

**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

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**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.