

MINUTES OF PENSION FUND COMMITTEE HELD ON 12 MARCH 2021

Present

Cheshire West and Chester: Cllrs Hogg (Chair), Gould, Lewis and Tonge
Cheshire East: Cllrs Bulman, Corcoran, Findlow and Stott
Halton: Cllr Wharton
Warrington: Cllr Mitchell

Apologies

Member Representative: Paul Matthews, GMB

In Attendance

Actuary: Hymans Robertson - Gemma Sefton
Investment Advisor: Mercer – Joanne Holden, Chris West
External Auditor: Grant Thornton – John Farrar, Stuart Basnett
CW&C Officers: Mark Wynn, Maggie Sheppard, Heidi Catherall, Nick Jones, Steve Wilcock

PART A:

1. PROCEDURAL MATTERS

- 1.1 Declarations of Interest – Councillor Gould declared an interest as a Governor of the Cheshire and Wirral Partnership who also have Grant Thornton as their external auditor.
- 1.2 Apologies were received from Paul Matthews.

2. MINUTES OF MEETINGS

- 2.1 The minutes of the Pension Fund Committee held on 4 December 2020 were reviewed, having previously been distributed and agreed by email. The Minutes of the Pensions Consultative Forum meetings held on 16 October 2020 and 5 February 2021, and the Local Pension Board held on 16 February 2021 were also reviewed.

3. STANDING ITEMS

- 3.1 The Committee received a report detailing employers who had joined or exited the Fund over the period 1 December 2020 to 28 February 2021 (inclusive).

The Committee noted the changes to employers during the reporting period

- 3.2 The Committee received the Compliance Update including a summary of the breaches log 1 April to 31 December 2020. Eighty-six occurred in the period, all of which required no further action following investigation.



- 3.3 Committee were presented with an update on progress issuing the remaining 2020 Annual Benefit Statements to members who had not received them by the statutory deadline, for which a breach report was submitted to the Pension Regulator. The Committee noted the positive progress.

The Committee noted the cumulative Breaches Log for 1 April to 31 December 2020 and actions taken.

- 3.4 The Committee reviewed the Action Plan performance dashboard summarising progress on actions due in quarter four (to March 2021). Thirty-three actions were due for completion, of these six were rated amber and seven green. Twenty actions were proposed to be moved into 2021-22, as external dependencies (such as pending MHCLG guidance or regulation) mean they cannot be achieved this year.
- 3.5 Committee also received the updated forecast outturn for 2020-21 which showed a forecast underspend primarily due to contingency funding not being utilised, linked to a number of actions moving into 2021-22, such as McCloud implementation.

The Committee noted progress in delivering the 2020-21 Action Plan and the forecast outturn position.

- 3.6 Officers verbally recapped that the Restriction of Exit Payment Regulations 2020 having been initially disapplied, have now been formally revoked. Committee noted the policy intent of the Government remains to review and reform exit payments in the public sector, and further reports will be presented in due course.

4. EXTERNAL AUDIT PROGRESS REPORT

- 4.1 The Committee received a progress update report from the Fund's external auditor Grant Thornton.
- 4.2 During 2020, the timetable for finalising the 2019/20 Statement of Accounts and Annual Report was severely impacted by the Covid pandemic. In April 2020, the Ministry of Housing, Communities and Local Government (MHCLG) announced the relaxation of the statutory deadlines, moving the deadline for producing the 2019-20 draft accounts to the end of August (from end of May) and the date for final publication of the Audited Statement of Accounts and Annual Report to the end of November 2020 (from end of July).
- 4.3 To date, MHCLG have not announced the key deadlines for the production and publication of the 2020/21 accounts. For local planning purposes, the Committee will continue to receive the draft accounts in early June as usual, with the final Accounts and Annual Report targeted for review by the Committee in September 2021.
- 4.4 Grant Thornton explained that work is still ongoing nationally to complete the 2019-20 audit for some other organisations. This, together with increased regulatory requirements, has put pressure on external audit resources and meant that it was not possible to produce the audit plan for 2020-21, as usual, for review at this meeting.



The audit plan would be shared with the Committee when available, and in time for the June Committee at the latest.

The Committee: Noted the local timetable for producing the 2020/21 Annual Report and Statement of Accounts and the Progress Report from Grant Thornton.

5. BUSINESS PLAN 2021-25

- 5.1 The Committee received the draft Business Plan for 2021/25 and forecast budget for 2021/22.
- 5.2 The structure of the Business Plan had been reviewed to focus on the Fund's primary aims and key activity to support those aims. The Business Plan sets out the Fund's long term aims; local governance arrangements, resources (budget and staffing) to deliver the plan and key objectives for the coming year.
- 5.3 Committee noted there remains uncertainty on the scope and timing of national developments, particularly further exit reform, regulations to implement McCloud, SAB Good Governance review and expected MHCLG consultation which will impact during the year. The plan will be reviewed in the light of national and local developments with further reports to Committee as more information emerges.
- 5.4 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 with progress in delivering the plan being reported quarterly through the year.

The Committee endorsed the Business Plan and the 2021/22 Budget

6. INVESTMENT STRATEGY STATEMENT UPDATE

- 6.1 The Committee received a report on the annual review of the Fund's Investment Strategy Statement (ISS) and Responsible Investment (RI) policy along with the proposed documents.
- 6.2 The review of the existing ISS has been undertaken by officers in consultation with the Fund's investment advisor (Mercer). This review concluded that the ISS remains fit for purpose with no changes required at present. An ongoing programme of work to be undertaken in 2021/22 on the Fund's Investment Strategy and key areas of the portfolio was reviewed and agreed.
- 6.3 Since the publication of the Fund's RI policy in April 2020, the Fund had, in December 2020, produced a comprehensive Climate Change Strategy. The Committee agreed that the RI policy be amended to fully reflect the climate strategy document.
- 6.4 The ISS and RI policy will be published on the Fund's website on 1 April 2021.



The Committee: endorsed the updated Investment Strategy Statement and Responsible Investment policy and agreed they both be published on the Fund's website.

7. FUNDING STRATEGY STATEMENT UPDATE

- 7.1 The Committee received an update on progress in preparing the Administering Authority's policy regarding new flexibilities introduced in the Local Government Pension Scheme (Amendment) (No. 2) Regulations in September 2020. These enable administering authorities:
- review employer contributions outside of the normal triennial valuation cycle in specified circumstances
 - spread exit payments for exiting employers
 - set up Deferred Debt Agreements (DDA) for exiting employers
- 7.2 Government indicated it would issue statutory guidance to administering authorities wishing to use the new powers. It had been hoped this guidance would be produced in time to enable presentation of the draft policy to Committee at this meeting. The guidance was only issued on 2 March 2021 and is still being reviewed.
- 7.3 The report set out the next steps officers will take to further develop the Fund's policy in the light of the recent statutory guidance.

The Committee noted the next steps in preparing the Administering Authority's policy regarding the review of employer contributions, employer exit payments and deferred debt agreements.

8. TRAINING PLAN FOR THE COMMITTEE AND BOARD

- 8.1 The Committee received the Training Policy for Committee and Board. The policy is unchanged from the version approved by the Committee in March 2020. It will be reviewed and updated during 2020/21 in line with emerging national developments.
- 8.2 Committee members have received the outcome of their individual knowledge and skills self-assessment and individual training plan. Officers have also provided details of upcoming national conferences and seminars which they may wish to attend along with details of the Pensions Regulator's Trustee Toolkit, which provides some useful learning that can be undertaken online.

The Committee: Noted the current Training Policy and that it will be reviewed during 2021 in line with national developments, and endorsed the 2021/22 Training Plan

9. ANY OTHER BUSINESS

- 9.1 No matters were raised
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MINUTES OF LOCAL PENSION BOARD – 19 APRIL 2021

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 Dan Harte

Apologies: Aaron Austin (CW&C Officer)

1. PROCEDURAL MATTERS

- 1.1 This Local Pension Board meeting was held virtually due to the coronavirus pandemic.
- 1.2 No declarations of interest were received.

2. THE PENSION REGULATORS MODULAR CODE OF PRACTICE CONSULTATION

- 2.1 The Board convened this special meeting to review the Pension Regulators (TPR) consultation on their new modular code of practice and to consider responses to questions posed therein.
- 2.2 Board members received a presentation summarising the modular code. The Code relates to all public sector pension schemes, not just the LGPS, and so there is no requirement to answer all of the questions in the consultation.
- 2.3 Based on information received from the Local Government Association, the Board considered and drafted responses to three main areas of the consultation:
 - General questions about the code
 - Universal questions on the 12 new modules
 - Module specific questions from the consultation document
- 2.4 Once the new modular code is officially published the Fund will conduct a full review of its compliance with this new code.

RESOLVED that the Board: reviewed the consultation on the modular code of practice and drafted responses to the relevant questions posed within it.

3. AOB

- 3.1 The next Board meeting will take place on: 4 May 2021



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MINUTES OF LOCAL PENSION BOARD – 4 MAY 2021

PRESENT

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

CW&C Officers: Maggie Sheppard, Heidi Catherall, Dan Harte and Aaron Austin

Guest: John Hall – Local Pension Board Chair, Shropshire Pension
Fund

1. PROCEDURAL MATTERS

1.1 This Local Pension Board meeting was again held virtually due to the coronavirus pandemic.

1.2 No declarations of interest were received.

1.3 The meeting was attended by John Hall, Local Pension Board Chair for Shropshire Pension Fund. John attended the meeting in an observer capacity to share knowledge and best practice between the two funds.

1.4 The Board reviewed the minutes from the last meeting on 16 February 2021 having previously approved them by email. Board members also reviewed the minutes from the special meeting on 19 April 2021 where they considered the Pensions Regulator's consultation on the Modular Code of Practice and drafted responses to the consultation.

1.5 The action tracker was reviewed, and it was noted that

- The updated CIPFA knowledge and skills framework has not yet been issued. Once it is the Board will convene a special meeting to review the contents.
- There is an action for Board members to Invite interested parties to future meetings. Any opportunity to invite potential future Board members will be taken.
- Officers have recommenced the project on identifying improvements in the retirements process with Cheshire West and Chester Council and will keep the Board informed of progress.



2. REVIEW OF PENSION FUND AND INVESTMENT SUB COMMITTEE MINUTES

- 2.1 The Board reviewed the minutes from the Pension Fund Committee meeting held on 12 March 2021. The Board noted:
- the uncertainty in the timetable for the audit of the Statement of Accounts and that notwithstanding this uncertainty, the Fund would again be adhering to its usual timetable to produce the accounts.
 - the decision to invest £150m in the LGPS Central (LGPSC) Limited Multi Asset Credit Fund.
 - the Committee recommendation that the operation of the LGPSC Climate Factor Fund, in which the Fund is invested, is amended to ensure the delivery of minimum carbon reduction targets.
- 2.2 The Board also reviewed the minutes from the Investment Sub Committee held on 12 February 2021. The Board noted:
- the summary cashflow report and welcomed the requested additional commentary on cashflow performance in the minutes.
 - noted the decision to review of the funds approach to stock lending and the Board will be interested to review the decisions taken by the Committee in this area.

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

3. PENSIONS PROGRAMME

- 3.1 The Board received a verbal update on the pension change programme.
- 3.2 Strategic project briefs developed for each workstream have now been approved by the Programme Board.
- 3.3 A Project Manager/Business Analyst has been recruited and work has now commenced to develop detailed project plans and timelines.
- 3.4 A communications manager post has been advertised to support the Fund both with the pensions programme and general communication requirements. An interim communication manager had been appointed pending recruitment of the permanent post holder however they found alternative employment very soon after appointment.
- 3.5 Board members will be kept informed of progress in meeting the programme aims.

4. UPDATE FROM THE SCHEME ADVISORY BOARD

- 4.1 Board members received an update on the final recommendations from the SAB Good Governance project. SAB have set out an implementation action plan which has been sent to the Local Government Minister for consideration.



- 4.2 The Fund is now considering the recommendations from the final report and identifying those actions that can be taken in advance of any final regulation/guidance.
- 4.3 Board members reviewed the sixteen recommendations from the report and were comfortable that the Fund would be able to meet them without the need for material changes.
- 4.4 Board members will be kept informed of progress on the Good Governance review and the Funds implementation of its recommendations.

5. PERFORMANCE MANAGEMENT FRAMEWORK Qtr 4 – 2020/21

- 5.1 The Board reviewed the Performance Management Framework (PMF) for quarter 4 (January to March 2021), which contained updates on key areas of performance and comparator information from previous quarters.
- 5.2 Board members noted the continued red rating on administration casework with backlogs exceeding 10% of membership. It was noted that this is likely to continue in the medium term whilst the pension team continue to resolve old casework and implement the developments outlined in the pensions programme and manage the impact of Covid-19.
- 5.3 The Board also noted the red rating on aged debt. This relates to one pension strain payment due from an employer. There are no concerns about the ability to recover outstanding debt to the pension fund.
- 5.4 The Board received three direct submission from members during the quarter via the link on the Board section of the website, covering issues around carbon neutrality, a transfer of pension and the pensioner newsletter Cheshire Chat. The Board responded to each enquiry.

6. TERMS OF REFERENCE / CONFLICTS OF INTEREST POLICY REVIEW

- 6.1 Now that the SAB Good Governance review has reported its recommendations, the Board could now undertake a review of its Terms of Reference (ToR) and Conflict of Interest (Col) Policies.
- 6.2 As part of this review the Board will also revisit those recommendations from the Barnett Waddingham review in 2019 of the Fund's governance structure and where action was held pending the outcome of the SAB review.
- 6.3 Board members reviewed the terms of reference and identified several potential changes required. The changes will be collated and considered along with any changes required to the Fund's Governance Compliance Statement, as required by the Good Governance review.
- 6.4 The Board also undertook a review of the Conflicts of Interest policy but did not identify any amendments required to it. The Good Governance review requires



pension funds to have a specific conflicts of interest policy and so the fund will ensure that the LPB policy is consistent with those requirements as well.

- 6.5 Board members noted the requirement to confirm the details held in the LPB register of interests on an annual basis. Officers will circulate the register to Board members to obtain the necessary confirmation.
- 6.6 Board members reviewed the recommendations from the 2019 Barnett Waddingham review and determined whether they required a change to the ToR. The recommendations for any changes, as suggested by the Board, will be considered along with any changes from the Good Governance review and implemented as the appropriate time.
- 6.7 As well as being the chair of the Board, PR is also the chair of the Pensions Consultative Forum (PCF) which is the Fund's employer representative group. PR suggested that it would be good for other Board members to attend a PCF meeting to engage with employers. Officers will invite all Board members to future meetings and members can attend on a rotation basis.

RESOLVED that the Board:

- identified several potential amendments to the Terms of Reference and Conflicts of Interest Policies having taken account if the recommendations from both the Barnett Waddingham and SAB reviews.
- Officers will circulate the register of interests for Board members to confirm that the details held in the register remain accurate.
- Officers will invite all Board members to future employer forum meetings.

7. DATA QUALITY

- 7.1 The Board received the updated TPR Data Scores produced as at 1 April 2021.
- 7.2 The scores for April were provided alongside the scores submitted for the previous three years for the Pensions Regulators scheme return.
- 7.3 Board members noted the scores had remained consistent to previous years.

	TPR Scheme Return			Latest Scores
	1-Sep-18	1-Sep-19	25-Sep-20	1-Apr-21
Common Data	98.10%	98.07%	98.73%	98.85%
Scheme Specific Data	68.80%	74.18%	74.01%	77.29%

- 7.4 The data scores were again produced using the local foundation report.
- 7.5 The Board were reminded that the Fund is continuing to work with its database provider to move to the new measurement report which will provide the scores from directly within the database.



7.6 Board members queried the timescales for moving to this new report. It is expected that the Fund can move to using the new measurement report later this year.

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

8. LOCAL PENSION BOARD ANNUAL REPORT AND OUTTURN 2020-21

8.1 Board members had received the final draft of the 2020-21 report by email prior to the meeting, as agreed at the 16 February meeting.

8.2 The final version of the LPB Annual Report was approved by the Board. The report will be included within the Fund's Annual Report which will be published on the website later this year.

8.3 The report included the outturn of c£1,500 spend against the budget of £10,000.

RESOLVED that: Board approved the final version of the Annual Report.

9. COMPLIANCE UPDATE

9.1 The Board were presented with a summary of the breaches log for the period 1 April to 31 December 2020, noting that 86 breaches had been logged over the period.

9.2 Board members noted the position with regards to the Annual Benefit Statements and the work undertaken by the Fund to ensure all members receive their statement.

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

10. FEEDBACK FROM EVENTS

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

- CIPFA/Barnett Waddingham LPB Seminar – 18 February 2021
- LGPS Central Ltd LPB Training Event – SAB – 22 February 2021
- Joint Committee/Board Training – 26 February 2021
- LGPS Central Ltd Annual Stakeholders Day – 10 March 2021
- LGPS Central Ltd LPB Chairs Meeting – 29 March 2021

10.2 PR attended the CIPFA / Barnett Waddingham event on 18 February which included a suggestion that Boards may want to undertake a self-assessment of themselves. Board members expressed interest in exploring this further at the next meeting.

10.3 PR also attended the SAB training event on 22 February national structure and roles of the various organisations in the LGPS, along with an update on a number of topical issues. Attendees also discussed the effectiveness of Boards while working remotely.



- 10.4 The joint Committee and Board training on 26 February covered one of the combined training requirements identified in the training plan which was investment performance and risk management. The training also covered the Scheme Advisory Board Good Governance outcomes along with an update on the joint Committee and Board training plan for 2021/22. This was attended by PR and GW for the Board.
- 10.5 PR also attended the LGPS Central Stakeholder Day on 10 March which included the global economy post Covid-19 and responsible investing.
- 10.6 The LGPS Central LPB Chairs meeting took place on 29 March. Board members from the Funds within the pool share knowledge and best practice ideas as part of this group. PR attended the meeting.
- 10.7 PR also advised Board members that the Institute for Business Ethics run regular lunchtime webinars which may be of interest for other Board members to attend. PR will circulate details of the webinars to other Board members.

RESOLVED that:

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

11. REVIEW OF THE WORK PLAN for 2021/22

- 11.1 The Board reviewed the work plan for 2021-22.
- 11.2 The Board, along with the Committee, had received some training on the issue of cyber security. As part of the review of the Pensions Regulator's modular code of practice, Board members had established that the Fund needs to produce a clear overview of the roles and responsibilities between the Fund, its administration database provider and the Council's ICT department regarding cyber security. Once this document has been produced the Board can determine whether any additional training is required on the subject of cyber security.
- 11.3 Following the suggestion at the CIPFA / Barnett Waddingham event on 18 February Board members would like to consider the steps required to undertake a self-assessment. This will be added to the agenda for the next meeting.
- 11.4 Board members will also receive an update on the rolling programme of internal audits for the 2021-22 year for the October meeting.

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



12. AOB

12.1 The next Board meeting will take place on 1 June 2021.

12.2 At this meeting the Board will review the approach taken by the Fund in producing the Annual Report and Statement of Accounts for 2020/21.

12.3 PR requested that the meeting planned for 13 July be moved to a week later on 20 July. Board members agreed to the change of date.

12.4 Future meetings dates are as follows:

- 20 July 2021
- 6 October 2021



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