

MINUTES OF PENSION FUND COMMITTEE HELD ON 30 SEPTEMBER 2022**Present**

Cheshire West and Chester: Cllrs Hogg (Chair) and Gould
Cheshire East: Cllrs Stott, Bulman, Corcoran and Findlow

Apologies

Cheshire West and Chester: Cllrs Lewis and Tonge
Warrington: Cllr Mitchell
Halton: Cllr Wharton
Member Representative: Paul Matthews, GMB
CW&C Officer: Mark Wynn

In Attendance

Local Pension Board Chair: Peter Raynes
Actuary: Hymans Robertson – Gemma Sefton
Investment Advisor: Mercer – Chris West
External Auditor: Grant Thornton – Angela Pieri
LGPS Central Limited: Joanne Segars, Mike Weston, Patrick O’Hara and Matthew Jones
CW&C Officers: Steve Wilcock, Heidi Catherall, Nick Jones, Debbie Darlington and Nigel Dorrington

PART A:**1. PROCEDURAL MATTERS**

- 1.1 This meeting replaced the 9 September meeting which did not go ahead as planned due to the sad passing of Her Majesty Queen Elizabeth II. The Chairman acknowledged it had been extremely difficult, given busy diaries for all members to make the re-arranged meeting.
- 1.2 There were no declarations of interest.
- 1.3 Apologies were received from Councillor’s Wharton, Mitchell, Tonge and Lewis, Paul Matthews and Mark Wynn.

2. MINUTES OF MEETINGS

- 2.1 The minutes of the Pension Fund Committee held on 10 June 2022 were reviewed, having previously been distributed and agreed by email.
- 2.2 The Committee noted the minutes from the Local Pension Board meeting which took place on 12 July 2022.
- 2.3 Members noted the recommendation from the Board that the Committee instruct officers to implement an annual communication to employers to remind them of their

responsibilities under the internal dispute resolution procedure, and to provide employers with a template policy.

- 2.4 The Committee endorsed the recommendation.
- 2.5 The Committee also noted the minutes of the LGPS Central Joint Committee meeting which took place on 23 June 2022.
- 2.6 Given the volatility in markets over the past week, particularly in respect of UK gilts, officers and Mercer provided an update on the position of the Fund. Following the Chancellor's mini budget, the Bank of England had intervened in gilts markets on 28 September to stabilise prices. This move had been prompted by the financial problems impacting a number of mainly private sector pension funds who had invested in Liability Driven Investments (LDIs), which left them vulnerable to sharp movements in the price of UK gilts. Some funds were having to sell their gilts holdings to meet the requirements of lenders, thereby creating a self-perpetuating vicious circle of falling prices and forced sellers. The Cheshire Pension Fund did not have any exposure to LDIs and would therefore not have to sell any investment assets to meet short term cashflow requirements.

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 June to 31 August 2022 (inclusive).

The Committee noted the changes to employers during the reporting period and noted the inclusion of a table showing 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 30 June 2022. Nineteen breaches occurred in the period and required no further action following investigation.

The Committee noted the cumulative Breaches Log for the period to 30 June 2022.

Business Plan 2022/23

- 3.3 The Committee were presented with the 2022/23 performance dashboard, outlining progress in achieving the planned actions for quarter two.
- 3.4 The Committee also received the forecast outturn for 2022/23.

The Committee noted: Progress in delivering the Action Plan and the forecast outturn.

Regulatory Update

- 3.5 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.

The Committee noted the position as set out in the report.

4. ANNUAL REPORT INCLUDING THE STATEMENT OF ACCOUNTS 2021/22

- 4.1 The Committee received the Fund's Annual Report for 2021-22 including the Statement of Accounts. Officers reported that there had been a couple of minor changes to the disclosures in the accounts. There have been no changes to the figures on the face of the primary statements (the Fund Account and Net Asset Statement). The audit is still in progress and any significant changes to the accounts following the meeting will be reported to the Committee.
- 4.2 Grant Thornton presented their audit findings report which concluded that, subject to the satisfactory completion of all outstanding audit work, they anticipated issuing an unqualified audit opinion i.e. one that concluded the accounts do give a true and fair view of the financial position of the Fund.
- 4.3 The risks assessed and work done to date to arrive at this interim judgement was explained. When the audit is complete Grant Thornton will present an updated Audit Findings report to the Cheshire West and Chester Council Audit and Governance Committee. The final audit report will not be able to be issued until the Cheshire West and Chester Council audit is completed.

The Committee:

- a) Received the draft audit findings report from Grant Thornton
- b) Received the Cheshire Pension Fund Annual Report including the Statement of Accounts for the year ending 31 March 2022 and the Local Pension Board Annual Report
- c) Requested that the Cheshire West and Chester Audit and Governance Committee approve the Cheshire Pension Fund Statement of Accounts for 2021/22 once the audit is complete and sign the Letter of Representation.

5 COMMUNICATIONS STRATEGY UPDATE

- 5.1 The Committee were presented with the Fund's final communication strategy which had been updated following comments received from the Committee in June and a consultation exercise.
- 5.2 Members of the Committee received a summary of the feedback, which was largely positive.
- 5.3 The Committee did not require any further changes to the communication strategy.

The Committee:

- a) noted and provided comments on the feedback to the consultation on the draft communications strategy, and
- b) endorsed that Officers publish the Communications Strategy to come into force with immediate effect and begin implementing the strategy to meet the Fund's communication objectives.

6 ANY OTHER BUSINESS

- 6.1 Members were requested to complete their annual knowledge and skills self-assessment forms.
 - 6.2 Officers updated the Committee on the recent correspondence regarding the Fund's redevelopment proposals for part of the Lansdown Industrial Estate in Cheltenham. The Cheltenham Civic Society had recently sent an email to all Cheshire West and Chester councillors expressing their opposition to the plans and the Council's Chief Executive had replied. In addition, the Cabinet Member for Economic Growth at Cheltenham Borough Council had requested a meeting to discuss the redevelopment plans and this will be facilitated.
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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.

7 PROCEDURAL MATTERS

7.1 The Committee noted the minutes from the Investment Sub-Committee meeting on 26 August 2022 which had been circulated via email.

8 VALUATION AND INVESTMENT STRATEGY REVIEW

8.1 The Committee received a report which set out progress towards delivery of the 2022 Valuation and the Investment Strategy Review.

8.2 The Committee received additional commentary on the recent increase in inflation and volatility in government bond markets. The Committee were reminded that as the majority of employers in the Fund were still long-term employers, the Fund could still take a long-term view. The long-term financial assumptions that the Committee had previously endorsed would therefore not be altered because of recent events.

8.3 The Committee were also advised that the previously endorsed strategy for setting Councils' contribution rates would not be revisited.

8.4 But the recent market volatility would require a review and health check of the Fund's cessation strategy (in the Funding Strategy Statement) for those employers who might exit the scheme during volatile financial conditions.

8.5 Councillor Corcoran again registered his query regarding whether it was appropriate to assume that longevity would continue to improve.

8.6 The Committee also received a presentation from the Fund's Strategic Investment advisor Mercer, which set out the timeline and work programme to review the Fund's investment strategy over the next six months. The plan is that an updated Investment Strategy Statement (ISS) and Responsible Investment (RI) policy will be endorsed and consulted on in early 2023. In line with Investment Regulations a final ISS and RI will then be published on the Fund's website in April 2023.

The Committee endorsed:

- a) Noted the progress made in completing the 2022 Triennial Valuation;
- b) Noted the considerations and proposed timetable for the production of a revised Investment Strategy Statement for publication in April 2023.

9 LGPS CENTRAL AND POOLING UPDATE

- 9.1 The Committee received a presentation from LGPS Central Ltd. The presentation included a company and pooling update and a review of the performance of current investment products and plans for future product launches. The company also described their integrated and proactive Responsible Investment approach and updated on staffing and recruitment issues.

10 ANY OTHER BUSINESS

- 10.1 No matters were raised.

MINUTES OF LOCAL PENSION BOARD – 18 October 2022

PRESENT

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

CW&C Officers: Heidi Catherall, Steven Wilcock, Dan Harte and Aaron Austin

1. PROCEDURAL MATTERS

- 1.1 No declarations of interest were received.
- 1.2 The Board reviewed the minutes from meeting which took place on 12 July 2022 having previously approved them by email.
- 1.3 Board members noted that the suggestion from the last meeting, of reporting on Multi Academy Trusts rather than individual academies, had been discussed and it was confirmed that this would not reduce the administrative burden upon the Fund.
- 1.4 The action tracker was reviewed and the contents noted.

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 30 September 2022 and the minutes from the Investment Sub Committee held on 26 August 2022.
- 2.2 The Board noted that there had been a number of apologies for the Committee meeting. Officers confirmed that due to the sad passing of Her Majesty Queen Elizabeth II, the original Committee meeting of 9 September was cancelled. It was therefore difficult to find a suitable date when all members would be available at short notice.
- 2.3 Whilst the Fund is not directly impacted by recent market volatility relating to Liability Driven Investments, the Board felt it would be informative if the Fund's Investment Advisors Mercer, could provide an overview of the long-term implications of the investment markets on asset and liability values.

- 2.4 Officers highlighted an issue relating to the Fund's investment property at the Lansdown Industrial Estate in Cheltenham. The Fund's property development company, Patrizia, have a redevelopment proposal for the site which is being considered by Cheltenham Borough Council. There has been local opposition to the redevelopment, particularly from the Cheltenham Civic Society. The Fund are attending a meeting with the Cabinet Member for Economic Growth at Cheltenham Borough Council to discuss the issue in the coming weeks.
- 2.5 Board members requested that an item be added to the agenda for the next meeting on the Fund's approach to monitoring the impact of climate change on its investments. The Fund is about to publish its third annual report in line with the requirements of the Taskforce for Climate Related Financial Disclosures (TCFD) which is soon to be a mandatory requirement for all LGPS funds.

RESOLVED that the Board: Noted the minutes of the Pension Fund Committee and Investment Sub Committee meetings. Officers will ensure that the Board's suggestions outlined above are taken forward.

3. PENSIONS PROGRAMME

- 3.1 The Board received a verbal update on the pension change programme and noted the progress which is being made.
- 3.2 The Fund has now transitioned its administration database from an 'on premise' solution hosted by the Council's ICT department to a cloud hosted solution managed by Civica. Now that this move has been made the Fund can implement the Member Self-Serve functionality which will transform how the Fund engages with its members.
- 3.3 Board members will be kept informed of progress in meeting the programme aims.

4. UPDATE FROM THE SCHEME ADVISORY BOARD

- 4.1 Board members noted the agenda from the recent SAB meeting, and those from the sub-committees.
- 4.2 Officers produced a summary of a number of topics covered at the meetings and highlighted a couple of areas of interest for the Board.
- 4.3 The Board also received a copy of a report which was presented to the Pension Fund Committee in September setting out the regulatory changes that the Fund will need to address during 2022 and beyond.

5. PERFORMANCE MANAGEMENT FRAMEWORK Qtr 2 – 2022/23

- 5.1 The Board reviewed the Performance Management Framework (PMF) for quarter 2 (July to August 2022), which contained updates on key areas of performance and comparator information from previous quarters.

- 5.2 Board members noted that the red rating remains on administration casework with backlogs exceeding 10% of membership. Material progress is being made on reducing casework backlogs, but the balance remains above 10% of members and this position will continue in the medium term whilst the pension team continues to resolve old casework and implement the developments outlined in the pensions programme.
- 5.3 The Board received an update on the additional posts which have been added to the structure to add resilience for the additional regulatory and governance challenges facing the Fund.
- 5.4 A new Governance Manager has now started with the Fund and other posts will be advertised in the coming weeks.
- 5.5 The Board did not receive any direct submissions from members during the quarter.

6. TERMS OF REFERENCE / GOVERNANCE REVIEW AMENDMENTS AND CONFLICTS OF INTEREST REVIEW

- 6.1 The Board reviewed the proposed changes to their Terms of Reference (ToR), which has initially been suggested by the Barnett Waddingham Governance review, and last considered by the Board in May 2021.
- 6.2 Board members delayed amendments to the ToR awaiting the outcomes from the Scheme Advisory Board Good Governance review to be officially adopted by DLUHC, however, as the changes are largely a reflection of common practice they will now be implemented.
- 6.3 The Board worked through each change and agreed whether they want to amend the ToR. The changes will be presented to the Audit and Governance Committee in January 2023.
- 6.4 The Board also reviewed the ToR document itself and noted a couple of additional changes to be made. These changes will be incorporated into the report to Audit and Governance Committee.
- 6.5 Finally, the Board reviewed the, now Fund wide, Conflicts of Interest policy and did not identify any required changes.

RESOLVED that the Board:

- a) Reviewed the recommendations from the Barnett Waddingham review and considered any necessary changes to the Terms of Reference.
- b) Commented on the Terms of Reference and identified any required amendment, either to the ToR or to the Board's working practices.
- c) Commented on the Conflicts of Interest Policy and identified any required amendments.

7. COMMUNICATIONS STRATEGY UPDATE

- 7.1 Board members were reminded that the Pension Fund Committee originally reviewed the draft communications strategy in June. The strategy was then issued for consultation and the Fund received a number of responses which were overwhelmingly positive.
- 7.2 The Board also received verbatim copies of the narrative feedback to the consultation.
- 7.3 No changes were made to the strategy as a result of feedback from the consultation and the Committee endorsed the final version at its meeting on 30 September, to come into force with immediate effect.
- 7.4 The Board were happy with the strategy and pleased to see it come into effect.

RESOLVED that the Board:

- a) Noted that the Communications Strategy has not been amended following the responses to the consultation, and
- b) Noted that the Pension Fund Committee, endorsed that Officers publish the Communications Strategy to come into force with immediate effect and begin implementing the strategy to meet the Fund's communication objectives.

8. DATA QUALITY

- 8.1 The Board were reminded of the Data Scores which have been provided to the Pensions Regulator for the past three years.

	TPR Scheme Return			
	1-Sep-19	25-Sep-20	1-Nov-21	10-Oct-22
Common Data	98.07%	98.73%	98.95%	99.10%
Scheme Specific Data	74.18%	74.01%	80.09%	77.17%

- 8.2 The common data percentage score as at 10 October 2022 is 99.10%. This has been achieved as the Fund commissioned a company to complete the tracing of lost contact members.
- 8.3 Scheme specific scores are slightly lower as the Fund is in the process of updating the 2021/22 'per member' information.
- 8.4 The Fund has worked with its database provider to move to the new TPR measurement report which will provide the scores directly from the database.
- 8.5 The database provider has made the necessary changes to the report and the Fund hopes to implement a software update in order to implement the changes. However, this will not take place before the Fund has to submit the 2022 Scheme Return to the Pensions Regulator so the Fund will again report scores based on the foundation approach.

- 8.6 Once the database provider report is implemented, the Fund will need to retest the report to ensure that all of the data validation issues have been fixed before switching to the report.
- 8.7 Board members also received an update on the pension dashboards programme and the Fund's continued focus on improving data quality in preparation. The Fund is also researching options for an Integrated Service Provider who will assist the Fund in providing the necessary information to the Pensions Dashboard.

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

9. COMPLIANCE UPDATE

- 9.1 The Board were presented with a summary of the breaches log for the period 1 April to 30 June 2022, noting that 19 breaches had been logged over the period.

RESOLVED that: Board members noted the summary breaches log covering the period 1 April to 30 June 2022.

10. FEEDBACK FROM EVENTS

- 10.1 PR attended the Pension Fund Committee meetings on 30 September to observe the discussion on the review of the Statement of Accounts and Annual Report.
- 10.2 PR also advised the Board that he had now completed all modules of the Hymans online learning academy, known as LOLA, and recommended it to colleagues

RESOLVED that:

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

11. REVIEW OF THE WORK PLAN

- 11.1 The Board reviewed the work plan.
- 11.2 Items identified for the next meeting included an update on cyber security, the pensions dashboard programme and any other regulatory changes.

12. AOB

- 12.1 Meeting dates for 2023 have been suggested as follows:

- 21 February 2023
- 3 May 2023
- 30 May 2023 (Review of the Statement of Accounts/Annual Report)
- 8 August 2023 (this meeting date may need to change to accommodate availability)
- 17 October 2023

12.2 Officers briefed the Board on news of Mark Wynn's move to become Director of Resources at Lancashire County Council. The post of Chief Operating Officer at Cheshire West and Chester Council plays a central role in the governance of the Fund and officers will keep the Board updated as appropriate.

GROUP : **PENSION CONSULTATIVE FORUM**
DATE : **21/10/2022**
TIME : **10am**
VENUE : **Virtual Meeting via Microsoft Teams**


Present:

Chair	Peter Raynes (PR)
Cheshire West and Chester Council	Chris Pleavin (CP)
Cheshire East Council	Emma Cornwell (EC) and Laurence Flanagan (LF)
Cheshire Police	Jude West (JW)
Warrington BC	Helen Barr (HB)
Halton BC	Yvonne Caldwell (YC)
Adoption Matters	Karen Davies (KD)
Guinness Partnership	Andrew Wilson
ANSA	Angela McBride (AM)
Everybody Health and Leisure	Ruth Hind (RH)
Chalc	Jackie Weaver (JW)
Cheshire Pension Fund	Heidi Catherall (HC), Nick Jones (NJ), Nigel Dorrington (ND), John Coombes (JC), Aaron Thomas (AT) and Ian Fullerton (IF)
Local Pension Board	Neil Harvey (NH)

Apologies:

Cheshire West and Chester Council	Rosemary Hodgson
Cheshire East	David Worrall
Cheshire Police	Wendy Bebbington and Michael Nulty
Halton BC	Richard Rout
Warrington BC	Nicola Kane
Cheshire Fire	Jill Swift
Brio	Jason Moore

Item	Minute
1	<p>Minutes of the Last Meeting</p> <p>The minutes of the 24 June 2022 meeting were reviewed and approved, having previously been circulated via email.</p>
2	<p>Pensions Programme</p> <p>Officers presented an overview of progress on the pensions programme.</p> <p>Work is progressing well in all work streams and HC provided an overview of achievements to date:</p> <ul style="list-style-type: none"> • Backlogs – administration casework backlogs have reduced by 45% • MI – 84% of employers are onboarded. Systems and processes are being refined to ensure all remaining employers are onboarded by 31 March 2023.

Item	Minute
	<ul style="list-style-type: none"> • Data Quality – a Data Improvement Plan has been produced to tackle data improvements in key areas. • Multi Skilling – the training and development plan has been embedded for staff within the operations team. This workstream will soon be closed as the objectives of the project have been met. • Communications Strategy – the strategy has been endorsed by the Pension Fund Committee, following a period of consultation which ended in July. The strategy will now be implemented. <p>The Fund is continuing to work with employers to collect the necessary data ready to implement the McCloud remedy once regulations change in October 2023. To date 50-55% of the data has been obtained.</p> <p>The key achievement in the last quarter is that the Fund has moved its administration database from an ‘on premise’ system hosted on Council servers to a cloud hosted system with Civica, the funds database provider.</p> <p>Now that this key move has been completed the Fund can implement the My Cheshire Pension portal (member self-serve technology) and plan next steps for system development.</p>
3	<p>Employer Engagement - Breakout</p> <p>The Fund would like to revisit the approach to engagement with employers. The previous Customer Relationship Model (CRM), where the fund had named points of contact who would meet with a contact in the employer, has not worked as intended.</p> <p>This is due to the complexity of issues that both the Fund and employers are dealing with and the variety of different contacts within each employer, including HR, payroll, finance, Chief Executives. Therefore, the one contact model was too simplistic.</p> <p>The Fund has taken a step back and wants to revisit the aims of engagement:</p> <ul style="list-style-type: none"> • What are we trying to achieve with employer engagement • What are the benefits • What methods should be used to communicate <p>Once these questions have been answered the Fund can look at how this is delivered.</p> <p>To assist with this the Fund would like to introduce an Employer Engagement Strategy to formalise the approach in one document.</p> <p>Forum members agreed that this was a good approach to take.</p> <p>The Forum then considered a number of questions about employer engagement, which are summarised in the attachment appended below.</p> <div style="text-align: center;">  <p>Item 3 - Employer Engagement - Breako</p> </div>

Item	Minute
	<p>PR asked whether Forum members were clear on who they needed to contact at the Fund on specific issues.</p> <p>The general consensus was that Forum members were not clear on the correct contact and tended to ask the person they knew. Often HC or NJ</p> <p>AW explained that this was no different in other funds.</p> <p>JW explained that although she has a named contact but this didn't always help as once she had waited a number of days for a response on something that was urgent.</p>
4	<p>Member Focus Groups</p> <p>ND reminded the group that, now the Communications Strategy has been implemented, the Fund is looking for further ways to engage with membership.</p> <p>The Fund is undertaking Focus Group events in order to gather more in-depth feedback from members and assist the Fund with targeting the areas of most importance.</p> <p>Some virtual events have been organised for November and December. However, the Fund is also happy to arrange 'in person' events or attend any other employer events which may be organised to allow us to hold some of these sessions.</p> <p>Forum members are encouraged to share information about the Focus Groups with their membership to drum up support.</p> <p>In order to encourage participation, the Fund will also run a prize draw for members who take part with a high street voucher worth £50 for the winner.</p> <p>ND will circulate a poster advertising the dates and an article that can be re-used in employer communications.</p>
5	<p>Pensions Dashboard Programme and My Cheshire Pension portal</p> <p>HC provided an overview of the national pensions dashboard programme. This is a national initiative to provide information on all pension benefits for members online.</p> <p>Further information is available on the PDP website: UK Pensions Dashboards Programme Homepage</p> <p>The Fund will need to onboard onto the dashboard by 30 September 2024 and work is underway to ensure that our data quality is suitable in time for this. The Fund will also appoint an Integrated Service Provider who will support the Fund in making information available to the Dashboard.</p> <p>The Fund will need to ensure that it is adequately resourced to deal with queries that the PDP will generate from members.</p>

Item	Minute
	<p>In addition to the PDP the Fund will be rolling out the My Cheshire Pension portal from March 2023. This will allow members of the Cheshire Pension Fund to view their pension details held with the Fund.</p> <p>It will also allow members to liaise directly and securely with the Fund, update key information (e.g. death grant nominations) and undertake some pension modelling.</p> <p>Warrington Borough Council and Adoption Matters have volunteered to be pilot sites for the Fund and their staff will be testing the functionality from early in the new year, prior to the phased rollout commencing from March 2023.</p>
6	<p>Regulatory Update</p> <p>HC provided an overview of the considerable challenges facing the Fund in 2022 and beyond, from a variety of consultations and regulatory changes, including:</p> <ul style="list-style-type: none"> • Academies white paper • McCloud • Exit Reform • SAB – Good Governance • TPR – Single Code of Practice • Pensions Dashboard <p>These are just some of the legislative changes that will impact the Fund on governance and administration issues and resources are being put in place to manage this demand.</p>
6	<p>Round Table Briefing</p> <p>No matters were raised.</p>
7	<p>AOB</p> <p>NJ explained that the annual Employer meeting/s will take place online on 5 December 2022.</p> <p>The next meeting is 3 February 2023</p>