

BOARD : LOCAL PENSIONS BOARD
DATE : 5 October 2021
TIME : 10am
VENUE : Virtual meeting using Microsoft Teams

LOCAL PENSION BOARD MEETING

10.00 – 12.30

AGENDA

PART A

1. PROCEDURAL MATTERS (Pages 3 – 11)

The Board will:

- a) Receive the minutes of the meeting on 20 July 2021
- b) Receive the minutes of the meeting on 15 September 2021
- 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 10 September 2021 and the Investment Sub-Committee minutes from 27 August 2021.

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 12 – 16)

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

Committee	Meeting Dates - 2021
Scheme Advisory Board	1 July
Scheme Advisory Board	27 September
Cost Management, Benefit Design and Administration Committee	12 July
Cost Management, Benefit Design and Administration Committee	13 September
Investment, Governance and Engagement Committee	19 July
Investment, Governance and Engagement Committee	20 September

5. PERFORMANCE MANAGEMENT FRAMEWORK QUARTER 2 – 2021/22 (Page 17)

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



6. RISK REGISTER (Pages 18 – 22)

The Board will review the risk register following changes requested at the last meeting. The Board will also undertake a review of the Fund's risk register.

7. DATA QUALITY (Pages 23 – 24)

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.

8. COMPLIANCE UPDATE (Pages 25 – 26)

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

9. FEEDBACK FROM EVENTS

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

- Investment Sub Committee – 27 August 2021

10. REVIEW AND DEVELOP THE WORK PLAN (Page 27)

The Board will review the plan.

11. AOB

The next meeting will take place on 15 February 2022

Other meeting dates in 2022 meetings are:

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



MINUTES OF LOCAL PENSION BOARD – 20 July 2021

PRESENT

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

CW&C Officer: Heidi Catherall

Apologies: Maggie Sheppard, Dan Harte and Aaron Austin – CW&C
Officers

1. PROCEDURAL MATTERS

- 1.1 This Local Pension Board meeting was again held virtually.
- 1.2 No declarations of interest were received.
- 1.3 The Board reviewed the minutes from the last meeting on 4 May 2021 having previously approved them by email. Board members also reviewed the minutes from the special meeting on 1 June 2021 where they considered the production of the statement of accounts and annual report.
- 1.4 The Board also reviewed the Pensions Consultative Forum minutes from 25 June 2021.
- 1.5 The action tracker was reviewed, and the contents noted. Board members determined that a special meeting would be held on 15 September to undertake a self-assessment of its own performance.
- 1.6 Board members noted the re-appointment of three members for three years commencing from 26 June 2021, as follows:
 - Peter Raynes – Chairman
 - Councillor Robert Bisset – Employer Representative
 - Geoff Wright – Member Representative

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 4 June 2021.



- 2.2 The Board also reviewed the minutes from the Investment Sub Committee held on 14 May 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 significant progress is being made in each area of the programme and the governance process to manage the programme is working well and helping to keep progress on track.
- 3.3 Workstream 4, which focussed on the change of back office systems for the general ledger and exchequer functions provided by the Council, has now been completed.
- 3.4 A communications manager has been appointed and will join the Fund towards the end of August. This will allow the Fund to begin the process of updating the engagement and communication strategy.
- 3.5 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 which was considered by SAB at its meeting on 10 May.
- 4.2 The Board would be interested to review the content of the SAB 2021/22 workplan once it is published.

5. PERFORMANCE MANAGEMENT FRAMEWORK Qtr 1 – 2021/22

- 5.1 The Board reviewed the Performance Management Framework (PMF) for quarter 1 (April to June 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. It was again noted that this is likely to continue in the medium term whilst the pension team continue 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. This relates to pension strain payments due from employers. There are no concerns about the ability to recover outstanding debt to the pension fund.



- 5.4 The Board received two direct submission from members during the quarter via the link on the Board section of the website, covering issues around responsible investing and asset pooling. The Board responded to each enquiry.
- 5.5 The Fund has subscribed to an online learning facility provided by Hymans Robertson. The LGPS Online Learning Academy (LOLA) is based on the areas of knowledge and understand outlined in CIPFA guidance. All Board and Committee members, along with senior officers are requested to undertake the online training.
- 5.6 Board members noted the findings from the 2020 TPR scheme survey. The survey covers all public sector pensions including the LGPS. The report outlines a general improvement in governance and administration in all areas.

6. RISK REGISTER

- 6.1 The Board reviewed the risk register and suggested a few changes to reflect the current position.
- 6.2 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 register.
- 6.3 Cyber security issues should be understood by all parties; including Board members, and appropriate actions taken to prevent any issues.
- 6.4 Officers will amend the risk register and present the updated version to the Board at the next meeting in October.

RESOLVED that the Board:

- Reviewed the risk register and identified a number of changes required
- Identified that further action is required in order to assess how the Fund manages cyber security risks.

7. DATA QUALITY

- 7.1 The Board received the updated TPR Data Scores produced as at 1 July 2021.
- 7.2 The scores for July 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	1-Jul-21
Common Data	98.10%	98.07%	98.73%	98.81%
Scheme Specific Data	68.80%	74.18%	74.01%	77.18%



- 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 measurement report which will provide the scores from directly within the database.
- 7.6 It is expected that the Fund can move to using the new measurement report later this year.

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

8. COMPLIANCE UPDATE

- 8.1 The Board were presented with a summary of the breaches log for the period 1 April to 31 March 2021, noting that 103 breaches had been logged over the period.

RESOLVED that: Board members noted the summary breaches log covering the period 1 April to 31 March 2021.

9. FEEDBACK FROM EVENTS

- 9.1 Members of the Board and officers provided feedback from the various events they had attended.

- PLSA Local Authority Conference – 18/19 May 2021
- CIPFA/BW LPB Annual Conference – 23 June 2021

- 9.2 PR attended the PLSA conference on the 19 and 19 May. Attendees discussed the impact of covid-19 and the majority of funds reported that working remotely had not had a detrimental impact on the performance of their teams.

- 9.3 PR and NH attended the CIPFA / Barnett Waddingham conference on 23 June 2021 which provided an update on a number of topical issues.

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 Following the suggestion at the CIPFA / Barnett Waddingham event on 18 February Board members would like to consider the steps required to undertake a self-assessment and a special meeting has been arranged for 15 September to undertake the assessment.



10.3 Board members also identified cyber security as an area that they would like to receive further information on and this will be included as an agenda item for the next meeting in October.

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

AOB

10.4 The next Board meeting will take place on 5 October 2021.

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

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



MINUTES OF LOCAL PENSION BOARD – 15 SEPTEMBER 2021

PRESENT

Board Members: Peter Raynes (Chair),
Geoff Wright (Member representative, Unison),
Neil Harvey (Member representative, GMB)
Cllr Robert Bisset (Employer Representative, CW&C)

Apologies: Adrienne Laing (Employer Representative, The Challenge Academy Trust)

CW&C Officers: Heidi Catherall

1. PROCEDURAL MATTERS

1.1 No declarations of interest were received.

2. SELF-ASSESSMENT

2.1 The Board held a dedicated meeting to undertake a self-assessment of its own performance with a view to improving the support it provides to the Administering Authority.

2.2 After reviewing their own compliance with regulations and best practice guidance, the Board felt that overall they were meeting their objectives. However, Board members identified a number of actions which would further improve their performance:

- Changes to Fund policy documents are typically reviewed in detail at Committee meetings and Joint Training events. Board members felt that specific policy changes should be presented to the Board after they had been approved by the Committee so that the Board could satisfy themselves that they agreed with any changes made.
- The Board requested a training session on the use of discretions policies and how they are applied by employers and the Fund.
- The Fund has a Data Improvement Plan but it is an opportune time for the plan to be updated. The plan will include information about cyber security.
- The Fund's website does contain all the necessary information regarding the Local Pension Board but the structure could be improved to make it more accessible.
- The Board felt that recommendations for the Committee could be more clearly defined.
- As well as undertaking regular reviews of their own risk register the Board will also review the Fund's Risk Register.



- 2.3 The Board felt that it was important to demonstrate the assistance they provide to the Administering Authority and that this was achieved with the detailed update which is included within the Local Pension Board Annual Report.

RESOLVED that the Board: Undertook a self-assessment of their own performance and identified some recommendations to take forward.

3. AOB

- 3.1 Board members discussed the possibility of a face to face meeting but determined that meetings would remain virtual for the moment due to uncertainties around the pandemic.
- 3.2 The next Board meeting will take place on 5 October 2021.



Cheshire Local Pension Board – Actions Tracker
October 2021

Item Number / Date Raised	Topic	Action	Latest Position
Item 11 – 27 October 2020	CIPFA – Knowledge and Skills Guidance	Board members also noted that CIPFA will be updating their Knowledge and Skills frameworks which are expected in 2021. Once available a special meeting will be arranged so that the Board can work through the detail.	CIPFA have published an updated Code of Practice and an updated Framework for Committee Members and Senior Officers. The Framework for Local Pension Board Members was published in 2015.
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.	Board members will review the retirements position later in 2021.



Item 11 – Review of the Workplan – 4 May 2021	Self-Assessment	Following the suggestion at the CIPFA / Barnett Waddingham event on 18 February Board members would like to consider the steps required to undertake a self-assessment.	Board members undertake the review on 15 September 2021.
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Scheme Advisory Board

Agenda

1.00pm – 3.00pm, Monday 27th September 2021
18 Smith Square, Westminster, London SW1P 3HZ

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 meetings of 10 th May and 1 st July – Paper A	1.10
4	Cost Transparency Report – Paper B	1.25
5	New Compliance & Reporting Committee – Paper C	1.50
6	SAB Membership Report – Paper D	2.15
7	Cost Management Committee Report - Paper E	2.30
8	Investment Committee Report – Paper F	2.45
9	AOB and date of next meeting(s)	2.55

Scheme Advisory Board Secretariat

Local Government House, Smith Square, London SW1P 3HZ T 020 7187 7344 E Elaine.english@local.gov.uk W www.lgpsboard.org

Cost Management, Benefit Design and Administration Committee

DATE:	12 July 2021
VENUE:	Virtual meeting via MS Teams
TIME:	11.00am – 12.30pm

AGENDA

Item		Paper	Timings
1	Welcome, introductions, apologies and declaration of interests		11:00
2	Meeting protocol		11:05
3	Matters Arising from 12 th April meeting	Paper A	11:10
4	95K Cap and McCloud Update		11.20
5	2016 cost cap valuation update	Paper B	11.30
6	HMT consultation on cost cap arrangement	Paper C	11.50
7	MHCLG Regulatory Update		12.15
8	AOB and date of next meeting		12.25

Cost Management, Benefit Design and Administration Committee

DATE:	13 September 2021
VENUE:	Hybrid meeting via MS Teams and Bruce Lockhart Room, 18 Smith Square, Westminster, London SW1P 3HZ
TIME:	13:30 to 15:00

AGENDA

Item		Paper	Timings
1	Welcome, introductions, apologies and declaration of interests		13:30
2	Meeting protocol		13:35
3	Matters Arising from 12 th July meeting	Paper A	13:40
4	Exit Cap and McCloud Update		13.50
5	2016 cost control mechanism and SAB cost management update	Paper B	13.55
6	HMT cost control consultation response	Paper C	14.10
7	Pensions Dashboard Update	Paper D	14.20
8	2022 triennial fund valuations		14.30
9	MHCLG Regulatory Update		14.40
10	AOB and date of next meeting		14.55

Investment, Governance and Engagement Committee

DATE:	19 July 2021
VENUE:	Virtual meeting via MS Teams
TIME:	11.00AM – 12.30PM

AGENDA

Item		Paper	Timings
1	Welcome, introductions, apologies and declaration of interests		11:00
2	Meeting protocol		11:05
3	Matters Arising from 19 th April meeting	Paper A	11:10
4	RIAG – Chair’s report	Paper B	11.20
5	Consultations	Paper C	11.40
6	Cost Transparency/Compliance Update	Paper D	11.55
7	Good Governance Project - Update		12.00
8	MHCLG Regulatory Update, inc TCFD reporting		12.05
9	AOB and Date of next meeting		12.25

Investment, Governance and Engagement Committee

DATE:	20 September 2021
VENUE:	Hybrid Meeting via MS Teams and 18 Smith Square
TIME:	11.00 – 12.30

AGENDA

Item		Paper	Timings
1	Welcome, introductions, apologies and declaration of interests		11:00
2	Meeting protocol		11:05
3	Matters Arising from 19 th July meeting	Paper A	11:10
4	RIAG – Chair’s report	Paper B	11.20
5	CIPFA Pensions Panel Closure		11.30
6	Consultations Update		11.40
7	Code of Transparency Consultation Update	Paper C	11.50
8	Cost Transparency Compliance Update	Paper D	11.55
9	MHCLG Regulatory Update, inc TCFD reporting		12.15
10	AOB and Date of next meeting		12.25

<p>This is the quarterly pack of Pension Fund performance information which is based on the period 1 July to 30 September 2021 and includes a comparison to the previous quarter - 1 April to 30 June 2021.</p> <p>The overall assessment for Quarter 2 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 2 (Jul-Sep 2021)
	Summary position:
	This Quarter - 1 Jul to 30 Sep 2021
	RED
	Previous Quarter - 1 Apr to 30 Jun 2021
	RED

Subject	Comment	RAG Status
Administration Casework	<p>Overall administrators have completed 14,369 cases during the 3 month period to 30 September 2021, compared to 15,626 in quarter 1 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 14 new breaches in quarter 2 of 2021/22, which covered breaches that related to June and July (compared to 20 in quarter 1 of 2021/22). 5 of the breaches in quarter 2 were contribution breaches and 9 of the breaches were in relation to an administration breach. Administration breaches relate to the late notification to leavers of their rights and options.</p> <p>During quarter 2, all 14 breaches were recorded as Green.</p>	GREEN
Compliance	The Fund did not identify any material compliance issues in Quarter 2.	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.</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 £257k.	GREEN
HR (absence)	<p>The service lost 95 days through sickness during quarter 2 (Jul-Aug) of 2021/22 which equates to an annual average of 4%. This compares to 130.5 days lost in quarter 1 which is an annual average of 6%.</p> <p>There were no sickness days lost in the 2nd quarter relating to work related stress.</p>	GREEN
Debt Recovery	<p>The Pension Fund has £1,356k of debt outstanding at the end of Quarter 2 of 2021/22, £110k of which relates to prior years.</p> <p>81% of the debt relates to invoices that are in the 0-90 day category. The majority of this debt relates to Early Retirement invoices received approval from the employer prior to raising the invoices.</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%.</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 new reporting framework has an overall RAG rating of Amber for Qtr's 1 and 2 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

LPB RISK REGISTER

Introduction

1. The Board will be presented with the updated Risk Register following the review in July.
2. The Board will also undertake a detailed review of the Pension Fund Risk Register.

Recommendation

3. The Board are requested to:
 - Note the changes to the Local Pension Board Risk Register following the review in July.
 - Undertake a detailed review of the Pension Fund's Risk Register.

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 undertook a review of the register at the last meeting in July and made a number of minor updates. The Board also requested that cyber security be included within the register. A planned action for the Board to understand how the Fund manages cyber risk has been added to the register.

Pension Fund Risk Register

6. At a special meeting on 15 September the Board undertook a self-assessment of their own performance with a view to improving the support it provides to the Administering Authority.
7. Board members felt that as well as undertaking a regular review of their risk register it would be beneficial for them to conduct a detailed review the Pension Fund's risk register as well.
8. 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.

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"> The Board has a conflict of Interest Policy The Conflict of Interest policy is reviewed on an annual basis All Board members sign a declaration upon appointment to confirm there are no conflicts which would prevent them from undertaking the role Annual declarations of interest are completed by Board members and are published on the Fund's website Declarations of Interest are requested at the start of each Board meeting Information supplied to the Board is anonymised to allow them to make recommendations free from any unconscious bias 	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"> 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 All Board members attend training events delivered by Pensions Experts such as the LGA, PLSA and CIPFA All Board members have access to accurately maintained core documents and policies Board members attend quarterly joint training sessions with the Pension Fund Committee in accordance with the Fund's Training Policy Each member has agreed to adopt the knowledge and understanding policy framework The Chair of the Board has a role to ensure that the terms of reference are adhered to by all Board members Board members have completed the online TPR Training Toolkit 	2	4	8		<ul style="list-style-type: none"> The knowledge and skills of the Board will be regularly reviewed and any training requirements will be addressed Board members will complete the TPR Toolkit training online Board members will take every opportunity to attend external events and training sessions Board members will complete the modules of the Hymans Robertson LGPS Online Learning Academy (LOLA) training tool. The Board are working with Shropshire Local Pension Board to share ideas and best practice 		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"> 5 Board members are appointed for a term of 3 years, with the option to extend where a member leaves during that term a recruitment process is undertaken by the Fund to replace them 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 Terms of office have been staggered to avoid a cliff edge scenario of all members leaving on the same date. 	2	4	8		<ul style="list-style-type: none"> The Board will consider whether they can introduce any steps to assist with succession planning The Board also has the option of co-opting additional members to provide support on either specific issues, or general matters. 		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"> The Pension Fund's Governance Policy clearly outlines the role of the Board and the Pension Fund Committee 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 The Board's Terms of reference provides the framework for how the Board should perform their duties The Board receive a comprehensive set of standard performance reports on a regular basis which allow them to monitor the performance of the Fund 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 The Board continually review systems and processes and implement regular changes to improve efficiency The Board constantly review their systems and processes and make incremental changes throughout the year or at annual reviews 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. 	1	4	4		<ul style="list-style-type: none"> 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. 		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"> A key officer is appointed to provide support to the Board Additional officer support is available from within the Fund Officers attend network groups in order to share ideas to help facilitate the Board The Board has its own budget and so can appoint external advisers if required Two career grade posts have been implemented by the Fund and are providing support to the Board 	1	4	4		<ul style="list-style-type: none"> Board meetings are being held remotely due to the pandemic. Board members will keep under review the effectiveness of such meetings. 		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"> LGPS Central - Local Pension Board Chairs meeting - where common issues are discussed and developing links with the Scheme Advisory Board Regular attendance by Board members at national conferences and seminars Undertaking additional training such as the TPR Trustee Toolkit 	1	2	2				1	2	2		

Cheshire Pension Fund Risk Register

Priority / Objective	Risk No.	Risk	Gross Score	Current Mitigating Controls (In place and having an effect on the risk)	Net Score	Planned Risk Actions (Underway or yet to start)	Total Score	Next Review
Governance	1	<i>Key person risk at Officer, Committee and Local Pension Board, leading to inappropriate, skills and knowledge, governance and management /administration of the Fund should key person(s) depart</i>	30	<ul style="list-style-type: none"> • Training plan in place for existing and new Committee and Board members in line with CIPFA guidance • Officer training programmes in line with CIPFA guidance. • Professional qualification programme for Officers. • Staff training needs identified and addressed through the appraisal process. • Internal communications and dissemination of knowledge through team meetings, internal staff bulletins etc. 	24	<ul style="list-style-type: none"> • Seek opportunities to widen the knowledge and skills base of all Committee and Board Members, as well as officers 	21	Sep-21
Governance	2	<i>Failure to ensure appropriate knowledge and skills at Officer, Committee and Board leading to ineffective governance and management /administration of the Fund.</i>	30	<ul style="list-style-type: none"> • Training and induction plans in place for new Staff, Committee and Board members in line with CIPFA guidance • Diversified Board and Committee membership. • Split cycle of tenure and re-nomination for Pension Board members with not all members being on the same cycle • Different Councils and Committee members are on different election cycles. 	14		14	Sep-21
Governance	3	<i>Failure to comply with the various statutory and regulatory requirements leading to potential non-compliance, reputational risk and penalties.</i>	18	<ul style="list-style-type: none"> • Regulator monitoring of compliance against requirements of Regulations, The Pensions Regulator, Ministry for Housing, Communities and Local Government Scheme Advisory Board, HMRC and others • Local Pension Board reviews of compliance • Engaged with the Local Government Association and various networking groups to keep knowledge up to date • Regular attendance at conferences and seminars to keep up to date with changes 	16	<ul style="list-style-type: none"> • Respond to consultations on regulatory changes as they arise • Continue engagement with practitioner groups • Continue attendance at national conferences and seminars • Consider the requirement to develop new policies in line with changing guidance e.g. cyber security 	8	Sep-21
Investments	4	<i>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.</i>	30	<ul style="list-style-type: none"> • Continue to develop the Fund's pro-active approach to the management of ESG issues • Delivery of existing Fund targets to decarbonise its investment portfolio in advance of the general market • Leverage support of LGPS Central to pro-actively manage all financially material ESG risks 	18	<ul style="list-style-type: none"> • With assistance of new Communications resource develop a pro-active and outward looking approach to engaging with members and stakeholders on all ESG issues. 	14	Sep-21
Investments	5	<i>Failure to effectively manage the risk from climate change leading to a significant and permanent reduction in the value of the Fund's assets and a material diminution of funding levels for employers</i>	30	<ul style="list-style-type: none"> • Annual publication of Climate Risk report • Annual stewardship and engagement plan to manage high carbon holdings • Plan and targets to decarbonise the Fund's equity holdings well in advance of the general market 	14	<ul style="list-style-type: none"> • Increased investment in green, low carbon and sustainable assets • Push for improved carbon data metrics for all asset classes in the Fund's portfolio 	12	Sep-21

Priority / Objective	Risk No.	Risk	Gross Score	Current Mitigating Controls (In place and having an effect on the risk)	Net Score	Planned Risk Actions (Underway or yet to start)	Total Score	Next Review
Investments	6	<i>Failure to successfully transition Fund assets quickly enough and with sufficient scale to LGPS Central leading to dual running of pooled/non pooled assets and planned savings and benefits set out in pooling business case not being realised.</i>	44	<ul style="list-style-type: none"> • Transition plan and high level milestones aligned to required delivery deadlines. • Joint client side monitoring of delivery through Practitioner Advisory Forum • Detailed model for cost/savings tracking • Regular progress reporting to MHCLG • Engagement of investment advisors during LGPS Central selection of external managers • CPF input alongside partner funds into design of pooled investment products via Investment Working Group • Partner Fund's regular scrutiny of investment performance of existing LGPSC products. 	24	<ul style="list-style-type: none"> • The Fund will continue to press for strong action to ensure all LGPSC investment products deliver on their targets - this is required to build confidence to commit more funds to existing and new products 	24	Sep-21
Funding	7	<i>Significant financial and reputational loss to the Fund due to employer default.</i>	33	<ul style="list-style-type: none"> • Employer risk measures regularly monitored • Employer database to capture/monitor bonds and guarantees and renewal dates • Engagement with employers to discuss affordability considerations/constraints • Stabilisation plans in place for long-term employers to mitigate contribution rate volatility • Regular monitoring of employer contributions and follow up of breaches • Appropriate bonds and guarantees required as part of admission process to protect fund against unsecured losses • Monitoring of employer funding levels of major employers on a regular basis. 	18	<ul style="list-style-type: none"> • Additional flexibilities to be introduced to review contribution rates, enter into phased exit or deferred debt arrangements 	14	Sep-21
Administration and Communication	8	<i>Failure to improve the quality of data held 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.</i>	27	<ul style="list-style-type: none"> • Considerable Data cleansing work has been undertaken by the Fund in the past two years • The Fund measures its common and Scheme specific data scores against TPR requirements on a quarterly basis and reports to TPR as part of the annual scheme return • The Fund has introduced an online portal for employers to provide monthly 'per member' data replacing the usual annual exercise • The Fund has conducted a tracing exercise and successfully located high numbers of 'lost contact' members • The Fund is introducing measures to streamline and standardise all data received from stakeholders • A suite of exception reports has been developed to identify and rectify any data anomalies 	18	<ul style="list-style-type: none"> • Targeted actions are included within the pensions programme to address data quality issues • A dedicated workstreams on backlogs will also assist with improving the quality of data held by the Fund • 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 • All employers will be onboarded to the monthly reporting system within the year 	14	Sep-21
Administration and Communication	9	<i>Failure to reap the benefits of a multi skilled workforce within the benefits team due to inability to train all staff to a sufficient standard, and to secure operational flexibility to respond to changing workload demands/pressures, leading to continued backlogs and inability to deliver against agreed performance standards.</i>	48	<ul style="list-style-type: none"> • A strategic brief setting out the actions required for the multi skilling workstream has been developed and approved by the programme board • Project management support is in place to manage this key workstream • Alternative methods of delivering training are being developed - online learning/videos 	27	<ul style="list-style-type: none"> • A detailed plan of training will be developed in Qtr. 1 for the benefits administration team • A full suite of procedure notes will be developed for all activities 	21	Sep-21

Priority / Objective	Risk No.	Risk	Gross Score	Current Mitigating Controls (In place and having an effect on the risk)	Net Score	Planned Risk Actions (Underway or yet to start)	Total Score	Next Review
Administration and Communication	10	<i>Failure to implement technological developments to the administration database leading to an inability to free up capacity for the team and to remove processes which do not add value.</i>	27	<ul style="list-style-type: none"> The Fund has re-procured an administration software contract using the National LGPS Framework The Fund is working with the database provider to develop a roadmap for development over the next couple of years The roadmap will be designed to maximise the benefits to the Fund in terms of creating capacity and automation Project management support available within the Fund will ensure that the roadmap is designed to be achievable and will remain on track 	14	<ul style="list-style-type: none"> The Fund will continually seek opportunities to develop the system so as to take advantage of technological advancements which can benefit the Fund 	14	Sep-21
Administration and Communication	11	<i>Failure to resource or deliver revised communication and engagement strategy for Pensions Programme and enhanced Business as Usual communication/engagement.</i>	24	<ul style="list-style-type: none"> Review and updated comms strategy agreed as priority in pensions programme and Business Plan Implementation of new comms strategy agreed as priority in pensions programme and Business Plan Dedicated senior role for Comms manager funding agreed and role advertised 	14		12	Sep-21
Administration and Communication	12	<i>Failure of employers to deliver their roles and responsibilities. Leading to 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</i>	30	<ul style="list-style-type: none"> Administration Strategy defines employer roles/responsibilities and required performance standards Compliance and reporting framework against Administration Strategy is being developed Regular Engagement with major employers through Client Relationship Manager model Pensions Consultative Forum (PCF) working effectively as vehicle to engage with employers Dedicated employer section on website with employer guides, handbooks etc Regular comms to employer on specific issues e.g. McCloud Training for new employers - ad hoc and on request 	24	<ul style="list-style-type: none"> New Engagement plan to be developed by Comms Manager Compliance and reporting framework against Administration Strategy is being developed Enhanced employer comms to be developed by Comms Manager 	14	Sep-21
All	13	<i>Failure of staff members to adapt to continued working from home, leading to an inability to train/mentor/develop staff members effectively, lack of team cohesion/culture and impact on mental health and wellbeing.</i>	27	<ul style="list-style-type: none"> ICT kit and necessary furniture has been provided to staff members The introduction of Microsoft Teams has meant that staff can continue to meet with colleagues on a regular basis Alternative training methods are being explored Regular staff bulletins assist with team communication Regular one to ones and team meetings continue to take place virtually A suite of online learning modules around health and wellbeing issues are available to all staff along with access to 24 hour support 	18	<ul style="list-style-type: none"> The Fund is exploring ways of developing inexperienced staff when working remotely Further work is required in order to support staff and managers in recognising and dealing with mental health issues Ongoing engagement with the Council's Modern Workforce plan 	14	Sep-21
All	14	<i>Failure to meet the objectives of the pensions programme due to insufficient capacity of staff and competing priorities</i>	40	<ul style="list-style-type: none"> Additional posts have been added to the structure Career grade posts are included within the structure to retain staff and develop their skills Project management support is in place to assist with key deliverables including finding opportunities to add capacity to the teams A roadmap of development for the administration database designed to maximise automation opportunities Printing and posting have been outsourced to avoid the need for pension staff to carry out this task 	27	<ul style="list-style-type: none"> Ongoing progress with the pensions programme on achieving the objectives System developments will lead to reduced manual work required for some processes and will free up capacity for the team 	16	Sep-21

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 27 September 2021 are also included within the table.

	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%

6. As the Board can see, the scores for both common and scheme specific data for September 2021 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.
10. Board members will be kept informed of progress in moving to the new report.



Cyber Security

11. At the last 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.



COMPLIANCE UPDATE

Introduction

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

Recommendation

2. The Board are requested to note and comment on the summary of the Breaches Log for 1 April 2021 to 30 June 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 June 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 the Pensions Regulator. 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	16	0	0	16
ABS	1	0	0	0	0
Disclosure	0	0	0	0	0
Administration	55	11	0	0	11
Total	103	27	0	0	27

6. There were no red and amber breaches and 27 green breaches in the reporting period. Below is a summary of the reasons for the breaches.



Contribution Breaches – 16

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 - 11

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.



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>