

WESTMORLAND AND FURNESS COUNCIL CUMBRIA LOCAL PENSION BOARD

Minutes of a Meeting of the **Cumbria Local Pension Board** held on Friday, 9 February 2024 at 10.00 am at County Hall, Kendal

PRESENT:

Mr P Mulligan (Chair)
Cllr N McCall
Cllr A Semple
Ms A Quinn
Ms K Thomson

Officers in attendance:

Ms A Leech	Director of Finance, People & Culture, LPPA
Ms P Duke	Director of Resources (Section 151 Officer)
Mr P George	Acting Senior Manager
Ms A McGuinness	Finance Manager - Pensions Administration
Ms G Welbourn	Technical Finance Officer-Pensions
Mr A Farrar	Democratic Services Officer
Mr J Farnworth	Lead Lawyer

PART I ITEMS CONSIDERED IN THE PRESENCE OF THE PUBLIC AND PRESS

27. APOLOGIES FOR ABSENCE

Apologies were received from Ms Wilson and Mr Capstick.

28. TERMS OF REFERENCE AND MEMBERSHIP

There were no changes to the Terms of Reference.

29. DECLARATIONS OF INTEREST/DISPENSATIONS

There were no disclosures of interest.

30. EXCLUSION OF PRESS AND PUBLIC

It was noted that:

Agenda Item No 13 – Verbal Update on Emerging Issues

was moved into Part 1 of the agenda.

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

Agenda Item No 10 – Review of Administration Matters;
Agenda Item No 11 – Update of Fund’s Cyber Resilience Action Plan; and
Agenda Item No 12 – LPPA Presentation: Performance Update;

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).

31. MINUTES OF THE PREVIOUS MEETING

RESOLVED, that the minutes of the previous meeting held on 10 October 2023 be approved.

32. SCHEDULE OF FUTURE MEETINGS

Members noted the schedule of future meetings of the Cumbria Local Pension Board.

33. WORK PLAN

Members noted the work plan of the Cumbria Local Pension Board.

34. OVERSIGHT OF PENSION COMMITTEE DECISIONS AND OTHER MATTERS

Members considered a report from the Director of Resources (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 7 December 2023, 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 quarter.

- Risk – No new risks had been added to the register. The risk associated with the McCloud remedy has been removed, although there was significant work for the Fund and LPPA to complete it has been well planned for and was now considered “business as usual”. All risks had been thoroughly reviewed this quarter. There were 17 risks.
- Data Quality – The data continues to be of a good quality as evidenced by the common and conditional data scores. The National Fraud Initiative continued to be carried by the Fund at six monthly intervals with the next set of results to be reported at the next meeting in April 2024.
- Investment Management – The value of the Fund had increased in the quarter from £3.148 billion to £3.184 billion. The Fund returned 1.3% outperforming the Fund specific benchmark -0.1%. Although the 1 year performance was below the benchmark, performance exceeded the Fund specific benchmark over 3, 5 and 10 years.
- Training – During the quarter two Board Members attended sessions from the Local Government Association – LGPS Fundamentals training course, the Chair and several Members attended the CIPFA Autumn LPB Webinar and the Chair attended a Pensions Committee training session on the Fund’s upcoming Investment Strategy Review.
- The Pensions Regulator’s Public Service Pension Schemes – Governance and Administration Survey 2023 - This was the seventh survey carried out since Local Pension Boards for public sector pension schemes were established in 2015 – there was no survey in 2022. The responses from the LGPS covered 92% of LGPS schemes which related to 97% of membership. 81% of LGPS schemes, including Cumbria, had in place all six of the key processes that TPR monitors as indicators of performance. The top risk for 51% of LGPS funds was cyber, up from 23% in 2021 and the most widely mentioned barriers to improving scheme governance and administration in the LGPS were recruitment, training and retention of staff.
- Internal Audit Review – The Council’s Internal Audit Team undertook a scheduled audit of the internal controls associated with investments of the Fund. It was pleasing to note the outcome of the audit had ‘no recommendations’ and the auditors concluded the controls provided ‘Substantial Assurance’.
- Regulatory Changes – Pensions Dashboard. Legislation had already been introduced through the Pension Schemes Act 2021 and it was recently announced that Public Service Pension Funds would need to connect to the Pensions Dashboard Programme by

30 September 2025. Members were updated on progress being made by the Fund and LPPA towards this..

Members noted the Internal Audit results and expressed how impressive it had been to receive that assurance.

The Director of Resources (Section 151 Officer) and the Acting Senior Manager noted the hard work of the team to receive the assurance.

The Chair commented that concerns had been expressed by some attendees at a recent training event in regard to the Consultation – Next Steps on Investments regarding Pension Funds investing 10% in private equity and in the proposal to merge pools. It was noted that the Fund is currently considering the proposals but that these were not yet finalised by the Government.

The Director of Resources (Section 151 Officer) remarked that it was timely that the Fund was currently undertaking an Investment Strategy Review.

RESOLVED, that the Board

- (1) noted the decisions approved and other matters considered by the Pensions Committee at the meeting held on 7 December 2023 and request further information and/or feedback to the Pensions Committee as appropriate.

35. VERBAL UPDATE ON EMERGING ISSUES

Members received a verbal update from the Director of Resources (Section 151 Officer) and the Acting Senior Manager. The update included:-

- Year End Accounts - Grant Thornton, the Fund's external auditor, was expected to sign off the 2022/23 financial statements of the Fund in the next few days with an unqualified opinion expected.
- Staffing – The Director of Resources (Section 151 Officer) updated the Board on vacancies within the team including the appointment of a Senior Manager to the team. She also reported that Claire Scott (Independent Advisor) was to leave as Advisor in June.
- Investment Strategy Review - The Acting Senior Manager outlined that engagement was ongoing with regard to the development of a Responsible Investment policy for the Fund including a survey of the scheme's membership and a roundtable meeting with other key stakeholders..
- The Pension Regulator's Single Code of Practice - the Acting Senior Manager gave a brief overview of the new Code and explained that officers are currently reviewing the Code and is in the initial stages of looking at options available for assessing compliance.

The Chair thanked the Director of Resources (Section 151 Officer) and the Acting Senior Manager for their update.

36. DATE AND TIME OF NEXT MEETING

The next meeting would be held on 16 April 2024 at 10am.

37. REVIEW OF ADMINISTRATION MATTERS

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

- The service provided by LPPA and performance monitoring by the Fund with a further update to be provided by LPPA in their presentation at the last agenda item.
- Employer Issues and measures taken to mitigate them

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.

38. UPDATE ON FUND'S CYBER RESILIENCE ACTION PLAN

The Finance Manager – Pensions Administration provided an update on progress against delivering actions from the cyber resilience action plan. The Chair highlighted that it was encouraging that the plan was largely associated with having written policies for practices that were already in place.

RESOLVED, that the Board noted the progress against the action plan to further strengthen cyber security arrangements within the Fund.

39. LPPA PRESENTATION: PERFORMANCE UPDATE

Members received a verbal update from Ms A Leech, Director of Finance, People & Culture, LPPA The update included:-

- Performance Overview
- HR Update
- Collaboration with Cumbria Pension

The Chair thanked the Director of Finance, People & Culture, Local Pension Partnership Administration for her update.

The meeting ended at 11.30 am