

CUMBRIA PENSIONS COMMITTEE

Meeting date: 16th March 2021

From: Julie Crellin, Director of Finance (S151 Officer)

DRAFT PENSIONS ADMINISTRATION BUSINESS PLAN AND BUDGET 2021/22

1.0 EXECUTIVE SUMMARY

1.1 This report advises Members of the:

1.1.1 Draft Business Plan for 2021/22 setting out the Pension Fund's proposed work plan for the year; and

1.1.2 The Draft Budget 2021/22 required to deliver the proposed Business Plan for the Cumbria Local Government Pension Scheme (the Fund).

DRAFT BUSINESS PLAN 2021/22

1.2 It is expected that the Fund will continue to experience a number of challenges throughout 2021/22 across all functions of the Fund including effective pension administration service, investment of Fund assets, including transition to the investment strategy approved by Committee in December 2019 and revised in March 2021, and the continual review and improvement of governance arrangements. The proposed business plan seeks to address these challenges.

1.3 The delivery of the 2021/22 business plan is set in the context of the continuing impact of COVID-19 on working arrangements and the context for the delivery of the investment strategy. The delivery of the business plan 2020/21 was reported at the December meeting and some items of the original Plan were flexed during the year to reflect emerging priorities and pressures. It is expected that some flex will be required again in 2021/22. Amendments will be reported to the Committee as required as the Business Plan 2021/22 remains ambitious.

1.4 Effective governance and operation is required to ensure the Fund is appropriately managed and can meet these changes and any new developments due to the changing national agenda for the LGPS.

DRAFT BUDGET 2021/22

- 1.5 *To take account of the national requirements and the associated Business Plan the budget proposed to administer the Fund in 2021/22 is £6.467m, an increase of £0.430m compared to the 2020/21 budget. The key drivers of the increase are an increase and the cost of pensions administration and increased investment management fees.*
- 1.6 *This budget will be reviewed during the year and, if appropriate, recommendations for amendments to the 2021/22 budget will be presented to Pensions Committee.*

2.0 STRATEGIC PLANNING AND EQUALITY IMPLICATIONS

- 2.1 *The Council's vision is to be "A Council that works with residents, businesses, communities and other organisations to deliver the best services possible within the available resources". As part of the approach to delivering this vision the Council aims to "Put customers at the heart of everything we do".*
- 2.2 *Good governance including the development of an annual business plan and associated budget will aid the Fund in ensuring its regulatory responsibilities are met, a good service is provided to scheme members, costs are controlled and its required investment return is achieved.*
- 2.3 *The costs of administration of the Cumbria LGPS have a direct impact on the funding level of the Scheme and therefore the rate of employers' contribution. This will in turn impact on the employers' revenue budgets.*
- 2.4 *There are no direct equality implications arising out of the recommendations in this report.*

3.0 RECOMMENDATIONS

- 3.1 *It is recommended that Members approve:*
- *the draft Business Plan for 2021/22; and*
 - *the draft budget required to administer the Cumbria LGPS of £6.467m for 2021/22 (which has been constructed in support of the activities outlined in the Draft Business Plan).*

4.0 BACKGROUND

- 4.1 *As part of good governance arrangements, and in accordance with Part 2(H) Section 2.2(j) of the Constitution, the Pensions Committee annually*

approves a business plan and associated budget for the following year. Additionally, the Committee reviews the half-year performance against both the business plan and the budget to ensure that items are on track for delivery.

DRAFT BUSINESS PLAN 2021/22

- 4.2 The purpose of the Cumbria LGPS annual Business Plan is to outline the Fund's goals and objectives, as well as providing an Action Plan for monitoring purposes in order to ensure these objectives are delivered. Much of the work undertaken is not confined to a single year time horizon and therefore each year's plan as well as looking forward to meet future requirements also builds on those prepared for earlier years.
- 4.3 The delivery of the 2021/22 business plan is set in the context of the continuing impact of COVID-19 on working arrangements, with the majority of staff still working from home, which despite the success of the vaccine rollout may continue for some months to come
- 4.4 The detailed Action Plan in support of the delivery of the Draft Business Plan for 2021/22 is attached at Appendix 1. This sets out the proposed key objectives that the Fund would seek to achieve during the year and the tasks required to ensure these objectives are delivered.
- 4.5 These key objectives have been categorised into the three main areas of activity - Pensions Administration, Investment Management and Oversight & Governance.
- 4.6 The key objectives are set out below with further details including actions to be taken to deliver each of the objectives being presented in Appendix 1.

Pensions Administration

- Appraise the impact of revised regulations arising from the resolution to the McCloud age discrimination case and the re-running of the cost cap process and implement any required changes to the scheme.
- Continue to improve pension administration arrangements for the benefit of all members and employers of the Fund.
- Continual improvement programme for the quality of data held by the Fund.
- Continue to monitor and improve employer data submission issues.
- Maintain effective communication and liaison with Fund employers to meet the data requirements of the Pensions Regulator.
- Continue with implementing Guaranteed Minimum Pension (GMP) reconciliations in accordance with HMRC guidelines.

Investment Management

- Investigate and implement suitable investment options to implement the Investment Strategy approved by Pensions Committee in December 2019 and revised in March 2021.
- Ensure that the interim asset allocation remains appropriate and monitor progress in moving towards the final target Investment Strategy.
- Liaise with Border to Coast Pensions Partnership Ltd to ensure that suitable opportunities are available within the pool for the Fund to transition to its amended investment strategy.
- Review the reporting requirements of the revised UK Stewardship Code (2020) with a view to the Fund reporting to the Financial Reporting Council (FRC) on the Stewardship of the Fund's assets for the 2020/21 fiscal year.
- Ensure that new Members to the Pensions Committee and/or Investment Sub Group receive full training in Fund investments.

Oversight & Governance

- Completion of the 2020/21 Cumbria LGPS Annual Accounts and Annual Report incorporating any new regulatory/technical changes.
- Assess the impact of and respond to consultations that will have an impact on the structure and performance of the Fund.
- Review of governance arrangements in response to financial, regulatory and structural changes.
- Review and update the Fund risks, policies and strategies.
- Review, measure and deliver training to Members and Officers as outlined in the Training Plan.
- Review the findings of the SAB's Good Governance in the LGPS review and implement any required improvements within the Cumbria Fund identifying resource implications of compliance with the new governance framework.

4.7 A copy of the draft business plan is presented as Appendix 1 to this paper.

DRAFT BUDGET 2021/22

4.8 The Draft Budget for 2021/22 attached at Appendix 2 details the total proposed cost of administering the Fund as being £6.467m, an increase of £0.430m compared to the previous year's budget. This is predominantly due to:

• Increased Pensions Administration (LPPA) costs	+ £0.156m
• Increased Investment Management and Custody fees	+ £0.265m
• Other budget movements	+ £0.009m
• Total Budget Variance from 2020/21 to 2021/22	+ £0.430m

Staffing

4.9 The draft 2021/22 staffing budget for Pension Services is £0.658m compared to £0.656m in 2020/21. It assumes that there will be no pay award in 2021/22 and reflects changes to employer national contribution thresholds. Employer contribution rates to the pension fund remain at 18.4% as determined at the 2019 actuarial valuation.

4.10 The budget includes a small increase in hours to reflect the increased workloads associated with the Fund's obligations to report on its approach to responsible investing (RI). This is a rapidly evolving area and Officers will keep it under close review to ensure that it continues to be appropriately resourced going forwards.

4.11 As part of the budget setting process, the proportion of time allocated to key activities has been reviewed and the budget adjusted accordingly. Specifically, the time spent on supporting the Local Pension Board has increased to reflect the additional governance support provided to the Board. Staffing costs are split across the Pension Fund budget as detailed below:

	2020/21 Draft Budget (£)	2021/22 Draft Budget (£)	Movement (£)
Administration:			
Employer Funding & Accounting	334,700	329,100	(5,600)
Oversight & Governance:			
Pension Board	35,000	45,300	10,300
Other Governance	286,200	283,100	(3,100)
Total Staff Budget	655,900	657,500	1,600

4.12 In recognition of the uncertainties surrounding the quantum and timing of change to the LGPS (including – as noted above – RI reporting requirements), Officers will keep the staffing complement under review during 2021/22. If it is identified that the Fund has insufficient capacity to respond appropriately then this will be reported to the Committee along with a proposed course of action to address the matter.

Administration

- 4.13 The administration of the Fund is undertaken through a delegated arrangement with Lancashire County Council by Local Pensions Partnership – Administration (LPPA).
- 4.14 The budgeted cost per member for LPPA has increased from £21.30 in 2020/21 to £24.05 in 2021/22 resulting in an increase in the cost of this service to the Fund of £0.156m. This increase is due to higher costs within LPPA arising from additional scheme complexity, enhanced technology and improved customer service processes.
- 4.15 Continued work is required to undertake GMP reconciliations for the Fund's active members and LPPA have advised the cost for this in 2021/22 as being £0.016m – a £0.009m reduction on the cost in 2020/21 reflecting that this work is drawing to a conclusion.

Investment Management

- 4.16 The budget for Fund management fees (including Border to Coast Pensions Partnership Ltd (BCPP) investments and investments held by other managers) is recommended to be increased from £3.644m in 2020/21 to £3.970m in 2021/22 - an increase of 8.9%. This increase is primarily due to an increase in assets held by the Fund which attract direct management fees. These investments have increased from £1,721m in 2020/21 to £1,877m in 2021/22 – an increase of 9.1%.
- 4.17 When assessing the costs of investment manager fees it must be recognised that as these are based on the performance of the Fund, if actual performance of the portfolio is greater than originally projected, the investment manager fees will exceed budget. The budget for individual managers is presented in a Part 2 appendix to this report.
- 4.18 Further details of these costs are presented in a Part 2 Appendix to this paper.
- 4.19 Custody fees are projected to reduce in 2021/22 from £0.100m to £0.040m primarily as a result of (a) custodian services being retendered during 2020/21, (b) the transition away from segregated managed portfolios to the pooled equity investments with BCPP, and (c) the 2021/22 budget more accurately reflecting the split between custody and performance monitoring costs (as noted at 4.22 below).

Oversight & Governance

- 4.20 The Oversight & Governance budget is recommended to be increased from £0.662m in 2020/21 to £0.686m in 2021/22 – an increase of £0.024m (3.7%).
- 4.21 Investment consultancy fees are forecast to reduce by £0.016m from £0.123m to £0.107m due to a review of projected activity in 2021/22.

- 4.22 Whilst custodian fees are forecast to reduce in the 2021/22 as noted in 4.19, the budget for performance monitoring has increased (from £0.022m per annum to £0.030m in 2021/22) and other performance monitoring costs (£0.015m) are shown separately for the first time in the 2021/22 budget to more accurately reflect the cost of these services to the Fund.
- 4.23 No costs associated with either the 2019 valuation or the forthcoming 2022 valuation are expected to be incurred in 2021/22. The majority of costs associated with the 2022 budget will be incurred in 2022/23.
- 4.24 In 2020/21, external audit costs of £0.031m exceeded the budget of £0.021m due to additional work undertaken during the process of the 2019/20 audit. This was due in the most part to additional work arising as a result of the COVID-19 pandemic. The draft 2021/22 budget includes an estimate from Grant Thornton for the total cost of audit fees in the year of £0.035m (an increase of £0.014m in comparison with the budget for 2020/21). This reflects the increased quality and depth of audit work required in response to recent Financial Reporting Council (FRC) findings and the Redmond Review.

5.0 OPTIONS

- 5.1 Members are recommended to approve the draft business plan and associated budget for 2021/22.
- 5.2 Alternatively, Members may request Officers to undertake work different from that outlined in the business plan and adjust the budget accordingly.

6.0 RESOURCE AND VALUE FOR MONEY IMPLICATIONS

- 6.1 Resource and value for money implications are mentioned throughout this report.
- 6.2 When assessing the costs of investment manager fees, it must be recognised that these are based on the performance of the fund. If actual performance of the portfolio is greater than originally projected, the investment manager fees are liable to exceed the approved budget.
- 6.3 Costs of administrating the Cumbria LGPS will have a direct impact on the funding level of the Scheme which in turn affects the rate of employers' contribution.

7.0 LEGAL IMPLICATIONS

- 7.1 Under Part 2H of the Constitution 2.2 (j) provides it is a function of the Pensions Committee prior to the commencement of the financial year to approve an annual business plan and associated budget for that year to cover all matters of expenditure to be charged to the Pension Fund and to review performance against this throughout the year.

8.0 CONCLUSION

- 8.1 Active performance management and strong governance are required to provide an efficiently managed Pension Fund. The Members as de facto Trustees of the Fund have a statutory duty to ensure activities are in place to deliver these requirements. This requires trained Members with the required skills and experience to function as a group with appropriate support from qualified Officers and Specialist Advisors.
- 8.2 Active management through setting, reviewing and monitoring against a detailed Business Plan and Budget are essential to achieve a robust governance and performance framework.

Julie Crellin
Director of Finance (Section 151 Officer)

16th March 2021

APPENDICES

Appendix 1 Draft Business Plan 2021/22

Appendix 2 Cumbria LGPS 2021/2022 Draft Budget

Electoral Division(s): All

Executive Decision	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/> No
Key Decision	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/> No
If a Key Decision, is the proposal published in the current Forward Plan?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/> N/A
Is the decision exempt from call-in on grounds of urgency?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/> No
If exempt from call-in, has the agreement of the Chair of the relevant Overview and Scrutiny Committee been sought or obtained?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/> N/A
Has this matter been considered by Overview and Scrutiny? If so, give details below.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/> No
Has an environmental or sustainability impact assessment been undertaken?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/> N/A
Has an equality impact assessment been undertaken?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/> N/A

N.B. If an executive decision is made, then a decision cannot be implemented until the expiry of the eighth working day after the date of the meeting – unless the decision is urgent and exempt from call-in and necessary approvals have been obtained.

PREVIOUS RELEVANT COUNCIL OR EXECUTIVE DECISIONS

No previous relevant decisions.

REPORT AUTHOR

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Appendix 1 - 2021/22 Draft Business Plan

Objective	Why	How – 2021/22 Draft Business Plan
1. Pensions Administration		
1.1 Appraise the impact of revised regulations arising from the resolution to the McCloud age discrimination case and the re-running of the cost cap process, and implement any required changes to the Scheme.	<p>In 2019, the Supreme Court denied the government leave to appeal the findings of an employment tribunal related to age discrimination in two separate public sector pension schemes.</p> <p>MHCLG have consulted on a proposed resolution to the age discrimination and revised LGPS Regulations are expected during 2021/22.</p> <p>Following the agreement of the McCloud remedy the cost management process (or ‘cost cap process’) will be re-run to incorporate the relevant costs of the remedy and determine if further changes to the scheme regulations are required.</p> <p>Cumbria Local Government Pension Scheme (Cumbria LGPS, or the Fund) officers will continue to monitor the resolution and amendments to regulations to ensure that the Fund continues to provide an accurate pension scheme for its scheme members.</p>	<p>Officers will review the resolution to the McCloud case and subsequent cost cap process.</p> <p>Officers will liaise with employers and Local Pension Partnership - Administration (LPPA) to ensure the Fund has the capacity and information required to comply with any amendments to regulations.</p> <p>Pensions Committee and the Local Pension Board will be briefed on any amendments and the impact this may have on the Fund.</p>

Objective		Why	How – 2021/22 Draft Business Plan
1.2	Continue to improve pension administration arrangements for the benefit of all members and employers of the Fund.	Provision of a high quality pensions benefits service to current active members, deferred members and pensioners/dependents is crucial to the Fund.	Continue working closely with Lancashire County Council for the provision of administration arrangements. Review, and challenge the performance of LPPA through robust monitoring of key pensions administration indicators. Work with LPPA to consider ways to improving member communication/roadshows and support provided to employers.
1.3	Continual improvement programme for the quality of data held by the Fund.	It is important that data held by the Fund is complete and accurate. This is a requirement of data protection regulations and can have a material effect on the outcome of the actuarial valuation. Poor quality data can also lead to additional costs at the time of the valuation.	The Fund retains a dynamic data improvement plan which is updated regularly to identify the actions being taken to improve scheme member data. Progress against the plan is reported to Local Pension Board on a quarterly basis.
1.4	Continue to monitor and improve employer data submission issues.	The Pensions Regulator Code of Practice sets out the importance of complete and accurate records and states that Scheme Managers must ensure that member data across all membership categories is complete and accurate.	Close monitoring of the employer data submission process by officers including: <ul style="list-style-type: none"> • Quarterly meetings of operational officers to determine compliance with regulations. • Review and reconciliation of monthly data records submitted by employers. • Where breaches of law have occurred, this may be reported to the Pensions Regulator and scheme members of the employer may be informed of the breach.

Objective		Why	How – 2021/22 Draft Business Plan
1.5	Maintain effective communication and liaison with Fund employers to meet the data requirements of the Pensions Regulator.	Communication with Fund employers is vital to ensure that the Fund receives the information required in a timely manner. The Pensions Regulator (tPR) Code of Practice sets out the importance of complete and accurate records and states that Scheme Managers must ensure that member data across all membership categories is complete and accurate.	Details of how the Fund communicates with employers are set out in the Fund's Communications Policy. In addition to standard communications (e.g. email circulars, website, surgeries) Fund officers and LPPA will continue to work closely with employers to support them in the development of processes to deliver the required data.
1.6	Scheme reconciliation - GMP (Guaranteed Minimum Pension).	To meet guidance issued by tPR, HM Revenue & Customs (HMRC), or Local Government Pensions Committee (LGPC), and avoid erroneous liabilities being assigned to the Cumbria Fund.	Stage 3 of the data comparison between HMRC data and LPPA records, investigation and correction of variances.

Area	Why	How – 2021/22 Draft Business Plan
2. Investment Management		
2.1	Investigate and implement suitable investment options to further implement the Investment Strategy approved by Pensions Committee in December 2019 and revised in March 2021	<p>In December 2019 the Pensions Committee approved an amended investment strategy aimed at delivering the actuarially expected return whilst also:</p> <ul style="list-style-type: none"> • seeking to provide greater stability of contributions for employers through reducing volatility risk; • reducing the risks related to sudden material increases in inflation; and • accessing greater illiquidity premium (i.e. bonus).
		<p>In 2021/22, the Fund will continue with work to seek suitable solutions to implement the revised investment strategy. This will be undertaken in consultation with the Fund's Investment Advisors and in accordance with the Fund's Investment Strategy Statement.</p> <p>Potential options will be presented to Investment Sub Group or the Pensions Committee in accordance with the investment limits as detailed in the Council's Constitution.</p>

Area	Why	How – 2021/22 Draft Business Plan	
	<p>This Strategy was reviewed in 2020 to ensure continued appropriateness in the current economic climate.</p>		
2.2	<p>Monitor progress in moving towards the final target Investment Strategy and keep its ongoing suitability under review.</p>	<p>The sustainability of the Fund depends on achieving its investment return expectations, and the actual asset allocation needs to reflect the strategy has been set to best achieve this.</p>	<p>The Investment Sub Group receive reports on a quarterly basis, and can support tactical asset allocation decisions within the Terms of Reference of the group.</p>
2.3	<p>Liaise with Border to Coast Pensions Partnership Ltd (BCPP) to ensure that suitable opportunities exist within the pool for the Fund to transition to its amended Investment Strategy.</p>	<p>The Fund is required to work with BCPP and other Partner Funds to ensure that appropriate investment opportunities exist within the company such that Cumbria’s investment strategy can continue to be implemented.</p>	<p>The Fund will continue to actively engage in the development of investment opportunities within BCPP through Members, officers and Advisors and with both BCPP and the other 10 Partner Funds of the company.</p>
2.4	<p>Review the reporting requirements of the revised UK Stewardship Code (2020) with a view to the Fund reporting to the Financial Reporting Council (FRC) on the Stewardship of the Fund’s assets for the 2020/21 fiscal year.</p>	<p>The Fund is a signatory to the FRC’s 2012 UK Stewardship Code which highlights to its stakeholders the importance which is placed on the stewardship of the Fund, including the responsible allocation, management and oversight of the Fund’s investments.</p> <p>The FRC’s 2020 Stewardship Code is a substantial revision and sets high expectations on those who invest money on behalf of scheme members with the</p>	<p>The Fund will review its policies and consider how these are actioned and the outcomes they generate to produce a report on the Stewardship activities of the Fund over the Reporting year 2020/21.</p> <p>The Fund will collaborate with the other Partner Funds and BCPP as appropriate, to review areas of commonality and to consider ‘best practice’ to identify any areas for improvement whilst managing the resourcing requirements of this process.</p>

Area		Why	How – 2021/22 Draft Business Plan
		emphasis being on the activities and outcomes of how the Fund creates long term value as well as sustainable benefits for the economy, the environment and society.	
2.5	Ensure that new Members to the Pensions Committee and/or Investment Sub Group receive full training in Fund investments.	To ensure that Members and Officers have the knowledge required to ensure the Fund provides a well governed and managed service. Investments are a very technical area, and new Members would need brought up to speed on why we have the investment strategy and the funding expectations.	The Fund will review the training needs of Members following the Council elections in May 2021.

Area		Why	How – 2021/22 Draft Business Plan
3. Oversight & Governance			
3.1	Completion of the 2020/21 Cumbria LGPS Annual Accounts and Annual Report incorporating any new regulatory/technical changes.	<p>This is a regulatory requirement.</p> <p>The Local Government England and Wales Accounts and Audit Regulations 2015 currently require that the Council's Statement of Accounts (which must – per the CIPFA Code of Practice – incorporate the Pension Fund Accounts) are approved by 31st July following the year end.</p> <p>The Local Government Pension Scheme (Administration) Regulations 2008</p>	<p>The annual accounts and annual report are completed in line with a detailed closedown timetable.</p> <p>To ensure that the accounts are completed in accordance with any new regulatory/technical changes officers attend specific training and produce both documents in line with current CIPFA guidance.</p> <p>The accounts are subject to audit by Cumbria LGPS's external auditor (Grant Thornton). Once</p>

Area	Why	How – 2021/22 Draft Business Plan	
	(as amended by Statutory Instrument No. 2011/561) require each administering authority to prepare an Annual Report for the Pension Fund and publish it before 1 st December following the year end.	approved the Annual Report is published on the Council's website.	
3.2	Assess the impact of and respond to consultations that will have an impact on the structure and performance of the Fund.	<p>Consultations may be issued by Government or other relevant body that may have an impact on the structure of the LGPS or potential performance of the Fund.</p> <p>The outcome of these consultations could have significant implications for Cumbria LGPS therefore it is important that timely, clear and well thought out responses are made by the Fund where appropriate.</p>	Officers will continue to be alert to future consultations and work with relevant experts (e.g. the Fund Actuary / Investment Advisors etc.) to draft a response and respond within the consultation deadline.
3.3	Review of governance arrangements in response to financial, regulatory and structural changes.	It is good practice to review governance arrangements to ensure they are up to date and appropriate.	<p>Officers will review and implement guidance issued by the Pensions Regulator, the Ministry of Housing, Communities and Local Government (MHCLG), CIPFA, the Scheme Advisory Board, the Fund's external auditor, the LGA etc.</p> <p>Changes to governance arrangements will be reported to Pensions Committee on a quarterly basis.</p>

Area		Why	How – 2021/22 Draft Business Plan
3.4	Review and update the Fund's risks, policies and strategies	<p>To ensure that Fund policy documents etc. including the Risk Register are up to date, appropriate and accessible to all stakeholders.</p>	<p>Reporting to Committee on a quarterly basis risks and other policies & strategies: ad hoc basis e.g. in response to changes in legislation etc..</p> <p>Review all documents published by the Fund to improve their accessibility with the intention of making them easier to read.</p>
3.5	Review, measure and deliver training to Members and Officers as outlined in the Training Plan.	<p>To ensure that Members and Officers have the knowledge required to ensure the Fund provides a well governed and managed service, i.e. to ensure:</p> <ul style="list-style-type: none"> • The Fund is managed and its services delivered by people who have the appropriate and up to date knowledge and expertise; • Those persons responsible for governing the Fund have sufficient expertise to be able to evaluate and challenge the advice they receive, ensure their decisions are robust and well based, and manage conflicts of interest; and • The Fund and its stakeholders are aware of and understand their roles and responsibilities under the LGPS regulations and in the delivery of the administration functions of the Scheme. 	<p>An annual training needs assessment is undertaken to assess the skills gaps of the Pensions Committee, Pensions Board and Officers.</p> <p>This information informs the development of the Fund's training plan which is approved and formally reviewed by the Committee at least annually.</p> <p>The Pension Board are responsible for establishing their own training plan and identifying their individual training needs however Board members will be invited to attend the Member and Officer training and development sessions outlined in the 2021/22 training plan.</p>

Area	Why	How – 2021/22 Draft Business Plan
<p>3.6 Review the findings of the SAB's Good Governance in the LGPS review and implement any required improvements within the Cumbria Fund.</p>	<p>In February 2021, the SAB released its final report on Good Governance in the LGPS subject to MHCLG approval. MHCLG are expected to regulate to require Funds to implement the findings of the review.</p> <p>In addition to ensuring compliance with these regulations, it would also be good practice to implement these findings and improve governance within the Fund.</p>	<p>Officers will review the findings of the Good Governance in the LGPS Review and prepare an action plan to be presented to Pensions Committee setting out what changes to the governance of the Fund are required to comply with the findings of the report, and a timescale for their implementation.</p>

Appendix 2 - 2021/22 Draft Budget

	2020/21 Budget (£)	2021/22 Draft Budget (£)	Movement (£)
Administration			
1 - Pensions Administration			
Administration Collaborative Arrangements	1,239,200	1,394,900	155,700
GMP Costs	25,000	15,700	(9,300)
2 - Employee Costs			
Staffing & Accommodation - Employer Funding & Accounting	334,700	329,100	(5,600)
Training & Travel	2,000	2,000	0
3 - Legal Advice			
Legal Fees on Employer Issues	30,000	30,000	0
Administration Total	1,630,900	1,771,700	140,800
Investment Management			
1 - Fund Management Fees (excluding Border to Coast)	761,410	748,300	(13,110)
2 - Fund Management Fees - Border to Coast	2,883,000	3,221,200	338,200
3 - Custody Fees	100,000	40,000	(60,000)
Investment Management Total	3,744,410	4,009,500	265,090
Oversight & Governance			
A - Employee Costs			
Staffing & Accommodation - All other Governance	286,200	283,100	(3,100)
Staffing & Accommodation - Cumbria Pension Board	35,000	45,300	10,300
Training & Travel	2,000	2,000	0
B - Pension Fund Committee			
Border to Coast Joint Committee	2,500	3,600	1,100
Training & Travel	3,000	3,000	0
Subscriptions and Skills training	12,000	15,000	3,000
C - Pension Board			
National Scheme Advisory Board	9,000	10,500	1,500
Training & Travel	3,000	3,000	0
Specialist Advice & Work	5,000	5,000	0
D - Investment consultancy fees			
Independent Advice Pension Committee	36,000	30,000	(6,000)
Professional Advice - ISG & Strategy	40,000	40,000	0
Professional Advice - Pooling / Transition Management	47,000	37,000	(10,000)
E - Performance monitoring service			
Custodian Performance Monitoring	22,000	30,000	8,000
Independent Performance Monitoring	0	14,600	14,600
F - Shareholder voting Service			
Shareholding Voting Costs	9,000	10,000	1,000
G - Actuarial fees			
Actuarial Valuation	10,000	0	(10,000)
Actuary Fees - General	120,000	120,000	0
Actuary Fees - Recharged to Employers	(86,000)	(86,000)	0
H - Audit fees			
External Audit	21,000	35,000	14,000
Internal Audit	4,000	4,000	0
I - Legal & Tax			
Class Action Recovery	12,000	12,000	0
Tax Reclaim Legal Fee	20,000	20,000	0
Investments	15,000	15,000	0
J - Other (including bank charges)			
Bank Charges	4,000	4,000	0
Other Fees & Expenses	30,000	30,000	0
Oversight & Governance Total	661,700	686,100	24,400
Grand Total	6,037,010	6,467,300	430,290