

MINUTES OF PENSION FUND COMMITTEE held on 13 March 2020

Present

Cheshire West and Chester: Cllrs Hogg (Chair), Lewis, Tonge and Gould
Cheshire East: Cllrs Corcoran, Findlow, Stott and Bulman
Halton: Cllr Wharton
Member Representative: Paul Matthews, GMB

Apologies:

Cllr Mitchell, Warrington

In Attendance

Actuary: Gemma Sefton - Hymans Robertson
External Auditor: John Farrar and Sana Mumtaz – Grant Thornton
CW&C Officers: Mark Wynn, Maggie Sheppard, Heidi Catherall, Nick Jones, Steve Wilcock and Debbie Darlington

PART A:

1. PROCEDURAL MATTERS

1.1 Minutes of previous meeting

The Minutes of the Pension Fund Committee held on 13 September 2019 were reviewed, having previously been distributed and agreed by email. The December Committee meeting did not take place due to the general election.

1.2 Minutes of other meetings - Committee reviewed minutes as follows:-

- Pension Board held on 29 October 2019 and 4 February 2020. Committee noted the re-appointment of Adrienne Laing as the Employer Representative for three years commencing from 1 April 2020.
- Pensions Consultative Forum held on 20 September 2019 and 24 January 2020 were reviewed and the contents noted.
- LGPS Central Joint Committee held on 14 February 2020.

1.3 Declarations of Interest

There were no declarations of interest.

2. STANDING ITEMS

2a Changes to Employers

The Committee received a report detailing employers who had been admitted into, or exited the Fund over the period 1 September 2019 to 29 February 2020 (inclusive).

The Committee was advised of changes in the period as summarised below:

Members transferred to new employers	333
Members transferred to ten new Academies who are open to new LGPS membership	331
Member transferred to private sector contractor providing a service on behalf of a local authority in the Fund.	1
Member designated by a Parish Council as eligible to join	1

The Committee: Noted the changes to employers during the reporting period.

2b Compliance Update

The Committee received a summary of the breaches log 1 April 2019 to 31 January 2020, noting that a total of 74 breaches had been logged over the period.

Committee were briefed regarding the Disclosure and Annual Benefit Statement breaches at the September meeting.

Unpaid contributions:

The Committee received an update on actions being taken in relation to two employers where outstanding contributions are due. A third employer who had previously been subject to Red and Amber breaches had now paid overdue contributions and is keeping contributions up to date. All of these employers are admitted bodies providing services under contract to Academies.

The Committee discussed whether it might be useful to provide some pensions training for Academies so that we can try and avoid issues reoccurring.

The Committee noted the cumulative summary of the Breaches Log for 1 April 2019 to 31 January 2020 and actions being taken.

2c Business Plan 2019/20 - Progress Update

The Committee received an update on delivery of the targets in the 2019/20 Plan. The majority of actions were completed on target, with the report explaining the few actions assessed as amber, denoting minor delay or marginal underachievement. The report identified a number of actions to be carried forward into 2020/21.

Officers reported a forecast underspend of £525,000, due to staff turnover savings, underspends from LGPS Central Ltd and savings on supplies and services.

The Committee noted:-

- performance at Quarter 4 against the Action Plan for 2019/20, and
- the forecast underspend of £525,000

2d Regulatory Update

The Committee received an update on proposed changes to the LGPS regulations coming into force 20 March 2020. The changes will give Administering Authorities a new discretionary power to determine if, and how much an exit credit payment should be paid to employers when they left the LGPS.

The Committee noted:-

- the changes to the LGPS regulations directly affecting the exit credit regime
- that Officers will bring forward a 'fair and reasonable exit credits policy' for the Committee's consideration via further amendments to the Funding Strategy Statement

3. EXTERNAL AUDIT

3.1 The Committee received an overview of the timetable for the production of the 2019/20 Annual Report and Statement of Accounts. The Committee was reminded of the accelerated timetable requiring production of the draft Statement of Accounts by the end of May with the audit completed by the end of July.

3.2 The key dates for Committee input are:

Key Date	Action
5 June	Committee review the draft accounts prior to them being presented to Audit and Governance Committee for approval
17 July	External Audit Findings Report and Pension Fund Annual Report, including the Final Statement of Accounts, will be presented

3.3 Grant Thornton presented their External Audit Plan and approach, including the scope and timing of the audit of the Statement of Accounts and Annual Report.

The Committee noted:-

- the timetable for the production of the 2019/20 Annual Report and Statement of Accounts
- the Audit Plan from Grant Thornton ahead of the plan being presented to Audit and Governance Committee

4. INVESTMENT STRATEGY STATEMENT AND RESPONSIBLE INVESTMENT POLICY

4.1 The Committee received the draft Investment Strategy Statement (ISS) and Responsible Investment (RI) Policy. Following consideration by the Investment Sub Committee on 14 February 2020 and the subsequent rewording of a section on 'ethical' investment, the consultation was launched on 18 February. A media release publicising the consultation had been produced and had received good coverage across Cheshire and in pension media.

- 4.2 The consultation closes on 20 March after which the Committee will receive details of all responses received, the Fund's response and an Electronic Decision Notice to approve the final version of the ISS and RI policies.
- 4.3 Committee received a verbal update on two consultation responses received to date. One asked the Fund to disinvest immediately from fossil fuel assets on the basis that there was an immediate and pressing financial risk. The second urged the Fund to embrace an ethical investment approach to enable the Fund to act as a 'force for good'.

The Committee noted:

- the verbal update on responses thus far to the consultation on the ISS and RI Policy;
- that following consultation, a final draft of the ISS and RI Policy will be circulated to the Committee via an Electronic Decision Notice (EDN) for approval

5. FUNDING STRATEGY STATEMENT AND TRIENNIAL VALUATION

- 5.1 Following the joint Local Pension Board and Committee training event 28 February 2020, the Committee received an updated version of the triennial valuation report including the:
- Whole Fund Primary and Secondary Contribution rate
 - Rates and Adjustment (R&A) Certificate and
 - Section 13 Dashboard
- 5.2 The Committee also received feedback received to the consultation on the Administering Authority's Funding Strategy Statement (FSS) and the proposed responses to the feedback.

The Committee:

- Endorsed the 2019 Valuation Report as the version to be published 31 March 2020
- noted that should there be any material change to an employer circumstances that requires an amendment to the R&A Certificate prior to 31 March 2020, a revised Valuation Report will be communicated to members electronically for approval
- noted that GAD will review each LGPS fund's local valuation under section 13 of the Public Service Pensions Act 2013
- Considered the proposed responses to the feedback on the FSS consultation
- Endorsed the revised FSS as the final version for adoption by the Fund with immediate effect

6. **BUSINESS PLAN 2020-24**

- 6.1 The Committee reviewed the Business Plan for 2020-24. The format and structure of the Business Plan had been updated to draw out key issues and reflect the significant developments affecting the LGPS nationally and the Fund locally. The Business Plan set out:
- the Fund's long term, strategic objectives
 - local and national developments impacting the plan
 - an annual overview of actions for each year of the plan
 - a proposed budget for Year 1 (2020/21)
- 6.2 Committee asked that the Investment Strategy and Responsible Investment Policy be referenced in the investment objective.
- 6.3 The Committee noted the uncertainty regarding the impact of a number of developments, particularly the McCloud remedy and MHCLG consultations on regulatory changes. The Business Plan would be regularly updated with further reports to Committee as more information emerges.
- 6.4 The plan included high levels actions across the four years at this stage. A detailed action plan will be developed for 2020-21 with progress reported each quarter.
- 6.5 The Committee noted that the Fund's Administration Strategy supports the business plan and includes key performance indicators relating to benefits administration.
- 6.6 The Plan highlighted the budget requirement for 2020-21 as £4.613m as detailed in the report. Committee asked that a staffing structure chart be included in the plan.

The Committee endorsed the Business Plan and the budget for 2020-21.

7. **TRAINING POLICY / PLAN FOR THE COMMITTEE AND BOARD**

- 7.1 Committee were presented with a copy of the 2020-21 Training Policy and were requested to endorse it.
- 7.2 Committee were reminded that the policy was based on the assumption that the outcomes from the Scheme Advisory Board's Good Governance review would be adopted and will require individual Committee members to demonstrate the same level of knowledge and understanding as Local Pension Board members.
- 7.3 Officers will issue individual training records to each member which will highlight the areas where further training is required. Members will be supplied with information on other training and development opportunities which will assist them with attaining their required knowledge.

The Committee endorsed the Training Policy and Plan for 2020-21

8. **LGPS CENTRAL POOL – PROGRESS UPDATE**

- 8.1 Committee received an update on the significant input across the eight partner fund making up the LGPS Central pool to deliver investment pooling in accordance with LGPS regulations.
- 8.2 The report reminded Committee of the shared objectives that partners funds have agreed for the jointly owned investment company, LGPS Central Ltd. It also summarised the governance arrangements for the delivery of pooling and oversight of LGPS Central Ltd as a publicly owned company.
- 8.3 The report highlighted progress in the transition of assets into LGPS Central Ltd pooled investment products and the agreed product development pipeline for the coming year.
- 8.4 The Committee noted that the performance of the company's investment funds is reported each quarter to the Investment Sub-Committee in the same way as the Fund's other investment managers.

The Committee:

- Noted the report and
- Asked that an update on investment pooling be a standing item on future Committee agendas

9. **ACTUARIAL SERVICES RETENDER (See also post meeting addendum below)**

- 9.1 Hymans Robertson staff left the meeting for this item
- 9.2 The report set out the proposed approach to the re-tender for actuarial services. The tender would be managed using Lot 1 of the LGPS Actuarial, Benefits and Governance Consultancy Services Framework. This framework includes four suppliers and all would be invited to participate.
- 9.3 The report set out the proposed procurement timeline and the intention to have entered a new contract by 30 June 2020. Committee noted the indicative evaluation weightings and that these were subject to further refinement in discussion with legal and procurement colleagues.
- 9.4 Committee confirmed their strong preference to include a presentation from prospective suppliers as part of the tender evaluation process.

The Committee endorsed:

- the proposed procurement approach set out in the report, including the indicative timeline, and
- the proposed approach to Committee involvement in the selection process

POST MEETING ADDENDUM

In response to the fast moving pace of developments and Government advice relating to the Covid 19 virus, following consultation with Pension Fund Committee it has been decided to defer the actuarial services tender until later in 2020.

10. AOB

10.1 No matters were raised

PART B – NOT FOR PUBLICATION**The Committee resolved that:**

The details of the following items remain confidential on the grounds that they/it involves the likely disclosure of exempt information as defined by Paragraph 3 Part 1 of Schedule 12A of the Local Government Act 1972 (as amended) and that the public interest would not be served in publishing the information.

11. PROCEDURAL MATTERS

11.1 The Committee noted that the draft Minutes from the Investment Sub-Committee meetings which took place on the 15 November 2019 and 14 February 2020 had been circulated via email. Officers were awaiting confirmation from attending members that these minutes were agreed.

12. AOB

12.1 No matters were raised.

MINUTES OF LOCAL PENSION BOARD - 5 MAY 2020

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 Maggie Sheppard

Apologies: Cllr Robert Bisset (Employer representative, CW&C)
Dan Harte and Aaron Austin, CW&C Officers

1. PROCEDURAL MATTERS

- 1.1 This was the first Local Pension Board meeting to be held virtually due to the coronavirus pandemic. Councillor Bisset was prevented from attending the meeting due to IT issues.
- 1.2 The Board reviewed the minutes from the last meeting on 4 February having previously approved them by email.
- 1.3 Board members noted the re-appointment of Adrienne Laing as the Employer Representative for three years commencing from 1 April 2020.
- 1.4 The action tracker was reviewed and it was noted that one Board member has not yet completed the Pensions Regulators Trustee Toolkit. All Board members are required to complete the toolkit as part of their training requirements.
- 1.5 The Board were due to review the calendar of events and agree who would attend each one, however, due to the pandemic many events are being cancelled, postponed or increasingly replaced with webinars. Officers will circulate any opportunities for Board members to attend webinars
- 1.6 Board agreed that the 2 June meeting to review the production of the Fund's Annual Report and Statement of Accounts for 2019/20 would also be held as a virtual meeting.
- 1.7 No declarations of interest were received.

2. REVIEW OF PENSION FUND AND INVESTMENT SUB COMMITTEE MINUTES

- 2.1 The Board noted that the Pension Fund Committee meeting planned for 13 December 2019 was cancelled due to the general election.

- 2.2 PR queried whether all Board and Committee members had received their individual training record and officers confirmed that they had. The Board also noted the delay to the actuarial contract retender.
- 2.3 The Board reviewed the minutes from the Investment Sub Committee held on 14 February 2020.

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

3. CORONAVIRUS AND CHANGES TO WORKING PRACTICES

- 3.1 The Board were presented with a report which outlined the changes to working practices which had been required in response to the coronavirus. The Fund has largely been able to maintain service levels with the majority of staff working permanently from home.
- 3.2 This was made possible by the steps taken by the Fund during 2019 to update the Business Continuity Plan and to introduce flexible and mobile working for staff members, ensuring they all had the required IT kit and remote access to key systems.
- 3.3 The Fund has had to suspend its telephony function while staff are working away from the office but has included a recorded message for members on how to contact us via email and the website.
- 3.4 The Fund has also had to delay implementation of some planned changes to investments as a result of the pandemic, given market volatility.
- 3.5 In response to the pandemic, the Fund was able to find new ways to deliver the service, such as outsourcing the scanning of incoming post and it is hoped that these changes can be implemented permanently once the lockdown ends.
- 3.6 Board members noted the Fund's response to the pandemic.

4. PERFORMANCE MANAGEMENT FRAMEWORK Qtr 4 – 2019/20

- 4.1 The Board were presented with the Performance Management Framework (PMF) for quarter 4 (January to March 2020), which contained updates on key areas of performance and comparator information from previous quarters.
- 4.2 The Board noted the red rating on administration casework with backlogs exceeding 10% of membership. This is likely to continue in the medium term whilst the pension team implement the developments outlined in Project Chrysalis and whilst we respond to the impact of Covid 19.
- 4.3 The Board had not received any direct submission from members during the quarter via the link on the Board section of the website.

- 4.4 Board members reviewed the Fund's four year Business Plan which covers the period 2020-2024. Board members noted the high level objectives which the Fund aims to achieve in this current year along with challenges which are on the horizon such as changes to the scheme as a result of the McCloud ruling, and the impact this will have upon Fund resources.

RESOLVED that the Board: Received the Performance Management Framework for quarter four 2019/20.

5. LOCAL PENSION BOARD ANNUAL REPORT AND OUTTURN 2019/20

- 5.1 The Board reviewed the content of the 2019/20 LPB Annual Report which they had previously approved via email.
- 5.2 The Board did not require any further amendments to the report.

RESOLVED that: Board members approved the LPB Annual Report for 2019/20.

6. DATA QUALITY

- 6.1 The Board received the updated TPR Data Scores for April 2020, which showed continued high levels of compliance.
- 6.2 The data scores had again been produced using the Fund's own 'foundation approach' to measure scheme specific data. The SAB have developed a list of the 22 standard items to form the basis of scheme specific scores in the future. The Fund's administration database provider has been developing a report to allow the Fund to report on this basis.
- 6.3 The Fund now has access to this report but has a number of data validation issues to resolve before it can switch to measuring data using this report and examples of the data issues created were provided to the Board. It is hoped the Board can receive scheme specific updates based on this new report at the next meeting in July.
- 6.4 Board members received an update on the significant data cleansing work which has been undertaken by the Fund over the past year which resulted in a marked improvement in the number of Annual Benefit Statements that it was able to issue.
- 6.5 Officers provided a position statement on progress with the remaining data queries and the extent of information which had been requested from employers in order that the Fund can process leavers from the Fund.
- 6.6 The Board noted the high number of leavers that had been identified by the Fund since initial calculations of the number of members due an ABS. This effectively meant that the Fund had understated the percentage of eligible members who had received their ABS as, had we known the number of leavers at the time of the ABS they would not have counted towards the number of members eligible to receive an ABS.

- 6.7 Board members recognised the hard work undertaken by staff in clearing large numbers of data queries over the past year and requested that staff be thanked for the work they have undertaken on this data cleansing.

RESOLVED that the Board: Noted the Fund's data scores for April 2020 and the work undertaken by the Fund to clear data queries.

7. COMPLIANCE UPDATE

- 7.1 The Board were presented with a summary of the breaches log for the period 1 April 2019 to 31 January 2020, noting that 74 breaches had been logged over the period.
- 7.2 Board members noted the actions the Fund is taking in dealing with employers who have failed to pay their contributions on time.

RESOLVED that: Board members noted the summary breaches log covering the period 1 April 2019 to 31 January 2020.

8. FEEDBACK FROM EVENTS

- 8.1 Members of the Board and officers provided feedback from the various events they had attended.
- Investment Sub Committee – 14 February 2020
 - CIPFAA/Barnett Waddingham LPB Spring Seminar – 20 February 2020
 - LGPS Central Stakeholder Day – 11 March 2020
- 8.2 PR attended the Investment Sub Committee meeting to observe the Committee discussions around the Investment Strategy review.

RESOLVED that:

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

9. REVIEW OF THE WORK PLAN for 2019/20

- 9.1 The Board reviewed the work plan for 2020-21 and noted that a number of actions which were due to be discussed at this meeting had been moved forward on the plan.
- 9.2 The SAB has not yet issued any conclusions from the Good Governance review so these will be presented to the Board, along with a programme of work that the Fund will undertake to meet any requirements, once the outcomes are available.
- 9.3 Board members will review their terms of reference and conflict of interest policies at the same time as the outcomes from the Good Governance review so that any required changes can be made together.

9.4 The review of the Board's risk register was postponed to the next meeting to reduce the agenda for this first virtual meeting.

9.5 Cyber security. The Board specifically requested that cyber security be added to the plan so that they could more clearly understand how this risk is managed.

10. AOB

10.1 Board members noted Neil Harvey reaches the end of his term of office as a member representative on the 26 June 2020. Members have been invited to submit an expression of interest if they wish to be considered for this role. The post has been advertised on the Fund's website and also within the pensioner newsletter, Cheshire Chat. The closing date for expressions of interest is 15 May.

10.2 Board members can be re-appointed, subject to re-nomination.

10.3 The next Board meeting is 2 June 2020 where Board members will review the production of the Fund's Annual Report and Statement of Accounts to ensure that they have been produced in line with statutory and best practice guidance.

10.4 There are two further Board meetings planned for this year, as follows:

- 14 July 2020
- 27 October 2020

10.5 Officers sought feedback from Board members on the virtual meeting format. Members broadly thought the meeting worked well and suggested a couple of changes which could be introduced for the next meeting:

- Officers could provide some explanation to assist in using the technology at the start of the meeting
- Some Board members found it beneficial to see colleagues on screen when having discussions.
- The ability to mute all should be used during presentations to limit background noise.