 2023

### PRESENT

**Board Members:** Peter Raynes (Chair),  
Cllr Robert Bisset (Employer Representative, CW&C)  
Geoff Wright (Member representative, Unison),  
Neil Harvey (Member representative, GMB)  
Adrienne Laing (Employer representative, The Challenge  
Academy Trust)

**CW&C Officers:** Heidi Catherall, Claire Jones (Item 6), Aaron Austin and Luke  
Stanley

### 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 21 February 2023 having previously approved them by email.
- 1.3 Adrienne and Neil both reach the end of their term of office on 25 June.
- 1.4 Employers and members have been invited to express an interest in the employer and member representative roles. The closing date is 31 May.
- 1.5 The action tracker was reviewed and the contents noted. Board members noted that the internal audit review of retirements has commenced.

### 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 10 March 2023 and the minutes from the Investment Sub Committee held on 10 February 2023.

**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 noted the progress which is being made.
- 3.2 The 2022/23 phase of the programme has been closed down and plans are being implemented for the 2023/24 phase, with monitoring of actions against these plans due to commence from June.

3.3 The Member Self-Serve functionality, known as My Cheshire Pension portal, is being rolled out on a phased basis and all active members will be invited to register when they receive their Annual Benefit Statement in August.

3.4 Board members will be kept informed of progress in meeting the programme aims.

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

4.1 Board members noted the agenda from the recent SAB meeting, and those from the sub-committees.

4.2 Officers produced a summary of a number of topics covered at the meetings and highlighted a couple of areas of interest for the Board.

4.3 The Board also received a report setting out the regulatory changes that the Fund will need to address during 2023 and beyond.

#### **5. PERFORMANCE MANAGEMENT FRAMEWORK Qtr 4 – 2022/23**

5.1 The Board reviewed the Performance Management Framework (PMF) for quarter 4 (January to March 2023), which contained updates on key areas of performance and comparator information from previous quarters.

5.2 Board members again noted that the red rating on administration casework with backlogs exceeding 10% of membership.

5.3 Material progress is being made on reducing historic casework backlogs which have reduced by 50% over the past year, but the balance remains above 10% of members and this position will continue in the medium term whilst the pension team continues to resolve old casework and implement the developments outlined in the pensions programme.

5.4 Board members questioned the Fund's approach to obtaining missing data from employers when the employer no longer holds the data. Officers confirmed that assumptions can be used, in exceptional circumstances, but they are time consuming for the Fund to produce and require approval from the affected member and their employer.

5.5 The Board received two direct submissions from members during the quarter relating to the 2022 Taskforce for Climate Related Financial Disclosures report and the Fund's pensioner newsletter, Cheshire Chat.

#### **6. MANAGING THE IMPACT OF CLIMATE CHANGE ON INVESTMENTS**

6.1 The Board previously requested information on how the Fund monitors the impact of climate change on its investments.

- 6.2 Officers presented a report providing an overview of the approach to monitoring and managing climate-related risks in respect of the Fund's investments.
- 6.3 In October 2022 the Fund published its third annual climate-related disclosure report which aligns with the recommendations from the Taskforce for Climate related Financial Disclosures which is industry best practice in terms of climate risk reporting.

**RESOLVED that the Board:** noted the approach to managing climate-related investments.

## 7. LOCAL PENSION BOARD ANNUAL REPORT AND OUTTURN 2022/23

- 7.1 As agreed at the meeting on 21 February, Board members had since received a draft of the 2022/23 Annual Report by email for final review and approval.
- 7.2 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.
- 7.3 The report included the outturn of £450 spend against the budget of £5,000.

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

## 8. DATA QUALITY

- 8.1 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.

	TPR Scheme Return				
	1-Sep-19	25-Sep-20	1-Nov-21	10-Oct-22	24-Apr-23
Common Data	98.07%	98.73%	98.95%	99.10%	99.31%
Scheme Specific Data	74.18%	74.01%	80.09%	77.17%	72.33%

- 8.2 The common data percentage score as at 24 April 2023 is 99.31%. This reflects the work the Fund has been doing to trace lost contact members.
- 8.3 Scheme specific scores are slightly lower as the Fund is in the process of updating the 2022/23 'per member' information.
- 8.4 The Fund continues to work with its database provider to move to the new TPR measurement report which will provide the scores directly from the database.
- 8.5 The report has now been implemented into the administration database.
- 8.6 The Fund will now retest the report to ensure that all of the data validation issues have been fixed before switching to the report, as opposed to the Fund's own internal reporting mechanism.

- 8.7 Board members also received an update on the Pension Dashboards programme and the Ministerial Statement issue on 2 March confirming a delay in the connection deadline for the LGPS.
- 8.8 The Fund's original deadline for onboarding to the dashboard was September 2024. A new onboarding date has not yet been confirmed.
- 8.9 Despite the delay the Fund will continue to focus on improving data quality in preparation. The Fund is also researching options for an Integrated Service Provider (ISP) who will assist the Fund in providing the necessary information to the Pensions Dashboard.
- 8.10 Once as ISP is appointed the Fund will commence a baselining exercise to assess the specific data issues which need to be addressed prior to onboarding.

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

## 9. COMPLIANCE UPDATE

- 9.1 The Board were presented with a summary of the breaches log for the period 1 April to 31 December 2022, noting that 49 breaches had been logged over the period.

**RESOLVED that:** Board members noted the summary breaches log covering the period 1 April to 31 December 2022.

## 10. FEEDBACK FROM EVENTS

- 10.1 PR attended the LGPS Central Responsible Investment Summit on 9 March 2023.
- 10.2 PR also attended the LGC Investment Seminar at Carden Park on 29 – 31 March 2023.
- 10.3 PR chaired the Local Pension Board Chairs meeting on 27 March 2023. This meeting is attended by Board members from Funds in LGPS Central and representatives from the Scheme Advisory Board.

**RESOLVED that:**

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

## 11. REVIEW OF THE WORK PLAN

- 11.1 The Board reviewed the work plan.

## 12. AOB

- 12.1 Meeting dates for 2023 are as follows:

- 30 May 2023 (Review of the Statement of Accounts/Annual Report)
- 1 August 2023 (this meeting has now been changed from 8 to 1 August 2023)
- 17 October 2023

12.2 There will only be two Board members available on the 30 May meeting, Adrienne and Neil. However, as there will be one employer and one member representative the meeting will be quorate.

## **MINUTES OF LOCAL PENSION BOARD 30 May 2023**

### **PRESENT**

**Board Members:** Cllr Robert Bisset (Employer Representative, CW&C)  
Neil Harvey (Member representative, GMB)  
Adrienne Laing (Employer representative, The Challenge Academy Trust)

**Apologies:** Peter Raynes (Chair) and Geoff Wright (Member representative, Unison),

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

### **1. PROCEDURAL MATTERS**

1.1 No declarations were received.

### **2. DRAFT STATEMENT OF ACCOUNTS 2022-23**

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>30 May</b>	The draft accounts will be reviewed by the LPB prior to review by the Pension Fund Committee
<b>2 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>Early July</b>	Grant Thornton will commence the audit testing of the accounts
<b>8 Sept</b>	The majority of the audit will be completed by this date and Grant Thornton will produce their Audit Findings Report
<b>8 Sept</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 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 Fund's Annual Report is produced in accordance with the CIPFA Annual Report guidance.

3.2 The guidance states that 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.

3.3 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.

- 3.4 It was noted the Fund was still awaiting some information from third parties to be able to complete the Annual Report and the disclosure checklist would be finalised once this information was received.
- 3.5 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 8 September in an observer capacity.
- 3.6 Members of the Board commented on the amount of work and effort that the pension fund staff put in to completing the Statement of Accounts and Annual Report.

#### **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 2023 have been produced in accordance with statutory and best practice guidance.
- 4.2 The Board noted that Board members are invited to attend the Pension Fund Committee meeting on the 8 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.

**GROUP** : PENSIONS EMPLOYER FORUM  
**DATE** : 16/06/2023  
**TIME** : 10am  
**VENUE** : Virtual Meeting via Microsoft Teams

Present:

Chair	Heidi Catherall (HC)
Cheshire West and Chester Council	Rosemary Hodgson (RH)
Cheshire East Council	Craig Hughes (CH)
Warrington BC	Helen Barr (HB), Nic Kane (NK)
Halton BC	Yvonne Caldwell (YC)
Police and Crime Commissioner	Mike Nulty (MN)
Adoption Matters	Karen Davies (KD)
ANSA	Angela McBride (AM)
Cheshire Pension Fund	Nick Jones (NJ), Aaron Thomas (AT), Nigel Dorrington (ND), Andy Jones (AJ), Johannes Eagling (JE), Matt Phoenix (MP), Jenny Brien (JB) and Rebekah Sarnowska (RS)
Local Pension Board	Councillor Bisset (RB)
Apologies:	Peter Raynes – Chair David Worrall – Cheshire East Jackie Weaver – Chalc Judith West – Police Jason Moore – Brio Darren Ikin - ESAR

Item	Minute
<b>1</b>	<b>Minutes of the Last Meeting</b> The minutes of the 3 February 2023 meeting were reviewed and approved, having previously been circulated via email.
<b>2</b>	<b>Pensions Programme</b> Officers presented an overview of progress on the pensions programme.  The programme of work for 2023/24 has been developed. There are 10 workstreams in the plan for the current year, the majority of which build on the progress made in 2022/23.
<b>3</b>	<b>Employers Consultative Forum</b> Following the appointment of a dedicated Governance Manager in 2022 the Fund are looking at all aspects of governance within the Fund to determine if they are operating effectively.  It is, therefore, timely to look at the Forum and revisit its role, how it operates, what it does well and what it could do better.

Item	Minute
	<p>NJ had amended the Forum’s terms of reference to add some further clarity to some of its responsibilities and Forum members were invited to comment on them.</p> <p>MN – the ToR stats there will be a maximum of 3 meetings per year. This will be amended to say a minimum of 3 meetings per year.</p> <p>RH – suggested that we add that the Fund keeps employers informed about our workplan and key developments.</p> <p>The group then looked at a number of pre-defined questions and provided some response.</p> <p>RB - suggested that the name of the group be amended to Pensions Employer Forum</p> <p>HB – suggested that expectations of Forum members were clearly set out ahead of meetings to make it easier/more comfortable to feedback to the full group</p> <p>NK – scheduling of meetings can cause problems if near to pay day. To counter this the Fund will set dates for the next 3 meetings. All papers are circulated a week before the meeting.</p> <p>KD – suggested that an occasional face to face meeting would be helpful as attendees can then ask questions of individual Fund members as required. We will consider holding one meeting a year in person</p> <p>MN – suggested that the Fund should monitor progress of actions required of Forum members between meetings to ensure they are met. Forum members could also be contacted to suggest agenda items</p> <p>RB – seconded the point about in person meetings</p>
4	<p><b>Employers Training</b></p> <p>The Fund will be providing regular training sessions for employers who join the Fund to set out their responsibilities.</p> <p>In addition to this the Fund have organised detailed training sessions in April, May and June on key topic areas. These are designed to assist employers so they can provide the right information to the Fund.</p> <p>The group were invited to give feedback on the training sessions delivered to date, suggest topics for future meetings and agree the calendar of events. Longer term the Fund intends to record the sessions so they are always available to employers.</p> <p>HB – said the training sessions provided a good balance between a refresher for existing employers and a useful introduction for new employers. HB suggested that specific training be considered for academies who may use the services of a payroll provider, to remind them of the obligations that remain with them, such as providing indemnities</p> <p>HB suggested that a future topic of training could be around understanding your pension benefit estimate.</p> <p>HC also suggested given the amount of work that new academies would have then maybe alter the dates for new academies to October. Perhaps a workshop on discretions policies, why they are needed, indemnity agreements etc.</p>

Item	Minute
5	<p><b>Employer Engagement</b></p> <p>The Fund is developing an Employer Engagement Strategy which will explain how employers will be supported throughout their lifecycle with the Fund.</p> <p>NJ presented the annual calendar which will accompany the Employer Engagement Strategy setting out the specific support/communication that employers can expect and when.</p> <p>The Forum are invited to review the calendar and feed any comments back to NJ.</p> <p>RH – with academisation make sure the timing of any training is aligned to the process of joining to maximise effectiveness</p> <p>MN – asked about roadshows. The Fund is trialling a new approach with the 4 Councils this year and will learn from that to develop an offering for the future.</p>
6	<p><b>My Cheshire Pension (MCP) Update</b></p> <p>Forum members received a short presentation on the progress with the rollout of the My Cheshire Pension portal.</p> <p>The portal is being rolled out to the members of three employers each month then in August all members will be invited to join.</p> <p>Active members will receive one final paper copy of their Annual Benefit Statement in August, then future statements will be provided online. This will encourage members to log into the site.</p> <p>Other opportunities to increase employee engagement are being explored and MCP is being developed so members can use it to model their retirement benefits at different ages.</p>
7	<p><b>Valuation</b></p> <p>Forum members received a presentation analysing the national picture across the LGPS from the 2022 triennial valuation. Forum members are invited to review the report and note its contents.</p>
8	<p><b>Regulatory Update</b></p> <p>HC represented an overview of the considerable challenges facing the Fund in 2023 and beyond, from a variety of consultations and regulatory changes, including:</p> <ul style="list-style-type: none"> <li>• McCloud</li> <li>• Pensions Dashboard</li> <li>• Spring budget tax changes – Annual Allowance/Lifetime Allowance</li> </ul> <p>These are just some of the legislative changes that will impact the Fund on governance and administration issues and resources are being put in place to manage this demand.</p>

Item	Minute
<b>9</b>	<b>Round Table Briefing</b> No issues were raised.
<b>10</b>	<b>AOB</b> Dates for future meetings were agreed as: <ul style="list-style-type: none"><li>• 20 October 2023 – potential in person meeting</li><li>• 2 February 2024</li><li>• 14 June 2024</li></ul>

### LPB Membership 2023

<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 June 2024	3 Years
Councillor Robert Bisset	Employer Representative	Cheshire West and Chester Council	26 June 2021	25 June 2024	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 2021	25 June 2024	3 Years
James Lambert	Member Representative	Cheshire West and Chester Council	26 June 2023	25 June 2026	3 Years

## Cheshire Local Pension Board – Actions Tracker

### August 2023

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 5 – Performance Management Framework – 16 February 2021	Retirements	The Board also discussed the issue of retirements and ensuring they are processed in a reasonable timeframe. The Fund has produced retirement guides for both employees and employers which aim to inform the steps that both need to take in the lead up to a retirement. Officers had commenced a project with Cheshire West and Chester Council to identify any areas for improvement in the process. Unfortunately, this project was delayed due to the pandemic.	The long term plan is to develop the online self-serve capabilities for members so they can retire online in the future.  Internal Audit have completed a review of the retirement processes of the Fund and are in the process of finalising their report.

# Scheme Advisory Board

## HYBRID MEETING HELD ON 17<sup>th</sup> JULY 2023

### AGENDA

1.00pm – 3.00pm, Monday 17<sup>th</sup> July 2023

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 22 <sup>nd</sup> May 2023 – <b>Paper A</b>	1.10
4	Economic Activity of Public Bodies (Overseas Matters) Bill - verbal update	1.15
5	Consultations – verbal update	1.20
6	Cost Control Mechanisms – <b>Paper B</b>	1.25
7	Code of Transparency reporting system – <b>Paper C (confidential)</b>	1.35
8	Annual report update – verbal update	1.50
9	Board budget 2023/24 – <b>Paper D (confidential)</b>	1.55
10	Terms of Reference – <b>Paper E</b>	2.10
11	Board and Committee Membership – verbal update	2.20
12	Compliance & Reporting Committee report – <b>Paper F</b>	2.25
13	Cost Management, Benefit Design and Administration Committee report – <b>Paper G</b>	2.35
14	Investment Committee report – <b>Paper H</b>	2.45
15	AOB and date of next meeting	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

DATE:	26 <sup>th</sup> June 2023
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 24 <sup>th</sup> April meeting	<b>Paper A</b>	11:10
4	McCloud Update		11:15
5	Update on Factor review		11:20
6	TPR General Code		11:25
7	HMT Cost Control Mechanism and draft directions	<b>Papers B and C (CONFIDENTIAL)</b>	11:30
8	SAB Scheme Cost Assessment process		12:00
9	Scheme Level Annual Report and Valuation Report		12:10
10	Academies Guarantee and ESFA Forum		12:20
11	Gender Pensions Gap	<b>Paper D</b>	12:30
12	Opt Out Rates Update		12:40
13	DLUHC Update		12:45
14	AOB and date of next meeting -Meeting frequency		12:50

# Investment, Governance and Engagement Committee

<b>DATE:</b>	<b>3<sup>rd</sup> July 2023</b>
<b>VENUE:</b>	<b>Hybrid Meeting (MS Teams and 18 Smith Square)</b>
<b>TIME:</b>	<b>11:00 – 13:00</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 15 <sup>th</sup> May 2023	<b>Paper A</b>	11:10
4	Code of Transparency Compliance Update	<b>Paper B</b>	11.15
5	Code of Transparency Training and Awareness Programme		11:30
6	Provision of Code of Transparency On-Line Compliance System	<b>Paper C (confidential)</b>	11:40
7	Sharia Compliance Update		12:00
8	RIAG Report	<b>Paper D</b>	12:10
9	DLUHC Update		12:30
10	Meeting frequency		12.45
11	AOB and date of next meeting		12.55

# Compliance and Reporting Committee

<b>DATE:</b>	<b>19<sup>th</sup> June 2023</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 17 <sup>th</sup> April 2023 Meeting	<b>Paper A</b>	11:10
4	SAB Update	<b>Verbal update</b>	11:15
5	Workstream update - Funding Strategy Statement Guidance	<b>Paper B</b>	11:25
	Workstream update - Annual Report Guidance	<b>Paper B</b>	11:35
	Workstream update - Audit Issues	<b>Paper B</b>	11:45
	Workstream update - Knowledge & Skills Framework	<b>Paper B</b>	11:55
	Workstream update - Review of Guidance on Administration, Communications and Governance	<b>Paper B</b>	12:05
6	Knowledge and Skills Survey Summary	<b>Paper C</b>	12:15
7	Committee workplan	<b>Paper D</b>	12:35
8	AOB and date of next meeting -Meeting frequency		12:50

## 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).

### Recommendation

2. The Board 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.

### Mansion House Speech / Consultations

3. On 10 July 2023 the Chancellor of the Exchequer gave a speech at Mansion House setting out areas for reform on Government policy on pensions including the LGPS.
4. This follows an earlier statement made by the Chancellor in the 15 March 2023 budget.
5. That statement from the budget said:

*“The government is challenging the Local Government Pension Scheme in England and Wales to move further and faster on consolidating assets. This may include moving towards a smaller number of pools in excess of £50bn to optimize benefits of scale. The Government will also consult on requiring LGPS funds to consider investment opportunities in illiquid assets such as venture and growth capital, thereby seeking to unlock some of the £364 billion of LGPS assets into long-term productive assets.”*

### Pooling Consultation

6. On 11 July 2023 the Department for Levelling Up Housing and Communities (DLUHC) issued the long-awaited pooling consultation, Local Government Pension Scheme (England and Wales): Next Steps on Investments. The consultation has a closing date of 2 October 2023.
7. The consultation seeks views on proposals relating to the investments of the LGPS. It covers the areas of asset pooling, levelling up, opportunities in private equity, investment consultancy services and the definition of investments.
8. The consultation contains proposals in three main areas as outlined in the table below:

	<b>Proposals</b>
<b>Asset Pooling</b>	<ul style="list-style-type: none"> <li>• Acceleration of pooling</li> <li>• 31 March 2025 deadline to transition at least all listed assets</li> <li>• Potential transition to fewer pools</li> </ul>
<b>Levelling Up</b>	<ul style="list-style-type: none"> <li>• Funds to publish a plan for investing up to 5% of assets in projects which support levelling up anywhere in the UK.</li> <li>• 12 medium term “levelling up missions” set out to define investments which count towards the 5% target.</li> <li>• Funds to report on progress against their plan in the annual report.</li> </ul>
<b>Private Equity</b>	<ul style="list-style-type: none"> <li>• Fund’s to consider investments to meet the government’s ambition of 10% of the LGPS being invested in Private Equity.</li> </ul>

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

9. 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.
10. 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 given power to enforce the ban on LGPS administering authorities.
11. The Bill had a second reading on 3 July 2023.

### **McCloud Remedy**

12. On 6 April 2023 the government issued its response to the 2020 McCloud consultation which sets out how the remedy will be implemented in more detail. The response confirmed that the underpin protection will apply to LGPS members who meet the revised qualifying criteria, and that the period of protection will apply from 1 April 2014 to 31 March 2022.
13. On 30 May 2023, DLUHC published a further consultation and draft regulations concerning the McCloud remedy. The consultation closed on 30 June 2023.
14. The 30 May consultation sought views on proposals to address discrimination found by the courts in the McCloud case and followed the Government’s response which was published in April 2023.
15. DLUHC are considering new approaches in certain areas that reflect responses that were received in the original consultation and more closely align the LGPS to policies adopted by other public service pension schemes.
16. DLUHC sought views on the following proposals:
  - No aggregation requirement: underpin protection will extend to a new pension account that started before 1 April 2022, even if the earlier period of membership is not aggregated, as long as there has not been a disqualifying break.

- Previous membership of another public service pension scheme on or before 31 March 2012: a member will qualify for underpin protection because of earlier membership of another public service pension scheme, even if the pension rights from the other scheme have not been transferred to the LGPS, as long as there has not been a disqualifying break.
  - Flexible retirement: a member with underpin protection who takes flexible retirement before 1 April 2022 will also have underpin protection on any benefits built up after flexible retirement and before the end of the underpin period. The consultation also considers how the underpin will operate when a member takes partial flexible retirement.
17. The consultation also included in the 2020 consultation including, excess teacher service, compensation and interest terms.
  18. The Fund responded to the consultation on 21 June 2023.
  19. The Fund is working to formulate a rectification plan for when the regulations change. Some aspects of the plan will be developed following receipt of final regulations and guidance.
  20. Changes to legislation to enact the McCloud remedy are still expected to come into force from 1 October 2023.

### **Pensions Dashboards**

21. On 2 March 2023 the Department for Work and Pensions (DWP) delivered a Ministerial Statement to say that the pensions dashboard programme (PDP) would be delayed, allowing more time to meet the significant challenges in developing the necessary digital architecture.
22. On 19 July the DWP laid the Pensions Dashboards (Amendment) Regulations 2023 which came into force on 9 August. The amendment regulations introduce a single 'connection deadline' of 31 October 2026 for relevant scheme to connect to pensions dashboards and removes the staging profile, staging deadlines, connection windows and the concept of 'early connection'.
23. The explanatory memorandum which accompanied the amendment regulations states:
 

'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.'
24. Further guidance will be published by DWP to support schemes with the connection process, including suggested connection dates. Schemes must have regard to this guidance.
25. Despite the delay to the onboarding date, the Fund will continue working on the PDP by appointing an Integrated Service Provider, which will permit the Fund to connect to the national pensions dashboard. The Fund will then undertake a data baselining and cleansing exercise, in preparation for the new onboarding date once that is confirmed.

<p>This is the quarterly pack of Pension Fund performance information which is based on the period 1 April to 31 March 2023 and includes a comparison to the previous quarter 4 - 1 January to 31 March 2023.</p> <p>The overall assessment for Quarter 4 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 2023)</b>
	<b>Summary position:</b>
	<b>This Quarter - 1 Apr to 30 Jun 2023</b>
	<b>RED</b>
	<b>Previous Quarter - 1 Jan to 31 Mar 2023</b>
	<b>RED</b>

Subject	Comment	RAG Status
<b>Administration Casework</b>	<p>Overall administrators have completed 15,300 cases during the 3 month period to 30 June 2023, compared to 15,006 in quarter 4 of 2022/23.</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.</p> <p>All Breaches are reviewed by the LPB, with approval also provided by the Director of Governance where necessary, in accordance with the Breaches Policy.</p> <p>The PFC and LPB also receive a summary of all breaches (since inception), including identified trends, on a quarterly basis.</p> <p>There were 20 new breaches in quarter 1 of 2023/24 (compared to 10 in quarter 4 of 2022/23). 18 of the breaches related to the collection of contributions income and 2 were administration breaches (i.e. late notification of rights and options).</p> <p>During quarter 1, all breaches were recorded as Green with the exception of 1 contribution breach which was amber.</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 five months.</p>	<b>GREEN</b>
<b>Financial Performance</b>	The Fund's 2023/24 budget for Administration/Oversight and Governance Costs is c£5.5m. The forecast outturn is net nil.	<b>GREEN</b>
<b>HR (absence)</b>	<p>The service lost 102 days through sickness during quarter 1 (Apr-Jun) of 2023/24 which equates to an annual average of 4%. This compares to 35 days lost in quarter 4 (Jan-Mar 2023) which is an annual average of 1%.</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 £128k of debt outstanding at the end of Quarter 1 of 2023/24, £36k of which relates to prior years.</p> <p>88% 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 Green to reflect the fact that the value of debt outstanding over 90 days is less than 25%</p>	<b>GREEN</b>
<b>Business Plan Progress</b>	<p>The 2023/27 Business Plan was approved by the Committee in March 2023.</p> <p>An Action Plan Tracker has been produced for the 2023/24 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.</p> <p>The reporting framework has an overall RAG rating of Green for Qtr 1 denoting that all actions are on track.</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 webiste.	<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>

## **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 June 2023.

### **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 are requested to undertake a further review of their risk register and 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 June, is attached in Appendix B. Board members are invited to review the detail of the register and feedback any comments to the Committee.

Pension Board Risk Register

Please note the column for the Total Score automatically calculates the score and assigns a colour (RAG).

Local Pension Board  
29-Aug-23  
Item 6 Appendix A

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 Board 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>All 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 have completed the online TPR Training Toolkit</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> <li>The Board are working with Shropshire Local Pension Board to share ideas and best practice</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>The Board need to obtain a clear understanding of how the Fund manages cyber security risks so they can be assured that all necessary measures are in place.</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>Two career grade posts have been implemented by the Fund and are providing support to the Board</li> </ul>	1	4	4		<ul style="list-style-type: none"> <li>Board meetings are being held remotely due to the pandemic. Board members will keep under review the effectiveness of such meetings.</li> </ul>		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 meeting - where common issues are discussed and developing 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</li> </ul>	1	2	2				1	2	2			

Appendix B- Risk Register 2023/24

RISK NUMBER	CATEGORY	DESCRIPTION OF RISK	CURRENT MITIGATING CONTROLS	CURRENT RISK LIKELIHOOD	CURRENT RISK IMPACT	CURRENT RISK RATING	PLANNED RISK ACTIONS	ACTION DETAILS&BUDGET / RESOURCES ALLOCATED	TIMESCALE FOR DELIVERING PLANNED RISK ACTIONS	TARGET RISK LIKELIHOOD	TARGET RISK IMPACT	TARGET RISK RATING
				1 - LOW CHANCE 2 - UNLIKELY TO OCCUR 3 - LIKELY TO OCCUR 4 - VERY LIKELY TO OCCUR	1 - MINOR 2 - SIGNIFICANT 3 - SERIOUS 4 - MAJOR		TREAT TOLERATE TAKE TERMINATE TRANSFER			1 - LOW CHANCE 2 - UNLIKELY TO OCCUR 3 - LIKELY TO OCCUR 4 - VERY LIKELY TO OCCUR	1 - MINOR 2 - SIGNIFICANT 3 - SERIOUS 4 - MAJOR	
1	Governance	Key person risk at Officer, Committee and Local Pension Board, leading to insufficient skills and knowledge, ineffective governance and management / administration of the Fund should key person(s) depart	<ul style="list-style-type: none"> <li>Training and induction plans in place for existing and new Committee and Board members in line with CIPFA guidance</li> <li>Officer training programmes in line with CIPFA guidance.</li> <li>Staff training needs identified and addressed through the training and development plans linked to the appraisal process.</li> <li>Collective and shared knowledge embedded through team meetings, internal staff bulletins, written procedure notes and internal training etc.</li> <li>Career grade posts are included within the structure to retain staff and develop their skills</li> </ul>	3	3	9	TREAT	<ul style="list-style-type: none"> <li>Develop and implement a workforce plan</li> <li>Review and update the training policy in line with the SAB Good Governance outcomes</li> </ul>	2023/24	3	3	9
2	Governance	Failure to ensure appropriate knowledge and skills at Officer, Committee and Board leading to ineffective governance and management / administration of the Fund	<ul style="list-style-type: none"> <li>Training and induction plans in place for new staff, Committee and Board members in line with CIPFA guidance</li> <li>Diversified Board and Committee membership.</li> <li>Split cycle of tenure and re-nomination for Pension Board members with not all members being on the same cycle</li> <li>Different Councils and Committee members are on different election cycles.</li> <li>An annual self-assessment of knowledge and skills</li> <li>Online learning facility for all members in line with CIPFA K&amp;S Framework</li> </ul>	2	3	6	TREAT	<ul style="list-style-type: none"> <li>Introduce additional methods of delivering training (e.g. videos)</li> <li>Annual knowledge and skills assessment - results presented to Pension Fund Committee</li> <li>Ensure participation in online training, with a focus on an online product supplied by Hymans Robertson (LOLA) which includes the ability to monitor participation</li> <li>Clarification of expectations for Committee and Board members in their role with the Fund to ensure compliance with expected governance requirements</li> <li>Introduction of an enhanced and standardised induction programme for new members</li> </ul>	2023/24	1	3	3
3	Governance	Failure to comply with current and emerging statutory and regulatory requirements, leading to potential non-compliance, 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</li> <li>Local Pension Board reviews of compliance</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> <li>Pensions Governance Manager now in post, giving additional focus and prioritisation to managing compliance risks and issues</li> </ul>	2	3	6	TREAT	<ul style="list-style-type: none"> <li>Respond to consultations on regulatory changes</li> <li>Review and/or develop policies and processes in line with changing guidance e.g. cyber security, Taskforce for Climate-related Financial Disclosures</li> </ul>	2023/24	2	3	6
4	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, resulting in financial or non financial loss, service disruption, potential fines, and reputational damage.	<ul style="list-style-type: none"> <li>The Fund's administration system Civica UPM, and the host authority's financial system Unit4 ERP, which the Fund relies upon, are each hosted externally. The hosted services are managed via a contractual relationship by the relevant system's supplier, providing robust data security, regular technology upgrades, and documented / tested business continuity and disaster recovery procedures</li> <li>All other Fund IT systems are hosted on Council servers hosted by Cheshire East ICT and access is restricted in line with Council protocols</li> <li>The Council use a variety of tools to keep data secure, including: <ul style="list-style-type: none"> <li>O365 security monitoring – spam monitoring and malware detection</li> <li>Network security – annual external pen testing; weekly internal pen monitoring; firewalls; remote access gateway</li> <li>Systems protection – multi-factor authentication; role based access; Pensions systems and data team to manage system access and liaison with the supplier; laptop encryption</li> <li>Access to the administration database is controlled by the Pension Fund and users have individual passwords and controlled access</li> <li>Staff members undertake mandatory cyber security training</li> <li>The Fund's host authority Cheshire West &amp; Chester Council, issues updates and warnings to all staff on the subject of cyber risk and cyber security</li> </ul> </li> </ul>	3	4	12	TREAT	<ul style="list-style-type: none"> <li>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.</li> <li>Resulting action plan following this risk and vulnerability review will be prioritised, and the delivery of recommended actions will be scheduled in accordance with their priorities.</li> </ul>	2023/24	3	4	12

5	Investment	Failure to effectively manage financially related investment risk from Environmental, Social and Governance factors, leading to the adoption of an investment approach which fails to place sufficient emphasis on the importance of strong financial returns to meet pension obligations	<ul style="list-style-type: none"> <li>Continue to develop the Fund's pro-active approach to the management of ESG issues</li> <li>Reporting on current ESG issues to every meeting of the Fund's Investment Sub Committee</li> <li>Leverage support of LGPS Central to pro-actively manage all financially material ESG risks</li> </ul>	2	3	6	TREAT	<ul style="list-style-type: none"> <li>Develop a pro-active approach to engaging with all key stakeholders on ESG issues e.g. regular meetings with Chief Execs of four Cheshire councils.</li> <li>Work with Partner Funds and LGPS Central to embed Responsible Investment approach and processes in investment products</li> <li>Ongoing challenge to legacy managers to improve RI metrics</li> <li>Improved reporting and communication with Fund</li> </ul>	2023/24	2	3	6
6	Investment	Failure to effectively manage the risk from climate change leading to a significant and permanent reduction in the Fund's investment returns, thereby placing upward pressure on employers' contribution rates	<ul style="list-style-type: none"> <li>Annual publication of a Fund Climate Risk report, fully compliant with the requirements of the industry best practice Taskforce on Climate Related Financial Disclosures (TCFD)</li> <li>Annual stewardship and engagement plan to manage investment holdings with high carbon footprint</li> <li>Plan and targets to decarbonise the Fund's equity holdings well in advance of the general market</li> </ul>	2	3	6	TREAT	<ul style="list-style-type: none"> <li>Implement new investments in green, low carbon and sustainable assets</li> <li>Push for improved carbon data metrics for all asset classes in the Fund's portfolio</li> <li>Develop and implement the Fund's approach to net zero transition and communicate progress with stakeholders effectively</li> </ul>	2023/24	1	3	3
7	Investment	Failure to effectively manage the client and shareholder relationship with LGPS Central leading to slow transition of Fund assets, below target investment performance and planned savings and benefits set out in pooling business case not being realised.	<ul style="list-style-type: none"> <li>Joint partner fund shareholder monitoring of company through Shareholders Forum</li> <li>Joint partner fund client side monitoring of delivery and performance through the Joint Committee and Practitioners' Advisory Forum</li> <li>Detailed model for cost/savings tracking</li> <li>Business Case for all asset transfers considered and endorsed by Pension Fund Committee</li> <li>Regular reporting of transition progress to DLUHC</li> <li>CPF input alongside partner funds into design of pooled investment products via Investment Working Group</li> <li>Partner Fund's regular scrutiny of investment performance of existing LGPSC products.</li> </ul>	3	4	12	TREAT	<ul style="list-style-type: none"> <li>More regular informal meetings of Shareholders Forum.</li> <li>Quarterly company performance reports shared with shareholders.</li> <li>Earlier and clearer formal engagement with shareholders on company resolutions prior to Annual General Meeting.</li> <li>Shareholder engagement in process to appoint new company directors.</li> <li>Continue with fundamental 3 year review of all existing LGPS Central Ltd investment products</li> <li>Shareholder engagement with newly appointed Non Executive Directors (NEDs) to clarify expectations regarding expectations of the company both now and in the medium term future</li> </ul>	2023/24	2	4	8
8	Funding	Significant financial and reputational loss to the Fund due to employer default.	<ul style="list-style-type: none"> <li>Employer risk measures regularly monitored</li> <li>Employer database to monitor bonds and guarantees and renewal dates</li> <li>Engagement with employers to discuss affordability considerations/constraints</li> <li>Stabilisation plans in place for long-term employers to mitigate contribution rate volatility</li> <li>Regular monitoring of employer contributions and follow up of breaches</li> <li>Appropriate bonds and guarantees required as part of admission process to protect fund against unsecured losses</li> <li>Monitoring of employer funding levels of major employers on a regular basis.</li> <li>Policies in place additional flexibilities to review contribution rates, enter into phased exit or deferred debt arrangements</li> <li>Default policy for contractors entering the Fund is on a pass through arrangement. This transfers the risk of funding a deficit should a contractor default back to the letting authority</li> </ul>	2	3	6	TOLERATE	<ul style="list-style-type: none"> <li>External assesment of internal systems processes and monitoring. E.g. Internal Audit, Subject Matter Experts or through peer group</li> <li>Implement any recommendations from the assessments</li> </ul>	2023/24	2	3	6
9	Admin and Comms	Failure to achieve the quality of data required by the Fund, and clear backlogs of casework, leading to inability to meet key regulatory changes, poor customer service, errors in calculating benefits, delays in processing casework and failure to meet statutory disclosures resulting in regulatory penalties.	<ul style="list-style-type: none"> <li>Introduced monthly interfacing to streamline and standardise data collection from employers and to ensure timely receipt of data</li> <li>Monthly interfacing requires data validation of submission from employers before the data is submitted thereby improving data quality</li> <li>Dedicated project workstreams within a formal programme management structure, on data quality and backlogs</li> </ul>	4	4	16	TREAT	<ul style="list-style-type: none"> <li>The Fund has developed a Data Improvement Plan which targets areas for improvement on existing data issues over the next 12-24 months</li> <li>The Fund will be switching to a TPR common and scheme specific measuring report which is embedded within the administration database allowing us to identify and rectify all data anomalies in accordance with the 22 data fields identified by SAB</li> <li>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 from 2024</li> <li>Introduce a suite of monitoring reports to assess compliance with employers submissions of MI reports</li> <li>Further streamlining and standardising the methods of data collection</li> </ul>	2023/24	3	4	12
10	Admin and Comms	Failure to implement technological developments to the administration database leading to an inability to free up capacity for the team and take advantage of self-serve technology.	<ul style="list-style-type: none"> <li>The Fund has worked with the database provider to develop a rolling two year IT roadmap of development</li> <li>The roadmap is designed to maximise the benefits to the Fund in terms of creating capacity, automating processes and introducing self-serve functionality for members</li> <li>Project management support available within the Fund ensures that the roadmap is designed to be achievable and will remain on track</li> </ul>	2	3	6	TREAT	<ul style="list-style-type: none"> <li>The Fund will continually seek opportunities to develop the system so as to take advantage of technological advancements which can benefit the Fund</li> <li>The Fund will develop the functionality available to members through the My Cheshire Pension portal resulting in reduced demand on staff</li> <li>Implement Employer Hub resulting in improved data flow between the Fund and employers</li> </ul>	2023/24	2	3	6

11	Admin and Comms	Failure to resource or deliver revised communication and employer engagement strategy resulting in poor member and employer decision making, poor customer service, not meeting expectations of the Pensions Administration Strategy or failure to meet statutory requirements and possible reporting of breaches to the Pension Regulator	<ul style="list-style-type: none"> <li>Dedicated senior Comms manager resource</li> <li>Explicit comms budget in place</li> <li>New Communications Strategy and employer engagement strategy signed off</li> <li>Annual Communications and employer engagement plan to be published and delivery against plan measured and reported to ECF, LPB, PFC</li> <li>Administration Strategy defines employer roles/responsibilities, required performance standards and KPIs.</li> <li>Employer Consultative Forum acts as sounding board and engagement with employers</li> <li>FC</li> </ul>	3	3	9	TREAT	<ul style="list-style-type: none"> <li>Introduce Member/employer customer satisfaction and monitoring and set performance indicators as part of business plan</li> <li>Transition to My Cheshire Pension (MCP) portal being default mechanism to communicate with registered members.</li> <li>Monitor MCP take up and member activity</li> <li>Relaunch website</li> <li>Compliance and reporting framework against Administration Strategy is being developed</li> <li>Review Terms of Reference and constitution of ECF employers</li> <li>Implement Employer Hub and transition to default</li> </ul>	2023/24	2	3	6
12	All	Ineffective management of Flexible and Mobile Working leading to an adverse impact on service delivery and staff wellbeing	<ul style="list-style-type: none"> <li>Staff are managed flexibly with a focus on outcomes</li> <li>All communications take place virtually by default - team meetings, one to ones and external meetings</li> <li>Training provided in a variety of formats including virtually</li> <li>Regular staff bulletins assist with team communication and staff wellbeing</li> <li>A suite of online learning modules around health and wellbeing issues are available to all staff along with access to 24 hour support</li> <li>Implemented the Finance Wellbeing Plan and utilise corporate wellbeing resources</li> </ul>	2	3	6	TREAT	<ul style="list-style-type: none"> <li>Further work is required in order to support staff and managers in recognising and dealing with mental health issues</li> <li>Ongoing engagement with the Council's Modern Workforce plan</li> <li>Office presence based on business need</li> <li>Re-introduction of in person whole team away days and team touch down days</li> </ul>	2023/24	2	2	4
13	All	Failure to meet the objectives of the pensions programme due to insufficient capacity of staff and competing priorities	<ul style="list-style-type: none"> <li>Additional posts have been added to the structure</li> <li>Programme and project management support is in place to assist with key deliverables</li> <li>A roadmap of development for the administration database designed to maximise automation opportunities</li> </ul>	3	3	9	TREAT	<ul style="list-style-type: none"> <li>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)</li> <li>System developments will lead to reduced manual work required for some processes and will free up capacity for the team</li> <li>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.</li> </ul>	2023/24	2	3	6

## **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 - 2022-23							
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	27/06/2021	26/06/2024		Local Pension Board Chairman Pensions Consultative Forum Chairman		Legal & General PLC
Neil Harvey	Member Representative	27/06/2020	26/06/2023	Cheshire West & Chester Council employee GMB Union	Contributing employee to the scheme Union Representative Local Pension Board Member Representative		
Geoff Wright	Member Representative	27/06/2021	26/06/2024	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	27/06/2021	26/06/2024	Cheshire West & Chester Councillor Labour Party Member Chief Executive Officer - Chester Aid to the Homeless (CATH)	Local Pension Board Employer Representative		
Adrienne Laing	Employer Representative	01/04/2020	26/06/2023	Operations Directions - The Challenge Academy Trust	Contributing employee to the scheme Local Pension Board Employer Representative	Bridgewater High School Trading Ltd (Closed Admitted Body) - Director and company Secretary	

## 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 Fund currently produces 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 scores for the 2022 TPR return were calculated on 10 October 2022 and are included within the table below, alongside the scores for the previous three years. The latest scores from 18 August 2023 are also included.

	TPR Scheme Return				
	1-Sep-19	25-Sep-20	1-Nov-21	10-Oct-22	18-Aug-23
Common Data	98.07%	98.73%	98.95%	99.10%	99.92%
Scheme Specific Data	74.18%	74.01%	80.09%	77.17%	65.35%

6. There is a reduction in scheme specific data scores between October 2022 and August 2023 reflecting the work which is underway with employers on data cleansing following the March 2023 year-end.

### New Measurement Report

7. As Board members are aware, the Fund's administration database provider has created a report which will produce the common and scheme specific data scores directly from the administration database.
8. The Fund has worked with the database provider to resolve the data validation issues that arise when the report is run.
9. The Fund is continuing to test the report and hopes to switch to this as the main system of reporting from the autumn of 2023.
10. Board members will be kept informed of progress in moving to the new report.

## COMPLIANCE UPDATE

### Introduction

1. This report provides the Local Pension Board with a summary of the Breaches Log for 1 April 2022 to 31 March 2023.

### Recommendation

2. The Board are requested to comment on the summary of the Breaches Log for 1 April 2022 to 31 March 2023.

### Breaches Log

3. 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.
4. A summary of the breaches included on the log between 1 April 2022 and 31 March 2023 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.
5. 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 2021/22	Total 2022/23	Status 2022/23		
			Red	Amber	Green
Contributions	40	38	0	0	38
ABS	1	1	1	0	0
Administration	34	21	0	0	21
<b>Total</b>	<b>75</b>	<b>60</b>	<b>1</b>	<b>0</b>	<b>59</b>

6. There was one red breach, no amber breaches and 59 green breaches in the reporting period. Below is a summary of the reasons for the breaches.

**Contribution Breaches – 38**

7. The majority of these 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.

**Administration Breaches - 21**

8. These relate to ongoing activity to progress legacy 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**

9. Members of the Board previously approved the reporting of the Annual Benefit Statement breach to the Pensions Regulator.

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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 LPB Terms of Ref/ Conflicts of Interest Policy	Review policies are kept up to date and produced in accordance with legislation and guidance	Cyber security
Statutory Policies (FSS, ISS, Comms Policy, Admin Strategy Gov Policy and Breaches Policy)	Review the progress made by the Fund including the detail of any ongoing actions	LPB Risk Register	Review proposed changes to Terms of Reference and prepare for possible changes to constitution - following outcome of Good Governance review
	Climate change impact on investments	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