

22 October 2018

**To: The Chair and Members of the Cumbria  
Pensions Forum**

# Agenda

## CUMBRIA PENSIONS FORUM

A meeting of the Cumbria Pensions Forum will be held as follows:

**Date: Tuesday 30 October 2018**

**Time: 9.30 am**

**Place: Penrith Rugby Club, Penrith, Cumbria, CA11 8RG**

Registration and refreshments will be available from 9.15am

**Julie Crellin**

**Director of Finance (s151 Officer)**

Enquiries and requests for supporting papers to: **Stewart Consterdine**

Direct Line: **07979541437**

Email: [stewart.consterdine@cumbria.gov.uk](mailto:stewart.consterdine@cumbria.gov.uk)

*This agenda is available on request in alternative formats*

## **MEMBERSHIP**

### **Labour (2)**

Mrs H Wall  
Mr MH Worth

### **Conservative (4)**

Mr J Airey  
Mr NH Marriner  
Mr LN Fisher  
Dr S Haraldsen

### **Liberal Democrat (2)**

Mr SB Collins  
Mr N Hughes  
Mr P Thornton

## **Cumbria Pensions Forum - Membership**

The Forum consists of both Employer and Employee Representatives as follows:

### **(i) Employer Representatives:**

**(a)** County Council: Nine Members

**(b)** District Councils: One member nominated by each Council (including member of the Pensions Committee)

**(c)** Statutory Bodies: One member nominated by each employer

**(d)** Admitted Bodies: One member nominated by each employer

### **(ii) Employee Representatives:**

**(a)** County Council: Eight employee representatives appointed by UNISON, of whom two shall be current pensioners

**(b)** District Councils: One employee representative for each District appointed by UNISON, together with one current pensioner

**(c)** Statutory Bodies: Eight employee representatives appointed by UNISON, together with one current pensioner

**(d)** Admitted Bodies: Three employee representatives appointed by UNISON

Where an appointed representative is unable to attend, a substitute may attend in their place.

### **Appointment of the Chair**

The Chairman will be a Member of the County Council

## **ACCESS TO INFORMATION**

### **Agenda and Reports**

Copies of the agenda and Part I reports are available for members of the public to inspect prior to the meeting. Copies will also be available at the meeting.

The agenda and Part I reports are also available on the County Council's website – <http://councilportal.cumbria.gov.uk/ieListMeetings.aspx?CId=124&Year=0>

### **Background Papers**

Requests for the background papers to the Part I reports, excluding those papers that contain exempt information, can be made to the Legal and Democratic Services Unit at the address overleaf between the hours of 9.00 am and 4.30 pm, Monday to Friday.

# **A G E N D A**

## **PART 1: ITEMS LIKELY TO BE CONSIDERED IN THE PRESENCE OF THE PRESS AND PUBLIC**

### **1 TERMS OF REFERENCE OF THE CUMBRIA PENSIONS FORUM**

To note the Cumbria Pensions Forum Terms of Reference. **(Pages 7 - 8)**

### **2 ELECTION OF CHAIR**

To elect a chairman for the ensuing year.

Under the Terms of Reference, the Chairman must be a member of Cumbria County Council.

### **3 MEMBERSHIP**

To receive any changes to membership and appointments.

### **4 APOLOGIES FOR ABSENCE**

To receive and apologies for absence.

### **5 MINUTES**

To receive the Minutes of the Cumbria Pensions Forum meeting held on 17 October 2017. **(Pages 9 - 14)**

### **6 PENSION FUND OVERVIEW AND 2017-18 PERFORMANCE**

To receive a presentation from the Group Finance Manager - Pensions Investments and Insurance, Cumbria County Council.

### **7 LOCAL GOVERNMENT PENSION SCHEME (LGPS) TECHNICAL UPDATE**

To receive a presentation from Your Pensions Service.

### **8 2019 ACTUARIAL VALUATION**

To receive a presentation from Mercer Ltd.

### **9 DATA QUALITY - THE ROLE OF THE FUND AND EMPLOYERS**

To receive a presentation from the Group Finance Manager - Pensions Investments and Insurance and the Finance Manager - Regulatory & Benefits, Cumbria County Council.

### **10 DATE OF NEXT MEETING**

The date of the next meeting is provisionally booked for Wednesday 20<sup>th</sup> November

2019.

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## **Cumbria County Council Constitution Part 2R - Pensions Forum Terms of Reference**

### **1 - Summary**

1.1 The Pensions Forum meets to inform and consult the wider representation of employing organisations and employee and pensioner representatives. The dates of these meetings are synchronised with those held by the Pensions Committee to allow for Forum input.

### **2 - Functions of the Pension Forum**

2.1 The functions of the Pension Forum are to:

(a) Seek the views of the representative bodies, employees and pensioners and discuss items of common interest in relation to pensions including:

(i) Administration of pensions and information to employees and pensioners in Cumbria;

(ii) Discretionary benefits under the Scheme;

(iii) The state of the fund (the Annual Report and Accounts shall be submitted to the Forum);

(iv) Investment policy; and

(v) Developments in public sector pension matters and to make appropriate recommendations by the County Council.

### **3 - Publication and Meetings**

3.1 Meetings will be open to the public and invitations will be circulated as widely as practicable to employer bodies and pensioner representatives.

3.2 The Forum will meet at least once a year.

3.3 A special meeting of the Pension Forum may be called by the Chairman.

3.4 Three District Council's or five Employer Bodies may request in writing that a Special Meeting is convened. The Chairman must call the meeting within 21 days of receiving the request.

3.5 All Forum Members will have access to public Pension Committee papers and are invited to comment as appropriate.

3.6 Each Member will have an equal vote and should it be required the Chair will have a casting vote.

3.7 Membership of the Cumbria Pension Committee will be represented at each Forum meeting, including where possible the Chair and Vice Chair.

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## CUMBRIA COUNTY COUNCIL

**Minutes** of a Meeting of the **Cumbria Pensions Forum** held on **Tuesday, 17 October 2017 at 10.00 am at Cumbria Rural Enterprise Centre, Redhills, Penrith**

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### **PRESENT:**

Mr MH Worth (Chair)  
Mr DE Southward  
Mr K McDonald

### **Employer Representatives:-**

Ms C Nicholson	-	Allerdale Borough Council
Ms M Nash	-	Allerdale Borough Council
Ms S Roberts	-	Barrow Borough Council
Mr C Butler	-	Barrow Borough Council
Mr D Foulkes	-	Caldew School Academy
Ms A Taylor	-	Carlisle City Council
Mrs M Milne	-	Carlisle City Council
Ms P Breen	-	Cumbria Education Trust Ltd
Ms A Batchelor	-	Cumbria Education Trust Ltd
Mr A Chant	-	Cumbria Waste Management
Mr P Sharman	-	Eaglesfield Paddle Academy
Mr C Howey	-	Eden District Council
Cllr P Breen	-	Eden District Council
Ms J Collihole	-	Glenmore Trust
Ms C Parker	-	Keswick Town Council
Mr C Nixon	-	Orian Solutions Limited
Ms K Powell	-	Lake District National Park Authority
Mr R Marshall	-	PCC for Cumbria
Ms M Bellis	-	PCC for Cumbria
Ms V Tunnadine	-	Penrith Town Council
Ms S Boulton	-	South Lakes Housing
Ms A Gerke	-	The Good Shepherd MAT
Mr S Addison	-	The Queen Katherine School Academy
Ms K Proud	-	Tullie House
Mr J Cox	-	West House
Mr S Lester	-	West Lakes Academy

**Also in Attendance:-**

- Ms J Bozic - Finance Officer – Pensions Administration
- Mrs J Dole - Finance Manager - Pensions Administration
- Miss H English - Democratic Services Officer
- Mr P George - Group Finance Manager – Pensions, Investments and Insurance
- Mr S Lawson - Finance Officer – Pensions Administration
- Mrs A McGuinness - Technical Finance Officer – Pensions
- Mrs F Miller - Senior Manager – Pensions & Financial Services
- Ms L Taylor - Finance Manager – Pensions, Investments & Governance

**33 TERMS OF REFERENCE**

**RESOLVED,** that the Terms of Reference of the Cumbria Pensions Forum be noted.

Matters Arising

It was suggested that a review of the Terms of Reference be carried out in 2018 to attempt to increase employer and Member participation.

**34 ELECTION OF CHAIR**

**RESOLVED,** that Mr M Worth be elected Chair of the Cumbria Pensions Forum for the ensuing year.

**35 MEMBERSHIP**

**RESOLVED,** that the membership of the Cumbria Pensions Forum be noted.

**36 APOLOGIES FOR ABSENCE**

Apologies for absence were received from Ms J Crellin, Mr N Marriner, Mr P Thornton, Ms K Wilson and Mr S Halliwell.

**37 MINUTES OF THE PREVIOUS FORUM**

**RESOLVED,** that the minutes of the previous meeting held on 21 November 2016 be agreed as a correct record

## **38 PENSIONS ADMINISTRATION**

The Forum received a presentation from Mr S Moseley and Mr G Graham from Your Pensions Service (YPS) which presented the 2016/17 performance results and developments within the Local Government Pension Scheme (LGPS). The presenters reported on:

### Administration Performance

The Cumbria Pension Fund's pensions administration Service (Your Pension Service) had performed well over the past 12 months with key achievements including:

- 98% of work items were completed on time (against a target of 90%)
- 28% of members registered for My Pension Online
- 21 visits to employers and 8 surgeries held

### Administration Challenges

In order to overcome the increasing complexity of the Pension Scheme and data requirements, YPS had introduced monthly data collections which covered more than 98% of the membership. They had also increased the emphasis on employer management to overcome the challenges associated with the growing number of employers in the Scheme. Another significant challenge to the Scheme was having to provide more assistance to members regarding tax changes, this identified a need for improved communication and support.

### Future Changes and Developments

The Forum was informed that Your Pension Service were in the process of reorganising as a single operation to increase efficiency; this would involve more jobs in the North West, with six additional Help Desk roles already being recruited.

### Technical Updates

Consideration was given to a technical update from Mr S Moseley from YPS. The Forum were informed that there had been less legislative changes than expected as the Governments priorities had changed in the past year due to the General Election and Brexit. The technical update discussed:-

- Public sector exit payment cap
- Recovery of public sector exit payments
- Reforms to public sector exit payments
- LGPS consultation
- Money Purchase Annual Allowance
- 2017 State Pension Age review

It was requested that the presentation slides be loaded onto the Cumbria LGPS website so that they were publically available.

## **39 TRIENNIAL VALUATION RESULTS - MERCER LTD**

Consideration was given to a presentation by Ms L Johnston and Mr J Livesey from Mercer Ltd (the Council's Actuary) which provided details of the Triennial Valuation Results.

### The 2016 Actuarial Valuation and what has happened since

The Forum were informed that the investments in the last year received positive returns mainly due to increases in the equity markets and the value of the pound. However there was an acknowledgement that UK and global stock markets could fall which would reduce the value of the assets held. The Fund was in the process of reviewing options to try and protect some of the recent equity value gains. Results of this review would be presented to the Pensions Committee for consideration.

### Terminations and exiting employers

The presentation explained that the Fund's termination policy details how an exit contribution is assessed on a least risk basis. The policy was reviewed following each actuarial valuation.

### Covenant Monitoring

Mercer Ltd explained that the covenant is the assessed strength of an employer which underwrites the risk to which the Fund is exposed. It was explained that the Fund monitor's employer covenants and takes a proportionate approach using fundamental financial metrics.

### Current issues for employers

The public sector pay cap had been relaxed for prison workers and police. Mercer Ltd indicated they had allowed for the continuation of the cap until 2020 so if this was relaxed across the broader public sector it may affect the 2019 triennial valuation.

The Government's proposal to cap exit payments at £95,000 has been deferred following the General Election, as was the consultation on proposals for a "New Fair Deal". The Government were yet to announce if there is expected to be a fundamental change in its approach.

## **40 ANNUAL REPORT AND ACCOUNTS 2016/17**

Consideration was given to a presentation by the Senior Manager – Pensions and Financial Services on the Cumbria LGPS 2016/17 Annual Report & Accounts.

The Fund had celebrated another good investment year with the fund value continuing to increase. The 2016/17 investment return was at 19.2% against a

benchmark of 17.6%, whilst the 10 year investment return was at 7.4% per annum against a benchmark of 6.8%.

Employer numbers in the Cumbria LGPS Scheme had continued to rise year on year due to outsourcing and Academies, however whilst membership had increased, the number of active members had decreased. The Forum were informed that 13.8% of the adult population in Cumbria were now in the Cumbria LGPS.

Other noteworthy achievements included:-

- Significant progress had been made in driving forward the development of the Border to Coast Pensions Partnership Ltd.
- Completion of the Triennial Valuation of the Fund by the 31<sup>st</sup> of March 2017.
- A successful audit of the Annual Report and Accounts which was completed on time and had no recommendations from the Auditors.
- Review of the Investment Strategy Statement.

Preparation was underway for production of the 2017/18 accounts.

The Senior Manager – Pensions and Financial Services thanked her team for their hard work and dedication in producing this outstanding piece of work.

#### **41 ASSET POOLING IN THE LGPS**

The Senior Manager – Pensions and Financial Services (Deputy s151 Officer) gave a presentation on Asset Pooling in the LGPS which provided an update on progress and discussed the implications for both the LGPS and Border to Coast Pensions Partnership (BCPP) Partner Funds.

To illustrate the detailed background to Pooling the Forum were presented with a timeline of events which detailed significant developments in the Pooling process since the Governments proposal in 2015. To date the following eight Pool proposals had been approved: ACCESS (A Collaboration of Central, Eastern and Southern Shires) Group, BCPP, Project Brunel, LGPS Central, the London CIV, LLPP, Northern and Wales.

The presentation expanded on the BCPP in more detail and provided details of the Governance Structure and responsibilities. As at March 2017 the BCPP Partner funds had £43bn in assets which covered most asset classes and structures. The estimate of annual savings was said to be between £55m and £29m.

#### **42 DATE OF NEXT MEETING**

The provisional date of the next meeting of the Cumbria Pensions Forum was 30<sup>th</sup> October 2018.

The meeting ended at 1.00 pm