DRAFT BUSINESS PLAN 2023-27

Introduction

1.   This paper presents the draft Business Plan 2023-27, included at Appendix A.

Recommendation

2.   The Committee is asked to endorse the Business Plan and the proposed 2023-24 budget.

2022-2026 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:

- The Fund's overall vision
- Governance arrangements
- The Fund's principles and objectives
- Resources - budget and staffing
- An action plan

4.   The Business plan sets out a range of key activities and milestones themed under the four primary objectives, which are:

- To be a well-managed pension fund that delivers value for money.
- To be a customer focused organisation.
- To communicate effectively with our stakeholders.
- To increase the availability of online services.

5.   There remains considerable uncertainty on the scope and timing of national developments, particularly regulations to implement McCloud, SAB Good Governance review, a revised exit cap and expected DLUHC consultations. Locally a tender process is scheduled to be undertaken early in 2023-24 for the investment advisor's contract, 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.   The key themes and objectives were considered by the Local Pensions Board and Pension Fund Committee at their joint training session on 24 February 2023. Subject to any further views from the Committee, officers will finalise the Plan (and in particular refine the KPI's and actions) and report any significant amendments to the June Committee. The Fund's progress against the Business Plan and in particular the Risk Register and Action Plan, will be reported to the Committee on a quarterly basis through the year.

Resourcing the Plan

8.   The forecast budget for 2023-24 is £5.537m; this is a net increase of £320k or 6.1% on the approved budget for 2022-23. The main items of growth relate to:
   - Funding for the staff pay awards, reflecting the full cost of both the 22-23 agreed award and the offer made to date for 23-24 by the employers.
   - Increase in staff resources approved by Committee in July 2022 to increase staffing establishment from 52 to 57 FTE.
   - A number of external suppliers raising their prices in line with inflation.
   - Funding to reflect the increase in running costs of 16% from the Fund's asset pooling company LGPS Central Ltd.

Table 1: Budget Summary for 2023-24

Budget Summary			
	2022-23	**2023-24**	**Change**
	£000	£000	£000
Employee costs	2,080	2,528	448
Premises	74	84	10
Transport	5	3	-2
Supplies & Services	2,858	2,902	44
Contingency	200	20	-180
TOTAL	**5,217**	**5,537**	**320**

9.   A small contingency is included to recognise uncertainty around costs relating to items such as the Investment Consultancy re-procurement and cyber risk mitigations.

Cheshire Pension Fund
Business Plan 2023 - 2027

Contents

Introduction

This business plan sets out the long-term objectives of the Cheshire Pension Fund, the strategic priorities and target outcomes for the next four years and the delivery plan for 2023-24 (Year 1). The purpose of the plan is to: -

- Set out the long-term vision of the Cheshire Pension Fund, and the context within which it operates.
- Sets out the principles which underpins all the activities undertaken by the Fund.
- Describes the four main objectives and the actions the Fund will take to meet these objectives, and specific delivery targets for the coming year.
- Provide a basis for monitoring performance and reviewing progress.
- Provide a basis for resource planning and allocation.
- Provide a basis for assessing and managing risk.
- Provide stakeholders, partners and customers with a clear vision of what they can expect from the Fund and a basis on which it can be held to account.

The 2023-24 delivery plan will be monitored, and progress reports will be provided to the Pension Board and Pension Fund Committee on a quarterly basis, with the plan being reviewed and rolled forward annually.

About the Pension Fund

This section gives an overview of our governance arrangements and structure and services we provide.

The Cheshire Pension Fund administers pension benefits for 107,000 members of the Local Government Pension Scheme (LGPS) in Cheshire. Over 320 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.

The Fund's governance and senior management structure is summarised in the diagram below:
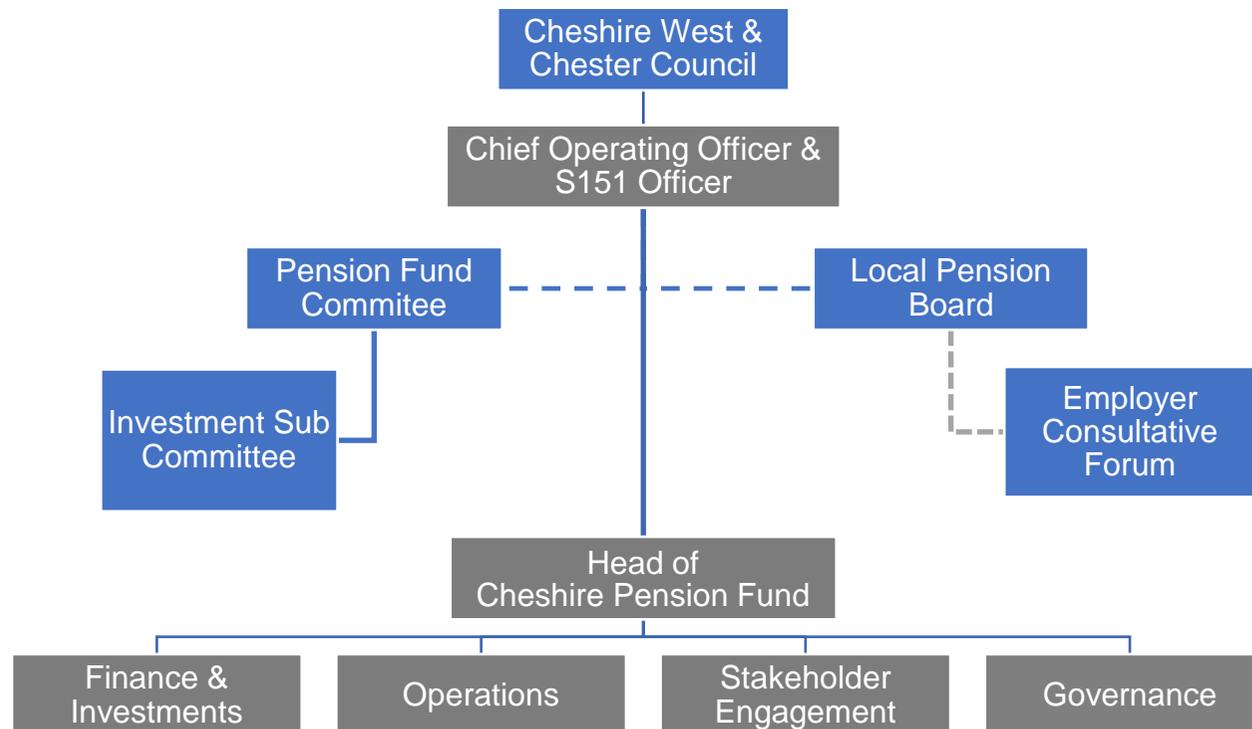
The Council has delegated responsibility for the management and administration of the Fund to the Chief Operating Officer who is the Council's Section 151 Officer and is the senior responsible officer for the Fund. The Chief Operating Officer is supported and advised by the Pension Fund Committee, whose membership includes elected Councillors from the four participating Councils plus a scheme member representative.
The Pension Fund Committee is in turn supported by an Investment Sub-Committee, who carry out detailed oversight and scrutiny of Fund investments and who makes recommendations to the Pension Fund Committee and Chief Operating Officer.

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 and best practice standards laid down by the national Scheme Advisory Board, the Pensions Regulator and relevant professional bodies. The Chief Operating Officer is supported by a dedicated Pensions team led by the Head of Cheshire Pension Fund. The Pensions team is organised into four teams who have the day-to-day responsibilities outlined below:

Operations	Finance and Investments	Stakeholder Engagement	Governance
• Administer pension benefits in accordance with LGPS and associated regulations and guidance • Implement changes to regulations as they arise, including the rectification of existing benefits where required • Meet the requirements of disclosure regulations to inform members of estimated pension benefits and tax implications • Maintain the administration database to hold all member data and calculate pension benefits • Maintain and develop the database to maximise technological advancements	• Monitor and manage the Fund's investment portfolio • Work with the Fund's wholly owned asset pooling company LGPS Central Ltd and seven partner funds to transition investment assets into the pool. • To maintain the Fund's accounting records for income expenditure and asset values. • To monitor the Fund's budget and outturn position • Produce the Fund's Annual Statement of Accounts • Monitor all contribution payments from employers • To provide monthly financial cashflow and investment returns to the Fund actuary	• Manage the onboarding of new employers into the Fund in accordance with all relevant regulations, policies and best practice guidance • Manage the exits and cessations of employers out of the Fund in accordance with all relevant regulations, policies and best practice guidance • Provide strategic and policy advice to employers to enable them to make effective decisions and meet their obligations as employers in the LGPS • Set, implement and review Fund wide and employer specific funding and contribution plans to ensure that funding objectives are met • Set, implement and review engagement and communication strategies to support employers and members to make effective decisions and meet their obligations as employers in the LGPS	• Demonstrate full compliance with all relevant regulations and best practice guidance • Provide strategic, policy and operational advice on all aspects of good governance • Advise on legislative and best practice developments, including consultation responses • Lead and advise on all governance issues relating to the Fund's wholly owned asset pooling company LGPS Central Ltd • Contribute to the effective stewardship of the Fund's investment assets
All teams have a responsibility to maintain and develop systems and processes to improve service efficiency			
FTE: 45.00	FTE: 5.0	FTE: 5.0	FTE: 1.0

What Cheshire Pension Fund MUST do

This section gives an overview of our services' regulatory / statutory duties. These are the things that we are committed to undertaking, either because of primary legislation, regulation or agreements entered into by us with key partners.

	Legislative framework and local policies	Key contractual agreements with partners
Operations	Administer benefits in accordance with legislation Public Service Pensions Act 2013 (legislation.gov.uk) • The Fund must issue an Annual Benefit Statement to all active, deferred, deferred pensioner and pension credit members each year in accordance with LGPS reg's section 89 The Local Government Pension Scheme Regulations 2013 (legislation.gov.uk) • Inform any members who have breached Annual Allowance or Lifetime Allowance thresholds – in line with the Finance Act 2004/2017 • The Fund must ensure specific checks are made before complying with a member's request to transfer their pension The Occupational and Personal Pension Schemes (Conditions for Transfers) Regulations 2021 (legislation.gov.uk)	• Contract with Civica UK Limited who supply pensions administration software • Standard Life AVC provider
Finance and Investments	Produce a revised Investment Strategy Statement every three years to comply with the 2016 Investment Regs (The Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016 (legislation.gov.uk) • Manage investment assets in accordance with the published ISS. • Review its ISS at least every three years and publish revisions. • Maintain appropriate financial records and hold funds in a bank account separate from the Council. • Adhere to all statutory guidance as issued periodically by the Secretary of State with regard to LGPS Investments e.g. asset pooling guidance Local government pension scheme: investment reform criteria and guidance - GOV.UK (www.gov.uk)	• Shareholders' agreement with seven other LGPS Central partner funds • Investment contracts/mandates/limited partnerships with all legacy investment managers and LGPS Central Ltd • Contract with Mercer, Strategic Investment Advisors

	Legislative framework and local policies	Key contractual agreements with partners
Finance and Investments (Continued)	• The Fund must manage its investment portfolio in line with its published Investment Strategy Statement, its Responsible Investment policy, and its Climate Change Strategy. • Publish an Annual Report including audited Statement of Accounts by 1st December each year.	• Contract with BNY Mellon for custody, accounting and performance monitoring services
Stakeholder engagement	Prepare, maintain and publish a written Funding Strategy Statement (FSS) https://www.lgpsregs.org/schemeregs/lgpsregs2013/timeline.php#r58 • Publish a triennial valuation of the assets and liabilities of the Fund and a rates and adjustments certificate prepared by an actuary https://www.lgpsregs.org/schemeregs/lgpsregs2013/timeline.php#r62 • In special circumstances obtain a revised valuation and rates and adjustment certificate https://www.lgpsregs.org/schemeregs/lgpsregs2013/timeline.php#r64 • Prepare, maintain and publish a written communications policy https://www.lgpsregs.org/schemeregs/lgpsregs2013/timeline.php#reg61	• Admission Agreements with employers • Formal funding /pass through /debt spreading/ deferred debt arrangements • Formal security/bond arrangements • Actuarial Contract with Hymans Robertson
Governance	• Assess compliance with The Pensions Regulator Code of Practice (currently Code 14 Governance and administration of public service pension schemes (TPR Code 14) but replacement code currently published in draft (Draft Combined Code of Practice) – and establish action plan to mitigate any gaps between expected and actual practice • Implement Scheme Advisory Board Good Governance requirements (recommendations currently in draft and awaiting statutory implementation following further consultation - Scheme Advisory Board - Good Governance) • Produce an annual Governance Compliance Statement to comply with the 2013 LGPS Regulations (Section 55 LGPS Regulations 2013)	• Support Council's shareholder representative in approving an LGPS Central Ltd business plan and setting a budget for each financial year in accordance with Shareholder Agreement

Our Successes, Lesson Learned and Self-Assessment

Service Area	This section gives a summary of recent successes and lessons learned
Operations	<u>Successes</u> • Administration Casework Backlogs – Reduced by c50% in one year. • 80% of all employers now engaged in monthly interfacing (the online provision of monthly pensions contribution data). • Multiskilling. We have introduced a new training plan to broaden the skills of our staff and thereby introduce greater resilience into the team. This will be taken forward in the Workforce Development Plan being developed in 2023/24. <u>Lessons Learnt</u> • Despite multiskilling, we are losing staff to other employers. We need to increase the resilience of our service to ensure we can continue to deliver against our objectives. • Data Quality. Whilst the quality of our data is good overall, our baselining has demonstrated that there is room for improvement. • Automation. Some of our services are heavily dependent on manual intervention. There is opportunity to deliver increased automation of simpler process which then releases capacity to focus on complex casework not suitable for automation and to assist members and other stakeholders. <u>Evidence of Self-Assessment:</u> • Baselining our operations. Our improvement plan is based on clear empirical evidence of our current level of performance, putting us in a strong position to evidence improvement.
Finance and Investments	<u>Successes</u> • Statement of Accounts produced on time • Unqualified audit opinion issued by external audit • The Pension Fund's main financial processes continued to run after Council's move to new Unit 4 ERP financial system • Value of Fund assets at 2022 valuation increased by 25% from 2019 valuation, ahead of expected returns of 9.9% • % of investment assets transitioned to the pool (actual and committed) increased from 30% to 36% over the past year.

Finance and Investments (Continued)	• Over 40 employers no longer complete monthly finance contribution forms – the Fund uses only Monthly Interfacing data to monitor and manage contributions. Lessons Learnt • Scrutiny by external auditor of financial records, accounting entries and all underlying assumptions has increased significantly in recent years • Major commitment of resources required to plan, manage and transition assets safely to LGPS Central Ltd Evidence of Self-Assessment: • Benchmarking of investment returns and sharing of knowledge and best practice across pooling partner funds
Stakeholder Engagement	Successes • Transition to web hosting of Pensions Admin system to increase resilience • Introduced a new Performance Management Framework • Partner and board relationships Lessons Learnt • Communications. We recognise the need to improve our communication, (including feedback) with our customers. Our strategic objectives will reflect this. • Digital opportunities. We recognise the need to increasingly shift to a 'Digital offer' providing our members with more opportunity to 'self serve' with regard to their pension, whether that's getting information or providing information. • External Relations. Linked to improved communications it is a priority for us to improve our external relations with key stakeholders. Evidence of Self-Assessment: • Surveys/workshops conducted amongst members and employers to determine effectiveness of current communications

Governance	Successes • Early development of self-assessment and action plan against new draft Code of Practice • Early development of self-assessment and action plan against emerging Good Governance recommendations • Active involvement in LGPS Central business planning process, in support of the Council's shareholder representative. Lessons learnt • Resources. Challenge of balancing "gold standard" approach with other challenges and ability to resource our Fund priorities. • Uncertain timelines. New Code of Practice and Good Governance outcomes were expected to be in force at the time of writing this business plan. Evidence of Self-Assessment: • Approach to cyber risk assessment (part of draft Code of Practice requirements) is to utilise experience and best practice from the market rather than attempt to develop an approach from scratch using internal resources. • Initial actions in response to draft Code of Practice and Good Governance outcomes are focussed on quick wins to ensure scarce resources have biggest impact, and on areas where the most significant identified gaps have been identified between draft guidance and current practice – likely to add value even if final guidance is different.

Where we are now – analysis summary

This section gives an overview of our Strengths, Weaknesses, Opportunities, Threats:

Strengths:
- Self-Awareness: By baselining our services, we understand the challenges, and opportunities for service improvement.
- Data Management: We are improving the way we receive, hold, manage and use data to drive service improvement and maintain data security.
- High quality trained staff: We have a structured plan to train our staff, which results in greater service resilience.
- Staffing: We embrace flexible working practices across all teams, combined with high quality training and career development.

Weaknesses:
- Efficiency: We are not yet making full use of efficiencies through greater automation and exploitation of new digital opportunities.
- Effectiveness: Our effectiveness is diminished through continued use of manual processes that take longer and are more prone to error.
- Economy: We can make savings through automated processes that we are not currently making best use of.
- Staff Retention. We lose too many experienced staff to external competition. This impacts on our ability to deliver our objectives.

Opportunities:
- Information Technology: There are gains for staff, customers and stakeholders through greater and more effective use of Information Technology and self-serve capabilities.
- Performance Management Framework: Our developing Performance Management Framework will tell us how we are performing against our strategic objectives/targets giving us opportunity to "fine tune" our performance or intervene earlier where performance does not match expectations.
- Artificial Intelligence (AI) and Automation: There are potentially savings and efficiencies to be made through the exploitation of AI and automation.

Threats:
- External Regulation: Unexpected or untimely regulation can impact our ability to deliver our objectives
- Economic Downturn: The 'cost of living crisis' may force staff to work elsewhere or put increased demands upon our services.
- Expectations from members: With services becoming increasingly online our members rightly want to be able to access and update their information immediately. We need to develop our service to enable that expectation to be realised.

Key Change Drivers

The Fund has identified the following key drivers of change that are likely to have a major impact on our activities in the short to medium term:

- Governance scrutiny – increased scrutiny and oversight of the LGPS at national and local level continues to drive standards of governance and compliance higher. Foremost amongst these changes is the Pensions Regulator's Single Code of Practice and the Scheme Advisory Board's Good Governance review.
- Regulatory changes – whether resulting from court cases (McCloud, Goodwin) or government initiatives (exit cap reform, boycotts and divestment legislation, levelling up etc) such changes will require the Fund to change its policies and processes accordingly to ensure compliance.
- Membership – both the number of employers and members continues to increase year on year (by approx. 5% per year). Employers are increasingly diverse with a wide range of requirements and funding objectives.
- Investment pooling – revised national pooling guidance is expected in 2023, which could alter the pace and the original objectives of asset pooling within the LGPS.
- Responsible Investment – increased expectations for all LGPS funds to effectively demonstrate they are managing all environmental social and governance risks attached to investment effectively. There is a particular focus on climate change risks, driven by member expectations and changing national guidance and regulation.
- Data Quality – the nationally driven Pensions Dashboard and the Fund's own online member portal (My Cheshire Pension), will allow members to review information on their individual pension position whenever they chose. This means all data held by the Fund needs to be accurate and up to date, which in turn requires all employers to provide the Fund with high quality payroll data every month on all members.
- Digital channels/Customer service - Fund members and employers increasingly expect to be able to interact with the Fund online, and for services to be accessible remotely and outside normal business hours. The Fund needs to respond to facilitate these changing expectations and also respond to members enquiries promptly and accurately.

Our Vision

"Providing a secure future for our members."

Our Principles

Our vision is built on four founding principles. These are:

1. **Governance**
   To have effective governance arrangements which allow the Administering Authority's Section 151 officer, the Pension Fund Committee, Local Pension Board, officers, and participating employers to discharge their responsibilities effectively and compliantly.

2. **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.

3. **Funding**
   To ensure financial sustainability to meet scheme members' pensions by actively managing finance and liability risk which deliver stable and affordable employer contribution rates.

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

Everything we do will align with these principles.

Our Objectives

Our objectives have been structured to deliver the vision and align with our principles. We have 4 key objectives:

1. To be a well-managed pension fund that delivers value for money.
2. To be a customer focused organisation.
3. To communicate effectively with our many stakeholders.
4. To increase the availability of online services.

Our objectives will be delivered via a number of SMART (Specific, Measurable, Achievable, Realistic, Timebound) activities that we undertake throughout the year. We will monitor the delivery of these activities closely in order to ensure we can deliver on our promises. This is graphically represented in the diagram below:

Vision
"Providing a secure future for our members"

Objective 1	Objective 2	Objective 3	Objective 4
To be a well managed pension fund that delivers value for money.	To be a customer focused organisation	To communicate effectively with our stakeholders	To pursue digitisation of our services
Action Plan	Action Plan	Action Plan	Action Plan
Individual or team targets	Individual or team targets	Individual or team targets	Individual or team targets

Details of how the objectives translate into targets are contained within the action plan.

Managing Our Risks

This section gives an overview of the risks which have been identified as having the highest risk status. The Fund's full risk register is attached as Appendix B and includes all risks, the mitigating actions and consequent risk status.

Business Plan Risks 2023-24			
Principle	**Risk**	**Planned Action**	**Risk Status**
Governance	Key person risk at Officer, Committee and Local Pension Board, leading to insufficient skills and knowledge, ineffective governance and management / administration of the Fund should key person(s) depart	• Develop and implement a workforce plan • Review and update the training policy in line with the SAB Good Governance outcomes	Amber
Governance	Failure to protect the Fund's technology devices, services and networks, and the information held on them, from theft or damage via electronic means, resulting in financial or-non financial loss, service disruption, potential fines, and reputational damage.	• Undertake, with external support, a cyber risk and vulnerability review, using industry best practice, to assess current protections and to identify what additional steps the Fund needs to take to protect itself adequately from cyber-attack, to ensure it has response plans in place should an attack occur, and to ensure appropriate ongoing governance around this risk. • Resulting action plan following this risk and vulnerability review will be prioritised, and the delivery of recommended actions will be scheduled in accordance with their priorities.	**Red**

Business Plan Risks 2023-24			
Principle	**Risk**	**Planned Action**	**Risk Status**
Investment	Failure to effectively manage the client and shareholder relationship with LGPS Central leading to slow transition of Fund assets, below target investment performance and planned savings and benefits set out in pooling business case not being realised.	• More regular informal meetings of Shareholders Forum. • Quarterly company performance reports shared with shareholders. • Earlier and clearer formal engagement with shareholders on company resolutions prior to Annual General Meeting. • Shareholder engagement in process to appoint new company directors. • Fundamental 3-year review of all existing investment products planned. • Shareholder engagement with newly appointed Non Executive Directors (NEDs) to clarify expectations of the company both now and in the medium term future	Amber
Admin and Comms	Failure to achieve the quality of data required by the Fund, and clear backlogs of casework, leading to inability to meet key regulatory changes, poor customer service, errors in calculating benefits, delays in processing casework and failure to meet statutory disclosures resulting in regulatory penalties.	• The Fund has developed a Data Improvement Plan which will improve the position over the next 12-24 months • The Fund will be switching to a TPR common and scheme specific measuring report which is embedded within the administration database allowing us to identify and rectify all data anomalies in accordance with the 22 data fields identified by SAB • Preparation for the Pensions Dashboard will further improve the quality of data held by the Fund and allow members to view their own record online from 2024 • Introduce a suite of monitoring reports to assess compliance with employers' submissions of MI reports • Further streamlining and standardising the methods of data collection	**Red**

Our Key Stakeholders

This section gives an overview of our key internal and external stakeholders, including private sector and cross-border partnerships:

Internal	External	Private Sector Partners	Cross-Border Partnerships / Other
Cheshire West and Chester Council's Section 151 officer Pension Fund Committee Local Pension Board Chester West and Chester Council – Finance team and corporate colleagues	Pension Fund members Prospective Pension Fund Members Employers Prospective employers Trade Unions DLUHC / DWP / Treasury The Pensions Regulator Scheme Advisory Board The Pensions Ombudsman Pension Fund members' representatives	Hymans Robertson Mercer Grant Thornton Target Investment Managers BNY Mellon Civica Agilisys/Unit 4	LGPS Central Ltd Central Pool Partner Funds

Our Budget

This section gives an overview of the 2023/24 budget compared to 2022/23:

BUDGET SUMMARY	2022/23 £'000	2023/24 £'000	Change £'000
EMPLOYEE COSTS	2,080	2,528	448
PREMISES	74	84	10
TRANSPORT	5	3	-2
SUPPLIES & SERVICES	2,858	2,902	44
CONTINGENCY	200	20	-180
TOTAL	**5,217**	**5,537**	**320**

Our Action Plan

This section gives an overview of the actions that will be undertaken to achieve our objectives and how progress will be measured

OBJECTIVE 1		TO BE A WELL MANAGED PENSION FUND THAT DELIVERS VALUE FOR MONEY						
Action No.		**How will we achieve our Objective**	**KPI ref.**	**Owner**	**Other Services req'd for delivery**	**23/24**	**24/25**	**25/26**
1	1.1	Produce and deliver a new Committee endorsed investment strategy statement		FIM		**April 23**		
	1.2	Backlogs: • Develop a plan for the further reduction of non-key casework backlogs in 2023/24 (Qtr 1) • Implement monitoring system for progress with reduction of aggregation and deferred backlog (Qtr 1-2) • Full implementation of the aggregation module (Qtr 2)	KPI1	OM		•		
	1.3	Data Quality: • Re-baseline the position on data quality and develop a plan with actions aligned to team responsibilities (Qtr 1) • Standardise processes for data input into the administration database (all year) • Training all staff on the correct building blocks of a member record (Qtr 3) • Implement regular exception reporting to identify common and scheme specific data issues (Qtr 3)	KPI2	OM		•		

OBJECTIVE 1		TO BE A WELL MANAGED PENSION FUND THAT DELIVERS VALUE FOR MONEY						
Action No.		How will we achieve our Objective	KPI ref.	Owner	Other Services req'd for delivery	23/24	24/25	25/26
1.4		Monthly Interfacing: • Complete the onboarding of remaining employers onto MI (Qtr 2) • Refine processes so all employers load MI files and remuneration data is accurate (Qtr 3) • Develop a suite of performance reports so we can measure employer performance - files received on time, number of errors, contributions reconcile, files posted up to date (qtr 3/4)	KPI3	OM	Employers	•		
1.5		IT Roadmap: • My Cheshire Pension - develop functionality available to members (Qtr 2 - 4) • Once all employers on MI develop a plan for automation of processes (Qtr 3 - 4) • Develop a plan to implement employer hub (Qtr 3 - 4)		OM	Civica	•		
1.6		McCloud: • Collect remaining part time hours and service break data from employers (Qtr 2) • Introduce assumptions policy where data cannot be collected or is of insufficient quality (Qtr 2) • Once guidance and regulations are published work through to understand what rectification work is required and in what order it should be completed • Develop a detailed rectification plan/timeline (Qtr 2/3)	KPI4	OM	Employers Civica	•		

OBJECTIVE 1		TO BE A WELL MANAGED PENSION FUND THAT DELIVERS VALUE FOR MONEY						
Action No.		**How will we achieve our Objective**	**KPI ref.**	**Owner**	**Other Services req'd for delivery**	**23/24**	**24/25**	**25/26**
	1.6 (Cont)	• Work with administration database provider to automate as much as possible - identification of affected members, indicative underpin calculation (Qtr 2/3)	KPI4	OM	Employers Civica	●		
	1.7	Pensions Dashboards Programme: • Appoint an Integrated Service Provider (Qtr 2) • Undertake baselining against data requirements (Qtr 2-3) • Develop a plan to resolve issues identified in the baselining (Qtr 3-4) • Follow TPR checklist to register and onboard onto the dashboard (Qtr 4)	KPI5	OM	ISP	●		
	1.8	Develop Staff engagement strategy (part of work force dev plan)		PLT				
	1.9	Commission and deliver Cyber Risk and Vulnerability assessment during Q1&2 23/24, resulting in agreed action plan with agreed timescales for delivery of actions		GM	CW&C Compliance & Assurance CE ICTSS Civica	●		
	1.10	Implement the actions from the good governance project • Self assessment against draft outcomes by start of 23/24 • Implement identified priority actions by end of 23/24 • Participate in consultation on final outcomes – timescales to be confirmed		GM		●	●	●

OBJECTIVE 1		TO BE A WELL MANAGED PENSION FUND THAT DELIVERS VALUE FOR MONEY						
Action No.	How will we achieve our Objective		KPI ref.	Owner	Other Services req'd for delivery	23/24	24/25	25/26
1.10 (Cont)	• Self assessment against final outcomes – timescales to be confirmed • Implement identified actions – timescales to be confirmed			GM		●	●	●
1.11	Unified code of practice - self assess and deliver actions • Self assessment against draft outcomes by start of 23/24 • Implement identified priority actions by end of 23/24 • Self assessment against final outcomes – currently expecting final requirements to be released Summer 23 – therefore self assess Q3 23/24 • Implement identified actions – timescales to be confirmed but assumed to be from Q4 23/24 through 24/25 • Carry out annual self assessment as part of governance compliance review			GM		●	●	●
1.12	Deliver shareholder review and approval of LGPS Central Ltd. Business Plan each year • Review of draft business plan and budget during Q3 of each year (Oct – Dec) • Approval of final business plan and budget at company AGM by end of February year			HoF	Pooling Partners	**Feb 24**	●	●
1.15	Implement outcomes consultation							
1.16	Develop and implement customer satisfaction surveys		KPI6	SM				

OBJECTIVE 2		TO BE A CUSTOMER FOCUSSED ORGANISATION						
Action No.		**How will we achieve our Objectives**	**KPI ref.**	**Owner**	**Other Services req'd for delivery**	**23/24**	**24/25**	**25/26**
2	2.1	Review partner fund objectives and relationship with LGPS Central – determine and implement actions – actions and timescales to be agreed in partnership with other partner funds in the Pool and with approval from Cheshire shareholder		HoF	Pooling Partners	•	•	•
	2.2	Develop and implement customer satisfaction surveys	KPI7	SM			•	

OBJECTIVE 3		TO COMMUNICATE EFFECTIVELY WITH OUR MEMBERS						
Action No.		**How we will achieve our objective**	**KPI ref.**	**Owner**	**Other Services req'd for delivery**	**23/24**	**24/25**	**25/26**
3	3.1	My Cheshire Pension - Communication	KPI7, 8, 9	SM		•	•	•
	3.2	McCloud		SM		•		
	3.3	Responsible Investment – review feedback from members on enhanced RI communications		FIM		•		
	3.4	Develop and launch new pensions website		SM			•	
	3.5	Implement agreed employer engagement strategy		SM		•	•	•

OBJECTIVE 4			TO PURSUE DIGITISATION OF OUR SERVICES						
Action No.			**How will we achieve our Objectives**	**KPI ref.**	**Owner**	**Other Services req'd for delivery**	**23/24**	**24/25**	**25/26**
4		4.1	All employers on Monthly Interfacing		OM		●		
		4.2	IT roadmap - consider payroll integration business case		OM				
		4.3	National Pensions Dashboard - Appoint ISP		OM			●	
		4.4	Launch and roll out My Cheshire Pension - including process review	KPI 7, 8, 9.	SM		●	●	
		4.5	Develop and launch new pensions website		SM			●	

Key:

FIM: Finance and Investments Manager
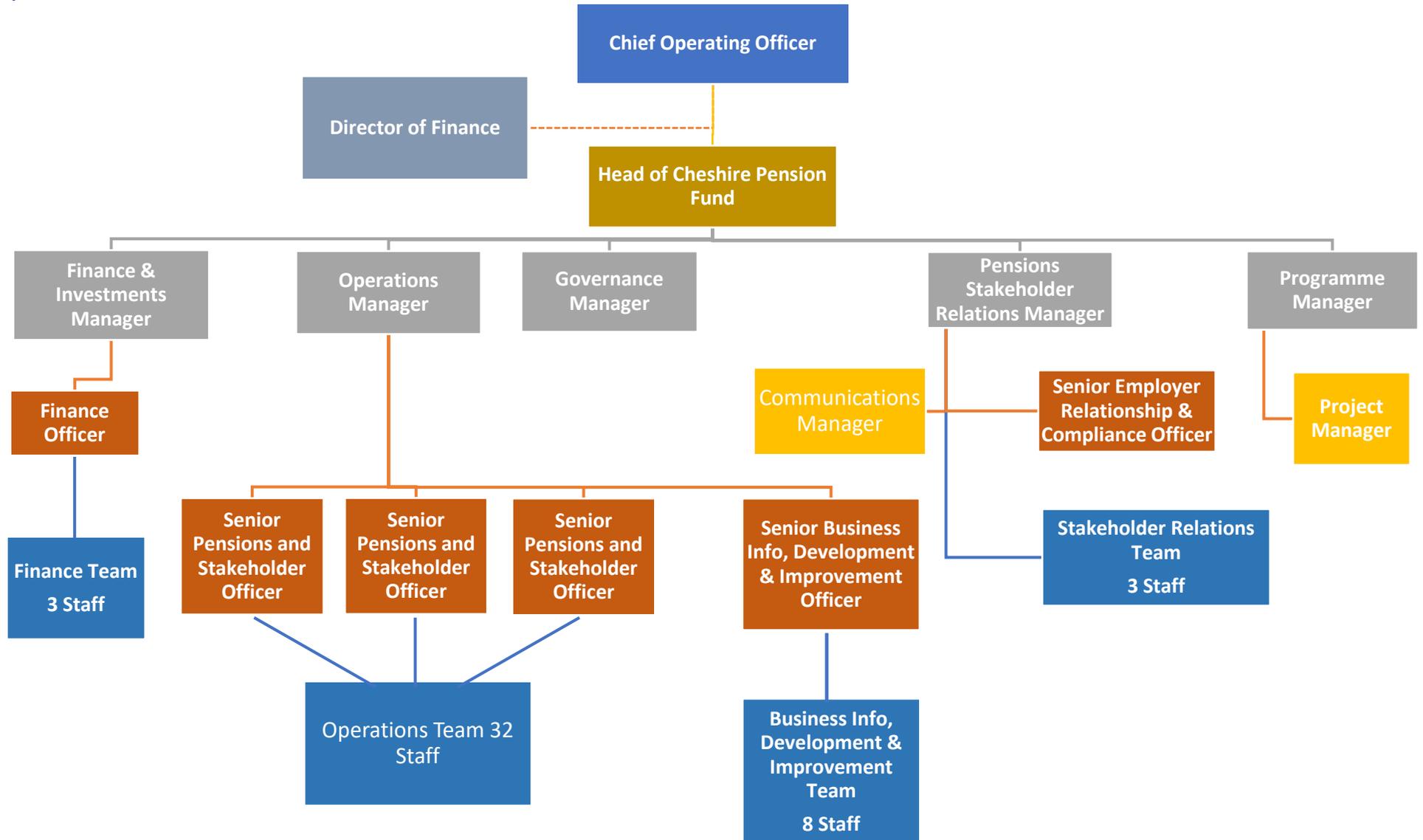HoF: Head of Pension Fund
GM: Governance Manager
OM: Operations Manager
PLT: Pensions Leadership Team
SM: Stakeholder Manager

PI REF.	HOW WE WILL MEASURE THESE ACTIONS? (PERFORMANCE INDICATOR)	Target	Mth	Qtr	Ann
KPI1	Backlogs - % reduction in backlog	TBC			
KPI2	Data Quality - % data improvements (TPR scores)	TBC			
KPI3	Monthly Interfacing - No. employers onboard	100%			
KPI4	McCloud - % data collected	TBC			
KPI5	Pensions Dashboard - % Improvement from baseline Data Quality position	TBC			
KPI6	Percentage of members (or employers if appropriate) satisfied with the service provided by their LGPS fund (this could be obtained via a simple questionnaire of no more than 5 questions)	TBC			
KPI7	Percentage of members (or employers if appropriate) satisfied with the service provided by their LGPS fund (this could be obtained via a simple questionnaire of no more than 5 questions)	TBC			●
KPI7	Percentage of members registered for Fund's My Cheshire Pension portal	20% (year 1)			●
KPI8	Percentage of employers if appropriate satisfied with the service provided (obtained via a simple questionnaire)	90%			●
KPI9	% of Annual Benefit Statements published via My Cheshire Pension (excluding digital opt outs)	100%			●

Appendix A- Structure Chart

Chief Operating Officer

Director of Finance

Head of Cheshire Pension Fund

Finance & Investments Manager

Operations Manager

Governance Manager

Pensions Stakeholder Relations Manager

Programme Manager

Finance Officer

Communications Manager

Senior Employer Relationship & Compliance Officer

Project Manager

Finance Team 3 Staff

Senior Pensions and Stakeholder Officer

Senior Pensions and Stakeholder Officer

Senior Pensions and Stakeholder Officer

Senior Business Info, Development & Improvement Officer

Stakeholder Relations Team 3 Staff

Operations Team 32 Staff

Business Info, Development & Improvement Team 8 Staff

Appendix B- Risk Register 2023/24

RISK NUMBER	CATEGORY	DESCRIPTION OF RISK	CURRENT MITIGATING CONTROLS	CURRENT RISK LIKELIHOOD 1 - LOW CHANCE 2 - UNLIKELY TO OCCUR 3 - LIKELY TO OCCUR 4 - VERY LIKELY TO OCCUR	CURRENT RISK IMPACT 1 - MINOR 2 - SIGNFICIANT 3 - SERIOUS 4 - MAJOR	CURRENT RISK RATING	PLANNED RISK ACTIONS TREAT TOLERATE TAKE TERMINATE TRANSFER	ACTION DETAILS&BUDGET / RESOURCES ALLOCATED	TIMESCALE FOR DELIVERING PLANNED RISK ACTIONS	TARGET RISK LIKELIHOOD 1 - LOW CHANCE 2 - UNLIKELY TO OCCUR 3 - LIKELY TO OCCUR 4 - VERY LIKELY TO OCCUR	TARGET RISK IMPACT 1 - MINOR 2 - SIGNFICIANT 3 - SERIOUS 4 - MAJOR	TARGET RISK RATING
1	Governance	Key person risk at Officer, Committee and Local Pension Board, leading to insufficient skills and knowledge, ineffective governance and management / administration of the Fund should key person(s) depart	• Training and induction plans in place for existing and new Committee and Board members in line with CIPFA guidance • Officer training programmes in line with CIPFA guidance. • Staff training needs identified and addressed through the training and development plans linked to the appraisal process. • Collective and shared knowledge embedded through team meetings, internal staff bulletins, written procedure notes and internal training etc. • Career grade posts are included within the structure to retain staff and develop their skills	3	3	🟠 9	TREAT	• Develop and implement a workforce plan • Review and update the training policy in line with the SAB Good Governance outcomes	2023/24	3	3	🟠 9
2	Governance	Failure to ensure appropriate knowledge and skills at Officer, Committee and Board leading to ineffective governance and management / administration of the Fund	• Training and induction plans in place for new staff, Committee and Board members in line with CIPFA guidance • Diversified Board and Committee membership. • Split cycle of tenure and re-nomination for Pension Board members with not all members being on the same cycle • Different Councils and Committee members are on different election cycles. • An annual self-assessment of knowledge and skills • Online learning facility for all members in line with CIPFA K&S Framework	2	3	🟠 6	TREAT	• Introduce additonal methods of delivering training (e.g. videos) • Annual knowledge and skills assessment - results presented to Pension Fund Committee • Ensure participation in online training, with a focus on an online product supplied by Hymans Robertson (LOLA) which includes the ability to monitor participation • Clarification of expectations for Committee and Board members in their role with the Fund to ensure compliance with expected governance requirements • Introduction of an enhanced and standardised induction programme for new members	2023/24	1	3	🟢 3
3	Governance	Failure to comply with current and emerging statutory and regulatory requirements, leading to potential non-compliance, impact on service delivery, reputational risk and penalties.	• Regular monitoring of compliance against all statutory, regulatory and best practice requirements • Local Pension Board reviews of compliance • Engage with the Local Government Association / Scheme Advisory Board / Fund Actuary and other networking groups / conferences / seminars to keep abreast of emerging issues • Pensions Governance Manager now in post, giving additional focus and prioritisation to managing compliance risks and issues	2	3	🟠 6	TREAT	• Respond to consultations on regulatory changes • Review and/or develop policies and processes in line with changing guidance e.g. cyber security, Taskforce for Climate-related Financial Disclosures	2023/24	2	3	🟠 6
4	Governance	Failure to protect the Fund's technology devices, services and networks, and the information held on them, from theft or damage via electronic means, resulting in financial or- non financial loss, service disruption, potential fines, and reputational damage.	• The Fund's administration system Civica UPM, and the host authority's financial system Unit4 ERP, which the Fund relies upon, are each hosted externally. The hosted services are managed via a contractual relationship by the relevant system's supplier, providing robust data security, regular technology upgrades, and documented / tested business continuity and disaster recovery procedures • All other Fund IT systems are hosted on Council servers hosted by Cheshire East ICT and access is restricted in line with Council protocols • The Council use a variety of tools to keep data secure, including: • O365 security monitoring – spam monitoring and malware detection • Network security – annual external pen testing; weekly internal pen monitoring; firewalls; remote access gateway • Systems protection – multi-factor authentication; role based access; Pensions systems and data team to manage system access and liaison with the supplier; laptop encryption • Access to the administration database is controlled by the Pension Fund and users have individual passwords and controlled access • Staff members undertake mandatory cyber security training • The Fund's host authority Cheshire West & Chester Council, issues updates and warnings to all staff on the subject of cyber risk and cyber security	3	4	🔴 12	TREAT	• Undertake, with external support, a cyber risk and vulnerability review, using industry best practice, to assess current protections and to identify what additional steps the Fund needs to take to protect itself adequately from cyber attack, to ensure it has response plans in place should an attack occur, and to ensure appropriate ongoing governance around this risk. • Resulting action plan following this risk and vulnerability review will be prioritised, and the delivery of recommended actions will be scheduled in accordance with their priorities.	2023/24	3	4	🔴 12

#	Category	Risk	Controls	Likelihood	Impact	Score	Response	Actions	Year	Target Likelihood	Target Impact	Target Score
5	Investment	Failure to effectively manage financially related investment risk from Environmental, Social and Governance factors, leading to the adoption of an investment approach which fails to place sufficient emphasis on the importance of strong financial returns to meet pension obligations	• Continue to develop the Fund's pro-active approach to the management of ESG issues • Reporting on current ESG issues to every meeting of the Fund's Investment Sub Committee • Leverage support of LGPS Central to pro-actively manage all financially material ESG risks	2	3	🟠6	TREAT	• Develop a pro-active approach to engaging with all key stakeholders on ESG issues e.g. regular meetings with Chief Execs of four Cheshire councils. • Work with Partner Funds and LGPS Central to embed Responsible Investment approach and prcoesses in investment products • Ongoing challenge to legacy managers to improve RI metrics • Improved reporting and communciation with Fund	2023/24	2	3	🟠6
6	Investment	Failure to effectively manage the risk from climate change leading to a significant and permanent reduction in the Fund's investment returns, thereby placing upward pressure on employers' contribution rates	• Annual publication of a Fund Climate Risk report, fully compliant with the requirements of the industry best practice Taskforce on Climate Related Financial Disclosures (TCFD) • Annual stewardship and engagement plan to manage investment holdings with high carbon footprint • Plan and targets to decarbonise the Fund's equity holdings well in advance of the general market	2	3	🟠6	TREAT	• Implement new investments in green, low carbon and sustainable assets • Push for improved carbon data metrics for all asset classes in the Fund's portfolio • Develop and implement the Fund's approach to net zero transition and communicate progress with stakeholders effectively	2023/24	1	3	🟢3
7	Investment	Failure to effectively manage the client and shareholder relationship with LGPS Central leading to slow transition of Fund assets, below target investment performance and planned savings and benefits set out in pooling business case not being realised.	• Joint partner fund shareholder monitoring of company through Shareholders Forum • Joint partner fund client side monitoring of delivery and performance through the Joint Committee and Practitioners' Advisory Forum • Detailed model for cost/savings tracking • Business Case for all asset transfers considered and endorsed by Pension Fund Committeee • Regular reporting of transition progress to DLUHC • CPF input alongside partner funds into design of pooled investment products via Investment Working Group • Partner Fund's regular scrutiny of investment performance of existing LGPSC products. `	3	4	🔴12	TREAT	• More regular informal meetings of Shareholders Forum. • Quarterly company performance reports shared with shareholders. • Earlier and clearer formal engagement with shareholders on company resolutions prior to Annual General Meeting. • Shareholder engagement in process to appoint new company directors. • Continue with fundamental 3 year review of all existing LGPS Central Ltd investment products • Shareholder engagement with newly appointed Non Executive Directors (NEDs) to clarify expectations regarding expectations of the company both now and in the medium term future	2023/24	2	4	🟠8
8	Funding	Significant financial and reputational loss to the Fund due to employer default.	• Employer risk measures regularly monitored • Employer database to monitor bonds and guarantees and renewal dates • Engagement with employers to discuss affordability considerations/constraints • Stabilisation plans in place for long-term employers to mitigate contribution rate volatility • Regular monitoring of employer contributions and follow up of breaches • Appropriate bonds and guarantees required as part of admission process to protect fund against unsecured losses • Monitoring of employer funding levels of major employers on a regular basis. • Policies in place additional flexibilities to review contribution rates, enter into phased exit or deferred debt arrangements • Default policy for contractors entering the Fund is on a pass through arrangement. This transfers the risk of funding a deficit should a contractor default back to the letting authority	2	3	🟠6	TOLERATE	• External assesment of internal systems processes and monitoring. E.g. Internal Audit, Subject Matter Experts or through peer group • Implement any recommendations from the assessments	2023/24	2	3	🟠6
9	Admin and Comms	Failure to achieve the quality of data required by the Fund, and clear backlogs of casework, leading to inability to meet key regulatory changes, poor customer service, errors in calculating benefits, delays in processing casework and failure to meet statutory disclosures resulting in regulatory penalties.	• Introduced monthly interfacing to streamline and standardise data collection from employers and to ensure timely receipt of data • Monthly interfacing requires data validation of submission from employers before the data is submitted thereby improving data quality • Dedicated project workstreams within a formal programme management structure, on data quality and backlogs	4	4	🔴16	TREAT	• The Fund has developed a Data Improvement Plan which targets areas for improvement on existing data issues over the next 12-24 months • The Fund will be switching to a TPR common and scheme specific measuring report which is embedded within the administration database allowing us to identify and rectify all data anomalies in accordance with the 22 data fields identified by SAB • Preparation for the Pensions Dashboard will further improve the quality of data held by the Fund and allow members to view their own record online from 2024 • Introduce a suite of monitoring reports to assess compliance with employers submissions of MI reports • Further streamlining and standarising the methods of data collection	2023/24	3	4	🔴12
10	Admin and Comms	Failure to implement technological developments to the administration database leading to an inability to free up capacity for the team and take advantage of self-serve technology.	• The Fund has worked with the database provider to develop a rolling two year IT roadmap of development • The roadmap is designed to maximise the benefits to the Fund in terms of creating capacity, automating processes and introducing self-serve functionality for members • Project management support available within the Fund ensures that the roadmap is designed to be achievable and will remain on track	2	3	🟠6	TREAT	• The Fund will continually seek opportunities to develop the system so as to take advantage of technological advancements which can benefit the Fund • The Fund will develop the functionality available to members through the My Cheshire Pension portal resulting in reduced demand on staff • Implement Employer Hub resulting in improved data flow between the Fund and employers	2023/24	2	3	🟠6

11	Admin and Comms	Failure to resource or deliver revised communication and employer engagement strategy resulting in poor member and employer decision making, poor customer service, not meeting expectations of the Pensions Administration Strategy or failure to meet statutory requirements and possible reporting of breaches to the Pension Regulator	• Dedicated senior Comms manager resource • Explicit comms budget in place • New Communications Strategy and employer engagement strategy signed off • Annual Communications and employer engagement plan to be published and delivery against plan measured and reported to ECF, LPB, PFC • Administration Strategy defines employer roles/responsibilities, required performance standards and KPIs. • Employer Consultative Forum acts as sounding board and engagement with employers FC	3	3	● 9	TREAT	• Introduce Member/employer customer satisfaction and monitoring and set performance indicators as part of business plan • Transition to My Cheshire Pension (MCP) portal being default mechanism to communicate with registered members. • Monitor MCP take up and member activity • Relaunch website • Compliance and reporting framework against Administration Strategy is being developed • Review Terms of Reference and constitution of ECF employers • Implement Employer Hub and transition to default	2023/24	2	3	● 6
12	All	Ineffective management of Flexible and Mobile Working leading to an adverse impact on service delivey and staff wellbeing	• Staff are managed flexibly with a focus on outcomes • All communications take place virtually by default - team meetings, one to ones and external meetings • Training provided in a variety of formats including virtually • Regular staff bulletins assist with team communication and staff wellbeing • A suite of online learning modules around health and wellbeing issues are available to all staff along with access to 24 hour support • Implemented the Finance Wellbeing Plan and utilise corporate wellbeing resources	2	3	● 6	TREAT	• Further work is required in order to support staff and managers in recognising and dealing with mental health issues • Ongoing engagement with the Council's Modern Workforce plan • Office presence based on business need • Re-introduction of in person whole team away days and team touch down days	2023/24	2	2	● 4
13	All	Failure to meet the objectives of the pensions programme due to insufficient capacity of staff and competing priorities	• Additional posts have been added to the structure • Programme and project management support is in place to assist with key deliverables • A roadmap of development for the administration database designed to maximise automation opportunities	3	3	● 9	TREAT	• Ongoing progress with the pensions programme on achieving the objectives will lead to increased capacity for staff once key milestones achieved (backlogs reduced/cleared, staff multi skillied, employers submitting data via MI and data quality improved) • System developments will lead to reduced manual work required for some processes and will free up capacity for the team • Shift to 'digital first' e.g. on line Annual Benefit Statements to reduce resource intensive manual processes to release staff time for business improvement and value add work.	2023/24	2	3	● 6