

MINUTES OF PENSION FUND COMMITTEE HELD ON 10 MARCH 2023

Present in Person

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

Present Online

Cheshire West and Chester: Cllr Tonge
Cheshire East: Cllrs Stott
Warrington: Cllr Mitchell
Halton: Cllr Wharton

Apologies

Cheshire West and Chester: Cllr Gould
Member Representative: Paul Matthews, GMB

In Attendance

Local Pension Board: Peter Raynes – LPB Chair
Actuary: Hymans Robertson – Gemma Sefton and Robert Bilton
Investment Advisor: Mercer – Chris West
External Auditor: Grant Thornton – John Farrar and Ben Stern
CW&C Officers: Steve Wilcock, Heidi Catherall, Nick Jones, Nigel Dorrington and Debbie Darlington. Aaron Thomas joined online.

PART A:

1. PROCEDURAL MATTERS

- 1.1 There were no declarations of interest.
- 1.2 This Committee was held as a hybrid meeting with some Members attending in person and some joining online.
- 1.3 Apologies were received from Councillor Gould and Paul Matthews.

2. MINUTES OF MEETINGS

- 2.1 The minutes of the Pension Fund Committee held on 2 December 2022 were reviewed, having previously been distributed and agreed by email.
- 2.2 Officers provided a brief update on the planning issue at the Fund's industrial estate in Cheltenham, which is managed by Patrizia. Discussions are ongoing with all parties involved and a planning decision is now expected from Cheltenham Borough Council in 2-3 months' time.
- 2.3 The Committee noted the minutes from the Local Pension Board meeting which took place on 21 February 2023.

- 2.4 The Committee also noted the minutes of the Employer Consultative Forum meeting which took place on 3 February 2023.

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 December 2022 and 28 February 2023 (inclusive).

The Committee noted the changes to employers during the reporting period.

Compliance Update

- 3.2 The Committee received the Compliance Update including a summary of the breaches log for the period to 31 December 2022. Forty-nine breaches occurred in the period and 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 an update confirming the number of additional members who had now received their ABS statements, along with an update on the work being taken to issue statements to any remaining members.

The Committee noted the cumulative Breaches Log for the period to 31 December 2022 and the update on the Annual Benefit Statements.

Business Plan 2022/23

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

The Committee noted progress in delivering the Action Plan, the updated risk register and the forecast outturn.

Regulatory Update

- 3.6 Committee received a verbal update outlining an overview of regulatory changes which will impact the Local Government Pension Scheme.

The Committee noted the position.

4. COMMUNICATIONS STRATEGY UPDATE

- 4.1 The Committee received an update on progress to date, as well as future plans for implementing the Fund's communications strategy and plan. They were also presented with examples of the Fund's recent communications and contributed to a discussion about how to further improve the Fund's communications.

- 4.2 They were also presented with details about the Fund's proposed approach to the publication and distribution of the 2023 Annual Benefit Statements.

The Committee:

- a) Commented on and noted the progress to date, and future plans for implementing the Fund's communications strategy and plan (including examples in Appendix A).
- b) Commented on and noted the approach to the 2023 Annual Benefit Statement.

5 DRAFT BUSINESS PLAN 2023-2027

- 5.1 The Committee received the Fund's draft Business Plan for 2023-27, which set 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.

- 5.2 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 (with a focus on refining 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.

- 5.3 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 reasons for the increase included an increase in staffing costs (including funding agreed and expected pay awards for 22-23 and 23-24) and charges from many suppliers increasing in line with inflation or above.

The Committee: endorsed the Business Plan and the proposed 2023-24 budget.

6 TRAINING PLAN FOR COMMITTEE AND BOARD

- 6.1 The Committee received the Training Policy for Committee and Board, which is unchanged from the version approved by the Committee in March 2020. The policy will be reviewed and updated during 2023/24 in line with emerging national developments.

- 6.2 Committee Members will receive the outcome of their individual knowledge and skills self-assessment and individual training plan. Members were reminded of the opportunities for developing their knowledge and understanding by attending regular conferences and seminars and through online learning.

The Committee:

- a) Noted the current Training Policy and that it will be reviewed during 2023/24 in line with national developments,
- b) Endorsed the 2023/24 Training Plan.

7 PROGRESS REPORT - 2022/23 EXTERNAL AUDIT

- 7.1 The Committee received a progress report on plans to produce and audit the 2022/23 Statement of Accounts.

- 7.2 The key dates for Committee input are:

Key Date	Action
2 June	Committee review the draft accounts prior to them being presented to Audit and Governance Committee for approval. Grant Thornton Audit Plan also received.
8 Sept	Draft Audit Findings Report presented to Pension Fund Committee

- 7.3 The proposed timetable was designed to permit the Fund’s Annual Report including the Audited Statement of Accounts to be published by 1 December.

- 7.4 Grant Thornton presented their Audit progress report and sector update.

The Committee: noted the timetable for producing the 2022/23 Annual Report and Statement of Accounts, along with the Progress Report from Grant Thornton.

8 INVESTMENT STRATEGY STATEMENT

- 8.1 The Committee received the Fund’s Investment Strategy Statement (ISS), following the conclusion of the public consultation on the draft. The draft ISS had been endorsed by the Committee at its meeting on 2 December 2022 and was then issued for consultation with Fund employers, scheme members and other stakeholders. No responses had been received during the consultation and therefore the report proposed that the Investment Strategy Statement be published as final on the Fund’s website in April 2023.

The Committee: endorsed publication of the Fund’s Investment Strategy Statement, following consultation, in April 2023 as required by the LGPS Investment Regulations 2016.

9 ANY OTHER BUSINESS

- 9.1 No items were raised

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 10 February 2023 which had been circulated via email.

11 FUNDING STRATEGY STATEMENT AND TRIENNIAL VALUATION

11.1 The Committee received a providing the opportunity to endorse the final version of the formal 2022 Valuation Report.

11.2 The paper included feedback from the Funding Strategy Statement (FSS) consultation and a recommendation that the Committee endorse the final Funding Strategy Statement for implementation with immediate effect.

The Committee:

- a) Endorsed the 2022 draft Valuation Report as the version to be published 31 March 2023
- b) Noted that at the time of writing, dialogue with a handful of employers is continuing. The final agreed employer contribution rates published in the Rates and Adjustment (R&A) Certificate and the impact on the expected contributions into the Fund for the three-year period starting 1 April 2023 will be communicated to Members electronically once these conversations have concluded.
- c) Noted that Government Actuary Department (GAD) will review each LGPS fund's local valuation under section 13 of the Public Service Pensions Act 2013. At the time of writing GAD have yet to issue their requirements. The section 13 dashboard will be communicated to Members electronically once these requirements have been received.
- d) Endorsed the revised FSS as the final version for adoption by the Fund with immediate effect.

**Representatives of all companies listed on the LGPS National Framework for Investment Consultancy services were invited to leave the room for item 12.

12 INVESTMENT CONSULTANCY - RETENDER

12.1 The Committee received a report on the proposed approach for the re-procurement of investment consultancy services. The process, procurement route, evaluation criteria and timetable were considered.

The Committee endorsed:

- a) the proposed procurement approach set out in the report, including the indicative timeline, and
- b) the delegation to officers to complete the selection process, with the involvement of the Committee as described.

13 ANY OTHER BUSINESS

13.1 Councillor Hogg thanked Councillor Findlow and Councillor Tonge for their outstanding contribution as Members of the Pension Fund Committee. Both Members had confirmed they would not be seeking re-election in the May 2023 local elections.

13.2 Councillor Hogg also paid tribute to the work done by Mark Wynn on all aspects of the LGPS over many years. Mark had now taken up a new post at Lancashire County Council.

MINUTES OF LOCAL PENSION BOARD – 15 May 2023

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, Claire Jones (Item 6), Aaron Austin and Luke
Stanley

1. PROCEDURAL MATTERS

- 1.1 No declarations of interest were received.
- 1.2 The Board reviewed the minutes from the meeting which took place on 21 February 2023 having previously approved them by email.
- 1.3 Adrienne and Neil both reach the end of their term of office on 25 June.
- 1.4 Employers and members have been invited to express an interest in the employer and member representative roles. The closing date is 31 May.
- 1.5 The action tracker was reviewed and the contents noted. Board members noted that the internal audit review of retirements has commenced.

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 10 March 2023 and the minutes from the Investment Sub Committee held on 10 February 2023.

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

3. PENSIONS PROGRAMME

- 3.1 The Board received a verbal update on the pension change programme and noted the progress which is being made.
- 3.2 The 2022/23 phase of the programme has been closed down and plans are being implemented for the 2023/24 phase, with monitoring of actions against these plans due to commence from June.

3.3 The Member Self-Serve functionality, known as My Cheshire Pension portal, is being rolled out on a phased basis and all active members will be invited to register when they receive their Annual Benefit Statement in August.

3.4 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 report setting out the regulatory changes that the Fund will need to address during 2023 and beyond.

5. PERFORMANCE MANAGEMENT FRAMEWORK Qtr 4 – 2022/23

5.1 The Board reviewed the Performance Management Framework (PMF) for quarter 4 (January to March 2023), which contained updates on key areas of performance and comparator information from previous quarters.

5.2 Board members again noted that the red rating on administration casework with backlogs exceeding 10% of membership.

5.3 Material progress is being made on reducing historic casework backlogs which have reduced by 50% over the past year, 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.

5.4 Board members questioned the Fund's approach to obtaining missing data from employers when the employer no longer holds the data. Officers confirmed that assumptions can be used, in exceptional circumstances, but they are time consuming for the Fund to produce and require approval from the affected member and their employer.

5.5 The Board received two direct submissions from members during the quarter relating to the 2022 Taskforce for Climate Related Financial Disclosures report and the Fund's pensioner newsletter, Cheshire Chat.

6. MANAGING THE IMPACT OF CLIMATE CHANGE ON INVESTMENTS

6.1 The Board previously requested information on how the Fund monitors the impact of climate change on its investments.

- 6.2 Officers presented a report providing an overview of the approach to monitoring and managing climate-related risks in respect of the Fund's investments.
- 6.3 In October 2022 the Fund published its third annual climate-related disclosure report which aligns with the recommendations from the Taskforce for Climate related Financial Disclosures which is industry best practice in terms of climate risk reporting.

RESOLVED that the Board: noted the approach to managing climate-related investments.

7. LOCAL PENSION BOARD ANNUAL REPORT AND OUTTURN 2022/23

- 7.1 As agreed at the meeting on 21 February, Board members had since received a draft of the 2022/23 Annual Report by email for final review and approval.
- 7.2 The final version of the LPB Annual Report was approved by the Board. The report will be included within the Fund's Annual Report which will be published on the website later this year.
- 7.3 The report included the outturn of £450 spend against the budget of £5,000.

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

8. DATA QUALITY

- 8.1 The Board were reminded of the Data Scores which have been provided to the Pensions Regulator as part of the annual Scheme Return for the past four years.

	TPR Scheme Return				
	1-Sep-19	25-Sep-20	1-Nov-21	10-Oct-22	24-Apr-23
Common Data	98.07%	98.73%	98.95%	99.10%	99.31%
Scheme Specific Data	74.18%	74.01%	80.09%	77.17%	72.33%

- 8.2 The common data percentage score as at 24 April 2023 is 99.31%. This reflects the work the Fund has been doing to trace lost contact members.
- 8.3 Scheme specific scores are slightly lower as the Fund is in the process of updating the 2022/23 'per member' information.
- 8.4 The Fund continues to work with its database provider to move to the new TPR measurement report which will provide the scores directly from the database.
- 8.5 The report has now been implemented into the administration database.
- 8.6 The Fund will now retest the report to ensure that all of the data validation issues have been fixed before switching to the report, as opposed to the Fund's own internal reporting mechanism.

- 8.7 Board members also received an update on the Pension Dashboards programme and the Ministerial Statement issue on 2 March confirming a delay in the connection deadline for the LGPS.
- 8.8 The Fund's original deadline for onboarding to the dashboard was September 2024. A new onboarding date has not yet been confirmed.
- 8.9 Despite the delay the Fund will continue to focus on improving data quality in preparation. The Fund is also researching options for an Integrated Service Provider (ISP) who will assist the Fund in providing the necessary information to the Pensions Dashboard.
- 8.10 Once as ISP is appointed the Fund will commence a baselining exercise to assess the specific data issues which need to be addressed prior to onboarding.

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 31 December 2022, noting that 49 breaches had been logged over the period.

RESOLVED that: Board members noted the summary breaches log covering the period 1 April to 31 December 2022.

10. FEEDBACK FROM EVENTS

- 10.1 PR attended the LGPS Central Responsible Investment Summit on 9 March 2023.
- 10.2 PR also attended the LGC Investment Seminar at Carden Park on 29 – 31 March 2023.
- 10.3 PR chaired the Local Pension Board Chairs meeting on 27 March 2023. This meeting is attended by Board members from Funds in LGPS Central and representatives from the Scheme Advisory Board.

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.

12. AOB

- 12.1 Meeting dates for 2023 are as follows:

- 30 May 2023 (Review of the Statement of Accounts/Annual Report)
- 1 August 2023 (this meeting has now been changed from 8 to 1 August 2023)
- 17 October 2023

12.2 There will only be two Board members available on the 30 May meeting, Adrienne and Neil. However, as there will be one employer and one member representative the meeting will be quorate.

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