

BUSINESS PLAN 2021-25

1. This paper presents the draft Business Plan 2021-25, included at Appendix A.

Recommendation

2. The Committee is asked to endorse the Business Plan and the 2021-22 budget.

2021-2025 BUSINESS PLAN

3. The structure of the Business Plan has been reviewed to focus on the Fund's primary aims and key activity to support those aims. The Business Plan sets out:

- Long term, strategic aims
- Governance arrangements
- Resources - budget and staffing
- Key activity

4. Appendix A in the plan lists key activity, both in terms of Fund stewardship as well as new projects, themed under the four primary aims which are:

Governance

To have effective governance arrangements which allow Pension Fund Committee, Local Pension Board, officers, and participating employers to discharge their responsibilities effectively and compliantly.

Administration and Communication

To provide high quality, value for money and friendly services for scheme beneficiaries, potential beneficiaries and employers including clear, timely and relevant communications.

Funding

To ensure financial sustainability to meet scheme members' pensions by actively managing investment and liability risk and to deliver stable and affordable employer contribution rates.

Investments

To manage the Fund's investments in line with the Fund's Investment Strategy Statement and Responsible Investment policy to achieve required investment returns.

5. There remains considerable uncertainty on the scope and timing of national developments, particularly further exit reform following revocation of the exit cap, regulations to implement McCloud, SAB Good Governance review and expected MHCLG consultations. Locally two tenders are scheduled to be undertaken this year, the pension database and actuarial services, which may have an impact on the plan.
6. The plan will be reviewed in the light of national and local developments with further reports to Committee as more information emerges.



7. Subject to the Committee’s feedback on the plan, a more detailed performance and action tracker for 2021/22, along with an updated risk register, will be presented to Committee at the June meeting and reported quarterly through the year.

Resourcing the Plan

8. The forecast budget for 2021-22 is £4.732m; this is a net increase of £119,000 or 2.5% on the approved budget for 2020-21.

Table 1: Budget Summary for 2021-22

Budget Summary			
	2020-21	2021-22	Change
	£000	£000	£000
Employee costs	2,062	2,009	-53
Premises	73	73	0
Transport	15	7	-8
Supplies & Services			
Operational	712	777	65
LGPS Central Ltd	1,119	1,227	108
Actuarial Services	219	234	15
Investment Advice	162	154	-8
Sub-total	2,213	2,393	180
Contingency	250	250	0
TOTAL	4,613	4,732	119

9. A budget contingency of £250,000 has again been included recognising the potential additional resource requirements which may emerge in year, particularly in response to national and local developments described above. Call down of this contingency will be reported to Committee during the year.
10. The Pensions staffing establishment for 2021-22 is 52 full time equivalent (FTE) staff reflecting the increase by 5 FTE in the benefits administration teams in 2020-21. As requested by Committee the staffing structure is shown in Appendix B of the plan.



Cheshire Pension Fund Business Plan

March 2021



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1. Introduction

- 1.1 Welcome to the business plan for the Cheshire Pension Fund, the name of the Local Government Pension Scheme in Cheshire.
- 1.2 Cheshire Pension Fund (the Fund) administers pension benefits for 105,000 current and former local government workers in Cheshire.
- 1.3 Over 300 employers participate in the Fund, including the four local councils - Cheshire East, Cheshire West & Chester, Halton and Warrington, along with Police & Fire, local colleges, housing associations, academy schools, parish and town councils, contractors providing services to local councils or schools and a number of charitable bodies.
- 1.4 Cheshire West and Chester Council (the Council) is the Administering Authority for the Fund and this plan sets out the Council's aims and objectives for the Fund.

2. Key Facts and Figures

- 2.1 Some helpful key facts and figures about the Fund are shown below

	March 2018	March 2019	March 2020	Estimated February 2021
Assets of the Fund	£5.22bn	£5.32bn	£5.50bn	£6.55bn
Contributing Employers	277	287	305	302
Contributing Members	38,500	39,271	44,682	43,059
Members receiving a pension	27,700	28,705	28,760	30,894
Total benefit payments	£174m	£179m	£191m	£190m
Total contributions from members and employers	£214m	£146m	£167m	£184m



3. Aims

3.1 Our primary, long-term aims are: -

Governance

To have effective governance arrangements which allow Pension Fund Committee, Local Pension Board, officers, and participating employers to discharge their responsibilities effectively and compliantly.

Administration and Communication

To provide high quality, value for money and friendly services for scheme beneficiaries, potential beneficiaries and employers including clear, timely and relevant communications.

Funding

To ensure financial sustainability to meet scheme members' pensions by actively managing investment and liability risk and to deliver stable and affordable employer contribution rates.

Investments

To manage the Fund's investments in line with the Fund's Investment Strategy Statement and Responsible Investment policy to achieve required investment returns.

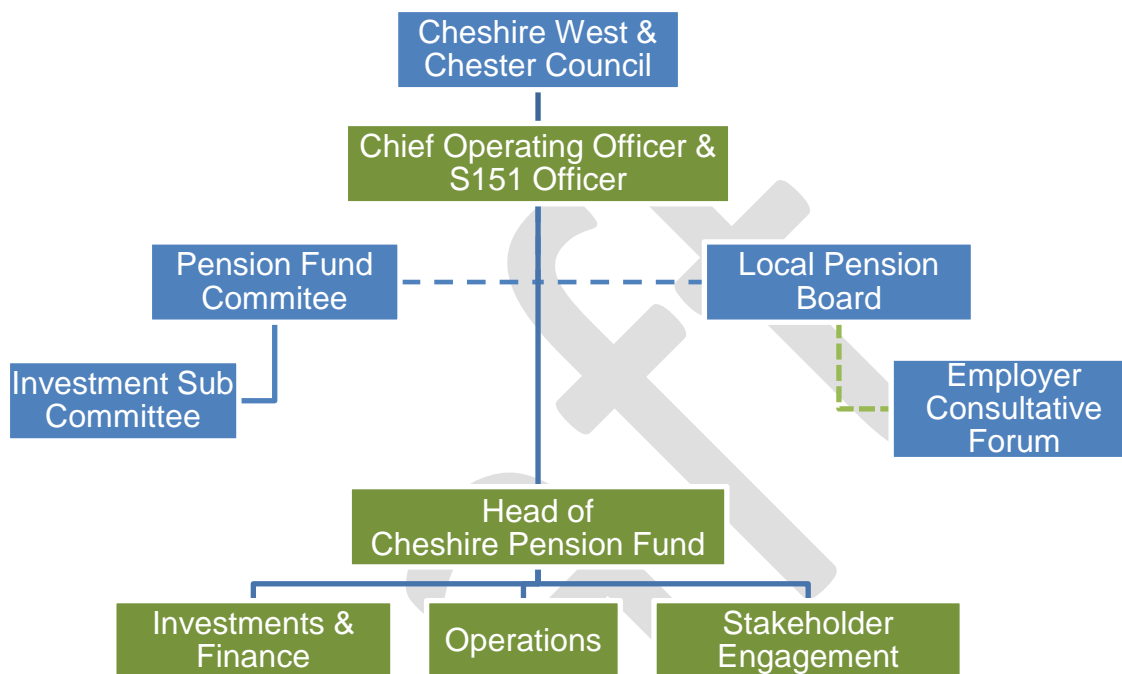
3.2 The key objectives required to support delivery of the Fund's aims and its response to local and national developments are set out in Appendix A.

3.3 Progress in delivering objectives and meeting key performance indicators will be regularly monitored throughout the year and reported to Pension Fund Committee and Local Pension Board each quarter.



4. Governance

4.1 The Fund's governance structure is summarised in the diagram below



4.2 The Council has delegated responsibility for the management and administration of the Fund to the Chief Operating Officer who is the Council's Section 151 Officer and the lead officer for the Fund.

4.3 The Chief Operating Officer has established an advisory panel, known as the Pension Fund Committee, whose membership includes elected Councillors from the four participating Councils plus a scheme member representative.

4.4 The Pension Fund Committee has established a sub panel, known as the Investment Sub-Committee, which makes recommendations to the Pension Fund Committee and Chief Operating Officer.

4.5 The Chief Operating Officer is supported by a dedicated Pensions team, led by the Head of Cheshire Pension Fund who have day to day responsibility to manage the Fund's affairs.

4.6 Officers take appropriate advice from the Council's Director of Governance and the Fund's appointed Actuary and the Strategic Investment Advisor.



- 4.7 The Local Pension Board is a statutory function which assists the Council to deliver efficient governance and administration of the Fund and maintain compliance with regulations; best practice standards laid down by the national Scheme Advisory Board, the Pensions Regulator and relevant professional bodies.
- 4.8 A Pensions Consultative Forum, made up of representatives from participating employers, supports effective benefits administration and communication.
- 4.9 The Council reviews the discharge of its responsibilities through the Council's Audit and Governance Committee.

Investment Pooling

- 4.10 The LGPS Central investment pool is a partnership of Cheshire, Derbyshire, Leicestershire, Nottinghamshire, Shropshire, Staffordshire, Wolverhampton City and Worcestershire councils to deliver investment pooling.
- 4.11 The councils are equal owners and shareholders of LGPS Central Ltd, a wholly owned, arms-length Investment Management Company, regulated by the Financial Conduct Authority (FCA) and a controlled company within the meaning of the Public Contract Regulations 2015.
- 4.12 A Joint Committee oversees the operation and collective investment performance of the pool. The Fund's representative on the Joint Committee is the Chair of the Pension Fund Committee.
- 4.13 Partner funds, as joint shareholders, oversee LGPS Central Ltd. via a Shareholders' Agreement and Forum. The Fund's shareholder representative is the Council's Cabinet Member for Finance and Legal Services.
- 4.14 The Joint Committee and Shareholder Forum are supported by a working group of officers, known as the Practitioners Advisory Group, comprising the s151 Officers and senior pension officers from the partner funds.

National oversight

- 4.15 The LGPS is a national, statutory regulated scheme. The Ministry for Housing, Communities and Local Government (MHCLG) is the Government Department responsible for the LGPS.
- 4.16 The Scheme Advisory Board, the statutory board set up under the Pensions Schemes Act 2013. It seeks to encourage best practice, increase transparency, and coordinate technical and standards issues across the LGPS.



- 4.17 The Pensions Regulator (TPR) has had oversight of all public sector pension schemes, including the LGPS since 2015.

Extended Representation

- 4.18 The Fund is represented on the Scheme Advisory Board, Investment and Governance Committee, and is the national lead with MHCLG for the Society of County Treasurers (which represents the 37 County LGPS funds) on LGPS related matters.

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5. Resourcing the Plan

- 5.1 The forecast budget requirement for 2021-22 is £4.732m and is summarised in the table below. Overall, this is a budget increase of 2.5% compared to 2020-21.

Budget Summary			
	2020/21	2021/22	Change
	£000	£000	£000
Employee costs	2,062	2,009	-53
Premises	73	73	0
Transport	15	7	-8
Supplies & Services			
Operational	712	777	65
LGPS Central Ltd	1,119	1,227	108
Actuarial Services	219	234	15
Investment Advice	162	154	-8
Sub-total	2,213	2,367	155
Contingency	250	250	0
TOTAL	4,613	4,732	119

Staffing and Workforce Development

- 5.2 The Pensions staffing establishment for 2021-22 is 52 full time equivalent (FTE) staff reflecting the increase 5 FTE in the benefits administration teams in 2020-21. The staffing structure is shown in Appendix B
- 5.3 Pensions staff are employed by the Council and are encouraged and supported to demonstrate the Council's competencies of **T**eamwork, **H**onesty, **R**espect, **I**nnovation, **V**alue for Money, and **E**mpowerment (THRIVE).
- 5.4 To do this all staff will have: -
- key objectives, set on an annual basis and linked to the outcomes and objectives set out in this Business Plan
 - regular one-to-one meetings and performance appraisals with their line manager to review progress in achieving their objectives and the THRIVE competencies, and to identify any development issues
 - access to the Council's Contribution Related Rewards and Working Rewards
 - regular team and section meetings to keep them up to date on wider issues affecting the Pension Fund and the Council
 - opportunities to put forward their ideas and suggestions and help shape the business going forward



- 5.5 The development of a multi skilling training plan will guide structured collective and individual training to address identified needs in the following areas:
- Customer service
 - Technical knowledge
 - Management and Leadership
 - Performance management
 - Change and project management
 - GDPR and data security
- 5.6 On-going professional and technical training will be delivered through 'on the job' coaching and through the Chartered Institute of Payroll Professionals (CIPP) qualification and appropriate Apprenticeship Levy funded courses such as Workplace Pensions Administration.



6. Further Information

- 6.1 If you would like any further information about anything in or related to this business plan, please contact:

Maggie Sheppard
Head of Cheshire Pension Fund
Cheshire West and Chester Council
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- 6.2 For more information about the Cheshire Pension Fund, please contact our helpdesk as follows:

Email: pensions@cheshirewestandchester.gov.uk
Write to us at
Cheshire Pension Fund
Cheshire West and Chester Council,
Council Offices,
4 Civic Way,
Ellesmere Port,
CH65 0BE

- 6.3 Or visit our website www.cheshirepensionfund.org

- 6.4 To promote accessibility for all, this document is available in other formats upon request.



Appendix A: Key Activities

	Key Activity	Lead Officer (See key below)	Due Date			
			2021-22	2022-23	2023-24	2024-25
	Governance Aim: To have effective governance arrangements which allow Pension Fund Committee, Local Pension Board, officers, and participating employers to discharge their responsibilities effectively and compliantly					
	Objectives					
G1.	Comply with all regulatory requirements and ensure regulatory changes are implemented	HCPF	Ongoing	Ongoing	Ongoing	Ongoing
G2.	Implement a robust training programme to multi skill staff at all grades (process notes, standard training format)	OM	Ongoing	Ongoing	Ongoing	Ongoing
G3.	Meet all financial, administration and investment reporting requirements (statutory and for internal governance purposes) on time	OM/FIM	Ongoing	Ongoing	Ongoing	Ongoing
G4.	New financial system Unit 4 – embed new accounting processes in preparation for year-end closure	FIM	Q1			
G5.	Effective contract management e.g. Extend or re-procure contractors as required (including Actuarial Services, Investment Advisor).	OM/FIM	Q3			
G6.	Manage employers' entry into, and exit out of the Fund in line with Regulations and Admissions and Exit Policies	SRM	Ongoing	Ongoing	Ongoing	Ongoing
	Administration and Communication Aim: To provide high quality, value for money and friendly services for scheme beneficiaries, potential beneficiaries and employers including clear, timely and relevant communications					



	Key Activity	Lead Officer (See key below)	Due Date			
			2021-22	2022-23	2023-24	2024-25
	Objectives					
AC1.	Process key casework within targets set out in Administration Strategy	OM	Ongoing	Ongoing	Ongoing	Ongoing
AC2.	Develop plans to reduce casework backlogs to agreed levels	OM	Q2 for Plan	Ongoing	Ongoing	Ongoing
AC3.	Implement the outcome of the tender for the pension database	OM	Q4			
AC4.	Maintain the administration database including transformational developments (e.g. process automation)	OM	Ongoing	Ongoing	Ongoing	Ongoing
AC5.	Benchmark data quality and introduce all measures to improve it where required	OM	Ongoing	Ongoing	Ongoing	Ongoing
AC6.	Meet all regulatory communication requirements for scheme members including Annual Benefit Statements, and Annual and Lifetime Allowance updates	OM	Ongoing	Ongoing	Ongoing	Ongoing
AC7.	Implement Member Self-Serve for scheme members	SRM	Q3			
AC8.	Ensure effective ongoing relations with participating employers, including the provision and receipt of accurate and timely information and estimates	OM/FIM/SRM	Ongoing	Ongoing	Ongoing	Ongoing
	Funding Aim: To ensure financial sustainability to meet scheme members' pensions by actively managing finance and liability risk which deliver stable and affordable employer contribution rates					
	Objectives					
F1.	Maintain and reconcile all fund accounting records including investment values, monthly cashflows and funding monitoring data.	FIM	Ongoing	Ongoing	Ongoing	Ongoing



	Key Activity	Lead Officer (See key below)	Due Date			
			2021-22	2022-23	2023-24	2024-25
F2.	Review, update and consult as necessary on Funding Strategy Statement (FSS) in line with any regulatory changes/requirements	SRM	Ongoing	Ongoing	Ongoing	Ongoing
F3.	Plan for and deliver March 2022 Triennial Valuation	HCPF/ SRM/FIM	Q4 for planning	Q4 for delivery		
F4.	Implement process for reviewing employer contributions intra valuations, in line with new flexibilities	SRM	Q1			
F5.	Implement and review phased Exit payments and Deferred debt arrangements in line with regulations and Funding Strategy Statement	SRM	Q1			
	Investment Aim: To manage investments in line with the Fund's Investment Strategy Statement and Responsible Investment policy to achieve required investment returns					
	Objectives					
I1.	Deliver annual review of Investment Strategy Statement and Responsible Investment Policy, implementing any agreed changes	FIM/HCPF	Ongoing	Ongoing	Ongoing	Ongoing
I2.	Effective monitoring of appointed investment managers, including corrective action where required, to ensure investment returns necessary to meet pension liabilities are delivered	FIM/HCPF	Ongoing	Ongoing	Ongoing	Ongoing
I3.	Improve communication/engagement with members/employers e.g. and produce publicity to highlight Fund's progress on climate change issues.	FIM	Ongoing	Ongoing	Ongoing	Ongoing
I4.	Progress pooling of assets to deliver VFM e.g. engage with LGPSC and manage secure transition of assets etc	FIM/HCPF	Ongoing	Ongoing	Ongoing	Ongoing
	Key to Lead Officer Roles	HCPF	Head of Cheshire Pension Fund			

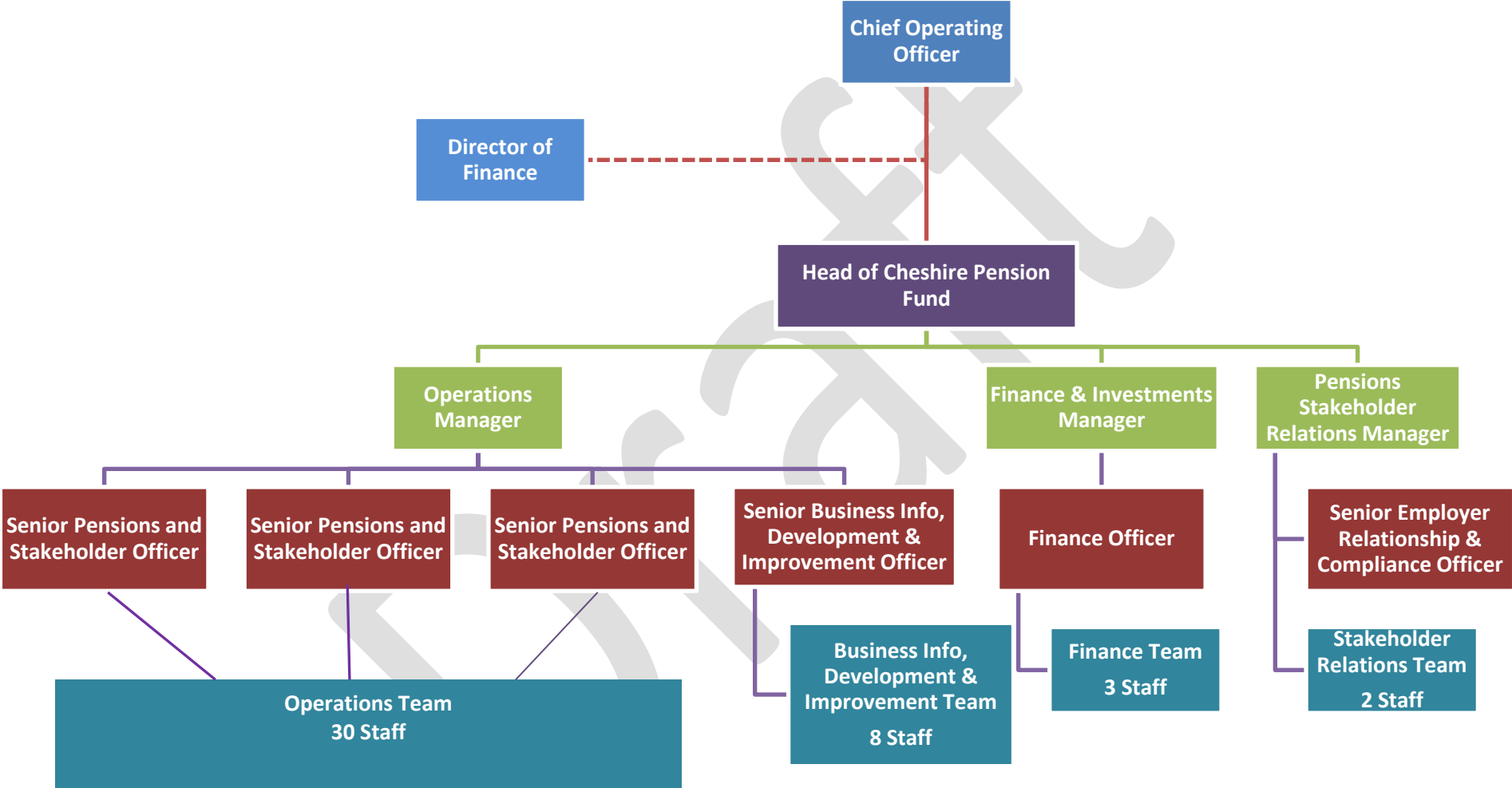


	Key Activity	Lead Officer (See key below)	Due Date			
			2021-22	2022-23	2023-24	2024-25
		FIM OM SRM	Finance & Investments Manager Operations Manager Stakeholder Relations Manager			

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Appendix B: Pensions Staffing Structure March 2021



Appendix C: Acronyms



FCA	Financial Conduct Authority	The FCA regulates financial firms providing services to consumers and maintains the integrity of the UK's financial markets
FTE	Full Time Equivalent	Unit that indicates the workload of an employed person in a way that makes workloads comparable across various contexts.
MHCLG	Ministry for Housing, Communities and Local Government	The Government department with responsibility for the Local Government Pension Scheme
THRIVE	Trust, Honesty, Respect, Innovation and Value for Money & Empowerment.	The Council's competency framework outlines the value-based behavioural competencies that will apply to all staff.
TPR	The Pensions Regulator	The national Regulator for all pension schemes

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