

CUMBRIA LGPS LOCAL PENSION BOARD

Minutes of a virtual meeting of the Cumbria LGPS Local Pension Board held on Wednesday, 13 April 2022 at 1.00pm.

PRESENT:

Mrs D Burnet (Chair)

Mr G Archibald
Lord R Liddle

Mrs K Thomson
Ms K Wilson

Also in Attendance:-

- | | |
|-----------------|--|
| Ms P Duke | - Director of Finance (S151 Officer) |
| Ms A Clark | - Senior Manager - Pensions and Financial Services
(Deputy S151 Officer – Pensions) |
| Mr P George | - Group Finance Manager - Pensions, Investments and
Insurance |
| Ms L Taylor | - Finance Manager - Pensions Investments and
Governance |
| Ms G Welbourn | - Technical Finance Officer - Pensions |
| Ms A McGuinness | - Finance Manager – Pensions Administration |
| Mr A Farrar | - Democratic Services Officer |
| Ms J Darbyshire | - Managing Director, Local Pensions Partnership
Administration (LPPA) |

100 ROLL CALL & APOLOGIES FOR ABSENCE

Apologies for absence were received from Mrs K Powell. It was noted that this would have been her last meeting before leaving her role with the Lake District National Park Authority. The Chair passed on thanks for all her hard work as Chair and Vice Chair of the Board. The Director of Finance also expressed her thanks for Mrs K Powell's hard work during her time on the Board.

101 TERMS OF REFERENCE AND MEMBERSHIP

The Terms of Reference were noted. There was a minor change to the wording at section 2.1 which better reflected the wording of the regulations. This had been discussed at the last meeting of the Board.

102 DISCLOSURES OF INTEREST

Ms K Thomson made a disclosure of interest on this occasion. She was an employee of Armstrong Watson who provide payroll functions for some Cumbrian schools.

Mr G Archibald made a disclosure of interest that he had previously been employed by Mercer Ltd and holds shares in MMC, their parent company.

103 EXCLUSION OF PRESS AND PUBLIC

RESOLVED, that the press and public be excluded from the meeting during consideration of:

Agenda Item No 10 – Local Government Reorganisation Update;
 Agenda Item No 11 – Review of Administration Matters;
 Agenda Item No 12 – LPPA Presentation; and
 Agenda Item No 13 – Verbal Update on Emerging Issues

by virtue of paragraph 3 of Part 1 of Schedule 12A of the Local Government Act 1972 as the reports contain information relating to the financial or business affairs of any particular person (including the Authority holding that information).

104 MINUTES

RESOLVED, that the minutes of the previous meeting held on 21 January 2022 be agreed as a true and accurate record.

105 SCHEDULE OF FUTURE MEETINGS

Members noted the schedule of meetings of the Cumbria LGPS Local Pension Board. It was agreed that the next virtual meeting would be held on 17 January 2023.

106 OVERSIGHT OF PENSION COMMITTEE DECISIONS AND OTHER MATTERS

Members considered a report from the Director of Finance (Section 151 Officer) which updated them on all aspects of the governance and administration of the Local Government Pension Scheme (LGPS).

Section 4 of this report summarised the work conducted, and decisions made by the Committee at its meeting held on 18 March 2022, in order that Board Members could review these as part of their legal responsibility to members of the Fund.

This report also advised members of other matters arising, including regulatory changes, since last reported to the Board.

The Technical Finance Officer took members through the report, and highlighted the following:

- Legal breaches – there had been no legal breaches reported to the Pensions Regulator during the period to December 2021.
- Risk – there was one risk added to the risk register associated with Local Government Reorganisation. An emerging risk was added to the risk register associated with Russia's invasion of Ukraine. The risk associated with the impact that COVID-19 may have on pensions administration has been removed as it is being managed as day business and no longer represents a material risk to service delivery.
- Investment Management – the performance of the Fund to 31 December was positive, outperforming the 1, 5 & 10 year benchmarks.
- Fund Policies – changes to the Investment Strategy Statement replaced the previous references to the 2012 Stewardship Code (including the Fund's 2012 statement of compliance) and instead included details regarding the Fund's 2020-21 Stewardship report which had been assessed as meeting the requirements of the FRC's UK Stewardship Code 2020. This was particularly pleasing given that only 12 LGPS Funds in the UK have been approved as signatories to date. The Administration Strategy & Communications Policy and Training Policy and Plan had also been updated
- A Draft Local Pension Board Work Plan – had been produced to inform the agenda for future meetings and also highlight some Board specific project work in on current and emerging issues. It was agreed the Plan would become a standing item at each meeting to allow for updates to ensure it remains fit for purpose.
- Regulatory Changes – McCloud Resolution – there had been little progress on McCloud within the LGPS and the Board would be advised as further information becomes available.

A member queried the budgeted costs for the administration of the Fund compared with other LGPS funds of similar size.

The Senior Manager - Pensions and Financial Services commented that the Fund was part of CIPFA Benchmarking, however details were not yet available, but that they would be shared with the Board once available.

A member queried how inflation would affect Pensions and what, if any, implications there were for investments.

The Senior Manager – Pensions and Financial Services commented that inflation was a major concern. Cumbria LGPS had built this into the Investment Strategy reflecting its role as a long term investor. It was also noted that this would be re-assessed through the triennial valuation process and a review of the Investment strategy will be undertaken following the outcome of the valuation.

A member noted the cost of living crisis and the impact this would have on some pensioners who would be in hardship. The member commented on an assistance fund that Cumbria County Council administered to help those in need.

The Director of Finance remarked that Cumbria County Council has signposted help for people who need it. She also confirmed the fund was the 'Household Support Grant' and that Cumbria County Council has received and allocated this fund to different parts of the community.

The Chair commented positively on the Work Plan asked and if deep dives into policies would be included and if the Local Government Reorganisation Risk (LGR) was greater than green as it was described as a significant risk?

The Senior Manager – Pensions and Financial Services remarked that the Work Plan focussed on what will be happening in the near future and reviews of policies will be required as part of this work. Turning to the Local Government Reorganisation Risk (LGR) she noted that, although there was the potential for LGR to have a significant impact on the Fund, the risk was being managed to the extent that it currently had a green RAG rating.

A Member raised some questions regarding the Fund's currency exposure and the associated risks. The Senior Manager – Pensions and Financial Services noted that the changes to the Fund's investment strategy, including its approach to currency risk, had been undertaken in accordance with the Fund's relevant governance processes.

The Director of Finance commented that the changes were not an officer decision; recommendations from the Fund's investment consultants were considered by the Cumbria LGPS Investment Sub Group and approved by Pensions Committee with advice from the Independent Advisors. Whilst the correct governance process had been followed it was agreed that the wording in the risk register would be reviewed to consider the information made available to Board members. This would be fed back to the Pensions Committee at their next meeting.

The Senior Manager – Pensions and Financial Services noted that she would submit a written answer to a Member query regarding the classification of Commercial Property within Index-Linked assets as it required a more technical response.

A member queried if take-up of the online pension tool has been improved.

The Group Finance Manager - Pensions Investments & Insurance did not have the figures available and would provide a written response.

RESOLVED, that the Board

- (1) noted the decisions approved and other matters considered by the Pensions Committee at the meeting held on 18 March 2022 and request further information and/or feedback to the Pensions Committee as appropriate.

107 REVIEW OF BOARD POLICIES INCLUDING TRAINING POLICY AND 2022-23 PLAN

Members considered a report from the Director of Finance (Section 151 Officer) which provided details of the annual review of Policies which specifically relate to the Board's role of assisting the Administering Authority to comply with relevant legislative requirements and to ensure the effective governance of the scheme. These policies are the Cumbria Local Pension Board Members' Code of Conduct (Conflict of Interest) Policy; and the Cumbria LGPS Training Policy and Plan.

In taking Members through the report the Finance Manager - Pensions Investments and Governance highlighted that, in line with accepted best practice across the LGPS, these policies are reviewed on a regular basis to ensure they are current, relevant and fit for purpose. It was noted that no revisions were required to the Cumbria Local Pensions Board Members Code of Conduct (Conflict of Interest) Policy.

The Finance Manager - Pensions Investments and Governance noted that the report also provided a summary of the training policy of the Fund - together with details of the Training Plan for the Board. The Training Plan had been drafted to reflect the training needs of the Board and was informed by responses to the annual training needs assessment together with emerging issues relating to LGPS regulations and guidance.

Members were reminded that ongoing training is required to enable each Board Member to continue to meet the legislative individual knowledge and skills requirement placed upon them. Board Members are encouraged to attend training sessions scheduled where appropriate to take place after quarterly Pensions Committee meetings; and are notified of other relevant training events (internal and external) as and when they arise.

RESOLVED, that the Board

- (1) noted that there were no revisions required to the Cumbria Local Pension Board Members' Code of Conduct (Conflict of Interest) Policy.
- (2) noted the current Training Policy of the Cumbria LGPS, incorporating the Cumbria Local Pension Board, the Cumbria Pensions Committee and Fund Officers.
- (3) approved the detailed training plan specific to the Board.

108 DATE OF NEXT MEETING

The next meeting will be held on 15 July 2022 at 1pm

109 LOCAL GOVERNMENT REORGANISATION UPDATE

The Director of Finance (Section 151 Officer) gave a presentation on Local Government Reorganisation which covered the following areas:-

- Democratic Governance to May 2022
- Democratic Governance to April 2023
- Programme Governance
- Context for Cumbria LGPS
- Actions to Date
- Next Steps
- Legal Position
- Administering Authority
- Transition Arrangements

110 REVIEW OF ADMINISTRATION MATTERS

Members considered a report from the Director of Finance (Section 151 Officer), which provided an update on the following key areas of Pensions' Administration.

- The service provided and monitoring of LPPA with a further update to be provided by LPPA in their presentation at the next agenda item.
- Employer Issues and measures taken to mitigate them.
- Fund Discretions – thirteen were exercised in the quarter.
- Pension Ombudsman Opinions - none issued during the period.

RESOLVED, that the Board noted the Pension Administration matters detailed in the report and requested further information and/or feedback to the Pensions Committee as appropriate.

111 LPPA PRESENTATION

Members received a verbal update from Ms J Darbyshire, Managing Director- Local Pension Partnership Administration (LPPA). The update included:

- SLA Performance
- Helpdesk volume of calls linked to project PACE
- Project PACE Update
- Dashboard
- Staff Recruitment & Retention

The Chair thanked the Managing Director – Local Pension Partnership Administration for her update.

112 VERBAL UPDATE ON EMERGING ISSUES

The Senior Manager - Pensions and Financial Services updated the Board on current emerging issues, including:-

- The impact of the Russian invasion of Ukraine on the Cumbria Pension Fund.
- Public Service Pensions and Judicial Offices Act 2022
- My Pension Online

The Chair thanked the Senior Manager - Pensions and Financial Services for her update.

The meeting ended at 3.06 pm