

BOARD : LOCAL PENSIONS BOARD
DATE : 14 July 2020
TIME : 10am
VENUE : Meeting held remotely due to the Coronavirus

LOCAL PENSION BOARD MEETING

10.00 – 12.30

AGENDA

PART A

1. PROCEDURAL MATTERS

The Board will:

- a) Receive the minutes of the meetings on 5 May 2020
- b) Receive the minutes of the meeting on 2 June 2020
- c) Review the Actions Tracker
- d) Receive an update on the Employer Representative appointment
- e) 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 5 June 2020 and the Investment Sub-Committee minutes from 15 May 2020.

3. PROJECT CHRYSALIS

The Board will receive a verbal update on progress with the Funds transformation project known as Project Chrysalis.

4. UPDATE FROM THE SCHEME ADVISORY BOARD

The Board will receive a verbal update following the Scheme Advisory Board and its sub-committee meetings as outlined below:

Committee	Meeting Dates
Scheme Advisory Board	5 May 2020
Cost Management, Benefit Design and Administration Sub-Committee	8 Jun 2020

5. PERFORMANCE MANAGEMENT FRAMEWORK QUARTER 1 – 2020/21

The Board will receive the Performance Management Framework covering the period 1 April to 30 June 2020 (along with the quarter 4 comparator – 1 January to 31 March 2020).

6. RISK REGISTER

The Board will undertake a review of the Risk Register and determine if any changes or additions are required.

7. DATA QUALITY

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

The paper also provides a summary of the Breaches Log for the period 1 April 2019 to 31 March 2020.

9. FEEDBACK FROM EVENTS

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

- Pension Fund Committee – 5 June 2020
- CIPFA/Barnett Waddingham – LPB Annual Conference – 24 June
- LGPS Central – Responsible Investing Day – 3 July 2020

10. REVIEW AND DEVELOP THE WORK PLAN FOR 2020/21

The Board will review the plan for 2020/21.

11. AOB

Future meetings – virtual or face to face

To note the next Board meeting will take place on 27 October 2020.

Dates proposed for future meetings are:

2 February 2021

4 May 2021

1 June 2021 – to review the draft Statement of Accounts and Annual Report

13 July 2021

6 October 2021

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.

MINUTES OF LOCAL PENSION BOARD 02 June 2020**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 Officers: Maggie Sheppard, Heidi Catherall and Debbie Darlington

1. PROCEDURAL MATTERS

1.1 No declarations were received.

2. DRAFT STATEMENT OF ACCOUNTS 2019-20

2.1 The Local Pension Board has an important role in the governance process for the Statement of Accounts to ensure that:

- The accounts have been produced in compliance with statutory and best practice guidance, and;
- That the Pension Fund Committee discharges its duty of reviewing the accounts and recommending they are presented to Audit and Governance Committee.

2.2 To satisfy the first requirement, the Board received a presentation from Officers confirming the detailed steps taken in order to produce the statement of accounts.

2.3 Board members were advised that the statement of accounts are produced in accordance with the CIPFA Example accounts guidance. This guidance includes a checklist which allows Funds to ensure they have met all of the requirements.

2.4 Board members viewed the completed checklist, which showed that the Fund was complying with the CIPFA requirements.

2.5 The Board were reminded of the timetable for the accounts which is set out in the table below.



Date	Action
2 June	The draft accounts will be reviewed by the LPB prior to review by the Pension Fund Committee
5 June	Pension Fund Committee review the draft accounts, provide comment and recommend that the accounts are presented to Audit and Governance Committee for approval following the completion of the audit
1 July	Grant Thornton commence the audit testing of the accounts
10 Sept	The majority of the audit completed and Grant Thornton will produce their Audit Findings Report
11 Sept	The Audit Findings Report and Annual Report, including the Statement of Accounts, presented to the Pension Fund Committee
TBC	The Audit Findings Report and audited Statement of Accounts presented to the Audit and Governance Committee
30 Nov	Audited Statement of Accounts to be published on CW&C website and Annual Report including the Audited Statement of Accounts to be published on the Fund's website

2.6 To satisfy themselves that the Committee discharges its duty of reviewing the accounts and recommending commencement of the audit, Board members were invited to attend the Committee meeting on the 5 June in an observer capacity.

3. DRAFT ANNUAL REPORT

3.1 The Fund's Annual Report is produced in accordance with the CIPFA Annual Report guidance.

3.2 The guidance states that the Board has an important role in the governance process for the Annual Report and should undertake a review of how the Annual Report is produced in order to ensure that:

- The Annual Report has been produced in compliance with statutory and best practice guidance, and;
- That the Pension Fund Committee discharges its duty of reviewing the Annual Report.

3.3 To satisfy the first requirement, members of the Board received a presentation from Officers providing an overview of the Annual Report and running through the disclosure checklist to show the areas where the Fund was compliant with the Annual Report guidance.



3.4 It was noted the Fund was still awaiting some information from third parties to be able to finish off the Annual Report and the disclosure checklist would be updated once this information was received.

3.5 In order for the Board to satisfy themselves that the Committee discharges its duty of reviewing the Annual Report Board members are invited to attend the Committee meetings on the 5 June and 17 July in an observer capacity.

4. BOARD DECISION

4.1 The Board resolved that in their opinion the draft Statement of Accounts and the draft Annual Report for the year ending 31 March 2020 have been produced in accordance with statutory and best practice guidance.

4.2 The Board noted that Board members are invited to attend the Pension Fund Committee meeting on the 5 June to observe the discussion on the item on the draft Statement of Accounts

5. AOB

5.1 No matters were raised.



Cheshire Local Pension Board – Actions Tracker

July 2020

Date	Item Raised Under	Action	Progress	Update from 14 July 2020
14/7/20	Minutes – 5 May 2020	TPR Trustee Toolkit	<p>A summary of the TPR 21st Century Trustee Guidance, including the toolkit has been produced. Officers have summarised the results of modules completed by Board members to date.</p> <p>Board members will complete the Toolkit as soon as possible and send the results to the Fund so that a central record can be held.</p> <p>Four Board members have completed most of the toolkit.</p>	

Scheme Advisory Board

Agenda

10.00am – 11.30am, Tuesday 5th May 2020

Item

- 1 Welcome, apologies and introductions
- 2 Conduct of virtual meeting
- 3 Actions and agreements from virtual meeting of 6th April 2020 – **Paper A**
- 4 SAB support on covid-19 issues – **Paper B**
- 5 Update from Covid-19 Practitioners Group
- 6 Impact of covid-19 on SAB projects – **Paper C**
- 7 Supreme Court judgement – **Paper D**
- 8 Comments invited from Board members
- 9 AOB

Meeting to be held virtually via MS Teams.
Instructions for logging in were included in the invite
from Con Hargrave at MHCLG.

Cost Management, Benefit Design and Administration Committee

DATE:	08 June 2020
VENUE:	Virtual meeting via MS Teams
TIME:	1.00PM – 3.00PM

AGENDA

Item		Paper	Timings
1	Welcome, introductions, apologies and declaration of interests		1:00
2	Meeting protocol		1:05
3	Matters Arising from 6 th January meeting –	Paper A	1:10
4	SAB work on Covid-19 Update -	Paper B	1.20
5	Covid-19 Practitioners Group –	Paper B	1.35
6	McCloud Update		1.55
7	2020 data collection – GAD Update		2.10
8	Section 13 Report – GAD Update		2.25
9	Good Governance Project Update		2:40
10	MHCLG Regulatory Update		2:45
11	AOB and date of next meeting		2.55

<p>This is the quarterly pack of Pension Fund performance information which is based on the period 1 April 30 June 2020 and includes a comparison to the previous quarter -1 January to 31 March 2020.</p> <p>The overall assessment for Quarter 1 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 1 (Apr-Jun 2020)
	Summary position:
	This Quarter - 1 Apr to 30 Jun 2020
	RED
	Previous Quarter - 1 Jan to 31 Mar 2020
	RED

Subject	Comment	RAG Status
Administration Casework	<p>Overall administrators have completed 14,971 cases during the 3 month period to 30 June 2020, compared to 14,880 in quarter 4 of 2019/20.</p> <p>Pensions staff members have been able to maintain service levels in quarter 1 despite having to switch to working from home as a result of the Coronavirus.</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>There were 16 new breaches in quarter 1 of 2020/21, which covered breaches that related to April and May (compared to 24 in quarter 4 of 2019/20). The majority (13) of the breaches in quarter 4 were administration breaches related, the remaining 11 breaches were in relation to late contribution payments. Administration breaches relate to the late notification to leavers of their rights and options.</p> <p>During quarter 1, 16 breaches were recorded as Green.</p> <p>There were instances of repeat breaches during the quarter for employers who again failed to pay their contributions on time. The Fund has a Contributions Policy which includes penalties for repeat offenders due to the administrative burden that this places upon the Fund.</p> <p>The Fund is continuing the process of developing the automated identification of administration breaches within the database and the reporting of such will evolve over the coming months.</p>	GREEN
Compliance	The Fund did not identify any material compliance issues in Quarter 1.	GREEN
Contributions Monitoring	The Fund has an internal KPI to receive 98% of contributions income on time. For April and May 2020 the Fund received 98% of income on time.	GREEN
Financial Performance	The Pension Fund is currently forecasting a balanced position. The RAG status is green to reflect the fact that the fund is currently forecasting a balanced position.	GREEN
HR (absence)	<p>The service lost 27 days through sickness during quarter 1 of 2020/21 which equates to an annual average of 1%. This compares to 97 days lost in quarter 4 which is an annual average of 4%.</p> <p>There were no sickness days lost in the 1st quarter relating to work related stress.</p>	GREEN
Debt Recovery	<p>The Pension Fund has £213k of debt outstanding at the end of Quarter 1 of 2020/21, some of which relates to prior years (which typically relates to overpayments which are being repaid by instalments).</p> <p>A large proportion of the debt (£99k) relates to invoices that are in the 31-90 day category. The majority of this debt relates to Early Retirement Strain costs which we have received approval for 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	The majority of tasks for quarter 1 will be completed one time. Some actions will be carried forward into quarter 2 to align with external factors.	GREEN
Feedback from External Sources	The Board receive feedback from various external sources on a variety of issues.	GREEN
Investment Manager Qualitative and Quantitative Performance	Fund investment returns remain ahead of the asset performance assumptions contained within the actuarial valuation over a rolling 3 year period. Returns are also ahead of the tailored benchmark return and CPI.	GREEN

LPB RISK REGISTER

Introduction

1. The Board introduced their risk register in 2019 and undertake regular reviews of the register to ensure that all risks associated with the Board are captured and mitigating actions are considered and implemented.

Recommendation

2. The Board are requested to: Undertake a review of the register and consider whether any updates are required or whether any additional risks need to be included.

Risk Register

3. 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.
4. Board members review the register to determine whether any of the scores, mitigation or planned risk actions requires updating. Board members will also consider whether any additional risks need to be included. For instance, consideration should be given to whether the coronavirus pandemic has highlighted any new risks which affect the Board directly.
5. The Board will review the planned risk actions and agree what further steps can be taken to implement them. One planned risk action is for Board members to complete the TPR Toolkit which most members have already completed. All Board members are encouraged to complete the Toolkit.
6. One of the planned risk actions relates to the attendance of Board members at external events, however, due to the pandemic many events have been cancelled. A number of events, however, are now being replaced by online webinars and Board members are encouraged to attend as many events as possible to maintain their knowledge and skills and to stay informed on current issues.

Pension Board Risk Register

Risk Register Completed:

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

Local Pension Board
14-Jul-20
Item 6 Appendix A

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 	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 		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				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				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		

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.
2. The report also provides an update on the data cleansing work carried out by the Fund during the past year along with an update on the Annual Benefit Statement process for 2020.

Recommendation

3. The Board are requested to note:
 - the position on the common and scheme specific data scores, and the work undertaken by the Fund to clear data queries
 - that the Fund will be switching to a new report for measuring data scores for the autumn Pensions Regulators Scheme Return
 - the position on preparing Annual Benefit Statements for 2020

Data Scores

4. The latest TPR data scores for common and scheme specific data (SSD) as at 1 July 2020 are shown in the table below. The table also includes the scores for the last two scheme return submissions for the past two years.

	TPR Scheme Return		Latest Scores
	1-Sep-18	1-Sep-19	1-Apr-20
Common Data	98.10%	98.07%	98.26%
Scheme Specific Data	68.80%	74.18%	60.30%

5. The Fund 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.
6. As the Board can see, the common data scores remain fairly consistent at around 98%. The c2% of data issues largely relate to missing addresses for 'gone away' (lost contact) deferred members. The Fund has commissioned the services of a tracing company to locate current addresses for these members.
7. The scheme specific score, measured on the foundation basis, has reduced by c14% since the 2019 submission. This reduction in score reflects that the latest period covers the peak activity of reconciling annual returns from employers through their Monthly Interfacing files or via the annual LGS50 process - which will be largely complete when the annual return to September is extracted.

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 database.
9. The report has been tested and this has identified anomalies in some of the validation checks that the report utilises which meant that it provided incorrect scores in some areas. This largely

relates to the fact that the report was using the same data validations for different types of member, active, deferred and pensioner.

10. There are valid reasons why data that should be present on an active member’s record would not be present on a pensioner record. The database provider recognised these inconsistencies and has now amended the report. The Fund will be receiving an updated copy of the report software in July and so should be able to use it to report the scores in the autumn scheme return for the Pensions Regulator.
11. The new report will include additional data validation tests for both the common and scheme specific data, over and above what the Fund is currently measuring. Therefore is it possible that the Fund will see an initial reduction in both scores once the switch to using the new report is made.
12. Work will continue to cleanse any and all data queries in order to improve the data quality scores.

Data Cleansing and Annual Benefit Statements

13. Over the past couple of years the Fund has undertaken considerable data cleansing work to resolve any historic data issues with member records that would prevent them from receiving an Annual Benefit Statement.
14. Board members will recall that this data cleansing work meant that the Fund was able to issue an ABS to 85% of members by the August 2019 deadline, compared to 77% in 2018.
15. Since the August deadline the Fund has been able to resolve a number of member records and send an ABS to a further c2,500 members.
16. The Fund has also been able to confirm that a further c1,700 members had actually left their employment prior to 31 March 2019 and so were not eligible to receive an ABS.
17. Work is continuing to resolve any remaining data queries from last year so that the affected members will receive an ABS in 2020.
18. The table below summarises the up to date position on the 2019 ABS process and data cleansing work.

	July-2020
	Membership Quantity
Total Active Membership as at 31 March 2019	32,677
Statement issued by 31 August 2019	27,633
Statement issued by 30 November 2019	1,926
Statement data extracted – Issued May 2020	669
Active ABS data produced	30,228
Remaining membership	2,449
Leavers	1,667
Zero contributions/duplicate records	374
Further information requested from employer	222
Membership record update ready for ABS in 2020	186

19. Work has commenced on the 2020 Annual Benefit Statement process with the first phase being the collection of annual 'per member' data submissions from employers.
20. The Fund has received the majority of 2019-20 year-end 'per member' returns from all employers who have not yet moved onto Monthly Interfacing (MI). These annual returns provide the necessary data to update each employees' pension record for that year and hence enable the Fund to provide them with an ABS.
21. There are approximately 40 employers who have not yet submitted their annual return and the Fund is engaged with these to secure a response. From the data submissions which have been received to date the Fund has identified around 2,500 data queries which will need to be resolved by the end of July in order for the affected members to receive their ABS.
22. Whilst 2,500 on the face of it seems like a high number of queries it compares to around 8,900 queries which arose from the year end returns in 2018. This again demonstrates the positive impact of the data cleansing work that the Fund has undertaken in the past twelve months.
23. The Fund has set itself a target of providing 90% of the eligible members with an ABS by the 31 August deadline, an improvement of 5% from 2019.
24. The Board will be kept informed of the progress on the 2020 annual benefit statement process.

COMPLIANCE UPDATE

Introduction

1. This report provides the Board with a summary of the Breaches Log for the year 1 April 2019 to 31 March 2020.

Recommendation

2. The Board are requested to note and comment on the summary of the Breaches Log for 1 April 2019 to 31 March 2020.

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 2019 and 31 March 2020 are listed below in Table 1 and are categorised by Red, Amber and 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. 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 (TPR). Green breaches are those where following investigation, no further action is deemed necessary.

Table 1 – Summary of the Breaches Log

	Total 2018/19	Total 2019/20	Status 2019/20		
			Red	Amber	Green
Contributions	64	71	1	24	46
ABS	1	1	1	0	0
Disclosure	0	1	0	0	1
Administration	20	26	0	0	26
Sub-totals	85	99	2	24	73

6. There have been no new red and 4 new amber breaches in the past quarter. Below is a summary of those new breaches.

Contribution breaches

7. During the quarter there were eleven Green breaches. The majority of these relate to employers who joined the Fund in year and are in the process of setting up their payment systems, and/or employers who have small numbers of staff and so are easily affected by unexpected staff absences.
8. The four amber breaches in the last quarter relate to two employers.

Employer 1- Admitted Body

- This employer has repeatedly made late payments to the Fund.
- The employer has made their April 2020 contribution payment on time and has agreed a payment plan with the Fund to clear their underpaid contributions to March 2020 by the end of the 2020-21 financial year.

Employer 2- Admitted Body

- The employer has not signed the Admission Agreement however the employer made a payment to the Fund in April 2018 for outstanding pension contributions up to February 2018. Legal advice is that by making this payment the employer has acknowledged their responsibility to the Fund.
- The employer was reported to the Pensions Regulator in October 2019.
- The Fund has now come to an agreement to resolve these unpaid contributions and due to the contract ceasing in July there will be no further issues with this Employer.

Administration breaches

9. The Fund has identified twenty six breaches relating to administration casework during the year. With sixteen occurring in the last quarter.
10. Twenty of these breaches relate to historic issues which have been identified as casework has been completed. The breaches relate to cases where a member was not notified of their options within the requisite two months of the relevant trigger event, as set out in regulations. Fund processes were changed in 2016 to ensure that the Fund complies with Regulations.
11. A further six breaches relate to a new type of administration breach which has resulted in a change in process. These breaches again relate to cases where a member was not notified of their options within the requisite two months of the relevant trigger event, as set out in regulations.
12. Last year the Fund obtained access to the National Insurance Database (NID) meaning that before contacting a member who leaves the Fund to advise them of their options (i.e. refund, transfer or deferment), the Fund is now able to use the database to check if the member has any service with any other LGPS Funds which may result in them being ineligible for a refund.

13. The NID is only able to confirm if the member had service with another Fund and does not confirm whether the member received a refund for this service. That means that the Cheshire Fund have to write to the original Fund to check the position in order to confirm if the member is eligible for a refund or not, which causes a delay.
14. This additional step in the process has led to a number of members receiving their option letters outside of the 60 days outlined in regulations.
15. In order to avoid further breaches the Fund is amending its standard options letter to include the refund form, but will only issue a refund once it has been confirmed that the member is eligible to receive it.

Local Pension Board - Workplan

Local Pensions Board
14 July 2020
Item 10

Standard Meetings			
February	May	July	October
Review of Pension Fund Committee, Investment Sub Committee and Pensions Consultative Forum Minutes	Review of Pension Fund Committee, Investment Sub Committee and Pensions Consultative Forum Minutes	Review of Pension Fund Committee, Investment Sub Committee and Pensions Consultative Forum Minutes	Review of Pension Fund Committee, Investment Sub Committee and Pensions Consultative Forum Minutes
Review Scheme Advisory Board and Sub Committee meetings Review the Performance Management Framework Review the Fund Compliance /Breaches Log	Review Scheme Advisory Board and Sub Committee meetings Review the Performance Management Framework Review the Breaches Log	Review Scheme Advisory Board and Sub Committee meetings Review the Performance Management Framework Review the Breaches Log	Review Scheme Advisory Board and Sub Committee meetings Review the Performance Management Framework Review the Breaches Log
Draft Annual Report	Sign off Annual Report (June Meeting)		
Review the TPR Data Scored and associated actions	Review the TPR Data Scored and associated actions	Review the TPR Data Scored and associated actions Review LPB Terms of Ref/ Conflicts of Interest Policy (once Good Governance outcomes available) Cyber security - a policy will be developed for the Fund Consider the outcomes from the SAB Good Governance review and any actions the Fund needs to take as a result.	Review the TPR Data Scored and associated actions LPB Risk Register
Review policies are kept up to date and produced in accordance with legislation and guidance		Review policies are kept up to date and produced in accordance with legislation and guidance	
	Review the progress made by the Fund including the detail of any ongoing actions	LPB Risk Register (moved from May)	Review the progress made by the Fund including the detail of any ongoing actions
Statutory Policies (FSS, ISS, Comms Policy, Admin Strategy Gov Policy and Breaches Policy)		Statutory Policies (FSS, ISS, Comms Policy, Admin Strategy Gov Policy and Breaches Policy)	
		Review the process for IA in assessing internal controls of the fund and external audit process for reviewing the Accounts and Annual Report	
MI Update Cyber security Event Planner SSD - update			TPR Combined CoP RI Policy or Cyber security? This is where they are up to and when you will see something