

BOARD : LOCAL PENSIONS BOARD
DATE : 10 March 2022
TIME : 10am
VENUE : Virtual meeting using Microsoft Teams

LOCAL PENSION BOARD MEETING
10.00 – 12.30
AGENDA

PART A

1. PROCEDURAL MATTERS (Pages 3 - 12)

The Board will:

- a) Receive the minutes of the meeting on 5 October 2021
- b) Receive the minutes of the Pensions Consultative Forum meeting on 4 February 2022
- c) Review the Actions Tracker
- d) Consider any Declarations of interest

2. REVIEW OF PENSION FUND COMMITTEE MINUTES

To receive the minutes from the Pension Fund Committee meeting which took place on the 3 December 2021 and the Investment Sub-Committee minutes from 12 November 2021.

3. PENSIONS PROGRAMME UPDATE (Verbal Update)

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

4. UPDATE FROM THE SCHEME ADVISORY BOARD (Pages 13 - 19)

The Board will receive a verbal update following the Scheme Advisory Board and Committee meetings as outlined below:

Committee	Meeting Dates
Scheme Advisory Board	13 December 21
Cost Management, Benefit Design and Administration Committee	14 February 22
Investment, Governance and Engagement Committee	21 February 22

5. PERFORMANCE MANAGEMENT FRAMEWORK QUARTER 3 – 2021/22 (Page 20)

The Board will receive the Performance Management Framework covering the period 31 October to 31 December 2021 (along with the quarter 2 comparator – 1 July to 30 September 2021).

6. DATA QUALITY (Pages 21 - 22)

The Board will be presented with updated data scores for common and scheme specific data along with details of actions the Fund has undertaken to improve the quality of data held.



7. LOCAL PENSION BOARD ANNUAL REPORT AND OUTTURN 2021/22 (Pages 23 - 37)

The Board will receive the forecast outturn against the Local Pension Board budget and will discuss the content to be included in the 2021/22 Annual Report.

8. COMPLIANCE UPDATE (Pages 38 - 40)

The paper also provides a summary of the Breaches Log for the period 1 April to 30 September 2021.

9. FEEDBACK FROM EVENTS

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

- LGPS Central – Responsible Investment Summit – 13 October 2021
- LGPS Central – Local Pension Board Meeting – 25 October 2021
- Joint Training – 19 November 2021
- LGPS Governance Conference – 20/21 January 22
- Pensions Consultative Forum – 4 February 2022
- Joint Training – 25 February 2022

10. REVIEW AND DEVELOP THE WORK PLAN (Page 41)

The Board will review the plan.

11. AOB

The next meeting will take place on 3 May 2022

Other meeting dates in 2022 are:

- 31 May (to review the production of the Statement of Accounts/Annual Report)
- 19 July
- 8 October



MINUTES OF LOCAL PENSION BOARD – 5 October 2021

PRESENT

Board Members: Peter Raynes (Chair),
Geoff Wright (Member representative, Unison),
Neil Harvey (Member representative, GMB)
Adrienne Laing (Employer representative, The Challenge
Academy Trust)

CW&C Officers: Heidi Catherall and Dan Harte

Apologies: Cllr Robert Bisset (Employer Representative, CW&C)
Maggie Sheppard and Aaron Austin – CW&C Officers

1. PROCEDURAL MATTERS

- 1.1 No declarations of interest were received.
- 1.2 The Board reviewed the minutes from the last meeting on 20 July 2021 having previously approved them by email.
- 1.3 Board members also reviewed the minutes from the special meeting on 15 September 2021 where they undertook a self-assessment of their performance. The Board assessed that, overall, they are meeting their objectives but identified a number of actions which would improve their performance.
- 1.4 One of these actions was to receive training on how the Fund applies its own and employer discretionary policies in administering scheme benefits. Officers are developing a training session which can be delivered to both Board and Committee members.
- 1.5 The action tracker was reviewed, and the contents noted. During the autumn, Board and Committee members will be requested to undertake a self-assessment of their knowledge and skills as part of the Fund's annual training cycle.
- 1.6 The Board also requested that officers review the retirements process and determine if there are any steps which can be taken to improve the process so that members can receive their pension after retirement without any undue delay.

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 September 2021 and the minutes from the Investment Sub Committee held on 27 August 2021.



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.
- 3.2 The Board noted that 76 percent of employers were now onboarded onto the Monthly Interfacing data reporting system and that the Fund aims to onboard the remaining employers by the end of December 2021.
- 3.3 A new Workstream 5 has been added, focussing on the move to Unit4 for pensioner payroll and HR functions provided by the Council and is due to go live in November 2021.
- 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 agendas from recent SAB meetings and of its Sub Committees which had taken place in the past 3 months.
- 4.2 The SAB workplan for 2022/23 will be published once the review from the Department for Levelling Up Housing and Communities has concluded.
- 4.3 Officers have produced a summary of many topics covered at the meetings and highlighted a couple of areas.

5. PERFORMANCE MANAGEMENT FRAMEWORK Qtr 2 – 2021/22

- 5.1 The Board reviewed the Performance Management Framework (PMF) for quarter 2 (July to September 2021), which contained updates on key areas of performance and comparator information from previous quarters.
- 5.2 Board members noted the continued red rating on administration casework with backlogs exceeding 10% of membership. As briefed to the Board previously this position is likely to continue in the medium term whilst the pension team continues to resolve old casework and implement the developments outlined in the pensions programme.
- 5.3 The Board also noted the red rating on aged debt. Despite the red rating there are no concerns about the ability to recover outstanding debt to the pension fund. This led the Board to consider whether the rag rating rules needed to be amended. Officers will investigate the average payment terms of invoices and recommend any required changes to the rating rules at the next meeting.
- 5.4 The Board did not receive any direct submission from members during the quarter.



6. RISK REGISTER

- 6.1 The Board undertook a review of their risk register at the last meeting in July. Several minor updates were made to the register and the Board requested that cyber security be included.
- 6.2 An updated copy of the register, including the minor changes and planned action/s on cyber security was presented to the Board and the register was approved.
- 6.3 At the special meeting held on 15 September Board members felt that it would be beneficial to undertake a review of the Fund's own risk register. This was presented to the Board, having last been reviewed by the Pension Fund Committee in June.
- 6.4 Board members reviewed the register and didn't recommend any amendments to the existing risks.
- 6.5 The Board held a discussion about cyber security and the requirement for the Board to have a clear understanding of how the Fund manages this risk. The Board requested that this risk be included on the Fund's register. Officers will feed the recommendation back to the Committee at their next meeting on 3 December.

RESOLVED that the Board:

- Noted the changes to the Local Pension Board Risk Register following the review in July.
- Undertook a detailed review of the Pension Fund's Risk Register and recommended that an additional risk be added on the subject of cyber security.

7. DATA QUALITY

- 7.1 The Board received the updated TPR Data Scores produced as at 27 September 2021.
- 7.2 The scores for September were provided alongside the scores submitted for the previous three years for the Pensions Regulators scheme return.
- 7.3 Board members noted the scores had remained consistent to previous years.

	TPR Scheme Return			Latest Scores
	1-Sep-18	1-Sep-19	25-Sep-20	27-Sep-21
Common Data	98.10%	98.07%	98.73%	98.90%
Scheme Specific Data	68.80%	74.18%	74.01%	79.20%

- 7.4 The data scores were again produced using the local foundation report.
- 7.5 The Board were reminded that the Fund is continuing to work with its database provider to move to the new TPR measurement report which will provide the scores directly from the database.



- 7.6 Work continues with the database provider to resolve the data validation issues that arise when the report is run and which undermine its use. If these issues can be resolved in the coming weeks the Fund will use the report for its Scheme Return submission for the Pensions Regulator. However, if they cannot be resolved the Fund will again use its own foundation report approach.
- 7.7 Board members also received an update on the steps taken by the Fund to manage cyber security risks.

RESOLVED that the Board noted the position on the common and scheme specific data scores and the position on cyber security.

8. COMPLIANCE UPDATE

- 8.1 The Board were presented with a summary of the breaches log for the period 1 April to 30 June 2021, noting that 27 breaches had been logged over the period.
- 8.2 The Fund has since issued a breach report to the Pensions Regulator advising them that 91% of active and 95% of deferred members received their Annual Benefit Statement (ABS) by the 31 August deadline.
- 8.3 Board members approved the breach report ahead of its submission to the Regulator, along with the Director of Governance, in accordance with the Fund's Breaches Policy.
- 8.4 The ABS breach will be formally presented to the Board, and the Pension Fund Committee, at their next meetings.

RESOLVED that: Board members noted the summary breaches log covering the period 1 April to 30 June 2021.

9. FEEDBACK FROM EVENTS

- 9.1 PR attended the Investment Sub Committee meeting on 27 August 2021 to hear the discussion the Committee held on the issue of stock lending.
- 9.2 PR also attended a lecture from the Institute of Business Ethics on 16 September where Sir Jonathan Thompson, CEO of the Financial Reporting Council discussed the regulation of business ethics.
- 9.3 PR has also completed a module of the LGPS Online Learning Academy provided by Hymans Robertson and encouraged other members to work through the modules.
- 9.4 The Board noted that LGPS Central Limited would be holding another Responsible Investing Summit on 13 October.



RESOLVED that:

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

10. REVIEW OF THE WORK PLAN for 2021/22

10.1 The Board reviewed the work plan for 2021-22.

10.2 Included on the plan for October was 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.

10.3 Officers confirmed that neither process had changed from the presentation the Board received in October 2020.

10.4 The Fund is working with Internal Audit to introduce a five-year rolling cycle of audits on each area of casework that results in a payment. The first such audit will commence in the autumn of 2021 and will be focussed on Transfers Out of the Fund.

10.5 The Board will receive details of the five-year rolling programme of audits at the next meeting.

RESOLVED that: Officers will update the workplan to capture the actions outlined above.

11. AOB

11.1 The next Board meeting will take place on 15 February 2022.

11.2 Dates for future meetings in 2022 were agreed as follows:

- 3 May
- 31 May (to review the production of the Statement of Accounts/Annual Report)
- 12 July
- 18 October



GROUP : PENSION CONSULTATIVE FORUM
DATE : 4/02/2022
TIME : 10am
VENUE : Virtual Meeting via Microsoft Teams

Present:

Chair	Peter Raynes (PR)
Cheshire West and Chester Council	Rosemary Hodgson (RH)
Cheshire East Council	Craig Hughes (CH)
Cheshire Police	Michael Nulty (MN)
Cheshire Fire and Rescue	Jill Swift (JS)
CHALC	Jackie Weaver (JW)
Halton BC	Yvonne Caldwell (YC)
Warrington BC	Helen Barr (HB)
Guinness Partnership	Andrew Wilson
ANSA	Angela McBride (AM)
Adoption Matters	Karen Davies
ESAR	Katie Harrop
Cheshire Pension Fund	Heidi Catherall (HC), Nick Jones (NJ), Nigel Dorrington (ND), John Coombes (JC) and Jenny Brien (JB)

Apologies:

Cheshire West and Chester Council	Chris Pleavin
Cheshire Police	Wendy Bebbington and Jude West
Halton BC	Richard Rout
Warrington BC	Nicola Kane

Item	Minute
1	<p>Minutes of the Last Meeting</p> <p>The minutes of the 22 October 2021 meeting were reviewed and approved, having previously been circulated via email.</p> <p>Forum members were advised that a further consultation on McCloud was expected in the autumn of 2022 and the regulatory changes required for the remedy will not be implemented until October 2023.</p>
2	<p>Pensions Programme</p> <p>Officers presented an overview of progress on the pensions programme.</p> <p>The Fund is making progress in developing plans for clearing casework backlogs and improving the quality of data held by the Fund. Forum members can assist by responding to requests for information in a timely manner.</p>

Item	Minute
	<p>There are c80% of employers who are now submitting monthly files via the MI system. Work is ongoing to onboard the remaining 20%. Forum members were encouraged to contact the Fund to complete their onboarding process.</p> <p>Once all employers are on MI the Fund will be refining the process so that all files are received in line with regulatory guidelines. The Fund will also be undertaking reconciliation processes with a view to removing the need for employers to submit the separate EMP remittance form in the future.</p> <p>Communications will be sent to employers confirm the process for uploading MI files on time and to confirm when they can cease sending the EMP form.</p> <p>McCloud regulations will not be amended until October 2023. In the meantime the Fund is working with employers to obtain the missing part time hours and service break data. So far the Fund has received the information from 45% of employers.</p> <p>Forum members were requested to send their McCloud data and contact the Fund if they require any support with this.</p> <p>The Fund will be introducing Member Self-Serve later this year. A phased roll out of functionality available to members is being devised and will be communicated in due course.</p> <p>Initially the Fund had intended to move to online ABS in August 2022, however, this has been moved back to 2023 to allow more time to update processes and procedures and to make further progress on clearing backlogs and improving data quality.</p> <p>The Fund has been working on the ABS mop-up exercise for active members. Of the 2,629 members who did not receive their ABS in August 2021 1,946 will be issued by the end of February, 255 have been confirmed as not eligible to receive one and the Fund continues to work with employers for the remaining 428 members.</p> <p>The Fund is in the process of awarding a contract to a tracing provider and will then trace the remaining 1,369 deferred members so that they can receive their ABS in July 2022.</p>
3	<p>Administration Strategy</p> <p>Forum members received an update on the Pensions Administration Strategy (PAS).</p> <p>Forum members reviewed the PAS in detail at their meeting on 5 February 2021. A discussion on the proposed changes to the PAS, including clarification on specific areas such as estimates, took place on 25 June 2021.</p> <p>The PAS was updated, taking on board all comments and suggestions from the Forum, and was issued for consultation with all employers.</p> <p>The consultation was issued on 21 October with a closing date of 5pm on 5 November 2021. Two responses were received but no changes were requested.</p>

Item	Minute
	<p>A final draft of the PAS was endorsed by the Pension Fund Committee on 3 December.</p> <p>The PAS will be published on 1 April 2022. The Fund will develop a reporting framework to assess performance of employers and itself against the roles and responsibilities throughout 2022/23.</p> <p>The Fund will work with employers during the year to address any material issues. The results from the performance report will inform whether any amendments are required to the strategy and will be made prior to 1 April 2023.</p> <p>The PAS will be fully implemented from 1 April 2023.</p>
4	<p>Engagement and Communication Strategy</p> <p>Forum members were reminded that the Fund is developing a new engagement and communication strategy and undertook some research with employers and members to help inform it.</p> <p>A pulse survey was carried out in November 2021 and received a good response, thanks to the support of Forum members. The Fund received 905 responses.</p> <p>A breakdown of the feedback from the survey was presented to the Forum and some ideas for where the fund could improve communication in the future were identified.</p> <p>The findings from the pulse survey have been used to inform the draft communication and engagement strategy which will be presented to the Pension Fund Committee on 11 March for endorsement.</p> <p>This will be followed up with a consultation which Forum members will be invited to take part in.</p> <p>The 'strategy is being designed as a fluid document and the Fund will continually seek feedback from stakeholders to inform the communication plan for the Fund.</p> <p>To that end focus groups are being planned for the Spring/Summer and Forum members are encouraged to assist the fund by identifying members who could take part. A number of Forum members offered to assist.</p>
7	<p>Round Table Briefing No issues were raised.</p>
8	<p>AOB Future meetings dates for 2022.</p> <p>24 June 2022 21 October 2022</p>

Cheshire Local Pension Board – Actions Tracker

March 2022

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.	Officers are assessing options to improve the retirement process for members as part of the IT development roadmap.
Item 1 – review of the 15 September meeting minutes - 5 October 2021	Discretions	Board members would like to receive training on how the Fund applies its own and employer discretionary policies in administering scheme benefits.	Officers are developing a training session which can be delivered to both Board and Committee members



<p>Item 5 – Performance Management Framework - 5 October 2021</p>	<p>Aged Debt</p>	<p>The Board noted the red rating on aged debt. Despite the red rating there are no concerns about the ability to recover outstanding debt to the pension fund. This led the Board to consider whether the rag rating rules needed to be amended. Officers will investigate the average payment terms of invoices and recommend any required changes to the rating rules at the next meeting.</p>	<p>Officers have investigated the average payment terms and recommend amending the RAG rules. LPB to consider the change.</p>
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Scheme Advisory Board and Committee's Update February 2022

McCloud	<p>The Department for Levelling Up, Housing and Communities (DLUHC) have announced at the end of January a number of amendments to the Public Service Pensions and Judicial Bill. The amendments have been introduced to bring the LGPS into line with other public sector pension schemes.</p> <p>The three main amendments for the LGPS are summarised as follows:</p> <p>Extension of scope</p> <p>Initially only members within 10 years of retirement and active at 31 March 2012 benefitted from the underpin. Following legal challenge, the underpin was broadened to cover all individuals who were active at 31 March 2012 regardless of age. This has been extended further to include members who were active on or before this date who don't have a disqualifying break.</p> <p>Eligible schemes</p> <p>The amendments relax the conditions such that pensionable service accrued by members who were compulsory transferred to a broadly comparable scheme in the private sector doesn't count as a disqualifying break to ensure these members don't lose out. This means together with the extension of scope; more members may be able to aggregate periods of pensionable service from different schemes and qualify for underpin protection.</p> <p>Teachers with excess service</p> <p>This relates to service that members of the Teachers' Pension Scheme (TPS) couldn't use to accrue pension in the TPS but that can be used to accrue additional benefit in the LGPS. For example, where a teacher had a full-time contract and a part-time contract, the full-time contract attracts pension in the TPS but the part-time contract did not. As the part-time contract cannot be reinstated into the TPS, any "extra" service will be deemed to be pensionable in the LGPS.</p>
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	<p>What does this mean for funds?</p> <ul style="list-style-type: none"> - Added complexity both for administrators and members of the scheme to understand and explain the remedies provided by the McCloud Resolution to a wider audience. - Extension of scope will result in more work for the fund and its employers as they will need to collect/provide more data from an increasing number of members to check if the underpin kicks in or not. - This could create additional problems for where the administering authority does not have records of members non-Igps pensionable service. <p>Changes to the regulations are now expected from October 2023 (not April 2023 as originally suggested) to ‘allow more time for organisations to prepare’ for it.</p> <p>However, the bill is scheduled to receive royal assent in Spring with draft regulations and guidance from DLUHC later in spring 2022, but if this is missed then there is a risk of further delay and extension of the remedy window which could create additional work for the fund to deliver the remedy.</p>
<p>95K Cap and Special Severance Payments</p>	<p>The Cost Management, Benefit design and administration committee actions and agreements update presented to the main board in their meeting of 13 December 2021 outlined that DLUHC’s proposals on new 95k cap provisions are still awaited. The board were advised that advice had gone to ministers on the subject but could not say when they would be published other than they did not expect any further updates on the subject until the early part of 2022.</p> <p>It is still expected that proposals for exit reform, which include far-reaching proposals for change where pension strain costs were incurred as well as changes to Early Termination of Employment (discretionary compensation) Regulations 2006, will return. Although in what form and when remains unclear.</p> <p>Such proposals would mean that scheme members would no longer be able to receive both an unreduced pension and a redundancy payment (either statutory or discretionary).</p>
<p>TPR Singular Code</p>	<p>The Pension Regulator held a consultation on its proposed new code of practice which took place from 17 March to 26 May 2021.</p>

An interim response following the closure of the consultation was issued by TPR on 24 August 2021 and identified that 103 responses to the consultation were received of which 24 were from public service schemes which made up the largest group of respondents.

The rationale of the new singular code was to replace 10 of the 15 existing codes of practice and to develop a singular code for all schemes based around 51 shorter topic based modules.

In their interim response TPR identified some key issue raised from their consultation summarised below,

Common expectations

They received general support for the principle of, wherever possible, setting common expectations in relation to all schemes.

Respondents also welcomed the modular format of the new code. While some respondents raised concerns about the presentation, these mainly related to the version presented as a PDF document, rather than as something designed specifically for viewing online.

Intended audience for modules

A concern from a wide range of respondents, though more often from those representing public service schemes, was the degree to which modules applied to a given audience.

This was an issue that was identified while drafting the code. It was always TPRs intention that the final online design of the code would address these matters. However, as many respondents have clearly relied on the PDF version of the code, TPR will explore ways to make the audience for each module clearer.

Use of the ‘governing body’

The new code introduces several new terms from legislation, but ‘governing body’ was one created by TPR. In TPRs efforts to produce an all-encompassing code they recognised the need for a term that described the governance structure of all schemes.

TPR were nervous about introducing another new term into an already crowded field and asked for specific opinions about it. Most responses on this point have been positive and have raised no concerns about its use. A few

<p>respondents, especially from public service schemes, did however raise concerns. These mostly arise from the specific organisation and structural differences that the schemes and their administering authorities face.</p> <p>TPR have received at least one response suggesting ways to resolve the difficulties of using ‘the governing body’ for this group of schemes and will examine this in greater detail.</p> <p>TPR have advised that they are currently considering their next steps in preparing the final version of the modules but do not currently have a firm final publication date for the new code.</p> <p>However, they do not expect to lay the new code in Parliament before spring 2022. It is, therefore, unlikely to become effective before summer 2022.</p>
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Scheme Advisory Board

MEETING HELD ON 13th DECEMBER 2021

AGENDA

1.00pm – 3.00pm, Monday 13th December 2021

Item		Timings
1	Welcome, apologies and introductions	1.00
2	Meeting protocol and declarations of conflicts of interest	1.05
3	Delegation from the Prudential	1.10
4	Actions and Agreements from meeting of 27 September 2021– Paper A	1.30
5	Cost Transparency Update	1.40
6	New Compliance & Reporting Committee – Paper B	1.50
7	Letter from Michael Lynk – Paper C	2.10
8	SAB/Committee Membership - Paper D	2.15
9	SAB Annual Report – Paper E	2.25
10	Cost Management Committee report - Paper F	2.35
11	Investment Committee report - Paper G	2.45
12	AOB and date of next meeting	2.55

Scheme Advisory Board Secretariat

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W www.lgpsboard.org

Cost Management, Benefit Design and Administration Committee

DATE:	14 February 2022
VENUE:	Virtual meeting
TIME:	11:00 to 13:00

AGENDA

Item		Paper	Timings
1	Welcome, introductions, apologies and declaration of interests		11:00
2	Meeting protocol		11:05
3	Matters Arising from 15 th November meeting	Paper A	11:10
4	Exit Cap and McCloud Update		11:15
5	SAB Cost management policy paper	Paper B	11:25
6	Compliance and Reporting Committee Update		11:50
7	2019 Section 13 Report	Paper C	12:00
8	Pension Fund Annual Report Update		12:40
9	DLUHC Regulatory Update		12.45
10	AOB and date of next meeting		12:55

Investment, Governance and Engagement Committee

DATE:	21 February 2022
VENUE:	Virtual Meeting
TIME:	11:00 – 13:00

AGENDA

Item		Paper	Timings
1	Welcome, introductions, apologies and declaration of interests		11:00
2	Meeting protocol		11:05
3	Matters Arising from 22 nd November	Paper A	11:10
4	Levelling Up White Paper	Paper B	11.15
5	New Compliance & Reporting Committee Update		11:45
6	Sharia Compliant Investments	Paper C	11.55
7	Code of Transparency Compliance Update	Paper D	12:10
8	Michael Lynk Letter Update		12.20
9	RIAG Chair's Report	Paper E	12:30
10	DLUHC Regulatory Update		12.40
11	AOB and date of next meeting		12.55

<p>This is the quarterly pack of Pension Fund performance information which is based on the period 1 October to 31 December 2021 and includes a comparison to the previous quarter - 1 July to 30 September 2021.</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 2021)
	Summary position:
	This Quarter - 1 Oct to 31 Dec 2021
	RED
	Previous Quarter - 1 Jul to 30 Sep 2021
	RED

Subject	Comment	RAG Status
Administration Casework	<p>Overall administrators have completed 17,265 cases during the 3 month period to 31 December 2021, compared to 14,369 in quarter 2 of 2021/22.</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 16 new breaches in quarter 3 of 2021/22 (compared to 17 in quarter 2 of 2021/22). 7 of the breaches related to the collection of contributions income and 9 related administration breached (i.e. late notification of rights and options).</p> <p>During quarter 3, all 16 breaches were recorded as Green.</p>	GREEN
Compliance	The Fund did not identify any material compliance issues in Quarter 3.	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 month of quarter 3.</p> <p>Contributions income are monitored against both of these criteria and also whether the income received in aggregate is above the aggregate value of the pensions paid out each month. The Fund has the right to charge interest on late payments and the monetary value of the applicable interest is now included within the tables below. The Fund takes a pragmatic approach to recharge interest.</p> <p>Employers are also required to provide a contribution form to accompany each amount paid so that the Fund can correctly allocate the income.</p>	GREEN
Financial Performance	The Fund's 2021/22 budget for Administration/Oversight and Governance Costs is c£5m. The forecast outturn is currently an underspend of £403k.	GREEN
HR (absence)	<p>The service lost 98 days through sickness during quarter 3 (Sep-Dec) of 2021/22 which equates to an annual average of 4%. This compares to 95 days lost in quarter 2 (Jul-Aug 2021) which is an annual average of 4%.</p> <p>There were no sickness days lost in the 3rd quarter relating to work related stress.</p>	GREEN
Debt Recovery	<p>The Pension Fund has £2,053k of debt outstanding at the end of Quarter 3 of 2021/22, £15k of which relates to prior years.</p> <p>97% of the debt relates to invoices that are in the 0-90 day category. The majority of this debt relates to an Exit Payment invoice.</p> <p>The RAG status is Red to reflect the fact that the value of debt outstanding which is over 30 days old is over 50%. However, this is largely impacted by the £1.865m single invoice for exit payment, the Board should note that following the quarter end this has now been paid in full.</p>	RED
Business Plan Progress	<p>An Action Plan Tracker has been produced for the 2021/22 year and sets out the milestones to be achieved during that year.</p> <p>A new reporting framework has been developed which summarises progress on each action and highlight issues on an exception basis.</p> <p>The reporting framework has an overall RAG rating of Amber for Qtr 3 denoting a number of actions that will be achieved but slightly later than planned.</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

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 along with an update on cyber security.

Recommendation

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

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 2020 TPR return were calculated as at 25 September 2020 and are included within the table below, alongside the scores for the previous two years. The latest scores as at 28 February 2022 are also included within the table.

	TPR Scheme Return			Latest Scores
	1-Sep-18	1-Sep-19	25-Sep-20	28-Feb-22
Common Data	98.10%	98.07%	98.73%	98.88%
Scheme Specific Data	68.80%	74.18%	74.01%	81.08%

6. As the Board can see, the scores for February 2022 are comparable with the scores provided in the September 2020 Scheme return for common data, and slightly improved for scheme specific data.
7. The improvement in scheme specific data results from the Fund completing the process to upload all annual 'per member' information received from employers who have not yet moved onto the Monthly Interfacing system along with the data cleansing work that has been undertaken by the Fund in the past year.

New Measurement Report

8. As Board members are aware, the Fund's administration database provider has produced a report which will produce the common and scheme specific data scores directly from the administration database.
9. The Fund is continuing to work with the database provider to resolve the data validation issues that arise when the report is run. An initial workshop has taken place to discuss the results which are being produced by the report and a number of actions have been identified to resolve these anomalies.
10. Board members will be kept informed of progress in moving to the new report.



Cyber Security

11. At the meeting in July Board members discussed the issue of cyber security and requested that they be provided with a clear understanding of how the Fund manages the risk.
12. The Fund is working with the Council's ICT department to set out how the cyber security risk is managed and will report back to the Board at a later meeting.
13. The Fund is also exploring opportunities for support from external companies to independently assess the Fund's current position on cyber security.



LOCAL PENSION BOARD 2021/22 ANNUAL REPORT and OUTTURN

Introduction

1. This Board will discuss the content to be included in the Local Pension Board Annual Report for 2021/22.

Recommendation

2. The Board are requested to identify the content to be included in the draft Local Pension Board Annual report for 2021/22).

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 2022 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 is the same as the 2020/21 report which was published on the Fund’s website as within the main Scheme Annual Report. A copy of the 2020/21 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 2021/22 activity and plans for 2022/23
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 draft the 2021/22 report.



Cheshire Pension Fund

Local Pension Board

Annual Report 2020/21

INTRODUCTION

Welcome to the sixth annual report for the Local Pension Board (the Board) for the year ending 31 March 2021.

The Board assists Cheshire West and Chester Council, as Administering Authority, with the efficient governance and administration of the Cheshire Pension Fund, the name of the local government pension scheme in Cheshire.

In accordance with the Board's terms of reference, an annual report is required to provide an overview of the nature and effect of the Board for consideration by the Administering Authority.

At the outset of the pandemic the Board immediately moved to holding meetings virtually. This meant that the Board was able to hold all planned meetings during the year.

Board members received detailed briefings on the Fund's response to the pandemic and its ability to maintain service delivery whilst staff work remotely.

Board members received regulator updates on actions taken to improve the quality of data and on the Fund's transformation programme, which is designed to make the best use of technology and other resources in order to deliver an effective service to customers and employers.

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.

As part of these meetings the Scheme Advisory Board provided training for Board members in February 2021. This training covered a variety of topics including the national LGPS governance structure and an update on a variety of current issues. These joint training events will be repeated each year.

Performance on compliance with LGPS regulations and the Pensions Regulator's Code of Practice Number 14 has been regularly monitored and it is pleasing to note that there has been good compliance throughout the year.

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

During the year, one member representative's terms of office came to an end. The Board sought expressions of interest and Neil Harvey was reappointed for a further three-year term commencing 27 June 2020.

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 using the link below. 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 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	Adrienne Laing*	The Challenge Academy Trust	1/4/20	31/3/23
Employer representative	Cllr Robert Bisset	Cheshire West and Chester Council	27/6/18	26/6/21
Member representative	Geoff Wright	UNISON	27/6/18	26/6/21
Member representative	Neil Harvey*	GMB	27/6/20	26/6/23
Chair	Peter Raynes	Independent (non-voting)	27/6/18	26/6/21

*Reappointed following requests for Expressions of Interest

2. Review of 2020/21

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 As in previous years, the Chairs of the Board and the Pension Fund Committee (the Committee) continue to meet on a quarterly basis 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 Consultative Forum

2.4 The Pensions Consultative Forum (PCF) is made up of representatives from the main employers and employer groups within the Fund. It works with the Fund to ensure an efficient service is delivered for all stakeholders, with particular emphasis on administration and communication.

2.5 The Board Chair, Peter Raynes is also Chair of the PCF providing an important link between the Board and the Forum.

2.6 The Forum is key to assisting the Fund in developing new ways of working which will improve efficiency for both the Fund and Employers.

LGPS Central Board Chairs / Scheme Advisory Board Engagement

2.7 The Board Chair has continued 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). These meetings allow the Boards to discuss important topics and share ideas.

2.8 Due to the initial pandemic impact, the Spring 2020 planned for 2 April was cancelled. However, the next scheduled meeting on 26 October did take place and was held virtually.

2.9 The Scheme Advisory Board continues to play an important role in this group. A SAB representative (Bob Holloway) attends the joint meetings.

2.10 In addition to attending the joint meetings, SAB delivered a further training session to all Board members within the LGPS Central pool in February 2021. The training covered an overview of the national governance structure for the LGPS and an update on several topical issues.



Knowledge and Skills

- 2.11 The Committee endorsed a new training policy at its meeting on 13 March. The policy was effective from 1 April 2020 and covered the collective training requirements for Committee and Board members.
- 2.12 A joint training plan was developed for the 2020/21 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, members each received a summary of their own results in the form of an individual training plan which they would update with details of other training they attended. This training would be accessed through conferences and seminars, along with details of any online learning, such as the Pensions Regulator's Trustee Toolkit.
- 2.14 In the autumn the Board and Committee Chairs undertook a review of the collective training which had been delivered to members, the results of the individual training plans and the results from the further self-assessment questionnaire which had been completed by members.
- 2.15 The training plan for 2021/22 was derived from these results and approved by the Chairs.

Governance Review

- 2.16 In 2018/19 the Pension Fund commissioned Barnett Waddingham to conduct a review of the governance arrangements within the Fund, including the role of the Board. The review found that the governance arrangements worked well and there were no material issues to be addressed. The review did, however, make some minor recommendations in relation to the Board, including updating the Terms of Reference to reflect some changes to working practices (e.g. the number of Board meetings held each year had increased).
- 2.17 Board members agreed to align implementation with the outcomes from the Scheme Advisory Board's Good Governance Review, so that any changes needed flowing from the SAB's recommendations could be incorporated.
- 2.18 The outcomes from the SAB review were delayed due to the impact of Covid but were published in February 2021. Further regulations and guidance are required to bring the recommendations into full effect but in the interim the Board will review and propose any necessary changes to its Terms of Reference.

Regulatory Changes

2.19 The Board received detailed briefings on a regulatory changes during the year.

McCloud Judgement

2.20 The first related to the McCloud judgement which refers to the case in which the Supreme Court found that transitional protections introduced in the firefighters and judges pension schemes in 2015 amounted to age discrimination to younger workers. Similar protections were introduced into other public sector schemes, and the Government confirmed the ruling applies to those schemes as well.

2.21 This regulatory change presents a significant challenge and will require input from all areas of the Fund.

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

Exit Reform

2.23 Board members also received a briefing on caps on exit payments resulting from redundancy and efficiency.

2.24 The Government initially introduced the Restriction of Exit Payment Regulations in autumn 2020 but they were revoked early in 2021. A separate consultation on further reform of LGPS regulations was also issued but has since been paused.

2.25 It is expected that a further consultation on proposed exit reforms will be received in 2021/22.

Risk Register

2.26 The Board reviewed and updated the risk register during the year.

2.27 In response to the pandemic the Board added an action to regularly review the effectiveness of holding meetings virtually.

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

2.29 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

Coronavirus and Changes to Working Practices

- 2.31 The first lockdown in response to the coronavirus pandemic commenced in March 2020.
- 2.32 This required all Pension Fund staff to switch from being mostly office based to working wholly from home. The Board received regular updates on how the Fund was able to maintain service delivery and support staff members and customers through this challenging time.
- 2.33 The switch to home working required some changes to working practices, such as how the Fund dealt with post, suspension of the office based pension helpline, setting up a recorded message to explain how customers could reach us via email.
- 2.34 The Board were pleased to find that the Fund had been able to maintain its standards of service to members throughout the year.

The Pensions Regulator – Code of Practice

- 2.35 The Board continued to monitor the Fund's compliance with the Pensions Regulators (TPR) Code of Practice 14.
- 2.36 The Board received regular updates throughout the year on progress in meeting full compliance with all areas of the code.
- 2.37 TPR are combining their 15 codes of practice into one code and this new Combined Code is expected to be issued during 2021. Ongoing compliance will be tested against the new code with results presented to the Board along with an action plan to address any areas where further work is required.

Data Quality

- 2.38 The Board has continued its oversight of the Fund's important work to improve the quality of data held.
- 2.39 This is a significant and resource intensive activity and the data quality work in 2020/21 has centred around three work streams:
- a) **Annual data scores** reported to the Pensions Regulator each autumn.
 - b) **Monthly Interfacing** – the project to move from annual to monthly employer submissions of membership and contributions information. This involves a specific data cleanse for each employer and creation of unique identifier numbers so individual contracts of employment can be identified.
 - c) **Resolving historic data queries** - including liaison with employers to retrieve missing data.
- 2.40 The Board received regular detailed updates on progress for all three areas.



2.41 The Board was pleased to note that the Fund met its business plan target that 90% of active members received their Annual Benefit Statements by the 31 August deadline in 2020, compared to 85% in 2019. This demonstrates that the Fund's data quality is improving.

Breaches Policy/Log

2.42 The Board has a critical role in monitoring breaches and reviews the breaches log on a monthly basis. 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.

2.43 In addition to reviewing the breaches log, the Board undertakes a quarterly review to identify any trends which require further investigation.

2.44 The Breaches policy and Breaches Log are available on the Fund's website.

Member Engagement

2.45 The Board has a dedicated facility on the Fund's website to allow members to contact the Board with any questions.

2.46 The Board received ten questions, from six members, during the year and provided a response to each. The subjects covered included

- the Fund's investments and responsible investing,
- Cheshire Chat – pensioner newsletter
- Consultations on the Funding Strategy Statement and Investment Strategy Statement
- Individual member queries on transfer of pension and widowers pension.

3. Board Attendance at Meetings 2020-21

3.1 The terms of reference for the Board state that there should be a minimum of two meetings per year, however, the Board has chosen to meet a minimum of four times per year. There were 5 meetings held during 2020/21.

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	5 May 2020	2 Jun 2020	14 Jul 2020	27 Oct 2020	16 Feb 2021	%
Peter Raynes	✓	✓	✓	✓	✓	100
Cllr Robert Bisset		✓	✓	✓		60
Adrienne Laing	✓	✓	✓	✓	✓	100
Geoff Wright	✓	✓	✓	✓	✓	100
Neil Harvey	✓	✓	✓	✓	✓	100

- 3.3 The meeting on the 2 June was dedicated to the review of the Fund's draft Statement of Accounts and Annual Report for 2019/20 so that the Board could ensure these had been produced in accordance with statutory requirements and best practice. This is an important part of the Fund's governance process for the production of 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 several 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 2020/21 is shown below.

Date	Topic	Delivered by	Board Attendees
17 July 2020	Climate Risk Report	Officers / LGPS Central Limited	Peter Raynes Geoff Wright Neil Harvey
	Procurement and Relationship Management	Council Officers	
	Cheshire Pension Fund Annual Report 2019/20 – key facts and figures	Officers	
30 October 2020	Pensions Administration	Officers	Peter Raynes Geoff Wright



Date	Topic	Delivered by	Board Attendees
	Committee/Board Joint Training Policy and Plan Update	Officers	
	Cyber Security	Council Officers	
	Brexit Update	Officers	
26 February 2021	Investment Performance and Risk Management	Officers/Mercer	Peter Raynes Geoff Wright
	Good Governance Review	Hymans Robertson	
	Committee/Board Joint Training Policy and Plan Update	Officers	

External training events

- 3.7 Board members attended a number of external conferences and seminars in order to maintain knowledge and keep up to date with current issues facing the LGPS. These events have taken place virtually this year due to the pandemic. These were

Event Date	Organised by	Topic
24 June 2020	CIPFA/ Barnett Waddingham	LPB Annual Seminar
3 July 2020	LGPS Central Ltd	Responsible Investing Day
19 August 2020	CIPFA	McCloud Implementation Workshop
1 October 2020	CIPFA/Barnet Waddingham	LPB Autumn Seminar
7 October 2020	Institute of Business Ethics	Supporter Forum
18 February 2021	CIPFA/ Barnet Waddingham	LPB Spring Seminar
22 February 2021	Scheme Advisory Board	LGPS Central LPB Training Event
10 March 2021	LGPS Central Ltd	Stakeholders Day

Budget

- 3.8 The Board agreed a budget of £10,000 for 2020/21 to assist with its operation. This included costs for training, external advice, expenses and travel costs.
- 3.9 The Board incurred costs of £1,500 which was spent on attending conferences and seminars, reflecting the reduced number of in person events in the year. Budgeted provisions for external advice were not required in 2020/21.

4. 2021/22 Work Plan

- 4.1 The Board will respond to the Pensions Regulator consultation on the new modular code of practice and will ensure that the Fund is compliant with the new code once it is published.
- 4.2 The Board will review the final recommendations from the Scheme Advisory Board's Good Governance review, in particular any actions that the Fund will need to take as a result and ensure they are implemented as soon as possible, once regulations and statutory guidance are in place, where required. This will include the introduction of a Fund specific cyber security policy.
- 4.3 The Board will ensure that the Fund adheres to any regulatory changes which may come into effect during the year, including clear and timely communication of those changes with members and employers.
- 4.4 The Board will monitor progress in delivering the Fund's transformational pensions programme, and the ongoing work to improve data quality.
- 4.5 The Board will keep a close eye on any changing guidance from TPR and SAB and ensure the Fund implements any recommendations as prescribed.
- 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 and Code of Conduct Policy, to ensure that they remain fit for purpose.
- 4.8 The Board's activity will support the 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 in order to maintain knowledge and also 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/>

COMPLIANCE UPDATE

Introduction

1. This report provides the Board with a summary of the Breaches Log for the period 1 April 2021 to 30 September 2021.

Recommendation

2. The Board are requested to note and comment on the summary of the Breaches Log for the period 1 April 2021 to 30 September 2021.

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 2021 and 30 September 2021 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 TPR. Green breaches are those where, following investigation, no further action is deemed necessary.

Table 1: Summary of the Breaches Log

	Total 2020/21	Total 2021/22	Status 2021/22		
			Red	Amber	Green
Contributions	47	22	0	0	22
ABS	1	1	1	0	0
Disclosure	0	0	0	0	0
Administration	55	21	0	0	21
Total	103	44	1	0	43

6. There has been one red, no amber and 43 green breaches in the period. Below is a summary of the breaches.

Contribution Breaches – 22

7. The majority of these relate to employers who have small numbers of staff and so are easily affected by unexpected staff absences or have been impacted by Covid-19. 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 who weren't notified of their benefits at the time, are now receiving notifications of their benefits. These notifications were received outside the specified time limits.

Annual Benefit Statements - 1

9. 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 if they don't provide ABS to 100% of eligible members by this deadline.
10. The Fund has reported to TPR a breach relating to the 2021 ABS. Due to a combination of missing data issues, plus a number of lost contact addresses, particularly of deferred members, the Fund was not able to send 100% of ABS on time.
11. Following the Fund's breach process, the ABS breach was approved by the Local Pension 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

12. The table below 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

	2021	%	2020	%
Active Members eligible to receive an ABS	30,537	100	31,420	100
Members who received an ABS on time	27,908	91	28,398	90
Members who did not receive an ABS on time	2,629	9	3,022	10

13. The Fund was able to issue ABS to 91% of active members by the deadline of 31 August.
14. The table shows some 9% of active members did not receive their ABS by the deadline compared to 10% in 2020 (and 15% in 2019). The reasons why these members have not received their ABS include:
- a) The data provided from employers is inconsistent or contains errors.
 - b) Missing data that we will need to work with employers to obtain.
 - c) Staff capacity issues caused by the pandemic.
15. The Fund identified 2,755 members for whom contributions had ceased but no leaving notification had been provided by their employer. These members were not active at

year end and hence not eligible to receive an ABS. A letter has been sent to the members explaining we are liaising with employers to obtain the missing leaving details.

16. Active members who did not receive an ABS, but we believe should have, received a letter explaining the position and informing them that the Fund is working to resolve any outstanding queries so that they can receive an ABS by the end of December 2021.
17. Due to the considerable data cleansing work which has been carried out as part of the Monthly Interfacing rollout, the Fund is confident that the majority of the 2,629 members will receive their ABS by the end of March 2022.

Deferred Members

18. 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 Committee will note, the Fund was able to send c95% of deferred ABS on time.

Table 4: Summary of Delivery of Deferred Members ABS

	2021	%	2020	%
Deferred Members Eligible to receive an ABS	28,074	100	27,203	100
Members who received an ABS on time	26,705	95	23,792	87
Members who did not receive an ABS on time	1,369	5	3,411	13

19. The Fund was able to increase the percentage of deferred members who received their ABS in 2021 to 95% compared to 87% in 2020. This was possible as the Fund commissioned the services of a tracing company who was able to locate over 2,000 members or confirm that they were at the same address held by the Fund.
20. Some 1,369 deferred members did not receive their ABS by the deadline. These are members for whom the Fund no longer holds a current address. Work is continuing to trace these remaining members.

Local Pension Board - Workplan

Standard Meetings			
February	May	July	October
<p>Review of Pension Fund Committee, Investment Sub Committee and Pensions Consultative Forum Minutes</p> <p>Review Scheme Advisory Board and Sub Committee meetings</p> <p>Review the Performance Management Framework</p> <p>Review the Fund Compliance /Breaches Log</p>	<p>Review of Pension Fund Committee, Investment Sub Committee and Pensions Consultative Forum Minutes</p> <p>Review Scheme Advisory Board and Sub Committee meetings</p> <p>Review the Performance Management Framework</p> <p>Review the Breaches Log</p>	<p>Review of Pension Fund Committee, Investment Sub Committee and Pensions Consultative Forum Minutes</p> <p>Review Scheme Advisory Board and Sub Committee meetings</p> <p>Review the Performance Management Framework</p> <p>Review the Breaches Log</p>	<p>Review of Pension Fund Committee, Investment Sub Committee and Pensions Consultative Forum Minutes</p> <p>Review Scheme Advisory Board and Sub Committee meetings</p> <p>Review the Performance Management Framework</p> <p>Review the Breaches Log</p>
<p>Draft Annual Report</p> <p>Review the TPR Data Scored and associated actions</p>	<p>Sign off LPB Annual Report</p> <p>Review the TPR Data Scored and associated actions</p>	<p>Review the TPR Data Scored and associated actions</p>	<p>Review the TPR Data Scored and associated actions</p>
<p>Review policies are kept up to date and produced in accordance with legislation and guidance</p> <p>Statutory Policies (FSS, ISS, Comms Policy, Admin Strategy Gov Policy and Breaches Policy)</p>	<p>Review LPB Terms of Ref/ Conflicts of Interest Policy</p> <p>Review the progress made by the Fund including the detail of any ongoing actions</p>	<p>Review policies are kept up to date and produced in accordance with legislation and guidance</p> <p>LPB Risk Register</p> <p>Update the Register of Interests/update website</p> <p>Statutory Policies (FSS, ISS, Comms Policy, Admin Strategy Gov Policy and Breaches Policy)</p>	<p>Cyber security</p> <p>**Special meeting to undertake a self-assessment of Board effectiveness**</p> <p>Review the progress made by the Fund including the detail of any ongoing actions</p> <p>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.</p>