

ANNUAL REPORT INCLUDING THE STATEMENT OF ACCOUNTS FOR 2022-23

Introduction

1. This report provides the Committee with the Annual Report including the Statement of Accounts to 31 March 2023 (Appendix A) and the Draft Audit Findings Report prepared by Grant Thornton (to follow).

Recommendation

2. The Committee is asked to:
 - a) Receive the draft audit findings report from Grant Thornton;
 - b) Receive the Cheshire Pension Fund Annual Report including the Statement of Accounts for the year ending 31 March 2023 and the Local Pension Board Annual Report;
 - c) Request that the Cheshire West and Chester Audit and Governance Committee approve the Cheshire Pension Fund Statement of Accounts for 2022-23 once the audit is complete.

Background

3. The audit of the Pension Fund is treated as a separate audit by Cheshire West and Chester Council's appointed external auditors, Grant Thornton, recognising its importance in the functioning of local government. This requires the Auditor to issue a separate audit plan and auditor's report for the Fund's Statement of Accounts to those charged with governance for the Fund and to the Pension Fund Committee. The audit does not form a value for money conclusion or undertake a use of resources assessment for the Pension Fund.
4. As part of their governance role, the Pension Fund Committee are invited to receive and comment on the Pension Fund's Annual Report and Statement of Accounts for 2022-23, prior to formal approval of the accounts by Cheshire West and Chester Council's Audit and Governance Committee. The date for this meeting has not yet been finalised.
5. The Fund's accounts will be published in the Cheshire West and Chester Council's final Statement of Accounts for 2022-23, as well as in the Pension Fund's Annual Report.
6. The Pension Fund Committee received a presentation of some of the key facts and figures within the Annual Report at its training session on 14 July 2023.

Local Pension Board Annual Report

7. In accordance with its Terms of Reference, which are derived from Scheme Advisory Board guidance, the Local Pensions Board is required to produce its own Annual Report. The Board Annual Report is contained within the wider Fund Annual Report.

8. The Board's Terms of Reference outline the content to be contained within their report which includes:
 - Attendance at meetings.
 - Details of training undertaken, and events attended.
 - Recommendations made to the Fund, and the Fund's response to those recommendations.
 - Details of costs incurred in the operation of the Board.
9. Details of any recommendations made by the Board, and the Fund's response to them have been contained within the Board's report. There are no outstanding actions.
10. Recognising the distinction between the Board and the Committee, the Committee are simply requested to note the contents of the Local Pension Board Annual Report and not to provide comment.

Changes from the draft accounts

11. The draft accounts were presented to the Pension Fund Committee on 2 June 2023, there have been no changes to the figures in the primary statements as a result of the audit.
12. The audit is still in progress, the following changes have been made so far to disclosures within the accounts:
 - Note 13f the change in market value in cash has been amended within this table to bring the disclosure in line with the CIPFA example accounts;
 - Within Note 18 the Fund has included some additional disclosure information around the sensitivities of assets valued at Level 3;
 - Minor presentational amendments.
13. Any further significant changes to the accounts following this meeting will be notified to Committee prior to the sign off of the accounts.

Summary and key points of the 2022-23 Statement of Accounts

14. The key points to note on the accounts are as follows (figures in brackets relate to the equivalent 2021/22 position):
 - Employers' contributions into the Fund have increased by £9m to £161m (£152m). Likewise, employee contributions have increased by £3m to £45m (£42m). The increase in contributions is due to an increase in the number of active members and salary increases in the year.
 - Benefit payments have increased by £9m from £200m to £209m, mainly due to an increase in the number of pensioners.
 - Payments to and on account of members leaving before retirement increased by £0.7m to £16.3m (£15.6m). This figure varies each year in line with the number

of members moving their benefits to employers outside the Fund and the value of their benefits.

- Management expenses decreased slightly this year to £26.1m (£27.6m). The decrease is due to a reduction in investment management fees for the year.
- Investments assets have decreased in the year to £6.254bn (£6.959bn). This has resulted in a negative change in market value of investments for the year of -£705m (positive £424m). In 2022-23 investment returns for the year were a loss of 9.8% (positive return of 6.9%).
- The reduction in investment values and negative return for the year are as a result the turbulent market conditions experienced in the UK and worldwide as a result of the impact of the war with Russia and Ukraine and following rising inflation and interest rates.
- The value of net assets, which is the total investment assets including cash adjusted for any short and long-term debtors and creditors, as at 31 March 2023 decreased by £0.702bn to £6.266bn (£6.968bn). This decrease is due to the reduction in value of investment assets in the year.

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Annual Report 2022/23

Published by: Cheshire Pension Fund,
The Portal, Wellington Road, Ellesmere Port,
CH65 0BA
www.cheshirepensionfund.org

2022-2023 Annual Report introduction

Welcome to the Annual Report of the Cheshire Pension Fund for the year ending 31 March 2023. I joined Cheshire West & Chester Council as Chief Operating Officer at the end of financial year and therefore this Annual Report is my first since assuming responsibility for the Fund. I am keen that the Fund builds on its present, strong, fully funded position and continues to drive forward its ambitious change programme. As ever, the Fund has experienced an eventful year, with volatile market conditions, a major Fund valuation exercise, a challenging improvement programme to deliver alongside “business as usual”, and continually evolving ways of working for our staff and our partners following the Covid pandemic.

The Fund completed work on the three yearly valuation of the Fund’s pension assets and liabilities and confirmed new contribution rates for all employers for the next three year cycle. The valuation showed that the Fund’s assets, as at March 2022, were sufficient to meet its pension promises, reflected in a funding level of 113% (up from 97% at March 2019). Whilst very good news, we are conscious this is a snapshot at a point in time. We have reviewed the Funding Strategy and Investment Strategy Statements to ensure that, going forward, our approach to managing contributions and investments gives us the best chance of maintaining this funding position whilst delivering stable and affordable contribution rates for employers and the taxpayer.

The Fund are putting a lot of effort into modernising the way we engage with our members. Early in 2023 we launched our new online members portal – “My Cheshire Pension” – initially to members who are still making contributions into their pensions. We are seeing a lot of interest in this already, and hope members will continue to sign up to use the new portal. From next year this will become the main way for active (non-retired) members to communicate with the Fund. Annual Benefit Statements will be provided via this portal, and paper copies will only be provided via the post if members specifically request this.

Improving data quality remains a high priority for the Fund – if we don’t hold the right information about our members, we can’t provide an effective service. We are therefore working closely with employers to drive up the quality of the data we hold. This becomes even more important in the context of the new Government-led National Pensions Dashboard, due to launch in 2026, which will give UK citizens access to information about all the pension benefits (including the state pension and all employer and private schemes) they are entitled to, in one place.

The Fund’s investment portfolio was impacted by volatile and difficult market conditions which persisted throughout most of 2023-24. The Russian invasion of Ukraine in late Feb 2022 triggered widespread volatility in investment markets and, amidst increasing economic uncertainty, many asset classes saw significant falls in valuations over the year. As a consequence, the value of the Fund’s total investment portfolio fell by -9.8%, behind its benchmark for the year of -8.4% (Fund returns remain ahead of benchmark for all other periods). The value of assets during the year decreased from £6.9billion to £6.2billion.

Public interest and engagement with the investment approach of the Fund continues to increase year on year, and we welcome the opportunity to communicate with our members on this issue. The Fund has identified climate change as the most serious long-term risk facing the Fund’s ability to meet future pension promises and has taken decisive steps to manage this risk. As a result, all of our equity portfolio (which invests in companies listed on world stock markets) is now invested in funds which are low carbon/carbon neutral or which seek to actively invest in sustainable companies who will lead the transition of the world economy to a net zero model.

In addition, the Fund has made a £360m allocation to invest in Infrastructure projects. This includes investing in a large number of renewable energy projects, including solar power projects in Newport, Worcestershire and Derbyshire, an 'energy from waste' plant in Slough and numerous offshore wind projects across the UK. The Fund's approach to managing climate change and other issues of concern to members has been considerably enhanced by working closely with our asset pooling company, LGPS Central Ltd, which is jointly owned with seven other LGPS funds; acting collectively on issues such as Human Rights and plastic pollution ensures we have a much stronger voice when we seek to persuade companies to alter their behaviour.

The recent local elections in May 2023 saw a number of changes to the membership of the Pension Fund Committee. A number of long serving councillors from across Cheshire departed; they will take with them many years of knowledge and experience which will be missed. We have however now welcomed five new members to the Committee and preparations are well in hand to ensure they are provided with the necessary training and support to fully carry out their duties in their new role.

As always, I thank everyone who has worked for, or with the Cheshire Pension Fund over the last twelve months for their support and continued commitment.

Simon Riley

Chief Operating Officer

Cheshire West and Chester Council

Management & Financial Performance

Scheme Management and Advisors (as at 31 March 2023)

Administering Authority

Cheshire West and Chester Council, The Portal, Wellington Road, Ellesmere Port, CH65 0BA

Cheshire West and Chester Council Officers

Mark Wynn - Chief Operating Officer*

Steven Wilcock- Head of Pension Fund

Vanessa Whiting - Director of Governance and Monitoring Officer

*From April 2023 Simon Riley replaced Mark Wynn as Chief Operating Officer

Pension Fund Committee	
Councillor Myles Hogg	Cheshire West and Chester Council (Chairman)
Councillor Gareth Gould	Cheshire West and Chester Council
Councillor Gina Lewis **	Cheshire West and Chester Council
Councillor Harry Tonge *	Cheshire West and Chester Council
Councillor Carol Bulman **	Cheshire East Council
Councillor Sam Corcoran	Cheshire East Council
Councillor Paul Findlow *	Cheshire East Council
Councillor Amanda Stott *	Cheshire East Council
Councillor Cathy Mitchell	Warrington Borough Council
Councillor Mike Wharton **	Halton Borough Council
Paul Matthews	Member Representative (GMB)

*Following elections of 4 May 2023 the above Councillors either retired or were not re-elected.

** Following elections of 4 May 2023 the above Councillors have been re-elected however have been replaced on the Committee.

The new members of the Committee are:

Councillor Arthur Neil- Cheshire West and Chester Council

Councillor Phil Rimmer- Cheshire West and Chester Council

Councillor Michael Gorman- Cheshire East Council

Councillor Judy Snowball- Cheshire East Council

Councillor Rachel Bailey- Cheshire East Council

Councillor Mark Dennett- Halton Borough Council

Local Pension Board		
Peter Raynes	Chairman	Independent
Councillor Robert Bisset	Employer Representative	Cheshire West and Chester Council
Adrienne Laing	Employer Representative	The Challenge Academy Trust
Geoff Wright	Member Representative	UNISON
Neil Harvey	Member Representative	GMB

Asset Pool Operator	
LGPS Central Limited	First Floor,i9,Wolverhampton Interchange, Wolverhampton WV1 1LD

Investment Managers	
Adams Street Partners UK LLP	4th Floor, 75 Davies Street, London W1K 5JN
Arrowgrass Capital Partners LLP	3rd Floor, 10 Portman Square, Marylebone, London, W1H 6AZ
Baillie Gifford & Co	Calton Square, 1 Greenside Row, Edinburgh, EH1 3AN
Blackstone	The Blackstone Group, 40 Berkeley Square, London, W1J 5AL
BlueBay Asset Management	77 Grosvenor Street, London, W1K 3JR
Darwin Property Investment Management Limited	11 New Street, St Peter Port, Guernsey, GY13EG
Janus Henderson Investors	201 Bishopsgate, London, EC2M 3AE
Legal & General Investment Management	One Coleman Street, London, EC2R 5AA
Lexington Partners UK LLP	42 Berkeley Square, London, W1J 5AW
M&G Investments	10 Fenchurch Avenue, London, EC3M 5AG
Pantheon Ventures (UK) LLP	10 Finsbury Square, 4th Floor, London, EC2A 1AF
Patrizia UK Ltd	166 Sloane Street, London, SW1X 9QF

Custodian	
BNY Mellon Asset Servicing	London Branch, One Canada Square, Canary Wharf, London, E14 5AL

AVC Providers	
Scottish Widows	PO Box 902, 15 Dalkeith Road, Edinburgh, EH16 9AS
Utmost	PO Box 484, Walton Street, Aylesbury, Bucks, HP21 7WW
Standard Life	1 Baileyfield Crescent, Edinburgh, EH15 1ET

Actuary	
Hymans Robertson LLP	20 Waterloo Street, Glasgow, G2 6DB

Investment Advisor	
Mercer	Belvedere, 12 Booth Street, Manchester, M2 4AW

Legal Advisor	
Cheshire West and Chester Council	Director of Governance, The Portal, Wellington Road, Ellesmere Port, CH65 0BA

Auditors	
Grant Thornton	Audit and Assurance, Public Sector, Royal Liver Building, Liverpool, L3 1PS

Banker	
Lloyds Bank plc	Chester Branch, Foregate Street, Chester, CH1 1XP

Financial Performance

In the following pages we provide a range of high-level information on the Fund's key financial metrics for the year and commencing with a recap on the results of the last triennial valuation. This is required content as specified by CIPFA (the Chartered Institute of Public Finance & Accounting)

2022 Triennial Valuation

Every three years the Pension Fund is subject to a formal valuation by the Fund Actuary which produces two key outputs.

- Firstly, it quantifies the funding Level i.e. the level to which the Fund's pension liabilities for the accrued benefits of current employees, deferred pensions and pensions in payment are matched by the market value of the Fund's assets. A funding level of less/more than 100% implies that there is a deficit/surplus in the Fund at the valuation date.
- Secondly, it sets the rate at which employers should contribute to the Fund for the following three years.

The formal valuation report by the Fund Actuary, including the minimum contribution rates to be paid by each employer from 1 April 2023 to 31 March 2026 is available on the Fund's website at the following link:

[230330-Cheshire-Pension-Fund-2022-Final-valuation-report.pdf \(cheshirepensionfund.org\)](https://www.cheshirepensionfund.org/230330-Cheshire-Pension-Fund-2022-Final-valuation-report.pdf)

The table below summarises the funding position of the Cheshire Pension Fund as at 2022 in respect of benefits earned by members up to this date (along with a comparison at the last formal valuation at 31 March 2019).

Summary Valuation Results

	31 March 2022	31 March 2019
Total past service liability (£m)	6,146	5,739
Fund assets (£m)	6,968	5,583
Surplus/(deficit) (£m)	822	(156)
Funding Level	113%	97%

The main changes highlighted by the 2022 valuation were:

- There has been an improvement in the reported funding level of the Fund from 97% to 113% and an improvement in funding position from a deficit of £156m to a surplus of £822m.
- Liabilities have increased by £407m to £6.146bn over the valuation period.
- The increase in the value of liabilities has however been more than offset by the £1.385bn increase in the value of the Fund's assets from stronger than expected investment returns. This was some £957m higher than expected at the 2019 valuation.

Fund Account- Comparison of 2022/23 Forecasts to Actual

The table below outlines the Fund's performance for key financial variables against forecast for the 12 months to 31 March 2023.

Fund Account 2022/23	Forecast	Actual	Variance
	£000	£000	£000
Contributions	194,500	206,073	11,573
Payments	(214,051)	(209,413)	4,638
Admin/Oversight and Governance expenses*	(5,217)	(4,867)	350
Transfers in/(out)	0	(3,378)	(3,378)
Net investment income	33,020	34,801	1,781
Investment expenses	(24,593)	(21,285)	3,308
Change in market value	125,130	(704,284)	(829,414)
Net increase in the fund	108,789	(702,353)	(811,142)

Operational Expenses – Comparison of 2022/23 Forecasts to Actual

	Forecast	Actual	Variance
	£000	£000	£000
Administration/Oversight and Governance			
Employees	2,157	1,985	(172)
LGPS Central running costs	1,354	1,163	(191)
Supplies and Services	822	721	(101)
Actuarial Fees	263	340	77
Investment Advisor Expenses	153	137	(16)
IT Costs	272	299	27
Printing & Postage	75	81	6
External Audit Fees	51	66	15
Legal Fees	70	75	5
Total	5,217	4,867	(350)
Investment Management			
External Fund Managers	24,438	21,285	(3,153)
Custodian	155	122	(33)
Total	24,593	21,407	(3,186)

Administration/Oversight and Governance costs were £0.350m less than forecast primarily due staffing costs being underspent due to staff vacancies, LGPS Central running costs were less than expected for the year and project work being delayed due to delays in regulatory changes.

LGPS Central Set Up Costs

	Cumulative to 31/03/2018
	£000s
Set up Costs:	
Recruitment	27
Procurement	2
Other support costs	284
Staff Costs	142
Other Costs	59
Share purchase costs	1,315
Loans	685
Total set up costs	2,514

LGPS Central Ltd, the pooling delivery company was fully set up by 31 March 2018 and no further set up costs have been incurred from 1 April 2019.

Forecast for 3 Years – 2023/24 to 2025/26

The following tables show the forecasts for the Fund Account and Net Assets Statement for the three years to 31 March 2026 based on the most up to date information.

Note: The budgets have been restated to incorporate increases resulting from changes to the staffing structure, additional costs associated with running the asset pool and costs associated with operational developments within the Fund.

Forecast Fund Account for 3 Years – 2023/24 to 2025/26

	2023/24	2024/25	2025/26
	£000	£000	£000
Contributions	202,904	208,991	215,561
Payments	(235,009)	(242,059)	(249,320)
Admin/Oversight and Governance expenses	(5,537)	(5,744)	(6,026)
Net investment income	35,156	33,499	34,414
Investment expenses	(21,383)	(22,456)	(23,283)
Change in market value	163,930	165,961	176,604
Net increase in the fund	140,061	138,192	147,950

Note: Contributions and payments are based on current expectations; administration and investment management expenses are based on current budgets, and net investment income and change in market value are based on the long term forecast returns for each asset class held.

The forecasts for total investment assets are based on the actual allocations at 31 March 2023 figures multiplied by the forecast returns for each asset class as provided by the Fund's investment advisor.

Three Year Forecast Management Expenses – 2023/24 to 2025/26

	2023/24	2024/25	2025/26
	Restated	Restated	
	£000	£000	£000
Administration/Oversight and Governance			
Employees	2,528	2,653	2,730
Asset Pool running costs	1,340	1,407	1,449
Supplies and Services	811	793	809
Actuarial Fees 1	199	209	334
Investment Advisor Expenses	152	152	155
IT Costs	295	308	317
External Audit Fees	60	62	65
Printing & Postage	77	80	82
Legal Fees	75	80	85
	5,537	5,744	6,026
Investment Management			
External Fund Managers	21,258	22,326	23,148
Custodian	125	130	135
Total	21,383	22,456	23,283

1. Actuarial fees in 2025/26 are higher due to this being a valuation year.

Analysis of Pension Contributions

The table below shows the value of primary pension contributions received on time and late.

	Total	On Time		Late	
	£000	£000	% (by value)	£000	% (by value)
Employee	44,725	44,143	98.72%	582	1.28%
Employer	161,348	159,283		2,065	
	206,073	203,426		2,647	

The Fund classifies contributions income as being received on time when it is received within 22 days (if received electronically), commencing from the end of the month in which the amount is deducted from the earnings. Contributions received over 22 days are classed as late.

No interest charges were applied to employers during the year as a result of late payments.

The Fund continues to monitor the timeliness of contribution receipts from all employers and will charge a mandatory penalty when an employer breaches on three or more occasions over a six month rolling period. Material (Red) breaches will also be reported to The Pensions Regulator.

In total the Fund recorded 38 late payments of contributions on the Breaches Log in 2022/23. The majority of these relate to employers who have small numbers of staff and so are easily affected by unexpected staff absences. These breaches were all green status and have been quickly rectified by the employer.

Pension Overpayments

The Cheshire Pension Fund pays around 30,000 pensioners every month, with a monthly gross payroll in excess of £14 million. With such a large volume of pensioner payments, it is inevitable that there will be times when a member has been receiving more pension than they are entitled to.

Wherever possible the Fund will recover any overpayment and will only write off an overpayment as a last resort when all other avenues have been exhausted.

Analysis of Pension Overpayments

	2022-23 £000	2021-22 £000	2020-21 £000	2019-20 £000	2018-19 £000	2017-18 £000	2016-17 £000	Total £000
Overpayments Recovered	89	67	55	132	26	34	49	452
Overpayments written off								
Written off due to death	7	18	17	6		3	2	53
Annual Pension Payroll	173,099	165,183	161,135	155,722	148,638	141,304	136,864	1,081,945
Write offs as % of payroll	0.004%	0.010%	0.010%	0.003%	0.00%	0.002%	0.001%	

National Fraud Initiative

The Fund participates in the National Fraud Initiative (NFI), which is an exercise that matches electronic data within and between public and private sector bodies to prevent and detect fraud.

The NFI is biennial with the last initiative being in 2020/21. It identified only twenty-one cases that required investigation. Following initial investigation, twelve cases show an overpayment was made and further action was taken as follows:

- In five cases overpayments were recovered
- The Fund is liaising with the relevant parties to recover the other seven overpayment cases.
- Of the remaining nine cases the fund is liaising with the General Registry Office to obtain death certificates as we haven't been able to obtain these from the local registry office. Potentially these cases may all have overpayments.

Investigation procedures involve writing to members where a mismatch is identified, performing DWP traces on members that cannot be contacted or writing to registrar offices to confirm and obtain a copy of the death certificate. Overpayments recovered or written off as a result of the National Fraud Initiative are included in the pensions overpayments table above.

Administration Report

In keeping with the Council's modern workforce strategy staff members work from home the majority of the time. Staff members do attend the office where necessary to meet business needs which are better achieved in person.

After more than two years of largely working from home staff members are now used to conducting their business virtually and use Microsoft Teams to hold all meetings, including keeping in touch with colleagues and delivering/receiving training.

There is a regular cohort of staff members in the office each day for induction, training and development purposes and to facilitate the telephony helpdesk for those members who cannot find the answer to their query on our website.

We continue to make improvements to the Fund's website to increase the ways that our members can engage with us digitally and we will continue to develop these options into the future.

We also continue to use the services of Civica Mail for off site printing which has reduced the need for staff members to attend the office to print and post documents to members. The Council owned company Qwest Services are also continuing to provide scanning services for post received.

Pensions Programme

It has been a productive year for the Pensions Programme with some notable achievements having been reached.

The programme and project management resources that were put in place to support the programme have helped to manage achievable milestones and keep the numerous workstreams on track

The Fund has been able to make considerable progress in a number of key areas.

The majority of employers have now moved onto the Monthly Interfacing (MI) system, with the remainder coming on board early in the new year, and we will be moving on to refining MI processes and introducing performance reporting during 2023/24.

The backlog of historic administration casework has been reduced by circa 50% with plans being developed to clear a further 13% during 2023/24.

We moved the Fund's database from an 'on premise' system hosted on council servers to a cloud hosted solution with our database provider Civica. We also introduced the My Cheshire Pension portal, a self-serve portal which is being rolled out to active members throughout the year.

Lots of data cleansing work took place during the year. That ensured we were able to provide data to the actuary, Hymans Robertson, in order to complete the 2022 triennial valuation. As part of the data cleansing work we also traced over 1,400 lost contact members.

We successfully embedded the multi skilling approach to staff training and development which allows the operations area to both increase the number of staff available to process different types of casework and allows the Fund to flex resources in line with demand. Further training will continue into 2023/24 along with new methods of delivery, for instance videos/recorded sessions.

An outcome from the pensions programme overall will be an improved service for our customers and increased value for money.

Regulatory Changes

McCloud

McCloud has been billed as the biggest challenge to face the LGPS since the scheme was changed to a Career Average Revalued Earnings (CARE) Scheme in 2014.

The McCloud judgement, as it is known, refers to the case in which the Supreme Court found that transitional protections introduced in the firefighters' and judges' pensions schemes in 2015 were age discriminatory to younger workers.

Similar protections were introduced in other public sector schemes, including the LGPS, and the Government confirmed the ruling applies to those schemes as well.

The Department for Levelling Up, Housing and Communities (DLUHC) issued a consultation on McCloud in 2020. This consultation proposed that the remedy to resolve the age discrimination was that, for each affected member, funds will need to undertake two calculations to determine which set of regulations (pre or post 2014) provides them with the most advantageous benefits. The remedy is known as the underpin.

DLUHC published their response to the consultation findings in April 2023 and confirmed that there would be a further consultation to seek views on specific areas that have not yet been resolved, such as aggregation (combining two periods of pensionable service together so that service can count as one period of service).

McCloud regulations are expected to come into effect from 1 October 2023 and the fund is developing a detailed plan for managing the considerable workload which will be generated by this regulatory change.

This will require the fund to revisit a considerable number of benefit calculations dating back to 2014. No benefits in payment will be reduced but some may be increased (with payment back dated) depending on personal circumstances.

In the meantime, we are continuing to focus on preparing for this change in a number of ways:

- All employers have been contacted to supply the necessary part time hour changes and service history information for all members between 1 April 2014 and 31 March 2022.
- Additional resources have been deployed to create capacity to maintain service delivery and address the historic recalculations workload needed for McCloud.
- The Fund continues to work with the pensions administration database provider to maximise the functionality that can be deployed to assist with this major project.

Meeting the McCloud remedy requirements will be managed through the Pension Programme described above, including a detailed plan so this project can be managed effectively alongside other work pressures.

Pensions Dashboards Programme

Pensions Dashboards are digital services that allow pension savers to see their information in one place, including information on their state pension.

The Pensions Dashboards Programme was established by the Money and Pensions Service (MaPS) in 2019 to deliver the digital architecture that will enable dashboards to work.

The Fund has been keeping a close eye on developments with the dashboards so it can be ready for their implementation. The onboarding date for LGPS funds was originally meant to be September 2024, however, in a Ministerial Statement on 2 March 2023, the Department for Work and Pensions (DWP) announced a delay to the project to allow more time to develop the central digital architecture. A new onboarding date for the LGPS has not yet been announced.

Despite the delay the Fund will be continuing with the project to ensure that we are ready to meet the new onboarding date once it has been announced.

Data Quality

The Fund continues with its key focus of enhancing data quality and progress in this area is closely monitored by the Local Pension Board.

Annual Benefit Statements (ABS)

In 2022 we issued over 31,000 active members their ABS, representing 92% of eligible members. This compares to 91% in 2021 and 90% in 2020.

Since August 2022, we resolved a considerable number of outstanding data queries with employers and issued a further c1,630 members their ABS.

Most of the members who did not receive an ABS have since been shown to have left the Fund prior to 31 March 2022 and so were not actually eligible to receive one. Employers have been contacted about these members to obtain the necessary information.

In addition to the sending out an ABS to active members, we also issued statements to 97% (95% in 2021) of eligible deferred members by the statutory deadline of 31 August. There were 821 deferred members who did not receive their ABS simply because we had not been provided with a current address for those members. During the year we commissioned the services of a tracing company who are locating the remaining members so we can reconnect them with their LGPS Benefits.

The Pensions Regulator (TPR) – Data Scores

We are required to provide data scores to TPR on an annual basis as part of the scheme return. The scores which have been submitted for the past four years are shown in the table below:

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

Common data relates to information such as name, address, national insurance number etc. and the Fund is almost at 100% for this information. Deferred members who haven't notified us of a change in their address and we haven't yet traced, largely account for why the data score is not 100%.

The Scheme Specific Data (SSD) Score reflects information specific to a member and needed to process their benefits such as a member's active or deferred status or events that have taken place during membership.

The Fund scores for 2019 to 2022 are based upon its own 'foundation' approach to the data it should measure. This centred around the service history available for each member and the 'foundation' approach to measuring data was approved by the Local Pension Board. Again, the scores have improved because of the data quality work undertaken over the past twelve months.

Going forward, we will measure data quality scores using reports developed by the Fund's administration database provider reflecting a definition of SSD provided by the LGPS Scheme Advisory Board. The new report includes additional data checks which verify each item of data is present. The changed reporting methodology will make comparisons across past years more difficult but will provide a good baseline for future comparisons.

Technology and Pensions Administration System Development

We use the Universal Pensions Management (UPM) pensions administration software supplied by Civica, utilising benefits calculation, task management, document imaging, document production and workflow functionality.

The Fund has successfully completed a couple of fundamental IT developments in the past 12 months.

Firstly the administration database has been moved from an 'on premise' system hosted on Council servers to a cloud hosted solution with our database provider, Civica UK Ltd. This transition has allowed the Fund to simplify the processes for upgrades and development of the system, it has also paved the way for the next phase of development, namely the introduction of self-serve functionality.

Following the successful move to the cloud hosted solution the Fund has also introduced self-serve functionality, known as the My Cheshire Pension portal (MCP). This portal will allow members to view the information held by the Fund, amend personal details, update nomination records and contact the Fund securely.

Going forward, the portal is being developed to provide the ability for members to obtain an estimate of retirement benefits for themselves and to receive their Annual Benefit Statement digitally.

MCP is being rolled out on a phased basis during the early part of 2023 and when the Annual Benefit Statements are issued in August 2023 all members will be invited to register for the portal and all future ABS will be provided through it.

During 2023/24 the Fund will look to extend the self-serve functionality to employers in the Fund with the introduction of Employer Hub. The Hub will become the portal for employers to load monthly employer data, it will retain all details on the employers such as contact details and will provide a

The developments outlined above will provide value for money by both speeding up the processing of casework and freeing up capacity within the team to concentrate on more complex casework and administration casework backlogs.

The Pension Fund has a dedicated website www.cheshirepensionfund.org which provides information on all aspects of the LGPS and has dedicated sections for the Fund's customer groups - including active members, deferred members, pensioners, councillor members and employers. It also contains key publications such as policy statements and a back collection of annual reports.

The Fund's approach to communication is set out in the Communications Policy Statement section of this report and provides an overview of how the Fund will communicate with its customers (members and employers) and stakeholders. An updated communications strategy was published during the summer of 2022 and the objectives from the strategy will be implemented during 2023/24.

Member Engagement

In previous years we would typically run a series of roadshows, held across the Fund's geographic area throughout the year and provide an opportunity for both existing and potential members of the Fund to raise queries and ask questions about their pension on a 'drop in' basis.

Unfortunately, due to the Covid-19 pandemic these face to face roadshows have not taken place. However, as part of the new communications strategy the Fund is looking at the service which can be made available for members which will also include the use of online options where feasible.

Key Performance Data

The tables below summarise our performance in processing key casework over the year and have been produced in line with CIPFA (Chartered Institute for Public Finance and Accountancy) guidance. The information captures data in two formats:

1. Number of cases completed for each category during the year, including opening and closing balances for that year.
2. Outlining compliance against local key performance indicators and against disclosure regulation requirements.

The Local Pension Board receives quarterly updates on administrative performance, and this will continue.

Table 1: Casework activity in the year

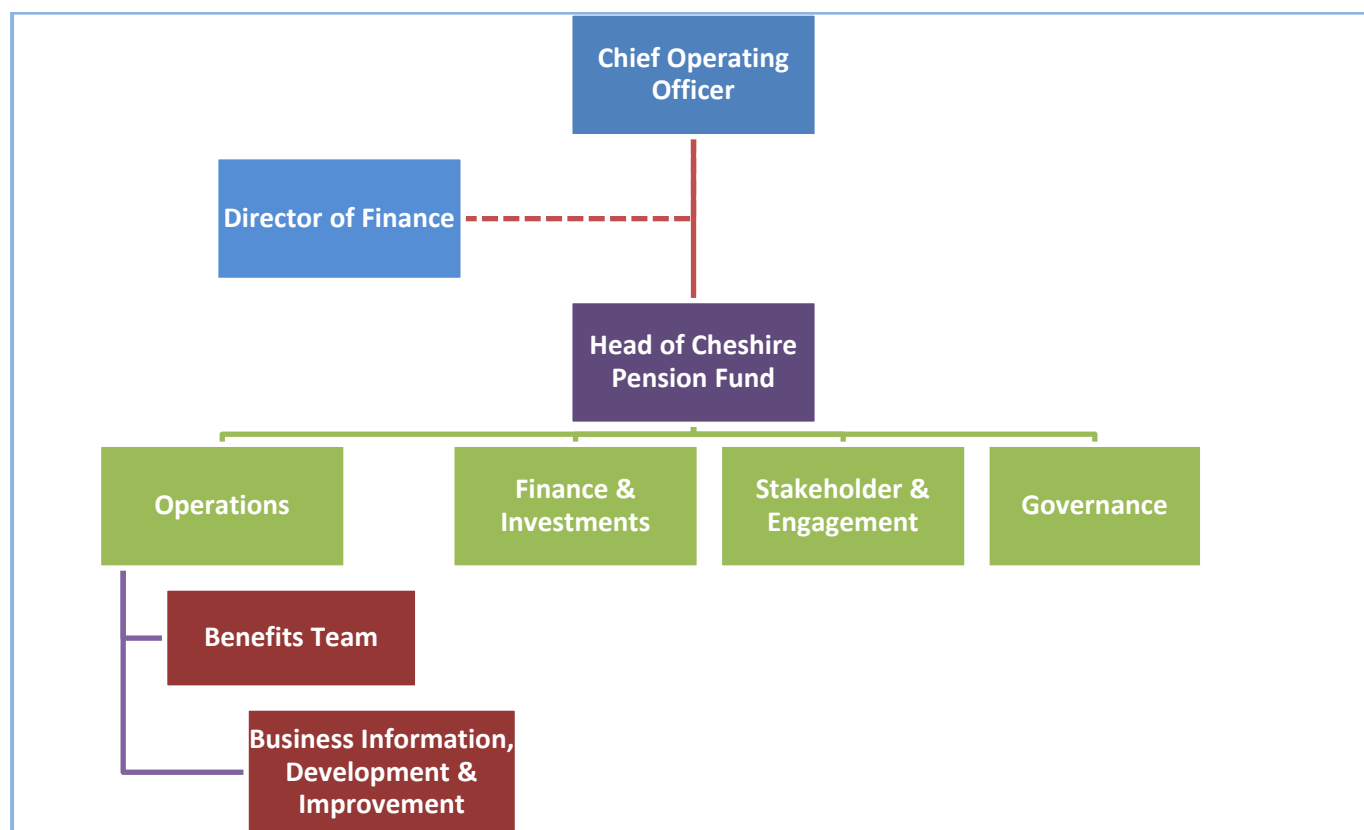
Casework Type	Completed 2021/22 Cases	2022/23			
		Cases Outstanding as start of period	Cases commenced in year	Cases completed in year	Cases outstanding at year end
Deaths	1,397	217	1,681	1,659	239
Retirement Estimates	8,491	740	7,926	7,880	786
Retirements	3,419	207	3,228	3,278	157
Deferments	4,114	2,234	3,687	2,785	3,136
Transfers In	1,182	672	1,161	1,263	570
Transfers Out	2,025	573	1,876	1,895	554
Joiners	1,610	174	1,419	1,362	231
Aggregation	2,417	9,741	2,295	2,486	9,550
Refunds	2,379	305	1,892	1,816	381
Leavers	8,055	1,962	7,116	7,352	1,744
Totals	35,089	16,825	32,281	31,776	17,348

Table 2: KPI Performance in year

	Local KPI Target	Achieved	Cases Completed within KPI	Legal Requirement from notification	Achieved
	No. of Days	%			%
Deaths (Active)	5	91	42	2 Months	93
Deaths (Deferred)	5	97	70	2 Months	98
Deaths (Acknowledgement)	5	93	920	2 Months	98
Deaths (Dependant Benefit)	10	89	765	2 Months	97
Retirements (Active members)	5	83	781	2 Months	100
Retirements (Deferred members)	5	84	786	2 Months	100
Deferment	30	91	2,290	2 Months	96
Transfer In	10	92	251	2 Months	100
Transfer Out	10	91	261	2 Months	97
Refunds	10	80	872	2 Months	97

Pensions Staffing Structure

The Pensions Team reports to the Chief Operating Officer of Cheshire West and Chester Council and is responsible for the day to day management of the Fund, including the administration of scheme membership. A diagram below summarises the team structure:-



The main responsibilities of the three teams are:

- **Operations Team** – which is further split between two teams:
 - **Benefits Team** – responsible for the calculation of retirement benefits, early leavers, deceased members, transfers for divorced members, and transfers in and out of the fund and arranging additional contributions contracts.
 - **Business Information, Development, and Improvement Team** – responsible for maintaining the pension’s administration database, research and delivery of the IT development roadmap and providing support to staff members in the most efficient use of the pensions database. The team are also responsible for the production of reports to satisfy all statutory and operating requirements, and to assist in continually improving the data held by the Fund.
- **Stakeholder and Engagement Team** – responsible for processing scheme admissions and cessations, notifying new employers of their responsibilities to the Cheshire Pension Fund, organising dates for training to new employers and managing the Fund’s communication strategy.
- **Finance and Investments Team** – responsible for the management of investments and production of the Statement of Accounts.

We have embedded a multi skill staff culture of training staff members on a wider variety of tasks so that we can achieve a more resilient workforce that can provide value for money and an improved service for our customers.

There are 57 (52 in 21/22) full time equivalent (FTE) posts in the Pensions section.

We increased the staffing establishment during the year to provide the capacity to support the outcomes required from the pensions programme and to deal with future challenges from changes in regulations and best practice guidance.

Unit Cost Per Member

The table shows the main categories of Fund costs in total each year and by member over the five years since April 2018. Total membership has increased by 2% over the 5 years, total costs have reduced by 7%

Process	2018/19	2019/20	2020/21	2021/22	2022/23
Total Membership (Number)	99,848	103,486	105,694	107,882	110,520
Investment Management					
Cost (£000)	24,366	21,978	22,532	23,102	21,285
Per Member (£)	244	212	213	214	193
Administration					
Cost (£000)	2,188	1,981	2,226	2,627	2,774
Per Member (£)	22	19	21	24	25
Oversight and Governance					
Cost (£000)	1,271	2,151	2,030	1,856	2,093
Per Member (£)	13	21	19	17	19

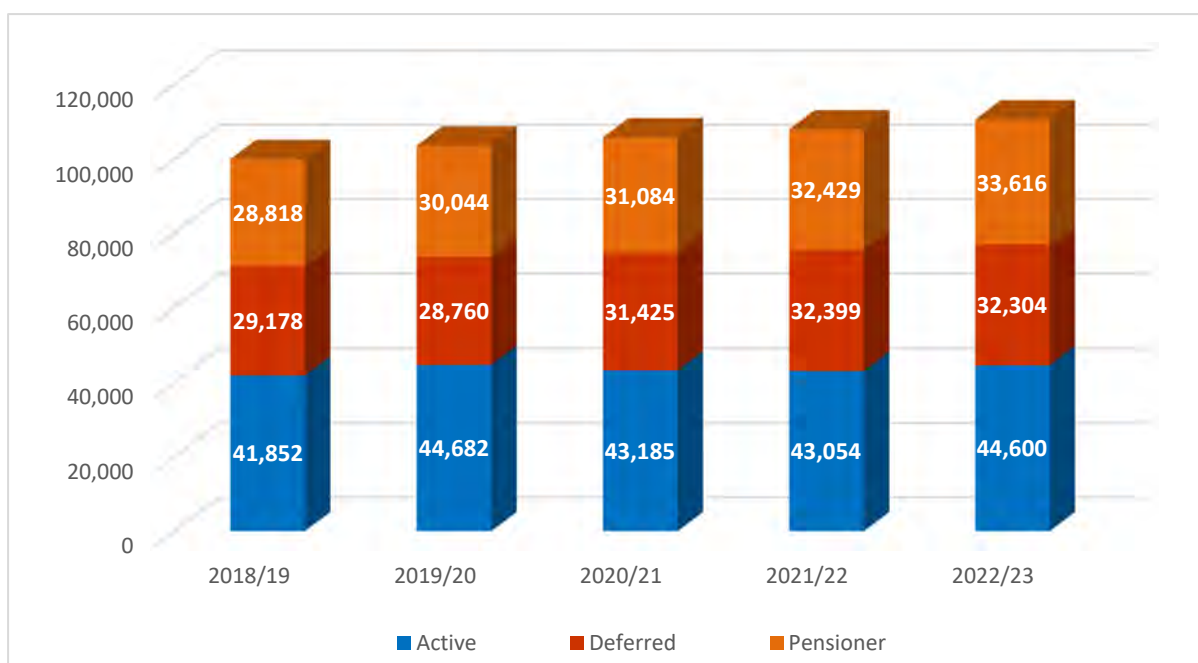
Total Costs (£000)	27,825	26,110	26,788	27,585	26,152
Per Member (£)	279	252	253	255	237

Membership and Employer Movement and Scheme Complexity

Membership numbers have increased year on year for active and pensioner members. There has been a slight reduction in the number of deferred members as the Fund works through casework backlogs.

The table and chart below show the membership movements for the past five years

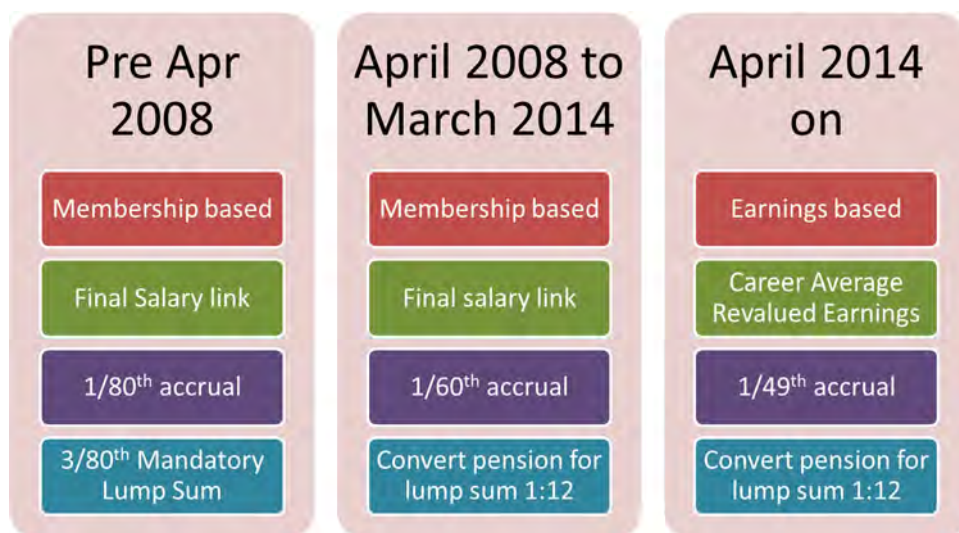
Membership	2018/19	2019/20	2020/21	2021/22	2022/23
Active	41,852	44,682	43,185	43,054	44,600
Deferred	29,178	28,760	31,425	32,399	32,304
Pensioners	28,818	30,044	31,084	32,429	33,616
Total Membership	99,848	103,486	105,694	107,882	110,520



The number of Employers participating in the Fund also continues to grow as the table below illustrates.

	2018/19	2019/20	2020/21	2021/22	2022/23
Number of Employers (who paid contributions during the year)	290	305	308	321	328

The increase in membership and number of employers adds to the already challenging workload of the Fund. This is compounded by the increased complexity of the scheme with the introduction of CARE in 2014 which now means that the Fund is effectively managing 3 separate benefit structures as summarised below:



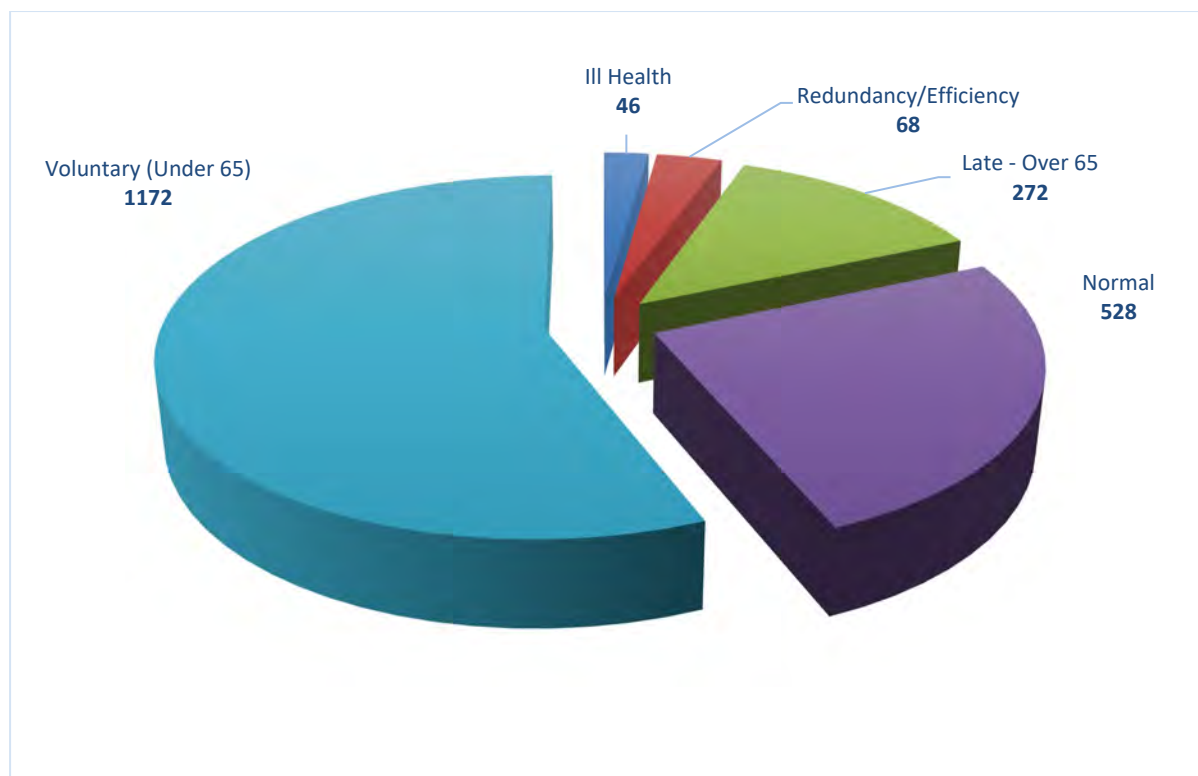
Fund's Membership demographic

The table below summarises the age ranges of the membership at the end of 2022-23 over the three categories of Active, Pensioner and Deferred.

	Active		Deferred		Pensioner	
Clear	Number	%	Number	%	Number	%
Age 0-4	0	0.01	0	0.00	4	0.00
Age 5-9	0	0.00	0	0.00	18	0.05
Age 10-14	0	0.00	0	0.00	56	0.17
Age 15-19	156	0.35	0	0.00	115	0.34
Age 20-24	1,368	3.07	128	0.40	35	0.10
Age 25-29	3,017	6.77	751	2.33	4	0.01
Age 30-34	4,036	9.05	1,955	6.05	4	0.01
Age 35-39	4,810	10.79	3,365	10.42	14	0.04
Age 40-44	5,679	12.73	4,278	13.24	21	0.06
Age 45-49	5,613	12.59	4,669	14.45	59	0.17
Age 50-54	7,117	15.96	6,652	20.59	126	0.38
Age 55-59	6,426	14.41	6,718	20.80	1,181	3.51
Age 60-64	4,542	9.98	3,115	9.64	5,200	15.48
Age 65-69	1,518	3.40	579	1.79	7,675	22.83
Age 70-74	318	0.71	74	0.23	6,954	20.69
Age 75-79	0	0.13	19	0.06	5,835	17.36
Age 80-84	0	0.03	1	0.00	3,186	9.48
Age 85-89	0	0.03	0	0.00	1,983	5.90
Age 90-94	0	0.00	0	0.00	875	2.60
Age 95-99	0	0.00	0	0.00	237	0.70
Age 100-104	0	0.00	0	0.00	30	0.09
Age 105 plus	0	0.00	0	0.00	4	0.01
	44,600	100	32,304	100	33,616	100

Retirements during 2022/23

There were 2,086 retirements during 2022/23 as summarised in the chart below:



Internal Dispute Resolution Procedure

There are times when Scheme members, employers and the Administering Authority may find themselves in disagreement about a pension issue. The first approach in these situations is for those involved to talk to each other to reach a resolution. However, should this not prove possible, the Fund has established an Internal Disputes Resolution Procedure (IDRP).

The IDRP is a two stage process. When the Fund or an Employer makes a decision about a beneficiary's benefit under the LGPS rules, if for any reason a member, pensioner, deferred pensioner or potential beneficiary is not satisfied about a decision made they can apply to the employer or the Fund to have their complaint reviewed under a stage 1 of the IDRP.

If the beneficiary is dissatisfied with the stage 1 decision they may invoke stage 2 of the IDRP within 6 months of the stage 1 decision.

If after the stage 2 decision the beneficiary is still dissatisfied, they can contact The Pensions Ombudsman (TPO) for help when dealing with a complaint.

In the last year there have been two new IDRP applications, one of which was a stage 1 case which moved onto stage 2 case, and the other case was a stage 1 case. Two other cases were determined which had been received in the previous scheme year. Of these IDRP cases, three were against an employer, one of which was upheld and another upheld in part, and the other was abandoned by the complainant. One case was against the fund and is awaiting an outcome. In addition, in the last year, one complaint determined at stage 2 in the previous scheme year has been referred to the Pensions Ombudsman.

Investment Policy & Performance

Investment Management

Management of Cheshire Pension Fund's assets is determined within the context of the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016 (the "Regulations"). The regulations require the Fund to publish its Investment Strategy Statement which documents the current investment strategy, provides transparency in relation to how the Fund's investments are managed and acts as a high level risk register. This document can be found on the Fund's website and provides further detailed information about how the Fund manages its assets.

In summary, the Fund groups all of its employers into one of four groups: Open, Academies, Exiting and Exited. Each employer group can then be allocated to an appropriate investment strategy which gives the constituent employers access to an investment strategy that meets their long term funding objectives. The appropriateness of the investment strategy to the needs of each employer group is kept under review and where necessary different strategies will be developed and implemented. This ensures that each of the Fund's 476 scheme employers (328 employers who contributed to the fund in year) has access to an investment strategy that meets their long term funding requirements.

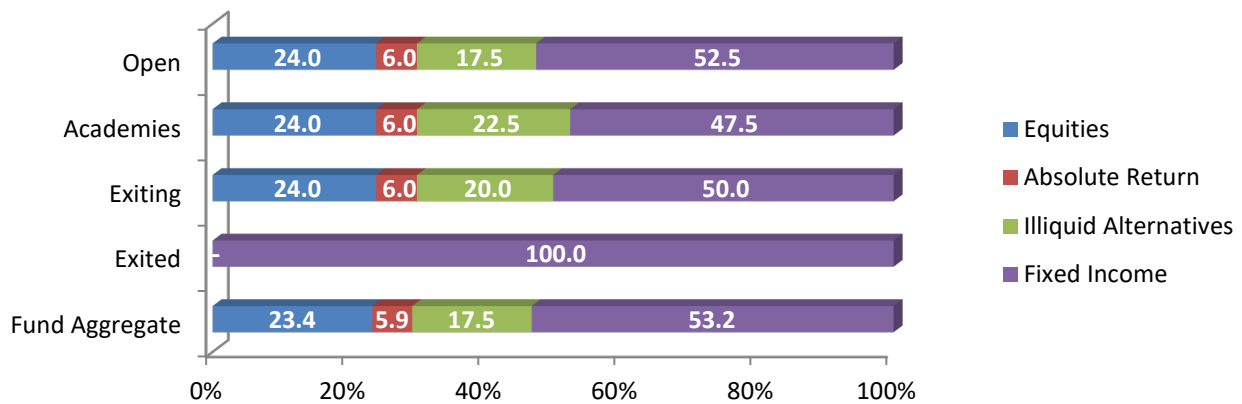
Each investment strategy has a strategic asset allocation, which targets the required long term rate of return, whilst ensuring that the portfolio maintains an acceptable level of risk and an appropriate level of diversification. The strategic asset allocation is formally reviewed every three years alongside the actuarial valuation. It is considered and endorsed by the Pension Fund Committee after taking advice from the Fund's professional advisers.

Further details on the Fund's investment strategy, responsible investment policy, risk management strategy and governance arrangements are available on the Fund's website.

www.cheshirepensionfund.org

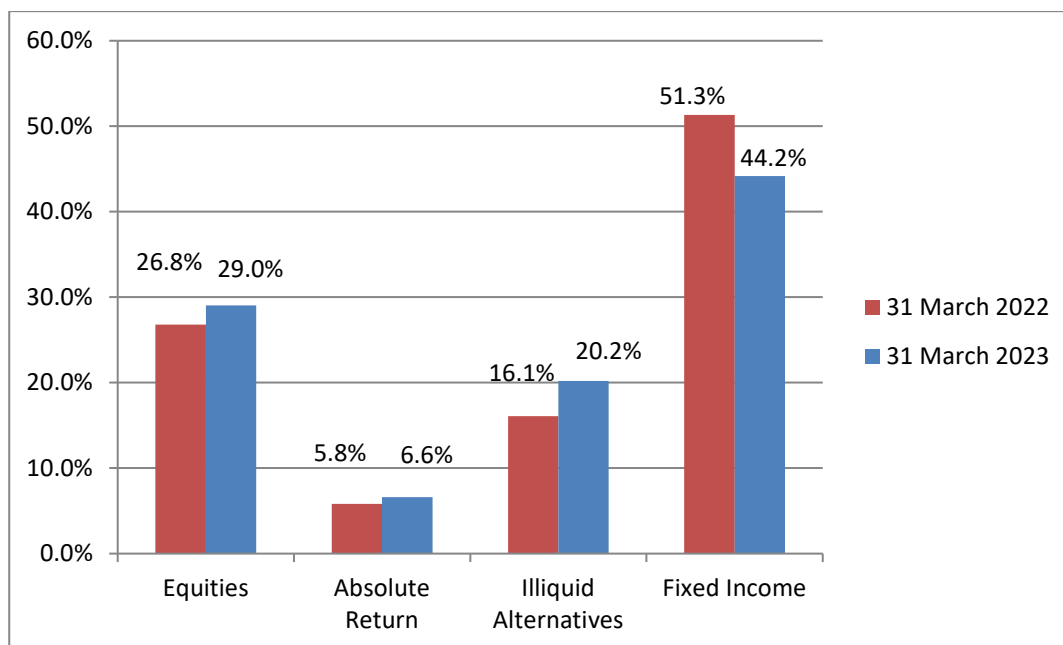
Strategic Asset Allocation

The strategic asset allocation for 2022-23 for each investment strategy is shown in the chart below, alongside a weighted aggregated asset allocation at whole fund level.

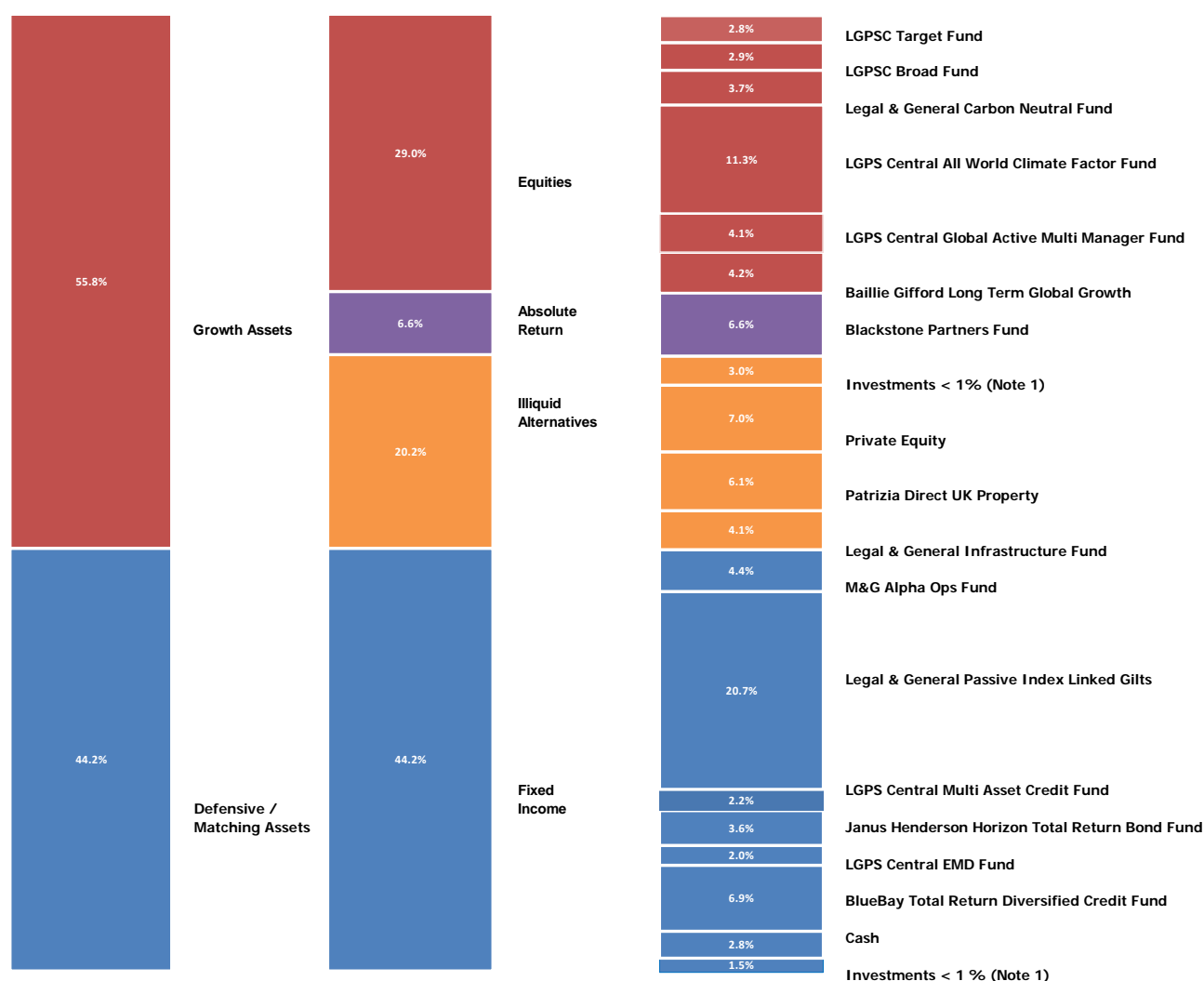


Actual Asset Allocation

The market value of the Fund's investments, cash and other assets, as at 31 March 2023, was £6.254billion, compared with a value of £6.959billion as at 31 March 2022. The chart below shows the distribution of assets across the main investment categories. These change year on year as a result of changes to the strategic asset allocation, the performance of the underlying asset classes and managers, and rebalancing across managers and asset classes.



The detailed distribution of assets by category and by manager at 31 March 2023 is set out in the following chart.

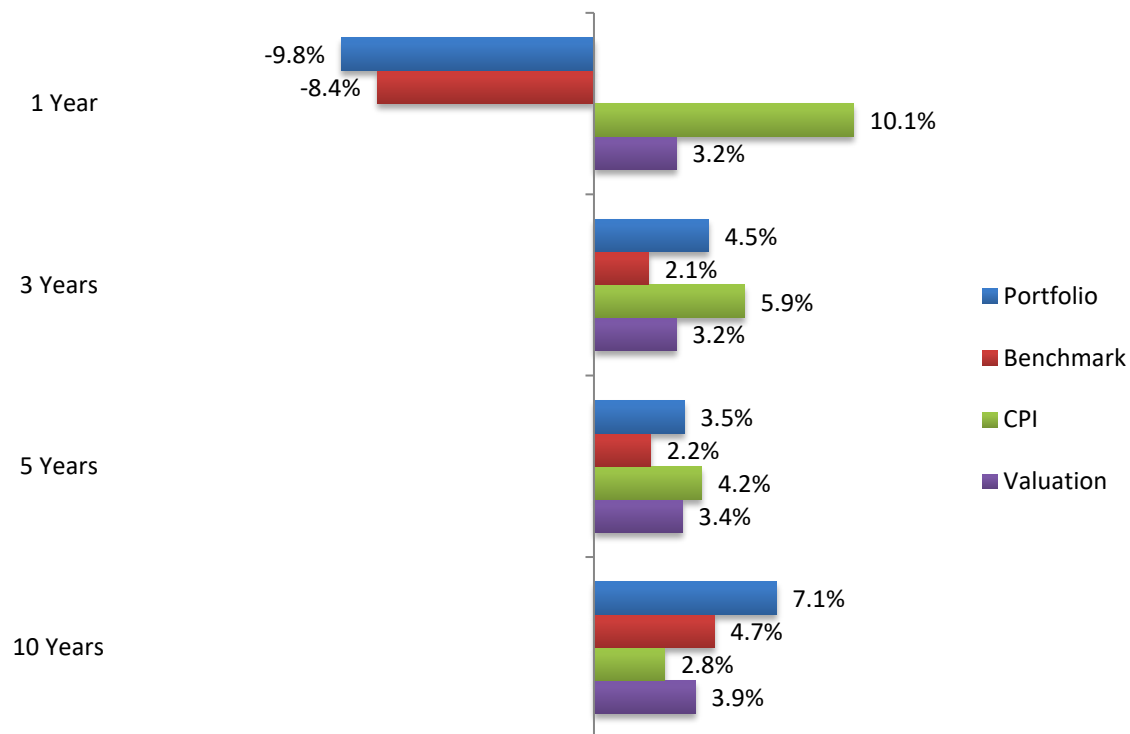


[Note 1] Investments which make up less than 1% of the funds total assets include:

Darwin Leisure Fund
 Darwin Property Development Fund
 Darwin K Class
 Arrowgrass Capital Partners
 LGPS Central Credit Partnership II
 LGPS Central Infrastructure Core Fund
 LGPS Central Infrastructure Value Add/Opportunistic Fund
 LGPS Central Credit Partnership III
 LGPS Central Single Asset Credit

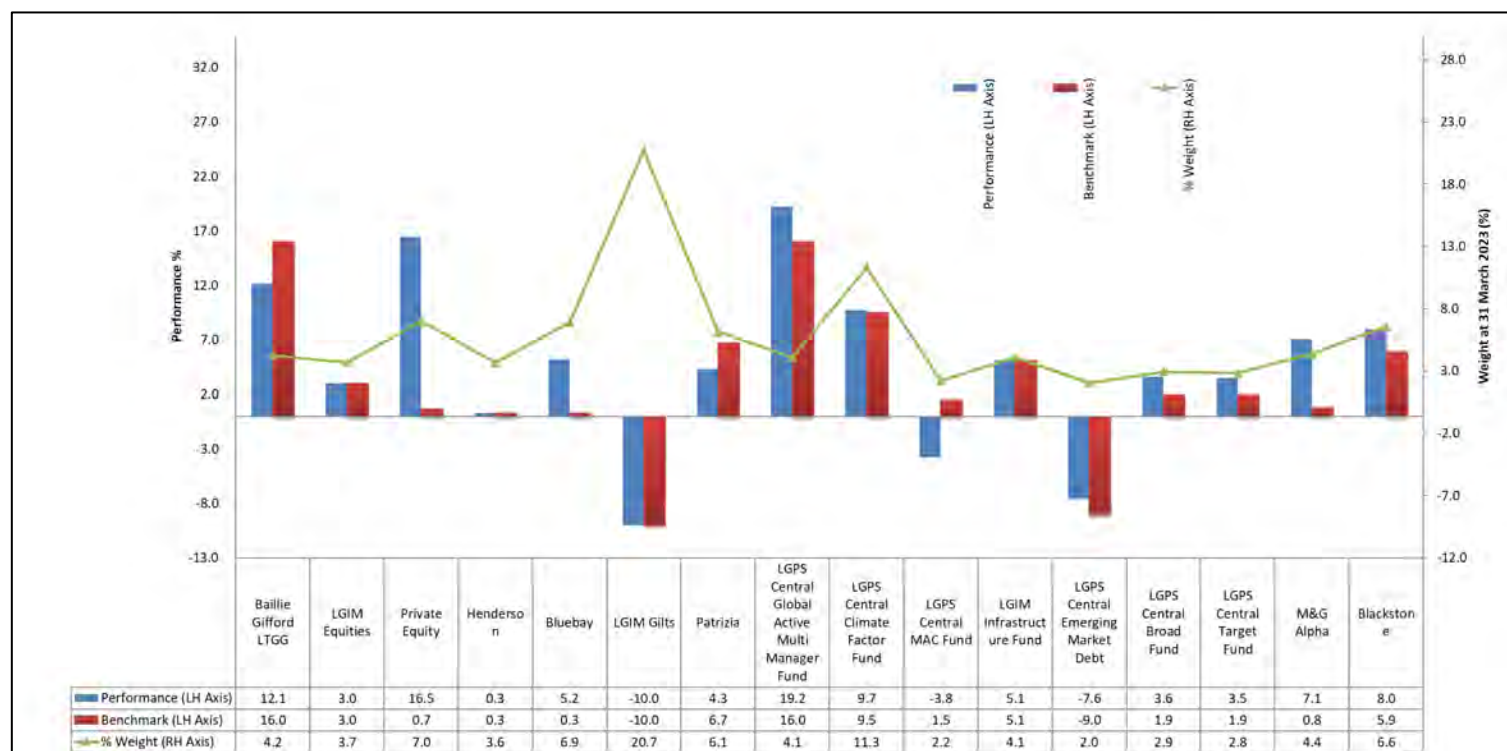
Investment Performance

The Fund uses a tailored strategic benchmark that reflects its specific asset allocation. The following chart shows the performance of the Fund relative to its strategic benchmark, inflation (CPI) and the return assumption used by the Actuary as part of the triennial valuation. Returns for periods of greater than 1 year are annualised.



Appointed Investment Managers

The Fund utilises external investment managers to undertake the day to day management of the Fund's assets. Each manager has a specific benchmark and performance target against which their performance is regularly monitored. The aggregation of each underlying manager's performance provides the total fund return as shown above. Rolling 3 year performance for each investment manager is shown in the table below, alongside the relevant benchmark. The right hand axis and green line shows the % of assets held by each manager at 31 March 2023.



Notes: Excludes contributions from Managers who are no longer used or are in the process of disinvesting (at 31 March 2023). Where a manager/mandate has been in place for less than 3 years, annualised return since inception is used. All returns are annualised.

The following table provides further details in relation to each investment manager.

Manager/Mandate	Description	Benchmark	Performance Target per annum	Inception
Baillie Gifford Long Term Global Growth	Active global equities	FTSE All World Index	b/m +3%	2005
LGIM Equities	Passive global equities	RAFI Fundamental Global Carbon Neutral Net Index	Track index	2022
LGPS Central Ltd Global Equity	Passive global equities	FTSE All World Climate Balanced Comprehensive Factor Index	Track Index	2019
LGPS Central Ltd	Active global equities	FTSE All World Index	b/m +1.5%	2019
LGPS Central Ltd Sustainable Broad Fund	Active global equities	FTSE All World Total Return Index	b/m +1.5-2%	2022
LGPS Central Ltd Sustainable Targeted Fund	Active global equities	FTSE All World Total Return Index	b/m +2-3%	2022
Private Equity - Various	Private Equity fund of fund and direct	LIBID	10%	2003
Janus Henderson	Total return fixed income	SONIA	4%	2012
Bluebay	Multi asset credit	SONIA	5-10%	2015

Manager/Mandate	Description	Benchmark	Performance Target per annum	Inception
M&G Alpha	Multi asset credit	SONIA	b/m +3-5%	2018
LGPS Central Ltd	Multi asset credit	3 month SONIA GBP	b/m +4%	2021
LGPS Central Ltd	Emerging Market Debt	JP Morgan EMBI Global Diversified Index	b/m +1%	2021
LGIM Gilts	Passive index linked gilts and fixed gilts	FTSE A Index-Linked > 5 Years	Track index	2013
LGIM – Infrastructure Equity	Passive Infrastructure Equity	FTSE Developed Core Infrastructure Index	Track Index	2020
Patrizia	UK direct property	BNY Property Median	Main portfolio 6.5%, Index linked portfolio CPI +1.5%	1988
Blackstone	Fund of hedge fund	CPI	b/m +5%	2016

The above tables provide information on those managers that manage fund assets >2%.

The private equity mandate is managed by Pantheon Ventures, Adams Street Partners and Lexington. The Fund has also committed £82m to four LGPS Central Ltd private equity funds.

Investment Fees

The Fund is committed to transparency in relation to the fees it pays to investment managers. It believes that it is important to assess the value delivered by asset managers by evaluating fees in relation to investment performance. The table below shows the fees paid to managers in each asset class, including those underlying fees that the Fund is not required to report in the Statement of Accounts.

	Management Fees (£000's)	Performance and Other Fees (£000's)	Underlying fees within Fund of Fund Structures (£000's)	Total Fees Inc. Underlying (£000's)	Estimated 12 Month Performance	Net Impact on Asset Value of Investment Returns, minus all fees
Pooled Investment Vehicles	8,797	-	-	8,797	-12.6%	-399m
Equities	3,111	1,821	-	4,932	-2.4%	-45m
Pooled Property Investments	501	295	-	796	+3.5%	+4m
Private Equity	3,951	782	840	5,573	+15.3%	+6m
Direct Property	1,197	13	-	1,210	-8.0%	-60m
Loans	695	-	-	695	0	+1m
Cash and Other	112	11	-	122	0	0
Total Fund	18,362	2,923	840	22,125	-9.8%	-493m

The table below shows the fees paid to managers alongside the combined returns of those managers and the net impact (i.e. taking into account both fees and performance) on the value of Fund assets.

Ongoing management fees

	Asset Pool				Non Asset Pool				Fund Total	
	Direct	Indirect	Total		Direct	Indirect	Total			
	£000s	£000s	£000s	bps	£000s	£000s	£000s	bps	£000s	bps
Management fees:										
Ad valorem	5,184	-	5,184		15,045	-	15,045		20,229	
Performance			-		138		138		138	
Transaction costs:			-				-		-	
Commissions			-		-		-		-	
Acquisition/issue costs			-				-		-	
Disposal costs			-				-		-	
Registration/filing fees			-				-		-	
Taxes and stamp duty			-				-		-	
Other					919	840	1,759		1,759	
Custody			-		-		-		-	
Other			-		-		-		-	
Total	5,184	-	5,184	-	16,101	840	16,941		22,125	

Note: bps are basis points with 100 bps = 1%. So, a manager who charged 100 bps in fees would levy a fee equivalent to 1% of assets under management.

In addition to the above ongoing management fees the Fund was also charged £1.155m for its share of the running costs of LGPS Central. These costs were in respect of product development, governance costs and operator costs. These costs have been included within the Fund's Statement of Accounts under the category of oversight and governance costs.

Asset Allocations and Performance

Asset Category	Opening value		Closing value		Performance 1 year		Passive	Local
					Gross	Net	Index	Target
	£000s	%	£000s	%	%	%	%	%
Asset Pool Managed Investments								
Active Listed Equity	312,149	4.5%	255,480	4.1%	1.57%	1.36%	-0.88%	0.62%
Sustainable Equity Fund 1	-	0.0%	175,205	2.8%	3.87%	1.87%	1.87%	3.87%
Sustainable Equity Fund 2	-	0.0%	182,563	2.9%	3.94%	3.60%	1.87%	3.37%
Multi-asset funds/diversified growth funds	136,500	2.0%	126,390	2.0%	-7.21%	-1.74%	-8.70%	-7.70%
Multi asset funds/diversified growth funds	144,765	2.1%	139,140	2.2%	-3.67%	-3.88%	2.76%	6.76%
Passive Fund	701,248	10.1%	705,180	11.3%	0.58%	0.56%	0.44%	0.44%
Infrastructure	26,264	0.4%	95,183	1.5%	N/A	N/A	N/A	N/A
Private Debt	6,054	0.1%	92,033	1.5%	N/A	N/A	N/A	N/A
Unlisted Equity Fund	18,787	0.3%	25,186	0.4%	N/A	N/A	N/A	N/A
Other*	2,032	0.0%	2,047	0.0%	N/A	N/A	N/A	N/A
Total	1,347,799	19.4%	1,798,407	28.8%	N/A	N/A	N/A	N/A
Non Asset Pool Managed Investments								
Active Listed Equity:								
Global Fund 1	311,041	4.5%	493	0.0%	N/A	N/A	N/A	N/A
Global Fund 2	302,780	4.4%	265,377	4.2%	-12.39%	-13.78%	-0.90%	2.10%
Global Fund 3	14	0.0%	15	0.0%	N/A	N/A	N/A	N/A
Passive Listed Equity:								
Passive Fund 1	196,656	2.8%	256,087	4.1%	-	-9.80%	-9.80%	-9.80%
Passive Fund 2	221,523	3.2%	229,149	3.7%	-	3.44%	3.44%	3.44%
Passive Listed Fixed Income 1	1,860,668	26.7%	1,294,499	20.7%	-	-30.43%	-30.43%	-30.43%
Property:								
Direct- Core and Index Linked	445,480	6.4%	387,862	6.2%	-8.40%	-8.60%	N/A	7.90%
Indirect Property Fund 1	35,400	0.5%	35,405	0.6%	1.10%	-	N/A	8.00%
Indirect Property Fund 2	42,132	0.6%	44,955	0.7%	8.50%	6.70%	N/A	10.00%
Indirect Property Fund 3	10,265	0.1%	10,335	0.2%	1.00%	0.70%	N/A	8.00%
Unlisted Equity Fund	389,732	5.6%	411,333	6.6%	N/A	N/A	N/A	N/A
Cash	425,634	6.1%	172,925	2.8%	N/A	N/A	N/A	N/A
Multi-asset funds/diversified growth funds:								
Diversified credit Fund	457,493	6.6%	431,022	6.9%	-5.49%	-5.82%	N/A	5.00%
Total Return Bond Fund	241,726	3.5%	227,710	3.6%	-	-6.32%	N/A	4.00%
Opportunities Fund	269,291	3.9%	275,491	4.4%	5.15%	3.17%	N/A	5.20%
Hedge Funds:								
Multi- Strategy	3,434	0.0%	2,433	0.0%	N/A	N/A	N/A	N/A
Hedge Fund of Funds	397,689	5.7%	410,542	6.6%	N/A	N/A	N/A	15.10%
Total	5,610,959	83.2%	4,455,633	71.2%	N/A	N/A		
Overall Total	6,958,758	100%	6,254,040	100%	N/A	N/A	-	N/A

*Relates to equity share of £1.315m in LGPS Central Ltd and Loan advanced to LGPS Central Ltd of £685k plus £32k interest

In response to the Scheme Advisory Board Transparency Code the Fund has contacted all managers regardless of whether they have signed up to the Code and requested that they complete the Transparency Code template for 2022-23 and future years to allow more transparent reporting. LGPS Central Ltd, in selecting Managers for the pool, also set as a requirement that Fund Managers they select are signed up to the Transparency Code. The table above includes information from all managers who returned the transparency code template in time for inclusion in the Annual Report.

Costs and savings from asset pooling

As at the end of March 2023, assets valued at £1.798bn had transitioned to the Fund's pooling company, LGPS Central Limited, with a further £515m of commitments to be drawn down. In addition, assets with a year-end value of £1.524bn had been jointly procured with partner funds from within the Central pool. Together, these constitute 61.4% by value of the Fund's total investment assets.

The table shows the costs and savings from asset pooling to date:

	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23
	£000	£000	£000	£000	£000	£000	£000
Set up costs	97	2,417	- 502				
Transition costs			179	243	419	-	-
Fee savings				- 195	- 306	- 252	- 455
Net savings realised	97	2,417	- 323	48	113	- 252	- 455

Fee savings shown are calculated by comparing fee rates charged by legacy managers vs. those charged by LGPS Central in respect of transitioned assets. They do not include additional fee saving reductions from strategic asset allocation changes or general downward pressure on investment manager fees facilitated by asset pooling.

Additional costs relating to pooling Governance, Operator and Product Developments costs are excluded as these are not charged directly to an investment product (these costs totalled £1.155m in 2022-23).

Investment Administration and Custody

Whilst the Fund's appointed investment managers make and implement investment decisions, particularly in respect of the purchase and sale of stock, the practical consequences of their decisions in terms of the Fund's rights to, and benefits of, ownership of investments and cash are handled by custodians who are independent of the investment managers.

The Pension Fund's custodian is Bank of New York Mellon who is responsible for custody and safekeeping of assets within the segregated equity mandates managed by Baillie Gifford. The Fund's custodian is also employed to undertake an independent review and validation of the assets held in unit trusts with other investment managers and their own custodians. A full list of the custodians used by the Fund and its investment managers is provided below:

Investment Manager / Sub Fund	Asset Class	Custodian
Baillie Gifford	Segregated Equity	Bank of New York Mellon
BlueBay Asset Management	Fixed Income	Brown Brothers Harriman
Janus Henderson	Fixed Income	BNP Paribas
M&G	Fixed Income	State Street
Arrowgrass	Absolute Return	CITCO Fund Services
Blackstone	Absolute Return	CITCO Fund Services
Legal & General	Passive Equity / Gilts	HSBC
LGPS Central	Pooled Equity/Fixed Income	Northern Trust

Statement of Responsible Investment

The Cheshire Pension Fund ("the Fund") is a long term investor aiming to deliver a sustainable Pension Fund for all stakeholders.

Cheshire West and Chester Council ("the Council") as the Administering Authority of the Fund has a fiduciary duty to act in the best, long-term, interests of the Fund's employers and scheme members. The Fund believes that in order to fulfil this duty, it must have a clear policy on how it invests in a responsible manner.

Responsible Investment is a fundamental part of the Fund's overarching investment strategy as set out in the Investment Strategy Statement. That is, to maximise returns subject to an

acceptable level of risk whilst increasing certainty of cost for employers and minimising the long term cost of the scheme. The Fund believes that consideration of Environmental, Social and Corporate Governance (“ESG”) factors are fundamental to this, particularly where they are likely to impact on the overarching investment objective.

The Fund’s approach aims to ensure that consideration of ESG factors is embedded in the investment process, utilising the various tools available to manage ESG risks and to harness opportunities presented by ESG factors.

The Fund reviews and revises its Responsible Investment policy annually and the latest policy was updated as at April 2023. The Fund consults with stakeholders on its policy every three years. The current policy was updated to better reflect the Fund’s net zero climate change commitment.

Climate Change

In recognition of the unique risk posed by climate change the Fund undertakes an annual exercise to identify, evaluate and manage the climate related risk to its investment portfolio.

The results from this annual exercise are published each year in a climate risk report which complies with industry best practice as defined by the Taskforce on Climate Related Financial Disclosures (TCFD). The Fund’s third annual TCFD report was published in October 2022 and is available on the Fund’s website. The report assessed the Fund’s progress against its three climate change targets as follows:

Performance against the Fund’s Climate Targets as of 31st January 2022

Target	Status
Reduce the carbon footprint of the Fund’s equity portfolio by 7.6% per year.	Between 31 st December 2020 and 31 st January 2022, the Fund’s Total Equities carbon footprint decreased by 6.6%. However, since 31 st December 2019 the Fund has achieved a carbon reduction of 29.8%, which equates to an average annual reduction of 14.9%.
Reduce the carbon footprint of the Fund’s equity portfolio to 50% below the equity market by the end of 2023.	As of 31 st January 2022, the carbon footprint of the Fund’s Total Equities portfolio is 43.8% lower than the FTSE All World. This is both an improvement from 2020 and 2019 where it was 38.6% and 30.3% lower, respectively.
Invest an increasing proportion of the total Fund assets in low carbon and sustainable assets.	In 2021 CPF exited its investments in the LGIM FTSE RAFI 3000 fund and transitioned into the LGIM RAFI Carbon Neutral Fund, increasing its total investments in low carbon and sustainable assets. The Fund’s investments in infrastructure projects, including renewables, increased significantly during the year.

In addition, the report also evaluated the risk and return characteristics of the Cheshire Fund’s investment portfolio under various climate scenarios including an increase in global temperatures of 2, 3 and 4 degrees centigrade. Under all scenarios the review found there

would be a minimal impact on the expected annual investment returns for the Fund projected to 2050. This was due to the Fund's well diversified portfolio and significant allocation to UK Government debt.

The publication of an annual TCFD report is intended to demonstrate the Fund's progress towards delivering against its Climate Change commitments and beliefs as set out in its Climate Strategy Document, also available on the Fund's website:

- i) The Fund commits to decarbonise its investment portfolio to deliver net zero emissions by 2050 at the latest.
- ii) Support the Paris Climate Agreement, which seeks to limit increases in global temperatures below 2 degrees centigrade. By extension, the Fund expects all investee companies to align their business activities with the Paris Agreement.
- iii) The belief that climate change is a long-term material risk and therefore it is correct that the Fund consider it as an integral part of its statutory fiduciary duties.
- iv) The belief that climate change may impact the Fund through asset pricing, life expectancy, employer covenants, long term inflation and interest rates.
- v) The belief that the Fund believes that the transition to a low carbon world economy presents both risk and opportunities and therefore, the Fund will consider climate change as a part of all asset allocation, manager selection and individual investment decisions.
- vi) To support the long-term aim of net zero by 2050 by setting specific shorter-term targets to lower the carbon footprint of its equity portfolio year on year compared to the general market.

The Fund believes that its climate change commitments can be delivered without jeopardising its fiduciary duty to act in the best long-term financial interests of members and employers. However, when considering all investment decisions which are presented to the Committee with a view to reducing the Fund's carbon footprint or closer alignment with net zero, additional analysis will be presented to show, as far as possible, any likely positive or negative impact on investment returns. In this way, the Fund has sought to clearly demonstrate that it is acting in accordance with the requirements of the LGPS Investment Regulations.

The Fund's approach and documentation relating to Climate Change are all available on the Fund's website at:

<https://www.cheshirepensionfund.org/members/about-us/how-we-manage-our-investments/climate-change/>

Policies Adopted

The Fund adopts a policy of positive engagement with the companies in which it invests in order to promote high standards of corporate governance. It believes that this will help to raise standards across all markets and that this is in the best long term interests of the Fund, its beneficiaries and other stakeholders.

Investment performance is monitored on a quarterly basis and the Fund expects investment managers to engage with companies to address concerns affecting performance.

The Fund believes that the greatest impact on behaviour can be achieved when working together with others. It is a member of the Local Authority Pension Fund Forum (LAPFF) which exists to promote the investment interests of local authority pension funds and to maximise their influence as shareholders in promoting corporate social responsibility and high standards of corporate governance amongst the companies in which they invest. The

Fund actively supports the work of LAPFF and sees this as an important element of its stewardship responsibilities.

The Fund continues to exercise its ownership rights by adopting a policy of actively voting stock it holds. The Fund delegates responsibility for voting to its directly appointed investment managers who are required to vote wherever the Fund has a voting interest. Wherever practicable, votes must be cast in accordance with industry best practice as set out in the Combined Code of Corporate Governance with a clear focus on enhancing long term shareholder value.

In order to ensure that the governance practices employed by the Fund's investment managers are aligned to that of the fund, investment manager's quarterly performance reports are required to include a specific briefing on corporate governance, detailing all votes cast on the Fund's behalf. This is reported to the Investment Sub-Committee on a quarterly basis and any exceptions or examples of non-compliance are addressed directly with the Fund's managers.

The table below summarises the voting activity for the Fund over the 12 months to 31 March 2023:

	UK	Overseas	Total	%
Number of Companies	2	99	101	N/A
Votes Cast in Favour	20	776	796	92.34
Votes Cast Against	2	59	61	7.08
Votes Abstained / Withheld	0	5	5	0.58
Total number of Resolutions	22	840	862	100.0

The Fund also invests in a number of Funds managed by its pooling fund company, LGPS Central Ltd ('LGPSC'). LGPSC have a 'Responsible Investment and Engagement Framework' which contains two key objectives:

- 1) To support the company's investment objectives;
- 2) To be an exemplar for Responsible Investment within the financial services industry and raise standards across the market.

LGPSC also publish a Quarterly and Annual Stewardship Report setting out in full their stewardship, engagement and voting activities.

This information available on the LGPS Central website at:
<https://www.lgpscentral.co.uk/responsible-investment/>

Statement of Compliance with the UK Stewardship Code for Institutional Investors

The Financial Reporting Council has published its new Stewardship Code which took effect from 1 January 2020. The new Code significantly strengthens the existing one and places a new requirement on all signatories to produce an annual report explaining their stewardship activities and outcomes.

The new Code set out a number of principles and the Fund will be submitting a statement of compliance to the Financial Reporting Council at a forthcoming staging date.

Myners' Principles

The Myners' Principles are a set of principles for good investment governance, originally created in 2001 and subsequently updated in 2008. Local government pension funds are required to produce a statement in their annual report regarding compliance with these Principles on a 'comply or explain' basis. The Myners' Principles are:

Principle 1: Effective Decision-Making

Principle 2: Clear Objectives

Principle 3: Risk and Liabilities

Principle 4: Performance Assessment

Principle 5: Responsible Ownership

Principle 6: Transparency and Reporting

The Pension Fund's compliance with the Myners' Principles is shown in the following table:

Principle	Evidence of Compliance
Principle 1 Effective Decision Making: Administering authorities should ensure: <ul style="list-style-type: none"> • That decisions are taken by persons or organisations with the skills, knowledge, advice and resources necessary to make them effectively and monitor their implementation; and • That those persons or organisations have sufficient expertise to be able to evaluate and challenge the advice they receive, and manage conflicts of interest. 	Compliant <ul style="list-style-type: none"> - Decisions are taken by the Section 151 Officer of the Administering Authority, advised by the Pension Fund Committee. - The Section 151 Officer and the Committee has support from Council officers with sufficient experience to assist them. - The Fund is also advised by professional actuarial and investment advisers. - The Committee makes robust challenges to advice and is aware of where potential conflicts of interest may reside within the Committee and in relation to service providers.
Principle 2 Clear objectives: An overall investment objective should be set out for the fund that takes account of the scheme's liabilities, the potential impact on local tax payers, the strength of the covenant for non-local authority employers, and the attitude to risk of both the administering authority and scheme employers, and these should be clearly communicated to advisers and investment managers.	Compliant <ul style="list-style-type: none"> - The Fund has established investment objectives, which take account of the nature of Fund liabilities and the contribution strategy. The objectives are set based on advice from the Fund Actuary and Strategic Investment Advisor, which informs the overall risk budget for the Fund. The overarching objective is reflected in the investment mandates awarded to the asset managers. - There is dialogue with admitted bodies within the Fund in relation to the contributions they pay, their capacity to pay these contributions and the level of guarantees they can provide.
Principle 3 Risk and liabilities: <ul style="list-style-type: none"> • In setting and reviewing their investment strategy, administering 	Compliant <ul style="list-style-type: none"> - The investment strategy is considered in the light of the nature of the Fund liabilities, the timescale over which benefits will be

Principle	Evidence of Compliance
<p>authorities should take account of the form and structure of liabilities.</p> <ul style="list-style-type: none"> These include the implications for local tax payers, the strength of the covenant for participating employers, the risk of their default and longevity risk. 	<p>paid, and financial and demographic factors affecting the liabilities, such as inflation and improving longevity</p> <ul style="list-style-type: none"> The Pension Fund Committee and Council officers discuss and agree the contribution strategy with the Actuary, taking into account of risk factors for all employers including strength of covenant.
Principle	Evidence of Compliance
<p>Principle 4 Performance assessment:</p> <ul style="list-style-type: none"> Arrangements should be in place for the formal measurement of performance of the investments, investment managers and advisers. Administering authorities should also periodically make a formal assessment of their own effectiveness as a decision-making body and report on this to scheme members. 	<p>Partially compliant</p> <ul style="list-style-type: none"> The performance of the Fund and its individual managers are monitored on a regular basis. The quality of advisers is assessed on a qualitative basis and is subject to periodic retender in order to ensure value for money. Independent external reviews of the Fund's governance arrangements are undertaken periodically and recommendations implemented.
<p>Principle 5 Responsible Ownership:</p> <p>Administering authorities should</p> <ul style="list-style-type: none"> adopt, or ensure their investment managers adopt, the Financial Reporting Council's (FRC) Stewardship Code on the responsibilities of shareholders and agents. include a statement of their policy on responsible ownership in the Statement of Investment Principles. report periodically to scheme members on the discharge of such responsibilities. 	<p>Compliant</p> <ul style="list-style-type: none"> The Pension Fund Committee encourages its investment managers to adopt the Financial Reporting Council's (FRC) Stewardship Code on the responsibilities of shareholders and agents on the Fund's behalf and all relevant managers comply. This Investment Strategy Statement includes a statement on the Fund's policy on responsible ownership. The Fund's asset pooling company, LGPS Central Ltd, has its own Responsible Investment and Engagement policy and publishes quarterly update reports on its website.
<p>Principle 6 Transparency and Reporting:</p> <p>Administering authorities should</p> <ul style="list-style-type: none"> act in a transparent manner, communicating with stakeholders on issues relating to their management of investment, its governance and risks, including performance against stated objectives. should provide regular communication to scheme members 	<p>Compliant</p> <ul style="list-style-type: none"> The Fund maintains minutes of all Pension Fund Committee meetings and publishes them on the Fund website. The Council meets regularly with sponsoring employers and a member representative attends Committee meetings. The Investment Strategy Statement is published on the Fund's website and is available to members on request. Other information on the Scheme including comprehensive quarterly information on the

Principle	Evidence of Compliance
in the form they consider most appropriate.	Fund's investment holdings, is available to members on the Fund's website.

Investment performance – link to Funding Strategy Statement

Employees' benefits are guaranteed by the LGPS Regulations, and do not change with market values or employer contributions. Investment returns will help pay for some of the benefits, but probably not all, and certainly with no guarantee. Employees' contributions are fixed in those Regulations also, at a level which covers only part of the cost of the benefits. Therefore, employers need to pay the balance of the cost of delivering the benefits to members and their dependants.

The Funding Strategy (FSS) focuses on how employer liabilities are measured, the pace at which these liabilities are funded, and how employers or pools of employers pay for their own liabilities.

The FSS sets out the objectives of the Fund's funding strategy, such as:

- Ensuring the long-term solvency of the Fund, using a prudent long term view. This will ensure that sufficient funds are available to meet all members'/dependants' benefits as they fall due for payment;
- Ensuring that employer contribution rates are reasonably stable where appropriate;
- Minimising the long-term cash contributions which employers need to pay to the Fund, by recognising the link between assets and liabilities and adopting an investment strategy which balances risk and return
- Reflecting the different characteristics of different employers in determining contribution rates. This involves the Fund having a clear and transparent funding strategy to demonstrate how each employer can best meet its own liabilities over future years; and
- Using reasonable measures to reduce the risk to other employers and ultimately to the Council Tax payer from an employer defaulting on its pension obligations.

How does contribution rate vary for different employers?

1. The **funding target** is based on a set of assumptions about the future, (e.g. investment returns, inflation, pensioners' life expectancies). However, if an employer is approaching the end of its participation in the Fund, then its funding target may be set on a more prudent basis, so that its liabilities are less likely to be spread among other employers after its cessation;

2. The **time horizon** required is, in broad terms, the period over which any deficit is to be recovered. A shorter period will lead to higher contributions, and vice versa (all other things being equal). Employers may be given a lower time horizon if they have a less permanent anticipated membership, or do not have tax-raising powers to increase contributions if investment returns under-perform; and

3. The **probability of achieving** the funding target over that time horizon will be dependent on the Fund's view of the strength of employer covenant and its funding profile. Where an employer is considered to be weaker, or potentially ceasing from the Fund, then the required probability will be set higher, which in turn will increase the required contributions (and vice versa).

Stabilisation

Stabilisation is a mechanism where employer contribution rate variations from year to year are kept within a pre-determined range, thus allowing those employers' rates to be relatively stable. This stabilisation mechanism allows short term investment market volatility to be managed without directly impacting employer contribution rates, on the basis that a long term view can be taken on net cash inflow, investment returns and strength of employer covenant.

The Administering Authority, on the advice of the Fund Actuary, believes that stabilising contributions can still be viewed as a prudent longer-term approach. However, employers whose contribution rates have been "stabilised" should be aware of the risks of this approach and should consider making additional payments to the Fund if possible.

The current stabilisation mechanism applies if:

- the employer satisfies the eligibility criteria set by the Administering Authority (see below) and;
- there are no material events which cause the employer to become ineligible, e.g. significant reductions in active membership (e.g. due to outsourcing or redundancies), changes in the nature of the employer (perhaps due to Government restructuring) or changes in the security of an employer.

On the basis of extensive modelling carried out for the 2022 valuation exercise, the stabilised details are as follows:

Type of employer	Stabilisation Mechanism
Tax Raising bodies excluding Cheshire East Council (including Police, Fire and Parish Councils)	+1.0%pa/-1.0%pa
Cheshire East Council	+1.5%pa/-1.5%pa

All other employers were set an appropriate individual employer rate based on their own individual characteristics. This contribution rate may be different to their theoretical contribution rate. Any deviation will be based on their own circumstances and a range of factors including (amongst other things) their perceived security or covenant, any budgetary constraints that they may be bound by and their likely time horizon as an LGPS employer etc.

The minimum contributions to be paid by each employer from 1 April 2023 to 31 March 2026 are shown in the Rates and Adjustment Certificate which is available on the Fund's website as an appendix to the 2022 Actuarial Valuation Report.

During the year the Fund welcomed 18 new employers into the scheme, 9 schools converted to academies, 8 admitted bodies and 1 parish council.

The LGPS regulations require that admitted bodies carry out, to the satisfaction of the Administering Authority, an assessment taking account of actuarial advice, of the level of risk arising on the premature termination of the provision of service or assets by reason of insolvency, winding up or liquidation of the admission body. Such risk assessments were carried out for each of the 8 new admitted bodies. Admission agreements and pension indemnity bonds are in place, or in the process of being put in place, for the new bodies. These are to be reviewed on an annual basis.

During the year the fund had 5 employers who ceased membership of the Cheshire Pension Fund, all of whom were admitted bodies.

Governance

1. Introduction

- 1.1 Public service pension schemes do not have trustees. Instead they are governed by regulation and statutory guidance. The principal legislation and regulations governing the Local Government Pension Scheme (LGPS) are the Pensions Act 2013 and the Local Government Pensions Scheme Regulations 2013.
- 1.2 Cheshire West and Chester Council (“the Council”) is the designated Administering Authority for the Cheshire Pension Fund (“the Fund”). The Council has established effective governance arrangements for the Fund, and the chart below summarises the local governance structure.

Governance Compliance Statement

- 1.3 Governance structure, roles and responsibilities, and the terms of reference of the Pension Fund Committee, Investment Sub-Committee, Local Pension Board, Pensions Employee Forum, and other relevant bodies, are set out in the Fund’s Governance Compliance Statement included on page xx of this Annual Report and available on the Fund website (www.cheshirepensionfund.org) in the section “About us > How we manage the fund > Governance Compliance Statement”. This also covers the Council’s approach to training for those in governance roles.
- 1.4 The Governance Compliance Statement also sets out the Council’s assessment of current practice against the seven principles set out in the CIPFA/SOLACE ‘Delivering Good Governance Framework 2016’.

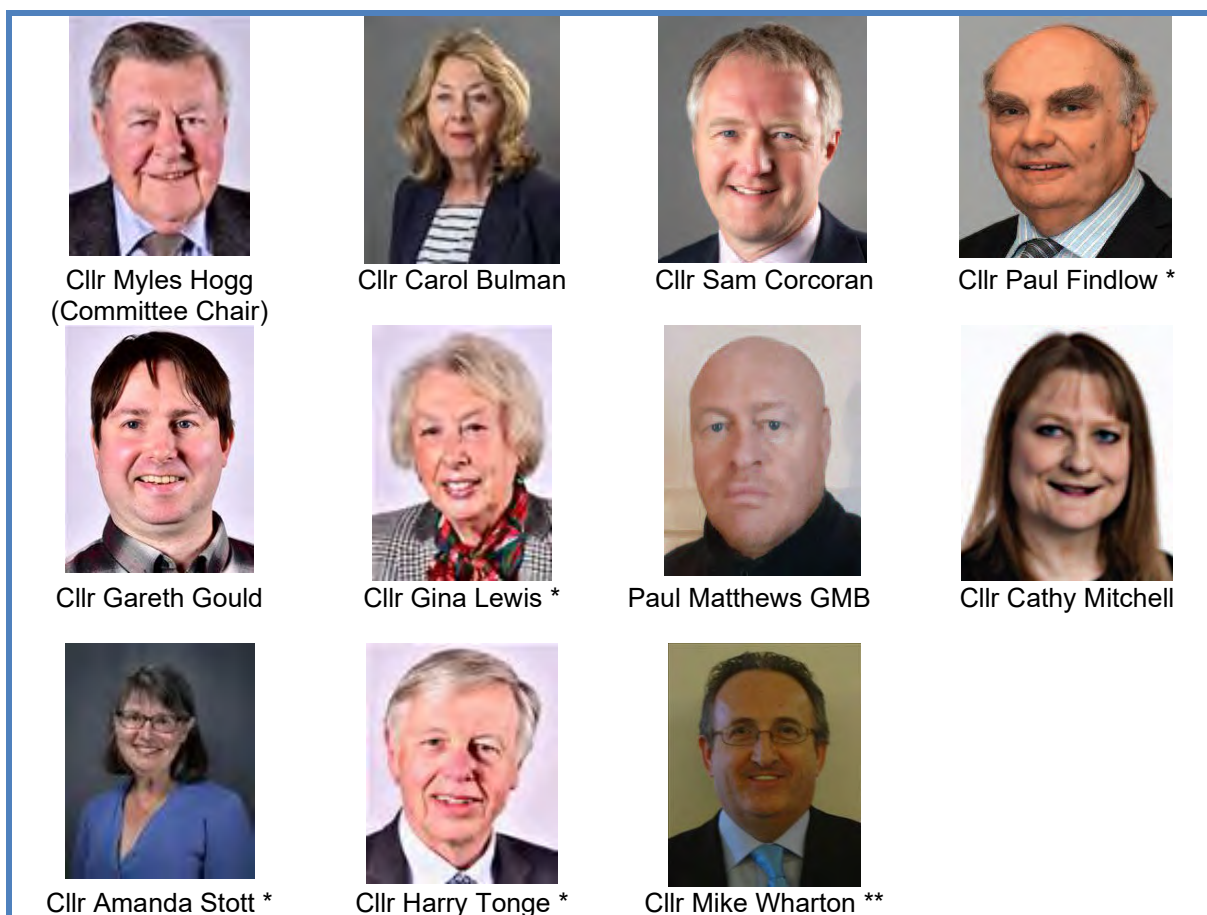
2. Governance in practice 2022-23

COVID-19 impact on meetings schedule

- 2.1 All scheduled meetings of the Pension Fund Committee, Investment Sub-Committee, Local Pension Board, and joint training events took place as usual during 2022-23. Following the lifting of COVID-19 restrictions in the UK during 2021-22, the Fund began holding some governance meetings in person, and have continued to do so during 2022-23. Pension Fund Committee aims to meet in person once a year with other meetings held virtually. Investment Sub-Committee continues to meet virtually. Local Pension Board holds most of its meetings virtually. Joint Training sessions take place in person once a year with other sessions delivered virtually.
- 2.2 In addition, investment pooling governance meetings, including the LGPS Central Joint Committee (agenda available at www.cheshirepensionfund.org), LGPS Central Shareholder Forum and the Practitioner's Advisory Forum (the officer working group) have adopted a combination of in-person and virtual meetings as appropriate during the year.

Pension Fund Committee

- 2.3 The Pension Fund Committee is made up of ten elected Member representatives from the four local councils who participate in the Cheshire Pension Fund (Cheshire East, Cheshire West and Chester, Halton, and Warrington) and a non-voting scheme member representative.
- 2.4 Members of the Committee as at 31 March 2023 were:



* Following the May 2023 local council elections, Cllrs Bulman, Findlow, Lewis, Stott and Tonge ceased to be Pension Fund Committee representatives. They are replaced for 2023-24 by Cllr Rachel Bailey, Cllr Michael Gorman and Cllr Judy Snowball (Cheshire East) and by Cllr Arthur Neil and Cllr Phil Rimmer (Cheshire West & Chester).

** Halton was also represented by Cllr Mark Dennett during 2022-23. Cllr Dennett will again represent Halton during 2023-24.

- 2.5 The Committee met four times during the year, and Committee members were also invited to three joint training events. Meeting dates and attendance for Committee members are shown below:

Name	10 June 2022	15 July 2022 Training	30 September 2022	28 October 2022 Training	02 December 2022	24 February 2023 Training	10 March 2023
Cllr Hogg (Chair)	✓	✓	✓	✗	✓	✓	✓
Cllr Gould	✓	✗	✓	✓	✗	✗	✗
Cllr Lewis	✓	✓	✗	✓	✓	✓	✓
Cllr Tonge	✓	✗	✗	✓	✓	✓	✓
Cllr Corcoran	✓	✗	✓	✓	✓	✗	✓
Cllr Findlow	✓	✓	✓	✓	✓	✗	✓
Cllr Stott	✓	✓	✓	✓	✓	✓	✓
Cllr Bulman	✓	✓	✓	✓	✓	✓	✓
Cllr Dennett	✓						
Cllr Wharton		✗	✗	✓	✓	✓	✓
Cllr Mitchell	✓	✓	✗	✗	✗	✗	✓
Paul Matthews	✗	✗	✗	✗	✗	✗	✗

- 2.6 At each Pension Fund Committee meeting, the Committee reviewed the minutes and recommendations of the Investment Sub-Committee, the Local Pension Board, and the Pensions Employer Forum.

- 2.7 The Committee received regular reports updating on:

- Employer admissions and cessations
- Compliance (including Breaches Log)
- Regulatory developments
- Progress against Business Plan targets
- Investment pooling updates
- Fund Risk Register

- 2.8 Topical issues during 2022-23 on which Committee made recommendations or received key updates include:

- Updates and outcomes from the 2022 Triennial Valuation exercise
- Outcomes from the Government Actuary Department's (GAD) valuation of the Cheshire Pension Fund under Section 13 of the Public Service Pensions Act 2013
- Update on the Fund's Communications Strategy



- The Fund's updated Investment Strategy Statement
- Reports on the annual Statement of Accounts and supporting audit process
- The Fund's business plan for the period 2023-27

Investment Sub-Committee

- 2.9 The Investment Sub-Committee strengthens governance and oversight by providing focus on investment strategy and investment performance.
- 2.10 The Sub-Committee met four times during the year. All members of the Pension Fund Committee are invited to attend the Investment Sub-Committee, but attendance is voluntary. Attendance at Sub-Committee meetings in 2022-23 is shown below:

	20 May 2022	26 August 2022	18 November 2022	10 February 2023
Name				
Cllr Hogg (Chair)	✓	✓	✓	✗
Cllr Gould	✗	✗	✓	✓
Cllr Lewis	✓	✗	✓	✓
Cllr Tonge	✗	✗	✓	✓
Cllr Corcoran	✓	✓	✓	✓
Cllr Findlow	✓	✓	✓	✗
Cllr Stott	✓	✓	✓	✓
Cllr Bulman	✓	✗	✓	✓
Cllr Dennett	✓			
Cllr Wharton		✓	✗	✓
Cllr Mitchell	✗	✗	✗	✗
Paul Matthews	✗	✗	✗	✗

- 2.11 At each meeting, the Sub-Committee reviewed the performance of the Fund's investment and funding strategy and the performance contribution of each appointed investment manager. Regular reports include:
- Outputs from the Fund's most recent annual review meetings with investment managers
 - A summary of Responsible Investment issues, equity voting activity and engagement
 - An explanation of Mercer manager risk ratings and important notices regarding any changes at investment managers
 - Fund cash flow monitoring
- 2.12 In 2022-23, the Sub-Committee also received reports and advised on topical matters in relation to:
- Revised strategic asset allocation model for academies
 - LGPS Central stewardship / voting and engagement updates
 - The Fund's response to the Government's consultation on Climate Risk reporting

- 2.13 The Local Pension Board prepares an Annual Report of its activity each year and this is included on page xx of this Annual Report:

Pensions Employer Forum

- 2.14 The Pensions Employer Forum (formerly the Pensions Consultative Forum) provides an opportunity to engage with participating employers.
- 2.15 The Chair of the Local Pension Board, Peter Raynes, also chairs the Forum. The Forum met three times during 2022-23. Attendance at the Forum for 2022-23 is shown in the table below:

	24 June 2022	21 October 2022	03 February 2023
Name / Organisation			
Peter Raynes (Chair)	✓	✓	✓
Cheshire West and Chester Council	✓	✓	✓
Cheshire East Council	✓	✓	✓
Halton Borough Council	✓	✓	✓
Warrington Borough Council	✗	✓	✓
Cheshire Police	✓	✓	✓
Cheshire Fire & Rescue	✓	✗	✗
Town & Parish Councils	✗	✗	✗
Housing Trusts / Associations	✓	✓	✓
Universities / Further Education Colleges	✗	✗	✗
Schools / Academies	✗	✗	✗
Council-owned companies	✓	✓	✓
Other employers	✓	✓	✓
Cheshire Association of Local Councils	✗	✓	✓

- 2.16 In addition to regular updates on scheme developments and administrative performance, the Forum has input into the design and development of changes to benefits administration processes and information flows between employers and the Fund.
- 2.17 In 2022-23 key areas of discussion were as follows:

- The Fund's Employer Engagement Strategy
- The Fund's Communications Strategy
- Member Focus Groups
- Relevant regulatory updates
- The launch of the My Cheshire Pension online dashboard
- Consultations on changes to the Fund's Funding Strategy Statement and Investment Strategy Statement

Scheme Advisory Board - Good Governance Review

2.18 The Scheme Advisory Board (SAB) commissioned Hymans Robertson in 2019 to undertake a Good Governance Review of the LGPS.

2.19 Hymans Robertson presented their initial findings in July 2019 and published their Phase 2 report in November 2019. The Scheme Advisory Board published their final recommendations arising from the review in February 2021 and these are listed below.

Theme	Recommendation
Statutory Guidance	1. MHCLG produce statutory guidance to establish new governance requirements for funds to implement the recommendations
Improved accountability	2. Single named officer responsible for the delivery of all LGPS related activity. To be known as the "LGPS Senior Officer"
Improve transparency and auditability of governance	3. Requirement to publish an annual governance compliance statement signed by the LGPS Senior officer and where different, co-signed by the S151 officer
Conflicts of Interest	4. Requirement to publish conflict of interest policy evidencing how conflicts, perceived and actual, are identified, monitored, and managed 5. Guidance should refer all involved in managing the LGPS, and, in particular, those on decision making committees, to the guide on statutory and fiduciary duty which will be produced by the SAB
Representation	6. Requirement to publish a policy on the representation of scheme members and non-administering authority employers on committees, explaining approach to representation and voting rights for each party
Skills and training	7. Requirement for key individuals within the LGPS, including LGPS officers and pension committee members to have the appropriate level of knowledge and understanding to carry out their duties 8. Introduce a requirement for s151 officers to carry out LGPS relevant training as part of their CPD requirements to ensure good levels of knowledge and understanding 9. Requirement to publish a policy setting out the approach to the delivery, assessment and recording of training plans to meet governance requirements 10. CIPFA and other relevant bodies to produce appropriate guidance and training modules for s151 officers and to consider including LGPS training within their qualification syllabus
Service delivery of LGPS function	11. Administering Authorities must document and publish key roles and responsibilities setting out how key decisions are reached 12. Requirement to publish an administration strategy 13. Each administering authority must report the fund's performance against an agreed set of indicators designed to measure standards of service. (Indicators to be established by SAB) 14. Each administering authority to ensure their committee is included in business planning process. Both the Committee and LGPS Senior Officer must be satisfied with the resources and budget allocated to deliver the LGPS service 15. Each administering authority must give proper consideration to the pay and recruitment policies relevant to the needs of their pension function. Administering authorities should not simply apply general staffing policies, such as recruitment freezes, to their pension function

Theme	Recommendation
Independent review	16. Each administering authority must undergo a biennial Independent Governance Review and, if applicable, produce the required improvement plan to address any issues identified.
Peer Review	17. LGA to consider establishing peer review processes for LGPS Funds.

2.20 Further regulation and statutory guidance will be needed to bring many of these recommendations into effect in the LGPS. Further guidance from the Government has been anticipated since publication of the recommendations listed above, and is now expected towards the end of 2023 / early in 2024. In the meantime, the Fund has completed a number of self-assessments against the proposals, and continues to implement those actions which can be completed ahead of formal regulatory change.

3 Committee and Board Training 2022-23

3.1 In relation to elected Member Training, the Cheshire Pension Fund's objectives are to ensure that:

- Those persons charged with the financial management and decision-making with regard to the LGPS Fund are fully equipped with the knowledge and skills required to discharge the duties and responsibilities allocated to them;
- Those persons responsible for the day-to-day administration and running of the Fund are appropriately equipped with the knowledge and skills required to discharge their duties and responsibilities in relation to the Fund;
- Those persons responsible for providing governance and assurance of the Fund have sufficient expertise to be able to evaluate and challenge the advice they receive, to ensure their decisions are robust and soundly based, and to manage any potential conflicts of interest

3.2 To help meet these objectives the Fund has published a Training Policy, which details the training strategy for members of the Pension Fund Committee, the Local Pension Board, and senior officers involved in the management of the Fund.

3.3 The Fund fully supports the use of the CIPFA Knowledge and Skills Framework, and The Pensions Regulator's Code of Practice, and adopts the principles contained in both publications in relation to the Fund.

3.4 In line with the agreed Training Plan, three joint training events were held in the year. The table below summarises the topics covered and attendees: -

Date	Training Topic	Delivered by	Attendees	
			Pension Fund Committee	Local Pension Board
15 July 2022	2022 Valuation	Hymans Robertson	Cllr Hogg (Chair)	-
	Contribution and funding strategies	Hymans Robertson	Cllr Lewis Cllr Findlow Cllr Stott	
	Hymans Robertson Online Learning Academy	Heidi Catherall	Cllr Bulman Cllr Mitchell	
	Challenges and Resources	Fund Officers		
	Fund Annual Report	Debbie Darlington		
	Climate Risk report 2022	Steve Wilcock		

Date	Training Topic	Delivered by	Attendees	
			Pension Fund Committee	Local Pension Board
28 October 2022	Financial markets / product knowledge	Mercer / Steve Wilcock	Cllr Gould Cllr Lewis Cllr Tonge	Peter Raynes
	Markets / Investments update	Mercer	Cllr Corcoran Cllr Findlow	
	Residential housing	Mercer	Cllr Stott Cllr Bulman	
	Pensions programme	Fund officers	Cllr Wharton	
	Training plan update	Heidi Catherall		
24 February 2023	Pensions Governance and Legislation	Aaron Thomas	Cllr Hogg Cllr Lewis Cllr Tonge	Peter Raynes Neil Harvey
	Fund business plan	Fund officers	Cllr Stott Cllr Bulman	
	Infrastructure investments	LGPS Central Ltd	Cllr Wharton	

Cheshire Pension Fund

Local Pension Board

Annual Report 2022/23

INTRODUCTION

Welcome to the eighth annual report for the Local Pension Board (the Board) for the year ending 31 March 2023.

The Board assists Cheshire West and Chester Council, as Administering Authority, with the efficient governance and administration of the Cheshire Pension Fund, the name of the local government pension scheme in Cheshire.

In accordance with the Board's terms of reference, an annual report is required to provide an overview of the nature and effect of the Board for consideration by the Administering Authority.

Throughout the year, Board members received regulator updates on the fund's pensions programme, which is designed to make the best use of technology and other resources in order to deliver an effective service to customers and employers.

Further meetings were held with other funds within LGPS Central (the pooling partnership with seven other local government pension funds) to share ideas and best practice. The group received a presentation from the pooling company, LGPS Central Limited, to understand how Central provides support to the funds within the pool on responsible investing.

The Board also received a presentation on the Internal Dispute Resolution Procedure (IDRP), recommending that the fund provide an annual update to employers to remind them of their responsibilities as part of the IDRP process. An article was included in the fund's autumn employer newsletter regarding IDRP.

The Board met five times in the year and Board members attended two of the joint training sessions with the Pension Fund Committee to maintain and develop knowledge and understanding.

The Board places great importance on being open and transparent. A wealth of information relating to the Board, including minutes of meetings, can be found on the pension fund website using the link below. There is also a facility for members to contact the Board for any questions/issues relating to the Board's role:

<https://www.cheshirepensionfund.org/members/resources/forms/contact-the-pension-board/>

A summary of the work undertaken by the Board in the past year, along with information about the work plan for the year ahead can be found below.

Peter Raynes
Local Pension Board Chair

1. Board Membership

- 1.1 The Board consists of five members, two scheme members and two employer representatives and an Independent Chair. All members are unpaid volunteers.
- 1.2 Terms of office are staggered to ensure business continuity.
- 1.3 Further information, including biographies of each member, is available on the fund's website.

Role	Name	Organisation	Date Appointed	Term End Date
Employer representative	Adrienne Laing*	The Challenge Academy Trust	1/4/20	26/6/23
Employer representative	Cllr Robert Bisset	Cheshire West and Chester Council	27/6/21	26/6/24
Member representative	Geoff Wright	UNISON	27/6/21	26/6/24
Member representative	Neil Harvey	GMB	27/6/20	26/6/23
Chair	Peter Raynes	Independent (non-voting)	27/6/21	26/6/24

*Adrienne is continuing in the role until the Summer of 2023

- 1.4 The fund will invite expressions of interest for the member representative role currently held by Neil Harvey, in May 2023.

2. Review of 2022/23

- 2.1 Below is a summary of key areas of activity for the Board during the year and an outline of the plans for the year ahead.

Joint Chairs Meetings

- 2.2 The Chair of the Board has continued to hold quarterly meetings with the Chair of the Pension Fund Committee (the Committee) to discuss common issues.
- 2.3 These meetings provide the Chairs with a regular opportunity to discuss important topics and to ensure that their work compliments and avoids duplication of effort.

Employers Consultative Forum

- 2.4 The Employers Consultative Forum (ECF) is made up of representatives from the main employers and employer groups within the fund. The group changed their name from the former Pensions Consultative Forum during the year. ECF more accurately describes the purpose and attendees of the group.

- 2.5 The ECF works with the fund to ensure an efficient service is delivered for all stakeholders, with particular emphasis on administration and communication.
- 2.6 The Board Chair, Peter Raynes is also Chair of the ECF providing an important link between the Board and the Forum.
- 2.7 The Forum is key to assisting the fund in developing new ways of working which improve efficiency for both the Fund and Employers.
- 2.8 Forum members assisted the fund by advertising a series of Focus Events run by the fund in the autumn of 2022. As a result of this employer engagement, the focus groups were well attended and the feedback from those events will help to inform the funds employer engagement strategy.

LGPS Central Board Chairs / Scheme Advisory Board Engagement

- 2.9 The Board Chair continues to meet with Chairs from the Boards of the LGPS funds within the Central Pool (these are Derbyshire, Leicestershire, Nottinghamshire, Shropshire, Staffordshire, West Midlands and Worcestershire LGPS funds). These meetings allow the Boards to discuss important topics and share ideas.
- 2.10 Two meetings took place during the year on 24 October 2022 and 27 March 2023.
- 2.11 The Scheme Advisory Board plays an important role in this group. A SAB representative (Ona Ehimuan) attends the joint meetings and provides regular updates on regulatory and other relevant issues. The updates are helpful as they provide an overview of the upcoming issues that Local Pension Board members need to consider.
- 2.12 The Board Chairs are also interested in the subject of responsible investment and in particular, how funds are supported by LGPS Central in this area. Central attended the March meeting and provided an update on the various ways in which they provide support on this important area.

Knowledge and Skills

- 2.13 The Committee endorsed the fund's training policy at its meeting on 13 March 2020. The policy was effective from 1 April 2020 and covers the collective training requirements for Committee and Board members.
- 2.14 A joint training plan was developed for the 2022/23 year which was based upon the results of CIPFA knowledge and skills self-assessment questionnaires which had been completed by Committee and Board members.
- 2.15 In addition, members each received a summary of their own results in the form of an individual training plan which they would update with details of other training they attended.

- 2.16 This training would be accessed through conferences and seminars, along with details of any online learning, such as the Pensions Regulator's Trustee Toolkit and the Hymans Robertson LGPS Online Learning Academy (LOLA).
- 2.17 In the autumn the Board and Committee Chairs undertook a review of the collective training which had been delivered to members, the results of the individual training plans and the results from the further self-assessment questionnaire which had been completed by members.
- 2.18 The training plan for 2023/24 was derived from these results and approved by the Chairs.

Governance Review and Terms of Reference Changes

- 2.19 In 2018/19 the Pension fund commissioned Barnett Waddingham (BW) to conduct a review of the governance arrangements within the fund, including the role of the Board. The review found that the governance arrangements worked well and there were no material issues to be addressed. The review did, however, make some recommendations in relation to the Board, including updating the Terms of Reference (ToR) to reflect actual working practices (for instance the actual number of Board meetings held each year is higher than the two as set out in the terms of reference).
- 2.20 Board members delayed amendments to the ToR awaiting the outcomes from the Scheme Advisory Board Good Governance review to be officially adopted, however, as the changes are largely a reflection of common practice the board requested that they be implemented.
- 2.21 At their meeting on 18 October 2022, board members worked through each of the proposed changes to determine whether they wanted to amend the ToR for each one. Those changes were then presented to the Audit and Governance Committee in January 2023 where they were approved.
- 2.22 The Board await a further update on the outcomes from the SAB Good Governance review, which were published in February 2021, and the recommendations that have been made to the Department for Levelling Up, Housing and Communities (DLUHC). The ToR will be reviewed annually and amended as required.

Regulatory Changes

- 2.23 The Board received detailed briefings on regulatory changes during the year.

McCloud Judgement

- 2.24 The first related to the McCloud judgement where a court case found that transitional protections introduced in public sector pension schemes amounted to age discrimination to younger workers.

- 2.25 This regulatory change presents a significant challenge and will require input from all areas of the fund. Further guidance and draft regulations are awaited from DLUHC with the new regulations themselves expected to come into force from October 2023. In the meantime, the fund is working on obtaining necessary information from employers dating back to 2014 when the scheme changed to a career average revalued earnings scheme.
- 2.26 The Board regularly monitor the fund's progress in preparing for and meeting the requirements of this regulatory change.

Pensions Dashboard Programme

- 2.27 The second regulatory change relates to the Pensions Dashboard Programme, which requires all pension funds in the UK to onboard to allow members to view their pensions in one place.
- 2.28 The initial onboarding date for the LGPS was September 2024 but the programme has been delayed and the new onboarding date is yet to be confirmed.
- 2.29 In the meantime, the Board is reviewing the fund's progress on preparing for onboarding to the dashboard which includes appointing an integrated service provider to facilitate the transfer of data to and from the dashboard, and to assess the quality of data held by the fund to ensure its suitability for use with the dashboard.

Risk Register

- 2.30 The Board undertakes regular reviews of its risk register during the year.
- 2.31 The register contains six risks that relate specifically to the Board itself. The register identifies additional mitigating actions which could be taken in future to further mitigate the risks. The Board seek to implement these where possible.
- 2.32 A high level summary of the risks outlined in the Board's register along with their current rating is shown below:

Risk	RAG Status
Conflicts of Interest	Green
Maintaining knowledge and skills	Amber
Changes to Board membership	Amber
Monitoring compliance effectively	Green
Support to the Board	Green
National developments	Green

- 2.33 The fund's Risk Register was reviewed at the Board meeting on 12 July 2022 and agreed that it contained all necessary risks.

Internal Dispute Resolution Procedure

- 2.34 At their meeting on 12 July 2022, Board members received a presentation on the Internal Dispute Resolution Procedure (IDRP), which included the recommended timescales for such cases to be completed within.
- 2.35 The Board issued a recommendation to the Pension Fund Committee that the fund introduce an annual reminder to employers about their obligations under IDRP and the suggested timescales for managing these cases.
- 2.36 The Board also recommended that a template IDRP policy be drafted for employers to assist them with adopting the principles more easily.
- 2.37 The recommendations were endorsed by the Committee at their meeting on 30 September 2022.
- 2.38 The fund issued an employer newsletter in the autumn of 2022 which included an article on IDRP, along with a link to the template policy.

The Pensions Regulator – Code of Practice

- 2.39 One of the key tasks for the Board is to monitor the fund's compliance with the Pensions Regulators (TPR) Code of Practice.
- 2.40 TPR is expected to publish its new Single Code of Practice during 2023.
- 2.41 At that point the Board will undertake a thorough review of the fund's compliance with the new code along with any action plan required to address any areas where further work may be required.

Data Quality

- 2.42 The Board has a key role in managing oversight of the fund's essential work to improve the quality of data.
- 2.43 A quarterly report is presented to the Board confirming the fund's TPR common and scheme specific data scores, along with an explanation of any work which is underway to improve those scores.
- 2.44 The fund has also identified a number of other actions, as part of the pensions programme, to improve data quality and has been providing updates to the Board on a regular basis.
- 2.45 The Board was pleased to note that the fund issued Annual Benefit Statements to 92% of active members by the 31 August deadline, compared to 91% in 2021 and 90% in 2020. This demonstrates that the Fund's data quality is improving.

Breaches Policy/Log

- 2.46 The Board has a key role in monitoring breaches and reviews the breaches log on a monthly basis. The Board reviews any new breaches to monitor local actions to redress the breach and to determine if the breach meets the requirement for reporting to TPR.
- 2.47 In addition to reviewing the breaches log, the Board undertakes a quarterly review to identify any trends which require further investigation.
- 2.48 The Breaches policy and Breaches Log are available on the fund's website.

Member Engagement

- 2.49 The Board has a dedicated facility on the fund's website to allow members to contact the Board with any questions.
- 2.50 The Board received three questions, from the same group, during the year and provided a response to each. The subjects covered included
- Presentation of information on the LGPS Central website
 - The fund's taskforce on Climate Related Financial Disclosures Report
 - Cheshire Chat – pensioner newsletter

3. Board Attendance at Meetings 2022/23

- 3.1 The updated terms of reference for the Board state that there should a minimum of four meetings per year. There were five meetings held during 2022/23.
- 3.2 The table below summarises the meetings which have taken place including attendance by members of the Board. (A tick denotes the Board member was present).

Members	3 May 2022	31 May 2022	12 Jul 2022	18 Oct 2022	21 Feb 2022	%
Peter Raynes	✓	✓	✓	✓	✓	100
Cllr Robert Bisset	✓		✓	✓	✓	80
Adrienne Laing		✓	✓	✓	✓	80
Geoff Wright	✓	✓	✓	✓	✓	100
Neil Harvey	✓	✓	✓	✓	✓	100

- 3.3 The meeting on the 31 May was dedicated to the review of the fund's draft Statement of Accounts and Annual Report for 2021/22 so that the Board could ensure these had been produced in accordance with statutory requirements and best practice. This is an important part of the fund's governance process for the production of the Statement of Accounts and Annual Report.

- 3.4 The Board's review provided assurance to the Committee that they could recommend the draft accounts to be presented to the Council's Audit and Governance Committee.

Skills and Development Activities

- 3.5 The Board and Committee have attended joint training sessions during the year which, as well as developing Board members' knowledge, have helped the Board to gain assurance that the Committee decision making processes are robust and properly informed, and are in accordance with regulations and best practice.
- 3.6 A summary of the training provided for the Board, including attendance, during 2022/23 is shown below.

Date	Topic	Delivered by	Board Attendees
28 October 2022	Financial Markets and Product Knowledge	Mercer	Peter Raynes
	Markets and Investments Update	Mercer	
	Residential Housing	Mercer	
	Pensions Programme	Officers	
	Training Plan Update 2023/24	Officers	
24 February 2023	Pensions Governance and Legislation	Officers	Peter Raynes Neil Harvey
	Business Plan	Officers	
	Infrastructure	LGPS Central Limited	

External training events

- 3.7 Board members also attended a number of external conferences and seminars in order to maintain knowledge and keep up to date with current issues facing the LGPS.

Event Date	Organised by	Topic
13-15 June 2022	PLSA	Local Authority Conference
9-10 November 2022	Baillie Gifford	LGPS Investment and Training Seminar
9 March 2023	LGPS Central Ltd	Responsible Investing Summit

Budget

- 3.8 The Board agreed a budget of £5,000 for 2022/23 to assist with its operation. This included costs for training, external advice, expenses and travel costs.
- 3.9 The Board incurred costs of £450 which was spent on attending conferences and seminars, reflecting the reduced number of in person events in the year. Budgeted provisions for external advice were not required in 2022/23.

4. 2023/24 Work Plan

- 4.1 The Board will undertake a review of compliance with the Pensions Regulator's new single code of practice, which is expected to be published in 2023.
- 4.2 A consultation on changes to regulations and statutory guidance resulting from the SAB Good Governance review is also expected in 2023. The Board will be consulted on the fund's response to this consultation.
- 4.3 The Board will ensure that the fund adheres to any regulatory changes which may come into effect during the year, including clear and timely communication of those changes with members and employers.
- 4.4 The Board will also keep a close eye on any changing guidance from TPR and SAB and ensure the fund implements any recommendations as prescribed.
- 4.5 The Board will continue to monitor progress in delivering the fund's transformational pensions programme, including the ongoing work to improve data quality ahead of the introduction of the pension dashboard.
- 4.6 The Board will continue with its compliance role in ensuring fund policies and publications are produced and updated in line with statutory requirements and best practice guidance.
- 4.7 The Board will undertake the annual review of its own policies, such as the Terms of Reference, to ensure that they remain fit for purpose.
- 4.8 The Board's activity will support the Administering Authority and Pension Fund Committee in making decisions safe in the knowledge that the fund is compliant with statutory and best practice and that any areas for development will be highlighted to them by the Board.

- 4.9 Board members will attend external conferences and seminars in order to maintain knowledge and also to keep up to date with current issues facing the LGPS.

5. Further information

- 5.1 If you would like to further information regarding the Cheshire Pension Fund Local Pension Board or have any questions please visit our website:

<https://www.cheshirepensionfund.org/members/about-us/how-we-manage-the-fund/governance-structure/>

Governance Compliance Statement

March 2023

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1. Introduction

- 1.1 Public service pension schemes do not have trustees. Instead, they are governed by regulation and statutory guidance. The principal legislation and regulations governing the Local Government Pension Scheme (LGPS) are the Pensions Act 2013 and the Local Government Pensions Scheme Regulations 2013.
- 1.2 The Pensions Act 2013 states that overall responsibility for a scheme rests with the Scheme Manager. The Local Government Pension Scheme Regulations provide that the responsibilities of Scheme Manager are fulfilled by the designated local Administering Authority for each local LGPS fund.
- 1.3 Cheshire West and Chester Council ("the Council") is the designated Administering Authority for the Cheshire Pension Fund ("the Fund").
- 1.4 LGPS regulations require an Administering Authority to prepare, maintain, publish, and keep under review a written statement setting out:
 - whether it delegates its functions, or part of its functions under these Regulations to a committee, a sub-committee, or an officer of the authority.
 - If it does delegate,
 - the terms, structure, and operational procedures of the delegation,
 - the frequency of any committee or sub-committee meetings
 - whether such a committee or sub-committee includes representatives of Scheme employers or members, and if so, whether those representatives have voting rights.
 - the extent to which a delegation, or the absence of a delegation, complies with guidance given by the Secretary of State and, to the extent that it does not so comply, the reasons for not complying; and
 - details of the terms, structure, and operational procedures of the Local Pension Board
- 1.5 The Council has produced this Governance Compliance Statement to set out the local governance arrangements in place for the Fund to ensure compliance with regulations and ensure effective management of the Fund's affairs.
- 1.6 The Council is committed to the core principles of governance set out in the CIPFA (the Chartered Institute of Public Finance and Accountancy) and SOLACE (the Society of Local Authority Chief Executives) 'Delivering Good Governance in Local Government (2016)' framework. Compliance with these principles is shown in Appendix 1 of this statement

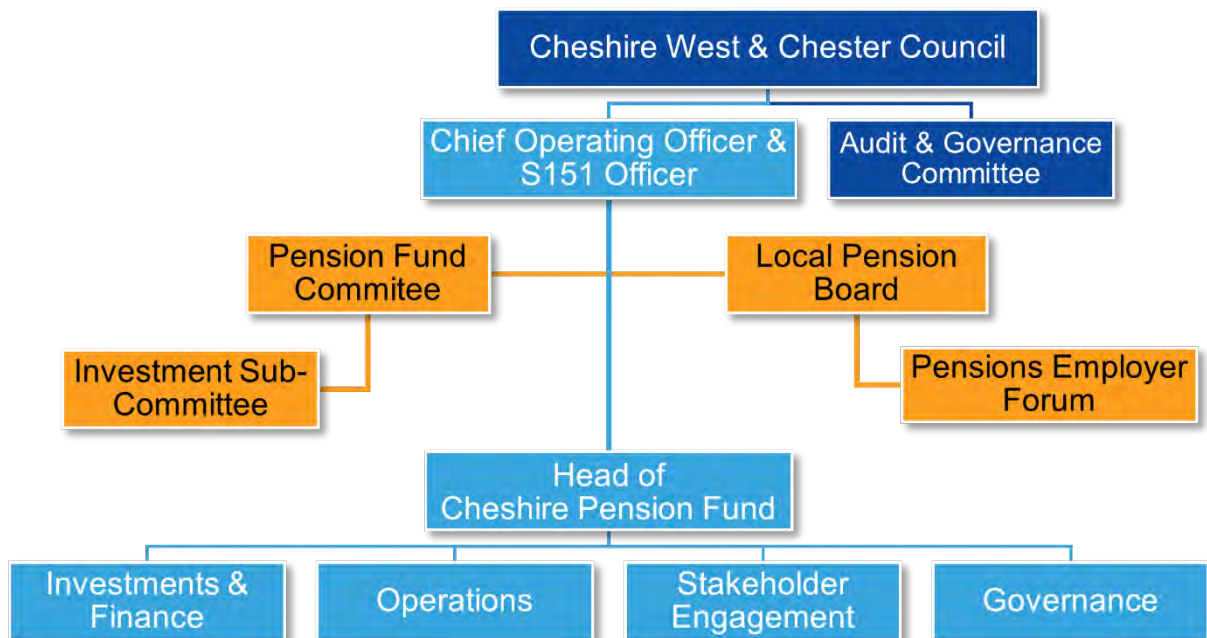
2. Statement of the Chief Operating Officer

- 2.1 I confirm, as the officer responsible for the Cheshire Pension Fund, that this Governance Compliance Statement reflects the Administering Authority's governance arrangements for the Fund.
- 2.2 I also confirm that the training policies and strategies are implemented, such that the officers and members charged with the financial management and decision-making of the pension scheme collectively possessed the requisite knowledge and skills necessary to discharge those duties and make the decisions required during the reporting period.

Simon Riley
Chief Operating Officer and S151 Officer
Cheshire West and Chester Council

3. Local Governance Structure

3.1 The chart below summarises the local governance structure the Council has established for the Cheshire Pension Fund.



Chief Operating Officer and S151 Officer

3.2 The Council has delegated responsibility for the management and administration of the Cheshire Pension Fund to the Chief Operating Officer, who is also the Council's Section 151 officer.

Pension Fund Committee and Investment Sub-Committee

- 3.3 The Chief Operating Officer has established an advisory panel, known as the Pension Fund Committee, which advises the Chief Operating Officer on all matters relating to the Fund as required.
- 3.4 The Pension Fund Committee has formed an Investment Sub-Committee to provide greater focus and oversight on the delivery of the strategic investment outcomes set out in the Investment Strategy Statement. The Investment Sub-Committee is not decision making, but may make recommendations to the Pension Fund Committee.
- 3.5 The Pension Fund Committee may also receive recommendations from the Pensions Employer Forum and Local Pension Board to enable it to advise the Chief Operating Officer on effective discharge of the Council's Administering Authority responsibilities.
- 3.6 The Pension Fund Committee and the Investment Sub-Committee both meet quarterly, and may call additional meetings if required. All members of the Pension Fund Committee are invited to, and can attend meetings of, the Investment Sub-Committee.

3.7 The Pension Fund Committee has eleven members as summarised below.

Body	Representation	Voting Rights
Cheshire West and Chester Council	Four Councillors	Yes
Cheshire East Council	Four Councillors	Yes
Halton Borough Council	One Councillor	Yes
Warrington Borough Council	One Councillor	Yes
Employee representative	Union Representative	No

3.8 Pension Fund Committee agendas and papers are published on the Cheshire Pension Fund website (www.cheshirepensionfund.org) in the section “About us > How we manage the fund > Governance structure”.

Pensions Service

3.9 The Chief Operating Officer and Pension Fund Committee are supported by the Pensions Service, the officer team lead by the Head of Cheshire Pension Fund.

3.10 The Pensions Service has day to day responsibility for the management and operation of the Fund’s affairs, including benefits administration, investments and accounting, and stakeholder engagement.

Audit and Governance Committee

3.11 The Council reviews the discharge of its responsibilities for the Fund through the Council’s Audit and Governance Committee.

3.12 Pension Fund Committee minutes are reported to the Council’s Audit and Governance Committee, who discharge Council oversight of the Fund.

3.13 Audit and Governance agenda and papers are publicly available via the Council’s website (www.cheshirewestandchester.gov.uk) in the section “Your Council > Councillors and committees > Committees”.

Local Pension Board

3.14 The Local Pension Board is a statutory body and its role, as defined by the Public Service Pensions Act 2013, is to assist the Council in ensuring effective governance and administration of the Fund and compliance with all relevant legislation and guidance, and the requirements of the Pensions Regulator.

3.15 The Board has a membership of five: an independent, non-voting Chair, along with two employer and two scheme member representatives. The Board meets quarterly, and Board minutes are published on the Pension Fund website (www.cheshirepensionfund.org) in the section “About us > How we manage the fund > Governance structure”. Scheme members or members of the public may submit questions to the Local Pension Board via the same website page.

3.16 The Board produces its own Annual Report which is published within the Cheshire Pension Fund Annual Report.

Pensions Employer Forum

- 3.17 The Council has established a Pensions Employer Forum (formerly the Pensions Consultative Forum) made up of representatives from participating employers. The Forum typically meets up to four times per year and provides important engagement with and feedback from employers on the operation of the Fund and development of administrative policy.

Terms of Reference

- 3.18 The terms of reference of the Pension Fund Committee, Investment Sub-Committee, Local Pensions Board and Pensions Employer Forum are attached at Appendix B to this Governance Compliance Statement.

External Advisers

- 3.19 Recognising the complexity of pension investment, funding, and administration the Council has retained independent external investment consulting and actuarial advice to support the Chief Operating Officer, the Pension Fund Committee, and the Local Pension Board.
- 3.20 The Council's appointed Actuary, Hymans Robertson, and Strategic Investment Advisor, Mercer, are invited to all Pension Fund Committee meetings, and to other meetings with Fund officers.
- 3.21 Specialist external legal advice is retained as required.

Other Council input

- 3.22 Other Council officers, including the Director of Governance (and Monitoring Officer) and the Council's Legal Services also advise the Chief Operating Officer.

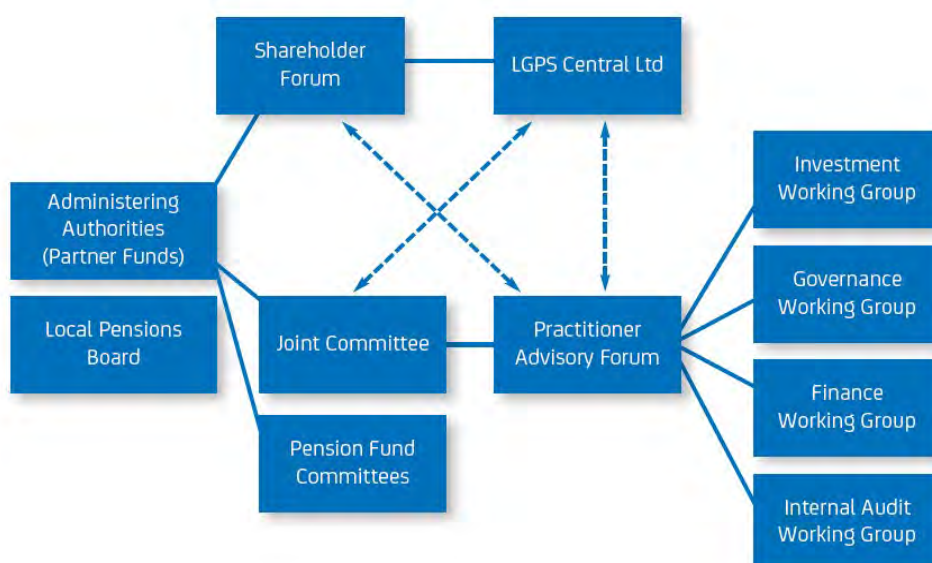
4. Investment Pooling Governance

Background

- 4.1 In April 2018, the Council was a co-founder of the LGPS Central Pool in response to the LGPS (Management and Investment of Funds) Regulations 2016 and associated statutory guidance which require all Administering Authorities to commit to a suitable pool and to “set out their approach to pooling investments, including the use of collective investment vehicles and shared services”.
- 4.2 The LGPS Central pool is a partnership of eight Administering Authorities, Cheshire, Derbyshire, Leicestershire, Nottinghamshire, Shropshire, Staffordshire, West Midlands, and Worcestershire Pension Funds (the “Partner Funds”) to enter into collective arrangements for the investment of their LGPS fund assets.
- 4.3 The Partner Funds have established LGPS Central Ltd (“the Company”), an arms-length investment company that manages the partner funds’ pooled investments. The Company is regulated by the Financial Conduct Authority and is controlled within the meaning of the Public Contract Regulations 2015.
- 4.4 The Partner Funds and the Company work together to develop pooled investment approaches which meet LGPS pooling requirements and Partner Funds’ strategic investment aims, and which deliver the benefits of pooling.
- 4.5 The Fund’s assets will transfer to the Company’s management on a phased basis. Prior to transition, assets remain managed under legacy arrangements with appointed external managers. The Pension Fund Committee, advised by the Investment Sub-Committee, oversees the investment performance of the Company and legacy external managers.

Investment Pooling Governance Structure

- 4.6 The investment pooling governance structure is shown in the diagram below. There are separate governance arrangements reflecting Partner Funds’ roles as both shareholder and customer of the Company.



Shareholder role

- 4.7 Partner Funds are joint and equal shareholders in the Company. They have entered into a Shareholder Agreement that governs how Partner Funds manage their collective relationship with, and ownership of, the Company.
- 4.8 The Shareholder Agreement also sets out areas of Company decision making which require shareholder approval, known as Reserved Matters. The Shareholder Agreement specifies which Reserved Matters require unanimous partner fund approval, and which may be decided by a majority of shareholders (at least six out of eight or 75% of shareholders).
- 4.9 A Shareholder Forum, comprising the nominated shareholder representatives from the eight Partner Funds meets at least twice yearly, usually in advance of Company meetings.
- 4.10 The Council has separated its shareholder and client representatives, reflecting the different roles and responsibilities each undertake.
- 4.11 The Council's Shareholder Representative is the Cabinet Member for Finance & Legal, who has discretion to exercise its shareholder voting rights at Company meetings, with advice from the Chief Operating Officer as required.

Client Role

- 4.12 A Joint Committee oversees client matters, including pooling progress, delivery of pooling benefits and scrutiny of the investment performance of the Company's pooled investment funds.
- 4.13 The Joint Committee is made up of nominated representatives from the Partner Funds, usually elected members, plus a scheme member representative nominated by the trade unions.
- 4.14 Joint Committee is a public meeting. It meets twice yearly and its agenda and papers are available on the Cheshire Pension Fund website (www.cheshirepensionfund.org) in the section "About us > How we manage the fund > Governance structure".
- 4.15 The Joint Committee is not a decision-making body, but can make recommendations to the individual Partner Funds.
- 4.16 The Council's representative on the Joint Committee is the Chair of the Pension Fund Committee.

Practitioner Advisory Forum

- 4.17 The Practitioners Advisory Forum is an officer working group made up of senior pension officers of the eight Partner Funds. It oversees the delivery of investment pooling and the transition of Partner Fund assets, and supports the Shareholder Forum and Joint Committee.

5. Governance – review of effectiveness

- 5.1 The Council commissions independent review of the effectiveness of Fund governance arrangements.
- 5.2 The last independent review was undertaken in 2018-19 by Barnett Waddingham, whose overall conclusion was that the governance and decision-making arrangements in place, were 'effective, and considered to be among the most well informed'. Several recommendations were made and implemented, but no fundamental changes were proposed.
- 5.3 A further independent review will be commissioned once the recommendations from the SAB Good Governance review have been brought into effect by DLUHC and the Fund have had the opportunity to respond.
- 5.4 Administering Authorities are required to assess current practice against statutory guidance, and the latest assessment is attached at Appendix 1
- 5.5 The Council also assesses its arrangements against the seven principles set out in the CIPFA/SOLACE 'Delivering Good Governance Framework 2016'. The latest assessment is included in Appendix 2 to this statement.

6. Knowledge & Skills

- 6.1 The Council recognises the need for Fund Officers as well as Pension Fund Committee and Local Pension Board members to have an appropriate level of skill to undertake their roles effectively.
- 6.2 To this end the Council's objectives are to ensure that:
- Those charged with financial management and decision-making regarding the Fund are fully equipped with the knowledge and skills required to discharge the duties and responsibilities allocated to them.
 - Those responsible for the day-to-day administration and running of the Fund are appropriately equipped with the knowledge and skills required to discharge their duties and responsibilities in relation to the Fund.
 - Those responsible for providing governance and assurance of the Fund have sufficient expertise to be able to evaluate and challenge the advice they receive, to ensure their decisions are robust and soundly based, and to manage any potential conflicts of interest.
- 6.3 To help meet these objectives, the Council has adopted the CIPFA Knowledge and Skills Framework, and The Pensions Regulator's Code of Practice as the basis for assessing training and development requirements and for ongoing delivery planning. These have informed the development and publication of the Fund's Training Policy, which details the training strategy for members of the Pension Fund Committee, the Local Pension Board, and senior officers involved in the management of the Fund.
- 6.4 The Training Policy is reviewed annually and is supported by regular re-assessment of individual knowledge and skills. These inform annual Training Plans which are based on the following key elements: -

	Training Plan	How delivered
Individual Training Needs	A training needs analysis, based on the CIPFA Knowledge and Skills Framework, will be developed for each member and officer. Training plans will be developed based on the priorities identified.	The Pensions Regulator – Trustee Toolkit (online learning) Hymans Robinson LGPS Online Learning Academy External courses e.g. LGA Fundamentals training (for new members) In-house training led by officers, external advisors, or third-party experts
All-member Training	Appropriate training will be provided at critical times to support specific decisions that the Committee need to make (i.e. valuation training, specific investment training)	In-house training days provided by officers and/or external providers Training as part of meetings External training events Attendance at seminars/conferences
Continued Awareness	Members and Officers will be required to maintain a general level of awareness of topical issues facing the wider pensions industry	Industry publications Member Briefing packs National press releases Attendance at conferences and seminars

- 6.5 Newly appointed members of the Pension Fund Committee receive induction training to provide a clear understanding of the Fund's governance, policies, and performance frameworks.
- 6.6 The Council's Chief Operating Officer (and S151 officer) is responsible for ensuring that the policy in respect of training and education is implemented.

7. Contacts and Further Information

Pension Fund Website

Contains information about the Fund and includes all published documents and contact forms
www.cheshirepensionfund.org

You can e-mail us at pensions@cheshirewestandchester.gov.uk

Alternative contact mechanisms can be found on our website on the “Contact Us” page.

Pensions Management team contact details

Head of Pension Fund

Steven Wilcock

Steven.Wilcock@cheshirewestandchester.gov.uk

Operations Manager

Heidi Catherall

Heidi.Catherall@cheshirewestandchester.gov.uk

Finance and Investments Manager

Claire Jones

Claire.Jones@cheshirewestandchester.gov.uk

Stakeholder Relations Manager

Nick Jones

Nick.Jones@cheshirewestandchester.gov.uk

Governance Manager

Aaron Thomas

Aaron.Thomas@cheshirewestandchester.gov.uk

Cheshire West and Chester Council Website

Contains information about the Council’s constitution, scheme of delegation, committee terms of reference and agenda papers and minutes, including those of the Audit and Governance Committee
www.chesterwestandchester.gov.uk

Appendix 1
LGPS Regulatory Compliance Assessment

LGPS Regulations require pension funds to issue a statement confirming the extent to which their governance arrangements comply with guidance issued by the Secretary of State. The statement below confirms the mechanisms in place in relation to the Cheshire Pension Fund to satisfy each requirement.

Principle	Compliance	Evidence of Compliance
DELEGATION		
The Management of the administration of benefits and strategic management of the Fund assets clearly rests with the main committee established by the appointing Council.	Compliant	<ul style="list-style-type: none"> The Council has delegated responsibility for the Cheshire Pension Fund to the Chief Operating Officer who is also Section 151 Officer. The Chief Operating Officer is advised by the Pension Fund Committee, which in turn has established an Investment Sub-Committee. The Chief Operating Officer is supported by the Pensions Service, led by the Head of Cheshire Pension Fund. These arrangements reflect the position following several local government reorganisations in Cheshire, and ensure that Administering Authority and Non-Administering Authority Council representatives have equal status and voting rights on the Pension Fund Committee. Independent review has assessed these local arrangements as sound and effective.
Where a secondary Committee or Board has been established, the structure ensures effective communication across both levels.	Compliant	<ul style="list-style-type: none"> An Investment Sub-Committee, reporting to the Pension Fund Committee has been established to provide greater focus and oversight on delivery of the investment outcomes set out in the Investment Strategy Statement.
REPRESENTATION		
<p>All key stakeholders are afforded the opportunity to be represented within the governance structure. These include:</p> <ul style="list-style-type: none"> Scheme employers (including non-local government employers e.g. admitted bodies) Scheme members (including deferred and pensioner scheme members) Independent professional observers, and Expert advisors (on an ad hoc basis) 	Compliant	<ul style="list-style-type: none"> All participating employers and scheme members are represented on either one or more of the Pension Fund Committee, the Local Pension Board, or Pensions Employer Forum, as summarised below. Local Councils are represented on the Pension Fund Committee (the advisory panel to the Chief Operating Officer) and the Pensions Employer Forum. Non-local government employers are represented on the Pensions Employer Forum. Nominated Trade Union representatives represent scheme members on the Pension Fund Committee, Local Pension Board, and Pensions Employer Forum. There is no formal representation for independent professional observers, but current governance arrangements have been independently assessed as effective. Expert actuarial and investment advisors regularly attend meetings of the Pension Fund Committee and Investment Sub-Committee. Other advisors attend on specific issues as and when required.

Appendix 1
LGPS Regulatory Compliance Assessment

Principle	Compliance	Evidence of Compliance
VOTING		
The policy on voting rights is clear and transparent.	Compliant	<ul style="list-style-type: none"> Voting rights are clearly set out in the terms of reference for each of the governance bodies.
TRAINING / FACILITY TIME / EXPENSES		
In relation to the way in which statutory and related decisions are taken by the administering authority there is a clear policy on training, facility time, and re-imbursement of expenses in respect of members involved in the decision-making process.	Compliant	<ul style="list-style-type: none"> There is a clear published policy on training for both Committee and Board members, facility time, and reimbursement of expenses in respect of those involved in the decision-making process.
Where such a policy exists, it applies equally to all members of the main and sub committees and Board.	Compliant	<ul style="list-style-type: none"> The policy applies equally to all members of Pension Fund Committee, Investment Sub-Committee and Local Pensions Board.
MEETINGS (Frequency / Quorum)		
Meetings are held regularly	Compliant	<ul style="list-style-type: none"> The Pension Fund Committee meets quarterly, with additional meetings when required. Investment Sub-Committee meetings are quarterly, and are synchronised with the Pension Fund Committee. The Pensions Employer Forum will meet up to a maximum of four times per year. The Local Pension Board meets four times per year. Local Pension Board meeting minutes are reviewed by the Pension Fund Committee, and vice versa.
ACCESS		
Subject to any rules in the council's constitution, all members of main and secondary committees, Boards, or forums have equal access to committee papers, documents, and advice that is considered at meetings of the main committee.	Compliant	<ul style="list-style-type: none"> All members of Pension Fund Committee and Investment Sub-Committee have equal access to meeting papers, documents, and advice. Pension Fund Committee papers and minutes are published on the Fund's website. Local Pension Board papers and minutes are equally available to all Board members, and are also published on the Fund's website.
SCOPE		
Administering Authorities have taken steps to bring wider scheme issues within the scope of their governance arrangements.	Compliant	<ul style="list-style-type: none"> The Council has included benefits administration, investments, and wider governance issues under the remit of the Pension Fund Committee. All aspects of fund management and performance are reported to Pension Fund Committee.

Appendix 1
LGPS Regulatory Compliance Assessment

Principle	Compliance	Evidence of Compliance
PUBLICITY		
The Administering Authority has published details of their governance arrangements in such a way, that those stakeholders with an interest in the way the scheme is governed can express an interest to be part of those arrangements.	Compliant	<ul style="list-style-type: none"> The Council publishes its policy and other documents of interest, including the Annual Report, on the Fund's website. Information on consultations about changes to policy or strategy are advertised via the website

Appendix 2
CIPFA/SOLACE Compliance Assessment

Supporting principles	How we demonstrate in practice
Principle 1: Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law	
<ul style="list-style-type: none"> Behaving with integrity Demonstrating strong commitment to ethical values Respecting the rule of law 	<ul style="list-style-type: none"> Codes of Conduct sets out standards of behaviour for Pension Fund Committee members and Fund officers Declarations of interest – standing item on all meetings, and all disclosures recorded Conflicts of Interest Policy – ensures impartiality of Local Pension Board members THRIVE values – (Teamwork, Honesty, Respect, Innovation, Value for Money, Empowerment) underpin staff performance management framework via our “Play Your Part” charter Clear breach reporting and monitoring in place with regular quarterly updates to Local Pension Board and Pension Fund Committee Independent Dispute Resolution Process (IDRP) ensures complaints dealt with impartially. Investment Strategy Statement (ISS) and Responsible Investment (RI) policy set out approach to investment stewardship and how environmental, social and governance factors are considered in investment decision making and ongoing monitoring.
Principle 2: Ensuring openness and comprehensive stakeholder engagement	
<ul style="list-style-type: none"> Openness Engaging comprehensively with institutional stakeholders Engaging with individual citizens and service users effectively 	<ul style="list-style-type: none"> Communication & Engagement Strategy identifies key stakeholders, priority themes for engagement and communication media. Website – all key policy documents, committee agenda papers and investment holding details published on Fund website. 24-hour online access to key membership information and forms. Pensions Employer Forum – regular engagement with employer representatives to consult on Fund developments and gather feedback. Employer meetings – at least one meeting per year held to update employers on Fund performance. Employer Engagement Strategy under development to improve Fund / employer interface. Benefit Roadshows and ‘drop-in’ sessions for scheme members held as required. Staff Bulletin and team away days to keep staff up to date and informed of key issues / developments and to provide an opportunity for feedback.

Appendix 2
CIPFA/SOLACE Compliance Assessment

Supporting principles	How we demonstrate in practice
Principle 3: Delivering outcomes in terms of sustainable economic, social, and environmental benefits	
<ul style="list-style-type: none"> Defining outcomes Defining sustainable economic, social, and environmental benefits 	<ul style="list-style-type: none"> Pension Fund Business plan (approved annually) sets out long, medium, and short term aims, objectives and target outcomes. Staff have performance objectives (linked to the Pension Fund Business plan and our “Play Your Part” Charter) which inform appraisal conversations with team members. Specific investment performance targets and benchmarks set for all investment portfolios, aligned to the Fund’s long-term funding strategy. Investment Strategy Statement and Responsible Investment Policy set out the Fund’s approach to long term, sustainable investment.
Principle 4: Determining the interventions necessary to optimise the achievement of intended outcomes	
<ul style="list-style-type: none"> Determining interventions Planning interventions Optimising achievement of intended outcomes 	<ul style="list-style-type: none"> Investment Risk / Performance trigger monitoring in place to prompt review of investment mandates and overall asset allocation when agreed thresholds are triggered. On-going review of employer covenants, indemnity bonds, guarantees etc to ensure exposure to employer default is managed proactively. Business Continuity Plan in place and subject to regular review. Fund Risk Register updated quarterly, and control actions reviewed to mitigate potential threats to delivery of business plan objectives. Pensions Programme – transformational change programme ongoing to modernise and improve service operating model in response to changing demands and expectations. Pensions administration system - development roadmap in place to ensure that the benefits of new technology are harnessed effectively in the delivery of planned outcomes. Regular monitoring of funding levels to assess appropriateness of existing strategic asset allocations.

Appendix 2
CIPFA/SOLACE Compliance Assessment

Supporting principles	How we demonstrate in practice
Principle 5: Developing the Fund's capacity including the capability of its leadership and individuals within it	
<ul style="list-style-type: none"> Developing the Fund's capacity Developing the capability of the Fund's leadership and individuals within it. 	<ul style="list-style-type: none"> CIPFA Knowledge and Skills Framework used to systematically identify training and development needs for Pension Fund Committee and Local Pension Board members and senior officers. Targeted induction training for new Pension Fund Committee and Local Pension Board members. Skills audit undertaken across the team to identify individual training and development needs for all staff and as a basis for personal development plans. Career Grades introduced into the team structure, linked to professional training programme and the National Apprenticeship Scheme as a means of opening up structured learning opportunities and career pathways. Corporate Council programme of Management and Leadership training available to junior and middle managers. Regular formal and informal collaboration and experience sharing with other LGPS Funds, to maximise capacity and resources.
Principle 6: Managing risk and performance through robust internal control and strong public financial management	
<ul style="list-style-type: none"> Managing risk Managing performance Robust internal control Managing data Strong public financial management 	<ul style="list-style-type: none"> Fund Risk Register in place and reviewed quarterly. Quarterly reporting to Local Pension Board, Investment Sub-Committee and Pension Fund Committee on investment and budgetary performance and progress against business plan delivery targets and key performance indicators. Staff have regular one to one supervisory meetings and formal six-monthly performance reviews. Independent internal and external audit review of internal control processes. Data quality management plan in place and subject to ongoing monitoring and reporting.
Principle 7: Implementing good practices in transparency, reporting and audit to deliver effective accountability	
<ul style="list-style-type: none"> Implementing good practice in transparency Implementing good practice in reporting Assurance and effective accountability 	<ul style="list-style-type: none"> Fund website provides open, public access to all key policy documents, committee agenda papers / minutes, investment holdings. Plain English standards adopted for all Fund correspondence / communications Full compliance with Freedom of Information disclosure requirements. Independent review of Fund Governance arrangements to provide assurance regarding compliance and effectiveness.

Pension Fund Committee Terms of Reference

- 1 The Pension Fund Committee's key responsibilities are to advise the s151 Officer on the management of the Cheshire Pension Fund, including the management of the administration of the benefits and strategic management of Fund assets, taking advice from an actuarial and strategic investment advisor. The Committee principally fulfil this responsibility by:
 - Meeting quarterly, or otherwise as necessary, to effectively monitor the management and administration of the Fund.
 - Monitoring investment policy and overall investment performance.
 - Selection, appointment, and dismissal of an investment pooling operator to manage the assets of the Fund.
 - Determining what the Administering Authority requires the pool to provide to enable it to execute its local investment strategy effectively.
 - Receiving and considering reports and recommendations from the Joint Committee, Shareholders Forum and Practitioners Advisory Forum, established to oversee the pool, and ensuring the Fund's investor rights and views are represented effectively.
 - Identifying and managing risks associated with asset pooling.
 - Ensuring that appropriate measures are in place to monitor and report on the ongoing costs of investment pooling.
 - Ensuring the responsible investment, corporate governance and voting policies of the Fund are delivered effectively.
 - Reviewing the Funds governance arrangements and the effective use of its advisors to ensure good decision-making.
 - Overseeing the Pensions Employer Forum arrangement and compliance with best practice.
 - Receiving recommendation from the Pensions Employer Forum on ways to improve the administration and communication between the scheme, its employers, and members; and
 - Reviewing and advising on the development of an Investment Strategy Statement, Funding Strategy Statement, Communication Policy, Administration Policy, Governance Compliance Statement and publishing a Pension Fund Annual Report
- 2 In respect of non-pooled, legacy assets; the Pension Fund Committee is also responsible for: -
 - Overseeing the appointment and termination of investment managers
 - Reviewing the performance benchmarks and targets for investment managers
- 3 The Committee receive recommendations from the Investment Sub-Committee, the Local Pension Board, and Pensions Employer Forum to enable it to discharge its responsibilities effectively.

Committee Membership & Representation

Body	Representation	Voting Rights
Cheshire West and Chester Council	Four Councillors	Yes
Cheshire East Council	Four Councillors	Yes
Halton Borough Council	One Councillor	Yes
Warrington Borough Council	One Councillor	Yes
Employee representative	Union Representative	No

- 4 Cheshire West and Chester Council as the Administering Authority ensure that the correct political balance is maintained where applicable.
- 5 Decisions are usually made by consensus, should a vote be required then decisions are made by a clear majority and the Chair of the Committee has a casting vote should there be a tie in the voting.

Investment Sub-Committee Terms of Reference

- 1 The Sub-Committee is open to all members of the Full Committee and ensures that the Pension Fund Committee limited governance time is utilised in the most efficient manner, with this Sub-Committee focussing on more complex investment issues.
- 2 The Sub-Committee fulfils this responsibility by: -
 - On a quarterly basis, reviewing the performance of the Pension Fund and the pool operator against the objectives, benchmarks and targets set.
 - After taking appropriate advice, identifying, and implementing any tactical asset switches (within ranges prescribed by the Pension Fund Committee).
 - Receiving reports from the Fund's investment managers and other service providers on issues that may affect the Fund's investment strategy and objectives and considering if, and to what extent, any recommendations to the Pension Fund Committee may be necessary to ensure the efficient and effective performance of the Pension Fund.
 - Receiving reports on Responsible Investment issues impacting the Fund's investment portfolio.
- 3 On an interim basis, in respect of non-pooled, legacy assets the Investment Sub-Committee is also responsible for:
 - On a quarterly basis, reviewing the performance of Fund managers against the objectives, benchmarks and targets set
 - Receiving and considering any investment manager or service provider issues escalated to the Sub-Committee by key officers

Sub-Committee Membership & Representation

	Representation	Voting Rights
Cheshire West and Chester Council	Four Councillors	Yes
Cheshire East Council	Four Councillors	Yes
Halton Borough Council	One Councillor	Yes
Warrington Borough Council	One Councillor	Yes

- 4 Cheshire West and Chester Council as Administering Authority ensure that the correct political balance is maintained.
- 5 The Investment Sub-Committee are not a decision-making body but may make recommendations to the main Pension Fund Committee.

Local Pension Board Terms of Reference

- 1 The role of an LGPS Board is defined by Public Service Pensions legislation and LGPS Regulations.
- 2 The Board's aim is to assist the Administering Authority to ensure the effective and efficient governance and administration of the LGPS, including:
 - Securing compliance with the LGPS regulations and any other legislation relating to the governance and administration of the LGPS.
 - Securing compliance with requirements imposed in relation to the LGPS by the Pensions Regulator.
 - Such other matters as the LGPS regulations may specify.
- 3 The Board will ensure it effectively and efficiently complies with the Guidance issued by the LGPS Scheme Advisory Board and may determine the areas it wishes to consider including:
 - Meeting for a minimum of two occasions during a twelve-month period
 - Reviewing regular compliance monitoring reports which shall include reports to, and recommendations of, the Committee and delegated decisions made under the Regulations
 - Monitoring complaints and performance on the administration and governance of the scheme.
 - Reviewing the implementation of revised policies and procedures following changes to the scheme.
 - Reviewing the arrangements for the development of Board members and those elected members and officers with delegated responsibilities for the management and administration of the scheme.
 - Reviewing the exercise of employer and Administering Authority discretions.
 - Reviewing the outcome of internal and external audit reports, review the draft accounts and the scheme Annual Report.
 - Any other area within the core function (i.e. assisting the Administering Authority) the Board deems appropriate.

Membership & Representation

	Representation	Voting Rights
Independent Chair	One	No
Employer Representative	Two	Yes
Scheme member representative	Two	Yes

Pensions Employer Forum Terms of Reference

- 1 The Council is keen for all employers to participate in the efficient and effective administration of the Fund and achieves this through the Pensions Employer Forum, which consists of employer representatives from Local Authorities, Council Owned Companies, Cheshire Police, Fire and Rescue Authorities, Parish and Town Councils, Housing Associations, Admitted Bodies, Academies, Colleges and the Trades Unions.
- 2 The Forum allows these stakeholders to bring their own perspective to the management of the Fund. The Forum's key responsibilities are set out below.
- 3 The Forum determine the frequency of meetings, subject to a maximum of four meetings per year, or otherwise as necessary to:
 - Consult on and review performance against the Fund's administration strategy to ensure it clearly outlines all responsibilities of both the Fund and employers including any applicable charges / penalties for non-compliance.
 - Consult on and review performance against the Fund's communication policy and suggest improvements for the efficient and effective flow of information between the Fund and employers.
 - Make and implement recommendations on the administration strategy and communication policy of the Fund.
 - Assist the Fund and employers to comply with all requirements of the Pensions Regulator's Code of Practice No 14 Governance and Administration in Public Sector Pension Schemes, in particular reporting breaches of the law and record keeping.

Membership & Representation

Membership	Representation
Chair	One
Cheshire West and Chester Council	Two
Cheshire East Council	Two
Warrington Borough Council	One
Halton Borough Council	One
Cheshire Police, Cheshire Fire & Rescue	One
Academies, Colleges, Admitted Bodies, and the Housing Trusts	One rep per body

LGPS Central Joint Committee

Terms of Reference

- 1 The Joint Committee is a public forum for the Councils within the LGPS Central Pool (“the Pool”) to provide oversight of the delivery of the objectives of the Pool, the delivery of client service, the delivery against the LGPS Central business case and to deal with common investor issues.
- 2 The Joint Committee shall provide assistance, guidance, and recommendations to the individual Councils in connection with the functions set out below taking into consideration the conflicting demands and interests of the participants within the Pool. The Joint Committee does not have delegated authority to make binding decisions on behalf of the participating Councils.

Membership

- 3 The Joint Committee shall consist of one elected member from each Council.
- 4 Each council may nominate one or more elected member(s) to attend any meeting of the Joint Committee or its sub-committees in place of an appointed member from a Council, subject to prior notification being given to the Clerk to the Joint Committee or his or her nominee.
- 5 Each council may remove its appointed members or substitute members and appoint different members and substitutes by giving written notice to the Clerk to the Joint Committee or his or her nominee.
- 6 Each appointed member or substitute shall be entitled to remain on the Joint Committee for so long as the Council appointing them so wishes, but shall cease to be a member or substitute if he or she ceases to be a member of the appointing Council or if that Council removes the appointed member.
- 7 Any vacancies will be filled as soon as reasonably practicable by the Council from which such vacancy arises by giving written notice to the Clerk to the Joint Committee or his or her nominee.
- 8 Each member of the Joint Committee shall comply with any relevant codes of conduct of their Council when acting as a member of the Joint Committee.
- 9 A Trade Union representative shall be appointed as a non-voting member of the Joint Committee to represent the scheme members across the Councils’ pension funds.

Role and function

- 10 To provide oversight of the objectives of the Pool as listed below:
 - to meet the investment objectives of the participating LGPS funds.
 - to establish a collaborative platform through which the Councils can aggregate their pension assets with a view to providing scale economies and improved investment efficiency.
 - to develop internal investment management capabilities for the collective benefit of the Councils to provide wider investment choice and market competition.
 - to create capacity to invest in asset classes which individual funds may find difficult to access.

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- to stimulate innovation and provide an opportunity for funds to engage with the investment industry in finding new and creative approaches to the funding challenges faced by the LGPS (and the wider pensions sector).
- to act as a responsible, long term investor, using its influence to promote the highest standards of corporate stewardship.
- to create a regional centre of excellence for investment management, able (in the long term) to offer services to other pension funds, charities, and endowments; and
- Following transitioning arrangements, to invest each Shareholder's pension assets including any assets administered for and on behalf of other parties either through the collective investment vehicle(s) operated by LGPS Central Ltd, as the primary and exclusive collective investment vehicle(s) for all eligible pension assets, or by appointing LGPS Central Ltd to manage any non-eligible pension assets outside of such vehicle(s).

11 To provide oversight of the delivery of client service.

12 To provide oversight of delivery against the LGPS Central business case.

13 To deal with common investor issues, with a particular focus on Responsible Investment.

Practitioners' Advisory Forum

14 The Practitioners' Advisory Forum (PAF) shall provide a central resource for advice, assistance, guidance, and support for the Joint Committee and shall support the functions of the Joint Committee. PAF shall provide technical support at meetings of the Joint Committee and shall act as a conduit for the Joint Committee to communicate back to the respective Councils and/or direct to LGPS Central Ltd as appropriate.

Meetings

15 The Clerk to the Joint Committee will be the Head of Paid Service or nominee of Cheshire West and Chester Council who will work within a budget set by the Councils.

16 The Joint Committee will meet twice a year in June and December either remotely or in person, with the location to be rotated around the Shareholding Councils.

17 The Clerk to the Joint Committee or his or her nominee will give notice to the public of the time and place of the meeting in accordance with Part VA1 of the Local Government Act 1972. At least five clear working days before a meeting, the clerk to the Joint Committee or his or her nominee will send a summons signed by the Clerk to the Joint Committee or his or her nominee electronically to every Member. The summons will give the date, time and place of each meeting and specify the business to be transacted and will be accompanied by such reports as are available.

18 Each Council within the LGPS Central Pool will publish a link on its own website to the relevant page on Cheshire West and Chester Council's website providing access to the Joint Committee's agendas and minutes.

¹ **Meetings of councils and their committees are expected to be open to the public, except in the circumstances set out in Part VA of the Local Government Act 1972.**

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- 19 The Chair and Vice Chair of the Joint Committee will be elected by the Joint Committee from amongst its members and shall hold those offices until the first meeting after 1st May in the following year. Both the initial and subsequent Chairs and Vice Chairs may be re-appointed to serve a further term or terms.
- 20 If there is a quorum of members present but neither the Chair nor the Vice Chair is present at the meeting of the Joint Committee, the other members of the Joint Committee shall elect one of the members of the Joint Committee as Chair of the Joint Committee for that meeting only.
- 21 The quorum of a meeting will be at least five members who are entitled to attend and vote.
- 22 Each elected member shall have one vote on any recommendations. Any matter will be decided by a simple majority of those members of the Councils represented in the room at the time the question was put. In the case of an equality of votes the Chair shall have a second or casting vote but before exercising this, the Chair shall consider whether it is appropriate to defer the matter to the next meeting of the Joint Committee. The Chair shall take account of the governing principles to the LGPS Central pooling agreement when exercising the casting vote.
- 23 The member appointed as a substitute shall have the same voting rights as the member for whom he or she is substituting and who does not attend. Where the appointed member attends the substitute member shall not have any right to vote after the conclusion of the item of business being discussed when the appointed member arrives but may remain at the meeting as an observer.
- 24 The Chair will take the vote by show of hands, or if there is no dissent, by the affirmation of the meeting.
- 25 The Clerk to the Joint Committee or his or her nominee shall arrange for written minutes to be taken at each meeting of the Joint Committee and shall send them to the members of the Joint Committee for on-line approval within three weeks of the meeting. At the next meeting of the Joint Committee, the Chair shall move that the minutes of the previous meeting be ratified as a correct record. If this is agreed, the Chair of the Joint Committee shall sign the minutes.
- 26 Any elected member of the Councils who is not a member of the Joint Committee may speak at a meeting of the Joint Committee if the Chair of the Joint Committee invites him or her to do so but an elected member of the Councils who is not a member of the Joint Committee shall not be entitled to vote at a meeting of the Joint Committee.
- 27 Meetings of the Joint Committee shall be open for members of the public to attend unless the Joint Committee determines that it is necessary to exclude members of the public in accordance with Part VA of the Local Government Act 1972 or the Joint Committee determines that it is necessary to take action because of a disturbance. Copies of the agenda for meetings of the Joint Committee and any reports for its meetings shall be open to inspection by members of the public at the offices of all of the Councils unless the Clerk to the Joint Committee determines that any report relates to items in which his or her opinion are likely not to be open to the public.
- 28 In accordance with Part VA of the Local Government Act 1972, the Joint Committee shall exclude the public from its meetings whenever it is likely, in view of the nature of the business to be discussed or the nature of the proceedings that, if members of the public were present, confidential information would be disclosed to them in breach of the obligation of confidence.

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- 29 If any member of the public interrupts proceedings, the Chair will warn the person concerned. If they continue to interrupt, the Chair will arrange for their removal from the meeting room and will suspend the meeting until the member of the public has left or been removed.
- 30 If there is a general disturbance in any part of the meeting room open to the public, the Chair may call for that part to be cleared.
- 31 Each Council will undertake the overview and scrutiny function on its own behalf in accordance with their constitutions.
- 32 Items for inclusion in the meetings:
- Update on delivery against the objectives of the Pool
 - Investment Performance & Cost Reporting
 - Benchmark Reporting
 - Service Level Agreement Reporting
 - Update on delivery against the LGPS Central Business Case
 - MHCLG & SAB Reporting
 - Responsible Investment
 - Investment Outlook
 - Training/LGPS Central Events Programme
 - Other Relevant Common Investor Issues

Terms of Reference Review

- 33 These terms of reference will be reviewed annually.

LGPS Central Shareholders' Forum

Terms of Reference

- 1 The primary role of the Shareholders' Forum is to oversee the operation and performance of LGPS Central Ltd (the Company) and to represent the ownership rights and interests of the Shareholding Councils (the Councils) within the LGPS Central Pool (the Pool). The Shareholders' Forum is independent of the Company and its meetings are distinct from Company meetings, however members of the Shareholders' Forum will also represent the Councils at Company meetings.
- 2 The Councils are individual investors in the Company and each Council will have in place local arrangements to enable its Shareholder representative to vote at Company meetings. The Shareholders' Agreement ensures that the Councils act in a unified way, having agreed to a common set of principles and collective Shareholder discussions will take place in the Shareholders' Forum.
- 3 Decisive Shareholder influence over the Company, which is required to ensure that the Company's compliance with Public Contract Regulations (known as Teckal compliance), is demonstrated via the reserved matters which are contained in the Shareholders' Agreement.

Membership

- 4 Membership of the Shareholders' Forum will consist of one representative from each Council, to be determined locally by the individual Council. Representatives are likely to be elected members.
- 5 Each Council may nominate one or more representative (s) to attend any meeting of the Shareholders' Forum in place of an appointed representative from a Council.
- 6 Directors or representatives of the Company may be invited to attend Shareholder Forum meetings, in particular to present on any reserved matters, which require authorisation, by the Shareholders.

Role and function

- 7 To debate, discuss and seek to agree common responses to Company matters requiring authorization by the Shareholders. Matters requiring authorisation include:
 - a Strategic Plan for each Financial Year
 - an Annual Budget including:
 - an estimate of the working capital requirements of LGPS Central Ltd incorporated within a cash flow forecast.
 - a projected profit and loss account.
 - an operating budget (including estimated capital expenditure requirements and balance sheet forecast).
 - a summary of business objectives; and
 - A financial report, which includes an analysis of the results of LGPS Central Ltd and the established collective vehicles for the previous Financial Year, compared with the Strategic

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- Plan for that Financial Year, identifying variations in revenues, costs and other material matters.
- Reserved Matters; and
 - Changes to the governance arrangements of the Company
- 8 To procure the Board to formally review and report (the Structural Review) on the corporate structure of LGPS Central and any of its Group Companies and the operation of their respective boards of directors and board committees every six months from the date of the original Shareholders' Agreement (11th August 2017) until the third anniversary of the Agreement and, thereafter, on each anniversary of the Agreement.
- 9 To consider the resulting Structural Review and any recommendations regarding more efficient governance, any reductions of costs and/or improvements of performance and seek to agree a common response to the recommendations requiring authorization.
- 10 To procure from LGPS Central Ltd and consider such financial information as is necessary to keep each Shareholder informed about how the business of LGPS Central Ltd is performing. This information will include:
- quarterly management accounts and reports on operational effectiveness.
 - unaudited Annual Accounts.
 - audited Annual Accounts; a medium-term Strategic Plan; and
 - A report on the company's progress against objectives/milestones set out in the Strategic Plan.
- 11 To procure from LGPS Central Ltd and consider other information relating to the operations and management of LGPS Central Ltd, having regard to the Shared Objectives of the LGPS Central Pool and the duties and responsibilities of the Shareholders. Such information is likely to include:
- staffing structures.
 - changes in key personnel.
 - internal controls.
 - compliance and regulatory matters.
 - customer feedback and complaints; and
 - Staff surveys.

Practitioners' Advisory Forum Terms of Reference

1. Purpose

- 1.1 Practitioners Advisory Forum (PAF) is the collective group of senior officers from each Partner Fund, who, through their own authority's scheme of delegation, have responsibility for the management and administration (including investment matters) of their respective LGPS Funds.
- 1.2 As persons charged with the responsibility for their LGPS Funds, in the context of LGPS Investment Pooling, they have three areas of responsibility:
 - a) Statutory responsibility to ensure the legal obligations imposed on LGPS Funds are met, this includes the obligation to pool investments
 - b) Owner of the investment pooling company created to deliver investment pooling and meet its Fund's obligation to pool investments
 - c) Client/Customer of the investment pooling company contracted to deliver and manage the pooled investment products
- 1.3 In the context of its three areas of responsibility, PAF as individual officers and a collective group of senior officers have responsibility to provide support and advice to their individual representatives who sit on the LGPS Central Joint Committee and their Shareholder representatives.
- 1.4 PAF's overriding objective is to guide, support and prioritise the focussed delivery of investment pooling in response to the individual authority's needs and interests ensuring each achieves the statutory requirement to deliver investment pooling as part of its investment strategy.
- 1.5 In delivering this objective, PAF will seek to manage conflicts, which have the potential to impact the overriding aim. Conflicts may arise either between the participating Authorities or between the Authorities (collectively) and LGPSC Ltd (the Company), recognising that speaking with "one voice" will reduce the duplication of costs and resources and maximise the benefits of scale.
- 1.6 PAF work will be supported by the Partner Fund Support Office (PFSO), appointed collectively by the Authorities and which is directly accountable to PAF. The role and purpose of the PFSO is to facilitate the work of PAF through secretariat roles and to lead engagement.
- 1.7 PAF supports Partner Funds in their roles as Shareholders owning the Company and as Commissioners of investment pooling services through LGPS Central Ltd, the pool operator which performs a range of functions. PAF supports shareholders in consideration of reserved matters and Company resolutions as presented.

2. Roles and Functions

Role as Shareholder

- 2.1 To oversee, challenge and ensure the Company's goals, ambitions and overall performance achieve the objectives set out in its annual business plan (including the budget), ensuring such

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business plan is fit for purpose in the context of its customers, their needs and ambitions, including the creation and delivery of products which meet those needs.

Role as Client/Customer

- 2.2 To receive investment services (under agreement) and to manage the performance of that agreement under normal contract management processes.
- 2.3 PAF's key responsibilities for each are summarised below:

Shareholder Roles & Responsibilities	Client Roles & Responsibilities
Supporting shareholders with decisions required under Shareholder Agreement, at both a collective and local Fund level, with provision of information to support decision making	Commissioners of investment pooling services
Advising Shareholders' Forum meetings and briefings	Supporting and advising Joint Committee
Shareholder KPI development and delivery	Client KPI development & Risk management
Company commercial sustainability	Product development - Evaluation and approval of pooled product business cases
Company risks from a shareholder perspective	Monitoring investment performance
Resourcing to advise on Strategic Business Plan and budget setting and ensuring sufficient to meet regulatory requirements and client needs	Compliance assurance - to include AAF
Client satisfaction	Consideration of individual Funds' Responsible Investment and Climate Strategies to deliver common goals and objectives
Transition management approach facilitating optimal outcomes with LGPSC Ltd	
Assessment of investment costs & savings – Pool level and individual authority	
Internal audit assurance	

- 2.4 PAF provides a central resource for advice, assistance, guidance and support for the Joint Committee and the Shareholders' Forum and for the Authorities working collaboratively with the Company to deliver investment pooling.
- 2.5 PAF will act as a conduit for communication back to the respective Authorities and/or direct to the Company (LGPSC Ltd.) as appropriate on progressing investment pooling.

3. Membership and Chair of PAF

- 3.1 Each of the eight Partner Funds will be represented on PAF by their designated senior Officer(s) in accordance with that individual authority's scheme of delegation. Each Authority may send up to 2 representatives to ensure consistent representation. Additional Partner Fund officers may be invited to attend in support of matters under consideration at meetings.

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- 3.2 When it is not possible for a representative to attend PAF, an email detailing their views on Agenda items they wish to be raised in the meeting should be sent to the PFSO and the Chair of the meeting in advance of the meeting. These views shall be presented by the Chair of the respective PAF meeting.
- 3.3 PAF may, from time to time invite officers from any Partner Fund to provide specific advice or expertise as required (e.g. Legal or Financial). Such invited officers do not have any decision-making responsibility, unless delegated to do so by the relevant Authority.
- 3.4 The Company will be invited to attend PAF meetings for relevant business items.
- 3.5 The Chair of PAF will be chosen from one of the Partner Fund Officers of PAF, with the position of Chair rotating on a 6-monthly basis between Partner Funds unless agreed otherwise by the constituent Authorities.
- 3.6 The Vice Chair of PAF will be the Officer expected to succeed the Chair on the rotational basis from the Partner Funds.
- 3.7 PAF will meet monthly, unless otherwise agreed. One PAF meeting each quarter will include a focus on the Shareholder Role described above, notwithstanding more frequent discussion in the normal course of PAF's workplan. The "hat" of responsibility will be clearly outlined in the meeting agenda to provide clarity on which role senior officers are taking in the consideration of matters to be determined or actioned.

4. Meetings

- 4.1 Meetings will be held either in person at one of the eight Administering Authority offices (as agreed) or virtually, with any cost of holding the meetings shared amongst the Partner Funds.
- 4.2 The agenda for each PAF meeting is co-ordinated by the PFSO and agreed with the Chair.
- 4.3 Agendas shall be issued, along with relevant papers, four working days before the meeting.

5. Working Groups

- 5.1 PAF may set up working groups and task and finish groups on either an interim or permanent basis according to requirements
- 5.2 Working Groups shall report back into PAF following meetings of the working group and recommendations for taking actions forwards. PAF may delegate actions and some elements of decision making to be taken forward by individual working groups.

6. Partner Fund Support Office

- 6.1 The Partner Fund Support Office (PFSO) will provide services to PAF to facilitate progressing investment pooling, this can include project management and finance support as well as administration and secretariat support. This includes (but is not limited to):

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- a) Coordinating dates, agendas and papers and attendance at meetings of PAF in liaison with Partner Funds and LGPSC Ltd.
- b) Coordinating dates, agendas, and papers, and attendance at meetings of the Shareholders' Forum.
- c) Assist with coordinating the Joint Committee meetings, agendas, and papers in conjunction with the Clerk to the Committee and in liaison with Partner Funds and LGPSC Ltd and PAF with LGPSC Ltd. and the clerk of the Joint Committee.
- d) Liaising between the Partner Funds, and on their collective behalf, with LGPS Central Ltd and other agencies when authorised to do so by the Partner Funds.

7. Terms of Reference Review

- 7.1 These Terms of Reference will be reviewed annually.

Risk Management

Each year the Fund produces a Business Plan setting out the high-level objectives for the next four years. In addition, the Fund produces a plan for the actions to be achieved in each individual year of the Business Plan.

The associated risks are captured within the Fund's risk register. Risks are categorised against the Fund's long-term strategic objectives in respect of: -

- Governance
- Administration and Communication
- Funding
- Investments

Risks are managed through a series of mitigations designed to reduce their likelihood and/or impact. Risk ratings are colour coded and risks are assigned a red, amber or green status according to the degree of assessed risk.

The Pension Fund Committee is responsible for approving the Business Plan, including risk register. The Committee regularly reviews the risk register to ensure that key risks are identified, evaluated and controlled to a suitable level. The Committee will also ensure that any planned mitigating actions are put into place.

Investment Risk

The Investment Sub-Committee regularly reviews investment risk and manager performance at its quarterly meetings and is assisted by the Fund's Investment Advisors Mercer Ltd.

LGPS Central Pool

There is a separate risk register relating to investment pooling which the Practitioner Advisory Forum, the main Partner Fund working group, maintains. The LGPS Central Joint Committee oversees the pool risk register to ensure risks are logged and mitigating actions put in place.

LGPS Central Ltd, the pooling delivery company, maintains its own risk register, which is overseen by the company board.

Systems of Internal Control

The Fund's Statement of Accounts and Annual Report are subject to external audit by Grant Thornton, who provide a separate opinion for both the accounts and the annual report. Grant Thornton also conduct interim audits throughout the year to test the design and effectiveness of the Fund's internal controls.

In addition to external audit, the Fund receives regular reviews from the Council's internal audit department who test the internal control systems and processes employed. Internal Audit obtain assurance on the internal control environment through a series of audits of key areas. The outputs from these audits are presented to the Local Pension Board.

During 2022/23 internal audit reviewed the process in place for the transfer of members benefits and found there was reasonable assurance in the system of governance. The report also included a number of recommendations linked to changes in legislation, which the Fund was already in the process of introducing.

During late 2022/23 internal audit also commenced a review of the processes in place for managing the retirements process. This outcome from this review is due in 2023/24.

The following table summarises the highest scoring risks identified in setting the 2023/24 business plan, after considering mitigating actions and controls. These will be subject to ongoing monitoring throughout the year.

Business Plan Risks 2023-24			
Objective	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	<ul style="list-style-type: none"> • Develop and implement a workforce plan • Review and update the training policy in line with the SAB Good Governance outcomes 	Amber
Governance	Failure to ensure appropriate knowledge and skills at Officer, Committee and Board leading to ineffective governance and management / administration of the Fund	<ul style="list-style-type: none"> • Introduce additional 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 	Green
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.	<ul style="list-style-type: none"> • 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 	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.	<ul style="list-style-type: none"> • 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			
Objective	Risk	Planned Action	Risk Status
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	<ul style="list-style-type: none"> • Develop a pro-active approach to engaging with all key stakeholders on ESG issues e.g. regular meetings with Chief Executives of four Cheshire councils. • Work with Partner Funds and LGPS Central to embed Responsible Investment approach and processes in investment products • Ongoing challenge to legacy managers to improve RI metrics • Improved reporting and communication with Fund members on the Fund's positive ESG investments 	Amber
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	<ul style="list-style-type: none"> • 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 	Green
Investments	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	<ul style="list-style-type: none"> • 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 	Amber

Business Plan Risks 2023-24			
Objective	Risk	Planned Action	Risk Status
Funding	Significant financial and reputational loss to the Fund due to employer default.	<ul style="list-style-type: none"> • External assessment of internal systems processes and monitoring. E.g. Internal Audit, Subject Matter Experts or through peer group • Implement any recommendations from the assessments 	Amber
Administration and Communication	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.	<ul style="list-style-type: none"> • 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 standardising the methods of data collection 	Red
Administration and Communication	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.	<p>The Fund will continually seek opportunities to develop the system so as to take advantage of technological advancements which can benefit the Fund</p> <ul style="list-style-type: none"> • 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 	Amber

Business Plan Risks 2023-24			
Objective	Risk	Planned Action	Risk Status
Administration and Communication	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	<ul style="list-style-type: none"> • 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 communications vehicle for employers 	Amber
All	Ineffective management of Flexible and Mobile Working leading to an adverse impact on service delivery and staff wellbeing	<ul style="list-style-type: none"> • 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 	Green
All	Failure to meet the objectives of the pensions programme due to insufficient capacity of staff and competing priorities	<ul style="list-style-type: none"> • 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 skilled, 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. 	Amber

Business Plan Risks 2023-24			
Objective	Risk	Planned Action	Risk Status
All	Failure to plan for significant business continuity event which results in loss of key systems, individuals / teams, or assets (e.g. buildings), leading to inability to deliver key processes and functions for an unacceptable period of time	<ul style="list-style-type: none"> • Full review of non-administration processes with focus on critical outcomes and potential impacts of system / person / asset losses • Consolidate admin and non-admin outcomes into holistic Fund business continuity plan • Identify key mitigating actions and test compliance on a rolling basis 	Amber

Funding and Investments

In addition to the service risks identified above, the Fund is exposed to a range of specific investment and funding risks. These are explained in detail, along with the risk management measures the Fund has put in place, in Note 19 of the Statement of Accounts.

In April 2020 the Fund elevated and prioritised the management of Climate Change Related investment risk in its revised Investment Strategy Statement and Responsible Investment policy.

In December 2020 the Fund published a Climate Change strategy, which consolidated all the Fund's climate change related beliefs, policies and targets into one document. This explained that the Fund formally acknowledges that there is a risk from holding investment assets with a high carbon footprint and/or a high level of exposure to fossil fuel assets.

These assets pose a particular risk in that markets may re-price fossil fuel and high carbon emitting assets in response to growing public concerns over climate change and the response of policy makers to this concern. Therefore, the Fund has adopted a precautionary approach to climate change investment risk and will pro-actively manage the risk by:

- Every year an independent assessment of publicly listed investment assets will be commissioned to determine the Fund's overall carbon footprint and assess potential climate change impacts and opportunities. To minimise its investment risk, the Fund has set a target of reducing the carbon footprint of its listed equity portfolio year on year and to reduce it to a level that is 50% lower than that of the general market.
- Each year The Fund will publish a Climate Risk Report, which will fully comply with the requirements of the Task Force on Climate-related Financial Disclosures (TCFD). This report will report on the Fund's carbon footprint and assess the likely impact of different climate scenarios on expected investment returns.
- The Climate Risk report will include a climate change stewardship plan which will set goals of engagement with companies, fund managers and policy makers and influencers. The Fund believes that all companies should fully adhere to the requirements of the Paris Agreement on climate change and will actively engage with companies, ideally in partnership with like-minded investors, to ensure companies align their business plans with the 1.5C target.

The Fund believes the above mitigating actions have reduced the Fund's level of climate change related investment risk to within an acceptable tolerance level and therefore the risk is not included in the table on page X.

The Fund obtains independent assurance about the internal control frameworks of its investment managers and custodian by obtaining copies of their audit reports, as set out in the table below.

Fund Manager	Type of Report	Assurance Obtained	Reporting Accountant
Legal & General	ISAE 3402	Reasonable assurance	KPMG LLP
Baillie Gifford & Co	ISAE 3402	Reasonable assurance	PricewaterhouseCoopers LLP
Patrizia	ISAE 3402	Reasonable assurance	BDO LLP
Bluebay	ISAE 3402	Reasonable assurance	PricewaterhouseCoopers LLP
Janus Henderson	ISAE 3402	Reasonable assurance	PricewaterhouseCoopers LLP
Blackstone	SOC 1	Reasonable assurance	Deloitte and Touche LLP
M&G Investments	SOC 1	Reasonable assurance	Ernst & Young LLP
Pantheon Ventures	ISAE 3402	Reasonable assurance	KPMG LLP
Adams Street Partners	SOC 1	Reasonable assurance	KPMG LLP
Darwin	ISAE 3402	Reasonable assurance	Ernst & Young LLP
Bank of New York Mellon	SOC 1	Reasonable assurance	KPMG LLP
Lexington Capital Partners	SOC 1	Reasonable assurance	Ernst & Young LLP
LGPS Central Ltd	ISAE 3000	Reasonable assurance	Deloitte LLP

Employer Fund Level Monitoring and Investment Strategies

The Fund has recognised that over time, the characteristics and funding objectives of its participating employers have become increasingly diverse. Therefore, it has divided employers into four separate groups and operated a distinct investment strategy for each group. This approach was taken to recognise the different characteristics, cash flows, maturity of liabilities and funding levels of different employers.

In April 2020, following a review of the current groupings of employers, the Fund re-organised the employers into the following groups:

- Open Employers
- Academies
- Exiting Employers
- Exited Employers

The funding levels of each employer group and the appropriateness of their investment strategy are regularly monitored, and changes to investment strategies implemented when it is considered appropriate to do so.

Cheshire Pension Fund - Fund Account for the year ended 31 March 2023

	Notes	2022-23 £000	2021-22 £000
Contributions and Benefits			
Contributions Receivable			
From Employers		161,348	152,219
From Employees		44,725	41,507
Total Contributions Receivable	6/6a	206,073	193,726
Transfers in from Other Schemes	7	12,896	12,877
Benefits Payable			
Pensions		-173,099	-165,183
Lump Sums		-31,497	-30,891
Death Benefits		-4,817	-3,974
Total Benefits Payable	8	-209,413	-200,048
Payments to and on account of Leavers			
Refund of Contributions		-514	-562
Transfers to Other Schemes		-15,760	-15,036
	9	-16,274	-15,598
Net Additions / (withdrawals) from dealing with members		-6,718	-9,043
Management Expenses	10/10a	-26,152	-27,585
Returns on Investments			
Investment Income	11	34,881	31,873
Taxes on Income	12	-80	-172
Profits and losses on disposal of investments and changes in the market value of investments	13f	-704,284	423,669
Net Returns On Investments		-669,483	455,370
Net Increase/(Decrease) in the Fund During the Year		-702,353	418,742
Opening Net Assets of the Scheme		6,967,980	6,549,238
Closing Net Assets of the Scheme		6,265,627	6,967,980

Cheshire Pension Fund - Net Assets Statement as at 31 March 2023

	Notes	2022-23 £000	2021-22 £000
Investment Assets	13/f, 17/18/19	6,254,040	6,958,758
Long Term Debtors	22	661	578
Current Assets	23	23,224	20,990
Current Liabilities	24	-12,298	-12,346
Total Net Assets		6,265,627	6,967,980

Note 1 – Description of the Fund

The Cheshire Pension Fund (the Fund) is part of the Local Government Pension Scheme (LGPS) and is administered by Cheshire West and Chester Council (the Council). The Council is the reporting entity for this pension fund.

The following description is a summary only. For more detail, reference should be made to the Cheshire Pension Fund Annual Report and the underlying statutory powers underpinning the scheme.

The scheme is governed by the Public Service Pensions Act 2013 and is administered in accordance with the following secondary legislation:

- The LGPS Regulations 2013 (as amended)
- The LGPS (Transitional Provisions, Savings and Amendment) Regulations 2014 (as amended)
- The LGPS (Management and Investment of Funds) Regulations 2016

The LGPS is a statutory, defined benefit, funded pension scheme. The Fund is administered by the Council to provide pensions and other benefits for pensionable employees of Cheshire West and Chester, Cheshire East, Halton and Warrington Borough Councils and a range of other scheduled and admitted bodies within the County of Cheshire area. The Fund excludes provision for teachers, fire fighters and police officers as they come within other national pension schemes. A full list of the employers contributing into the Fund is shown at the end of the Fund's Statement of Accounts.

Responsibility for managing the Fund lies with the full Council of Cheshire West and Chester Council. The Council has delegated responsibility for the Fund's affairs to the Chief Operating Officer, who is also the Section 151 Officer. The Chief Operating Officer is advised by the Pension Fund Committee with external advice from Mercer, the Fund's appointed investment consultant, and Hymans Robertson the appointed actuary. The Council's Audit and Governance Committee oversees the Council's arrangements for the Fund.

The Local Pension Board was established with effect from the 1 April 2015 in accordance with the Public Service Pensions Act 2013. The role of the Board, as defined in regulations, is to assist the Administering Authority to ensure the effective and efficient governance and administration of the Fund. The Board is comprised of two Employer Representatives (including one Cheshire West and Chester nominated Councillor), two Scheme Member representatives, and one independent chair (non-voting).

The Cheshire Pension Fund operates four investment strategies each with different allocations to growth assets and diversifying and matching assets reflecting the differing pension liabilities and funding positions of employers. At 1 April 2022 the four strategies were as follows:

	Growth	Diversifying and Matching
Open Employers	50%	50%
Academies	55%	45%
Exiting/Closed Employers	50%	50%
Exited Employers	0%	100%

To manage the Fund's assets in accordance with its investment strategy, the Council had eleven appointed external investment managers as at 31 March 2023 who each have specific responsibility for part of the Fund's investment portfolio in addition to the LGPS Central asset pool.

As part of investment pooling, the Fund is continuing to transfer assets to LGPS Central Ltd, its jointly owned pooling delivery company. As at the 31 March 2023 LGPS Central Ltd managed

£1,798m (31 March 2022: £1,348m) of the Fund's assets with additional private market commitments of £515m (31 March 2022: £671m) to be drawn down.

The Council uses the services of Bank of New York Mellon Asset Servicing to independently monitor the performance of the investment strategy as a whole and the contributions of individual managers. Performance is monitored against the Fund's tailored asset allocation benchmark rather than to a peer group benchmark.

Bank of New York Mellon Asset Servicing reported that for the year ending 31 March 2023 the Fund achieved a negative return from its investments of -9.8% (2021-22 positive return of 6.9%) compared with the Fund's tailored benchmark return of -8.4% (5.8% in 2021-22). For the three years ending 31 March 2023 the Fund achieved an annualised return of 4.5% per annum against the Fund's benchmark return of 2.1% per annum.

Membership

In accordance with the Government's Automatic Enrolment Legislation, eligible employees are automatically enrolled into the LGPS from their first day of employment. However membership of the LGPS is voluntary and after auto enrolment employees are able to choose whether to remain in the scheme, opt out of the scheme, re-join at a later date or to make their own personal arrangements outside of the scheme.

Organisations participating in the Fund include:

- Scheduled bodies (scheme employers), which are local authorities and similar bodies whose staff are automatically entitled to be members of the Fund; and
- Admitted bodies, which are other organisations that participate in the Fund under an admission agreement between the Fund and the relevant organisation. Admitted bodies include voluntary, charitable and similar bodies or private contractors undertaking public sector authority functions following outsourcing.

In the year to 31 March 2023 a total of 328 employer organisations, including the Administering Authority itself, contributed into the Fund.

Cheshire Pension Fund	31-Mar-23	31-Mar-22
Number of employers making contributions into the fund	328	321
Number of employees in the scheme		
Cheshire West and Chester Council	7,982	7,704
Other employers	34,040	32,962
Total	42,022	40,666
Number of pensioners		
Cheshire West and Chester Council	3,687	3,393
Other employers	29,929	29,036
Total	33,616	32,429
Number of Deferred pensioners		
Cheshire West and Chester Council	5,157	5,251
Other employers	27,147	27,148
Total	32,304	32,399
Undecided Leavers	2,578	2,388
Total Membership	110,520	107,882

Funding

Benefits are funded by contributions and investment earnings.

Contributions are made by active members of the Fund in accordance with the LGPS Regulations 2013 and range from 5.5% to 12.5% of pensionable pay for the financial year ending 31 March 2023.

In addition to employee contributions, employers pay contributions into the Fund which are set through triennial actuarial valuations. The last such valuation was at 31 March 2022 which set employer contribution rates for the 3 year period commencing 1 April 2023 and ending 31 March 2026. Details of employer rates can be found in the Fund valuation report available on the Fund's website.

Benefits

From 1 April 2014, the LGPS became a career average revalued earnings (CARE) scheme, whereby members accrue benefits based on their pensionable pay each year at an accrual rate of 1/49th. The accrued pension is inflated annually in line with the Consumer Prices Index.

There are a range of other benefits provided under the scheme including early retirement, disability pensions and death benefits. For details, please refer to the scheme handbook which is available from the Fund or visit the website www.cheshirepensionfund.org. Prior to 1 April 2014, LGPS pension benefits were based on final pensionable pay and length of pensionable service, summarised below:

Service pre 1 April 2008	Service post 31 March 2008 to 31 March 2014
Pension	Pension
Each year worked is worth 1/80 x final pensionable salary.	Each year worked is worth 1/60 x final pensionable salary.
Lump sum	Lump Sum
Automatic lump sum of 3 x pension.	No automatic lump sum
In addition, part of the annual pension can be exchanged for a one-off tax free cash payment. A lump sum of £12 is paid for each £1 of pension given up.	Part of the annual pension can be exchanged for a one-off tax free cash payment. A lump sum of £12 is paid for each £1 of pension given up

Note 2 – Basis of Preparation

The Statement of Accounts summarises the Fund's transactions for the 2022-23 financial year and its position as at year ending 31 March 2023. The accounts have been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2022-23 which is based upon International Financial Reporting Standards (IFRS), as amended for the UK public sector. The accounts have been prepared on a going concern basis.

IFRS standards that are issued but not yet effective

The Code requires the disclosure of any accounting standards issued but not yet adopted. IFRS 16, introduced on 1 January 2019, is due to be adopted by the Code for accounting periods commencing on or after 1 April 2024. This new accounting standard largely removes the distinction between operating and finance leases. However, the implementation of IFRS 16 is not expected to have a material impact on the Fund because it does not hold any assets as a lessee.

The accounts summarise the transactions of the Fund and report on the net assets available to pay pension benefits. The accounts do not take account of obligations to pay pensions and benefits which fall due after the end of the financial year. The actuarial present value of promised retirement benefits, valued on an International Accounting Standard (IAS) 19 basis, is appended to the statement of accounts. Further information is included within Note 21 of these accounts.

Note 3 – Summary of significant accounting policies

Fund Account – revenue recognition

a) Contribution income

Normal (primary) contributions, both from the members and from the employers, are accounted for on an accruals basis at the percentage rate of pensionable pay set in regulations or recommended by the Fund actuary in the payroll period to which they relate.

Employer deficit (secondary) funding contributions are accounted for on the due dates on which they are payable under the schedule of contributions set by the scheme actuary or on receipt if earlier than the due date.

Employers' augmentation contributions and pensions strain contributions are accounted for in the period in which the liability arises. Any amount due in year but unpaid will be classed as a current financial asset. Amounts not due until future years are classed as long-term assets.

b) Transfers to and from other schemes

Transfer values represent the amounts received and paid during the year for members who have either joined or left the Fund during the financial year, and are calculated in accordance with the Local Government Pension Scheme regulations (see notes 7 and 9).

Individual transfers in/out are accounted for when they are received/paid, which is normally when the member liability is accepted or discharged.

Transfers in from members wishing to use the proceeds of their additional voluntary contributions (see below) to purchase scheme benefits are accounted for on a receipts basis and are included in Transfers In (see Note 7).

Bulk (group) transfers are accounted for on a cash basis once terms have been agreed and payment made to/from the respective fund.

c) Investment income

Interest income is recognised in the fund account as it accrues, using the effective interest rate of the financial instrument as at the date of acquisition or origination.

Dividend income is recognised on the date the shares are quoted ex-dividend. Any amount not received by the end of the reporting period is disclosed in the net assets statement as a current financial asset.

Distributions from pooled funds are recognised within investment income at the date of issue. Any amount not received by the end of the reporting period is disclosed in the net assets statement as a current financial asset. Any other income from pooled investments is automatically reinvested within the fund and reflected in the unit price and resultant market value of these investments.

Property related income consists primarily of rental income. Rental income from operating leases on properties owned by the Fund is recognised on a straight-line basis over the term of the lease. Any lease incentives granted are recognised as an integral part of the total rental income over the term of the lease. Contingent rents based on the future amount of a factor that changes other than with the passage of time, such as turnover rents, are only recognised when contractually due.

Changes in the net market value of investments (including investment properties) are recognised as income and comprise all realised and unrealised profits/losses during the year.

Foreign income has been translated into sterling at the date of the transaction. Income from overseas investments is recorded net of any withholding tax where this cannot be recovered.

Fund account – expense items

d) Benefits payable

Pensions and lump-sum benefits payable include all amounts known to be due as at the end of the financial year. Any amounts due but unpaid are disclosed in the net assets statement as current liabilities.

e) Taxation

The Fund is a registered public service scheme under section 1 (1) of Schedule 36 of the Finance Act 2004 and as such is exempt from UK income tax on interest received and from capital gains tax on the proceeds of investments sold. Income from overseas investments suffers withholding tax in the country of origin, unless exemption is permitted. Irrecoverable tax is accounted for as a fund expense as it arises.

f) Management Expenses

The Code does not require any breakdown of pension fund administration expenses. However, in the interest of greater transparency, the pension fund management expenses are accounted for in accordance with the CIPFA guidance Accounting for Local Government Pension Scheme Management Expenses (2016).

Investment Management Expenses

All investment management expenses are accounted for on an accruals basis.

Fees of the external investment managers and custodian are contractually agreed in the respective mandates governing their appointments. Broadly, these are based on the market value of the investments under their management and therefore increase or reduce as the value of these investments change.

In addition the Fund has negotiated with the following managers that an element of their fee be performance related:

- Baillie Gifford
- Darwin Property Investment

Performance related fees amounted to £1.9m in 2022-23 (£3.4m in 2021-22) for managers who outperformed their target.

Where an investment manager's fee invoice has not been received by the balance sheet date, an estimate based upon the market value of their mandate as at the end of the year is used for

inclusion in the fund account. The total of fees based on estimates in 2022-23 was £4.5m relating to fees due for the quarter ending 31 March 2023 (2021-22: £6m).

Administration expenses

All administration expenses are accounted for on an accruals basis. All staff costs of the pension's administration team are charged directly to the Fund. Associated management, accommodation and other overheads are apportioned to this activity and charged as expenses to the Fund.

Oversight and governance costs

All oversight and governance expenses are accounted for on an accruals basis. All staff costs associated with governance and oversight are charged directly to the Fund. Associated management, accommodation and other overheads are apportioned to this activity and charged as expenses to the Fund.

Net Assets Statement

g) Financial assets

Cheshire West and Chester Council jointly owns an asset pooling company, LGPS Central Ltd, along with seven other Partner Funds. The Council's shareholding in the asset pool company is valued at £1.315m which is the transaction price i.e. cost of the investment. LGPS Central Ltd began to trade on 3 April 2018 and consequently there are only limited trading results available. As a wholly owned company of the Partner Funds its shares are not traded. The Fund's view is that the market value of this investment at 31 March 2023 cannot be reasonably assessed and that cost is therefore an appropriate estimate of fair value.

All other investment assets, with the exception of the loan to LGPS Central Ltd, are included in the financial statements on a fair value basis at the reporting date. Financial assets are included in the net assets statement on a fair value basis as at the reporting date. A financial asset is recognised in the net assets statement on the date the fund becomes party to the contractual acquisition of the asset. From this date any gains or losses arising from changes in the fair value of asset are recognised by the Fund.

The values of investments as shown in the net assets statement have been determined at fair value in accordance with the requirements of the Code and IFRS13 (see Note 18). For the purposes of disclosing levels of fair value hierarchy, the fund has adopted the classification guidelines recommended in the Practical Guidance on Investments Disclosures (PRAG/Investment Association 2016).

h) Freehold and leasehold properties

The Scheme's freehold and leasehold investment properties were valued by an external valuer, Savills. The valuations were in accordance with the requirements of the RICS Valuation-Professional Standards. The valuation of each property was on the basis of Fair Value, subject to the following assumptions:

- (i) For investment property: that the property would be sold subject to any existing leases.
- (ii) For property held for development: that the property would be sold with vacant possession in its existing condition.

The valuer's opinion of Fair Value was primarily derived using comparable recent market transactions on arm's length terms.

i) Cash and cash equivalents

Cash comprises cash in hand and on demand deposits, and includes amounts held by the Fund's external managers. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and that are subject to minimal risk of changes in value.

j) Loans and receivables

Financial assets classed as amortised cost are carried in the net asset statement at amortised cost i.e. the outstanding principal receivable as at the year end date, plus accrued interest.

k) Financial liabilities

The Fund recognises financial liabilities at fair value as at the reporting date, excluding creditors which are measured at amortised cost. A financial liability is recognised in the net assets statement on the date the Fund becomes party to the liability. From this date, any gains or losses arising from changes in the fair value of the liability are recognised by the Fund.

l) Actuarial present value of promised retirement benefits

The actuarial present value of promised retirement benefits is assessed on a triennial basis by the scheme actuary in accordance with the requirements of IAS19 Employee Benefits and relevant actuarial standards.

As permitted under the Code, the Fund has opted not to disclose the actuarial present value of promised retirements in the net assets statement, instead providing the information by reference to an accompanying actuarial report. A copy of the full actuarial calculation is appended to the Statement of Accounts.

m) Additional voluntary contributions

The Fund provides an Additional Voluntary Contributions (AVC) scheme for its members, the assets of which are invested separately from those of the pension fund.

From the 1 April 2019, Standard Life were appointed as the sole AVC provider for the Fund. Prior to 1 April 2019 the AVC providers to the members of the Fund were Scottish Widows, Standard Life and Utmost, who took over Equitable Life on 1 January 2020.

Individual member's AVC contributions are paid directly to the AVC provider by their respective employers and are specifically for providing additional benefits for individual members. AVC contributors receive an annual statement showing the amount held in their account and the movements in the year.

AVCs are not included in the accounts in accordance with section 4 (1) (b) of the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016 (SI 2009/3093) but are disclosed as a note only (Note 25).

n) Contingent assets and contingent liabilities

A contingent liability arises where an event has taken place prior to the year-end giving rise to a possible financial obligation whose existence will only be confirmed or otherwise by the occurrence of future events. Contingent liabilities can also arise in circumstances where a provision would be made, except that it is not possible at the balance sheet date to measure the value of the financial obligation reliably.

A contingent asset arises where an event has taken place giving rise to a possible asset whose existence will only be confirmed or otherwise by the occurrence of the future events.

Contingent assets and liabilities are not recognised in the net assets statement but are disclosed by way of narrative in the notes.

Note 4 – Critical judgements and key sources of estimation uncertainty

In the application of the Fund's accounting policies, which are described in Note 3, those charged with governance of the Fund are required to make judgements, estimates and assumptions about the values of assets and liabilities which are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Note 4.1 – Critical Judgements in applying accounting policies

There were no material critical judgements in 2022-23.

Note 4.2 – Assumptions made about the future and other major sources of estimation uncertainty

The Statement of Accounts contains some estimated figures that are based on assumptions made by the Council about the future, or that are otherwise uncertain. Estimates are made taking into account historical experience, current trends and other relevant factors, however, because balances cannot be determined with certainty, actual results could be materially different from the assumptions and estimates.

The items in the statement of accounts for which there is a significant risk of material adjustment in the forthcoming financial year are as follows:

Item	Uncertainties	Effect if actual results differ from assumptions
Pension fund liability	The pension fund liability is calculated every three years by the Fund's actuary, Hymans Robertson, with annual updates in the intervening years. The methodology used is in line with accepted guidelines and in accordance with financial standards. Assumptions underpinning the valuations are agreed with the actuary and are disclosed in the actuarial calculation which is included within the Annual Report. This estimate is not included in the net asset statement but is appended to the accounts is subject to significant variances based on changes to the underlying assumptions.	<p>The effects on the net pension liability of changes in individual assumptions can be measured. For instance,</p> <ul style="list-style-type: none"> • A 0.5% increase in the discount rate assumption would reduce the value of the liabilities by approximately £515m. • A 0.5% increase in pensions increase rate would increase the value of the liabilities by approximately £465m. • A 0.5% increase in the salaries increase rate would increase the value of the liabilities by approximately £55m.

The items in the net assets statement at 31 March 2023 include the following items of estimation uncertainty which are significant but not material to the accounts.

Item	Uncertainties	Effect if actual results differ from assumptions
Private equity	It is important to recognise the highly subjective nature of determining the fair value of private equity investments. They are inherently based on forward looking estimates and judgements involving many factors. Private equity investments are valued at fair value in accordance with International Private Equity and British Venture Capital Association guidelines. These investments are not publicly listed and as such there is a degree of estimation involved in the valuation.	The total private equity investments in the financial statements are £437m (£409m 2021-22). There is a risk that this investment may be under or overstated in the accounts. A potential under or over statement of the value of these investments of 10% would equate to £43.7 m increase or decrease to the market value of these investments.
Absolute Return funds	Absolute Return funds are valued at the sum of the fair values provided by the administrators of the underlying funds plus adjustments that the funds' directors or independent administrators judge necessary. These investments are not publicly listed and as such there is a degree of estimation involved in the valuation.	The total value of absolute return funds in the financial statements is £411m (£398m in 2021-22). There is a risk that this investment may be under or overstated in the accounts. A potential under or over statement of the value of these investments of 10% would equate to £41.1m increase or decrease to the market value of these investments.
Property valuations	The Scheme's freehold and leasehold investment properties are valued by an external valuer, Savills, who operate entirely independently from the Fund's appointed property manager Patrizia. The valuations are made in accordance with the requirements of the RICS Valuation-Professional Standards. The valuer's opinion of Fair Value is primarily derived using comparable recent market transactions and therefore involves a degree of judgement and estimation.	The total value of direct property investments in the financial statements is £383m (£441m in 2021-22). There is a risk that this investment may be under or overstated in the accounts. A potential under or over statement of the value of these investments of 10% would equate to £38.3m increase or decrease to the market value of these investments.

See Note 18 for a full list of possible market movements.

Note 5 – Events after the Balance Sheet date

These are events, both favourable and unfavourable, that occur between the end of the reporting period and the date when the financial statements are authorised for issue. Two types of events can be identified:

- a) Those that provide evidence of conditions that existed at the end of the

- reporting period (adjusting events after the reporting period), and
- b) Those that are indicative of conditions that arose after the reporting period (non-adjusting events after the reporting period).

There are no events after the balance sheet date to report.

Note 6 – Contributions Receivable	2022-23 £000	2021-22 £000
Employees Normal Contributions	44,725	41,507
Employers Normal Contributions	144,134	133,488
Employers Deficit Funding	15,753	16,018
Employers Cost of Early Retirements (pension strain)	1,461	2,713
Total Employers Contributions	161,348	152,219
Total Employees and Employers Contributions	206,073	193,726

Employers and employee contributions have increased in 2022-23 compared to 2021-22 due to salary increases and an increase in the number of active members.

The cost of early retirements represents the contributions from Employers to meet the capitalised costs of discretionary early retirements. The Fund recharges Employers for such costs and the income received is made up of both one-off lump sum payments and instalments.

The accounts recognise the full cost due from employers for early retirement contributions based on the date the scheme member left the scheme regardless of whether scheme employers have the option of paying over more than one year.

Note 6a – Analysis of Contributions Receivable	2022-23		2021-22	
	Employers £000	Employees £000	Employers £000	Employees £000
Scheme Employers	112,760	31,830	107,333	29,312
Cheshire West & Chester Council	31,647	9,013	29,312	8,065
Community Admission Bodies	14,668	3,356	13,102	3,455
Transferee Admission Bodies	2,273	526	2,472	675
Total	161,348	44,725	152,219	41,507

Note 7 – Transfers in from other Pension Funds	2022-23 £000	2021-22 £000
Transfers from other Local Authorities	10,386	10,100
Transfers from other pension funds	2,510	2,777
Total	12,896	12,877

Note 8 – Benefits payable	2022-23 £000	2021-22 £000
Scheme Employers	130,820	125,485
Cheshire West & Chester Council	55,072	53,213
Community Admission Bodies	18,106	16,417
Transferee Admission Bodies	5,415	4,933
Total	209,413	200,048

Note 9 – Payment to and on account of leavers	2022-23 £000	2021-22 £000
Individual transfers out	15,760	15,036
Refunds to Members leaving service	514	562
Total	16,274	15,598

The transfer out figure will vary year on year depending on the number of people that move to employers outside of the Fund and the value of the pension accrued for these individuals.

The refunds to members leaving service relates to members who opted out of the scheme within two years of joining.

Note 10 – Management Expenses	2022-23 £000	2021-22 £000
Investment management expenses	21,285	23,102
Administration costs	2,774	2,627
Oversight and governance costs	2,093	1,856
Total	26,152	27,585

No costs have been included for carried interest. Included within the investment management expenses and oversight and governance costs are fees paid to LGPS Central Ltd, further details of these fees paid and the amounts are included in Note 26- Related Party Transactions.

In addition to these costs, indirect costs are incurred through the bid-offer spread on investment sales and purchases. These are reflected in the cost of investment acquisitions and in the proceeds of sales from investments (see Note 13f).

Note 10a– Investment Management Expenses

Note 10a – Investment Management Expenses 2022-23	Total £000	Management Fees £000	Performance related fees £000	Transaction Costs £000
Equities	4,932	3,111	1,683	138
Pooled Investments	8,797	8,797	0	0
Pooled Property	796	613	183	0
Private Equity	4,733	4,733	0	0
Private Debt	695	695	0	0
Property	1,210	1,210	0	0
	21,163	19,159	1,866	138
Custody fees	122			
Total	21,285			

Note 10a – Investment Management Expenses 2021-22	Total £000	Management Fees £000	Performance related fees £000	Transaction Costs £000
Equities	7,738	4,524	3,057	157
Pooled Investments	8,631	8,631	0	0
Pooled Property	923	608	315	0
Private Equity	4,414	4,393	21	0
Private Debt	30	30	0	0
Property	1,211	1,211	0	0
	22,947	19,397	3,393	157
Custody fees	155			
Total	23,102			

Note 10b – External Audit Costs	2022-23 £000	2021-22 £000
Payable in respect of external audit	51	52
Payable in respect of other services	13	13
Total	64	65

Fees in respect of other services relates to work completed in respect of the IAS19 process which is an audit related non-audit service.

Note 11 – Investment Income	2022-23 £000	2021-22 £000
Net Rents from Properties	18,008	19,936
Income from Fixed Interest Securities	9,836	5,830
Dividends from Equities	977	4,599
Other	12	801
Interest from Cash Deposits	5,509	301
Income from Pooled Property	401	268
Stock Lending	138	138
Total	34,881	31,873

No investment income has been recognised for Private Equity investments. Calls and distributions in relation to these investments are accounted for within the private equity sales and purchases figures in Note 13f.

Note 12 – Taxes on income	2022-23 £000	2021-22 £000
Withholding tax - Equities	80	172
Total	80	172

The Fund is exempt from UK income tax on interest and from capital gains tax on the profits resulting from the sale of investments.

The Fund is exempt from United States withholding tax on dividends and can recover all or part of the withholding tax deducted in some other countries. The amount of withholding tax deducted from

overseas dividends which the Fund is unable to reclaim in 2022-23 amounts to £80k and is shown as a tax charge, compared to £172k in 2021-22.

As Cheshire West and Chester Council is the administering authority for the Fund, VAT input tax is recoverable on all Fund activities including expenditure on investment and property expenses.

Note 13 – Investments	2022-23	2021-22
Investment Assets	£000	£000
Equities	263,818	607,359
Pooled Investments		
UK Government Index Linked Gilts	1,294,500	1,860,668
Fixed Income - Multi Strategy	1,196,173	1,248,434
UK Equity Listed	1,803,663	1,431,577
Infrastructure	95,183	26,263
Hedge Funds	410,542	397,689
	4,800,061	4,964,631
Other Investments		
Pooled Property Investments	91,177	90,152
Directly Managed Property	383,235	441,300
Private Equity	436,522	408,520
Private Debt	92,034	6,054
	1,002,968	946,026
Cash Deposits	181,298	436,921
Loans	686	686
Other investment balances:		
Outstanding dividends entitlements and withholding tax claims	5,209	3,135
Total	6,254,040	6,958,758

During the year, and in line with the Fund's investment strategy and the government initiative for asset pooling, the Fund fully redeemed funds of £305m from Baillie Gifford Global Alpha, redeemed £68m from LGPS Central Global Active Equity Fund and invested £360m in LGPS Central Sustainable Equity Funds, split equally between the Broad and Targeted sleeves. The transition has led to a reduction in Equities and an increase in UK listed Equities within Pooled Investments.

UK Government Index Linked Gilts have reduced in value as a result of the turbulent economic conditions during 2022-23. Following the end of the year, as part of a rebalancing exercise in line with the Fund's Investment Strategy Statement, the Fund redeemed £120m from LGPS Central Multi Factor Climate Fund and utilised £40m of reserve cash balances to top up its allocation to UK Index Linked Gilts by £160m.

Cash balances reduced in year as a result of a £85m top up to the Fund's existing investment in the LGIM Infrastructure Core Index Fund, endorsed by the Pension Fund Committee in June 2022. The Fund also made £177m calls in the year into private debt, infrastructure and private equity funds that the Fund has committed to, in line with its strategic asset allocation model.

Note 13a – Fixed Income Multi Strategy

The Fund has invested in five pooled fixed income investment vehicles managed separately by Janus Henderson Investors, BlueBay, M&G and LGPS Central. The market value of investments with each manager as at the 31 March 2023 was:

- £228m in Janus Henderson Investors (2021-22: £242m),
- £431m (2021-22: £457m) in BlueBay,
- £272m in M&G Alpha Opportunities Fund (2021-22: £268m).
- £126m in LGPS Central Emerging Market Debt Fund (2021-22: £137m)
- £139m in LGPS Central Multi Asset Credit Fund (2021-22 £145m)

The underlying assets of these pooled vehicles are invested by the managers in diversified portfolios of a wide range of fixed income assets including Government Bonds (UK and Overseas), Corporate Bonds, High Yield Bonds, Emerging Market Bonds, Asset and Mortgage Backed Securities, Secured Loans and currency. Within these mandates, each manager may use derivative instruments to manage their exposure to specific risks arising from its investment activities.

Note 13b – Absolute Return Funds	Strategy	2022-23 £000	2021-22 £000
Blackstone	Hedge Fund of Funds	410,542	397,689
Total		410,542	397,689

Note 13c – Private Equity	Number of Funds	2022-23 £000	2021-22 £000
Pantheon Ventures	13	238,223	218,542
Adam Street Partners	20	172,966	170,943
LGPS Central Ltd	4	25,186	18,787
Lexington Partners	1	147	248
Total	38	436,522	408,520

Note 13d – Loans

The Fund has a £685k loan advanced to LGPS Central Ltd in January 2018. The interest accrued on the loan for the year is £47k. The loan is held at amortised cost in the statement of accounts at a value of £732k at 31 March 2023 (31 March 2022: £717k).

Note 13e – Cash	2022-23 £000	2021-22 £000
Cash Instruments	161,768	402,103
Cash Deposits	19,530	34,818
Total	181,298	436,921

Note 13f – Reconciliation of movements in Investments

	Fair Value at 31 March 2022	Purchases at cost and derivative payments	Sales proceeds and derivative receipts	Change in Fair value	Fair Value at 31 March 2023
	£000	£000	£000	£000	£000
Equities	607,359	35,496	-336,170	-42,867	263,818
Pooled Investments	4,964,631	527,553	-74,445	-617,678	4,800,061
Pooled Property Investment	90,152	0	-2,327	3,352	91,177
Directly Managed Property	441,300	1,764	-2,700	-57,129	383,235
Private Equity	408,520	55,148	-35,298	8,152	436,522
Private Debt	6,054	90,316	-5,228	892	92,034
Loans	686	0	0	0	686
	6,518,702	710,277	-456,168	-705,278	6,067,533
Derivatives	0	3	-997	994	0
Cash and Cash Equivalents	436,921				181,298
	6,955,623	710,280	-457,165	-704,284	6,248,831
Outstanding dividend entitlements, accrued interest and recoverable withholding tax	3,135				5,209
Net Investments	6,958,758	710,280	-457,165	-704,284	6,254,040

	Fair Value at 31 March 2021	Purchases at cost and derivative payments	Sales proceeds and derivative receipts	Change in Fair value	Fair Value at 31 March 2022
	£000	£000	£000	£000	£000
Equities	855,025	120,175	-311,462	-56,379	607,359
Pooled Investments	4,613,918	404,958	-331,705	277,460	4,964,631
Pooled Property Investment	81,378	10,000	-7,510	6,284	90,152
Directly Managed Property	391,850	3,104	-11,940	58,286	441,300
Private Equity	296,417	55,282	-80,360	137,181	408,520
Private Debt	0	6,118	-30	-34	6,054
Loans	686	0	0	0	686
	6,239,274	599,637	-743,007	422,798	6,518,702
Derivatives	0				0
Cash and Cash Equivalents	297,131	138,919		871	436,921
	6,536,405	738,556	-743,007	423,669	6,955,623
Outstanding dividend entitlements, accrued interest and recoverable withholding tax	3,469	0	0	0	3,135
Net Investments	6,539,874	738,556	-743,007	423,669	6,958,758

Note 14 – Stock Lending

In accordance with the LGPS (Management and Investment of Funds) Regulations 2016, the Fund allows its stock to be lent, provided that the total value of the securities loaned out does not exceed 25% of the total Fund value.

The Fund has entered into a stock lending programme managed by its custodian the Bank of New York Mellon. In accordance with the securities lending agreement the collateral parameters are restricted to non-cash collateral securities, this being Fixed Income securities issued or guaranteed by a set of 21 OECD countries which have to have a minimum rating of AA by S&P or Aa2 by Moody's rating agency, as well as Supranational securities rated AAA/ Aaa from six issuers. The market value of the securities at year end is taken from prices from a number of reputable vendors in accordance with the Bank of New York Mellon pricing policy.

In addition, LGPS Central Ltd operate a stock lending programme in respect of their pooled equity funds such as the Global Active Equity Fund, in which the Cheshire Pension Fund invests.

During the year ended 31 March 2023 the Fund earned £138k (2021-22: £138k) of income from its stock lending activities.

At the balance sheet date, the value of aggregate stock on loan was £14.9m (2021-22: £12.1m) and the value of collateral held was £15.8m (2021-22: £13.2m).

Note 15 Property Holdings

The Fund's investment in property comprises investments in pooled property funds and a number of directly owned properties which are leased commercially to various tenants. Details of income from these directly owned properties are below:

Note 15a – Property Income	2022-23 £000	2021-22 £000
Rental Income	20,598	21,883
Direct Operating Expenses	-2,590	-1,947
Balance at the end of the year	18,008	19,936

Note 15b – Fair Value of Investment Properties	2022-23 £000	2021-22 £000
Balance at the start of the year	441,300	391,850
Disposals	-2,700	-9,565
Capital Expenditure	1,764	3,104
Net gain/loss on fair value	-57,129	55,911
Balance at the end of the year	383,235	441,300

During the year the Fund did not purchase any investment properties. The Fund disposed of one property in the year.

Investment properties were independently valued by Savills as at 31 March 2023.

At the year-end there were no restrictions on the Fund's ability to realise investment property or the remittance of proceeds of disposals.

Contractual obligations for development, repairs and maintenance amount to £4.1m (£4m in 2021-22).

Note 16 – Operating Leases

The Fund's property portfolio comprises a variety of units which are leased to organisations with the objective of generating an appropriate investment return.

These leases are all categorised as operating leases due to the relatively short length of the agreements i.e. relative to the overall life of the asset and proportion of the assets overall value. The leases do not meet the assessment criteria for finance leases, and the risks and rewards of ownership of the leased assets are retained by the Fund (and reflected in the Net Assets Statement).

The properties comprise a mix of office, retail and industrial buildings. These leases vary in length from short term to over 25 years.

The future minimum lease payments receivable under non-cancellable leases in future years are:

Age profile of lease income	2022-23 £000	2021-22 £000
No later than one year	21,647	21,465
Between one and five years	59,842	82,549
Later than five years	128,050	118,867
Total	209,539	222,881

The above disclosure for 2022-23 has been reduced by a credit loss allowance of 5% for income due within one year and 3% for the second year onwards reflecting the Fund's expected loss from late or non-recovery of rents from tenants.

With regards to the properties owned and leased by the Fund, all are leased to tenants under contracts that have been assessed as operating leases and which may include periodic rent reviews etc. The minimum lease payments receivable do not include rents that are contingent on events taking place after the lease entered into, such as adjustments following rent reviews.

Note 17 – Investment by Fund Manager	2022-23 £000	2022-23 %	2021-22 £000	2021-22 %
Investments managed by LGPS Central Ltd Asset Pool:				
All World Equity Climate Multi Factor Fund	705,180	11.3	701,248	10.1
Global Equity Active Multi Manager Fund				
- Schroders	97,848	1.6	118,866	1.7
- Union	86,352	1.4	104,695	1.5
- Harris	71,279	1.1	88,588	1.3
Sustainable Equity Broad Fund	182,563	2.9	0	0.0
Sustainable Equity Target Fund	175,205	2.8	0	0.0
Multi Asset Credit Fund	139,140	2.2	144,765	2.1
Emerging Market Debt Fund	126,390	2.0	136,500	2.0
Infrastructure Core / Core Plus Fund	52,034	0.8	24,784	0.4
Credit Partnership II (Private Debt) Fund	48,460	0.8	6,054	0.1
Credit Partnership III (Private Debt) Fund	43,573	0.7	0	0.0
Infrastructure Single Asset Credit Fund	39,978	0.6	0	0.0
Private Equity Funds	25,186	0.4	18,787	0.3
Infrastructure Value Add/Opportunistic	3,171	0.1	1,480	0.0
LGPS Central Ltd Asset Pool	2,047	0.0	2,032	0.0
Total	1,798,406	28.7	1,347,799	19.5
Investments managed outside of LGPS Central Ltd Asset Pool:				
Legal & General	1,779,735	28.5	2,278,847	32.7
Bluebay	431,022	6.9	457,493	6.6
Patrizia	387,862	6.2	445,480	6.4
Blackstone	410,542	6.6	397,689	5.7
Baillie Gifford & Co	265,868	4.3	613,821	8.8
M&G Investments	275,491	4.4	269,291	3.9
Pantheon Ventures	238,223	3.8	218,542	3.1
Janus Henderson	227,710	3.6	241,726	3.5
Adams Street Partners	172,966	2.8	170,943	2.5
Deutsche Bank (Money Market)	101,991	1.6	339,742	4.9
Darwin	90,695	1.5	87,797	1.3
Fidelity (Money Market)	49,271	0.8	49,500	0.7
Bank of New York Mellon	21,663	0.3	36,393	0.4
Arrowgrass Capital Partners	2,433	0.0	3,434	0.0
Lexington Capital Partners	147	0.0	248	0.0
GMO	15	0.0	13	0.0
Total	4,455,634	71.3	5,610,959	80.5
Total	6,254,040	100.0	6,958,758	100.0

Key movements in assets during the year are detailed in Note 13.

Note 17a – Concentration of Investments

The CIPFA Code of Practice requires disclosure where there is a concentration of investment which exceeds 5% of the total value of the net assets of the scheme. Four investments fall into this category as follows:

Security Description	Market Value 31-Mar-23 £000	% of Total Fund	Market Value 31-Mar-22 £000	% of Total Fund
Legal & General - Over 5 Yr Index Linked Gilts	1,294,499	20.70%	1,860,668	26.74%
LGPS Central Ltd - All World Equity Climate Multi Factor Fund	705,180	11.28%	701,248	10.08%
Bluebay - Total Return Diversified Fund	431,022	6.89%	457,493	6.57%
Blackstone Partners - Class A1 Initial Series	410,542	6.56%	397,689	5.71%

Note 18 – Fair Value – Basis of Valuation

The basis of the valuation of each class of investment asset is set out below. There have been no changes in the valuation techniques used during the year. All assets have been valued using fair value techniques which represent the highest and best use available at the reporting date.

Description of Assets	Valuation Hierarchy	Basis of Valuation	Observable and unobservable inputs	Key sensitivities affecting the valuations provided
Market Quoted investments	Level 1	Published bid market price ruling on the final day of the accounting period	Not required	Not required
Quoted Bonds	Level 1	Fixed interest securities are valued at market value based on current yields	Not required	Not required
Unquoted Bonds	Level 2	Average of broker prices	Evaluated price feeds	Not required
Pooled investments-property funds	Level 3	Closing bid price where bid and offer prices are published Closing single price where single price published	NAV based pricing set on a forward pricing basis	Not required
Pooled investments - absolute return funds	Level 3	Closing bid price where bid and offer prices are published Closing single price where single price published	NAV based pricing set on a forward pricing basis	Valuations could be affected by material events occurring between the date of the financial statements provided and the pension fund's own reporting date, by changes to expected cashflows, and by any differences between audited and unaudited accounts
Freehold and leasehold properties	Level 3	Valued at fair value at the year-end using the investment method of valuation by Savills in accordance with the RICS valuation professional standards	Existing lease terms and rentals Independent market research Nature of tenancies Covenant strength for existing tenants Assumed vacancy levels Estimated rental growth Discount rate	Significant changes in rental growth, vacancy levels or the discount rate could affect valuations as could more general changes to market prices
Unquoted equity	Level 3	Comparable valuation of similar companies in accordance with Private Equity and Venture Capital Valuation Guidelines (2012)	EBITDA multiple Revenue multiple Discount for lack of marketability Control premium	Valuations could be affected by material events occurring between the date of the financial statements provided and the pension fund's own reporting date, by changes to expected cashflows, and by any differences between audited and unaudited accounts

Description of Assets	Valuation Hierarchy	Basis of Valuation	Observable and unobservable inputs	Key sensitivities affecting valuations provided
Private Debt	Level 3	Valued at fair value in accordance with International Valuation Standards and investment managers valuation policy	Comparable valuation of similar assets EBITDA multiple Revenue multiple Discounted cash flows Enterprise value estimation	Valuations could be affected by material events occurring between the date of the financial statements provided and the Pension Fund's own reporting date, by changes to expected cash flows, and by any differences between audited and unaudited accounts
Pooled investments-Infrastructure	Level 3	At the price or net asset value advised by the manager using the latest financial information available from the respective manager, adjusted for drawdowns and distributions to the final date of the accounting period, if the latest financial information is not produced at that date.	EBITDA multiple Revenue multiple Discount for lack of marketability Discounted cash flows	Valuations could be impacted by material events occurring between the date of the financial statements provided and the year end, by changes to expected cash flows, and any differences between the audited and unaudited accounts

Sensitivity of Assets Valued at Level 3

The Fund has determined that the valuation methods described above for level 3 investments are likely to be accurate to within the following ranges, and has set out below the consequent potential impact on the closing value of investments held at 31 March 2023 and 31 March 2022

	Potential variation on fair value	Value at 31 March 2023	Potential value on increase	Potential value on decrease
		£000	£000	£000
Loans	+/-0%	1	0	0
Pooled investments	+/- 5%	936,747	46,837	46,837
Pooled Property	+/- 5%	90,695	4,535	4,535
Private Equity	+/- 5%	436,522	21,826	21,826
Private Debt	+/- 5%	92,034	4,602	4,602
Property	+/- 5%	383,235	19,162	19,162
		1,939,234	96,962	96,962

	Potential variation on fair value	Value at 31 March 2022	Potential value on increase	Potential value on decrease
		£000	£000	£000
Loans	+/-0%	1	0	0
Pooled investments	+/- 5%	881,446	44,072	44,072
Pooled Property	+/- 5%	87,797	4,390	4,390
Private Equity	+/- 5%	408,520	20,426	20,426
Private Debt	+/- 5%	6,054	303	303
Property	+/- 5%	441,300	22,065	22,065
		1,825,118	91,256	91,256

Note 18a – Fair Value Hierarchy

The valuation of investment assets and liabilities has been classified into three levels, according to the quality and reliability of information used to determine fair values. Transfers between levels are recognised in the year in which they occur.

Level 1

Assets and liabilities at level 1 are those where the fair values are derived from unadjusted quoted prices in active markets for identical assets or liabilities. Fair value measurement defines an active market as a market in which transactions for the financial instrument occur with sufficient frequency and volume to provide pricing information on an ongoing basis, as well as the reporting date. Products classified as level 1 comprise listed equities, exchange traded futures, options and an element of absolute return funds.

Level 2

Assets and liabilities at level 2 are those whose values are based on quoted market prices that are not as active as level 1 markets, or based on models whose inputs are observable either directly or indirectly for substantially the full term of the asset or liability. Products classified as level 2 comprise bonds and loans, less liquid and restricted equity securities and absolute return funds

Level 3

Assets and liabilities at level 3 are those where at least one input that could have a significant effect on the instrument's valuation is not based on observable market data.

Such instruments would primarily include private equity, absolute return funds, pooled property, private debt and unlisted infrastructure investments which are valued using various valuation techniques that require significant judgement in determining appropriate assumptions.

Valuations for private equity, private debt and infrastructure are usually undertaken annually at the end of December. Estimated market values or cash flow adjustments are used to roll forward the valuations to 31 March as appropriate.

The values of the investment in absolute return funds are based on the net asset value provided by the fund manager. Assurances over the valuation are gained from the independent external audit of the individual funds.

The following table provides an analysis of the assets and liabilities of the Fund grouped into levels 1 to 3, based on the level at which the fair value is observable. The table does not reconcile back to the net assets figure as it excludes items which are valued at amortised cost (i.e. loans and receivables).

Note 18a – Assets carried at fair value

Assets carried at Fair Value:

	Quoted Market Price	Using observable inputs	With significant unobservable inputs	
Values at 31 March 2023	Level 1 £000	Level 2 £000	Level 3 £000	Total £000
Financial Assets at fair value through profit and loss				
Equities	262,503	0	0	262,503
Pooled investments	0	3,863,314	936,747	4,800,061
Pooled Property	0	482	90,695	91,177
Private Equity	0	0	436,522	436,522
Private Debt	0	0	92,034	92,034
Loans	0	685	1	686
Cash	181,298	0	0	181,298
Accrued Investment Income	5,209			5,209
Net investment assets	449,010	3,864,481	1,555,999	5,869,490
Non-financial assets at fair value through profit and loss				
Property	0	0	383,235	383,235
Total	449,010	3,864,481	1,939,234	6,252,725

Assets carried at cost:

	Quoted Market Price	Using observable inputs	With significant unobservable inputs	
Values at 31 March 2023	Level 1 £000	Level 2 £000	Level 3 £000	Total £000
Investments in LGPS Central Ltd			1,315	1,315
Investments held at cost	0	0	1,315	1,315

Assets carried at Fair Value:

	Quoted Market Price	Using observable inputs	With significant unobservable inputs	
Values at 31 March 2022	Level 1 £000	Level 2 £000	Level 3 £000	Total £000
Financial Assets at fair value through profit and loss				
Equities	606,044	0	0	606,044
Pooled investments	0	4,083,185	881,446	4,964,631
Pooled Property	0	2,355	87,797	90,152
Private Equity	0	0	408,520	408,520
Private Debt	0	0	6,054	6,054
Loans	0	685	1	686
Cash	436,921	0	0	436,921
Accrued Investment Income	3,135	0	0	3,135
	1,046,100	4,086,225	1,383,818	6,516,143
Non-financial assets at fair value through profit and loss				
Property	0	0	441,300	441,300
Total	1,046,100	4,086,225	1,825,118	6,957,443

Assets carried at cost:

	Quoted Market Price	Using observable inputs	With significant unobservable inputs	
Values at 31 March 2022	Level 1 £000	Level 2 £000	Level 3 £000	Total £000
Investments in LGPS Central Ltd			1,315	1,315
Investments held at cost	0	0	1,315	1,315

Note 18b – Transfers between levels 1 and 2

No assets were transferred between level 1 and 2 during the year.

Note 18c – Reconciliation of fair value measurements within level 3

	Market Value 1 April 2022	Transfers into Level 3	Transfers out of Level 3	Purchases	Sales	Unrealised Gains/ (Losses)	Realised Gains	Market Value 31 March 2023
	£000	£000	£000	£000	£000	£000	£000	£000
Absolute return funds	397,690				- 3,454	12,853	3,453	410,542
Direct Property	441,300			1,764	- 572	- 53,152	- 6,105	383,235
Private equity	408,520			55,148	- 33,846	1,237	5,463	436,522
Pooled Property	87,795				- 796	2,900	796	90,695
Fixed income	457,494			1,655	- 3,038	- 28,126	3,037	431,022
Secured Loans	1							1
Infrastructure	26,264			68,867	- 424	50	426	95,183
Private debt	6,054			90,316	- 5,227	196	695	92,034
	1,825,118	-	-	217,750	- 47,357	- 64,042	7,765	1,939,234

Absolute return funds, fixed income and infrastructure funds are included within the pooled investment figure shown in Note 18a.

Note 18d – Classification of financial instruments

Accounting policies describe how different asset classes of financial instruments are measured, and how income and expenses, including fair value gains and losses, are recognised.

The following table analyses the market value of financial assets and liabilities (excluding cash) by category and net assets statement heading. No financial instruments were reclassified during the accounting period.

Note 18d – Classification of Financial Instruments

	Fair value through profit and loss	Financial assets at amortised cost	Financial liabilities at amortised cost	Fair value through profit and loss	Financial assets at amortised cost	Financial liabilities at amortised cost
	31 March 2023			31 March 2022		
	£000	£000	£000	£000	£000	£000
Financial Assets						
Equities	263,818			607,359		
Pooled Investments	4,800,061			4,964,631		
Pooled Property	91,177			90,152		
Private Equity and Joint Venture	436,522			408,520		
Private Debt	92,034			6,054		
Loans	1	686		1	717	
Cash		177,639			435,316	
Other Investment balances		4,723			2,883	
Debtors		19,617			19,164	
	5,683,613	202,665	0	6,076,717	458,080	0
Financial Liabilities						
Creditors			-7,586			-10,046
TOTAL	5,683,613	202,665	-7,586	6,076,717	458,080	-10,046

Note 18e – Net Gains and Losses on Financial Instruments

	2022-23 £000	2021-22 £000
Financial Assets		
Fair value through profit and loss	-647,157	364,513
Amortised cost- unrealised gains	0	871
Total	-647,157	365,384

Cheshire West & Chester as administering authority has not entered into any financial guarantees that are required to be accounted for as financial instruments.

Note 19 – Nature and extent of risks arising from financial instruments**Risk and risk management**

The Fund's primary long term risk is that the Fund's assets will fall short of its liabilities (i.e. promised benefits payable to members). Therefore the aim of investment risk management is to minimise the risk of an overall reduction in the value of the Fund and to maximise the opportunity for gains across the whole fund portfolio. The Fund achieves this through asset diversification to reduce risk exposure to market risk (price risk, currency risk and interest rate risk) and credit risk to an acceptable level. In addition, the Fund manages its liquidity risk to ensure that there is sufficient liquidity to meet forecast cash flows. The Council manages these investment risks as part of its overall Pension Fund risk management programme.

Risk management policies were established to identify and analyse the risks faced by the Council's pension operations. Policies are reviewed regularly to reflect changes in activity and in market changes.

a) Market risk

Market risk is the risk of loss from fluctuations in equity and commodity prices, interest and foreign exchange rates and credit spreads. The Fund is exposed to market risk from its investment activities, particularly through its equity holdings. The level of risk exposure depends on market conditions, expectations of future price and yield movements and the asset mix.

The objective of the Fund's risk management strategy is to identify, manage and control market risk exposure within acceptable parameters, whilst optimising the return on risk.

In general, excessive volatility in market risk is managed through the diversification of the portfolio in terms of geographical and industry sectors and individual securities. To mitigate market risk, the Council and its investment advisers undertake appropriate monitoring of market conditions and benchmark analysis.

Equity futures contracts and exchange traded option contracts on individual securities may also be used to manage market risk on equity investments. It is possible for over-the-counter equity derivative contracts to be used in exceptional circumstances to manage specific aspects of market risk.

Other price risk

Other price risk represents the risk that the value of a financial instrument will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or foreign exchange risk). Whether those changes were caused by factors specific to the individual, instrument or its issuer, or factors affecting all such instruments in the market.

The Fund is exposed to share and derivative price risk. This arises from investments held by the fund for which the future price is uncertain. All securities investments present a risk of loss of capital. Except for shares sold short, the maximum risk resulting from financial instruments is determined by the fair value of the financial instruments. Possible losses from shares sold short are unlimited.

The Fund's investment managers mitigate this price risk through diversification, and the selection of securities and other financial instruments is monitored by the Council to ensure it is within limits specified in the Fund's investment strategy.

Other price risk - sensitivity analysis

In consultation with the Fund's investment advisers and, following analysis of historical data and expected investment return movement during the financial year, the Council has determined that the following movements in market price risk are reasonably possible for the 2022-23 reporting period:

Asset Type	Potential market movements
	% (+ / -)
Private Equity	27.1
Global Equities - Emerging	25.1
Global Equities - Developed	19.5
Infrastructure	16.9
UK Equities	17.6
Property Unit Trusts	15.0
High Yield	13.0
Absolute Return Funds	7.5
Corporate Bonds	8.1
Government Bonds	9.9
Cash	0.0

Asset Type	Potential market movements
	% (+ / -)
Private Equity	24.9
Global Equities - Emerging	25.3
Global Equities - Developed	17.8
UK Equities	15.9
Property Unit Trusts	14.7
High Yield	11.1
Absolute Return Funds	7
Corporate Bonds	6.7
Government Bonds	9.8
Cash	0

The potential price changes disclosed above are broadly consistent with a one-standard deviation movement in the value of the assets. The sensitivities are consistent with the assumptions contained in the investment adviser's most recent review. This analysis assumes that all other variables, in particular foreign currency exchange rates and interest rates, remain the same.

Had the market price of the Fund's investments increased/decreased in line with the above, the change in the net assets available to pay benefits in the market price would have been as follows:

Asset Type	Value at 31 March 2023	Percentage Change	Change in Value on increase	Change in Value on decrease
	£000	%	£000	£000
Government Bonds	1,294,500	9.9	128,155	-128,155
Global Equities - Developed	1,716,367	19.5	334,692	-334,692
Corporate Bonds	855,846	8.1	69,324	-69,324
High Yield	523,057	13.0	67,997	-67,997
Cash	202,170	0.0	0	0
Private Equity	436,522	27.1	118,297	-118,297
Absolute Return Funds	410,542	7.5	30,791	-30,791
Global Equities - Emerging	239,303	25.1	60,065	-60,065
UK Equities	85,964	17.6	15,130	-15,130
Investment Income Due	4,677	0.0	0	0
Infrastructure	95,183	16.9	16,086	-16,086
Property Unit Trusts	482	15.0	72	-72
Equities - LGPS Central Ltd	1,315	0.0	0	0
Loans - LGPS Central Ltd	732	0.0	0	0
Total assets available to pay benefits	5,866,660		840,609	-840,609

Asset Type	Value at 31 March 2022	Percentage Change	Change in Value on increase	Change in Value on decrease
	£000	%	£000	£000
Government Bonds	2,143,413	9.8	210,054	-210,054
Global Equities - Developed	1,789,243	17.8	318,485	-318,485
Corporate Bonds	622,256	6.7	41,691	-41,691
High Yield	457,494	11.1	50,782	-50,782
Cash	443,253	0	0	0
Private Equity	414,573	24.9	103,229	-103,229
Absolute Return Funds	397,689	7	27,838	-27,838
Global Equities - Emerging	180,186	25.3	45,587	-45,587
UK Equities	60,255	15.9	9,581	-9,581
Investment Income Due	2,883	0	0	0
Property Unit Trusts	2,356	14.7	346	-346
Equities - LGPS Central Ltd	1,315	0	0	0
Loans - LGPS Central Ltd	717	0	0	0
Total assets available to pay benefits	6,515,633		807,594	-807,594

The above table excludes direct property due to the illiquidity of this asset type.

Interest rate risk

The Fund invests in a number of interest bearing instruments such as Government bonds, corporate bonds and secured loans for the primary purpose of obtaining a return on those investments. These investments were subject to interest rate risks, which represent the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Fund's interest rate risk is routinely monitored by the Council and its investment advisers in accordance with the Fund's risk management strategy, including monitoring the exposure to interest rates and assessment of actual interest rates against the relevant benchmarks.

The Fund's assets which have direct exposure to interest rate movements as at 31 March 2023 and 31 March 2022 are set out below. These disclosures present interest rate risk based on the underlying financial asset at fair value:

Asset Type	2022-23	2021-22
	£000	£000
Corporate and Government Bonds	2,490,671	3,109,102
Cash balances	150,873	389,127
Cash and cash equivalents	30,425	47,794
Total	2,671,969	3,546,023

Interest rate risk sensitivity analysis

The Fund recognises that interest rates can vary and can affect both income to the Fund and the carrying value of fund assets, both of which affect the value of the net assets available to pay benefits. A 100 basis points (BPS) movement in interest rates is consistent with the level of sensitivity applied as part of the Fund's risk management strategy. The Fund's investment advisor has advised that long term average rates are expected to move less than 100 basis points from one year to the next and experience suggests that such movements are likely.

The £2,491m fair value of the bond mandates managed by M&G Alpha Opportunities Fund, Janus Henderson Investors, BlueBay, Legal and General and the Emerging Market Debt Fund and Multi Asset Credit Fund managed by LGPS Central are particularly sensitive to movements in interest rates. This sensitivity is measured by their duration of 4.11, 5.8, 2.32, 19.77, 6.6 and 3.95 years respectively.

A 100BPS increase in the prevailing level of interest rates would decrease the aggregate fair value of these mandates by £304.1m (£472.6m in 2021-22). Likewise a 100BPS decrease in the level of interest would be expected to increase the fair value of these mandates by a similar amount.

The analysis that follows assumes that all other variables, in particular exchange rates remain constant and shows the effect in the year on the net assets available to pay benefits of a +/- 100 BPS change in interest rates.

Asset Type	Duration	Carrying amount at 31 March 2023	Effect of Asset Values	
		£000	+100 BPS	-100 BPS
Cash and Cash Equivalents		30,425		
Cash Balances		150,873		
Fixed Income - M&G	4.11	271,911	- 11,176	11,176
Fixed Income - Janus Henderson	5.8	227,710	- 13,207	13,207
Fixed Income - BlueBay	2.32	431,022	- 10,000	10,000
Fixed Income - Legal and General	19.77	1,294,499	- 255,922	255,922
Fixed Income - LGPSC EMD Fund	6.6	126,390	- 8,342	8,342
Fixed Income - LGPSC MAC Fund	3.95	139,140	- 5,496	5,496
Total change in assets available		2,671,970	-304,143	304,143

Asset Type	Duration	Carrying amount at 31 March 2022	Effect of Asset Values	
		£000	+100 BPS	-100 BPS
Cash and Cash Equivalents		47,794		
Cash Balances		389,127		
Fixed Income - M&G	3.19	267,950	- 8,548	8,548
Fixed Income - Janus Henderson	3.25	241,726	- 8,033	8,033
Fixed Income - BlueBay	3.15	457,493	- 14,411	14,411
Fixed Income - Legal and General	22.97	1,860,668	- 427,395	427,395
Fixed Income - LGPSC EMD Fund	6.38	136,500	- 8,709	8,709
Fixed Income - LGPSC MAC Fund	3.81	144,765	- 5,516	5,516
Total change in assets available		3,546,023	- 472,612	472,612

The tables below illustrate the impact of a change in the interest rate of 1%.

Income Source	Duration	Carrying amount at 31 March 2023	Effect of Asset Values	
		£000	+100 BPS	-100 BPS
Cash deposit / cash and cash equivalents	0.25	5,509	-14	14
Fixed Income Securities		9,836		
Total change in assets available		15,345	-14	14

Income Source	Duration	Carrying amount at 31 March 2022	Effect of Asset Values	
		£000	+100 BPS	-100 BPS
Cash deposit / cash and cash equivalents	0.25	301	-1	1
Fixed Income Securities		5,830		
Total change in assets available		6,131	-1	1

This analysis demonstrates that a 1% increase in interest rates will not affect the interest received on fixed interest assets but could reduce their fair value and vice versa. Changes in interest rates do not impact on the value of cash/cash equivalent balances. Changes to both the fair value of assets and the income received from investments impact on the net assets available to pay benefits.

Currency risk

Currency risk represents the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Fund is exposed to currency risk on financial instruments that are denominated in any currency other than the functional currency of the fund (GBP). The Fund holds both monetary and non-monetary assets denominated in currencies other than GBP.

The Fund's liabilities are denominated in GBP but as part of its investment strategy the Fund invests in assets denominated in foreign currencies, which exposes the Fund to the risk of movement in exchange rates. The Fund's investment managers may, at their own discretion, hedge part or all of the foreign exchange risk inherent in their portfolio.

The Fund's currency rate risk is routinely monitored by the Fund and its investment advisers in accordance with the Fund's risk management strategy, including monitoring the range of exposure to currency fluctuations.

The following tables summarise the Fund's net currency exposure, after hedging, as at 31 March 2023 and 31 March 2022:

Currency Exposure - Asset Type	Gross Exposure	Hedging Exposure	Net Exposure
2022-23	£000	£000	£000
Overseas Listed Equities	263,187		263,187
Overseas Unquoted Securities	411,336		411,336
Overseas Unit Trusts	658		658
Total	675,181	0	675,181

Currency Exposure - Asset Type	Gross Exposure	Hedging Exposure	Net Exposure
2021-22	£000	£000	£000
Overseas Listed Equities	596,957		596,957
Overseas Unquoted Securities	389,733		389,733
Overseas Unit Trusts	2,531		2,531
Total	989,221	0	989,221

Currency risk - sensitivity analysis

Following analysis of historical data in consultation with the Fund investment advisers, the Fund considers the likely volatility associated with foreign exchange rate movements to be 13% (as measured by one standard deviation).

A 13% fluctuation in the currency risk is considered reasonable based on the Fund adviser's analysis of long-term historical movements in the month-end exchange rates over a rolling 36-month period. This analysis assumes that all other variables, in particular interest rates, remain constant.

A 13% strengthening/weakening of the GBP against the various currencies in which the Fund holds investments would increase/decrease the net assets available to pay benefits as follows.

Net Currency Exposure - Asset Type	Asset Values	Change to net Assets available to pay benefits	
	2022-23	+13%	-13%
	£000	£000	£000
Overseas Listed Equities:	263,187	34,214	-34,214
Of which from United States Dollar	196,587	25,556	-25,556
Of which from Hong Kong Dollar	22,245	2,892	-2,892
Of which from other currencies	44,355	5,766	-5,766
Overseas Unquoted Securities:	411,336	53,474	-53,474
Of which from United States Dollar	403,487	52,454	-52,454
Of which from Euro	7,849	1,020	-1,020
Overseas Unit Trusts:			
Of which from Euro	658	86	-86
Total	675,181	87,774	-87,774

Net Currency Exposure - Asset Type	Asset Values	Change to net Assets available to pay benefits	
	2021-22	+13%	-13%
	£000	£000	£000
Overseas Listed Equities:	596,957	77,604	-77,604
Of which from United States Dollar	422,057	54,867	-54,867
Of which from Japanese Yen	15,264	1,984	-1,984
Of which from Hong Kong Dollar	49,410	6,423	-6,423
Of which from Swedish Krona	5,477	712	-712
Of which from Swiss Franc	3,229	420	-420
Of which from Danish Krone	2,079	270	-270
Of which from South African Rand	2,136	278	-278
Of which from other currencies	97,305	12,650	-12,650
Overseas Unquoted Securities:	389,733	50,666	-50,666
Of which from United States Dollar	377,821	49,117	-49,117
Of which from Euro	11,912	1,549	-1,549
Overseas Unit Trusts:			
Of which from Euro	2,531	329	-329
Total	989,221	128,599	-128,599

b) Credit risk

Credit risk represents the risk that the counterparty to a transaction or a financial instrument will fail to discharge an obligation and cause the Fund to incur a financial loss. The market values of investments generally reflect an assessment of credit risk in their pricing and consequently the risk of loss is implicitly provided for in the market value of the Fund's financial assets and liabilities.

In essence the Fund's investment portfolio is exposed to some form of credit risk, with the exception of the derivatives positions where the risk equates to the net market value of a positive derivative position. However the selection of high quality counterparties, brokers and financial institutions minimises credit risk that may occur through the failure to settle a transaction in a timely manner.

The primary credit risk to the Fund is through its fixed interest instruments managed by Janus Henderson Investors, BlueBay, M & G Alpha Opportunities Fund and LGPS Central. However, the majority of the Fund's fixed income assets are investment grade quality (above BBB rated) sovereign or corporate bonds rated.

Multi Asset

The Fund's aggregate exposure to credit risk through these six mandates as measured by the credit rating of external agencies is summarised in the table below:

S&P Quality Rating	Fair Value 2022-23	% of Fair Value of Fixed Income Assets
	£000	£000
AAA	159,090	6.0
AA	1,344,040	54.0
A	73,425	3.0
BBB	447,386	18.0
Below BBB	367,713	15.0
Cash	76,101	3.0
NR	22,916	1.0
Total	2,490,671	100.0

S&P Quality Rating	Fair Value 2021-22	% of Fair Value of Fixed Income Assets
	£000	£000
AAA	65,087	2.0
AA	1,891,595	61.0
A	59,763	2.0
BBB+	267,950	9.0
BBB	150,579	5.0
Below BBB	547,306	17.0
Cash	97,241	3.0
NR	29,581	1.0
Total	3,109,102	100.0

Deposits were not made with banks and financial institutions unless they were rated independently and met the Fund's credit criteria. The Fund also set limits as to the maximum percentage of the deposits placed with any one class of financial institution. In addition, the Fund invests an agreed percentage of its assets in the money markets to provide diversification. Money market funds chosen all have at least an AA rating from a leading ratings agency.

The Fund believes it has managed its exposure to credit risk and has experienced only a very small amount of non collectable debt in recent years any recognised credit losses are disclosed in Note 28. The Fund's cash holding under its treasury management arrangements as at 31 March 2023 was £150.9m (31 March 2022 £389.1m) and was held in the Deutsche Bank and Fidelity money market accounts. The remainder of the cash was held by the Fund's custodian, Bank of New York Mellon with a small amount of cash in transit which was held by the Fund's property investment manager.

2022-23 Counterparty	Moodys Rating	£000	% of cash balances
Bank of New York Mellon (Money Market Cash / Cash Accounts)	P-1	26,766	14.8
Fidelity Worldwide Investment (Money Market)	Aaa-mf	49,271	27.2
Deutsche Bank Advisors (Money Market)	A2	101,603	56.0
Cash in Transit	NR	3,659	2.0
Total		181,299	100.0

2021-22 Counterparty	Moodys Rating	£000	% of cash balances
Bank of New York Mellon (Money Market Cash / Cash Accounts)	P-1	46,189	10.6
Fidelity Worldwide Investment (Money Market)	Aaa-mf	49,500	11.3
Deutsche Bank Advisors (Money Market)	A2	339,627	77.7
Cash in Transit	NR	1,605	0.4
Total		436,921	100.0

c) Liquidity risk

Liquidity risk represents the risk that the Fund will not be able to meet its financial obligations as they fall due. The Fund therefore takes steps to ensure that the Fund has adequate cash resources to meet its commitments.

The Fund has immediate access to its Pension Fund cash holdings.

The Fund defines liquid assets as assets that can be converted to cash within three months, subject to normal market conditions. Illiquid assets can include assets where:

- a) there are no highly liquid active markets, such as investment properties and private equity or,
- b) individual fund structures, where the Fund's investment is locked in for a specific period or where the investment manager may have the ability to 'gate' or limit investors withdrawal from the fund.

As at 31 March 2023 the value of illiquid assets was £1006.974m, which represented 16% of the total fund assets (31 March 2022 £882,137m which represented 13% of the total fund assets).

In terms of liquidity risk, the Fund had £181.3m (2021-22 £436.9m) of cash balances as at 31 March 2023 and net current assets of £10.9m (£8.7m in 2021-22). The Fund's net cash flow, before taking account of investments and excluding management expenses, as at 31 March 2023 was -£6.7m (-£9.0m in 2021-22). Income from investments supports the cash flow for the year to ensure there is no significant risk that the Fund will be unable to meet its current commitments.

All current liabilities are due to be paid in less than one year.

Other risks

- Financial mismatch –**
- 1. The risk that Fund assets fail to grow in line with the developing cost of meeting Fund liabilities.
 - 2. The risk that unexpected inflation increases the pension and benefit payments and the Fund assets do not grow fast enough to meet the increased cost.

Changing demographics – The risk that longevity improves and other demographic factors change increasing the cost of Fund benefits.

Systemic risk - The possibility of an interlinked and simultaneous failure of several asset classes and/or investment managers, possibly compounded by financial 'contagion', resulting in an increase in the cost of meeting Fund liabilities.

The Council measures and manages financial mismatch in two ways. As indicated above, it has set a strategic asset allocation benchmark for the Fund. It assesses risk relative to that benchmark by monitoring the Fund's asset allocation and investment returns relative to the benchmark. It also assesses risk relative to liabilities by monitoring the delivery of benchmark returns relative to liabilities.

The Fund prepares regular cash flow forecasts to understand and manage the timing of cash flows. The appropriate strategic level of cash balances to be held is a central consideration in preparing the Fund's annual investment strategy.

The Council keeps under review mortality and other demographic assumptions which could influence the cost of the benefits. These assumptions were considered formally at the triennial valuation.

The Council seeks to mitigate systemic risk through a diversified portfolio but it is not possible to make specific provision for all possible eventualities that may arise under this heading.

Stock Lending

The Fund has entered into a stock lending programme managed by its custodian the Bank of New York Mellon and only accepts government and quasi government bonds as collateral against loaned stock to safeguard the Fund's assets. The credit rating of the collateral accepted is summarised below.

	Fair Value of collateral	% of Fair Value of collateral	Fair Value of collateral	% of Fair Value of collateral
	31 March 2023	31 March 2023	31 March 2022	31 March 2022
Moody's rating	£000	%	£000	%
Aaa	12,717	80.6	8,224	62.2
Aa1		0.0	599	4.5
Aa2	2,393	15.2	4,410	33.3
Aa3	669	4.2		
Grand Total	15,779	100	13,233	100
Value of Stock on Loan	14,945		12,114	

During the year ended 31 March 2023 the Fund earned £138k (2021-22: £138k) of income from its stock lending activities. At the balance sheet date the value of aggregate stock on loan was £14.9m (2021-22: £12.1m) and the value of collateral held was £15.8m (2021-22: £13.2m).

Note 20 – Funding Arrangements

In line with the LGPS Regulations 2013, the Fund's actuary undertakes a funding valuation every three years for the purpose of setting employer contribution rates for the forthcoming triennial period. The last such valuation took place as at 31 March 2022. The next valuation is at 31 March 2025.

The key elements of the funding policy are:

- To ensure long-term solvency of the Fund
- To ensure that sufficient funds are available to meet all members/dependants' benefits as they fall due for payment;
- To ensure that employer contribution rates are reasonably stable where appropriate;
- To minimise the long-term cash contributions which employers need to pay to the Fund, by recognising the link between assets and liabilities and adopting an investment strategy which balances risk and return;
- To reflect the different characteristics of employers in determining contributions rates;
- To have a clear and transparent funding strategy to demonstrate how each employer can best meet its own liabilities over future years; and
- To use reasonable measures to reduce risk to other employers including tax raising employers from an employer defaulting on its pension obligations.

The aim is to achieve 100% solvency over each employer's payment period and to provide stability in employer contribution rates by spreading any increases in rates over a period of time. Solvency is achieved when the funds held, plus future expected investment returns and future contributions are sufficient to meet expected future pension benefits payable.

At the 2022 valuation, the fund was assessed as 113% funded (97% at the March 2019 valuation). This corresponded to a surplus of £822m (2019 valuation: deficit of £156m) at that time.

Each employer had contribution requirements set at the valuation, with the aim of achieving full funding within a time horizon and probability measure as per the Funding Strategy Statement. Individual employer's contributions for the period 1 April 2023 to 31 March 2026 were set in accordance with the Fund's funding policy as set out in the Funding Strategy Statement.

The liabilities were assessed using an accrued benefits method which takes into account pensionable membership up to the valuation date, and makes an allowance for expected future salary growth to retirement or expected earlier date of leaving pensionable membership. A market related approach was taken to valuing the liabilities for consistency with the valuation of the Fund assets at their market value.

The principal assumptions were:

Financial assumptions	Real
Discount rate	3.70%
Salary increase assumption	3.40%
Benefit increase assumption (CPI)	2.70%

Longevity assumptions

Assumed life expectancy at age 65	Current Pensioners	
	Male	Female
Current Pensioners	21.1 Years	24.1 Years
Future Pensioners*	21.8 Years	25.5 Years

*Aged 45 at the valuation date

Note 21 – Actuarial value of promised retirement benefits

CIPFA's Code of Practice on Local Authority Accounting 2022-23 requires administering authorities of LGPS funds that prepare pension fund accounts to disclose what IAS26 Accounting and Reporting by Retirement Benefit Plans refers to as the actuarial present value of promised retirement benefits. There are three options for disclosure.

The Fund has opted not to disclose the actuarial present value of promised retirements in the net assets statement, instead providing the information by reference to an accompanying actuarial report. A copy of the full actuarial calculation is appended to the Statement of Accounts.

Note 22- Long term assets	2022-23 £000	2021-22 £000
Long Term Debtors:		
Reimbursement of lifetime tax allowances	661	578
Total	661	578

Note 23 – Current Assets	2022-23 £000	2021-22 £000
Current Debtors and cash:		
Contributions due - Employers	13,512	13,048
Contributions Due - Employees	3,644	3,439
Sundry Debtors	3,912	4,374
Provision for Doubtful Debt	-2,298	-2,275
Payments in advance	186	0
Cash balances	4,268	2,404
Total	23,224	20,990

Note 24 – Current Liabilities	2022-23 £000	2021-22 £000
Sundry Creditors	4,304	5,926
Benefits Payable	3,282	4,120
Receipts in Advance	4,712	2,300
Total	12,298	12,346

Note 25 – Additional Voluntary Contributions (AVCs)

From the 1 April 2019 Standard Life were appointed as the sole AVC provider for the Fund. Prior to 1 April 2019 the AVC providers to the members of the Fund were Scottish Widows, Standard Life and Utmost who took over Equitable Life on 1 January 2020.

The AVCs are invested separately from the Fund's main assets and used to acquire additional pension benefits and therefore are not included in the Fund's accounts in accordance with regulation 4 (1) (a) of the LGPS (Management and Investment of Funds) Regulations 2016. Members participating in these AVC arrangements each receive an annual statement confirming the amounts held in their account and the movements during the year.

A summary of the information provided by Scottish Widows, Standard Life and Utmost for the year to 31 March 2023 is shown below, along with a prior year comparator.

	Scottish Widows £000	Standard Life £000	Utmost £000	Total £000
Contributions received in year 2023		506	1	507
Contributions received in year 2022	135	585	1	721
Fair value at 31 Mar 2023		3,797	345	4,142
Fair value at 31 Mar 2022	2,318	4,210	451	6,979

Note 26 – Related Party Transactions

Cheshire West & Chester Council

The Fund is administered by Cheshire West and Chester Council. During the reporting period, the Council incurred costs of £3.298m (2021-22: £4.097m) in relation to the administration and management of the fund and was reimbursed by the fund for these expenses. The Fund repays cash due to the Council for such transactions plus any interest charges on a monthly basis. In 2022-23 the Fund paid £7.8k (2021-22: £992) to the Council for interest accrued on these balances.

The Council is one of the largest participating employers and contributed £31.7m into the Fund in 2022-23 (2021-22: £29.7m). At the year end, a balance of £3.152m (2021-22: £2.692m) was due to the Fund from the Council, primarily relating to contributions which were paid in April but became due in March. A balance of £69.4k was owed to the Council (2021-22: £141.3k) for recharges from the Council in relation to the administration and management of the Fund.

The Fund has not made any employer related investment at any time during the period.

Pension Fund Committee and Local Pensions Board

Specific declarations have been received from Pension Fund Committee and Local Pension Board Members regarding membership of and transactions with any parties related to the Pension Fund.

A number of Members act as Councillors or Board Members of particular employers who maintain a conventional employer relationship with the Fund. Employer representatives for the Local Pension Board also act as Trustees for employers of the Fund.

The value of transactions with each of these related parties, namely routine monthly payments to the Fund of employer's and employee's contributions is determined by the Local Government Pension Scheme Regulations, and as such no related party transactions have been declared.

A register of outside bodies that Members are appointed to, along with a register of interests is available on the websites of Cheshire West and Chester, Cheshire East, Warrington and Halton Councils.

Details of the membership of the Local Pension Board are available on the Fund's website.

Investment Pooling

LGPS Central Ltd has been established to manage investment assets on behalf of eight Local Government Pension Scheme (LGPS) administering authorities across the Midlands including Cheshire. It is jointly owned in equal shares by the eight administering authorities participating in the Pool.

In 2017-18 the fund invested £1.315m in share capital and granted a loan of £685k to LGPS Central Ltd. In 2022-23 interest of £47k (2021-22: £32k) accrued on the loan balance to give a balance at the end of the year of £732k (2021-22: £717k). The share capital was valued at cost at the end of the year at £1.315m. Investments managed by LGPS Central Ltd as at 31 March 2023 are disclosed in Note 17 to the accounts.

During the year the Fund incurred charges for the running costs of LGPS Central Ltd totalling £1.155m (2021-22: £1.095m) and joint pool governance costs of £8k (2021-22: £13k).

The Fund has £82m committed to LGPS Central Private Equity Funds. During the year the Fund paid £5.8m calls to these funds and received £1m in distributions. (£6.8m calls were made and £1.9m distributions were received in 2020-21).

The Fund has committed £510m to the LGPS Private Debt Funds. During the year the Fund paid £90.3m calls to these funds and received £4.5m in distributions. (£6.1m calls were made and no distributions were received in 2021-22).

The Fund has committed £130m to LGPS Central Infrastructure Funds. During the year the Fund paid £66.5m calls to these funds and received £1.1m in distributions. (£26.4m calls were made and no distributions were received in 2021-22).

The market values at the end of the year of all investments with LGPS Central are shown in Note 17.

Investment management fees of £5.2m (2021-22: £3.7m) were incurred on the Fund's investments managed by LGPS Central Ltd.

Governance

Responsibility for managing the Fund lies with the full Council of Cheshire West and Chester Council. The Council has delegated responsibility to the Chief Operating Officer who is also the s151 officer. The Chief Operating Officer is advised by the Pension Fund Committee and external advice from Mercer the appointed investment consultant. The Fund also receives actuarial advice from Hymans Robertson. The Council's Audit and Governance Committee has oversight of the Council's governance arrangements for the Fund.

The Local Pension Board was established with effect from the 1 April 2015. The role of the Board, as defined in regulations, is to assist the Administering Authority to ensure the effective and efficient governance and administration of the LGPS.

From January 2004 elected members who were offered membership of the Scheme under their respective Council's scheme of allowances were eligible to join the Scheme. From the introduction of the new scheme in 2014 Councillors in England could only continue to accrue rights until the end of the term of office which they were serving on 1 April 2014. As a consequence, all councillors ceased membership of the scheme from 12 May 2015 including those members of the Pension Fund Committee who had been active members of the Scheme.

There are three members of the Committee who are in receipt of pension benefits from the Fund (Councillor M. Hogg, Councillor P. Findlow and Paul Matthews). In addition, Committee member Councillor Corcoran has a deferred pension and Paul Matthews was an active member of the Fund as at 31 March 2023.

There are three members of the Local Pension Board who were active members of the Fund as at 31 March 2023; G. Wright, N. Harvey and A Laing. P. Raynes also has a deferred pension with the Fund.

Each member of the Committee and Board is required to declare their interests at each meeting.

As the Fund forms part of the LGPS it does not have trustees. The members of the Committee do not receive any fees in relation to their specific responsibilities as members of the Committee, although they may be reimbursed for any out of pocket expenses incurred whilst discharging their Committee role.

Similarly the members of the Board do not receive any fees in relation to their specific responsibilities as members of the Board, although they may be reimbursed for any out of pocket expenses incurred whilst discharging their role.

Further information on Fund governance can be found in the Fund's Governance Compliance Statement available on the Fund's website at www.cheshirepensionfund.org.

Key Management Personnel

The key management personnel of the Fund are the Chief Operating Officer and the Head of Pension Fund. The Head of Pension Fund retired during the 2021-22 year and was excluded from the long term benefits at 31 March 2022. A new Head of Pension Fund was appointed in June 2022. The Chief Operating Officer had resigned before 31 March 2023 and therefore is excluded from the long term benefits for 31 March 2023. The Director of Finance was covering this role at 31 March 2023 until the new Chief Operating Officer started in April 2023 and therefore they have been included within the long term benefits for 31 March 2023. The fluctuations in the short term benefits figures are also due to the person changes over the two year period.

The combined financial value of their relationship with the fund (in accordance with IAS24 Related Party Disclosures) is set out below:

	31-Mar-23 £000	31-Mar-22 £000
Short term benefits	116	87
Long term/post-retirement benefits	570	183
Total	686	270

The long term/post-retirement benefits are calculated on an IAS19 basis and will be affected by the assumptions used for the calculation which can vary from year to year.

Note 27 – Contingent Liabilities and Contractual Commitments

The Fund has contractual commitments to the value of £915m (2021-22 £824m) in private equity funds.

During 2022-23 the Fund made new commitments to private equity funds of \$55m. The \$55m commitment was to Adams Street Partner's Global Fund 2022. This additional investment will help the Fund address its existing underweight allocation to the vintage years 2009 to 2015, thereby further diversifying the private equity portfolio.

As at 31 March 2023 the Fund had actually invested £682.3m (2021-22 £587.6m). As the Pantheon and Adam Street Partner funds are denominated in US Dollars and Euros the commitment in Sterling is subject to changes due to currency fluctuations.

The Fund has contractual commitments to the value of £510m in private debt funds. As at 31 March 2023 the outstanding commitment to these Funds was £417m (2021-22 £504m).

The Fund has contractual commitments to the value of £130m in infrastructure funds. As at 31 March 2023 the outstanding commitment to these Funds was £38m (2021-22 £103m).

There are 17 admitted bodies in the Cheshire Pension Fund who hold insurance bonds to guard against the possibility of being unable to meet their pension obligations, along with an additional 13 employers with Parent Company Guarantees or Deeds of Guarantee in place. The bonds or guarantees are drawn in favour of the Council as administering authority for the Fund and payment will only be triggered in the event of employer default.

Note 28 – Impairment of Financial Assets

During 2022-23 the Fund has recognised expected credit losses of £2.3m (2021-22: £2.3m) for possible and actual non-recovery of rental income on its investment properties.

Note 29 – Investment Strategy Statement

The Investment Strategy Statement (ISS) sets out the current investment strategy of the Fund, provides transparency in relation to how the Fund's investments are managed, acts as a high level risk register, and has been designed to be informative for all stakeholders. The ISS also includes the Fund's Responsible Investment Policy which sets out the Fund's approach to the governance and stewardship of its investment assets.

A full copy of the ISS can be obtained is available on the Fund's website at:

www.cheshirepensionfund.org

Note 30 – Funding Strategy Statement

Under the LGPS Regulations 2013 (as amended) administering authorities are required to prepare a Funding Strategy Statement (FSS).

Fund members' accrued benefits are guaranteed by statute. Members' contributions are fixed in the Regulations at a level which covers only part of the cost of accruing benefits. Employers pay the balance of the cost of delivering the benefits to members (net of returns from the Fund's investments). The FSS focuses on the pace at which these liabilities are funded and, insofar as is practical, the measures to ensure that employers pay for their own liabilities.

The Funding Strategy Statement is available on the Fund's website at:

www.cheshirepensionfund.org

Employers that have contributed into The Cheshire Pension Fund and their applicable Investment Strategy for the financial year ending 31 March 2023.

*Employers who joined the fund during 2022-23

Major Scheme Employers	Strategy	Admitted Bodies - Continued	Strategy
Cheshire West & Chester Council	OPEN	Market Asset Management	OPEN
Cheshire East Council	OPEN	Maxim Facilities Management*	OPEN
Cheshire Fire Authority	OPEN	Mellors - St Basils	OPEN
Halton Borough Council	OPEN	Mellors - St Michael & St Thomas	OPEN
Police & Crime Commissioner	OPEN	Mellors Learning for Life	OPEN
Warrington Borough Council	OPEN	Mellors Frank Field Trust	OPEN
		Midshire Catering Ltd	OPEN
		Midshire Catering Services Ltd - Hartford High School	OPEN
		Midshire Signature Services Ltd- Tarvin and Eaton	OPEN
		Norton Priory Museum Trust	OPEN
		Orbitas Bereavement Service	OPEN
		Orian Solutions Ltd	OPEN
		Plus Dane (Cheshire) Housing Association	OPEN
		Ringway Infrastructure Services Ltd	OPEN
		Ringway Jacobs	OPEN
		RM Estates Ltd	OPEN
		Ross Auto Engineering*	OPEN
		Sanctuary Housing Association	CLOSED
		SMC Premier Group - Omega*	OPEN
		Starcare	OPEN
		Tarmac Trading Limited	OPEN
		The Guinness Partnership	OPEN
		Torus 62	OPEN
		Torus 62 Foundation	OPEN
		University Of Chester	OPEN
		Verve People	OPEN
		Warrington Housing Association	OPEN
		Warrington Voluntary Action	CLOSED
		Weaver Vale Housing Trust	OPEN
		Westminster Drug Project	OPEN

Admitted Bodies	Strategy
A.B.M Catering Limited*	OPEN
Active Cheshire	OPEN
Adoption Matters	OPEN
ANSA Environmental Services	OPEN
Aramark - Macclesfield*	OPEN
Aspens Svcs Ltd - BrLeas	OPEN
Belong Limited	CLOSED
Bulloughs - Lymm	OPEN
Bulloughs Collegiate	OPEN
Bulloughs Tarporley*	OPEN
Care Quality Commission	CLOSED
Catalyst Choices	OPEN
Caterlink - Sir John Brunner Foundation*	OPEN
Caterlink (Ruskin)	OPEN
Caterlink (Sandbach)	OPEN
CG Cleaning - Great Sankey	OPEN
Cheshire Community Action	CLOSED
Cheshire Peaks and Plains Housing Trust	OPEN
Cheshire West Recycle Ltd	OPEN
Churchill Services Ltd	OPEN
Citizens Advice*	OPEN
Compass - Middlewich High	OPEN
Compass - St Barts MAT	OPEN
Compass - True Learning Part*	OPEN
Crossroads Together	OPEN
Culture Warrington	OPEN
CWP NHS Trust	OPEN
David Lewis Centre	CLOSED
Deafness Support Network	CLOSED
ForHousing	OPEN
Hall Cleaning Services	OPEN
Halton Housing Trust	OPEN
Hochtief	OPEN
HQ Theatres Limited	OPEN
Hutchison Catering	OPEN
Innovate Ltd Tytherington	OPEN
ISS Facility Services Ltd	OPEN
Kings School Chester	CLOSED
Livewire	OPEN

Other Employers	Strategy
Alderley Edge Parish Council	OPEN
Alsager Town Council	OPEN
Appleton Parish Council	OPEN
Avenue Services (NW) Ltd	OPEN
Barnton Parish Council	OPEN
Birchwood Town Council	OPEN
Bollington Town Council	OPEN
Brereton Parish Council	OPEN
Brio Leisure (CWaC CIC)	OPEN
Chelford Parish Council	OPEN
Cheshire College South & West	OPEN
Congleton Town Council	OPEN
Crewe Town Council	OPEN
Cuddington Parish Council	OPEN
Delamere and Oakmere Parish Council	OPEN
Disley Parish Council	OPEN
Edsential	OPEN
ENGIE	OPEN
Everybody Sport + Recreation	OPEN
Frodsham Town Council	OPEN
Grappenhall and Thelwell Parish Council	OPEN
Handforth Town Council	OPEN
Hartford Parish Council	OPEN
Holmes Chapel Parish Council	OPEN
Kingsmead Parish Council	OPEN
Knutsford Town Council	OPEN
Lymm Parish Council	OPEN
Macclesfield College	OPEN
Macclesfield Town Council	OPEN
Mersey Gateway Crossing Board	OPEN
Middlewich Town Council	OPEN
Nantwich Town Council	OPEN
Neston Town Council	OPEN
Nether Alderley Parish Council	OPEN
Northwich Town Council	OPEN
NW Fire Control Limited	OPEN
Odd Rode Parish Council	OPEN
Poulton with Fearnhead Parish Council	OPEN
Poynton with Worth Parish Council	OPEN
QWest Services Ltd	OPEN
Reaseheath College	OPEN
Riverside College	OPEN
Sandbach Town Council	OPEN
Sandymoor Parish Council*	OPEN
Shavingham cum-Gresty Parish Council*	OPEN
Stockton Heath Parish Council	OPEN
Transport Services Solutions Limited	OPEN

Other Employers - Continued	Strategy
Vivo Care Choices Ltd	OPEN
Warrington & Vale Royal College	OPEN
Warrington Transport	OPEN
West Cheshire Facilities Management	OPEN
Wilmslow Town Council	OPEN
Winsford Town Council	OPEN
Winwick Parish Council	OPEN
Your Housing Group	OPEN
Youth Federation	CLOSED

Free Schools	Strategy
Grosvenor Park CoE Academy	ACADS
Sandbach School	ACADS
Sandymoor School	ACADS
St Martins Academy	ACADS

Academies	Strategy	Academies - Continued	Strategy
Acorns Primary School and Nursery*	ACADS	Cranberry Academy	ACADS
Acresfield Primary School	ACADS	Crewe Engineering UTC	ACADS
Acton CE Primary Academy	ACADS	Croft Primary School	ACADS
Adelaide School	ACADS	Cuddington Primary School	ACADS
Adlington Primary Academy	ACADS	Daresbury Primary School	ACADS
Alderman Bolton Comm PS	ACADS	Daven Primary School	ACADS
All Hallows Catholic College	ACADS	Delamere Primary School	ACADS
Alsager Highfield Comm Primary School	ACADS	Disley Primary School	ACADS
Alsager School	ACADS	Ditton Primary School	ACADS
Ash Grove Academy	ACADS	Eaton Bank School	ACADS
Astbury St Mary's CoE Primary School	ACADS	Eaton PS	ACADS
Audlem St James CE Primary	ACADS	Egerton Primary School	ACADS
Axis School	ACADS	Elworth Hall Primary School*	ACADS
Barnton Primary School	ACADS	Evelyn Street Primary School	ACADS
Beamont Primary School	ACADS	Excalibur Primary School	ACADS
Beaumont Collegiate Academy	ACADS	Frodsham Primary Academy*	ACADS
Belgrave Academy	ACADS	Gawsworth Primary School	ACADS
Bexton Primary School	ACADS	Glazebury Primary School	ACADS
Birchwood High School	ACADS	Gorse Covert Primary School	ACADS
Bishops Blue Coat CoE High School	ACADS	Gorseybank Primary School	ACADS
Black Firs Primary School	ACADS	Grange Community & Primary School	ACADS
Bosley St Marys CE Primary School	ACADS	Great Sankey High School	ACADS
Boughton Heath Academy	ACADS	Great Sankey Primary School	ACADS
Brereton CoE Primary School	ACADS	Handforth Grange Community Primary School	ACADS
Bridgewater High School	ACADS	Haslington Primary	ACADS
Bridgewater Park Primary School	ACADS	Highfields Community Primary School	ACADS
Brine Leas School	ACADS	Hollinhey School	ACADS
Broken Cross Primary Academy	ACADS	Hollins Green St Helens CoE Primary School	ACADS
Brookfields School	ACADS	Holmes Chapel Comprehensive School	ACADS
Broomfields Junior School	ACADS	Holmes Chapel Primary School	ACADS
Bruche Primary School	ACADS	Hungerford Primary	ACADS
Bunbury Aldersey CoE Primary School	ACADS	Ivy Bank Primary School	ACADS
Burtonwood Comm Primary School	ACADS	Kelsall Primary School	ACADS
Calveley Primary Academy	ACADS	Kings Leadership Academy	ACADS
Cavendish High Academy	ACADS	Knutsford Academy	ACADS
Chapelford Village Primary School	ACADS	Lacey Green Primary Academy	ACADS
Cheshire Academies Trust*	ACADS	Leftwich Primary	ACADS
Childer Thornton Primary School	ACADS	Leighton Academy	ACADS
Christ The King Primary*	ACADS	Little Bollington PS	ACADS
Christleton High School	ACADS	Little Leigh Primary	ACADS
Cloughwood School	ACADS	Little Sutton CoE Primary School	ACADS
CLTA*	ACADS	Lostock Hall Primary	ACADS
Clutton CoE Primary School	ACADS	Lymm High School	ACADS
Comberbach Primary School	ACADS	Macclesfield Academy	ACADS
Congleton High School	ACADS	Manor Park Primary School	ACADS
Cornerstone Academy	ACADS	Marlborough Primary School	ACADS
County High School Leftwich	ACADS	Marlfields Primary Academy	ACADS

Academies - Continued	Strategy	Academies - Continued	Strategy
Meadowside Comm Primary School	ACADS	St Augustines Catholic Primary School	ACADS
Middlewich High School	ACADS	St Bernards RC Primary School	ACADS
Mill View Primary School	ACADS	St Chad's COE & Catholic High	ACADS
Monks Coppenhall Academy	ACADS	St Johns Wood Community School	ACADS
Mossley CE Primary School	ACADS	St Marys Catholic Primary School	ACADS
Mottram St Andrew Primary Academy	ACADS	St Mic with St Thomas Primary School	ACADS
Nantwich Primary Academy	ACADS	St Michaels Community Academy	ACADS
Neston High School	ACADS	St Oswalds Worleston Primary School	ACADS
Nether Alderley Primary School	ACADS	St Pauls Catholic Primary School	ACADS
New Horizons School	ACADS	St Thomas More Catholic High School	ACADS
Oak View Primary Academy	ACADS	Stapeley Broad Lane	ACADS
Oakfield LodgeSchool*	ACADS	Statham Primary	ACADS
Oakwood Avenue Primary School	ACADS	Tarporley High School & 6th Form College	ACADS
Offley Primary Academy	ACADS	Tarvin Primary School	ACADS
Ormiston Bolingbroke Academy	ACADS	The Berkeley Academy	ACADS
Ormiston Chadwick Academy	ACADS	The Catholic High - Chester	ACADS
Oughtrington Primary	ACADS	The Ellesmere Port C of E College	ACADS
Over Hall Community School	ACADS	The Fallibroome Academy	ACADS
Padgate Academy	ACADS	The Fermaine Academy	ACADS
Palacefields Academy	ACADS	The Grange School	ACADS
Park Road Primary School	ACADS	The Heath Academy	ACADS
Parklands Community Primary School	ACADS	The Hermitage Trust	ACADS
Parkroyal Community School	ACADS	The Oaks Academy	ACADS
Pear Tree School	ACADS	The Quinta Primary School	ACADS
Penketh High School	ACADS	The Russett School	ACADS
Penketh Primary School	ACADS	Thelwell Primary	ACADS
Penketh South Primary School	ACADS	Tytherington School	ACADS
Peover Superior Primary School	ACADS	Underwood West Academy	ACADS
Pikemere School	ACADS	University Technical College (UTC) Warrington	ACADS
Poynton High School	ACADS	Upton Heath CoE Primary School	ACADS
Priestley 6th Form College	ACADS	Upton Priory School	ACADS
Puss Bank School	ACADS	Utkinton St Pauls CE PS	ACADS
Queens Park High School	ACADS	Victoria Road Primary School	ACADS
Ravensbank Primary	ACADS	Wade Deacon High School	ACADS
Rudheath Primary School	ACADS	Warrington CofE Primary School	ACADS
Rudheath Senior Academy	ACADS	Weaverham Primary Academy	ACADS
Sandbach High School & 6th Form	ACADS	Westbrook Old Hall School	ACADS
Sandbach Primary Academy School	ACADS	Westminster Community Primary*	ACADS
Sandiway Primary School	ACADS	Weston Village Primary School	ACADS
Shavington Academy	ACADS	Wheelock Primary School	ACADS
Shavington Primary School	ACADS	Whirley Primary School	ACADS
Simms Cross Primary School	ACADS	Whitley Village School*	ACADS
Sir John Deanes College	ACADS	Widnes Academy	ACADS
Sir Thomas Boteler High School	ACADS	Willaston Primary Academy	ACADS
Sir William Stanier Community School	ACADS	Wilmslow Academy	ACADS
Smallwood CofE Primary Academy	ACADS	Winsford Academy	ACADS
St Albans Catholic Primary School	ACADS	Wistaston Academy	ACADS

Academies - Continued	Strategy
Wistaston Church Lane Academy	ACADS
Wolverham Primary and Nursery School	ACADS
Woolston Comm Primary School	ACADS
Worth Primary School	ACADS
Wybunbury Delves Primary School	ACADS

Pension Fund Accounts Reporting Requirement

Introduction

CIPFA's Code of Practice on Local Authority Accounting 2022/23 requires Administering Authorities of LGPS funds that prepare pension fund accounts to disclose what IAS26 refers to as the actuarial present value of promised retirement benefits. I have been instructed by the Administering Authority to provide the necessary information for the Cheshire Pension Fund ("the Fund").

The actuarial present value of promised retirement benefits is to be calculated similarly to the Defined Benefit Obligation under IAS19. There are three options for its disclosure in the pension fund accounts:

- showing the figure in the Net Assets Statement, in which case it requires the statement to disclose the resulting surplus or deficit;
- as a note to the accounts; or
- by reference to this information in an accompanying actuarial report.

If an actuarial valuation has not been prepared at the date of the financial statements, IAS26 requires the most recent valuation to be used as a base and the date of the valuation disclosed. The valuation should be carried out using assumptions in line with IAS19 and not the Fund's funding assumptions.

Present value of promised retirement benefits

Year ended	31 March 2023	31 March 2022
Active members (£m)	2,013	3,152
Deferred members (£m)	1,094	1,801
Pensioners (£m)	2,604	3,113
Total (£m)	5,711	8,066

The promised retirement benefits at 31 March 2023 have been projected using a roll forward approximation from the latest formal funding valuation as at 31 March 2022. The approximation involved in the roll forward model means that the split of benefits between the three classes of member may not be reliable. However, I am satisfied that the total figure is a reasonable estimate of the actuarial present value of benefit promises.

The figures include both vested and non-vested benefits, although the latter is assumed to have a negligible value. Further, I have not made any allowance for unfunded benefits.

It should be noted the above figures are appropriate for the Administering Authority only for preparation of the pension fund accounts. They should not be used for any other purpose (i.e. comparing against liability measures on a funding basis or a cessation basis).

Assumptions

The assumptions used are those adopted for the Administering Authority's IAS19 report and are different as at 31 March 2023 and 31 March 2022. I estimate that the impact of the change in financial assumptions to 31 March 2023 is to decrease the actuarial present value by £3,043m. I estimate that the impact of the change in demographic assumptions is to decrease the actuarial present value by £45m.

Financial assumptions

Year ended	31 March 2023	31 March 2022
	% p.a.	% p.a.
Pension Increase Rate (CPI)	2.95%	3.20%
Salary Increase Rate	3.65%	3.90%
Discount Rate	4.75%	2.70%

Demographic assumptions

The longevity assumptions have changed since the previous IAS26 disclosure for the Fund.

Life expectancy is based on the Fund's VitaCurves with improvements in line with the CMI 2021 model, with a 10% weighting of 2021 (and 2020) data, standard smoothing (Sk7), initial adjustment of 0.25% and a long term rate of improvement of 1.5% p.a.. Based on these assumptions, the average future life expectancies at age 65 are summarised below:

	Males	Females
Current pensioners	21.1 years	24.1 years
Future pensioners (assumed to be aged 45 at the latest valuation date)	21.8 years	25.5 years

All other demographic assumptions are unchanged from last year and as per the latest funding valuation of the Fund.

Sensitivity Analysis

CIPFA guidance requires the disclosure of the sensitivity of the results to the methods and assumptions used. The sensitivities regarding the principal assumptions used to measure the obligations are set out below:

Change in assumption at 31 March 2023	Approximate % increase to promised retirement benefits	Approximate monetary amount (£m)
0.1% p.a. decrease in the Discount Rate	2%	103
1 year increase in member life expectancy	4%	228
0.1% p.a. increase in the Salary Increase Rate	0%	11
0.1% p.a. increase in the Pension Increase Rate (CPI)	2%	93

Professional notes

This paper accompanies the 'Accounting Covering Report – 31 March 2023' which identifies the appropriate reliances and limitations for the use of the figures in this paper, together with further details regarding the professional requirements and assumptions.



Gemma Sefton FFA

19 May 2023

For and on behalf of Hymans Robertson LLP

Hymans Robertson LLP is a limited liability partnership registered in England and Wales with registered number OC310282.

A list of members of Hymans Robertson LLP is available for inspection at One London Wall, London EC2Y 5EA, the firm's registered office.

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Cheshire Pension Fund (the Fund)

Actuarial Statement for 2022/23

This statement has been prepared in accordance with Regulation 57(1)(d) of the Local Government Pension Scheme Regulations 2013. It has been prepared at the request of the Administering Authority of the Fund for the purpose of complying with the aforementioned regulation.

Description of Funding Policy

The funding policy is set out in the Administering Authority's Funding Strategy Statement (FSS), dated March 2023. In summary, the key funding principles are as follows:

- take a prudent long-term view to secure the regulatory requirement for long-term solvency, with sufficient funds to pay benefits to members and their dependants
- use a balanced investment strategy to meet the regulatory requirement for long-term cost efficiency (where efficiency in this context means to minimise cash contributions from employers in the long term)
- where appropriate, ensure stable employer contribution rates
- reflect different employers' characteristics to set their contribution rates, using a transparent funding strategy
- use reasonable measures to reduce the risk of an employer defaulting on its pension obligations

The FSS sets out how the Administering Authority seeks to balance the conflicting aims of securing the solvency of the Fund and keeping employer contributions stable. For employers whose covenant was considered by the Administering Authority to be sufficiently strong, contributions have been stabilised to have a sufficiently high likelihood of achieving the funding target over 20 years. Asset-liability modelling has been carried out which demonstrate that if these contribution rates are paid and future contribution changes are constrained as set out in the FSS, there is at least a 70% likelihood that the Fund will achieve the funding target over 20 years.

Funding Position as at the last formal funding valuation

The most recent actuarial valuation carried out under Regulation 62 of the Local Government Pension Scheme Regulations 2013 was as at 31 March 2022. This valuation revealed that the Fund's assets, which at 31 March 2022 were valued at £6,968 million, were sufficient to meet 113% of the liabilities (i.e. the present value of promised retirement benefits) accrued up to that date. The resulting surplus at the 2022 valuation was £822 million.

Each employer had contribution requirements set at the valuation, with the aim of achieving their funding target within a time horizon and likelihood measure as per the FSS. Individual employers' contributions for the period 1 April 2023 to 31 March 2026 were set in accordance with the Fund's funding policy as set out in its FSS.

Principal Actuarial Assumptions and Method used to value the liabilities

Full details of the methods and assumptions used are described in the 2022 valuation report and FSS.

Method

The liabilities were assessed using an accrued benefits method which takes into account pensionable membership up to the valuation date; and makes an allowance for expected future salary growth to retirement or expected earlier date of leaving pensionable membership.

Assumptions

A market-related approach was taken to valuing the liabilities, for consistency with the valuation of the Fund assets at their market value.

The key financial assumptions adopted for the 2022 valuation were as follows:

Financial assumptions	31 March 2022
Discount rate	3.7% pa
Salary increase assumption	3.4% pa
Benefit increase assumption (CPI)	2.7% pa

The key demographic assumption was the allowance made for longevity. The life expectancy assumptions are based on the Fund's VitaCurves with improvements in line with the CMI 2021 model, with a 0% weighting of 2021 (and 2020) data, standard smoothing (Sk7), initial adjustment of 0.25% and a long term rate of 1.50% p.a. Based on these assumptions, the average future life expectancies at age 65 are as follows:

	Males	Females
Current Pensioners	21.3 years	24.0 years
Future Pensioners*	22.2 years	25.5 years

*Aged 45 at the 2022 Valuation.

Copies of the 2022 valuation report and Funding Strategy Statement are available on request from the Administering Authority to the Fund and on the Fund's website.

Experience over the period since 31 March 2022

Markets continued to be disrupted by the ongoing war in Ukraine and inflationary pressures, impacting on investment returns achieved by the Fund's assets. High levels of inflation in the UK (compared to recent experience), have resulted in a higher than expected LGPS benefit increase of 10.1% in April 2023. Despite this, the funding level of the Fund is likely to be higher than reported at the 31 March 2022 funding valuation due to the significant rise in interest rates which reduces the value placed on the Fund's liabilities.

The next actuarial valuation will be carried out as at 31 March 2025. The Funding Strategy Statement will also be reviewed at that time.



Gemma Sefton FFA

19 May 2023

For and on behalf of Hymans Robertson LLP

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Employer Name	Strategy	Employers	Employees	Total
Scheme Employer				
Acorns Primary School and Nursery*	ACADS	-115,596.62	-30,422.43	-146,019.05
Acresfield Primary School	ACADS	-85,079.91	-18,351.65	-103,431.56
Acton CE Primary Academy	ACADS	-39,985.47	-12,599.81	-52,585.28
Adelaide School	ACADS	-140,818.87	-45,457.89	-186,276.76
Adlington Primary Academy	ACADS	-17,182.67	-5,007.63	-22,190.30
Alderley Edge Parish Council	OPEN	-14,145.22	-3,775.00	-17,920.22
Alderman Bolton Comm PS	ACADS	-69,427.71	-20,016.01	-89,443.72
All Hallows Catholic College	ACADS	-151,187.34	-61,665.89	-212,853.23
Alsager Highfield Comm Primary School	ACADS	-80,258.30	-18,415.30	-98,673.60
Alsager School	ACADS	-315,491.93	-92,477.77	-407,969.70
Alsager Town Council	OPEN	-56,363.75	-16,531.74	-72,895.49
Appleton Parish Council	OPEN	-17,480.59	-4,640.98	-22,121.57
Ash Grove Academy	ACADS	-155,963.21	-53,184.41	-209,147.62
Astbury St Mary's CoE Primary School	ACADS	-35,180.30	-9,760.08	-44,940.38
Audlem St James CE Primary	ACADS	-50,348.43	-9,678.99	-60,027.42
Axis School	ACADS	-55,862.92	-19,439.38	-75,302.30
Barnton Parish Council	OPEN	-9,110.76	-2,741.28	-11,852.04
Barnton Primary School	ACADS	-142,240.00	-43,759.50	-185,999.50
Beamont Primary School	ACADS	-83,466.92	-23,466.09	-106,933.01
Beaumont Collegiate Academy	ACADS	-205,160.14	-61,999.85	-267,159.99
Belgrave Academy	ACADS	-46,982.43	-13,890.99	-60,873.42
Bexton Primary School	ACADS	-150,204.06	-36,318.57	-186,522.63
Birchwood High School	ACADS	-226,620.70	-63,269.21	-289,889.91
Birchwood Town Council	OPEN	-34,652.18	-9,843.22	-44,495.40
Bishops Blue Coat CofE High School	ACADS	-258,149.75	-84,261.36	-342,411.11
Black Firs Primary School	ACADS	-83,693.67	-25,170.36	-108,864.03
Bollington Town Council	OPEN	-21,383.19	-6,139.28	-27,522.47
Bosley St Marys CE Primary School	ACADS	-10,847.24	-4,424.00	-15,271.24
Boughton Heath Academy	ACADS	-50,010.62	-12,708.55	-62,719.17
Brereton CoE Primary School	ACADS	-59,334.10	-16,898.75	-76,232.85
Brereton Parish Council	OPEN	-1,640.14	-398.35	-2,038.49
Bridgewater High School	ACADS	-377,995.58	-99,024.32	-477,019.90
Bridgewater Park Primary School	ACADS	-32,294.85	-9,793.65	-42,088.50
Brine Leas School	ACADS	-268,486.00	-90,037.53	-358,523.53
Brio Leisure (CWaC CIC)	OPEN	-1,099,500.71	-329,509.41	-1,429,010.12
Broken Cross Primary Academy	ACADS	-86,426.46	-22,725.59	-109,152.05
Brookfields School	ACADS	-165,547.21	-49,101.34	-214,648.55
Broomfields Junior School	ACADS	-62,813.04	-14,799.75	-77,612.79
Bruche Primary School	ACADS	-54,912.03	-15,262.22	-70,174.25
Bunbury Aldersey CofE Primary School	ACADS	-39,833.73	-11,966.14	-51,799.87
Burtonwood Comm Primary School	ACADS	-41,907.16	-11,025.31	-52,932.47
Calveley Primary Academy	ACADS	-16,296.76	-4,791.98	-21,088.74
Cavendish High Academy	ACADS	-168,304.94	-50,610.30	-218,915.24
Chapelford Village Primary School	ACADS	-115,052.56	-30,478.72	-145,531.28
Chelford Parish Council	OPEN	-2,677.52	-651.60	-3,329.12
Cheshire Academies Trust*	ACADS	-16,979.83	-6,419.24	-23,399.07
Cheshire College South & West	OPEN	-1,774,371.18	-460,909.80	-2,235,280.98
Cheshire East Council	OPEN	-32,171,624.39	-7,743,894.48	-39,915,518.87
Cheshire Fire Authority	OPEN	-1,054,655.09	-302,203.83	-1,356,858.92
Cheshire West & Chester Council	OPEN	-31,646,553.08	-9,013,060.13	-40,659,613.21
Childer Thornton Primary School	ACADS	-64,623.29	-18,286.04	-82,909.33
Christ The King Primary*	ACADS	-61,935.42	-10,147.93	-72,083.35
Christleton High School	ACADS	-272,809.97	-84,958.29	-357,768.26
Cloughwood School	ACADS	-119,456.42	-39,011.26	-158,467.68
CLTA*	ACADS	-3,300.17	-964.28	-4,264.45
Clutton CoE Primary School	ACADS	-35,308.56	-9,198.35	-44,506.91
Comberbach Primary School	ACADS	-37,743.62	-11,266.80	-49,010.42

Congleton High School	ACADS	-273,114.30	-87,344.81	-360,459.11
Congleton Town Council	OPEN	-152,924.98	-46,256.04	-199,181.02
Cornerstone Academy	ACADS	-29,873.67	-5,165.14	-35,038.81
County High School Leftwich	ACADS	-169,350.29	-50,039.68	-219,389.97
Cranberry Academy	ACADS	-56,652.83	-16,752.94	-73,405.77
Crewe Engineering UTC	ACADS	-46,344.60	-13,751.81	-60,096.41
Crewe Town Council	OPEN	-47,060.99	-14,734.43	-61,795.42
Croft Primary School	ACADS	-96,809.73	-23,036.71	-119,846.44
Cuddington Parish Council	OPEN	-8,774.68	-2,523.69	-11,298.37
Cuddington Primary School	ACADS	-83,028.25	-16,631.35	-99,659.60
Daresbury Primary School	ACADS	-30,701.94	-8,668.77	-39,370.71
Daven Primary School	ACADS	-64,351.05	-14,688.11	-79,039.16
Delamere and Oakmere Parish Council	OPEN	-1,577.14	-383.85	-1,960.99
Delamere Primary School	ACADS	-34,750.25	-9,165.77	-43,916.02
Disley Parish Council	OPEN	-20,771.98	-5,399.10	-26,171.08
Disley Primary School	ACADS	-68,081.77	-13,609.72	-81,691.49
Ditton Primary School	ACADS	-126,450.07	-30,885.88	-157,335.95
Eaton Bank School	ACADS	-192,207.33	-58,265.35	-250,472.68
Eaton PS	ACADS	-29,982.69	-7,546.02	-37,528.71
Egerton Primary School	ACADS	-64,689.18	-14,563.93	-79,253.11
Elworth Hall Primary School*	ACADS	-89,851.86	-14,950.31	-104,802.17
Evelyn Street Primary School	ACADS	-164,266.21	-48,930.68	-213,196.89
Excalibur Primary School	ACADS	-72,667.64	-19,215.45	-91,883.09
Frodsham Primary Academy*	ACADS	-45,499.09	-11,848.27	-57,347.36
Frodsham Town Council	OPEN	-17,031.59	-4,808.96	-21,840.55
Gawsworth Primary School	ACADS	-46,303.37	-12,061.06	-58,364.43
Glazebury Primary School	ACADS	-31,269.50	-8,874.61	-40,144.11
Gorse Covert Primary School	ACADS	-45,596.02	-10,500.20	-56,096.22
Gorsebank Primary School	ACADS	-42,857.13	-8,343.57	-51,200.70
Grange Community & Primary School	ACADS	-53,670.82	-15,867.42	-69,538.24
Grappenhall and Thelwell Parish Council	OPEN	-15,609.26	-5,661.02	-21,270.28
Great Sankey High School	ACADS	-461,401.96	-133,436.42	-594,838.38
Great Sankey Primary School	ACADS	-69,871.76	-18,904.74	-88,776.50
Grosvenor Park CoE Academy	ACADS	-37,639.23	-10,424.91	-48,064.14
Halton Borough Council	OPEN	-14,221,444.68	-4,494,249.36	-18,715,694.04
Handforth Grange Community Primary School	ACADS	-69,220.85	-19,495.47	-88,716.32
Handforth Parish Council	OPEN	-7,536.19	-2,167.51	-9,703.70
Hartford Parish Council	OPEN	-7,619.60	-2,191.56	-9,811.16
Haslington Primary	ACADS	-76,850.03	-20,765.94	-97,615.97
Highfields Community Primary School	ACADS	-79,501.21	-17,872.84	-97,374.05
Hollinhey School	ACADS	-53,669.94	-14,899.10	-68,569.04
Hollins Green St Helens CoE Primary School	ACADS	-29,890.77	-8,371.58	-38,262.35
Holmes Chapel Comprehensive School	ACADS	-301,775.93	-95,448.79	-397,224.72
Holmes Chapel Parish Council	OPEN	-10,730.41	-2,951.05	-13,681.46
Holmes Chapel Primary School	ACADS	-104,359.92	-29,099.54	-133,459.46
Hungerford Primary	ACADS	-114,038.59	-33,536.44	-147,575.03
Ivy Bank Primary School	ACADS	-130,983.90	-37,865.35	-168,849.25
Kelsall Primary School	ACADS	-64,586.26	-18,888.02	-83,474.28
Kings Leadership Academy	ACADS	-234,416.26	-83,258.11	-317,674.37
Kingsmead Parish Council	OPEN	-4,383.55	-1,260.79	-5,644.34
Knutsford Academy	ACADS	-243,029.68	-57,684.48	-300,714.16
Knutsford Town Council	OPEN	-50,561.86	-14,536.03	-65,097.89
Lacey Green Primary Academy	ACADS	-89,450.16	-27,411.95	-116,862.11
Leftwich Primary	ACADS	-49,498.69	-14,768.41	-64,267.10
Leighton Academy	ACADS	-128,932.24	-35,853.30	-164,785.54
Little Bollington PS	ACADS	-27,850.81	-7,958.21	-35,809.02
Little Leigh Primary	ACADS	-37,362.69	-8,200.76	-45,563.45
Little Sutton CoE Primary School	ACADS	-30,588.09	-8,100.78	-38,688.87
Lostock Hall Primary	ACADS	-48,316.12	-12,194.94	-60,511.06

Lymm High School	ACADS	-467,114.60	-139,646.29	-606,760.89
Lymm Parish Council	OPEN	-18,555.25	-5,356.23	-23,911.48
Macclesfield Academy	ACADS	-186,149.60	-38,687.92	-224,837.52
Macclesfield College	OPEN	-678,166.11	-182,605.70	-860,771.81
Macclesfield Town Council	OPEN	-37,586.53	-12,124.52	-49,711.05
Manor Park Primary School	ACADS	-66,003.64	-15,377.54	-81,381.18
Marlborough Primary School	ACADS	-105,638.25	-27,854.50	-133,492.75
Marlfields Primary Academy	ACADS	-68,615.62	-19,212.41	-87,828.03
Meadowside Comm Primary School	ACADS	-127,556.38	-32,795.07	-160,351.45
Mersey Gateway Crossing Board	OPEN	-59,820.24	-15,651.72	-75,471.96
Middlewich High School	ACADS	-232,923.91	-54,126.72	-287,050.63
Middlewich Town Council	OPEN	-40,796.36	-11,382.09	-52,178.45
Mill View Primary School	ACADS	-56,769.20	-15,878.47	-72,647.67
Monks Coppenhall Academy	ACADS	-205,783.36	-53,757.50	-259,540.86
Mossley CE Primary School	ACADS	-119,362.42	-30,945.00	-150,307.42
Mottram St Andrew Primary Academy	ACADS	-44,251.34	-13,935.49	-58,186.83
Nantwich Primary Academy	ACADS	-45,874.92	-13,595.13	-59,470.05
Nantwich Town Council	OPEN	-112,374.86	-33,929.38	-146,304.24
Neston High School	ACADS	-363,494.38	-102,448.20	-465,942.58
Neston Town Council	OPEN	-27,981.04	-8,359.04	-36,340.08
Nether Alderley Parish Council	OPEN	-849.09	-150.91	-1,000.00
Nether Alderley Primary School	ACADS	-21,543.39	-5,505.08	-27,048.47
New Horizons School	ACADS	-57,580.50	-16,947.18	-74,527.68
Northwich Town Council	OPEN	-75,727.59	-19,055.46	-94,783.05
NW Fire Control Limited	OPEN	-526,770.25	-154,229.78	-681,000.03
Oak View Primary Academy	ACADS	-127,342.55	-34,747.34	-162,089.89
Oakfield LodgeSchool*	ACADS	-76,854.31	-13,988.83	-90,843.14
Oakwood Avenue Primary School	ACADS	-302,688.56	-79,467.76	-382,156.32
Odd Rode Parish Council	OPEN	-8,144.76	-2,479.46	-10,624.22
Offley Primary Academy	ACADS	-82,764.21	-24,554.42	-107,318.63
Ormiston Bolingbroke Academy	ACADS	-268,679.11	-86,821.94	-355,501.05
Ormiston Chadwick Academy	ACADS	-200,009.89	-58,112.24	-258,122.13
Oughtrington Primary	ACADS	-127,531.90	-31,261.16	-158,793.06
Over Hall Community School	ACADS	-80,734.50	-23,035.61	-103,770.11
Padgate Academy	ACADS	-128,032.96	-39,456.84	-167,489.80
Palacefields Academy	ACADS	-35,708.73	-9,855.35	-45,564.08
Park Road Primary School	ACADS	-46,353.83	-12,142.76	-58,496.59
Parklands Community Primary School	ACADS	-69,420.70	-19,598.59	-89,019.29
Parkroyal Community School	ACADS	-119,374.63	-34,419.07	-153,793.70
Pear Tree School	ACADS	-68,467.44	-16,542.25	-85,009.69
Penketh High School	ACADS	-226,809.87	-57,528.05	-284,337.92
Penketh Primary School	ACADS	-52,484.95	-13,702.81	-66,187.76
Penketh South Primary School	ACADS	-70,434.15	-18,568.58	-89,002.73
Peover Superior Primary School	ACADS	-29,958.98	-8,253.92	-38,212.90
Pikemere School	ACADS	-107,002.99	-26,021.03	-133,024.02
Police & Crime Commissioner	OPEN	-10,734,500.56	-3,446,055.84	-14,180,556.40
Poulton with Fearnhead Parish Council	OPEN	-11,202.15	-2,874.90	-14,077.05
Poynton High School	ACADS	-284,529.79	-84,761.07	-369,290.86
Poynton with Worth Parish Council	OPEN	-66,086.05	-18,954.57	-85,040.62
Priestley 6th Form College	ACADS	-356,130.60	-109,300.81	-465,431.41
Puss Bank School	ACADS	-113,684.03	-37,589.99	-151,274.02
Queens Park High School	ACADS	-172,223.36	-52,261.65	-224,485.01
Ravensbank Primary	ACADS	-103,129.61	-25,224.61	-128,354.22
Reaseheath College	OPEN	-1,954,530.16	-509,920.70	-2,464,450.86
Riverside College	OPEN	-1,063,862.71	-266,831.86	-1,330,694.57
Rudheath Primary School	ACADS	-89,073.44	-26,743.68	-115,817.12
Rudheath Senior Academy	ACADS	-172,951.28	-31,223.70	-204,174.98
Sandbach High School & 6th Form	ACADS	-199,734.74	-62,391.21	-262,125.95
Sandbach Primary Academy School	ACADS	-47,053.09	-13,356.42	-60,409.51

Sandbach School	ACADS	-252,601.56	-93,211.23	-345,812.79
Sandbach Town Council	OPEN	-45,935.68	-12,869.03	-58,804.71
Sandiway Primary School	ACADS	-88,358.01	-17,693.75	-106,051.76
Sandymoor Parish Council*	OPEN	-3,468.61	-844.13	-4,312.74
Sandymoor School	ACADS	-160,886.61	-47,565.83	-208,452.44
Shavingham cum-Gresty Parish Council*	OPEN	-9,821.75	-2,705.57	-12,527.32
Shavington Academy	ACADS	-186,220.80	-48,801.55	-235,022.35
Shavington Primary School	ACADS	-148,637.54	-44,255.10	-192,892.64
Simms Cross Primary School	ACADS	-112,070.85	-29,722.26	-141,793.11
Sir John Deanes College	ACADS	-314,800.82	-102,253.40	-417,054.22
Sir Thomas Boteler High School	ACADS	-166,317.90	-46,501.94	-212,819.84
Sir William Stanier Community School	ACADS	-219,232.29	-52,853.08	-272,085.37
Smallwood CofE Primary Academy	ACADS	-41,817.86	-10,246.55	-52,064.41
St Albans Catholic Primary School	ACADS	-62,625.58	-13,709.19	-76,334.77
St Augustines Catholic Primary School	ACADS	-33,026.05	-7,646.41	-40,672.46
St Bernards RC Primary School	ACADS	-79,885.28	-19,185.43	-99,070.71
St Chad's COE & Catholic High	ACADS	-92,810.99	-24,197.53	-117,008.52
St Johns Wood Community School	ACADS	-69,228.30	-20,052.10	-89,280.40
St Martins Academy	ACADS	-30,371.28	-9,613.04	-39,984.32
St Marys Catholic Primary School	ACADS	-57,701.75	-16,036.24	-73,737.99
St Mic with St Thomas Primary School	ACADS	-53,962.09	-12,665.37	-66,627.46
St Michaels Community Academy	ACADS	-106,953.14	-32,791.13	-139,744.27
St Oswalds Worleston Primary School	ACADS	-36,336.98	-10,636.41	-46,973.39
St Pauls Catholic Primary School	ACADS	-35,077.03	-9,405.83	-44,482.86
St Thomas More Catholic High School	ACADS	-104,515.70	-30,329.53	-134,845.23
Stapeley Broad Lane	ACADS	-57,844.88	-16,439.69	-74,284.57
Statham Primary	ACADS	-54,401.04	-13,636.41	-68,037.45
Stockton Heath Parish Council	OPEN	-8,874.70	-2,075.38	-10,950.08
Tarporley High School & 6th Form College	ACADS	-203,316.23	-56,544.12	-259,860.35
Tarvin Primary School	ACADS	-61,672.90	-15,089.36	-76,762.26
The Berkeley Academy	ACADS	-111,216.52	-32,398.17	-143,614.69
The Catholic High - Chester	ACADS	-199,586.32	-57,032.02	-256,618.34
The Ellesmere Port C of E College	ACADS	-143,751.24	-49,063.47	-192,814.71
The Fallibroome Academy	ACADS	-444,971.61	-129,489.10	-574,460.71
The Fermaine Academy	ACADS	-54,041.40	-20,748.62	-74,790.02
The Grange School	ACADS	-257,788.66	-77,862.47	-335,651.13
The Heath Academy	ACADS	-298,639.38	-101,899.25	-400,538.63
The Hermitage Trust	ACADS	-49,872.93	-12,786.89	-62,659.82
The Oaks Academy	ACADS	-144,881.20	-37,647.74	-182,528.94
The Quinta Primary School	ACADS	-159,364.75	-42,413.13	-201,777.88
The Russett School	ACADS	-168,834.63	-46,944.75	-215,779.38
Thelwell Primary	ACADS	-52,169.51	-12,717.83	-64,887.34
Transport Services Solutions Limited	OPEN	-77,471.62	-392.98	-77,864.60
Tytherington School	ACADS	-319,822.26	-79,405.71	-399,227.97
Underwood West Academy	ACADS	-179,531.10	-41,310.41	-220,841.51
University Technical College (UTC) Warrington	ACADS	-50,159.64	-17,001.67	-67,161.31
Upton Heath CoE Primary School	ACADS	-109,509.32	-31,663.73	-141,173.05
Upton Priory School	ACADS	-114,127.27	-29,595.37	-143,722.64
Utkinton St Pauls CE PS	ACADS	-10,841.45	-3,000.49	-13,841.94
Victoria Road Primary School	ACADS	-50,229.81	-14,143.73	-64,373.54
Vivo Care Choices Ltd	OPEN	-111,530.59	-160.81	-111,691.40
Wade Deacon High School	ACADS	-390,465.30	-133,839.81	-524,305.11
Warrington CofE Primary School	ACADS	-16,545.35	-4,364.75	-20,910.10
Warrington & Vale Royal College	OPEN	-960,398.04	-261,027.31	-1,221,425.35
Warrington Borough Council	OPEN	-17,909,154.86	-5,654,445.53	-23,563,600.39
Warrington Transport	OPEN	-16,269.12	-4,879.86	-21,148.98
Weaverham Primary Academy	ACADS	-30,271.93	-7,820.64	-38,092.57
Westbrook Old Hall School	ACADS	-61,531.91	-16,037.78	-77,569.69
Westminster Community Primary*	ACADS	-38,833.81	-11,188.99	-50,022.80

Weston Village Primary School	ACADS	-67,186.78	-18,289.68	-85,476.46
Wheelock Primary School	ACADS	-62,203.04	-17,195.42	-79,398.46
Whirley Primary School	ACADS	-59,696.97	-15,689.08	-75,386.05
Whitley Village School*	ACADS	-16,663.31	-4,282.17	-20,945.48
Widnes Academy	ACADS	-49,022.42	-14,524.43	-63,546.85
Willaston Primary Academy	ACADS	-73,270.09	-20,375.55	-93,645.64
Wilmslow Academy	ACADS	-95,520.09	-22,958.78	-118,478.87
Wilmslow Town Council	OPEN	-19,935.52	-6,553.52	-26,489.04
Winsford Academy	ACADS	-299,088.30	-82,059.54	-381,147.84
Winsford Town Council	OPEN	-47,247.47	-12,664.24	-59,911.71
Winwick Parish Council	OPEN	-12,563.38	-3,097.60	-15,660.98
Wistaston Academy	ACADS	-112,363.78	-35,823.48	-148,187.26
Wistaston Church Lane Academy	ACADS	-85,038.00	-23,779.17	-108,817.17
Wolverham Primary and Nursery School	ACADS	-132,400.01	-38,016.33	-170,416.34
Woolston Comm Primary School	ACADS	-79,462.24	-19,016.21	-98,478.45
Worth Primary School	ACADS	-32,265.27	-8,736.49	-41,001.76
Wybunbury Delves Primary School	ACADS	-96,328.74	-32,821.58	-129,150.32
Scheme Employer Total		-139,698,530.86	-39,547,432.86	-179,245,963.72
Admitted Bodies				
A.B.M Catering Limited*	OPEN	-2,740.13	-675.80	-3,415.93
Active Cheshire	OPEN	-9,549.42	-2,647.10	-12,196.52
Adoption Matters	OPEN	-637,606.12	-180,599.29	-818,205.41
ANSA Enviromental Services	OPEN	-2,472,199.51	-819,191.91	-3,291,391.42
Aramark - Macclesfield*	OPEN	-23,753.80	-7,059.47	-30,813.27
Aspens Svcs Ltd - BrLeas	OPEN	-5,227.55	-771.87	-5,999.42
Avenue Services (NW) Ltd	OPEN	-14,192.71	-3,910.39	-18,103.10
Belong Limited	CLOSED	-544,450.82	-3,741.69	-548,192.51
Bulloughs - Lymm	OPEN		-844.10	-844.10
Bulloughs Collegiate	OPEN		-618.95	-618.95
Bulloughs Tarporley*	OPEN	-40,640.79	-10,418.40	-51,059.19
Care Quality Commission	CLOSED	-140,914.24	-2,959.02	-143,873.26
Catalyst Choices	OPEN	-90.00	-151,431.68	-151,521.68
Caterlink - Sir John Brunner Foundation*	OPEN	-774.27	-201.23	-975.50
Caterlink (Ruskin)	OPEN	-4,343.77	-684.58	-5,028.35
Caterlink (Sandbach)	OPEN	-8,022.40	-1,329.37	-9,351.77
CG Cleaning - Great Sankey	OPEN	-301.35	-88.65	-390.00
Cheshire Community Action	CLOSED	-15,041.04	-2,543.38	-17,584.42
Cheshire Peaks and Plains Housing Trust	OPEN	-158,000.00		-158,000.00
Cheshire West Recycle Ltd	OPEN	-126,606.70	-39,287.62	-165,894.32
Churchill Services Ltd	OPEN	-3,659.67	-565.40	-4,225.07
Citizens Advice*	OPEN	-6,991.62	-2,227.74	-9,219.36
Compass - Middlewich High	OPEN	-14,746.97	-4,027.75	-18,774.72
Compass - St Barts MAT	OPEN	-9,718.58	-2,599.94	-12,318.52
Compass - True Learning Part*	OPEN	-5,686.90	-341.22	-6,028.12
Crossroads Together	OPEN	-4,631.36	-1,267.31	-5,898.67
Culture Warrington	OPEN		-44,806.44	-44,806.44
CWP NHS Trust	OPEN	-70,538.61	-22,177.97	-92,716.58
David Lewis Centre	CLOSED	-449,120.16	-550.08	-449,670.24
Deafness Support Network	CLOSED	-142,157.76	-5,968.20	-148,125.96
Edsential	OPEN	-1,311,881.54	-381,693.17	-1,693,574.71
ENGIE	OPEN	-8,728.71	-1,673.65	-10,402.36
Everybody Sport + Recreation	OPEN	-596,217.53	-177,969.59	-774,187.12
ForHousing	OPEN	-285,896.90	-71,908.01	-357,804.91
Hall Cleaning Services	OPEN	-879.37	-160.63	-1,040.00
Halton Housing Trust	OPEN	-1,574,811.26	-481,995.65	-2,056,806.91
Hochtief	OPEN	-1,856.02	-512.95	-2,368.97
HQ Theatres Limited	OPEN		-3,466.99	-3,466.99
Hutchison Catering	OPEN	-6,439.33	-1,647.26	-8,086.59
Innovate Ltd Tytherington	OPEN		-619.55	-619.55

ISS Facility Services Ltd	OPEN		-1,524.82	-1,524.82
Kings School Chester	CLOSED	-26,219.45	-6,379.72	-32,599.17
Livewire	OPEN		-272,457.56	-272,457.56
Market Asset Management	OPEN	-4,840.88	-1,363.68	-6,204.56
Maxim Facilities Management*	OPEN	-4,208.96	-776.19	-4,985.15
Mellors - St Basils	OPEN	-5,058.17	-1,330.05	-6,388.22
Mellors - St Michael & St Thomas	OPEN	-1,273.57	-343.33	-1,616.90
Mellors Learning for Life	OPEN	-10,396.35	-2,816.75	-13,213.10
Mellors Frank Field Trust	OPEN	-13,384.37	-2,819.23	-16,203.60
Midshire Catering Ltd	OPEN	-3,292.38	-540.52	-3,832.90
Midshire Catering Services Ltd - Hartford High School	OPEN	-12,571.04	-3,389.28	-15,960.32
Midshire Signature Serv- Tarvin and Eaton	OPEN	-8,219.96	-2,357.82	-10,577.78
Norton Priory Museum Trust	OPEN	-43,245.20	-12,675.46	-55,920.66
Orbitas Bereavement Service	OPEN	-173,138.08	-57,529.71	-230,667.79
Orian Solutions Ltd	OPEN	-1,446.84	-370.11	-1,816.95
Plus Dane (Cheshire) Housing Association	OPEN	-2,796,761.12	-34,842.29	-2,831,603.41
QWest Services Ltd	OPEN	-185,319.40	-35,683.83	-221,003.23
Ringway Infrastructure	OPEN		-37,964.12	-37,964.12
Ringway Jacobs	OPEN	-147,094.24	-51,603.04	-198,697.28
RM Estates Ltd	OPEN	-5,257.66	-1,615.82	-6,873.48
Ross Auto Engineering*	OPEN	-5,747.06	-1,642.06	-7,389.12
Sanctuary Housing Association	CLOSED	-451,500.00		-451,500.00
SMC Premier Group - Omega*	OPEN	-1,205.66	-298.75	-1,504.41
Starcare	OPEN	-17,831.96	-6,235.96	-24,067.92
Tarmac Trading Limited	OPEN	-40,787.40	-9,107.72	-49,895.12
The Guinness Partnership	OPEN	-182,326.39	-86,572.37	-268,898.76
Torus 62	OPEN	-1,290,702.99	-268,567.66	-1,559,270.65
Torus 62 Foundation	OPEN	-95,836.72	-20,063.22	-115,899.94
University Of Chester	OPEN	-4,787,211.20	-1,331,057.39	-6,118,268.59
Verve People	OPEN	-17,933.60	-3,131.33	-21,064.93
Warrington Housing Association	OPEN	-221,639.44	-63,764.56	-285,404.00
Warrington Voluntary Action	CLOSED	-15,926.05	-2,785.35	-18,711.40
Weaver Vale Housing Trust	OPEN	-2,365,445.56	-414,099.07	-2,779,544.63
West Cheshire Facilities Management	OPEN	-2,901.61	-509.87	-3,411.48
Westminster Drug Project	OPEN	-5,685.60	-1,811.64	-7,497.24
Your Housing Group	OPEN		-4,002.48	-4,002.48
Youth Federation	CLOSED	-6,999.96		-6,999.96
Other Admitted Bodies Total		-21,649,825.78	-5,177,216.76	-26,827,042.54
Refund of Contributions	NA	125.94		125.94
Total Contributions 2022-23		-161,348,230.70	-44,724,649.62	-206,072,880.32

Scheme Advisory Board Disclosures Information

The following information is provided to assist in the production of the scheme annual report compiled by the LGPS Scheme Advisory Board.

The table below provides a summary of the number of employers in the Fund analysed by scheduled bodies and admitted bodies which are actively contributing (made contributions into the Fund in 2022-23) and ceased contributing (made no contributions into the Fund in 2022-23).

2022-23	Actively Contributing	Ceased Contributing	Total
Scheduled Body	253	43	296
Admitted Body	75	105	180
Totals	328	148	476

The table below provides an analysis of Fund assets as at 31 March 2023

	UK	Global	Total
	£000	£000	£000
Equities	86,367	1,726,586	1,812,953
Bonds	1,431,561	1,059,112	2,490,672
Property (direct holdings)	383,717	-	383,717
Alternatives	228,934	1,154,562	1,383,496
Cash	177,278	507	177,785
Total	2,307,858	3,940,76	6,249,624

The table below provides an analysis of investment income accrued as at 31 March 2023

	UK	Global	Total
	£000	£000	£000
Equities	0	1,155	1,155
Bonds	1,788	8,037	9,826
Property (direct holdings)	18,418	0	18,418
Alternatives	149	0	149
Cash	5,101	232	5,333
Total	25,457	9,424	34,881