

## MINUTES OF PENSION FUND COMMITTEE HELD ON 10 JUNE 2022

### Present

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

### Apologies

Member Representative: Paul Matthews, GMB

### In Attendance

Actuary: Hymans Robertson – Gemma Sefton  
Investment Advisor: Mercer – Nick Page  
External Auditor: Grant Thornton – John Farrar  
CW&C Officers: Mark Wynn, Steve Wilcock, Heidi Catherall, Nick Jones, Debbie Darlington and Nigel Dorrington

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## PART A:

### 1. PROCEDURAL MATTERS

- 1.1 Declarations of Interest
- 1.2 Apologies were received from Paul Matthews.

### 2. MINUTES OF MEETINGS

- 2.1 The minutes of the Pension Fund Committee held on 11 March 2022 were reviewed, having previously been distributed and agreed by email.
- 2.2 The Committee noted the minutes from the Local Pension Board meetings which had taken place on 10 March, 3 May and 31 May 2022.
- 2.3 The Committee also noted the minutes of the LGPS Central Joint Committee meeting which took place on 14 January 2022.

### 3 STANDING ITEMS

#### Employer Changes

- 3.1 The Committee received a report detailing employers who had joined or exited the Fund over the period 1 March to 31 May 2022 (inclusive). They also received a verbal update on the increased take up of employers leaving the LGPS under a Deferred Debt Arrangement.

**The Committee** noted the changes to employers during the reporting period and requested that a table be included in future reports to show the breakdown of schools who have converted to academy status.

#### Compliance Update

- 3.2 The Committee received the Compliance Update including a summary of the breaches log for the period to 31 March 2022. Seventy-five breaches occurred in the year, of these seventy-four required no further action following investigation.
- 3.3 The Fund had reported a breach to the Pensions Regulator relating to Annual Benefit Statements which didn't meet the 100% target set by LGPS Regulations. The Committee received a briefing on this breach at the September 2021, December 2021 and March 2022 committee meetings.

**The Committee** noted the cumulative Breaches Log for the period to 31 March 2022.

#### Business Plan 2022/23

- 3.4 The Committee were presented with the Action Plan Tracker for 2022/23 setting out the actions to be achieved in each quarter of the year. The performance dashboard, outlining progress in achieving the planned actions for quarter one, was presented to the Committee with all actions on track.
- 3.5 The Committee also received an updated copy of the Fund's risk register.

**The Committee noted:** Progress in delivering the Action Plan and the updated risk register.

#### Regulatory Update

- 3.6 Committee received a report outlining an overview of regulatory changes and events, along with an update on expected future consultations which will impact the Local Government Pension Scheme.
- 3.7 The Committee noted the considerable workload that would result from the volume of consultations and regulatory changes which are due in 2022 and that resources will need to be considered in order to meet this demand.

**The Committee** noted the position as set out in the report and that officers will present details of additional resource requirements at the training session in July.

## **4. DRAFT STATEMENT OF ACCOUNTS 2021/22**

- 4.1 The Committee received a report providing an overview of the draft Statement of Accounts for the Cheshire Pension Fund for the year to 31 March 2022. Officers outlined the main movement in the figures in the draft Statement of Accounts from the prior year and also explained that the report included full details of the responses of the Fund to a range of assurance questions from Grant Thornton.

4.2 The key dates for Committee to note are:

<b>Date</b>	<b>Action</b>
<b>31 May</b>	The draft accounts will be reviewed by the LPB prior to review by the Pension Fund Committee
<b>10 June</b>	The Pension Fund Committee will 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
<b>Early July</b>	Grant Thornton will commence the audit testing of the accounts
<b>9 Sept</b>	The majority of the audit will be completed by this date and Grant Thornton will produce their Audit Findings Report
<b>9 Sept</b>	The Draft Audit Findings Report and Annual Report, including the Statement of Accounts, will be presented to the Pension Fund Committee
<b>TBC</b>	The Final Audit Findings Report and audited Statement of Accounts will be presented to the Audit and Governance Committee (A&GC).
<b>30 Nov*</b>	Audited Statement of Accounts to be published on Cheshire West and Chester Council's website
<b>1 Dec*</b>	Annual Report including the Audited Statement of Accounts to be published on the Fund's website

\*The Cheshire West and Chester Council Audit must be signed off before the Pension Fund Audited Accounts can be published. In the event that they are not signed off the Annual Report will still be published by the above deadline with the exception of the audit report.

- 4.3 If the audit is not complete by the Committee meeting on 9 September, any changes required to the accounts following this date will be circulated to the Committee for recommendation via an Electronic Decision Notice.
- 4.4 The Committee was reminded of the Local Pension Board's role to ensure the accounts are produced in compliance with statutory and best practice guidance. The Local Pension Board reviewed the draft Statement of Accounts at their meeting on 31 May 2022 and confirmed that, in their opinion, the accounts had been prepared in accordance with statutory and best practice guidance.
- 4.5 Members queried the year-on-year movement between lump sums and death benefit payments. Officers confirmed that these figures will fluctuate between years as they relate to the benefits of specific members. Hymans will consider this in detail as part of the valuation and will provide further update at the September Committee meeting.
- 4.6 Members of the Committee thanked the finance team for their work in preparing the accounts in line with the original 31 May deadline.
- 4.7 The report also included the final outturn for the 2021/22 Administration Budget, which showed an underspend of £525k.

**The Committee:**

- a) Provided comment on the draft Statement of Accounts for the year 2021/22 and agreed that they be presented to the Audit and Governance Committee following completion of the audit
- b) Noted the outturn position for 2021/22
- c) Reviewed and endorsed the management responses to the questions posed by Grant Thornton.

**5 EXTERNAL AUDIT PLAN**

- 5.1 The Committee received the external Audit Plan for 2021/22 from Grant Thornton, which included an explanation of the areas of significant risks that would be focused on during the audit. In addition, the Committee were informed that Grant Thornton would report to the Committee any misstatements they discovered in the accounts of a value greater than £3.48m.
- 5.2 Members questioned Grant Thornton on their approach to verifying investment valuation figures included in the Accounts and the level of resources the auditors had committed to the audit. Members also noted that the new Unit 4 payroll system had been identified as a potential risk area and questioned officers on the impact of the new system on the pensioner payroll.

**The Committee:** Noted the Audit Plan from Grant Thornton prior to the plan being presented to the Audit and Governance Committee.

**6 COMMUNICATIONS STRATEGY**

- 6.1 The Committee were presented with a draft of the Fund's communications strategy and communications plan. The Committee were advised that although the Fund's communication strategy was "digital first", members who opted out of electronic communications would still be able to receive communications via more traditional means. The Committee suggested some amendments in the use of acronyms and clarity about certain terminology. Officers would review the document to incorporate these suggestions before publishing and consulting with stakeholders.

**The Committee:**

- a) noted and provided comments on the communications strategy and high-level communications plan, and
- b) endorsed that Officers publish the Communications strategy and begin a consultation process with key stakeholders.

**7 SECTION 13 VALUATION RESULTS**

- 7.1 The Committee received an update on the outcomes from the Government Actuary's Department 2019 valuation under section 13 of the Public Service Pensions Act.

**The Committee:** Noted the contents of the report.

## **8 2022 TRIENNIAL VALUATION UPDATE**

- 8.1 The Committee received a brief update on progress made in delivering the 2022 triennial valuation and a reminder of the high-level timetable and future key decision points for the Committee.

**The Committee:** Noted the update.

## **9 ANY OTHER BUSINESS**

- 9.1 No matters were raised.
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## **PART B**

### **The Committee resolved that:**

The details of the following items remain confidential on the grounds they/it involve 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. A non-confidential summary of the items discussed is provided for information.

### **10 PROCEDURAL MATTERS**

10.1 The Committee noted the minutes from the Investment Sub-Committee meeting on 20 May 2022 which had been circulated via email.

### **11 FUND SURPLUS CASH**

11.1 The Committee received a report which set out recommended options to invest the Fund's surplus cash for the short to medium term. The Fund's investment adviser's Mercer confirmed they were supportive of the proposed options.

#### **The Committee endorsed:**

- a) An investment of £85m to top up the Fund's existing investment in the Infrastructure index fund;
- b) To invest the majority of the Fund's temporary surplus cash balances (currently approx. £250m) in an enhanced liquidity fund to generate additional interest for the Fund.

### **12 ANY OTHER BUSINESS**

12.1 No matters were raised.