

## INTRODUCTION

This briefing note summarises key points to note in the items presented to the Pension Fund Committee on 19 July 2024 (procedural items have not been included).

## PART A

### STANDING ITEMS

**Compliance Update** – breaches report notes one employer with long running payment challenges, current payments now being paid, arrears still to be settled. Ongoing administration breach re delays in issuing Annual Benefit Statements to 100% of members, position improved such that 97% of members have now received August 2023 ABS. New breach relating to AVC provider unable to provide basic functions following back office system change.

**Business Plan 23/24** – action tracker progress summarised as “amber”, some due dates have moved back one or two quarters, primarily as dependant on external factors. Strategic risk register has been fully refreshed. KPI performance – three out of ten are flagged as “red” (down from four in March) – ABS issue (link to compliance update), employer submitting data online (92.7% compliance), employer exits concluded within 6 months (two in breach but both now complete).

**Regulatory update** – items include the Labour party manifesto, new Annual Report guidance, audit backlogs, Boycotts Divestment & Sanctions (no longer progressing), Lifetime Allowance abolition, and efficiencies in management of LGPS funds.

**McCLOUD REMEDY** – data gaps are being progressed, assumptions based on central guidance will be made where gaps persist. Administration system developments are progressing – bulk rectification of casework expected from November 2024. Further government guidance is awaited – a high level rectification plan exists but a detailed plan will follow. Staff have received training from an external organisation.

**PENSIONS DASHBOARD PROGRAMME** – confirmed connection staging date for LGPS schemes of 31 October 2025. Integrated Service Provider to enable the Fund to connect to the dashboard now appointed – “beta testing” phase expected in late summer 2024. Detailed update on data cleansing is provided. High level project plan provided / detailed plan in development / budget being developed.

**2023-24 DRAFT STATEMENT OF ACCOUNTS / OUTTURN** – draft Statement of Accounts is presented for comment. Draft publication deadline has been met. Remaining timeline to approval and publication is set out. Key points in the accounts are summarised, including movements on employers’ contributions (up £8m) and benefit payments (up £28m, mainly due to inflation), and value of investment assets (£6.6bn). Underspend of £173k for 2023-24 reported, mainly due to staffing vacancies. Audit questions from external auditor, and proposed Fund responses, are set out.

**EXTERNAL AUDIT PLAN 2023-24** – detailed audit plan presented by Grant Thornton.

**COMMUNICATION STRATEGY UPDATE** – updates on the launch and rollout of the My Cheshire Pension portal where 32% of active members have signed up to use the portal, the project to update the Fund’s website, the launch of the Fund’s new branding and logo, a general update on Employer and Member communications, a note on the use of videos to support employers and members, information on specific communications relating to responsible investment, and a summary of key planned actions for 2024/25.

**RESPONSIBLE INVESTMENT POLICY AND CLIMATE CHANGE STRATEGY CONSULTATION FEEDBACK –** a summary of consultation feedback received on the Fund’s revised RI Policy and Climate Change Strategy between March and May 2024. Overall, the consultation feedback was positive with most responders agreeing with the work that the Fund is doing in respect of Responsible Investment and climate change. No significant changes are proposed to either the RI Policy or the Climate Change Strategy. Additionally, the Fund has submitted its first Stewardship Report on 31 May 2024, for assessment by the Financial Reporting Council.

#### **PART B - CONFIDENTIAL ITEMS**

##### **STANDING ITEMS**

**Employer Changes and Activity** – a number of employer onboardings and exits are noted.

**LOCAL INVESTING UPDATE** – an update on progress in developing options for increased exposure to local investments.