



Westmorland
& Furness
Council

**Cumbria
Pension
Fund**

Cumbria Pension Fund Annual Report 2024/25

1 December 2025



Cumbria Pension Fund Annual Report 2024/25

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Foreword by Cllr Doug Rathbone - Chair of Cumbria Pensions Committee

As the Chair of the Pensions Committee of the Cumbria Local Government Pension Scheme (“the Fund”) it is my pleasure to present, on behalf of my fellow Committee Members, the Annual Report for 2024/25.

2024/25 has been a busy year for the Local Government Pension Scheme. I’m pleased to report that Cumbria Pension Fund remains in a strong position to respond to the challenges of managing a complex pension fund in uncertain geopolitical and economic conditions.

This Annual Report summarises some of the key activities throughout the year and highlights some of the challenges ahead.

Fund Membership:

The Fund provides a pension scheme for over 67,000 scheme members, including the payment of pension each month to almost 21,000 pensioners.

The number of employers within the Fund decreased during the year from 120 to 109 largely due to the consolidation of some school Academies into larger Multi Academy Trusts.

Administration:

The Fund’s pensions’ administrator, Local Pensions Partnership - Administration (LPPA), completed 98.1% of pension administration activities within the agreed timeframes throughout 2024/25, exceeding the agreed performance target of 95%. Whilst LPPA performance continues to improve, there remain some challenges associated with the processing of pension activities.

I am pleased therefore that, during the year, LPPA commenced reporting on the scheme member retirement journey detailing the number of scheme members who received payment of their pension

within 30 days of their retirement. This information has helped the Fund to recognise the importance of employers advising LPPA of imminent retirements in a timely way. Throughout the year, LPPA were given at least 30 days notice of retirement in only 37% of cases resulting in delays between the date of retirement and when the scheme members pension could be first paid. Improving this performance will be a key area of work for the Fund with its employers throughout 2025/26.

The Fund continues to provide rigorous challenge and support to LPPA to strive for a high quality pension administration service for its scheme members and employers.

Investments:

During 2024/25, the Pensions Committee built on its new Responsible Investment Strategy by reviewing and amending its Investment Strategy and later in the year undertook a further review on the equity holdings within the Fund’s asset allocation.

The year ending 31 March 2025 saw the Fund deliver a return on its investments of +2.6% during 2024/25 with the overall value of its assets increasing to £3.5 billion. This was during a volatile period for financial markets which have been affected by geopolitical events, national political changes and a period of high inflation.

The Fund is primarily focussed on long term returns with average annual returns over the past 10 years of +6.0% having been achieved. This average return has exceeded its benchmark of 5.8%.

Throughout the year, the Fund has continued with its strategy to transition assets to its pooling partner, Border to Coast Pensions Partnership (BCPP) including the transition of its directly held property portfolio to the pool. The total of the Fund's assets that were either directly invested with BCPP or under pool management at 31 March 2025 was approximately 63% of the Fund's total portfolio - an increase from 57% at March 2024. In line with the Government's 'Fit for the Future' requirements, we are working to bring all Fund assets to be either managed by or under the management oversight of BCPP by 31 March 2026.

Oversight & Governance:

The Pensions Regulator has issued a consolidated General Code of Practice for Pension Funds. The Fund has assessed its compliance to this Code and developed an action plan to respond to those areas of partial or non-compliance. I am pleased to report that the Fund was 96% compliant with the Code by March 2025 with a clear plan to address the final remaining areas on the action plan. I was also pleased to note that the Fund is compliant with all the mandatory aspects of this Code. This demonstrates the sound governance arrangements within the Cumbria Pension Fund giving assurance as to the Fund's ability to respond appropriately to the challenges ahead.

Public Sector Pension Schemes are required to connect to the national Pensions Dashboard programme by 31 October 2025. Throughout 2024/25 the Committee and Local Pension Board were appraised of the good progress being

made to deliver on this important future tool for scheme members.

The Fund has, once again, received confirmation from the Financial Reporting Council (FRC) as being a signatory to the Stewardship Code. This recognises the Fund's commitment to the responsible allocation, management and oversight of capital to create long-term value for the Fund leading to sustainable benefits for the economy, the environment and society.

National Pensions Review

In April 2025, it was announced that the Fund's pooling partner, Border to Coast Pensions Partnership (BCPP) was aligned with meeting the Government's vision for the future of LGPS pooling. However, with two of the eight pools in England and Wales not deemed to be meeting this vision, 21 other LGPS Funds have been directed to find a new pooling partner, and seven of these funds will join BCPP in the future. It will be a role of the Pensions Committee to ensure that the Cumbria Pension Fund continues to operate for the benefit of its scheme members and employers throughout this period of transition for the wider LGPS.

And finally:

Finally, I would like to convey the Committee's thanks to the Cumbria Local Pension Board and staff involved in administering the Cumbria LGPS as well as LPPA, BCPP, and our advisors for their work during the year in supporting the management and beneficiaries of the Fund.

Doug



1. Introduction

This Annual Report of Cumbria Local Government Pension Scheme (“the Fund”) for 2024/25 has been prepared in accordance with regulation 57 of the Local Government Pension Scheme Regulations 2013, and complies with the Scheme Advisory Board (SAB) guidance published in April 2024 for the production of Local Government Pension Scheme Annual Reports.

This report was published on the Fund’s website www.cumbriapensionfund.org on 1 December 2025 in compliance with the LGPS Regulations.

It is a statutory requirement that the following documents must be included in the annual report:

- funding strategy statement
- investment strategy statement
- governance compliance statement, and
- communications policy

In accordance with SAB guidance, **Appendix 2** provides links to the version of these documents that were relevant at 31 March 2025. Additionally, should details of the Fund’s current policies be required, these are available on the Fund’s website.

2. Fund Management

Introduction

GOOD TO KNOW:

12% of the Cumbrian electorate are members of the Cumbria Pension Fund.

Cumbria Pension Fund (“the Fund”) provides a Local Government Pension Scheme for over 67,000 scheme members and on behalf of 109 employers. The Fund invests assets with a value in excess of £3.4 billion to ensure that pensions can be paid now and into the future.

The Fund would like to thank all those involved in supporting the management of the Cumbria Pension Fund. Details of senior officers, independent advisors, the Fund’s asset pool, investment managers, pension administrator and other suppliers and advisors are listed below:

Fund Management and Advisors		
Senior Officers responsible for the Fund during 2024/25	Pam Duke	Director of Resources (Section 151 Officer)
	Peter George (to June 2024)	Acting Senior Manager – Cumbria Pensions Fund (Deputy Section 151 Officer - Pensions)
	Kate McLaughlin-Flynn (from June 2024)	Senior Manager – Cumbria Pension Fund (Deputy Section 151 Officer – Pensions)
	pensions@westmorlandandfurness.gov.uk	
Asset Pool and Operator	Border to Coast Pensions Partnership Ltd: www.bordertocoast.org.uk	
Custodian	Northern Trust Corporation: www.nt.rs.com	
Actuary	Mercer Ltd: www.mercer.com	
AVC Providers	Prudential:	corporate.pension.enquiries@mandg.com
	Scottish Widows:	www.scottishwidows.co.uk
	Standard Life:	www.pheonixwealth.co.uk
	Utmost Ltd:	www.utmost.co.uk

Fund Management and Advisors	
Legal Advisers	Westmorland and Furness Council Legal Services Eversheds Sutherland LLP Institutional Protection Services (IPS) / Labaton Sucharow (Class Actions)
Bank	National Westminster Bank PLC: www.natwest.com
Auditor	Grant Thornton UK LLP www.uk.gt.com
Pensions Administration (a delegated function from Westmorland and Furness Council to Lancashire County Council)	Local Pensions Partnership Administration (LPPA): www.lppapensions.co.uk/contact/ Telephone: 0300 323 0260
Independent Advisors during 2024/25	Mrs Clare Scott (to July 2024) Giffordgate Ltd Mr Alistair Sutherland (Interim - from July 2024) Horizon Investment Advisory Ltd Mr Jonathan Hunt (from September 2024) Mr Louis-Paul Hill (September 2024 – March 2025) LPH Consulting
Performance Monitoring	Northern Trust Corporation: www.ntfs.com Local Authority Pension Performance Analytics (LAPPA): www.pirc.co.uk CEM Benchmarking: www.cembenchmarking.com

Investment Managers:		
Manager	Website	Core Asset Class
Abrdn Group (previously Aberdeen Standard Investments)	www.abrdn.com	Direct property
Apollo Global Management	www.apollo.com	Multi Asset Credit Fund
Aviva	www.avivainvestors.com	Long lease property Fund
Barings	www.baring.com	Private Loan Funds
BlackRock Investment Management		Private Equity Fund
Border to Coast Pensions Partnership Limited (BCPP)	www.bordertocoast.org.uk	UK, Overseas & Global Equities, Multi Asset Credit, Property, Private Equity, Infrastructure, Private Credit, Climate & UK Opportunities
CQS	www.cqsm.com	Multi Asset Credit Fund
HealthCare Royalty Partners	www.hcroyalty.com	Royalties Funds
Hearthstone Investments	www.hearthstone.co.uk	Residential Property Fund
JP Morgan	www.jpmorgan.com	Infrastructure Fund
Legal & General Investment Management (LGIM)	www.lgim.com	Global equities, Index-linked gilts
M&G	www.mandg.co.uk	Property Fund
Northern Trust	www.ntrs.com	Cash funds
Pantheon	www.pantheon.com	Private Equity Funds
Partners Group	www.partners.com	Infrastructure & Private Market Credit Funds
Patria (formerly SL Capital Partners)	www.patria.com	Private Equity Fund
SL Capital Partners (part of Abrdn Group)	www.abrdn.com	Infrastructure Fund
Unigestion	www.unigestion.com	Private Equity Funds

The Pension Fund is governed by the Cumbria Pensions Committee and Local Pension Board with further details provided in **Section 2** of this Annual Report. A key role of both the Pensions Committee and the Local Pension Board is to monitor and review significant risks faced by the Fund. The section below outlines the key risks identified by the Fund for 2024/25, the potential impact should these risk events happen and how these are mitigated.

Risk Management

Risk management is the process by which the Fund systematically identifies and addresses the risks associated with its activities and is a key element of good governance for any organisation.

The Fund retains an Internal Control and Risk Management Policy which details the structure of internal controls & risk management considerations that already exist in the processes officers undertake on a regular basis.

Risk Register

Significant risks identified by the Pension Fund are recorded in a risk register together with a scored assessment of the likelihood of the risk event arising and the impact that the risk may have on the Fund. The risk register also details actions taken to mitigate these risks and future planned actions to further mitigate the impact of the risk or the potential for it to occur. Risks are given a “red”, “amber” or “green” (RAG) rating depending upon the overall assessed risk score (likelihood score x impact score).

The risk register is a dynamic document within the Fund and is reviewed by both the Pensions Committee and Local Pension Board on a quarterly basis.

As at March 2025, there were 18 risks on the register, one risk being classified as “red”, as well as 5 “amber” risks and 12 “green” risks. Throughout the year, one risk was added to the register (an amber risk relating to Pensions Dashboards) and there were no risks removed. The red and amber risks are detailed further below.

Risk: Information Security Arrangements					
Likelihood:	3 “possible”	Impact:	5 “most severe”	Total Score and RAG Rating:	15 Red
Risk detail: There is a risk that the Council will experience a significant information security incident.					

This could be caused by a concerted cyber attack on Council or LPPA systems, inadequate information security arrangements, lack of training, awareness or human error.

This could result in partial or total interruption to service delivery to scheme members, scheme employers, Fund officers or LPPA with the disclosure of personal data or a data breach leading to financial penalties, liability claims and reputational damage.

Mitigations:

Cumbria Pension Fund:

- Westmorland & Furness Council maintains a detailed Corporate Risk Register including the risk associated with Information Security Arrangements. The Fund adheres to the controls and measures in place detailed within the Corporate Risk Register.

- All staff within the team have completed Information Security and Data Protection e-learning training which is renewed on an annual basis.

The Fund has assessed its cyber resilience against a cyber scorecard provided by AON and developed an action plan to address any areas for improvement, e.g. documenting key processes. Progress against the plan is monitored by the Local Pension Board.

Cumberland Council (as the Council providing ICT services to the Administering Authority) – Corporate Risk

- In the event of systems being interrupted, Cumberland Council, as the host for IT Services, will implement the relevant Business Continuity Plan to ensure service continuity in a timely manner.
- Information security controls within the Council have strengthened and have been independently assessed in the following areas through internal audits and annually through Public Services Network (PSN) accreditation.
- All National Cyber Security Centre (NCSC) configuration guidance is adhered to where appropriate and assured as part of the PSN process and all NCSC cyber monitoring tools are implemented.
- In the event of a Cyber Attack the Administering Authority will notify the appropriate government agencies including Action Fraud, National Cyber Security Centre (NCSC) and the Department for Levelling Up, Housing and Communities (DLUHC) and their guidance will be adhered to. The Fund would never make any payment to a third party claiming responsibility for breaching the Fund's security arrangements.
- Additionally, Cumberland Council continue to work proactively with the Northwest Warning and Reporting Point (NW WaRP) in Manchester.

Local Pension Partnership Administration (LPPA):

- Cyber security risks and controls in place. Networks are protected by fire walls to prevent unauthorised access. Intrusion Prevention Systems are in place and penetration tests are completed annually.
- Following the introduction of UPM (pensions administration software) services are backed up to the Cloud in Azure with the disaster recovery plan being tested twice yearly.
- In January 2025, LPPA were advised that it had been success in achieving its third year of Cyber Essentials Plus accreditation, which alongside their ISO 27001 accreditation (an international standard for information security), provides assurance on maintaining the highest levels of security for LPPA systems and data.

Reviews of administrative privileges & compliance to Multi Factor Authentication (MFA) Policies.

Risk: Pensions Administration Processes

Likelihood:	3 “possible”	Impact:	3 “moderate”	Total Score and RAG Rating:	9 Amber
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Risk Detail:

There is a risk of delays in scheme members entering into pension or receiving other services from the Fund in an untimely manner.

This could be caused by unsatisfactory service level performance LPPA, organisational restructure, personnel changes, the need for retraining or reduced staffing levels.

This could result in customer dissatisfaction with the service, reputational damage and breaches of law or regulations.

Mitigations:

- Formal agreement in place with Lancashire County Council for the discharge of pension administration functions through Local Pensions Partnership Administration (LPPA). This confirms Lancashire will exercise the same skill, care and diligence they would apply to the discharge of their own functions in relation to the administration of pensions.
- Formal monthly meetings of LPPA and Cumbria LGPS officers to review and consider standards of service provision against LPPA internal performance targets. LPPA have demonstrated sustained improvements in service delivery over the past 12 months, however officers continue to closely review LPPA performance specifically with regard to the experience received by scheme members to strive for an excellent pension scheme for all members.

- Regular (at least quarterly) meeting of operational group and ongoing dialogue with officers at LPPA throughout the year. LPPA host an annual Client Forum providing officers the opportunity to engage with representatives from other Funds. The last meeting was held in September 2023.
- A Senior Manager from LPPA attends all Cumbria Local Pension Board meetings and provides an update on performance and areas for development.
- LPPA advise officers of any internal audits undertaken that impact upon the Cumbria Fund and any actions taken to address key findings from the audits.
- LPPA also maintains its own internal audit programme and advise officers of the findings of these reports.

Risk: Pensions Dashboards

Likelihood:	3 “possible”	Impact:	3 “moderate”	Total Score and RAG Rating:	9 Amber
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Risk Details:

There is a risk that the Fund may fail to comply with the Pension Dashboard connection timeframe of October 2025.

This could be caused by the Fund holding inaccurate data or that its data is not available through an appropriate dashboard for the implementation of the scheme.

This could result in Scheme Members not being able to access information through a dashboard and the Fund not complying with regulation.

Mitigations:

- LPPA have developed a project plan to ensure that client Funds (including Cumbria Pension Fund) are compliant with the Pension Regulator’s connection timeframe for launching dashboards in the public sector of 31 October 2025.
- LPPA have selected the dashboard managed by Civica as its Integrated Service Provider and are currently working with them on how this will be implemented.

Risk: Impact of Geo-Political Events

Likelihood:	3 “possible”	Impact:	3 “moderate”	Total Score and RAG Rating:	9 Amber
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Risk Details:

There is a risk that geo-political events may create turbulence in the investment markets and negatively impact on assumptions used by the actuary as part of the

2025 valuation which, in turn, could impact onto employer contribution rates payable to the Fund.

This could be caused by global market turbulence having a significant negative effect on the Funding Value of the Fund and individual employers or by a review of assumptions used by the Actuary in calculating the 2025 valuation.

This could result in employer contribution rates increasing at the 2025 valuation or the Actuary proposing a mid-term adjustment to contribution rates before the 2025 valuation.

Mitigations:

- In order to protect Fund solvency and the affordability of employer contribution rates, the Fund seeks to dampen investment risk and deliver stable investment returns over the longer-term by investing in a diverse portfolio of assets.
- The Fund's direct holdings in areas of the world experiencing armed conflict are low (<1%) however it is recognised that these conflicts may impact more widely on global investment markets, e.g. due to the impact on fuel and food prices.

Risk: Inflation

Likelihood:	3 "possible"	Impact:	3 "moderate"	Total Score and RAG Rating:	9 Amber
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Risk Details:

There is a risk that increased inflation may impact on liabilities which could impact onto employer contribution rates payable to the Fund.

This could be caused by a forecast of sustained high levels of inflation both in the UK and globally having a significant negative effect on the Funding Value of the Fund and individual employers or by a review of assumptions used by the Actuary in calculating the triennial valuation.

This could result in employer contribution rates increasing at the 2025 valuation or the Actuary proposing a mid-term adjustment to contribution rates before the next valuation.

In addition, there is a risk of divergence between assumed inflation in the actuary's assumptions and actual inflation in the years following the 2025 valuation. This would have the effect of increasing the Fund's liabilities, thereby potentially impacting the funding position as well as the knock-on potential impact on employer contributions at or prior to the next valuation.

Mitigations:

- Investment strategy reviews held at least every three years consider inflation risks and protection from different asset classes. Index-linked gilts

provide protection. Some other assets have some inflation linkage e.g. property, infrastructure and debt.

- Investment strategy is very diversified.
- Actuarial valuation uses discount rate linked to inflation to reduce short-term volatility of funding level and employer contributions.
- Quarterly funding updates and regular liaison with Actuary.

Risk: Climate Change

Likelihood:	3 "possible"	Impact:	4 "moderate"	Total Score and RAG Rating:	12 Amber
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Risk Details:

There is a potential for climate change to impact global financial markets and investment assets, impacting the value and investment performance of the Fund.

Climate change risk can be grouped into two categories:

- Physical risks arising from changes in weather that impact on the economy; and
- Transition risks arising from the transition to a low carbon economy.

Both of these could result in:

- Financial market performance being less than expected and / or underperformance from the Fund's investment managers; and
- Societal and economic shifts towards a low-carbon future, which can be linked to policy and regulatory changes, technological risks and stranded assets – and ultimately lead to reputational and legal risks for the Fund.

This could result in a material increase in employer contributions at the next triennial valuation.

Mitigations:

- The Fund's Investment Strategy Statement (ISS) and Stewardship Report set out how the Fund incorporates Environmental, Social and Governance (ESG) factors including climate change into the investment process.
- ESG factors, such as climate change can have a material impact on the value of financial assets in the long term. Being a responsible investor and incorporating ESG factors into investment decisions can help to improve the long-term value for investors.
- The Fund considers it appropriate to have a diverse portfolio of assets that can maximise return whilst seeking to mitigate investment risks and it believes that the best way to be a responsible investor and to influence policy change is not through divestment or boycotting specific sectors but through active engagement.

Full details of the risk register as at March 2025, including all risks covering pensions administration, investment (including pooling), and Fund governance are available in the Pensions Committee report from 10 March 2025 available [here](#) from page 109.

Investment Risk

The Cumbria Fund has a diversified investment portfolio which has been developed in consultation with expert investment advisors and the Fund's Independent Advisors. This spreads the risk associated with any particular form of investment whilst facilitating the growth potential of the Fund.

The detailed selection and timing of investment purchases and sales within each portfolio is delegated to the Fund's investment managers to complete within the boundaries of the investment strategy.

The method of measuring manager performance is specific to each investment or mandate (i.e. it will take into account factors such as the type of asset, whether it is a passive or actively managed portfolio and availability of relevant benchmarks) and is detailed in the relevant prospectus or Investment Management Agreement. Managers' performance targets are set to balance exposure to risk and required performance. Their performance against target is monitored throughout the year and reported to the Investment Sub Group (ISG) and Pensions Committee every quarter.

GOOD TO KNOW:

Cumbria Pension Fund has been shortlisted for the 2025 LGC Investment Awards in the Small Fund of the Year category.

Additionally, Ally McGuinness, Finance Manager – Pensions Administration, has been shortlisted in the Outstanding Contribution category.

Financial Instruments Risks

In addition to the risks detailed in this section of the Annual Report, note 14 to the Annual Statement of Accounts (**Section 5** and **Appendix 5**) details the nature and extent of risks arising from financial instruments.

The Pension Fund maintains positions in a variety of financial instruments including bank deposits, equity instruments, fixed interest securities etc. This exposes it to a variety of financial risks including credit and counterparty risk, liquidity risk, market risk, and exchange rate risk. These risks are a function of investing and cannot be completely avoided. They are however closely monitored and where possible appropriate mitigation methods are used to limit the Fund's exposure.

The following table, as presented in note 14 of the Annual Statement of Accounts, presents a summary of financial risks to provide an overview of the different types of risks that apply



to the asset categories held by the Fund with the corresponding values of those assets to provide context.

Summary of Financial Risks	Credit Risk	Market Risk				2023/24 £'000	2024/25 £'000
		Foreign Exchange	Interest rate	Liquidity	Other risks		
UK Equities	●	●	●	○	●	161,930	66,165
Overseas Equities	●	●	●	○	●	1,157,857	1,125,369
Index Linked Gilts	○	○	●	○	●	445,233	498,387
Property *	●	○	●	●	●	157,675	3,625
Alternative Investments	●	●	●	●	●	1,422,322	1,728,868
UK Cash	●	○	●	○	●	52,854	42,758
Overseas Cash	●	●	●	○	●	4,633	8,090
Total Investments at Fair Value						3,402,504	3,473,262

In the above table the risks noted effect the asset class either:

○ Minimally ● Partially ● Significantly

* Property is not a Financial instrument, it has been included above to provide a complete picture of investment assets.

Third Party Risks

Employers:

- Pension contribution payments from employers are monitored on a monthly basis. Late payments constitute a breach of regulatory obligation by the employer. Where such a breach occurs, this is reported to both the Pensions Committee and the Local Pension Board. Where the breach is considered to be materially significant, this will be reported to The Pensions Regulator. No material breaches were identified in 2024/25. The Fund will take any appropriate action necessary to protect other employers in the Scheme including (but not being limited to) charging interest on the late payments, claiming outstanding payments from the employer's guarantor (if appropriate) or terminating the employer's participation in the Scheme.

Third party service providers:

- Significant emphasis is placed on undertaking robust due diligence work at the selection stage on the governance arrangements of prospective third parties such as investment managers and core service providers (such as the Fund's Custodian and Actuary). Once appointed, third party organisations are monitored on an ongoing basis throughout the year through mechanisms such as quarterly client review meetings focusing on both past performance and future plans and expectations.

3. Governance & Training

Introduction

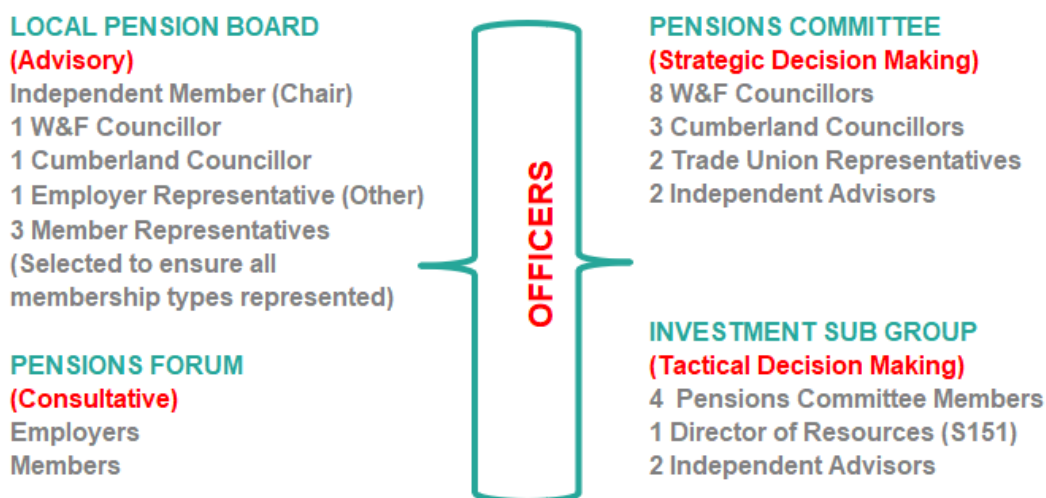
Governance in the public service context is the leadership, direction and control of public service organisations to ensure they achieve their agreed aims and objectives, and in doing so serve the public's best interests. As well as being a legal requirement, good governance leads to effective management and robust stewardship of public money. As such, the governance structures and processes for the Fund are designed to comply with relevant regulatory requirements whilst also seeking to deliver effective oversight and accountability.

The Governance Policy Statement, which includes the Fund's Governance Compliance Statement (see **Appendix 2**), sets out the roles and responsibilities of the different elements of governance, including how conflicts of interests are managed, risk management, and compliance reporting against a set of best practice principles. The following sections detail how the Fund has complied with this statement.

Governance Arrangements within the Cumbria Pension Fund

The sections and diagram below outline the key governance arrangements for Cumbria Pension Fund. These are detailed further in the Fund's Governance Policy Statement (**Appendix 2**) in accordance with Regulation 55 of the Local Government Pension Scheme Regulations 2013.

The Terms of Reference of the Cumbria Pensions Committee, Investment Sub Group and Cumbria Local Pension Board are published within the Westmorland and Furness Constitution (Part 2 Section 5.16/17), available at: [Westmorland and Furness Constitution](#).



Cumbria Pensions Committee

The Local Government Pension Scheme, unlike private pension schemes, does not have trustees but elected Members who perform similar duties to trustees. Westmorland and Furness Council, as Administering Authority for Cumbria LGPS, has the ultimate responsibility for administration of benefits under the scheme. Under section 101 of the Local Government Act 1972 Westmorland and Furness Council has delegated its functions as the Administering Authority to the Cumbria Pensions Committee (“the Committee”).

The Pension Fund has a legal obligation (its fiduciary duty) to invest its assets for the benefit of its scheme members and employers so it can fulfil the promise of paying pensions when they fall due. Members of the Committee are required to comply with this fiduciary duty and not compromise this with their own individual interests.

The Constitution of Westmorland & Furness Council specifies that the Pensions Committee should have 13 members (8 Westmorland & Furness Councillors, 3 Cumberland Councillors and 2 trade union representatives, one appointed by GMB and one appointed by UNISON).

The introduction to this report includes an Annual Report from the Chair of the Pensions Committee and gives a commentary on the work undertaken by the Committee during the year.

Cumbria Pensions Investment Sub Group

The Investment Sub Group (ISG) assists the Pensions Committee by monitoring investment performance and the progress of the implementation of the Fund’s chosen Investment Strategy, updating the Committee on investment performance and raising any areas of concern. Where appropriate ISG also give initial consideration to investment opportunities prior to approval by the Committee. This enables the Pensions Committee to be focused on the issues that add most value to the Fund.

The Investment Sub Group consider, and continually review the investment management structure for the Pension Fund and the establishment and review of performance benchmarks and targets for investment. The group also considered the detail of any regulatory changes to investment limits or national policy changes that are made in this area, reporting to the Pensions Committee on their findings and recommendations.

Cumbria LGPS Local Pension Board

The Cumbria LGPS Local Pension Board (“the Board”) is constituted under the Public Service Pension Act 2013 and the Local Government Pension Scheme (Amendment) (Governance) Regulations 2014. The Board’s role is to assist the Administering Authority to fulfil its functions in relation to all aspects of governance and administration of the Pension



Fund, including compliance with the LGPS regulations and the requirements of the Pensions Regulator. The Board has no remit as a decision making body.

The membership of the Board comprises of three scheme member representatives, three scheme employer representatives, and an independent Chair (non-voting).

The three scheme member representatives are selected to ensure all membership groups within the Cumbria Pension Fund (i.e. active, deferred and pensioner scheme members) are considered. The three employer representatives are allocated one to Westmorland & Furness Council, one to Cumberland Council, and one for all other employers in the Cumbria Pension Fund.

Appendix 1 to this report includes an Annual Report from the Chair of the Local Pension Board and gives a commentary on the work undertaken by the Board during the year.

GOOD TO KNOW:

In 2024/25 Cumbria Pension Fund responded to 14 Freedom of Information requests relating to the range of investments held by the Fund, climate policies and questions on the potential for divestment of the Fund's assets from fossil fuels and other sectors.

Advisors and Officers

The Committee, ISG and Board are supported by Westmorland and Furness Council's Director of Resources (S151 Officer), and the Council's Pensions Finance Team.

The Director of Resources (S151 Officer) has delegated authority to take all necessary action in respect of the Council's role in relation to the administration and operation of the Cumbria Local Government Pension Fund. This includes exercising the functions of the Administering Authority in its capacity as shareholder of BCPP Ltd and determining the Council's position as shareholder on decisions that are reserved to the shareholders.

Additionally, the Committee and ISG are supported by two independent advisors. During the year one of the independent advisors, Clare Scott (Giffordgate Limited), resigned and due to the other advisor having been unable to provide services since October 2023 due to illness an interim advisor was appointed, Alistair Sutherland (Horizon Investment Advisory). Jonathan Hunt and Louis-Paul Smith (LPS Consulting) joined the Fund in September 2024 and have complementary knowledge and experience of investments, actuarial matters and wider pensions issues. Louis-Paul Smith (LPS Consulting) subsequently left the Fund in March 2025 due to his appointment to another role which could potentially have created a conflict of interest.

Advice is also provided by Mercer Ltd as Fund actuary, Eversheds Sutherland LLP as legal advisors to the Fund, and by other experts where appropriate, e.g. for investment management services, specialist tax advice, etc. A full list of advisors supporting the Fund in 2024/25 is provided in **Section 2**.

Cumbria Pensions Forum

As part of the Fund's governance arrangements, the Fund engages with other stakeholders including employers and other interested parties through an annual Pension Forum. Further details of the Forum, including its Terms of Reference are detailed in the Governance Policy Statement (see **Appendix 2**).

The Pensions Forum meets annually and during 2024/25 met on 24 October 2024. The meeting provided an overview of the Fund's performance over the past year as well as an update from LPPA, as the Fund's pension administrator, on developments within their service. Additionally, an update was provided on the government's Pensions Investment Review and Fund's Investment Strategy and Responsible Investment policy as detailed in **Section 6**.

Membership and Attendance

Details of the membership of the Committee and Board, including their attendance at meetings during the year to 31 March 2025 are set out below.

Pensions Committee Membership and Attendance 2024/25:

Name	Council*	Role	Voting Rights	No. of Meetings Attended 24/25	% Attended
Cllr D Rathbone	W&F	Chair	Y	4/4	100%
Cllr G Archibald	W&F	Vice Chair	Y	2/4	50%
Cllr H Carrick (to Aug 2024)	W&F	Member	Y	0/1	0%
Cllr L Hall (from Aug 2024)	W&F	Member	Y	1/3	33%
Cllr A Coles	W&F	Member	Y	4/4	100%
Cllr A Connell	W&F	Member	Y	3/4	75%
Cllr J Murphy	W&F	Member	Y	4/4	100%
Cllr G Simpkins	W&F	Member	Y	4/4	100%
Cllr P Thornton	W&F	Member	Y	3/4	75%
Cllr B Cannon	Cumberland	Member	Y	1/4	25%
Cllr G Troughton	Cumberland	Member	Y	4/4	100%
Cllr J Mallinson (to Nov 2024)	Cumberland	Member	Y	0/2	0%



Name	Council*	Role	Voting Rights	No. of Meetings Attended 24/25	% Attended
Cllr G Ellis (from Nov 2024)	Cumberland	Member	Y	1/2	50%
T Barber	N/A	Union Rep - Unison	Y	2/4	50%
J Wear	N/A	Union Rep - GMB	Y	3/4	75%

* W&F = Westmorland and Furness Council
Cumberland = Cumberland Council

Reserve Members (and Committee meetings attended):

Cumberland Council		Westmorland & Furness Council	
Cllr C McCarron-Holmes	0	Cllr D Brook	0
Cllr G Mitchell	0	Cllr L Hall (to Aug 2024)	1
Cllr M Campbell-Savours (to Sept 2024)	0	Cllr H Carrick (from Aug 2024)	2
Cllr J Mallinson (from Nov 2024)	0	Cllr H Hodgson	1
		Cllr N Hughes (to Dec 2024)	2
		Cllr S Bavin (from Jan 2025)	0

Investment Sub Group Membership and Attendance 2024/25:

Name	Council	Role	Voting Rights	No. of Meetings Attended 2024/25	% Attended
Cllr D Rathbone	W&F	Chair	Y	5/5	100%
Cllr G Archibald	W&F	Vice Chair	Y	5/5	100%
Cllr B Cannon	Cumberland	Member	Y	5/5	100%
Cllr P Thornton	W&F	Member	Y	5/5	100%

Cumbria Local Pension Board Membership and Attendance 2024/25:

Name	Role	Voting Rights	No. of Meetings Attended 2024/25	% Attended
P Mulligan	Independent Chair	N	4/4	100%
K Thomson	Member Representative (Vice Chair)	Y	4/4	100%
K Wilson	Member Representative	Y	4/4	100%
A Quinn	Member Representative	Y	1/4	25%
G Capstick (to Oct 2024)	Employer Representative (Other)	Y	2/2	100%
Cllr A Semple	Employer Representative (Cumberland)	Y	3/4	75%
Cllr N McCall	Employer Representative (W&F)	Y	4/4	100%

Reserve Members (and meetings attended):

Scheme Employer Representative	Scheme Member Representative	
	R Akister (to Jan 2025)	0

Conflicts of Interest

Conflicts of interest are managed according to the Council's (as the Administering Authority of Cumbria LGPS Fund) Codes of Conduct. Members (i.e. of the Pensions Committee and the Local Pension Board) and officers of the Fund are required to observe the Council's Members' and Officers' Codes of Conduct respectively. The Codes are designed to promote and maintain high standards of conduct by Members and officers of the Fund across all activities including the stewardship of the Fund's assets. These are set out in the Council's Constitution and can be found at:

- **Members' Code of Conduct and guidance**
- **Officers' Code of Conduct (including conflicts of interest)**

In accordance with the Pension Regulator's General Code of Practice, during the year a written policy was developed specifically for the Pension Fund associated with the management of actual and perceived conflicts of interest. This policy is supplementary to the policies noted above and is fully compliant with the requirements of the General Code. It

was approved by the Pensions Committee on 10 December 2024 and can be found on the Fund's website at:

- [Cumbria Pension Fund Conflict of Interests Policy](#)

Training, Skills and Knowledge

A key component in the governance arrangements of the Pension Fund is ensuring that all Members of the Pensions Committee, Local Pension Board and officers have the relevant skills and knowledge to perform their respective duties effectively.

The Training Policy takes into account the requirements of:

- The Pensions Regulator's General Code of Practice
- CIPFA Knowledge and Skills Code of Practice and Framework
- CIPFA Principles of Investment Decision Making and Disclosure
- MiFID ii (Markets in Financial Instruments Directive).

This policy is reviewed annually to ensure it remains up to date with national guidance and regulatory changes. The Training Policy for 2024/25 was updated to ensure compliance with the Pension Regulator's General Code of Practice which came into effect from 27 March 2024.

The Fund conducts a 'Training Needs Assessment' on an annual basis to identify both group and individual knowledge gaps based on the CIPFA Knowledge and Skills Framework and the requirements of the Pension Regulator's General Code. This, together with the activities outlined within the Fund's annual business plan, informs the development of a Training Plan to be approved by Pensions Committee prior to the commencement of each financial year. The Training Plan may be amended during the year to reflect identified skills gaps or regulatory developments.

The 2024/25 Training Plan focussed on expanding both the general and LGPS-specific pensions knowledge and skills of the Pensions Committee Members and also included current developments like the Investment Strategy Review and the 'Next Steps for LGPS Pooling' consultation.

Details of the individual training sessions attended during 2024/25 are shown in **Appendix 3**. The table below gives a summary of attendance by Members of the Committee at training events throughout the year:

Name	Council	Role	No. of Events Attended
Cllr D Rathbone	W&F	Chair	9
Cllr G Archibald	W&F	Vice Chair	3



Name	Council	Role	No. of Events Attended
Cllr H Carrick	W&F	Member / Reserve Member	2
Cllr L Hall	W&F	Reserve Member / Member	4
Cllr A Coles	W&F	Member	2
Cllr A Connell	W&F	Member	0
Cllr J Murphy	W&F	Member	2
Cllr G Simpkins	W&F	Member	5
Cllr P Thornton	W&F	Member	2
Cllr B Cannon	Cumberland	Member	0
Cllr G Troughton	Cumberland	Member	1
Cllr J Mallinson	Cumberland	Member / Reserve Member	1
Cllr G Ellis (Part Year from Nov 2024)	Cumberland	Member	0
T Barber	N/A	Union Rep - Unison	2
J Wear	N/A	Union Rep - GMB	5
Cllr D Brook	W&F	Reserve Member	0
Cllr H Hodgson	W&F	Reserve Member	1
Cllr N Hughes (Part Year to Dec 2024)	W&F	Reserve Member	2
Cllr S Bavin (Part Year from Jan 2025)	W&F	Reserve Member	0
Cllr C McCarron-Holmes	Cumberland	Reserve Member	0
Cllr G Mitchell (Part Year to Sept 2024)	Cumberland	Reserve Member	0
Cllr M Campbell-Savours (Part Year Jun-Sept 2024)	Cumberland	Reserve Member	0

The table below gives a summary of attendance by Members of the Local Pension Board at training events throughout the year:

Name	Role	No. of Events Attended
P Mulligan	Independent Chair	3
K Thomson	Member Representative (Vice Chair)	1

Name	Role	No. of Events Attended
K Wilson	Member Representative	1
A Quinn	Member Representative	1
G Capstick (Part Year to Oct 2024)	Employer Representative (Other)	0
Cllr A Sample	Employer Representative (Cumberland)	0
Cllr N McCall	Employer Representative (W&F)	1
R Akister (Part Year to Jan 2025)	Member Representative (Reserve)	0

Oversight & Governance of Border to Coast Pensions Partnership

Border to Coast Pensions Partnership (“BCPP”) is the Fund’s chosen approach to meet Government’s requirement to pool investment assets in the LGPS in England and Wales. It is the Fund’s intention to continue to transition its assets to BCPP as and when suitable investment opportunities become available.

The Administering Authority is a 1/11th equal shareholder in BCPP with the other shareholders being 10 other LGPS funds (“partner funds”). The key mechanisms enabling the Fund to have appropriate oversight of the company and hold it to account, so as to ensure the effective stewardship of the Fund’s assets invested with BCPP, include:

- **BCPP Joint Committee:** The BCPP Joint Committee provides partner fund oversight of investment operations of the company. The Fund is represented on the BCPP Joint Committee by the Chair of the Pensions Committee.
- **Shareholder Representative:** The Director of Resources (Section 151 Officer) is the Fund’s appointed representative to exercise the rights of the Administering Authority as a shareholder of BCPP.
- **Officer Operations Group and Statutory Officer group:** The Officer Operations Group and the Statutory Officer Group work collaboratively across partner funds to ensure that due diligence over BCPP investment capabilities is carried out effectively on behalf of the Pension Committees.
- **Non-Executive Directors:** Two shareholder-nominated Non-Executive Directors from partner funds sit on BCPP’s Board to provide oversight of the Company from a LGPS fund perspective.

GOOD TO KNOW:

BCPP has been recognised as being aligned with the Government’s vision for the future of LGPS pooling confirming the appropriateness of the collaborative approach taken by the Fund to invest its assets with other Partner Funds.

4. Financial Performance

Introduction

This section of the report looks at the management of pension fund income and expenditure other than that relating to the management of pension fund investments (which is detailed in **Section 6** of this report).

Income, Expenditure and Cashflows

The Fund's income and expenditure cash flows, and financial performance, is provided in greater detail in the Fund's Annual Statement of Accounts (**Section 5** and **Appendix 5** of this report). An overview of the income, expenditure, and increase or decrease in the Fund's position that have been reported for the last three years is summarised below:

Heading	2022/23 £m	2023/24 £m	2024/25 £m
Contributions	89.6	96.1	101.3
Transfers in, recharges	11.3	6.2	10.3
	100.9	102.3	111.6
Pensions paid - pensions payroll	(82.8)	(92.6)	(102.0)
Pensions paid - retirement grants/deaths	(16.3)	(21.7)	(26.0)
Transfers out and refunds	(7.0)	(5.4)	(7.5)
	(106.1)	(119.7)	(135.5)
Net at contributions level	(5.2)	(17.4)	(23.9)
Running costs, management expenses	(18.5)	(22.4)	(25.5)
Investment income	49.5	61.6	77.9
Net after costs and investment income	25.8	21.8	28.5
Realised profits (losses) on investments	14.1	127.9	100.7
Change in market value of investments	(194.3)	95.1	(61.6)
Net increase/ (decrease) in the Fund	(154.4)	244.8	67.6

Management Expenses

As detailed in the following table, the total cost of administering the Fund for 2024/25 was £25.457m, equivalent to 0.74% of the value of the Fund's assets. Investment management fees and costs are primarily based on the value of assets being managed. Excluding investment management fees and costs, the Fund's expenditure for the year was £3.492m (equivalent to 0.10% of the value of the Fund assets).

	2022/23 £'000	2023/24 £'000	2024/25 £'000
Administrative costs:			
Pensions Administration	1,499	1,611	2,080
Employee costs	349	358	401
Legal advice	23	8	5
Other	1	3	1
	1,872	1,980	2,487
Oversight and governance costs:			
Employee costs	378	432	398
Pensions Committee	26	36	27
Pensions Board	18	40	54
Investment consultancy fees	48	57	153
Performance monitoring service	41	43	43
Shareholder voting service	10	11	12
Actuarial fees	156	67	133
Audit fees	31	99	107
Legal and tax advice	20	64	27
Other (including bank charges)	66	30	51
	794	879	1,005
Total management costs excluding investment management fees and charges	2,666	2,859	3,492
Investment management costs:			
Management fees & transaction costs	11,762	14,934	15,961
Performance fees	4,016	4,595	5,972
Custody fees	33	32	32
	15,811	19,561	21,965
Total Management Costs	18,477	22,420	25,457

The Fund discharges its responsibilities for the provision of pensions' administration to Lancashire County Council (LCC) who arrange for this service to be provided through Local Pensions Partnership - Administration (LPPA). Pensions administration costs are charged on a unit price per scheme member basis with each year's budget adjusted for overspends or underspends from previous years. Expenditure in 2024/25 increased from the prior year due to increased numbers of Scheme Members in the Fund as well as additional costs to reflect inflationary pressures, additional scheme complexity and specific projects to review and improve data quality ahead of the 2025 valuation.

The increase in respect of investment consultancy fees was mainly to complete the Fund's Strategy Review. Actuarial fees increased in 2024/25 primarily relating to preparation for the next three-yearly valuation of the Fund as at 31 March 2025.

Investment management fees are difficult to predict and influence due to the link between asset values and manager performance. The growth in the portfolio value together with additional investments in private market funds has led to increased management fees across financial years.

Non-Investment Assets and Liabilities

Details of the Cumbria Pension Fund's non-investment assets and liabilities, including any significant changes, are set out in the Pension Fund's Annual Statement of Accounts in **Section 5** and **Appendix 5** of this report.

Non-investment assets and liabilities include cash balances and various debtors and creditors as at 31 March 2025 including contributions due from scheme employers and tax liabilities.

Employee Contribution Rates

Employee contribution rates are set by regulation. During 2024/25 rates payable were between 5.50% and 12.50% and between 2.75% and 6.25% for the 50:50 section of the scheme:

LGPS Employee Contribution rates from 1 April 2024 to 31 March 2025		
Whole time pay rate:	Employee contribution rate:	50:50 Section
up to £17,600	5.50%	2.75%
£17,601 - £27,600	5.80%	2.90%
£27,601 - £44,900	6.50%	3.25%
£44,901 - £56,800	6.80%	3.40%
£56,801 - £79,700	8.50%	4.25%
£79,701 - £112,900	9.90%	4.95%
£112,901 - £133,100	10.50%	5.25%
£133,101 - £199,700	11.40%	5.70%
Over £199,701	12.50%	6.25%

Employer Contribution Rates

Employer contribution rates are set by the Fund's Actuary every 3 years as part of the Actuarial Valuation. The Fund was most recently valued as at 31 March 2022 with the results of this valuation setting employer contribution rates for the period 1 April 2023 to 31

March 2026. The next triennial valuation is scheduled to be undertaken based on the assets and liabilities of the Fund as at 31 March 2025.

The valuation determines a “Primary rate” for employers’ contributions. This is the contribution rate required to meet the cost of the future accrual of benefits including ancillary, death in service and ill health benefits together with administration costs. A separate primary employer contribution rate is calculated for each employer based on their notional share of assets and liabilities. The weighted average primary rate for all employers across the Fund for 2024/25 was 18.9%.

The funding objective as set out in the Funding Strategy Statement (FSS) is to achieve and maintain a solvency funding level of 100% of liabilities (the solvency funding target). To progress towards this target, the actuary sets a “Secondary rate” for each employer’s contribution. This is an adjustment to the Primary Contribution Rate to reflect any past service deficit (i.e. where an employer’s funding level is less than 100%), to arrive at the rate employers are required to pay. Similarly, the Fund may set a negative Secondary rate where an employer has a funding level exceeding 110%.

GOOD TO KNOW:

The 2025 Actuarial Valuation process reviews the Fund’s assets and liabilities and will calculate employer contribution rates for April 2026 - March 2029

The primary and secondary rates attributed to each employer within the Fund are detailed in the 2022 Actuarial Valuation report available on the Fund’s website.

During the year there were a small number of employers who failed to pay contributions to the Fund in accordance with the regulatory timeframe. In each circumstance of late payment, Fund officers liaised with the employer to determine why the payment was late and to work with the employer to ensure that the payment was made. Due to the short durations of the delays in payment, no interest was levied on the overdue amounts. All breaches associated with payment of contributions to the Fund were reported to the Board during the year.

None of these late payments were considered to be sufficiently material to warrant reporting the Pensions Regulator.

Cash Flow Management

Contributions and pensions paid have increased since 2023/24 reflecting an increase in both the number of active scheme members contributing into the scheme and pensioners receiving payment of their pension.

As detailed above, total contributions received by the Fund in 2024/25, including transfers into the Fund, were £111.6m and total pensions paid during the year, including transfers out of the Fund, were £135.5m. This means that the Fund paid out £23.9m more in pensions

than it received from contributions in the year. In 2023/24, the Fund was also cash flow negative receiving £17.4m less in contributions than it paid out in the pensions.

To account for this cash flow requirement, the Fund's investment strategy includes a range of income generating assets to fund the balance between pensions paid and contributions received as well as the general operating costs of the Fund.

The cash inflows and outflows of the Fund are monitored and managed by officers to ensure there is sufficient cash available to fulfil day to day requirements. More detailed work is also undertaken at month and quarter ends. Details of the Fund's cash flow management are included in reports to the Investment Sub Group and Pensions Committee when necessary.

Analysis of Pension Overpayment, Recovery and Write Offs

The Cumbria Pension Fund pays almost 21,000 pensions every month and annual net pensions paid totalled £102.0m in 2024/25 (£92.6m in 2023/24). With such a large volume of pensioner payments, there is the risk of payment to a member of a pension greater than they are entitled to. The main cause of overpayment is the late notification of the death of a pensioner.

To limit potential overpayments the Fund operates rigorous controls and participates in several multiagency initiatives, including the National Fraud Initiative (NFI) an exercise to match data and identify overpayments, and Tell Us Once (through Department of Work and Pensions) to receive early notification of deaths.

Wherever possible the Fund, while sympathetic to individual circumstances, will attempt to recover any overpayment and will only write off an overpayment as a last resort when it is uneconomical to pursue or all other avenues have been exhausted.

The table below details the overpayments identified in 2024/25 compared to previous years, together with the overpayments recovered in the year and written off.

	2022/23		2023/24		2024/25	
	£	Number of cases	£	Number of cases	£	Number of cases
Overpayments	63,012	116	42,295	154	43,035	70
Overpayments as % of annual pensions paid	0.08%		0.05%		0.04%	
Overpayments recovered in year	52,698	95	29,031	99	27,195	45
Overpayments in process of recovery	9,694	21	13,264	55	14,735	25
Overpayments in process of recovery as a % annual pensions paid	0.01%		0.01%		0.01%	
Overpayments written off	2,358	19	2,149	2	2,628	20

Fraud Management

The Fund recognises through its risk register that there is a risk to the Fund of fraud, fraudulent behaviour, or unintentional overpayments. Additionally, there is the risk of financial loss due to corporate activities in companies that the Fund has equity holdings in. These risks may be caused by fraudulent activity unintentional overpayments, or misunderstanding. It is recognised that failure to address financial irregularity may result in a financial loss to the Fund and scheme employers, as well as reputational damage to the Council.

Pension Overpayments

As detailed in the analysis of pension overpayments section above, there is a risk that pensions continue to be paid to pensioners who have died if the Fund has not been notified of their death. Additionally, there is a risk of individuals obtaining the pension payments relating to a deceased person.

This risk is mitigated through a range of factors including mortality screening every 6 months to identify deceased pensioners. This compliments the data received every two years from a National Fraud Initiative data matching exercise.

Throughout 2024/25, the mortality screening identified 17 scheme members that the Fund were unaware had died. Of these, 8 scheme members were overpaid a total £937 and 9 scheme members did not receive any overpayment. Only 1 of the overpayments remains outstanding.

The mortality screening activity may identify overpayments where no fraudulent activity has arisen, but a benefactor has unintentionally benefited from the Fund, e.g. payments continuing to be made to a widow(er) following the death of their partner. In such instances, officers act compassionately whilst still protecting the assets of the Fund.

Treasury Management

There is a general treasury management risk for the Fund and its Administering Authority of being defrauded as a result of employees or counterparties falsifying records to gain access to investment monies.

This risk is mitigated through due diligence on investment counterparties prior to setting up on the Fund and the Administering Authority's systems with clear segregation of duties between setting up counterparties and bank details. The Council operates dual authorisation for release of funds to counterparties and separate staff are set up as dealers and releasers (authorisers) and cannot perform both tasks. There is regular management review/oversight of activity with documented procedures and training for relevant staff.

The Administering Authority's Internal Audit service have previously carried out a scheduled review of internal controls associated with investments within Cumbria Pension Fund.

Following a comprehensive review, this audit concluded that there was "substantial assurance" over management's arrangements for governance, risk management and internal controls on a range of areas associated with the Fund's investments. This is the highest level of assurance that internal audit can provide and a very positive outcome for the Fund reflecting the sound practices in place across the team. Similar controls are in place for other aspects of the Fund's services although these were not covered by the remit of this internal audit review.

Class action recoveries

The Fund actively participates in class action lawsuits where it is considered that financial misconduct by a publicly listed company's executives or directors has caused economic damage to the company reflected through a reduction in the share price.

Throughout 2023/24 the Fund recovered approximately £0.081m in settlements from such class actions.

Whistleblowing

Where staff have concerns that fraud or other financial irregularities may have occurred, the Administering Authority has a clear Whistleblowing Policy through which employees can report issues. This is a confidential route to ensure that staff can feel safe in addressing concerns potentially related to their colleagues.

In addition, all staff and members of the Pensions Committee and Local Pension Board are aware of their legal duty to report any breaches of the law to the Pensions Regulator where these are considered to be of material significance to the Regulator. The Fund has a clear policy to help understand what matters may be considered to be "materially significant" and the steps required to be taken to report to the Regulator.

5. 2024/25 Cumbria Pension Fund Annual Statement of Accounts

The Pension Fund has published its Annual Statement of Accounts for 2024/25 including the Fund Account, Net Assets Statement and notes to the Financial Statements. These are presented in **Appendix 5** to this report.

It is expected that the audit of the Statement of Accounts will be substantially complete by the date of the publication of this document - 1 December 2025.

Consequently, the Annual Report will initially be published with the Statement of Accounts 2024/25 adjusted for any updates agreed with audit as at 1 December 2025, and then further updated and republished following the completed formal sign-off of the audit by Westmorland & Furness Council in February 2026.

The Fund's Annual Statement of Accounts are presented in their entirety and separately from the General Fund of Westmorland & Furness Council's Statement of Accounts. Although the Council is the Administering Authority, the Fund covers a number of other scheduled and admitted bodies.

The Fund's Annual Statement of Accounts summarise transactions for the year ending 31 March 2025 and have been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2024/25 and on a going concern basis.

GOOD TO KNOW:

The Fund's had assets valued at £3.5bn at 31 March 2025. Details of all the Fund's investments are published quarterly on the **website**.

6. Investments & Funding

Introduction

The purpose of this section of the report is to demonstrate how the investment strategy has been implemented during the year and this links to the Funding Strategy Statement. This section also sets out the Fund's investment management arrangements and the risks, returns and management costs associated with the investment portfolio.

Investment Strategy Statement

The Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016 require an Administering Authority to prepare, maintain and publish an Investment Strategy Statement (ISS) (**Appendix 2**). The aim of the ISS is to formulate a policy for the investment of Fund money, which must be in accordance with guidance issued by the Secretary of State.

The ISS outlines the Fund's investment strategy, setting out how assets are invested and details of the fund managers and benchmarks. The ISS also sets out how the investment risk and return issues are to be managed relative to the Fund's investment objectives. It should be read in conjunction with the Funding Strategy Statement (FSS) which sets out how solvency risks will be managed with regard to the underlying pension liabilities.

Funding Strategy Statement

The FSS (**Appendix 2**) is the Administering Authority's key governance document in relation to the actuarial valuation. It sets out the funding policies adopted, the actuarial assumptions used and the timescales over which deficits will be paid off.

The purpose of the FSS is:

- to establish a clear and transparent fund-specific strategy which will identify how employers' pension liabilities are best met going forward by taking a prudent longer-term view of funding those liabilities;
- to establish contributions at a level to "secure the solvency" of the pension fund and the "long term cost efficiency"; and
- to have regard to the desirability of maintaining as nearly constant a primary rate of contribution as possible. This is the context of the Fund's aim to maintain as stable a rate of overall employer contributions (i.e. both primary and secondary employer

contributions) as is possible whilst securing the solvency of the Fund and its long term cost efficiency.

Asset Allocation

The Fund's ISS (including the core investment objectives and asset allocations) must be sufficiently flexible to meet longer term prevailing market conditions and address any short term cash flow requirements. To ensure these goals are achieved a full Strategic Investment Review will normally be undertaken by the Fund every three years by specialist professional advisors.

During 2024/25, the Fund completed its Investment Strategy Review, including a review of its Investment Beliefs and its Responsible Investment policy. In June 2024, the Pensions Committee approved a revised Investment Strategy, including the target investment asset allocation, along with the required changes to the Fund's Investment Strategy Statement. The key theme was 'evolution, not revolution' and the weightings in the main building blocks of assets (growth, fixed income, real assets) remains very similar to the previous strategy.

Some revisions to sub-asset classes took place during 2024/25 in light of the agreed new target allocations, with the associated investment decisions being taken in a managed way. Key changes made in 2024/25 included:

- The continuation of capital drawdowns to previously agreed commitments to infrastructure, private equity and private debt funds;
- The commencement of capital drawdowns to commitments made in March 2024 to new Border to Coast Pensions Partnership Ltd (BCPP) funds for Climate Opportunities and UK Opportunities;
- Rebalancing to address larger underweight and overweight positions within the Fund that had developed through market movements during the year, by reducing equity and reinvesting these proceeds into index-linked gilts;
- The transfer of the Fund's eligible English property holdings into Border to Coast's UK Real Estate fund, launched in October 2024;
- The selection of suitable investments for the Private Markets portfolio in March 2025, including new investment commitments made to BCPP private markets funds to be launched in early 2025/26 (£50m to BCPP Infrastructure 2025 and £50m to BCPP Private Credit 2025); and



- The agreement of a revised weighting structure within the public equity allocation (35% of the Fund) with implementation steps commencing in March 2025 and continuing in 2025/26.

Target Investment Strategy

The targeted investment asset allocation is specified in the Fund's Investment Strategy Statement, which has been agreed by the Pensions Committee, and this also includes a section detailing the Fund's Investment Beliefs.

The following table shows the target investment asset allocation as set in the Investment Strategy Statement (ISS) as at 31 March 2025:

Asset	Target %	Range per ISS
Public equity - UK Equity	35%	30-40%
Public equity - Overseas Developed		
Public equity - Global Equity & Passive World		
Private Equity	7%	3-11%
Equity total	42%	35-49%
Index-Linked Gilts	16%	13-19%
Multi-Asset Credit	8%	5-11%
Private Debt	10%	6-14%
Fixed Income total	34%	29-39%
Infrastructure	12%	11-19%
Climate Opps / UK Opps	3%	
UK Property	8%	5-11%
Real assets total	23%	18-28%
Strategic cash/accruals	1%	0-4%
Fund total	100%	

Investment assets as at 31 March 2025

The table below sets out the change in the proportion of the Fund's portfolio held in assets identified in the Investment Strategy between 31 March 2024 and 31 March 2025.

	Target % as at 31 March 2025	Assets as at 31 March 2024	Assets as at 31 March 2025	Movement
UK Equity	35%	5%	2%	(3%)
Overseas Developed Equity		5%	9%	4%
Global Equities & Passive World		29%	24%	(5%)
Private Equity	7%	11%	11%	-
Index-Linked Gilts	16%	13%	14%	1%
Multi-Asset Credit	8%	7%	7%	-
Private Debt	10%	7%	8%	1%
Infrastructure	12%	14%	15%	1%
Climate Opps / UK Opps	3%		0%	-
UK Property	8%	8%	8%	-
Strategic Cash / Accruals	1%	1%	2%	1%
	100%	100%	100%	0%

The key changes in asset holdings since the start of the year are mainly from the initial implementation steps commencing in March 2025 of a revised weighting structure within the public equity allocation (35% of the Fund). Other changes reflect the relative performance from the asset type and currency movements.

It is common practice to commit more than the target allocation to alternatives (or 'private market investments') as they are generally for a fixed life or term, relatively illiquid (i.e. take time to invest and disinvest), and also tend to distribute income and some capital both during and after the investment period.

The further drawdown of the current committed and as yet unallocated amounts will be funded from the overweight elements, and projections indicate that the Fund should be broadly in line with its target allocation strategy by 2027.

Investment Performance

Full details of the 2024/25 activity in the investment markets is provided in Note 1(b) of the Fund's Annual Statement of Accounts (**Section 5 and Appendix 5**). Note 1(c) of the Statement of Accounts provides further detail on investment performance of the fund which is also given below.

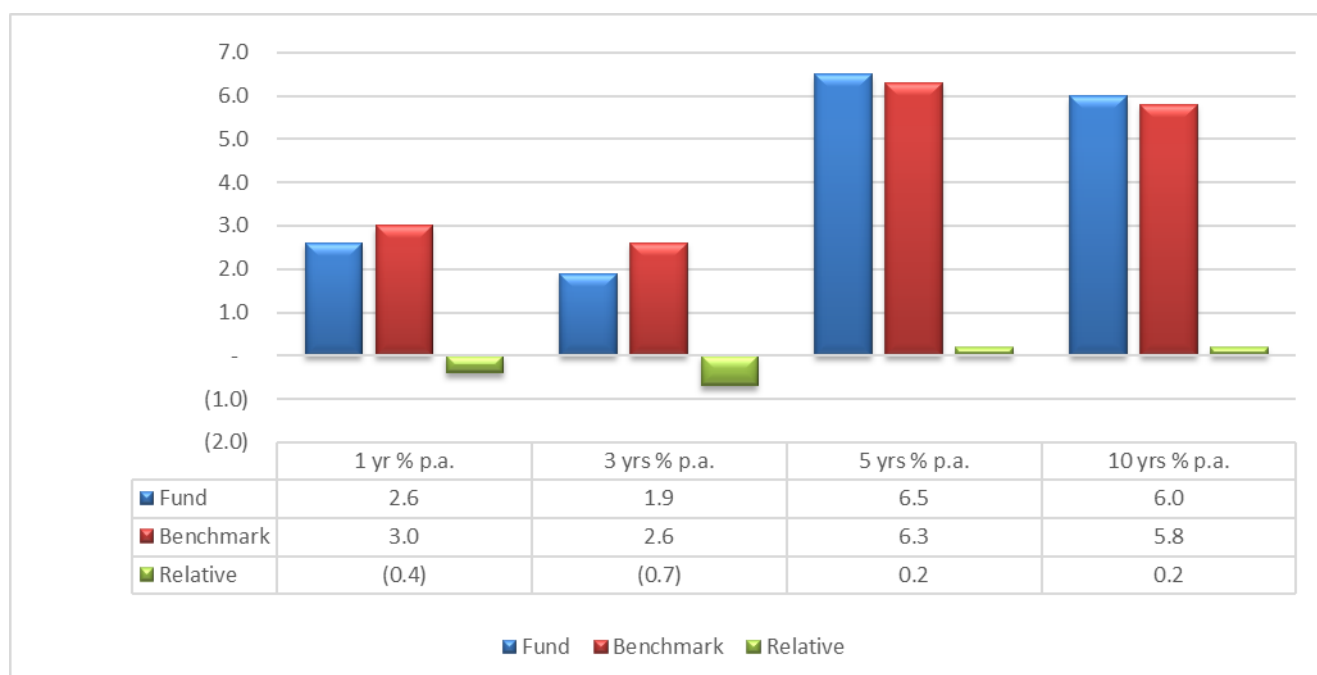
Fund Performance against Benchmark

All internal reporting on investment performance for the Fund is presented net of the investment management fees charged to the Fund. Whilst the Fund monitors short term

performance e.g. over a period of one year, it is primarily focussed on longer term results reflecting the need to match long term liabilities of the Fund.

The table below details the investment performance as at 31 March 2025 over the period of 1, 3, 5 and 10 years. These are compared to the Fund's strategic benchmark and notes that, over the past 10 years, investment performance has outperformed its benchmark by an average of 0.2% per annum.

The 2024/25 net of fees investment performance of 2.6% equates to £88m increased value for the Fund throughout the year.



The table below details returns by asset class over the same 1, 3, 5 and 10 year period. Where performance is noted within this annual report, including in the Annual Statement of Accounts, this is presented net of investment management fees to provide a true reflection on the net performance of the Fund's assets.

To 31 March 2025	1 year %	3 years % p.a.	5 years % p.a.	10 years % p.a.
Equities	3.2	7.4	14.1	9.5
Fixed Income	(5.0)	(8.5)	(3.7)	(0.2)
Private Equity	5.5	7.4	n/a	n/a
Infrastructure	6.2	9.2	n/a	n/a
Private Debt	8.9	6.6	n/a	n/a
Property	5.0	(4.9)	2.0	4.0
Total Assets	2.3	1.9	6.5	6.0

The private markets allocations have been measured by individual asset class for 3 years as represented in the table above. Consequently, information is not available for 5 and 10 year performance for private equity, infrastructure and private debt.

The following table breaks investment performance down by fund manager over the same period as the tables above.

Fund Manager	1 year %	3 years % p.a.	5 years % p.a.	10 years % p.a.
Aberdeen Property	2.5	(5.6)	2.3	4.2
Border to Coast UK Equity	9.2	7.1	11.7	n/a
Border to Coast Global Equity	1.7	7.7	14.9	n/a
Border to Coast Overseas Equity	(0.2)	7.2	n/a	n/a
Border to Coast Multi-Asset Credit	7.3	4.3	n/a	n/a
LGIM World Equity	4.4	8.3	15.4	11.3
LGIM Index-linked Gilts	(10.5)	(16.6)	(9.0)	(0.9)

Source: Northern Trust/LGIM

The Fund Manager mandates in the above table above cover 54% (£1,857m) of the Fund in pooled, segregated and index-tracking mandates. The balance of the Fund's investments is invested in private market and property pooled funds.

Responsible Investment

The primary objective of any fund is to ensure that its assets are able to meet its liabilities when they fall due by producing the required levels of financial return without taking on undue levels of risk.

Evidence shows that those pension funds that consider how the companies they are invested in behave in relation to environmental, social and governance (ESG) issues, tend to achieve better returns. This accords with the expectations in the Fund's Investment Beliefs and reflects our overall attitude to the stewardship.

The Fund is committed to being a responsible investor. The Fund's commitment to responsible investment, corporate governance and stewardship is communicated through:

- **The Fund's Responsible Investment Policy**; and
- **The Fund's Stewardship Report 2024/25** (submitted to the FRC for assessment in October 2025).

GOOD TO KNOW:

As a responsible investor, the Fund ensures that it exercises its voting rights on shares held. The Fund's share voting activity is available on the **website**.

Responsible Investment Policy

The Fund consulted widely with its beneficiaries and other key stakeholders and agreed a new Responsible Investment Policy in March 2024. This policy guided the Fund in a review of its Investment Strategy early in 2024/25 and led to the Fund approving allocations to two new Border to Coast pool investments: a UK Opportunities Fund and Climate Opportunities Fund. The Fund's Responsible Investment policy can be found on its [website](#).

Stewardship Report

The 2024/25 Stewardship Report will be submitted to the Financial Reporting Council (FRC) by the 31 October 2025 deadline and a response is expected in early 2026. The 2023/24 Stewardship Report is available on the Fund's [website](#).

The 2023/24 Stewardship Report has been assessed by the FRC as meeting the requirements of the Code, and therefore the Fund is listed as a signatory to the UK Stewardship Code 2020.

The Fund requires all of its investment managers to also adhere to the UK Stewardship Code.

Climate Change

The Fund recognises the global issues and risks arising from climate change and the material impact it can have on performance. It is committed to further develop analysis and reporting of climate metrics in preparation for the introduction of Taskforce on Climate related Financial Disclosures (TCFD) reporting.

It expects BCPP and its other investment managers to be aware of these risks and take appropriate action to mitigate their impact, including engaging with and influencing companies in which it invests.

BCPP published their Net Zero Implementation Plan in October 2022, update their Climate Change Policy annually and produce an annual [Climate Change Report](#) in line with TCFD recommendations.

In developing the Fund's RI Policy the Pensions Committee agreed to develop a specific Climate Change Policy; this work has been paused pending the implementation of the Pensions Review.

Voting & Engagement Arrangements

As a responsible investor, the approach taken is to influence companies by constructive shareholder engagement and the use of voting rights.

Voting

The responsibility for the exercise of voting rights is delegated to the investment managers, however the Fund has the opportunity to override votes if considered appropriate.

Voting rights are an asset to the Fund and it expects its investment managers to use them carefully in every market to promote and support good corporate government principles. Voting should be undertaken where it is believed to be in the best interests of the Fund.

- **Actively managed listed equities:** The Fund's actively managed liquid equities are all managed through the pool. BCPP has a collaborative voting policy which is enacted on behalf of the Partner Funds by specialist voting advisor, Robeco. During the year, Robeco voted on 13,556 resolutions at 1,057 meetings on behalf of the Fund.

To ensure that BCPP undertake collective voting and engagement activity that is aligned to the individual Fund's beliefs, the BCPP Corporate Engagement and Shareholder Voting Policy and Guidelines are considered annually by the Partner Funds following input from the BCPP Joint Committee.

Details of the BCPP Corporate Governance and Voting Guidelines can be found [here](#).

- **Passive listed equities:** The structure of the Fund's investments in passive pooled indexed funds means that it cannot directly influence the ESG policies and practices of the companies in which the pooled funds invest. The Fund is satisfied that LGIMs Corporate Governance policy reflects the key principles of RI, and ESG issues, including climate change.

Details of the voting activity undertaken by LGIM across all investments can be found at [LGIM Voting Disclosures](#) (the information reflects the voting activities across LGIM, i.e. they are not limited to the Fund's holdings in LGIM's World Equity Index pooled fund). Details of LGIM's approach to Corporate Governance and Responsible Investment can be found [here](#).

All investment managers are required to report their voting and engagement activity to the Fund on a quarterly basis. Full disclosure of voting activity is available on the Cumbria Pension Fund website under '[Share Voting Record](#)'.

GOOD TO KNOW:

Cumbria Pension Fund is a signatory of the Financial Reporting Council's Stewardship Code demonstrating the Fund's commitment to the responsible allocation, management, and oversight of capital leading to sustainable benefits for the economy, the environment, and society.

Examples of how voting rights have been exercised during 2024/25

BCPP:

Climate change continues to be an area of major focus for companies and their shareholders and remains a priority for Scheme members and employers in the Fund.

BCPP strengthened their voting guidelines during the year regarding climate change to support their net zero commitment. This enhanced voting policy on climate has led to significant votes against management at AGMs including voting against the re-election of the Chair of the Board at 93% of oil and gas companies due to inadequate transition plans (e.g. Shell and BP). Pre and post company engagement accompanied these votes and BCPP pre-declared their voting intentions ahead of many of the AGMs.

During the year BCPP also voted in support of 80% of environmental shareholder resolutions and 78% of social shareholder resolutions. An example being supporting a shareholder proposal at The Home Depot (a home improvement retailer) requesting that the company conduct and publish a biodiversity impact and dependency assessment to address the biodiversity-related risks within its supply chain. This proposal attracted 15% shareholder support signifying concern for this increasingly prominent issue.

More details on key voting can be found in [BCPP's Proxy Voting: AGM Season Report 2024](#).

LGIM:

As detailed above, LGIM are responsible for voting the Fund's equity held in passive markets. Their voting decisions are guided by policies that are researched and fine-tuned annually. These range from minimum expectations, such as having climate transition plans aligned with a 1.5°C global temperature increase, to clarifications around incentive pay performance targets alongside voting stances to oppose combined chair/CEO roles and all-male boards globally.

A summary of LGIM's voting can be found in their [Active Ownership 2024 Report](#).

Engagement

The Fund believes that the best way to be a responsible investor and influence policy change is not through divestment in the first instance but to influence through active engagement and encourage continuous improvement in respect of progress towards the ESG ambitions of the Fund. The Fund expects **all** of its investment managers to engage with companies across all markets and report on the outcomes of such engagement.

BCPP uses a specialist provider to help identify issues of concern and engage with companies globally. The Fund also undertakes collaborative engagement with other

institutional shareholders, and along with BCPP and the other partner funds, is an active member of the Local Authority Pension Fund Forum (LAPFF). The Fund engages with BCPP and LAPFF to identify specific themes or areas of focus for engagement.

Through BCPP and LAPFF, the Fund supports various collaborations and organisations that enable collective working to drive positive change. Examples include Institutional Investors Group on Climate Change (IIGCC), Workforce Disclosure Initiative (WDI) and the Global Investor Commission on Mining 2030.

Examples of engagement undertaken during 2024/25

BCPP:

Following consultation with Partner Funds and other stakeholders BCPP has selected four priority themes for engagement:-

- Low carbon transition – partnering with Royal London Asset Management to engage Barclays, Lloyds, NatWest and HSBC to pioneer the integration of Just Transition into banking sector carbon reduction strategies, with progress made during the year.
- Waste and water – aiming to encourage companies to implement effective water and waste management strategies to minimise environmental impact (e.g. at Align Technology).
- Social inclusion and labour management – which includes engaging with companies on modern slavery policies and adopting higher labour management standards. In 2024 BCPP joined the Good Work Coalition and through this engaged with FTSE 350 companies in the retail sector to encourage them to become accredited real Living Wage Employers (e.g. Marks & Spencer, Kingfisher and Currys).
- Diversity of thought – aiming to encourage companies to make a formal assessment of the diversity of their leadership and workforce, promote equal opportunities and report and disclose key data in this area (e.g. through membership of the 30% Club and Race Equity Working Group).

Robeco also undertook active engagement across a range of over 20 different ESG themes on behalf of BCPP, including biodiversity, labour practices, human rights and corporate governance. Robeco closed a successful three-year engagement programme with several companies aiming to curb deforestation to preserve biodiversity. Most of the companies have set deforestation commitments by 2030 and improved sustainability reporting. Quarterly Robeco engagement reports are published on BCPP's website.

LGIM:

Climate and nature remain an engagement priority for LGIM. During the 2024 proxy voting season LGIM engaged over 2,800 companies on climate – more than ever before, divesting from Glencore (mining) and TJX (retailer) as both companies had failed to sufficiently address concerns raised in recent years. LGIM also co-filed its first shareholder resolution in Japan, at Nippon Steel – the largest steel maker in Japan and one of the largest globally in terms of production – calling on the company to become a regional leader on climate-related lobbying disclosures. LGIM also announced its plans to follow Taskforce on Nature-related (TNFD) recommendations and include these in its annual Climate and Nature Report.

LAPFF:

LAPFF has continued with its active engagement, with details provided to Pensions Committee Members on a quarterly basis. Their annual report includes several examples demonstrating the value of consistent and constructive engagement with companies - LAPFF has been engaging Barclays over the past four years on its approach to climate risk and during the 2024 proxy voting season saw significant improvements in the company's approach, including a commitment to not provide finance for expansion projects in upstream oil and gas or related infrastructure. There has also been ongoing engagement on human rights and environmental protection with the mining sector and enhancing environmental performance within the water utility sector.

Investment Management Fees and the Code of Transparency

Note 8a - Management Expenses Additional Information of the Fund's 2024/25 Annual Statement of Accounts details fund management fees of £15.485m and performance fees of £5.972m (along with other costs of £0.508m). These are the investment management fees as invoiced to the Fund or as disclosed in standard accounting information provided to the Fund by Investment Managers. In addition, reasonable estimates have been included using information gained from the Code of Transparency, as detailed below.

It is recognised that there may be additional 'hidden' costs over and above those invoiced or disclosed in traditional reporting to clients. In response to this a voluntary Code of Transparency, covering the provision of transparent and consistent investment cost and fee information between investment managers and Funds, was developed and approved by the Scheme Advisory Board (SAB) and launched in May 2017. Fund managers to the LGPS were encouraged to sign up to this Code, as at October 2024 there were 170 signatories.

The aim of the Transparency code is to provide institutional investors with a clearer understanding of the costs and charges for a given fund or mandate. This should allow investors to compare charges between providers and outline the disclosure they can

expect. It can support the Fund in decision making, demonstrates good governance, and when monitored and evaluated in the context of asset class, risk and return, can assist with value for money assessments.

The Scheme Advisory Board (SAB) has procured a collation and compliance system for all parties (funds, pools & investment managers) to use, supplied by Byhiras. This compliance system aims to make the process of collation more efficient than the previous ad hoc arrangements, ensure the SAB can monitor compliance for the Funds and the pools and streamline the process for the managers providing the data.

The majority of the Fund's investment managers have signed up to the transparency code and opted to use the compliance system. The Fund has reviewed the submissions of cost transparency templates received from those managers (either direct or through the new system) for the year 2024/25 and the 'Additional Costs' disclosed are detailed in the table below.

	2023/24 £'000	2024/25 £'000
Investment Management Fees through Accounts (Note 8a)		
Public Markets - Management fees	3,628	3,124
Private Markets - Management fees	10,499	12,070
Direct Property - Management fees	554	291
Total of Management fees	14,681	15,485
Private Markets - Performance fees	4,595	5,972
Other fees/costs	285	508
Total Investment Management Expenses in Accounts	19,561	21,965
Additional Costs - through Cost Transparency		
Public Markets - Other Costs *	1,222	620
Private Markets - Other Costs **	21,068	22,350
Direct Property - Other Costs ***	862	1,078
Total of Additional Costs	23,152	24,048
Total Investment Management Expenses & Costs	42,713	46,013

*** Public Markets – Other costs:** The templates received from Public Market managers (the Pool and the passive manager) show additional costs, both explicit (e.g. transaction taxes) and implicit (e.g. implicit transaction costs as described below), calculated by those managers (i.e. over and above the management fees reported by the Fund in the Annual Statement of Accounts as 'fund management fees') of approximately £0.620m in 2024/25. These costs were incurred in the course of normal transactions and trading of the portfolios.

Approximately £1.708m of explicit (actual) costs were incurred including transaction costs such as taxes and broker commissions. Redemptions and fund restructuring during the

financial year led to greater implicit costs (i.e. opportunity costs). These implicit costs are defined as the loss of value (or gains) implied by the difference between the price at which a deal was struck and the mid-market price of an asset at the time the order was placed (i.e. how much the market moved in the time it took to complete the transaction). In this instance gains of £1,088m were realised, which offset almost two thirds of the explicit costs (for a net total of £0.620m).

**** Private Markets – Other costs:** The templates received from the private market funds ('alternative' managers) for 2024/25 show additional costs incurred by those managers (i.e. over and above the management fees and performance fees reported by the Fund in the Annual Statement of Accounts as 'pooled fund costs including entry fees') of approximately £22.350m. These costs were incurred in the course of normal transactions, and include both operational and administrative costs of the funds and other direct and indirect transaction costs.

The increases in the value invested in private market ('alternatives') directly affects the costs. It is also recognised the levels of these fees are not consistent year on year, as the performance varies over the life cycle of the investment and is specific to the individual value of each investment. In the context of the year-end valuation of these assets at £1.538 billion, the total costs declared of £40m equates to around 2.6% of the asset value (2.9% for 2023/24).

***** Direct Property Markets – Other costs:** The Fund's UK property managers declared costs of £1.078m relating to the stamp duty, agents, legal and other fees that are incurred at the point of buying and selling investment properties. These costs are capitalised at the date of the transaction but are detailed here for completeness, in addition to costs related to the rentals and tenancies. The costs for property are higher in 2024/25 due to one-off costs involved in the transfer of the Fund's direct property holdings into Border to Coast's UK Real Estate fund, launched from October 2024.

The Byhiras system procured by the SAB provides more consistency in the format and completeness of reporting by managers. This will enable the Fund to further enhance the reporting of 'hidden' investment costs in future years and continue in its aim to follow best practice within LGPS accounting.

Targets for investment outperformance by fund managers are always set by the Fund to be net of fees, but it is essential to ensure the Fund gets the best outcomes for those fees paid. The management fees have to be taken in the context of the asset values under management (AUM) i.e. the total investment portfolio of £3.44bn, and also the complexity of the particular asset under management. When the additional costs through Cost Transparency are included, the total costs of £46.0m equate to 1.3% of the investment portfolio (1.3% for 2023/24).

Asset Pooling

As at 31 March 2025, the investments managed by BCPP totalled £2,112.4m, passive equity investments which are under pool management were £61.3m, with the remaining £1,288.6m investments managed outside of the pool. Full details of the investments managed by the pool and outside the pool are listed by Investment Manager and asset class in Notes 10 and 10(a) of the Fund's Annual Statement of Accounts (**Section 5** and **Appendix 5**).

£m Asset values at 31 March 2025	Pooled	Under pool management	Not pooled	Total	%
Equities (shares)	1,130.2	61.3	-	1,191.5	34.4%
Bonds	-	-	498.4	498.4	14.4%
Property	167.8	4.2	96.6	268.6	7.7%
Fixed income funds (multi-asset credit)	164.5	-	63.2	227.7	6.6%
Private equity	217.9	-	178.4	396.3	11.4%
Private credit/debt	190.2	-	100.8	291.0	8.4%
Infrastructure (& Climate/UK)	241.8	-	307.5	549.3	15.8%
Cash and net assets	-	-	43.7	43.7	1.3%
Total	2,112.4	65.5	1,288.6	3,466.5	100.0%
Percentage of assets	60.9%	1.9%	37.2%		

Assets invested in the UK

As detailed in the table below, the Fund invests £736m, approximately 21% of its assets, in the UK in UK listed equities, government bonds, infrastructure and private equity. When all property, private credit and fixed income is included, this totals c31% invested in the UK.

£m Asset values at 31 March 2025	Pooled	Under pool management	Not pooled	Total
UK Listed Equities	135.7	0.2	-	135.9
UK Government Bonds	-	-	498.4	498.4
UK Infrastructure	42.5	-	35.8	78.3
UK Private Equity	23.4	-	-	23.4
Total	201.6	0.2	534.2	736.0
UK Property	167.8	4.2	96.6	268.6
UK Private Debt/fixed income	54.0	-	-	54.0
Total UK assets including property	423.4	4.4	630.8	1,058.6
Percentage of assets	12.3%	0.1%	18.3%	30.8%

In addition to the above currently invested in the UK, the Fund has also committed other investments which will be drawn down from investment managers as and when investment opportunities arise.

In March 2024, Cumbria Pension Fund committed £30m to Border to Coast's UK Opportunities private market fund. This is a new fund valued at £2.2m at year-end.

Cumbria Pension Fund has committed to global private market funds in infrastructure and private equity funds rather than committing specific allocations to only invest in the UK. The table above identifies the UK element within these funds as at 31 March 2025. In addition a further £288m of global infrastructure funds and £107m of global private equity funds are yet to be drawn down. When these investments are drawn down, it is expected that an element of these will be investments within the UK.

Assets invested directly in the UK for local growth

Whilst the Fund selects investments to meet the objectives of its investment strategy, they may also be considered as making a contribution to local growth in the UK and to the missions of levelling-up through their place-based impact. Details of these investments are set out in the table below.

The Fund has no local investment assets i.e. invested directly in Cumbria.

£m Asset values at 31 March 2025	Pooled	Under pool management	Not pooled	Total
Local growth projects in the UK - currently invested:				
UK Residential property fund	-	-	30.6	30.6
BCPP UK Opportunities fund	2.1	-	-	2.1
Local growth projects in the UK - undrawn commitment:				
BCPP UK Opportunities fund	27.9	-	-	27.9
Total	30.0	0.0	30.6	60.6

Analysis of Pool Set up and Ongoing Costs

The Fund's allocation to actively managed listed equity has been invested in the BCPP pool for several years. It is estimated that the pool delivered savings on management fees in 2024/25 for these assets of £0.505m. In addition to this the Fund has benefited from discounted management fees negotiated as a result of the pooling agenda, in particular on passive management and multi-asset credit funds.

Taking all savings generated by negotiated fee rates, the savings on the actively managed listed equity management fees, with savings on pooled private market investments, the estimated total savings in investment management fees arising from collaboration with pooling partners (including on passive management) were £2.168m in 2024/25, and cumulatively from 2016-17 the Fund's savings amount to c£12m. This figure does not take into account the set-up costs, costs to transfer assets, changes in investment strategy, and non-investment related running costs of the pool.

Border to Coast Pensions Partnership - expenditure and savings	2024/25 £'000	2023/24 £'000	2016/17 to 2022/23 £'000	Cumulative £'000
Company set up costs	-	250	1,440	1,690
Company governance and oversight costs	325	791	1,365	2,481
Transition manager costs	-	-	171	171
	325	1,041	2,976	4,342
Investment Management Fees	11,702	8,070	13,017	32,789
Total Costs	12,027	9,111	15,993	37,131
Estimated fee savings due to pooling & LGPS discounts <i>(this does not take into account the set-up costs, costs to transfer assets, and non-investment related running costs of the pool).</i>	(2,168)	(2,825)	(7,006)	(11,999)

One of the main original aims of pooling was to deliver cost savings through economies of scale whilst generating the net returns required to fund members' current and future pensions. The joint submissions to Government by the BCPP partner funds in 2016 detailed the pooling proposal and outlined the potential savings that could be achieved.

The original pooling proposal estimated total savings per annum of between £15m and £27m across the pool by March 2021, excluding set-up costs and transition costs. This was forecast to increase to between £21m and £39m across the pool by March 2024.

7. Pensions Administration

Introduction

The pension administration function for Cumbria Pension Fund has been delegated to Lancashire County Council (LCC) with LCC having contracted for this service to be undertaken by Local Pension Partnership Administration (LPPA).

These administration functions include the management of scheme member records and benefits administration. Further details on LPPA services, including contact details, are available on their website at www.lppapensions.co.uk.

Monitoring of the service provision is a continual process which includes, at a strategic level, quarterly board meetings and, at a more detailed service level, regular review meetings between officers from Cumbria Pension Fund and LPPA.

A key part of the monitoring process is the review of performance of LPPA against a range of performance indicators.

GOOD TO KNOW:

The connection date for the national Pensions Dashboards programme is October 2025. When the dashboards go live, individuals will have secure access to the details of all their pensions, including the State Pension, from one simple login.

Summary of Key Activities

LPPA Performance

LPPA are the administrator and key contact for Scheme members, for example when they join the Fund; transfer benefits into or out of the Fund; receive a refund of contributions; aggregate service; or receive their pension. This means LPPA has a large volume of interactions with Scheme members, and in 2024/25 this resulted in over 21,553 contacts and just under 1,000 calls a month to the LPPA helpdesk.

Almost 21,000 pensions are paid by LPPA to Scheme members each month. Throughout 2024/25 1,417 scheme members started to draw their pension with the Cumbria Pension Fund.

Annual Benefit Statements (ABS) must be sent to all active and deferred Scheme members by 31 August each year. This is a summary of the Scheme member's benefits for the year to 31 March. In 2024/25, LPPA issued ABS's to over 98% of the Fund's active and deferred Scheme members by the deadline.

During 2024/25 LPPA delivered 98.1% of its caseload within the agreed timeframes against a performance target of 95%. This was a slight increase compared to the 96.7% of cases managed within the prescribed targets during 2023/24. The Fund recognises that this level of performance only measures the time taken for LPPA to process cases once all the required information is available. As it does not account for time to acquire all relevant information, this is not necessarily reflective of the full scheme member experience. The Fund is working with LPPA to develop reporting to better understand the overall experience for scheme members and specifically for the journey into retirement.

Pension Dashboards

Work continued during 2024/25 on the planning and preparation required for Cumbria Pension Fund's connection to the national Pensions Dashboards programme. Pension Dashboards are digital services that will allow savers to view their pension information securely online, and in one place. The dashboards will also include information on an individual's State Pension. The Pension Schemes Act 2021 introduced the legislative framework for the Pensions Dashboards, requiring trustees and managers of occupational pension schemes including the Local Government Pension Scheme, to provide information and member data to the Pensions Dashboards.

Public service pension schemes need to be connected to the dashboards ecosystem by 31 October 2025. The Fund's administrator, LPPA, is providing a key role in the Fund's preparation for Pensions Dashboards. Their project team has been working with the selected Integrated Service Provider and a separate third party supplier on a data quality strategy and a data cleanse is actively ongoing, ahead of the connection date. The team has also been working with Fund AVC providers to agree and finalise the recommended approach for validating forename, surname and addresses.

GOOD TO KNOW:

During the year the Fund commissioned LPPA to undertake a project aimed at reviewing the number of pending leavers and consequently improving data quality ahead of the 2025 Actuarial Valuation.

Pending Leaver Project

During 2024/25 the Fund commissioned LPPA to undertake a Pending Leaver project with the aim of reviewing and reducing the number of pending leavers and thereby increase data quality ahead of the 2025 valuation data cut.

A pending leaver is a member record held by LPPA where an active scheme member has stopped contributing to the scheme and work is required by the employer and LPPA to process the record. Once the record has been processed it can be moved to deferred status, a refund of contributions be paid to the member or retirement options be sent to the

member, as well as an Annual Benefit Statement be produced each year.

The project commenced in October 2024 with 4,838 outstanding pending leavers and concluded at the end of April 2025 with 4,250 (88%) of the outstanding cases having been resolved. The project involved significant resource from LPPA, employers and Officers of the Fund to both review outstanding cases and challenge working practices.

McCloud Remedy

In 2020, the Government consulted on remedies within the LGPS to an age discrimination case affecting all public sector pension schemes referred to as “the McCloud judgement”. Revised regulations to account for the McCloud remedy for the LGPS came into effect from 1 October 2023 and have been applied retrospectively to 1 April 2014, ensuring a single set of rules governing the underpin applies to members who were originally protected and those who are in scope of the McCloud remedy. This meant that members in scope, retiring after this date, will have their career average pension built up in the remedy period compared with the pension they would have built up in the final salary scheme. If the final salary pension is higher, the difference is added to the pension of the protected member - this is called 'the underpin'. During 2024/25 work continued to confirm the McCloud cohorts and eligibility. Benefits were calculated and the underpin applied (where it applied) for active members retiring in the year. The McCloud remedy will also be applied retrospectively for all other cases in scope. The final date for revisiting all member cases is 31 August 2025.

Whilst there is significant work for the Fund and LPPA to complete associated with the remedy, early results show that in the 4% of cases where the underpin has applied so far, benefits have increased by around £300 p.a.

Key Performance Indicators

Appendix 4 details the key performance indicators for administration services. These indicators provide data to enable comparisons with other LGPS Funds.

In addition, the Fund reports quarterly to both the Pensions Committee and Local Pension Board on LPPA performance against a range of indicators. Details of the administration performance reported by the Fund are available in the Pensions Committee report from 17 June 2025 available [here](#) from page 49.

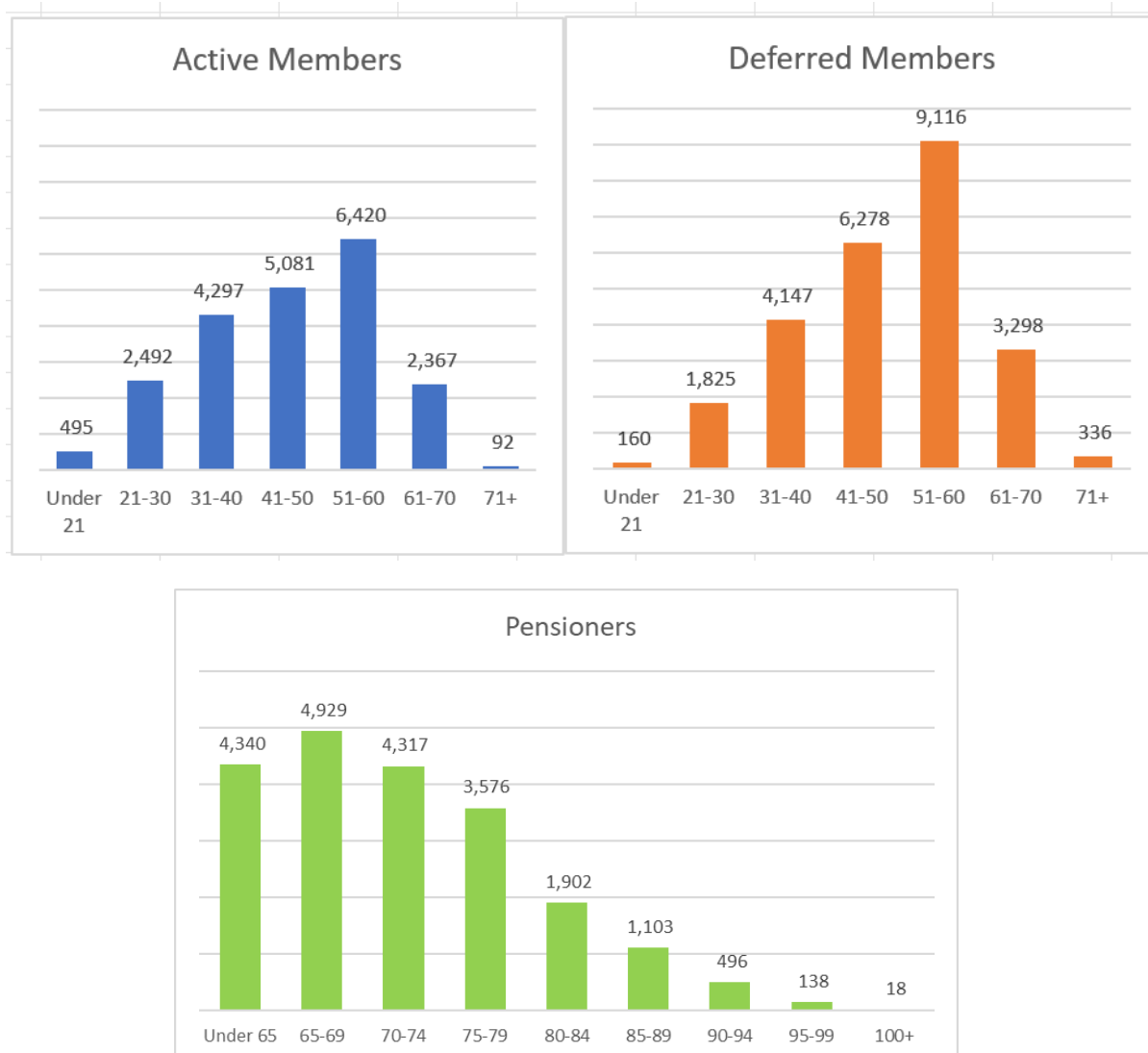
Scheme Member and Employer Analysis

Scheme membership, as shown below, has increased during the year from 65,570 at 31/03/2024 to 67,223 at 31/03/25. It should be noted that active membership numbers include scheme members who are not actively contributing into the scheme. This may be due to a break in service or potentially in the process of being transferred to deferred

member status. A significant piece of work was completed during the year reviewing Pending Leavers which has resulted in some Scheme members moving from Active to Deferred status.

	31/03/2024	31/03/2025
Active Members	22,430	21,244
Deferred Members	23,344	25,160
Pensioners & Dependents	19,796	20,819
Total Membership	65,570	67,223

The age profile of scheme members as at 31 March 2025 is as set out below:



At 31 March 2025 there were 109 employer bodies in the Cumbria Fund, a decrease from 120 employers at 31 March 2024. During the year, seven Academies joined an existing Multi Academy Trust employer, six employers left the Fund and two other employers joined the Fund during the year, resulting in a net reduction of eleven employers.

The table below provides a summary of employers as at 31 March 2025 split between those with and without active members in the Fund.

	Scheduled Bodies	Admitted Bodies	Designated Bodies	Total
Employers with active members	38	24	15	77
Employers with liabilities but no active members	10	20	2	32
Total	48	44	17	109

A full list of scheme employers at 31 March 2025 is presented in Note 25 of the Annual Statement of Accounts (**Section 5** and **Appendix 5**).

Scheme Engagement and Communications

The Fund has supported LPPA with a wide range of engagement and communication throughout the year. The aim of this engagement has been to support employers to understand their responsibilities in providing accurate information to LPPA. The engagement has also been aimed at developing scheme member understanding of their pension ensuring members have the information and support they need.

Activities undertaken during the year to support scheme employers have included:

- The Pensions Forum included an update on Fund performance; data cleansing and the 2025 Triennial Valuation; a regulatory update and information on the investment strategy and responsible investment policy. Further details of the Forum are presented in **Section 2**.
- LPPA delivered various training courses for scheme employers including courses on absence and ill health; employer responsibilities; scheme leavers; and LGPS scheme essentials.
- Pension Pulse newsletters were issued to employers throughout the year to support employers with the skills and knowledge required to provide accurate and timely information regarding their scheme members.
- The Fund has developed a “traffic light system” to monitor payment of pension contributions to the Fund as well as member data. This provides quarterly

information to all active employers showing where employers have met their obligations to provide payments and data on time and any occasions where they have failed to meet this within the timescale.

Scheme members have been encouraged to sign up to PensionPoint, the on-line tool for scheme members to access their latest pension details, including their ABS, with 41% of scheme members having signed up to this resource as at 31 March 2025. Additionally 42.8% of Scheme members have nominated a beneficiary who they would like to receive any death lump sum, in the event of the member's death.

Other activities undertaken to support scheme members have included:

- Development of the LPPA member website (www.lppapensions.co.uk) including an improved complaints section; information on divorce and related pension queries; updates including videos on the pensions scams page; information on employer administration responsibilities and details of the 2025 Valuation for employers.
- Scheme members have the ability to opt out of digital communications and receive information from LPPA through the postal system.
- Scheme member annual newsletters were produced for active, deferred and pensioner members. Articles included pension increases and how members can access their Annual Benefit Statement through PensionPoint.
- The letter review project continued through the year, with a focus on letters relating to retirements, bereavements, early leavers and complaints. The aim of this project is to make sure letters are jargon-free, easy to understand and support members with the right information at the right time. Retirement letters were reviewed by the Plain English Campaign and LPPA were awarded their 'Crystal Mark' for the clarity of a document.
- Monthly scheme member sessions were delivered by LPPA including Making Sense of your Pension, which supports new starters and Making Sense of your Retirement sessions, which helps prepare members in their plans for retirement.

GOOD TO KNOW:

PensionPoint is LPPA's online portal. Once you have registered your details, you can view and download your pension documents, update your personal details and check your retirement benefits in just a few clicks.

For further information on communications see the Fund's Administration Strategy & Communications Policy at **Appendix 2**.

Value for Money

Ensuring that the Cumbria Pension Fund is a well administered and efficient service is key for the effective management of the Fund. The Fund's costs for LPPA service provision are

based on a unit price per scheme member, with this rate being reviewed on an annual basis to reflect inflationary increases and any variation to specific service requirements.

Officers of the Fund regularly meet with senior representatives from LPPA and scrutinise, challenge and support service delivery to strive towards improving service delivery for the scheme members and employers of the Fund and to enhance the value for money of this service.

Complaints and Dispute Resolution

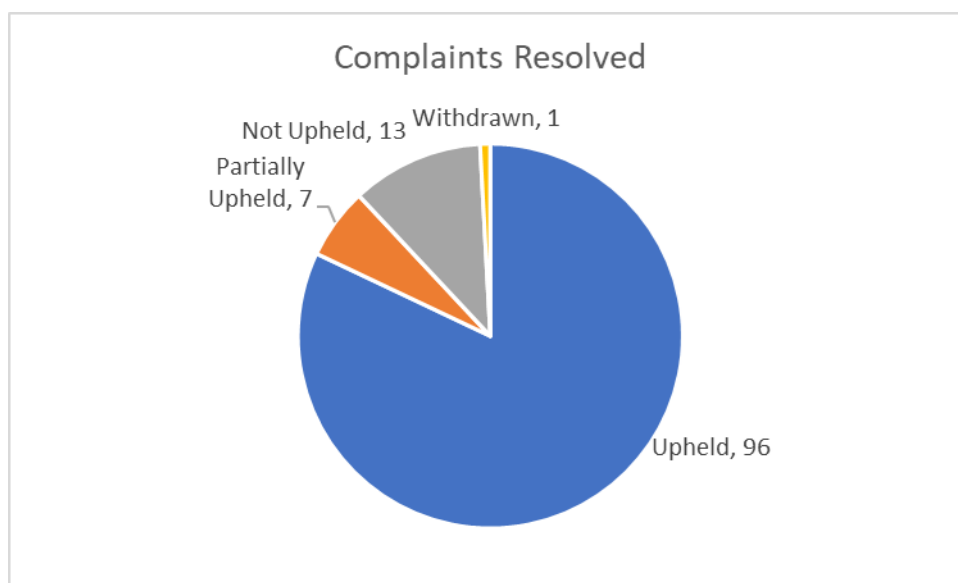
Where a scheme member experiences an issue associated with the management of their pension, most issues can be resolved by contacting LPPA directly. Details of this are provided on the LPPA website at www.lppapensions.co.uk/contact.

Where a scheme member wishes to formalise their complaint they can do so by lodging a complaint with LPPA at www.lppapensions.co.uk/complaints.

Additionally, the LGPS Regulations provide a formal complaint procedure known as the Internal Dispute Resolution Procedure (IDRP). This process consists of two stages, although most of the complaints received are resolved during the first stage. More detailed information can be found by downloading the [Internal Dispute Resolution Procedure](#) from the Fund's website.

The Fund undertook 21,553 calculations or enquiries during 2024/25 and received 97 complaints (equivalent to 0.45% of cases completed during the year). The number of complaints received has decreased significantly from the 172 (1.1% of cases completed) received in 2023/24.

During the year, 117 complaints were resolved, with 96 being upheld, 7 being partially upheld, 13 cases not upheld and 1 case being withdrawn during the year.



The main reasons for complaints received were due to the time taken to resolve cases and the general service received from LPPA.

Additionally, the Administering Authority received 2 new Stage 1 Internal Dispute Resolution Procedure (IDRP) appeals in 2024/25, and 3 new Stage 2 appeals. None of the Stage 1 appeals were upheld and only 1 of the Stage 2 appeals was upheld. The Ombudsman did not issue any opinions relating to Cumbria Pension Fund during 2024/25.

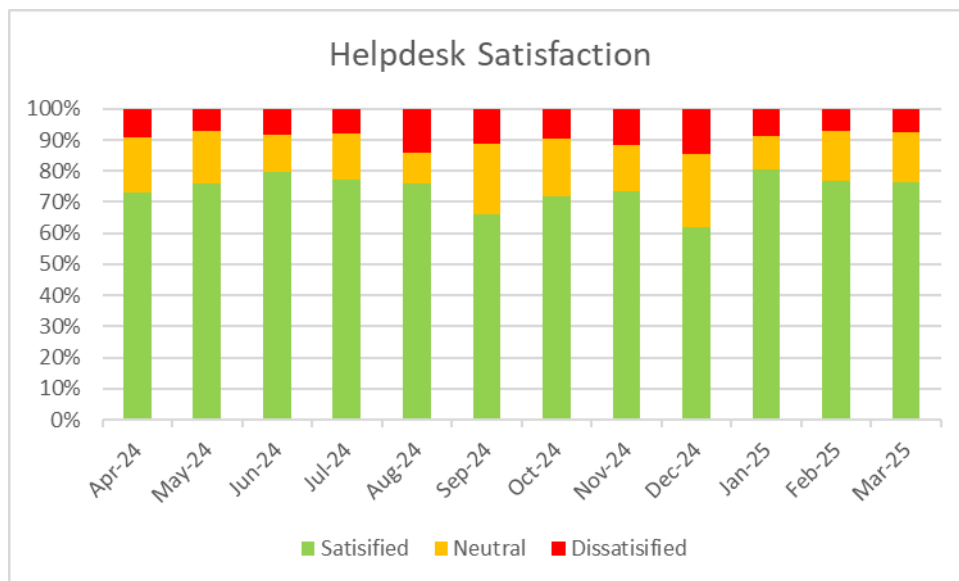
Where Scheme Members are dissatisfied with the outcome of the Fund's IDRP, an appeal may be made to the Pensions Ombudsman. Further information can be found on the Pension Ombudsman's appeal process can be found on their [website](#).

Scheme Member Engagement and Feedback

LPPA operates a helpdesk as the main contact point for scheme members and employers. The helpdesk has a target to answer 90% of calls received and for the average wait time to not exceed four minutes.

Throughout 2024/25, the helpdesk responded to 11,567 calls from members and employers of the Cumbria Pension Fund, with the average wait time being under four minutes in all 12 months of the year, and an annual average wait time of 2 minutes and 42 seconds. Across LPPA, the helpdesk answered 97.7% of calls received.

Surveys are undertaken to assess the satisfaction with the helpdesk with 561 surveys completed during 2024/25. Of these, 74.4% of respondents expressed satisfaction with the service received whilst 9.4% were dissatisfied and 16.2% had a neutral response. As shown in the table below satisfaction, as expressed through these surveys, was over 70% for all but 2 months of the year.



Satisfaction surveys are also undertaken on scheme member experience with the retirement process. In 2024/25 data on the surveys was separated into those directed to members retiring from Active service and those retiring from Deferred status.

Throughout the year, 356 surveys were completed overall (30.4% of all 1,171 scheme members put into pension). Of completed these surveys, 189 were from members retiring from active service, with 50% satisfied with the service received, 37% were dissatisfied and 13% had a neutral experience.

There were 189 completed surveys returned from members retiring from deferred status, with 60% satisfied with the service received, 31% were dissatisfied and 9% having a neutral experience.



Throughout 2024/25 the Fund continued to support and robustly challenge LPPA on how these surveys can be improved for the benefit of scheme members.

8. What Lies Ahead?

As at 31 March 2025, the LGPS is undergoing sustained transformation. The sound governance arrangements within the Cumbria Pension Fund ensures it is well placed to address these changes and remain an efficient and effective pension fund, delivering pensions for scheme members now and into the future.

Some of the key future developments and challenges are summarised below.

Pension Review

The Government's "Fit for the Future" programme is reshaping LGPS asset pools and mandating certain minimum standards deemed necessary for an optimal and consistent model in line with international best practice. This has resulted in a rationalisation of pools in England and Wales from 8 asset pools down to 6. Funds in the two pools that will close were required to express an interest in which of the remaining six pools they wish to join by 30 September 2025 with the transition to be completed by 31 March 2026. Seven Funds have confirmed their intention to join BCPP.

BCPP was considered to be meeting the Government's vision for the future of LGPS pooling, however there will be considerable work ahead for the company and shareholders in managing the governance associated with admitting and transitioning new Funds into the pool.

The "Fit for the Future" programme requires the management of all pension fund assets to be transferred to the asset pools. The pools will then be responsible for implementing the Investment Strategy of each of the partner Funds. In addition it requires the strengthening governance arrangements and the consideration of local investment.

It will be a role of the Pensions Committee to ensure that the Cumbria Pension Fund continues to operate for the benefit of its scheme members and employers throughout this period of transition for the wider LGPS.

Fund Valuation

The Fund will be undertaking its next triennial actuarial valuation as at 31 March 2025 which will determine the employer contribution rates to be paid from April 2026 to March 2029. Whilst data quality within the Fund is considered to be of a high standard, considerable work has been undertaken on data cleansing in preparation for this. The Fund will work closely with its Actuary to agree a set of assumptions and parameters reflecting the Fund's beliefs and views about the future economic and longevity environment.

The Fund has started a consultation with interested parties in the Autumn on a revised Funding Strategy Statement ahead of the new employer contribution rates from April 2026.

Governance

The Fund will continue to keep abreast of developments to enhance governance of the Fund including further work to ensure compliance to the Pension Regulator's General Code of Practice.

Cyber resilience remains a key priority for the Fund and actions will be taken to review existing policies and practices to ensure they remain appropriate in this challenging environment. This will include liaison with the Administering Authority and LPPA on this critical area of the protection of data and assets.

The LGPS is continuously improving governance associated with Responsible Investment. This includes how it reports developments in light of new data and best practices and acknowledging the increasing importance of areas such as biodiversity loss. The Fund will review how its reporting can be enhanced in this fast changing area working closely with BCPP to ensure a consistent approach.

A new version of the FRC's Stewardship Code will take effect from 1 January 2026 with an updated definition of stewardship that emphasises long-term value creation, a reduced and more-targeted set of principles and more flexibility over reporting.

Where appropriate, the Fund will respond to national consultations (or feed into other consultation responses) to ensure that Cumbria Pension Fund's voice is heard in the development of national policy and regulation amendments.

The Fund will continue to "horizon scan" for new developments that may affect scheme members and employers of the Fund as well as any other amendments to LGPS regulations.

Administration

2025/26 will be a key year for developments in administration of the Local Government Pension Scheme.

The government will issue a consultation on 'LGPS: Access and fairness' covering a number of proposals relating to pension benefits for LGPS members. This includes several long-awaited measures that address inequalities within the current Scheme design. The remedy for these is expected to be necessary yet burdensome for Pension Funds to administer at the same time as also having to implement the McCloud age discrimination remedy.

LGPS Funds are required to connect to the national dashboard programme by 31 October 2025, our connection has been delayed, and is expected by the end of 2025. When the dashboard programme eventually goes live, individuals will have the ability to access all their pension records, including their state pension, from one simple portal.

These changes to Scheme regulations will clearly create significant additional workload for the Funds pension administrator, LPPA. The Fund will continue to support yet robustly challenge LPPA to ensure an effective pension scheme is provided to scheme members and employers.

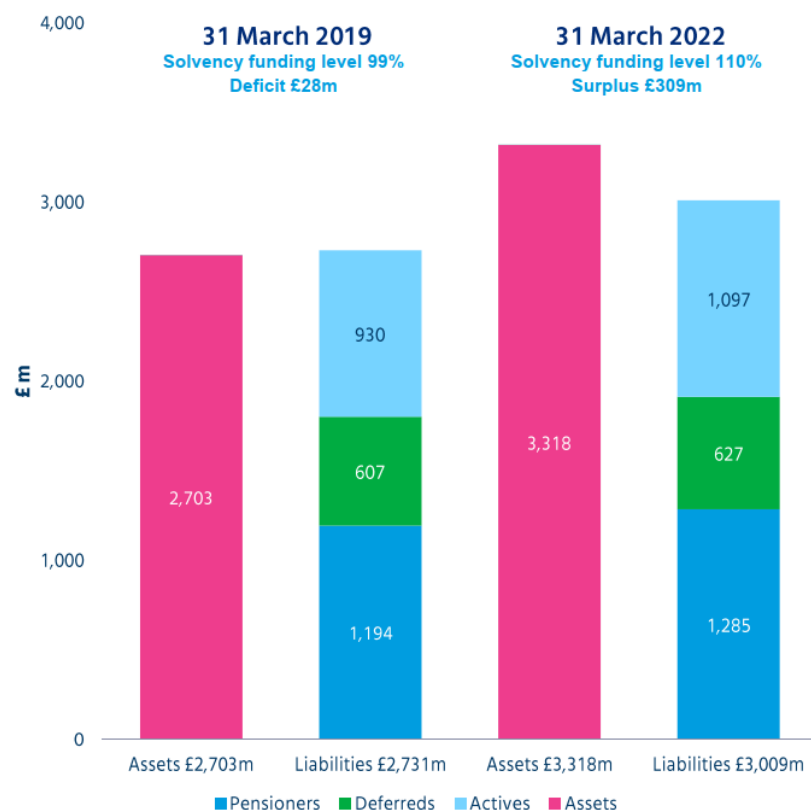
In November 2025 the Fund reviewed its Additional Voluntary Contribution (AVC) schemes to ensure these remain relevant and good value for participating Scheme members.

Looking further ahead, the Government has announced that the earliest age an individual can take their pension will increase from age 55 to 57 with effect from 6 April 2028. This does not apply if pension is taken early due to ill health. Work will be undertaken to assess the impact of this for the LGPS and for the Cumbria Pension Fund.

9. Actuarial Report

The Fund Actuary assessed the valuation of the Cumbria Local Government Pension Scheme as at 31 March 2022 to determine the contribution rates with effect from 1 April 2023 to 31 March 2026.

The report outlined that the Fund had a solvency funding level as at 31 March 2022 of 110% - an increase from 99% at the previous valuation in 2019. This means that the Fund held £110 of assets for every £100 of pension fund liabilities.



The report also details the assumptions used to determine the valuation and the resultant employer contributions for each employer within the Fund for the period 1 April 2023 to 31 March 2026.

The full Actuarial Valuation Report as at 31 March 2022 is available on the Cumbria Pension Fund [website](#).

Throughout 2024/25 and 2025/26 work has been undertaken to plan for and complete the 2025 triennial valuation for Cumbria Pension Fund. This project will ultimately provide the employer contribution rates for the period 1 April 2026 to 31 March 2029.

10. External Audit Opinion

The 2024/25 Annual Statement of Accounts of Cumbria Pension Fund have been included at **Section 5** and **Appendix 5** of this Annual Report. These financial statements are subject to final sign-off for the audit by the Fund's external auditor, Grant Thornton UK LLP.

The external audit opinion on the Fund's Financial Statements will be added to this Annual Report when available and republished on the Fund's website.

GOOD TO KNOW:

The 2023/24 Annual Accounts of Cumbria Pension Fund received an unqualified audit opinion with special mention from the auditors for the good quality working papers provided by the Fund.

Appendix 1 - Annual Report of Cumbria Local Pension Board

Annual Report from Patrick Mulligan, Chair of the Cumbria Local Pension Board



As Chair of the Cumbria Local Pension Board (“the Board”) it is my pleasure to present the Annual Report for 2024/25 on behalf of my fellow Board Members.

Westmorland and Furness Council (“the Council”) is the Administering Authority of Cumbria LGPS. The Council’s Constitution which includes the Board’s Terms of Reference require the Board to meet ‘as a minimum quarterly’. This is in recognition of the important role the Board has to play in the governance arrangements for the Cumbria LGPS.

Membership

During the year, Mr Gavin Capstick stepped down from his role as an employer representative on the Board. Mr Capstick has been a Board member since June 2022 and I would like to express my thanks for his service and valuable contribution to the Board during this time. The Fund are currently in the process of recruiting for a replacement employer representative.

Ms Karen Wilson came to the end of her four year term as scheme member representative but I’m delighted to report that she was successfully re-appointed for a new term in January 2025.

In addition, Ms Karen Thomson was successfully reappointed as Vice Chair for another year.

Work Programme during 2024/25

It’s been another busy year for the Fund with responses submitted to the Government’s “Fit for the Future” and Inheritance Tax consultations and assessing and working towards compliance with the requirements of TPR’s new General Code of Practice, including the development of a new Conflicts of Interest Policy and a three-year Business Plan for the Fund.

The Fund has continued to work with Local Pensions Partnership Administration (LPPA) to improve pension administration arrangements for the benefit of all scheme members and employers of the Fund, with the Board continuing to provide additional scrutiny during the year. In addition, the Fund has worked with LPPA to consider the impact of and implement any required changes to the Scheme arising from new regulations, focussing on the implementation and impact of the McCloud remedy and the Fund’s readiness for the implementation of Pension Dashboards, which has included work to improve data quality.

Cyber security arrangements remain a priority of the Fund with the Board reviewing progress against its Cyber Security Action Plan on a regular basis.

Returns on Fund investments continued to outperform their benchmark over the longer term and the Fund maintained its strong governance arrangements. In February, the Fund received confirmation

that the Fund's Stewardship report 2023/24 has once again been assessed by the Financial Reporting Council (FRC) as meeting the requirements of UK Stewardship Code.

During the year the Board were tasked with monitoring delivery against the Fund's action plan for ensuring compliance with TPR's General Code of Practice and reporting back to Committee on progress. I am pleased to report that as of 31 March 2025, the Fund is 97% compliant with the Code and has no areas of non-compliance in those aspects of the Code that are mandatory for LGPS Funds.

The Board also continued to review the governance process around Pensions Committee decisions and maintain an oversight of the key risks to the Fund.

Training

To support their work on the Local Pension Board, Members continued to maintain and develop their knowledge of the LGPS and attended a number of training events throughout the year:-

Training	Date
BCPP Annual Conference	Jul 2024
Committee & Board Training: • Climate Metrics & Reporting • Current regulatory changes • Pensions Dashboards • Cyber Security	Sept 2024
PLSA Annual Conference	Oct 2024
Actuarial Valuation	Dec 2024
Equity Portfolio Review & BCPP Investment Opportunities	Mar 2025

Looking forward to 2025/26:

The Board's formal Work Plan is reviewed on a quarterly basis allowing for updates for any issues arising.

The Plan for 2025/26 includes:-

- Appraising the readiness for connection to the national Pension Dashboard programme;
- Reviewing the implementation of the fund's Cyber security Action Plan;
- Continuing the quarterly review of service provision and performance of LPPA through robust monitoring of key pensions administration indicators and attendance at Board meetings;
- Reviewing governance arrangements in response to financial, regulatory and structural changes, including compliance with TPR's General Code of Practice and the outcome of the Government's Pensions Review; and
- Monitoring and reviewing the implementation of the McCloud Remedy.

I would like to convey the Board's thanks to all the Council's staff involved in administering the Cumbria LGPS, staff at LPPA and Border to Coast, and our external advisors for their work during the year in supporting the management and beneficiaries of the Fund.

Finally, I would like to thank my fellow Board Members for their contributions during 2024/25.

Patrick

Patrick Mulligan

Chair of the Cumbria LGPS Local Pension Board

Appendix 2 - Policies of Cumbria Pension Fund

To aid the reading of this annual report, the Fund has continued to publish the following Fund policies on its website that were relevant as at 31 March 2025.

- **Administration Strategy & Communications Policy**
- **Funding Strategy Statement**
- **Governance Policy Statement (including the Governance Compliance Statement)**
- **Investment Strategy Statement**

The Fund publishes all of its current policies on the **Forms and Publications** section of its website. These policies include:

- Fund Policy Document – Introduction
- Governance Policy Statement
- Administration Strategy & Communications Policy
- Investment Strategy Statement
- Responsible Investment Policy
- Cash Investment Policy
- Funding Strategy Statement
- Admission & Termination Policy Statement
- Discretions Policy
- Training Policy
- Policy and Procedure on Reporting Breaches of the Law
- Internal Control & Risk Management Policy
- Conflicts of Interest Policy
- Stewardship Report

Appendix 3 – Conferences, Training and Events attended in 2024/25

Date	Training Course	Pension Committee Members	Local Pension Board Members	Fund Officers
Apr-24	LGPS Pooling Symposium	-	-	1
May-24	Webinar: Cyber & TPR Requirements, so what now?	-	-	2
“	Hymans Robertson LGPS Conference	-	-	2
“	Investment Strategy Review Training - ISG	2	-	2
“	Investment Strategy Review Training – Pensions Committee	12	-	3
Jun-24	PLSA Local Authority Conference 2024	-	-	2
Jul-24	BCPP Annual Conference	5	1	4
“	Webinar: FRC Stewardship Code Review Update	-	-	2
“	Webinar: LGPS Live	-	-	1
Aug-24	Webinar: The New DB Funding Code	-	-	1
Sept-24	LGC Investment & Pensions Summit	3	-	-
“	Pensions Training Day	9	5	5
Oct-24	Webinar: LGPS Live	-	-	1
“	Webinar: What Does the Government Pension Review Mean for Your Scheme?	-	-	2
“	PLSA Annual Conference	-	1	-
“	Cumbria Pensions Forum: Pensions Administration Policy	-	-	6
Nov-24	Webinar: Pensions Dashboard Programme Update	-	-	1
“	Pension Managers Conference	-	-	2
“	PLSA Pensions Policy Summit	-	-	1
Dec-24	PLSA Local Authority Forum	1	-	-
“	Webinar: LGPS Live	-	-	1
“	LAPFF Annual Conference	3	-	1



Date	Training Course	Pension Committee Members	Local Pension Board Members	Fund Officers
Jan-25	Webinar: FRC Stewardship Code Roundtable	-	-	1
“	LGPS Governance Conference 2025	3	-	1
Feb-25	Webinar: LGPS Live	-	-	1
“	Webinar: Hymans Robertson Net Zero in the LGPS	-	-	1
“	Webinar: HMRC MPS Workshop	-	-	1
Mar-25	LATIF North 2025	-	-	1
“	Webinar: LAPFF TCFD Guidance Report ‘Climate Ready’	-	-	1
“	Webinar: CIPFA Audit & Accounting Workshop	-	-	1
“	LGC Investment Seminar	3	-	1

Appendix 4 - Administration Key Performance Indicators

Table A - Total casework

Ref	Casework KPI	Total number of cases open as at 31 March 2024	Total number of new cases created in 2024/25	Total number of cases completed in 2024/25	Total % of cases completed in 2024/25
A1	Deaths recorded of active, deferred, pensioner and dependent members	342	833	838	71.3%
A2	New dependent member benefits	Included in A1	Included in A1	Included in A1	Included in A1
A3	Deferred member retirements	367	2,219	2,322	89.8%
A4	Active member retirements	369	2,679	2,610	85.6%
A5	Deferred benefits	1,548	5,803	6,155	83.7%
A6	Transfers in (including interfunds in, club transfers)	608	1,264	1,113	59.5%
A7	Transfers out (including interfunds out, club transfers)	237	951	881	74.2%
A8	Refunds	233	2,930	2,799	88.5%
A9	Divorce quotations issued	28	156	168	91.3%
A10	Actual divorce cases	4	7	7	63.6%
A11	Member estimates requested either by scheme member and employer	100	864	883	91.6%
A12	New joiner notifications	110	608	683	95.1%
A13	Aggregation cases	1,479	5,638	5,038	70.8%
A14	Optants out received after 3 months membership	Not available	Not available	Not available	Not available

Table B - Time taken to process casework

Note: "Fund Target" is the LPPA target for completion once all relevant data is available rather than the statutory timescale.

Ref	Casework KPI	Fund target*	% completed within fund target in year
B1	Communication issued with acknowledgement of death of active, deferred, pensioner and dependent member	5 days	92.9%
B2	Communication issued confirming the amount of dependents pension	5 days	Included in B1
B3	Communication issued to deferred member with pension and lump sum options (quotation)	5 days	98.6%
B4	Communication issued to active member with pension and lump sum options (quotation)	5 days	97.9%
B5	Communication issued to deferred member with confirmation of pension and lump sum options (actual)	5 days	96.5%
B6	Communication issued to active member with confirmation of pension and lump sum options (actual)	5 days	96.8%
B7	Payment of lump sum (both actives and deferreds)	15 days	Included in B5 & B6
B8	Communication issued with deferred benefit options	15 days	97.0%
B9	Communication issued to scheme member with completion of transfer in	10 days	99.2%
B10	Communication issued to scheme member with completion of transfer out	10 days	96.2%
B11	Payment of refund	5 days	98.8%
B12	Divorce quotation	5 days	98.6%
B13	Communication issued following actual divorce proceedings i.e application of a Pension Sharing Order	5 days	100.0%
B14	Communication issued to new starters	10 days	100.0%
B15	Member estimates requested by scheme member and employer	10 days	98.4%

**Table C - Communications and engagement**

Ref	Engagement with online portals	Percentage as at 31 March 2025		
C1	% of active members registered	47.2%		
C2	% of deferred member registered	32.7%		
C3	% of pensioner and survivor members	44.6%		
C4	% total of all scheme members registered for self-service	41.0%		
C5	Number of registered users by age	Age	Number	%
		Under 21	136	0.5%
		21-25	483	1.8%
		26-30	750	2.7%
		31-35	1,102	4.0%
		36-40	1,678	6.1%
		41-45	1,963	7.1%
		46-50	2,316	8.4%
		51-55	3,984	14.5%
		56-60	5,166	18.7%
		61-65	4,484	16.3%
		66-70	2,838	10.3%
		71-75	1,489	5.4%
		Over 75	1,162	4.2%
C6	% of all registered users that have logged onto the service in the last 12 months	54.2%		
	Communication			
C7	Total number of telephone calls received in year	11,567		
C8	Total number of email and online channel queries received	4,814		
C9	Number of scheme member events held in year (total of in-person and online)	24		
C10	Number of employer engagement events held in year (in-person and online)	40		
C11	Number of active members who received a one-to-one (in-person and online)	0		
C12	Number of times a communication (i.e. newsletter) issued to:			
	a) Active members	9		
	b) Deferred members	9		
	c) Pensioners	9		

Table D - Resources

Ref	Resources	
D1	Total number of all administration staff (FTE)	Cumbria Pension Fund delegates its pensions administration service to Lancashire County Council with the service being provided by Local Pensions Partnership – Administration (“LPPA”). LPPA have 18 separate client funds including LGPS and blue light pension services. LPPA staff work across the client base and consequently it is not possible to determine those administration staff working for the Cumbria Pension Fund.
D2	Average service length of all administration staff	
D3	Staff vacancy rate as %	
D4	Ratio of all administration staff to total number of scheme members (all staff including management)	
D5	Ratio of administration staff (excluding management) to total number of scheme members	

Table E - Data Quality

Annual Benefit Statements		
E1	Percentage of annual benefit statements issued as at 31 August	98.0%
	Short commentary if less than 100%	Remainder were either due to files not received from the employer or outstanding queries that prevented ABS production
	Data category	
E3	Common data score	97.7%
E4	Scheme specific data score	91.4%
E5	Percentage of active, deferred and pensioner members recorded as 'gone away' with no home address held, or address is known to be out of date	1.4%
E6	Percentage of active, deferred and pensioner members with an email address held on file	63.9%
Employer performance		
E7	Percentage of employers set up to make monthly data submissions	100.0%
E8	Percentage of employers who submitted monthly data on time during the reporting year	79.0%

Appendix 5 - Cumbria Pension Fund Annual Statement of Accounts 2024/25

THE PENSION FUND STATEMENT OF ACCOUNTS

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FINANCIAL STATEMENTS AND NOTES TO THE ACCOUNTS

1 THE FINANCIAL STATEMENTS

PENSION FUND ACCOUNT FOR THE YEAR ENDED 31 MARCH 2025

	Notes	2023/24		2024/25	
		£000's	£000's	£000's	£000's
Dealings with members, employers and others directly involved in the fund					
Contributions	3		96,083		101,313
Transfers in from other pension funds	4		6,236		10,280
			102,319		111,593
Benefits paid	5		(114,305)		(128,055)
Payments to and on account of leavers / employer exit	6		(5,414)		(7,488)
Net additions / (deductions) from dealings with members			(17,400)		(23,950)
Management expenses	7 & 8		(22,420)		(25,457)
Net additions / (deductions) including fund management expenses			(39,820)		(49,407)
Returns on investments					
Investment Income		61,635		78,134	
Taxes on Income		(8)		(271)	
Net investment income	9	61,627		77,863	
Profit / (losses) on disposal of investments and changes in the market value of investments	10(c)	222,989		39,123	
Net return on investments			284,616		116,986
Net increase (decrease) in the net assets available for benefits during the year			244,796		67,579
Net assets at the start of the year			3,163,315		3,408,111
Net assets at the end of the year			3,408,111		3,475,690

NET ASSETS STATEMENT AS AT 31 MARCH 2025

	Notes	31 March 2024	31 March 2025
		£'000	£'000
Long-term Investments	10	1,182	1,182
Investment assets	10	3,399,115	3,465,770
Investment liabilities	10	(2,882)	(410)
Total net investment assets		3,397,415	3,466,542
Long term assets		-	-
Current assets	12	12,544	17,800
Long term liabilities		-	-
Current liabilities	13	(1,848)	(8,652)
Net assets of the Fund available to fund benefits at the period end		3,408,111	3,475,690

2 NOTES TO THE FINANCIAL STATEMENTS

NOTE 1 (a): DESCRIPTION OF THE FUND AND BASIS OF PREPARATION

The Cumbria Local Government Pension Scheme (“Cumbria LGPS”, “the Fund” or “Cumbria Pension Fund”) is a contributory defined benefit scheme to provide pensions and other benefits for all members of the Fund. The Fund is administered by Westmorland and Furness Council.

The purpose of the Fund is to:

- receive monies in respect of contributions, transfer values and investment income; and
- pay out monies in respect of Fund benefits, transfer values, costs, charges and expenses as defined in the 2013 Regulations, the 2014 Transitional Regulations and the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016.

Through balancing the strategic investment of the Fund’s assets to the liability profile of the membership, the aims of the Cumbria LGPS are to:

- ensure that sufficient resources are available to meet all liabilities as they fall due;
- manage employers’ liabilities effectively and enable employer contribution rates to be kept at a reasonable and affordable cost to the taxpayers and the scheduled, resolution and admitted bodies;
- achieve and maintain Fund solvency and long term cost efficiency, which should be assessed in light of the profile of the Fund now and in the future; and
- maximise the returns from investments within reasonable risk parameters taking into account the above aims.

Membership to the Cumbria LGPS is open to:

- all eligible employees of scheduled bodies (local government, academies, colleges) within the County who are not covered by alternative pension arrangements (the main categories of employees covered by alternative arrangements are teachers, fire service uniformed personnel and police officers); and
 - other eligible employees of admitted employers of the Fund (usually this includes employers to whom contracts have been awarded for the provision of public services within the county).
-

All eligible local government employees are automatically entered into the scheme. Employees may choose to opt out at any point in time.

As at 31 March 2025 the total membership of the Fund was 67,223 (2023/24: 65,570) and consisted of 21,244 contributors/actives (2023/24: 22,430), 25,160 deferred members (2023/24: 23,344) and 20,819 pensioners (2023/24: 19,796). The 2024/25 active membership numbers include scheme members who are not actively contributing into the scheme. This may be due to a break in service or potentially in the process of being transferred to deferred leaver status.

At 31 March 2025 there were 109 (31 March 2024: 120) employer bodies in the Cumbria LGPS (for the full list see **Note 25**). Two new employers joined the Fund during the year, seven existing Academy employers joined a Multi Academy Trust, and six other employers left the Fund.

Basis of Preparation:

The Statement of Accounts for Cumbria LGPS is presented in its entirety and separately from the General Fund in Westmorland and Furness Council's Accounts. Although the Council is the Administering Authority, the Fund covers a number of other scheduled, and admitted bodies.

The Accounts for the Cumbria LGPS summarise the Fund transactions for the financial year 2024/25 and the position at the year-end date, 31 March 2025. They have been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2024/25 (the Code) which is based upon International Financial Reporting Standards (IFRS), as amended for the UK public sector.

They do not take account of obligations to pay pensions, lump sums or other benefits which fall due after the financial year end. IAS 26 'Retirement Benefit Plans' requires the actuarial present value of promised retirement benefits to be disclosed and this information can be found in **Note 23** 'Actuarial Position of the Fund'.

The accounts have been prepared on a going concern basis.

NOTE 1 (b): INVESTMENT MARKET ACTIVITY DURING 2024/25

Following a strong 2024 for global equity markets and US equities, 2025 began with the US unexpectedly falling behind returns in the UK, China and Europe. The financial year 2024/25 will mostly be remembered for the significant volatility during the first quarter of 2025, when investors rotated away from US 'mega-cap' stocks amid fears about US tariffs.

Despite experiencing a great deal of volatility, one-year returns in listed equities were mostly positive for the 2024/25 period. The UK FTSE All Share index was the strongest of the major indexes over twelve months with a return of 10.5%, ahead of the next best index, Emerging Markets, which recorded a return of 6.3%. The MSCI All Country World Index recorded a return of 4.9%, in sharp contrast to the strong returns of 20.6% for the previous twelve months.

The impact on other asset classes was varied. Government bond yields have experienced some volatility over the past twelve months with values trending downwards through the year, with the UK Over-5 year index-linked gilts index showing a -10.4% return. UK real estate capital values increased over the past twelve months. Private market assets (i.e. private equity, private debt and infrastructure funds) were relatively stable at protecting capital and exceeded the returns from public equities.

NOTE 1 (c): FUND PERFORMANCE 2024/25

As at 31 March 2025 the audited value of the Fund's net assets was £3,475.690m (an increase of £67.579m from £3,408.111m as at 31 March 2024). The Fund's Actuary has estimated that the Cumbria LGPS was approximately 111% funded as at 31 March 2025. This was calculated by revising the results of the actuarial valuation as at 31 March 2022 to include an update to the real discount rate, reflecting changes in real yields since the valuation and the correlation of the Fund's holdings to those yields (based on assumptions per the full actuarial valuation as at 31 March 2022; these assumptions will be reviewed as part of the 2025 Actuarial Valuation).

In order to protect Fund solvency and the affordability of employer contribution rates, the Fund seeks to dampen investment risk and deliver stable investment returns over the longer-term by investing in a diverse portfolio of assets. The Fund's long-term approach to investment meant that, whilst it was affected by the market movements described at 1(b) above, the impact on performance was reduced. Overall, the Fund made a positive return on its investments of 2.6% (net of fees) for the year-ended 31 March 2025.

As a long term investor, the Fund is primarily focussed on longer-term performance. It has outperformed its 5 year and 10 year benchmarks and lagged the 3 year benchmark. The Fund's performance (net of fees) to 31 March 2025 in relation to the Fund's bespoke benchmark over these timeframes is shown in the table below.

	Cumbria Pension Fund Performance	Bespoke Benchmark	Variance to Benchmark
1 year performance	2.6%	3.0%	- 0.4%
3 year performance (per year)	1.9%	2.6%	- 0.7%
5 year performance (per year)	6.5%	6.3%	+ 0.2%
10 year performance (per year)	6.0%	5.8%	+ 0.2%

During 2024/25, the Fund completed its Investment Strategy Review, including a review of its Investment Beliefs and its Responsible Investment policy. In June 2024, the Pensions Committee approved a revised Investment Strategy, including the target investment asset allocation, along with the required changes to the Fund's Investment Strategy Statement. The key theme was 'evolution, not revolution' and the weightings in the main building blocks of assets (growth, fixed income, real assets) remains very similar to the previous strategy.

Some revisions to sub-asset classes took place during 2024/25 in light of the agreed new target allocations, with the associated investment decisions being taken in a managed way. Key changes made in 2024/25 included:

- The continuation of capital drawdowns to previously agreed commitments to infrastructure, private equity and private debt funds;
- The commencement of capital drawdowns to commitments made in March 2024 to new Border to Coast Pensions Partnership Ltd (BCPP) funds for Climate Opportunities and UK Opportunities;
- Rebalancing to address larger underweight and overweight positions within the Fund that had developed through market movements during the year. This was accomplished by reducing equity and reinvesting these proceeds into index-linked gilts;
- The transfer of the Fund's eligible English property holdings into Border to Coast's UK Real Estate fund, launched from October 2024;
- The selection of suitable investments for the Private Markets portfolio in March 2025, including new investment commitments made to BCPP private markets funds to be launched following the year-end (£50m to BCPP Infrastructure 2025 and £50m to BCPP Private Credit 2025); and
- The agreement of a new weighting structure within the public equity allocation (35% of the Fund) with implementation steps commencing in March 2025 and continuing in 2025/26.

NOTE 1 (d): BUSINESS PLAN ACHIEVEMENTS

2024/25 Business Plan:

All targets set within the 2024/25 Business Plan have been achieved during the year with key tasks either completed, or ongoing work that is on track for completion. Key highlights of this work are summarised below.

- **Continual improvement activities**

Continual improvement programme for the quality of data held by the Fund. Work undertaken by the Fund and the Fund's pensions administration provider (Local Pensions Partnership Administration, "LPPA") has continued to see high levels of common and conditional data scores reported to the Pensions Regulator.

- **Major annual pieces of work**

Preparation of the Annual Report and Accounts. The 2023/24 Financial Accounts and Annual Report were compiled in accordance with CIPFA's example accounts requirements. The accounts were audited by Grant Thornton UK LLP, who found that the accounts had been produced to a very high standard. An unmodified opinion was given with only minor recommendations being made. The auditor formally signed off the accounts on 18 February 2025 and the 2023/24 Annual Report (including draft financial statements) was published on 1 December 2024 in line with regulatory timeframes.

- **Complete the Fund's Investment Strategy Review and identify suitable investment options to implement the Investment Strategy**

Informed by the Responsible Investment Policy, the Fund's Investment Strategy (including the core investment objectives and asset allocations) was reviewed and a revised Strategy approved in June 2024, including target asset allocations and ranges. The Fund has also undertaken a review of its equity allocations throughout the year with this being approved by Pensions Committee in March 2025.

The review of the investment strategy included work to evaluate and agree allocations to two new BCPP investments: UK Opportunities and Climate Opportunities.

The Committee agreed the transition of the directly invested UK real estate to a new pooled fund, and all bar one of the identified properties were transitioned to the new fund in September.

The Fund has worked with BCPP on a draft plan to transition the remaining un-pooled assets to BCPP by March 2026 in accordance with the requirements of the Government's Pensions Review.

- **Continue to improve pension administration arrangements for the benefit of scheme members and employers within the Fund.**

The Fund continued to work with its pension administration provider, LPPA, to improve pension arrangements. LPPA performance was reported to the Pensions Committee with the Local Pension Board providing specific scrutiny to the performance of the pension administrator.

Administration KPIs have improved to above target. Further work has been undertaken by LPPA to better monitor the customer journey which started to be reported to Committee and Board during the year. LPPA are also making use of technology to speed up casework including automation of many retirements from deferred status which has seen a significant increase in the speed of these retirement cases.

There has been significant work undertaken by the Fund and LPPA in readiness for the statutory implementation and connection to Pension Dashboards. Regular reports have been made to the Pension Committee and Board setting out progress which has remained on track throughout 2024/25.

Correct data is paramount to a successful launch onto the dashboard and consequently Officers have continued to work with employers to assess and improve the quality of data held by the Fund.

- **Assess the Fund's compliance with the Pension Regulator's General Code of Practice and develop a plan to address any areas of governance that are considered to not be compliant with the Code.**

The Pension Regulator's new General Code sets out in detail what it expects of a scheme that is required to maintain an effective system of governance.

The Code came into effect on 27 March 2024 and the Fund assessed its compliance with this and produced an action plan to address the limited number of areas where further development of governance arrangements was required.

Implementation of the plan is ongoing and is being monitored by the Local Pension Board.

In addition to the 2024/25 Business Plan, originally approved in March 2024, the Fund has undertaken a number of other pieces of work and responded to unforeseen activities throughout the year. These activities included:

- Responding to the Government's Pensions Review and its consultation on "LGPS - Fit for the Future" including engagement with BCPP on the impact for the pool, the Fund and the wider LGPS;
- Review of equity holdings within the Fund's asset allocation;
- Projects to enhance the quality of data held by the LPPA and the Pension Fund. In particular a project to review 4,838 pending leavers within the Fund of which 88% were resolved; and
- Undertaking a further external review of cyber resilience. The action plan from the previous review of cyber resilience was substantially completed, and the review showed that the Fund is in a strong position compared to other pension funds. A new action plan was agreed and is being monitored by the Local Pension Board.
- Ongoing staffing vacancies within the team managing the Fund.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Accounting policies have been reviewed in line with good practice. There have been no changes to accounting policies in 2024/25.

Fund Account – revenue recognition

2.1. Contribution Income

Future service contributions, both from the members and from the employers within the Fund, are accounted for on an accruals basis at the rate recommended by the Fund Actuary for the payroll period to which they relate.

Employer deficit funding contributions are accounted for on the due dates on which they are payable under the schedule of contributions set by the Fund Actuary or on receipt if earlier than the due date.

Other Employers' contributions including pension strain costs are accounted for in the period in which the liability arises. Any amount due in year but unpaid will be classed as a current debtor. Amounts not due until future years are classed as long-term debtors. There are no such long-term debtors at 31 March 2025.

Where an employer leaves the scheme, any contributions required or exit credit payable on closure is accrued in the year of departure. (See **Note 3** for further details).

2.2. 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. These are calculated in accordance with the Local Government Pension Scheme Regulations (see **Note 4 and Note 6**).

Individual transfers in/out are accounted for when 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 2.14) to purchase scheme benefits are accounted for on a receipts basis and are included in transfers in (see **Note 4**).

Bulk (group) transfers are accounted for on an accruals basis in accordance with the terms of the transfer agreement.

2.3. Investment income (Note 9)

- a) **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. Income includes the amortisation of any discount or premium, transaction costs or other differences between the initial carrying amount of the instrument and its amount at maturity calculated on an effective interest rate basis.
- b) **Dividend income:** would be 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.
- c) **Distributions from pooled funds:** are recognised at the date of issue. Any amount not received by the end of the reporting period is disclosed in the net assets statement. In pooled funds with accumulation units, the Fund does not receive investment income directly from dividends or bonds, as this is received by the pooled fund and increases the value of the unitised holdings.
- d) **Property-related income:** consists primarily of rental income. This is recognised on an accruals basis.
- e) **Movements in the net market value of investments:** changes in the net market value of investments (including investment properties) are recognised as income and comprise all realised and unrealised gains/losses during the year. Realised gains/losses have been classified where a purchase or sale of investments has occurred. Gains/losses on transfers of investments within the portfolio of an individual manager have been classified as unrealised gains/losses (i.e. where no cash transactions have taken place). (See **Note 10(c)**).

Fund Account – expense items

2.4. Benefits payable (Note 5)

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.

2.5. Taxation

The Scheme 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 is subject to withholding tax in the country of origin unless exemption is permitted. Irrecoverable tax is accounted for as a Fund expense as it arises and is shown on the Fund Account as 'Taxes on income'.

2.6 Administrative expenses (Note 7)

All administrative expenses are accounted for on an accruals basis. All staff costs of the Council's pensions team are charged direct to the Fund, with management, accommodation and other overheads apportioned to the Fund in accordance with general Council practices. Staff and on-costs related to administration are apportioned to this heading.

This section also includes the cost of Local Pensions Partnership – Administration who provide the technical pension administration function for the Fund through a Delegation of Functions agreement with Lancashire County Council.

2.7. Investment management expenses (Notes 7, 8 and 8a)

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

Fees of the external investment managers and custodian are 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.

Transaction costs and pooled fund fees/expenses are also included as investment management expenses. No employees are currently employed solely on in-house investment management.

The Fund has reviewed any fee information received from managers prior to the cut-off date for the 2024/25 accounts and used this to include in the Management Fees disclosed in the Accounts. Where fee information was not available from the manager, officers have estimated these fees based on the market value of the investments and respective investment manager mandate.

The majority of the Fund's investment managers have signed up to the cost transparency code (the voluntary code which covers the provision of transparent and consistent investment cost and fee information between investment managers and Funds). However, the deadline for the returns was 30 June 2025 so the majority of the returns were received from managers after the cut-off date for inclusion within these Accounts. The cost transparency templates are assessed as they are received and will inform additional disclosures of investment costs in the Fund's 2024/25 Annual Report to be published by 1 December 2025. It is anticipated that in future years the templates received will provide greater consistency and completeness in reporting by managers. This will enable the Fund to further enhance the transparency of investment costs in coming years.

2.8. Oversight and Governance costs (Note 7)

All oversight and governance costs are accounted for on an accruals basis. All staff costs of the Council's Pensions team are charged direct to the Fund. Staff and on-costs apportioned to this activity are charged as oversight and governance expenses.

The expenses for those charged with the governance of the Fund (e.g. training, travel and allowances) and the cost of obtaining investment advice from external investment consultants and advisors is included in oversight and governance costs. This section also includes actuarial fees, legal fees and shareholder voting services.

Net Assets Statement

2.9 Financial Assets

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 assets are recognised by the Fund.

Investment Assets

Northern Trust Corporation, as independent Custodians to the Fund, value any directly held assets other than direct property and unquoted investments. This is done on a daily basis by a series of data quality verifications. All discrepancies outside a tolerance level are researched with a secondary source and resolved. This additional scrutiny provides an extra level of independence. The values on investment assets as shown in the net assets statement have been determined as follows:

- a) Unquoted investments: The fair value of investments for which market quotations are not readily available is determined as follows:
 - Directly held investments include investment in limited partnerships, shares in unlisted companies, trusts and bonds. Other unquoted securities typically include pooled investments in property, infrastructure, debt securities and private equity. The valuation of these pools of directly held securities is undertaken by the investment manager or responsible entity and advised as a unit or security price. Assurances are gained from the fact that valuations are audited for each investment manager by their respective auditors and reported to the Fund. Where the valuations are not audited as at 31 March 2025, the valuation is reported based on known transactional movement from the previous audited position. The valuation standards followed in these valuations adhere to industry guidelines or to standards set by the constituent documents of the pool or the management agreement.
 - In the case of the unquoted equity shares for Cumbria LGPS's ownership of share capital in Border to Coast Pensions Partnership Ltd (BCPP), as no market or comparable market exists, there is no intention for the company to generate any material profit and as the financial accounts for the Company show the shareholder funds to be equivalent to the regulatory

capital invested (at cost). Consequently, the shares are valued at cost as an appropriate estimate of fair value. At 31 March 2025, these are valued at £1,181,818 as detailed in **Note 22**.

- Investments in private equity funds and unquoted limited partnerships (**Note 14**) are valued based on the Fund's share of the net assets in the private equity fund or limited partnership using the latest financial statements published by the respective fund managers in accordance with the guidelines set out by the British Venture Capital Association.
- b) Limited partnerships: Fair value is based on the net asset value ascertained from periodic valuations provided by those controlling the partnership. All valuations are performed in accordance with the appropriate Uniform Standards of Professional Appraisal Practices ("USPAP") and International Valuation Standards ("IVS") or provides an IPEVC (International Private Equity and Venture Capital) (or other recognised industry standard) compliant valuation as applicable. The General Partner is responsible for preparing financial statements which give a true and fair view in accordance with International Financial Reporting Standards and applicable laws. The Fund reviews the Annual Reports of the partnerships which have been independently audited.
- c) Pooled investment vehicles: Pooled investment vehicles are stated at the bid price quoted by their managers at close of business on 31 March 2025. Unquoted pooled investments are valued with regard to latest dealings and other appropriate financial information as provided by their respective managers. For further information on pooled investment vehicles see **Note 10**.
- d) Freehold and leasehold properties: The properties are valued at fair value at 31 March 2025 by an independent valuer, Knight Frank LLP, in accordance with the Royal Institution of Chartered Surveyors' Valuation - Global Standards (incorporating the International Valuation Standards) and the UK national supplement ("the Red Book") current as at the valuation date.
- The valuer's opinion of market value and existing use value was primarily derived using comparable recent market transactions on arm's-length terms.
 - Each valuation has been prepared on the basis of "Fair Value", which is defined as: "the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date" in International Financial Reporting Standard (IFRS) 13.
 - "Fair Value", for the purpose of financial reporting under International Financial Reporting Standards and UK GAAP (FRS 102), i.e. "the amount for which an asset could be exchanged, a liability settled, or an equity instrument granted could be exchanged, between knowledgeable, willing parties in an arm's-length transaction", is effectively the same as "Market Value", which is defined in the Red Book as: "the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's-length transaction after proper marketing and where

the parties had acted knowledgeably, prudently and without compulsion."

- The valuation represents the figure that would appear in a hypothetical contract of sale at the valuation date.
 - i. No allowances have been made for any expenses of realisation or for taxation which might arise in the event of a disposal.
 - ii. The properties are valued individually, and no account has been taken of any discount or premium that may be negotiated in the market if all or part of the portfolio was to be marketed simultaneously, either in "lots" or as a whole.
 - iii. Acquisition costs have not been included in the valuation.
 - iv. No account has been taken of any inter-company leases or arrangements, or of any mortgages, debentures or other charges.
 - v. No account has been taken of the availability or otherwise of capital grants.

Further detail on Investment Properties is set out in **Note 10(b)**.

- e) Financial Assets measured at amortised cost: These are recognised on the Net Asset Statement when the Fund becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value. They are subsequently measured at their amortised cost i.e. principal amount adjusted for any interest payable / receivable at the year-end date and may be referred to as Investment receivables or trade/other debtors.

2.10. Foreign currency transactions

Dividends, interest and purchases and sales of investments in foreign currencies have been accounted for at the spot market rates at the date of transaction. Northern Trust Corporation value all overseas securities and foreign currency balances outstanding at year end in local currency then convert to sterling using the WM Reuters 4pm exchange rates at 31 March 2025.

2.11. Cash and cash equivalents

Cash comprises cash in hand and demand deposits.

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.

2.12. Financial liabilities

The Fund recognises financial liabilities at fair value as at the reporting date. 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.

2.13. Actuarial present value of promised retirement benefits

The actuarial present value of promised retirement benefits is assessed on a triennial basis by the Fund Actuary in accordance with the requirements of IAS 26 and relevant actuarial standards.

As permitted under IAS 26, the Fund has opted to disclose the actuarial present value of promised retirement benefits by way of a note to the net assets statement (see **Note 23**).

2.14. Additional voluntary contributions

Cumbria LGPS provides an additional voluntary contributions (AVC) scheme for its members. The Fund currently has three appointed AVC providers: Prudential Assurance Company, Standard Life and Scottish Widows. The previous AVC scheme on offer to employees was operated by Equitable Life Assurance Society but in December 2000 it closed to new business. From January 2020, the Equitable Life AVC closed with investments transferring to Utmost Life.

Employees' AVCs are paid over to one of the four providers by the Fund employers. These contributions are specifically for the purpose of providing additional benefits for individual contributors. Each AVC contributor receives an annual statement (from their provider) showing the amount held in their account and the movements in the year.

AVCs are not included in these accounts in accordance with Regulation 4(1)(b) of the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016 but are disclosed as a note only (see **Note 15**).

2.15. 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 Net Assets Statement 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 future events.

Contingent assets and liabilities are not recognised in the Net Assets Statement but are disclosed by way of narrative in the notes.

2.16. Stock Lending

The Fund's active equity is managed by BCPP who have a stock lending programme, where it is permissible, and as lenders of stock do not generally retain voting rights on lent stock. There are procedures in place to enable stock to be recalled prior to a shareholder vote if considered necessary from a responsible investment perspective. The Fund's passive global equity holding is managed by Legal and General who also operate a stock lending programme in selective overseas equity markets under strict conditions.

2.17. Prior Period Adjustments, Changes in Accounting Policies and Estimates and Errors

Prior period adjustments may arise because of a change in accounting policies or to correct material errors.

Changes in accounting policies are only made when required by proper accounting practices or the change provides more reliable or relevant information about the effect of transactions, other events and conditions on the Fund's financial position or financial performance. Where a change is made, it is applied retrospectively by adjusting opening balances and comparative amounts for the prior period as if the new policy had always been applied.

Where the basis for measurement of an amount is uncertain, the Fund will use a suitable estimation technique determined by the Director of Resources (Section 151 Officer). Where a reasonable estimate has been made, but is subsequently identified as being insufficiently accurate, the Director of Resources (Section 151 Officer) will amend the Accounts accordingly. Changes in accounting estimates are accounted for prospectively, i.e. in the current and future years affected by the change.

Material errors discovered in prior period figures would be corrected retrospectively by amending opening balances and comparative amounts for the prior period. However, no such amendments have been necessary for the opening balance of the 2024/25 accounts.

NOTE 3: CONTRIBUTIONS

Benefits (see **Note 5**) are funded by contributions and investment earnings. Contributions are received both from active members and employers of the Fund. Contributions from active members are made in accordance with the Local Government Pension Scheme Regulations 2013 (as amended) while individual employers' contribution rates are based on triennial actuarial funding valuations (see **Note 23**).

Contribution rates for 2024/25 are as follows:

- Employees - range from 5.5% to 12.5% of pensionable pay dependent on the full-time salary of the member (these rates are halved for those employees opting for the flexibility of the 50:50 section of the LGPS).
- Employers - range from 14.4% to 31.0% of pensionable pay for future service, plus a lump sum payment for deficit recovery contributions where appropriate. Individual employer rates are set by the Actuary on a three-yearly cycle, taking into account the employer's own attributes and particular circumstances. This includes the maturity profile of the membership, if the Admission is open or closed to new members, and the maximum deficit recovery period as

determined by the Fund Actuary in relation to the employer's covenant and membership profile.

The following table analyses the amount of total contributions receivable in the year, by category and by employer type:

By Category	2023/24 £'000	2024/25 £'000
Employee contributions to the fund	24,085	25,872
Employer contributions to the fund:		
Normal contributions	71,386	74,282
Deficit recovery contributions	612	1,159
Total Employer contributions	71,998	75,441
Total Contributions receivable	96,083	101,313
By Employer Type	2023/24 £'000	2024/25 £'000
Administering Authority	30,393	32,683
Other Scheduled bodies	64,615	67,655
Admitted bodies	1,075	975
Total Contributions receivable	96,083	101,313

In addition to future service contributions and historic deficit payments from employers, the contributions figure also includes the costs of pension strain arising from non ill-health early retirements and, where applicable, ill-health early retirements:

Non ill-health early retirements: Employers can make lump sum contributions towards pension strain costs or pay an additional employer contribution rate (as calculated by the Actuary). These contributions are recognised in line with the agreement with the employer. If there is no agreement, they are recognised when the Fund receives them.

Ill-health early retirements: Details of this are contained in the full [Actuarial Valuation Report as at 31 March 2022](#), which is available on the Cumbria Pension Fund website. All other Cumbria LGPS employer policies that are relevant to the 2024/25 financial year are available under 'Forms and Publications / Policies'.

NOTE 4: TRANSFERS IN FROM OTHER PENSIONS

Transfers into the Fund have been made by individual members, where they decide to move pension benefits accrued from previous employment into their LGPS pension. These are variable year to year depending on choices made by individual members.

	2023/24 £'000	2024/25 £'000
Individual transfers	6,236	10,280
	6,236	10,280

NOTE 5: BENEFITS

Pension benefits within the LGPS are based on final pensionable pay or career average, and duration of pensionable service. Members have access to the schemes depending upon the period their active membership in the LGPS covers, i.e. whether their employment was previous to 1 April 2008, during the period 1 April 2008 to 31 March 2014, and employed post 1 April 2014. Details of the main benefits of membership of these schemes are summarised in the following table:

	Service Pre 1 April 2008	Service 1 April 2008 to 31 March 2014	Service Post 1 April 2014
Basis	Final salary	Final Salary	Career Average Revalued Earnings (CARE)
Pension	Each year worked is worth 1/80 x final pensionable salary.	Each year worked is worth 1/60 x final pensionable salary.	Each year worked accrues 1/49th x pensionable salary.
Lump sum	Each year worked is worth 3/80 x final pensionable salary. 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.	No automatic lump sum. 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.	No automatic lump sum. 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.

In addition to the pension and lump sums payable as detailed above, the pension fund also pays a death grant if a scheme member dies before drawing their pension or, in certain circumstances, within 10 years of starting to draw their pension. Such payments are in accordance with LGPS regulations and are dependent upon the dates in which the scheme member was a member of the Fund.

The following table analyses the amount of total benefits paid in the year, by category and by employer type:

By Category	2023/24 £'000	2024/25 £'000
Pensions paid	92,586	102,044
Lump sums on retirement	18,957	23,254
Lump sums on death	2,762	2,757
Total Pensions paid	114,305	128,055
By Employer Type	2023/24 £'000	2024/25 £'000
Administering Authority	14,826	17,720
Scheduled bodies	89,452	100,083
Admitted bodies	10,027	10,252
Total Pensions paid	114,305	128,055

As shown in the above table the Administering Authority (Westmorland & Furness Council) benefits paid for 2024/25 were £17.720m. This comprises of pension payments of ex-employees of Barrow Borough Council, Eden District Council, South Lakeland District Council and pensioners of Westmorland & Furness Council.

For information, the benefits paid relating to legacy Cumbria County Council pensioners is included in the Scheduled bodies category.

NOTE 6: PAYMENTS TO AND ON ACCOUNT OF LEAVERS / EMPLOYER EXIT

Transfers out from the Fund have been made by individual members, where they have decided to take pension benefits accrued from previous employment within the Fund to a pension elsewhere. These are variable year to year depending on choices made by individual members.

	2023/24 £'000	2024/25 £'000
Refund of member contributions	175	258
Individual transfers out to other Schemes	5,204	5,264
Group transfer out to other Schemes	35	1,966
	5,414	7,488

NOTE 7: MANAGEMENT EXPENSES

Officers undertaking the day to day management and administration of the Cumbria Pension Fund are employed by the Administering Authority with their associated costs e.g. salaries, office space and information technology being charged to the Fund. In addition, the cost of maintaining the employee and employer contribution records, paying benefits and provision of other pension administration services, provided by delegation of function to Lancashire County Council, through Local Pensions Partnership - Administration (LPPA), are charged to the Fund. This is in accordance with the government regulations on the management of local government pension schemes.

Further details of management expenses are as follows:

	2023/24 £'000	2024/25 £'000
Administrative costs	1,980	2,487
Investment management costs	19,561	21,965
Oversight and governance costs	879	1,005
	22,420	25,457

The Code of Practice does not require any breakdown of pension fund administrative expenses. However, in the interest of greater transparency and comparability, the Council has opted to disclose its pension fund management expenses in accordance with best practice outlined in the CIPFA guidance on LGPS management costs (July 2016). To further aid comparison a detailed breakdown is provided for information in the next note.

Administrative costs were £0.507m (25.6%) higher in 2024/25 than the previous year. For further details refer to **Note 8**.

Investment management costs were £2.404m (12.3%) higher in 2024/25 than the previous year. For further details refer to **Note 8 and 8(a)**.

Oversight and governance costs were £0.126m (14.3%) higher in 2024/25 than the previous year. For further details refer to **Note 8**.

NOTE 8: MANAGEMENT EXPENSES ADDITIONAL INFORMATION

The Code of Practice does not require any breakdown of pension fund management expenses. However, for information only, to further aid comparison using the disclosure into the three headings suggested by CIPFA guidance, a detailed breakdown is provided below.

	2023/24 £'000	2024/25 £'000
Administrative costs:		
Pensions Administration	1,611	2,080
Employee costs	358	401
Legal advice	8	5
Other	3	1
	1,980	2,487
Investment management costs: See Note 8 (a)		
Management fees	14,934	15,961
Performance fees	4,595	5,972
Custody fees	32	32
	19,561	21,965
Oversight and governance costs:		
Employee costs	432	398
Pensions Committee	36	27
Pensions Board	40	54
Investment consultancy fees	57	153
Performance monitoring service	43	43
Shareholder voting service	11	12
Actuarial fees	67	133
Audit fees - current year	90	97
Audit fees - prior years	9	10
Legal and tax advice	64	27
Other (including bank charges)	30	51
	879	1,005
	22,420	25,457

Variations on expenditure between years include:

- Pension Administration costs increased in 2024/25 due to increased numbers of Scheme Members in the Fund as well as higher costs within LPPA arising from additional scheme complexity, enhanced technology and improved customer service processes. Additionally the Fund commissioned LPPA to undertake a specific project associated with data quality ahead of the 2025 valuation.
- Investment Management Costs – Investment management costs increased in 2024/25 from £19.561m to £21.965m. In accordance with the CIPFA guidance, disclosure note 8(a) has been included below to provide more detailed disclosure of Investment Management fees.
- Oversight and Governance costs – The principal increase was in respect of investment consultancy to complete the Fund's Strategy Review. Actuarial fees increased during 2024/25 associated with preparation for the actuarial valuation of the Fund (which is undertaken every three years).

NOTE 8(a): INVESTMENT EXPENSES ADDITIONAL INFORMATION

As detailed above, in accordance with CIPFA Guidance this note provides more detailed disclosure of investment management fees across the more specific asset

class headings for the Fund's pooled investment holdings. The investment management fee values for 2023/24 are also provided for comparison purposes.

2024/25 Investment Management Expenses:

	Management Fees £'000	Performance Fees £'000	Transaction / Entry Costs £'000	2024/25 £'000
Asset Classes				
Public markets				
Pooled equity investments with BCPP	2,363	-	258	2,621
Pooled multi-asset credit with BCPP	404	-	-	404
Governance & development costs of BCPP	325	-	-	325
Pooled passive investments	32	-	41	73
	3,124	-	299	3,423
Private markets				
Infrastructure funds	3,802	3,042	-	6,844
Private equity funds	5,007	2,211	-	7,218
Private debt funds	2,119	719	-	2,838
Other multi asset funds	401	-	-	401
Property funds	741	-	-	741
	12,070	5,972	-	18,042
Directly held property	291	-	177	468
	15,485	5,972	476	21,933
Custody fees				32
Total Investment Management Expenses				21,965

- Total investment management expenses of £21.965m equate to 0.64% of the year-end asset value of £3.4 billion.
- BCPP asset pool – the 2024/25 fees represent the cost for the pooled public market funds (equity and multi-asset credit). In addition, there are the annual charges from the pool in relation to the governance costs and ongoing development of the company and related investment management projects to increase capacity. The Fund also invests in private markets with BCPP including a property fund.
- Private Markets - the objective of the Fund's strategic investment allocation to private markets is to select a portfolio of private market assets which aids cash flow and increases diversification and stability. The significant growth in the portfolio values together with additional investments in private market funds has led to increased management fees. In accordance with the CIPFA guidance, management fees and performance fees that have been deducted from within the private market funds during the year have been estimated and included in the table.

The management fees on private markets were £12.070m in 2024/25 which was an increase on the previous year (£10.499m in 2023/24). There was an increase in performance fees to £5.972m (£4.595m in 2023/24). However, it is recognised the levels of these fees are not consistent year on year, as the performance varies over the life cycle of the investment and is specific to the individual profitability and value of each investment. In the context of the year-

end valuation of these assets at £1,531m, the management and performance fees of £18m equate to around 1.2% of the asset value (1.2% for 2023/24).

- Transaction and Entry costs – there were transactions costs paid directly from investments during 2024/25 due to trading out of pooled equity funds, and due to the transfer of direct property to a pooled fund with BCPP.

2023/24 Investment Management Expenses:

	Management Fees £'000	Performance Fees £'000	Transaction / Entry Costs £'000	2023/24 £'000
Asset Classes				
BCPP Asset Pool				
Pooled equity investments with BCPP	2,168	-	253	2,421
Pooled multi-asset credit with BCPP	394	-	-	394
Governance & development costs of BCPP	1,041	-	-	1,041
Pooled passive investments	25	-	-	25
	3,628	-	253	3,881
Private markets				
Infrastructure funds	3,445	2,315	-	5,760
Private equity funds	3,883	1,381	-	5,264
Private debt funds	1,988	899	-	2,887
Multi asset credit funds	642	-	-	642
Property funds	541	-	-	541
	10,499	4,595	-	15,094
Directly held property	554	-	-	554
Cash		-	-	-
	14,681	4,595	253	19,529
Custody fees				32
Total Investment Management Expenses				19,561

NOTE 9: NET INVESTMENT INCOME

The investment income of £77.863m net of £0.271m irrecoverable tax (2023/24 £61.627m net of £0.008m irrecoverable tax on dividends) can be analysed as follows:

	2023/24 £'000	2024/25 £'000
Income from equities	624	409
Infrastructure funds income	12,770	21,778
Private equity funds income	13,909	25,261
Private debt funds income	12,211	12,523
Multi-asset credit funds income	7,758	4,726
Property funds income	3,191	5,833
Rents from directly held property	8,115	4,890
Interest on cash deposits	3,049	2,443
	61,627	77,863

The Fund does not receive investment income directly from equity dividends, as this is received by the pooled fund and increases the value of the unitised holdings. The Fund, however, continues to receive class action income several years after its direct ownership of shares, and these receipts are shown above as income from equities.

The majority of income earned relates to the Fund's private market portfolio (infrastructure, private equity, and private debt funds). The increase in amounts received between 2023/24 and 2024/25 is due to the underlying investments maturing to varying degrees in each year. Overall, the Fund is committed to more investment in private markets. Timing of income is dependent on the investment stage of the underlying investments with higher returns later in the investment cycle. The Fund invests in these assets with the objective of generating stable and / or inflation protected income streams to support the payment of pensions.

NOTE 10: INVESTMENT ASSETS

	Notes	31 March 2024		31 March 2025	
		Total £'000	Total £'000	Total £'000	Total £'000
<u>Long-Term assets</u>					
Unquoted Equities (shares in BCPP Ltd)			1,182		1,182
<u>Investment Assets</u>					
Pooled investment vehicles					
Pooled equity/fixed income (active):					
- UK equities		160,748		64,983	
- Global equities		797,033		770,891	
- Overseas equities		183,770		293,167	
- Fixed income funds		160,667		164,544	
		1,302,218		1,293,585	
Unitised insurance policies (passive):					
- Global equities		177,054		61,311	
- UK index-linked securities		445,233		498,387	
		622,287		559,698	
Other pooled funds and limited partnerships:					
- Infrastructure funds		480,712		540,210	
- Private Equity funds		370,640		396,444	
- Private Debt funds		253,073		291,016	
- Mixed asset private market funds				9,033	
- Multi Asset Credit / Fixed Income funds		63,468		63,186	
- Property funds		93,762		264,435	
		1,261,655		1,564,324	
Pooled investment vehicles & managed funds total			3,186,160		3,417,607
Investment properties	10(b)		157,675		3,625
Cash & cash equivalents			53,575		43,960
Amounts receivable for sales *			-		-
Investment income accrued *			372		298
Property rental debtors *			1,333		280
			55,280		44,538
Subtotal investment assets			3,399,115		3,465,770
<u>Investment liabilities</u>					
Amounts payable for purchases *			-		-
Property creditors *			(2,882)		(410)
Subtotal investment liabilities			(2,882)		(410)
Total Net Investments			3,397,415		3,466,542

* These current and long term assets / liabilities are not valued at 'Fair Value through profit and loss' and are therefore excluded from **Note 10(g)** - Fair Value Hierarchy.

Note 10(a) analyses the investments by Investment Manager.

Note 10(b) details the Fund's property portfolio.

The share capital in BCPP Ltd is shown as a long-term asset as unquoted equities in the above table at a value of £1.182m (a 1/11th share of the total share capital in BCPP).

The Fund's largest manager is BCPP. The Fund's liquid investments with BCPP total £1,293.585m and are shown in Note 10 as 'Pooled equity/fixed income (active)'. These consist of investments in the BCPP UK Equity Fund; the Equity Alpha Fund; the Overseas Developed Listed Equity fund; and the Multi-Asset Credit (MAC) fund, shown as 'Fixed income funds'. In addition to this, the Fund has invested in a number of private market investments managed by BCPP (infrastructure, private equity, and private credit) and transferred the majority of the Fund's directly held property into a new fund with BCPP during 2024/25. For the Fund's total investments managed by BCPP please refer to **Note 10(a)**.

The Fund's second largest manager holding is the unitised insurance policies with Legal and General (LGIM) totalling £599.698m, shown in the table categorised into the underlying asset types. These unitised, index-tracking (passive) funds are used as an efficient low-risk method of investing in the asset classes. The underlying assets, the index-tracking funds held on behalf of clients, are quoted assets i.e. fixed interest gilts and equity.

The Fund holds a portfolio of private market investments (infrastructure, private equity, property funds, private debt and multi-asset funds) which are investment vehicles for collective investment such as limited partnerships and are shown as 'Other Pooled Funds and Limited Partnerships' in the table. The Fund is increasing its investment into private markets with the objective of generating diversification and more stable and / or inflation protected income streams. This portfolio totals £1,564.324m at 31 March 2025.

NOTE 10(a): INVESTMENTS ANALYSED BY EXTERNAL MANAGER

Manager	Asset Class	31 March 2024		31 March 2025	
		£'000	%	£'000	%
Investments Managed by Border to Coast Pensions Partnership Ltd					
Border to Coast Global Equity Alpha Fund	Equities	797,033	23.5%	770,891	22.2%
Border to Coast Overseas Developed Eq	Equities	183,770	5.4%	293,167	8.5%
Border to Coast UK Equity Fund	Equities	160,748	4.7%	64,983	1.9%
Border to Coast Multi Asset Credit Fund	Fixed Income	160,667	4.7%	164,544	4.7%
Border to Coast UK Real Estate Fund	Property fund	0	0.0%	167,796	4.8%
Border to Coast Cumbria LP	Infrastructure funds	180,113	5.3%	232,715	6.7%
Border to Coast Cumbria LP	Private Equity funds	162,330	4.8%	217,940	6.3%
Border to Coast Cumbria LP	Private Credit funds	98,920	2.9%	190,220	5.5%
Border to Coast Cumbria LP	Climate Opportunities fund	0	0.0%	6,963	0.2%
Border to Coast Cumbria LP	UK Opportunities fund	0	0.0%	2,070	0.1%
Managed by BCPP Pool		1,743,581	51.3%	2,111,289	60.9%
Investments Managed outside Border to Coast Pensions Partnership Ltd					
Legal & General	Index-linked gilts	445,233	13.1%	498,387	14.4%
JP Morgan	Infrastructure fund	186,021	5.5%	192,924	5.6%
Partners Group	Private Market Credit funds	112,161	3.3%	71,721	2.1%
Partners Group	Infrastructure funds	72,201	2.2%	71,389	2.1%
Legal & General	Global equities	177,054	5.2%	61,311	1.8%
Pantheon	Private Equity funds	70,656	2.1%	62,241	1.8%
Apollo	Multi Asset Credit fund	53,731	1.6%	53,397	1.5%
Healthcare Royalty Partners	Royalties funds	61,941	1.8%	48,122	1.4%
abrdn (formerly Aberdeen SL Capital)	Private Equity funds	42,197	1.2%	45,640	1.3%
Strategic cash allocation	Cash	50,096	1.5%	43,231	1.2%
abrdn (formerly Aberdeen SL Capital)	Infrastructure fund	42,377	1.3%	43,183	1.2%
Aviva	Property fund	34,681	1.0%	34,152	1.0%
M&G	Property fund	31,780	0.9%	31,901	0.9%
Hearthstone	Residential Property fund	27,301	0.8%	30,586	0.9%
Barings	Private Loan funds	41,992	1.2%	29,076	0.8%
Unigestion	Private Equity funds	31,180	0.9%	20,730	0.6%
CQS	Multi Asset Credit fund	9,737	0.3%	9,789	0.3%
abrdn (formerly Aberdeen Standard)	Direct property	159,605	4.7%	4,222	0.1%
BlackRock	Private Equity fund	2,336	0.1%	1,771	0.1%
Border to Coast Ltd	Share capital	1,182	0.0%	1,182	0.0%
Interest and tax accruals	Cash/Overseas/UK equities	372	0.0%	298	0.0%
Outside of BCPP Pool		1,653,834	48.7%	1,355,253	39.1%
Total Net Investments		3,397,415	100.0%	3,466,542	100.0%

NOTE 10(b): INVESTMENT PROPERTIES

The Fund invests in UK property holdings for rental income and capital growth, and to maximise diversification thereby reducing the risk across the portfolio. During 2024/25, the Fund transferred the majority of its directly owned property portfolio into a new Border to Coast Pensions Partnership (BCPP) UK Real Estate Fund at the time of its launch, 1 October 2024.

At the prior year-end, 31 March 2024, the Fund held a portfolio valued at £157.675m as 22 properties ranging from £1.800m to £15.650m each. One property was purchased during the first half of the year, and transferred to the BCPP fund at 1 January 2025. The transfer of property to BCPP is shown as 'Disposals' of £165.135m in 2024/25 and is also shown within 'Purchases' of 'Other Managed funds' in Note 10(c).

Following the transfer, one property located in Scotland remains in the ownership of Cumbria Pension Fund at 31 March 2025 valued at £3.625m, as shown in the following tables.

Property holdings do not fall into the definition of a financial instrument, and therefore are not covered in **Note 11(a)** 'Valuation of Financial Instruments carried at fair value'. However, they are valued at fair value (as detailed in Note 2.9(e)). As these assets are illiquid and prices are not readily quantifiable, they are categorised as level 3 assets in the Fair Value analysis in **Notes 10(e) to (g)**.

'Net rental income from investment property' has been accounted for in the Fund Account under 'Net Investment Income' and is analysed as follows:

	2023/24 £'000	2024/25 £'000
Rental income from investment property	8,601	5,244
Direct operating expenses arising from investment property	(486)	(354)
	8,115	4,890

There are no restrictions on the Fund's ability to realise the value inherent in its investment property or on the Fund's right to the remittance of income and the proceeds of disposal. The property is held by a wholly-owned nominee company on behalf of the Fund and the Fund is entitled to all income and capital proceeds. The Fund has no contractual obligation to purchase, construct or develop properties, and the Fund has its normal obligations in respect of repairing and maintaining properties where the costs are generally passed onto the tenants where a lease is in place.

The following table summarises the movement in the fair value of investment properties over the year:

	2023/24 £'000	2024/25 £'000
Balance at the start of the year	156,540	157,675
Additions:		
Purchases	6,225	10,909
Subsequent expenditure	734	263
Disposals	0	(165,135)
Net gains/(losses) from fair value adjustments	(5,824)	(87)
Balance at the end of the year	157,675	3,625

The Fund's one remaining directly-owned property investment is a commercial leased out property, which is an operating lease. The future minimum lease payments receivable under non-cancellable lease in future years are shown below:-:

	2023/24 £'000	2024/25 £'000
Not later than one year	8,428	192
Later than one year and not later than five years	25,462	560
Later than five years	44,175	405
Total future lease payments due under existing contracts	78,065	1,157

To satisfy the requirements of IFRS 9 Credit Losses, an individual targeted assessment has been performed to quantify possible credit losses (or bad debt provisions) on rental income, rather than adopting a matrix based collective assessment. Historical loss rates have been assessed to adjust forward looking information. A combination of the assessment of historic rental payment trends for individual occupiers by the managing agents, with the use of a credit check risk score based on company accounts, payment information and up to date news reports, gives an individual assessment of balances. Where a provision is recommended, it is for 100% of the arrears rather than on a probability-adjusted basis.

The full potential rental income receivable for the properties going forward is currently £0.192m per year, and due to the above targeted and prudent approach to the certainty of payment and bad debt provision, the future lease payments did not need to be reduced by an allowance for expected credit losses. To provide context to this, it is worth noting that as at 31 March 2025 the Fund held £0.048m of deposits paid by tenants which help to mitigate loss to the Fund should rents not be paid.

As at 31 March 2025, an allowance of £0.227m for expected credit loss on outstanding rent arrears (which totalled £0.271m as at 31 March 2024), is recognised within the 'Property rental creditors' figure of £0.410m at Note 10. This represents approximately 4.6% of the 2024/25 net rental income of £4.890m. It is considered that the level of provisioning is appropriately prudent in the context of the financial statements.

NOTE 10(c): PROFIT AND LOSSES ON DISPOSAL OF INVESTMENTS AND CHANGES IN THE MARKET VALUE OF INVESTMENTS

During the financial year the following purchases and sales of investments were made. Purchases and sales also include transfers of investments if appropriate, and cash transfers from and to the Administering Authority.

The table below reconciles the movements in investments and derivatives ('Total net investments') for the current year.

Asset Class	Value at 1 April 2024 £'000	Purchases at Cost £'000	Sales Proceeds £'000	Changes in value during the year £'000	Value at 31 March 2025 £'000
Equities					
UK equities	1,182	-	-	-	1,182
Pooled investment vehicles	1,924,505	216,711	(277,728)	(10,205)	1,853,283
Other Managed funds	1,261,655	384,046	(131,219)	49,842	1,564,324
Property (See Note 10b)	157,675	11,172	(165,135)	(87)	3,625
	3,345,017	611,929	(574,082)	39,550	3,422,414
Cash & cash equivalents	53,575			(427)	43,960
Amounts receivable for sales	-				-
Investment income accrued	372				298
Property rental debtors	1,333				280
Amounts payable for purchases	-				-
Property creditors	(2,882)				(410)
Total Net Investments	3,397,415			39,123	3,466,542

Analysis of gains/(losses) for the year	2024/25 £'000
Realised - Profit and losses on disposal of investments	100,742
Unrealised - Changes in the market value of investments	(61,619)
	39,123

The following table reconciles the movements in investments and derivatives for the previous year.

Asset Class	Value at 1 April 2023 £'000	Purchases at Cost £'000	Sales Proceeds £'000	Changes in value during the year £'000	Value at 31 March 2024 £'000
Equities					
UK equities	1,182	-	-	-	1,182
Pooled investment vehicles	1,748,498	27,186	(40,000)	188,821	1,924,505
Other Managed funds	1,174,556	200,130	(153,066)	40,035	1,261,655
Property (See Note 10b)	156,540	6,959	0	(5,824)	157,675
	3,080,776	234,275	(193,066)	223,032	3,345,017
Cash & cash equivalents	79,636			(43)	53,575
Amounts receivable for sales	-				-
Investment income accrued	406				372
Property rental debtors	1,657				1,333
Amounts payable for purchases	-				-
Property creditors	(3,466)				(2,882)
Total Net Investments	3,159,009			222,989	3,397,415

Analysis of gains/(losses) for the year	2023/24 £'000
Realised - Profit and losses on disposal of investments	127,931
Unrealised - Changes in the market value of investments	95,058
	222,989

NOTE 10(d): INVESTMENTS REPRESENTING MORE THAN 5% OF THE NET ASSETS OF THE FUND

It is a requirement of the Pensions Statement of Recommended Practice (SORP) and the CIPFA Code of Practice on Local Authority Accounting to declare if an investment accounts for more than 5% of the Fund. The occurrences of this within the Cumbria Fund in 2024/25 are five pooled sub-funds managed by BCPP, one unitised insurance fund held with Legal and General, and an infrastructure investment with JP Morgan.

Holding	31 March 2024 £'000	% of Total Net Investments	31 March 2025 £'000	% of Total Net Investments
Border to Coast Pension Partnership Ltd - Global Equity Alpha	797,033	23.5%	770,891	22.2%
Border to Coast Pension Partnership Ltd - Overseas Equity	183,770	5.4%	293,167	8.5%
Border to Coast Pension Partnership Ltd - Infrastructure funds	180,113	5.3%	232,715	6.7%
Border to Coast Pension Partnership Ltd - Private Equity funds	162,330	4.8%	217,940	6.3%
Border to Coast Pension Partnership Ltd - Private Credit funds	98,920	2.9%	190,220	5.5%
Investments over 5% managed by Border to Coast	1,422,166	41.9%	1,704,933	49.2%
Legal and General Over 5 Yr Index-Linked Gilts Index	445,233	13.1%	498,387	14.4%
Investments over 5% managed by Legal and General	445,233	13.1%	498,387	14.4%
Other pooled investments over 5% of Net Investment Assets				
JPMorgan - Institutional Infrastructure fund	186,021	5.5%	192,924	5.6%
	2,053,420	60.4%	2,396,244	69.2%

NB: Due to the removal of Legal & General World equity (below 5%) and the addition of BCPP Private Equity and Private Credit funds for comparator purposes (over 5%), the totals no longer agree to that stated in this note in the prior year accounts.

During the year Cumbria LGPS agreed a revised structure for the public equity allocation and had part-completed the transfer between funds at 31 March by reducing UK equity and increasing Overseas equity by £110m. The Fund withdrew £40m from the BCPP Global Equity Alpha fund and £120m from L&G FTSE World Equity fund to address an overweight position which had developed due to growth in equity values in the Fund, this was used to both rebalance £110m into index-linked gilts and to make investments in private market assets.

NOTE 10(e): FAIR VALUE – BASIS OF VALUATION

The basis of the valuation of each class of investment asset is set out below. There has been no change in the valuation techniques used during the year. All assets have been valued using fair value.

Description of Asset/Liability	Basis of Valuation	Observable and unobservable inputs	Key Sensitivities affecting the valuations provided
LEVEL 1			
Cash and cash equivalents	Carrying value is fair value because of short-term nature (daily access)	Not required	Not required
LEVEL 2			
Pooled investments - unitised funds with underlying assets in quoted equity (UK or overseas), quoted fixed income, index-linked gilts or cash	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
LEVEL 3			
Investment Properties: Freehold and leasehold properties and property funds	The properties are valued at fair value at the year-end using the investment method of valuation by independent valuers CBRE Ltd in accordance with the <i>RICS Valuation Global Standards</i> (incorporating the International Valuation Standards) and the UK national supplement ("the Red Book") current as at the valuation date.	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.
Private equity and other private market assets (Pooled funds in infrastructure, private equity, private debt, unquoted multi-asset credit)	Investments in private equity funds and unquoted limited partnerships are valued based on the Fund's share of the net assets in the private equity fund or limited partnership using the latest financial statements published by the respective fund managers in accordance with the guidelines set out by the British Venture Capital Association.	Earnings Before Interest, Tax, Depreciation and Amortization (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.

NOTE 10(f): FAIR VALUE – SENSITIVITY OF ASSET VALUES AT LEVEL 3

Having analysed historical data and current market trends, the Fund has determined that the valuation methods described above for the 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 Level 3 investments held at 31 March 2025.

	Assessed valuation range (+/-)	Value at 31 March 2025 £'000	Value on increase £'000	Value on decrease £'000
Private market funds - Infrastructure	9.4%	549,243	600,872	497,614
Private market funds - Private Equity	7.9%	396,444	427,763	365,125
Private market funds - Private Debt	4.3%	291,016	303,530	278,502
Private market funds - Multi Asset Credit	4.4%	63,186	65,966	60,406
Property - direct and pooled funds	16.2%	268,060	311,486	224,634
Total		1,567,949	1,709,617	1,426,281

Further details on estimates and sensitivities of values are set out in **Note 22** to the Accounts (Critical judgements in applying accounting policies and the use of estimates and uncertainties).

Potential price changes are determined based on the observed historical volatility of the Fund's own asset class returns. The potential volatilities represent a one standard deviation movement in the change in value of the assets over the latest three years (i.e. 68% of the observed values were within these ranges). This volatility can be applied to the investment assets of the Fund at the period end in the above table to show the potential increase and decrease of value.

NOTE 10(g): FAIR VALUE – HIERARCHY

Asset and liability valuations have been classified into three levels, according to the quality and reliability of information used to determine fair value. Transfers between levels are recognised in the year in which they occur.

To show the liquidity of the assets the Fund holds, under IFRS the valuation of investments has been classified into three levels, according to the quality and reliability of information used to determine fair values. The aim being to show how much can be easily liquidated and thereby readily made available as cash if required with level 1 representing the most liquid and level 3 the most illiquid. This illiquidity assessment is subjective. As with any assessed additional investment risk investors should expect to be rewarded for illiquidity through higher investment returns.

To ensure that it continues to meet its funding target the Fund seeks to generate excess returns on investments at an acceptable level of risk. To do this the Fund diversifies across asset classes, managers and products, making use of its strong covenant as an open Public Sector Pension Scheme. As such it can take advantage of the potentially higher returns offered for investing in more illiquid asset classes such as private equity and infrastructure. Thus, the liquidity or how easily a financial asset can be quantified at a point in time does not automatically equate to the benefit of it to the Fund, merely how readily it can be realised as cash if required.

Level 1: 1% of Total Investments (2023/24: 2%)

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. Products classified as level 1 are mainly quoted equity shares, quoted fixed interest securities,

quoted index linked securities, cash and unit trusts that can be freely traded in active markets.

These are considered the most reliably quantifiable and easily liquidated i.e. converted into cash, assets carrying the lowest valuation and liquidity risk.

Level 2: 54% of Total Investments (2023/24: 56%)

Assets and liabilities at level 2 are those where quoted market prices are not available, for example, where an instrument is traded in a market that is not considered to be active or where valuation techniques are used to determine fair value, the techniques used are based significantly on observable market data.

While these assets are not usually convertible into cash immediately, they are still considered to be relatively liquid with easily verified and relatively certain asset pricing of the underlying stocks if not the pooled fund itself.

This includes pooled funds where the underlying assets are quoted assets such as equity and fixed interest bonds. Though the funds themselves are not traded on active markets, they have pre-set, often weekly trading dates, such that liquidation is relatively easy with a short lead-in time.

Level 3: 45% of Total Investments (2023/24: 42%)

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

For many of these assets, prices are not readily quantifiable, and they often prove to be the most illiquid. As such they hold both the highest liquidity and valuation risk.

Such investments include unquoted equity investments, limited partnerships and property, which are valued using various valuation techniques that require significant judgement in determining appropriate assumptions. These estimation techniques are referred to in **Note 2**. The investment may be tied in for some time (in particular with private equity) and withdrawal would take longer than levels 1 or 2. The values of funds are based on the net asset value provided by the fund manager. Assurances are gained from the fact that valuations are audited for each investment manager by their respective auditors and reported to the Fund.

The following tables provide an analysis of the financial assets and liabilities of the pension fund grouped into levels 1 to 3, based on the level at which the fair value is observable. Those current and long term assets/liabilities detailed in **Note 10**

Investment Assets which are not measured at 'fair value through profit and loss' have not been included in this or the following table.

	31 March 2024				31 March 2025			
	Quoted market price	Using observable inputs	With significant unobservable inputs		Quoted market price	Using observable inputs	With significant unobservable inputs	
	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Financial assets at fair value through profit and loss								
Unquoted Equities (shares in BCPP Ltd)	-	-	1,182	1,182	-	-	1,182	1,182
Pooled Investments	-	1,924,505	1,261,655	3,186,160	-	1,853,283	1,564,324	3,417,607
Cash & cash equivalents	57,487	-	-	57,487	50,848	-	-	50,848
Total Financial assets at fair value through profit and loss	57,487	1,924,505	1,262,837	3,244,829	50,848	1,853,283	1,565,506	3,469,637
Investment properties (Non-financial assets) at fair value through profit and loss	-	-	157,675	157,675	-	-	3,625	3,625
Total Investments at Fair Value	57,487	1,924,505	1,420,512	3,402,504	50,848	1,853,283	1,569,131	3,473,262
Percentage of Total Investments	2%	56%	42%	100%	1%	54%	45%	100%

NOTE 10(h): RECONCILIATION OF FAIR VALUE MEASUREMENT WITHIN LEVEL 3

The following table sets out the reasons for movement in the valuations within the Fund's assets categorised at level 3. More information regarding transfers is provided below the table as appropriate. Unrealised and realised gains and losses are recognised in the 'profit and losses on disposal and changes in market value of investments' line of the Fund Account.

Period 2024/25	Market value 1 April 2024 £'000	Transfers into level 3 £'000	Transfers out of level 3 £'000	Purchases during the year and derivatives payments £'000	Sales during the year and derivatives receipts £'000	Realised gains/(losses) £'000	Unrealised gains/(losses) £'000	Market value 31 March 2025 £'000
Unquoted Equities	1,182	-	-	-	-	-	-	1,182
Level 3 pooled investments (i.e. Other managed funds)	1,261,655	-	-	384,046	(131,219)	14,747	35,095	1,564,324
Investment Properties	157,675	-	-	11,172	(165,135)	3,399	(3,486)	3,625
	1,420,512	-	-	395,218	(296,354)	18,146	31,609	1,569,131

NOTE 11: FINANCIAL INSTRUMENTS

Accounting policies describe how the different asset classes of financial instruments are measured, and how income and expenses, including fair gains and losses, are recognised. Investment property is not a financial instrument and as such does not feature in any but the first of the following tables. The following table analyses the fair

value amounts of financial assets and liabilities by category, and the net gains and losses. No financial assets were reclassified during the accounting period.

The Net Assets of the Fund can be classified as Financial Instruments and Investment Property as follows:

	31 March 2024 £'000	31 March 2025 £'000
Financial Instruments	3,243,992	3,464,771
Statutory debts / liabilities & provisions	6,444	7,294
Investment Property	157,675	3,625
Net Assets of the Fund	3,408,111	3,475,690

NOTE 11(a): CLASSIFICATION OF FINANCIAL INSTRUMENTS CARRIED AT FAIR VALUE

The following table analyses the carrying amount of financial instruments by category and net asset statement heading.

	31 March 2024				31 March 2025			
	Fair Value through profit and loss	Assets at amortised cost	Liabilities at amortised cost	Total	Fair Value through profit and loss	Assets at amortised cost	Liabilities at amortised cost	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
CLASSIFICATION								
<u>Financial Assets</u>								
Investments								
Equities	1,182	-	-	1,182	1,182	-	-	1,182
Pooled investment vehicles	3,186,160	-	-	3,186,160	3,417,607	-	-	3,417,607
Cash & cash equivalents	46,829	10,658	-	57,487	42,082	8,766	-	50,848
Investment receivables/debtors	-	1,705	-	1,705	-	578	-	578
Current & long-term assets	-	1,070	-	1,070	-	2,198	-	2,198
	3,234,171	13,433	-	3,247,604	3,460,871	11,542	-	3,472,413
<u>Financial Liabilities</u>								
Investment payables/creditors	-	-	(2,882)	(2,882)	-	-	(410)	(410)
Current/long-term liabilities	-	-	(730)	(730)	-	-	(7,232)	(7,232)
Total Financial Instruments	3,234,171	13,433	(3,612)	3,243,992	3,460,871	11,542	(7,642)	3,464,771
ANALYSIS OF NET GAINS AND (LOSSES) FOR YEAR ENDED 31st MARCH								
Financial Assets	228,813	-	-	228,813	39,210	-	-	39,210
Financial Liabilities	-	-	-	-	-	-	-	-
Total Net Gains/(Losses)				228,813				39,210

The values shown in the above table for 'Assets at amortised cost' and 'Financial liabilities at amortised cost' are equivalent to the fair value.

NOTE 12: CURRENT ASSETS

Revenue transactions are recorded on a system of receipts and payments. Capital and income accruals (debtors) have been introduced in respect of major items of income due but not received at 31 March. The following table shows those expected to be realised within twelve months of the Net Assets Statement date.

	31 March 2024 £'000	31 March 2025 £'000
Cash balances	3,912	6,888
Current Debtors		
Contributions due	6,462	8,711
Miscellaneous	2,170	2,201
Total Current Debtors	8,632	10,912
Total Current Assets	12,544	17,800

Cash balances held by the Administering Authority are variable as the need arises to have cash available for pension payments and deployment into new investments.

Contributions due at 31 March vary from year to year, depending on the actual dates that payments are made by employers in respect of contributions and in settlement of invoices.

NOTE 13: CURRENT LIABILITIES

Payments during the year have been converted to an expenditure basis by the introduction of capital and expense accruals (creditors), to record significant amounts owed at 31 March. The following table shows those expected to be realised within twelve months of the Net Assets Statement date.

	31 March 2024 £'000	31 March 2025 £'000
Current Creditors		
Investment Managers fees	565	7
Tax payable	1,118	1,420
Miscellaneous	165	7,225
Total Current Liabilities	1,848	8,652

NOTE 14: NATURE AND EXTENT OF RISKS ARISING FROM FINANCIAL INSTRUMENTS

The Pension Fund maintains positions in a variety of financial instruments including bank deposits, equity instruments, fixed interest securities. This exposes it to a variety of financial risks including credit and counterparty risk, liquidity risk, market risk and exchange rate risk. These risks are a function of investing and cannot be completely avoided. They are however closely monitored and where possible appropriate mitigation methods are used to limit the Fund's exposure.

The following table presents a summary of financial risks to provide an overview of the different types of risks that apply to the asset categories held by the Fund, with the corresponding values of those assets to provide context. The darkness of each marker

against the asset categories indicates the varying degree to which the respective risk affects the different assets and thereby allow for comparison.

Summary of Financial Risks	Credit Risk	Market Risk				2023/24 £'000	2024/25 £'000
		Foreign Exchange	Interest rate	Liquidity	Other risks		
UK Equities	●	●	●	○	●	161,930	66,165
Overseas Equities	●	●	●	○	●	1,157,857	1,125,369
Index Linked Gilts	○	○	●	○	●	445,233	498,387
Property *	●	○	●	●	●	157,675	3,625
Alternative Investments	●	●	●	●	●	1,422,322	1,728,868
UK Cash	●	○	●	○	●	52,854	42,758
Overseas Cash	●	●	●	○	●	4,633	8,090
Total Investments at Fair Value						3,402,504	3,473,262

In the above table the risks noted effect the asset class either:

○ Minimally ● Partially ● Significantly

* Property is not a Financial instrument, it has been included above to provide a complete picture of investment assets.

Overall Procedures for Managing Risk

The principal powers under which a LGPS invests are contained in the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016 and require an Administering Authority to invest any pension scheme money that is not needed immediately to make payments from the Fund. These regulations require the Fund to formulate a policy for the investment of its Fund money. Cumbria LGPS practices are outlined in the Fund Policy Document and can be found on-line on the Cumbria Pension Fund website under 'Forms and Publications / Policies'.

With regards to investing, to minimise risks in this area the Administering Authority's risk management procedures focus on the unpredictability of financial markets, implementing operating restrictions on managers and diversification across the managers and asset classes within the portfolio.

The Fund annually reviews its policy on matters such as the type of investments to be held, balance between types of investments, investment restrictions and the way risk is managed. These are detailed in the Fund's Investment Strategy Statement.

The Investment Strategy Statement (ISS) and the Cash Investment Policy can both be found in the Fund Policy Document published on-line, on the Cumbria Pension Fund website under 'Forms and Publications / Policies'.

The Fund keeps its Investment Strategy under continual review. Local Government Pension Schemes have a long term liability profile, and their investment strategy should be undertaken with a view to matching this. Switching asset allocations is expensive, resource intensive and time consuming. While conducting an annual review to keep abreast of trends in market conditions and liability profiles (e.g. discounted

future pensions payments) is appropriate, a more detailed review, leading to material changes in asset classes should only be undertaken every 3-5 years.

The Investment Strategy review concluded in June 2024 with the Pensions Committee approving a revised target investment asset allocation, along with the required changes to the Fund's Investment Strategy Statement. The key theme of the review was 'evolution, not revolution' and the weightings in the main building blocks of assets (growth, fixed income, real assets) remain very similar to previously. Follow up work regarding the equity allocation was considered by the Investment Sub-Group and Pensions Committee in early 2025.

As at 31 March 2025, the Fund had in place a longer-term target strategic allocation. Undertaking reviews to continually evolve the strategy, ensures the Fund fully considers the risk being taken within the investment portfolio, and therefore challenges its ability to meet the Actuarial objectives of the Fund.

The key elements considered in the design of the Fund's strategic asset allocation, were:

- Return generation – the Fund needs to continue to generate sufficient return to meet its liabilities.
- Stability for employers - a strategy needs to deliver both a return in line with the funding strategy and reduced volatility to help protect those employers with lower funding levels which are therefore more vulnerable to sudden changes in employer contributions.
- Inflation risk – the Fund's inflation-linked discount rate means that it is largely protected against day to day inflation volatility. However the Fund recognises that, as part of its diversified portfolio, it requires allocations to assets that are linked to inflation e.g. long lease property, index-linked gilts and infrastructure equity/debt, to maintain its strong funding position.
- Illiquidity premium – the Fund is long-term and can lock up capital for longer to take advantage of the additional premium this offers. The Strategy seeks to increase the Fund's exposure to less liquid assets in order to benefit from the illiquidity premium.

The targeted investment asset allocation is specified in the Fund's Investment Strategy Statement, which has been agreed by the Pensions Committee, and also includes a section detailing the Fund's Investment Beliefs.

The Pensions Committee reviews the total Fund investment performance against its bespoke total benchmark return on a quarterly basis. Individual managers' performance is monitored by the Investment Sub-Group and reported by exception to the Pensions Committee quarterly, enabling Committee time to focus on more strategic issues such as risk and wider governance. Performance of the external Investment Managers is compared to both benchmark and target returns, and against a wider set of metrics. The Investment Sub-Group and associated governance processes have been developed and strengthened over the 10+ years it has been in place. The process continues to evolve as the Fund continues to enhance its governance and monitoring.

As a further control, a substantial amount of due diligence is performed at the appointment stage both by Officers and the Fund's independent advisors and / or consultants to ascertain managers' risk control, audit and monitoring procedures.

Credit Risk

Credit Risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into. In essence the Fund's entire investment portfolio is exposed to some form of credit risk. The market values of investments generally reflect an assessment of credit in their pricing. Consequently, the risk of loss is implicitly provided for in the carrying values of the Fund's financial assets and liabilities. In addition to this, 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 Fund has had no experience of default or uncollectable deposits over recent years.

Through review of annual internal control reports from the Fund's external Investment Managers the Fund monitors its exposure to credit and counterparty risk. This review is aimed at ensuring that Managers exercise reasonable care and due diligence in its activities on behalf of the Fund.

The Fund's cash and cash-like holdings as at 31 March 2025 were £6.888m (2023/24: £3.912m) within current assets (see **Note 12**), and £43.960m (2023/24: £53.575m) shown as cash and cash equivalents within investments (see **Note 10**). These funds were held in cash awaiting drawdowns for new investments. The credit ratings of the accounts and funds were as follows:

Cash and Cash Equivalents	Rating at 31 March 2025	Balances as at 31 March 2024 £'000	Balances as at 31 March 2025 £'000
Money Market Funds			
Northern Trust GBP Liquidity Fund	AAA	42,326	33,995
Northern Trust USD Liquidity Fund	AAA	3,875	5,273
Northern Trust EUR Liquidity Fund	AAA	628	2,814
Bank deposit accounts			
National Westminster Bank	A+	3,912	6,888
Bank current accounts			
Barclays Bank	A+	3,479	729
Northern Trust Company (GBP)	AA	3,137	1,146
Northern Trust Company (USD, EUR)	AA	130	3
Total		57,487	50,848

Market Risk

Market value risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market price. Market risk reflects interest rate risk, currency risk and other price risks.

The Fund is exposed to the risk of financial loss from a change in the value of its investments. This may result in the Fund’s assets failing to deliver the returns required to match the underlying liabilities of the Fund over the longer term.

To mitigate against market value risk, the Fund has set restrictions on the type of investment it can hold. These restrictions are subject to investment limits, in accordance with the LGPS (Management and Investment of Funds) Regulations 2016. Details can be found in the Fund’s Investment Strategy Statement (ISS). The Fund has adopted a specific benchmark and the weightings of the various asset classes within the benchmark form the basis for asset allocation within the Fund. This allocation is designed to diversify the risk and minimise the impact of poor performance in a particular asset class. It seeks to achieve a spread of investments across both the main asset classes (quoted equities, bonds, private equity and property) and geographic / political regions within each asset class.

Mitigation against market risk is also achieved by diversification across multiple Investment Managers and regularly reviewing the Investment Strategy and performance of the Fund. On a daily basis, Investment Managers will manage risk in line with policies and procedures put in place in the Investment Manager Mandates and ensure that the agreed limit on maximum exposure to any issuer or class is not breached.

To increase diversification across the Fund and, amongst other things, further reduce the Fund’s overall market risk, the Investment Strategy includes private market asset classes (e.g. infrastructure, real estate debt, private equity secondary funds, royalties, private market loans) which the Fund is now investing in.

Market Risk – Sensitivity Analysis

The Fund’s funding position is sensitive to changes in market prices (which affect the net assets available to pay benefits) and the Consumer Price Index (CPI) (which affect the value placed on the Fund’s liabilities). The valuation of liabilities is based on a CPI+ model in the actuarial valuation.

Potential price changes are determined based on the observed historical volatility of the Fund’s own asset class returns. Historical evidence suggests that ‘riskier’ assets such as equities are expected to display greater potential volatility than bonds as an example. The potential volatilities represent a one standard deviation movement in the change in value of the assets over the latest three years (i.e. 68% of the observed values were within these ranges). This volatility can be applied to the investment assets of the Fund at the period end in the following table to show the potential increase and decrease of value.

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Market Risk - Sensitivity Analysis	2024/25 £'000	% Change	Value on Increase £'000	Value on Decrease £'000
Equities	1,191,534	11.8%	1,332,135	1,050,933
Index-linked gilts	498,387	16.1%	578,627	418,147
Infrastructure funds	549,243	9.4%	600,872	497,614
Private Equity funds	396,444	7.9%	427,763	365,125
Private Debt funds	291,016	4.3%	303,530	278,502
Multi Asset Credit funds	227,730	4.4%	237,750	217,710
Property and property funds	268,060	16.2%	311,486	224,634
Cash	50,848	4.9%	53,340	48,356
	3,473,262		3,845,503	3,101,021

Foreign Exchange Risk

The Fund holds a range of financial assets and liabilities in overseas financial markets and is therefore exposed to the risk of loss arising from exchange rate movements of foreign currencies. At 31 March 2025, the Fund had overseas investments of £2,188.771m denominated in currencies other than sterling.

To assess the risk the Fund is exposed to as a result of holding these currencies, taking into account information provided by Pensions & Investment Research Consultants Ltd (PIRC), it is considered that the movements shown below are a reasonable measure to apply to the currencies. The potential volatilities represent a one standard deviation movement in the volatility of currencies over the latest three years (i.e. 68% of the observed values were within these ranges). The use of actual data is included in the 3 year period being assessed to develop the volatility percentages.

The impact of these movements in the value of foreign currencies against sterling would be to increase (or decrease) the fund value by approximately £151.018m, or 4.4% of the Fund's total value.

Foreign Exchange - Sensitivity Analysis	2024/25 £'000	% Change	Value on Increase £'000	Value on Decrease £'000
US Dollar denominated assets	1,453,934	8.3%	1,574,611	1,333,257
European currency denominated assets	385,377	4.2%	401,563	369,191
Other currency denominated assets	262,133	5.4%	276,288	247,978
UK assets within Global equity funds	87,327	0.0%	87,327	87,327
	2,188,771		2,339,789	2,037,753

Foreign Exchange – Derivative Contracts

One way for pension schemes to reduce the volatility from their foreign currency exposures is to convert these exposures back to the domestic currency – this process is known as currency hedging. Some funds chose to hedge some of their foreign currency exposure to minimise potential losses due to adverse currency movements

between the purchase and sale of an asset. As such, during recent Investment Strategy Reviews the Fund's approach to hedging has been reviewed.

The conclusion was that the Fund should hold its more stable contractual mandates (such as private debt and infrastructure) in sterling share classes where possible.

Interest Rate Risk

The Fund invests in financial assets for the primary purpose of obtaining a return on investments. These investments are subject to interest rate risks, which represent the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The UK Bank Rate had been 5.25% in March 2024 and was decreased in the twelve months, to 4.50% in March 2025. The interest rate risk is that if rates rise, it causes the value of bonds and bond funds to fall.

The Fund's direct exposure to interest rate movements is set out below. These disclosures present interest rate risk based on the underlying financial assets at fair value. Therefore a 0.75% change in interest rates (which would bring the base rate up to 5.25% or down to 3.75%) will increase or reduce the Fund's return by £4.119m (2023/24 £3.770m) on an annualised basis.

Assets exposed to interest rate risk	31 March 2024	31 March 2025
	£'000	£'000
Fixed interest securities (including pooled investments)	445,233	498,387
Cash and cash equivalents	10,658	8,766
Money market funds and pooled cash vehicles	46,829	42,082
	502,720	549,235

Liquidity Risk

Liquidity Risk is the risk that the Fund will not be able to meet its financial obligations when they fall due.

The main liquidity risk for the Fund is not having monies available to meet commitments to make pension payments to members as they fall due. The Administering Authority, with the Actuary, frequently reviews the overall cash flow position of the Fund to ensure its obligations can be covered.

As part of both the Triennial Valuation and the investment reviews, Fund membership and projected maturity profiles are reviewed. Currently the Fund is cash positive (i.e. it collects more in annual income from contributions and investments than it requires to fulfil all obligations).

In 2024/25, as in past years, the Fund experienced a contribution cash deficit, i.e. the income received from contributions from members and employers was less than payments paid to members.

On advice from the Fund's Actuary it is projected that the Fund will remain cash positive (including yield from investments) for the medium term. However, this will be kept under active review and reassessed in the next Actuarial Valuation.

Note 10(g) explains the Fair Value hierarchy and how the Fund holds a large value of very liquid securities which could be promptly realised if required (levels 1 and 2). As at 31 March 2025 the value of assets which could be converted to cash within three months, without significant loss to the Fund, is £1,904.131m, i.e. 55% of net assets (31 March 2024 £1,981.992m). The value of the illiquid assets including investment properties was £1,569.131m which represented 45% of net assets (31 March 2024 £1,420.512m).

External Investment Managers have substantial discretionary powers regarding their individual portfolios and the management of their cash positions. The Fund's investments in unitised pooled funds are largely made up of listed securities on major stock exchanges and are therefore considered readily realisable.

The current liabilities of the Fund (see **Note 13**) are all due within 12 months from the Net Assets Statement date. The Fund has no long-term liabilities over 12 months.

Counterparty Risk

The principal mitigation of the counterparty risk on investment assets including foreign currency trades is the rigour of the counterparty selection and monitoring process. Trades are only executed with approved counterparties, who have satisfied requirements in terms of market capability and credit standing. The list of potential counterparties is subject to approval and monitoring by advisors and investment managers as part of the oversight of risks. Subject to overriding requirements as the Fund's fiduciary agent to demonstrate best execution, they will assess and choose the preferred counterparty from the list for any particular trade against the following criteria:

- previous dealing experience of the counterparty,
- level of confidence in the counterparty's ability to absorb a trade of that size, based on ongoing research into the capabilities of the main counterparty banks, and
- the bank's position in the market for sourcing Private Finance Initiative (PFI), corporate, utility and other non-government sources of inflation-linked debt.

Neither the investment manager nor any of its related companies would act as counterparty in a deal they traded. As part of the manager's credit and counterparty risk framework, the creditworthiness of all counterparties is reviewed on a regular basis.

Settlement Risk

If the counterparty fails on the settlement date itself, and more specifically if it fails after the Fund has delivered payment but before the counterparty has delivered its payment

then there would be a small time-limited risk of payment versus non-payment. This occurs when a party faces possible loss between the time a settlement payment is made and a payment is received on the same business day. This risk is more frequent in exchange of different currencies. Investment managers usually apply operational settlement netting, thus allowing clients to reduce their settlement exposures by having smaller amounts due to or from them.

Unquoted Investments

The Fund holds significant amounts of unquoted securities and has increased since the pooling of investment assets in the LGPS and the creation of the BCPP pool to do so. It is also due to the fact that the unitised insurance policy held by the passive manager, Legal and General, is invested in unquoted, unitised, index-tracking funds, used as an efficient liquid method of investing in the asset classes. The underlying assets the index-tracking funds hold on behalf of clients are quoted assets such as bonds and equity.

The Fund has allocations to unquoted pooled investment vehicles including infrastructure, pooled property funds, private loan funds and other pooled investments. These provide an efficient method of accessing exposure to these assets for a fund of Cumbria's size.

Pooled investment vehicles are stated at the bid price quoted by their managers at close of business on 31 March. Unquoted pooled investments are valued with regard to latest dealings and other appropriate financial information as provided by their respective managers. The valuations are audited for each investment manager by their respective auditors and reported to the Fund as clients.

The unquoted investments held at 31 March 2025 are as follows:

Asset Class	2023/24 £'000	2024/25 £'000	Manager	Holding Details
Pooled investment vehicles				
Managed by Pool	1,302,218	1,293,585	Border to Coast	UK, overseas and global equity, fixed income multi-asset fund
	180,113	232,715	Border to Coast Cumbria LP	Infrastructure funds
	162,330	217,940	Border to Coast Cumbria LP	Private Equity funds
	98,920	190,220	Border to Coast Cumbria LP	Private Credit funds
		167,796	Border to Coast	UK Real Estate fund
		6,963	Border to Coast Cumbria LP	Climate Opportunities fund
		2,070	Border to Coast Cumbria LP	UK Opportunities fund
Unitised insurance policies	622,287	559,698	Legal and General	Index tracking funds
Other managed funds	186,021	192,924	JP Morgan	Infrastructure fund
	112,161	71,721	Partners Group	Private Market Credit funds
	72,201	71,389	Partners Group	Infrastructure funds
	70,656	62,241	Pantheon	Private Equity funds
	53,731	53,397	Apollo	Multi Asset Credit fund
	61,941	48,122	Healthcare Royalty Partners	Royalties funds
	42,197	45,640	abrdn (formerly Aberdeen SL Capital)	Private Equity funds
	42,377	43,183	abrdn (formerly Aberdeen SL Capital)	Infrastructure fund
	34,681	34,152	Aviva	Property fund
	31,780	31,901	M&G	Property fund
	27,301	30,586	Hearthstone	Residential Property fund
	41,992	29,076	Barings	Private Loan funds
	31,180	20,730	Unigestion	Private Equity funds
	9,737	9,789	CQS	Multi Asset Credit fund
	2,336	1,771	BlackRock	Private Equity fund
UK equity unquoted	1,182	1,182	Border to Coast	Company share capital
	3,187,342	3,418,791		

NOTE 15: ADDITIONAL VOLUNTARY CONTRIBUTIONS

The Fund operates an additional voluntary contribution scheme. Employees are allowed to pay voluntary contributions to one of three independent AVC scheme providers. To comply with Regulation 4(1)(b) of the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016 the transactions are treated separately to the Fund's accounts and therefore do not form part of these accounts.

The three AVC providers offered by the Fund are Prudential Assurance Company, Standard Life and Scottish Widows. The Fund gives no guarantee of investment performance of the providers and makes no contribution to the employees' funds. The previous scheme on offer to employees was the Equitable Life Assurance Society but

in December 2000 it stopped accepting new business. From January 2020, the Equitable Life AVC closed with investments transferring to Utmost Life.

The values of the three active schemes for Cumbria LGPS, along with the value of Utmost Life, are shown below:

	2023/24 £'000	2024/25 £'000
Standard Life	407	368
Scottish Widows*	820	820
Utmost Life *	279	279
Prudential Assurance Company	5,227	7,265
Total AVCs	6,733	8,732

*At the time of publication, two providers have been unable to provide values as at 31 March 2025, hence the value shown for 2024/25 in the above table is a carry forward of the 31 March 2024 valuation.

AVC contributions of £2.606m were paid from employees to the providers during the year, or via their employer as part of a salary sacrifice shared cost AVC scheme.

Members have the option of contributing to the various Schemes offered by their chosen provider. The purpose of contributions paid by a member is the securing of a pension at retirement, usually by taking a lump sum payment, buying an annuity or transferring the investment into the main Scheme. The investment could be realisable earlier in the event of a member's death before retirement.

NOTE 16: RELATED PARTY TRANSACTIONS

In day-to-day operations the Fund has many transactions with Westmorland and Furness Council as the Administering Authority of the Fund, including the pension contributions as an employer, payments on the Fund's behalf for manager fees and administration, and recharges for services provided. There are no material transactions in respect of related parties requiring separate reporting. The Fund has not, for example, invested in schemes of economic regeneration sponsored by any of the employing bodies including the Council.

There are normal transactions with all the employers who have members in the Fund, who may be regarded as related parties, predominantly relating to employee and employer contributions. These transactions are reported as part of the income and expenditure statements.

Border to Coast Pension Partnership Ltd (BCPP) is the organisation set up to run pooled LGPS investments for the Fund and 10 other Pension Funds. The company is

a private limited company limited by shares and its company registration number is 10795539 (England & Wales). The shares have full voting rights, dividend and capital distribution rights. Westmorland and Furness Council as Administering Authority for the Cumbria Local Government Pension Scheme holds £1 of A Ordinary share capital. For accounting purposes this holding is included and reported within the Cumbria LGPS Annual Report and Accounts.

There are no material transactions in respect of related parties requiring separate reporting for 2024/25.

Senior employees of the main Employer organisations within the Cumbria Local Government Pension Scheme (LGPS), Members of the Cumbria Pensions Committee and Cumbria Local Pension Board, and senior officers with significant influence on the Fund are required to complete an annual declaration on related parties. The 2024/25 returns revealed no material transactions between the members/officers and their families affecting involvement with the Fund.

Related parties returns are also sent to the main employer organisations, and the aim is for receipt of returns to cover at least 85% of the active membership. This target has been exceeded in 2024/25, with 90% coverage.

Each member of the Pensions Committee formally considers conflicts of interest at each meeting and the outcome is declared in the public minutes. Any transactions as have been identified are either non-material or are associated with the normal activities of the individuals in question.

Key Management Personnel

Paragraph 3.9.4.4 of the Code exempts local authorities from the key management personnel requirements of IAS 24, on the basis that the disclosure requirements for officer remuneration and members' allowances detailed in Section 3.4 of the Code (which are derived from the requirements of Schedule 1 of The Accounts and Audit (England) Regulations 2015) satisfy the key management personnel disclosure requirements of paragraph 17 of IAS 24. This applies equally to the accounts of Cumbria Local Government Pension Scheme.

The Fund does not employ any staff directly. Westmorland and Furness Council employed the staff involved in providing the duties of the Administering Authority (excluding the pensions administration service which is provided by 'LPPA') for the Fund. Disclosures of the remuneration awarded to key management personnel is therefore included in the officers' remuneration disclosure in the notes to the Westmorland and Furness Council Annual Financial Report 2024/25 (see Note 14 to those statements).

In the interests of transparency, the Fund has incorporated disclosure of the remuneration of Senior Officers employed by Westmorland and Furness Council and elected Members who have responsibility of the management of the Fund to the extent that they have power to direct or control the major activities of the Fund (in particular activities involving the expenditure of money) whether solely or collectively with other persons.

Notes on below table:

- Salary - includes salary in respect of the post and other payments received by the officer, for example, allowances for special duties.
 - Benefits in Kind – includes expense allowances liable for taxation including for example, travel and mileage expenses. For 2024/25 the Council's mileage rate, applicable for the reimbursement of business mileage travelled, was at or below the HMRC rate so there is deemed to be no benefit received. There were no benefits in kind in 2024/25.
 - Westmorland and Furness Council's Employer's Future Service Rate – LGPS 18.9%.
 - Time spent on LGPS – as noted above no officers are employed by Cumbria LGPS. The Fund is therefore charged by Westmorland and Furness Council for the time spent by officers undertaking Scheme work. These percentages are the time spent by Senior Officers during 2024/25 on Cumbria LGPS specific work.
 - In addition to the basic allowance paid to elected members of Westmorland & Furness Council, the Chair of the Pensions Committee receives a Special Responsibility Allowance. This allowance in 2024/25 was £6,919.
 - The Independent Chair of the Local Pension Board received remuneration of £10,000 during 2024/25 in relation to his role. The Chair was paid £7,150 in 2023/24 reflecting that he was appointed during the year.
 - Other Members of the Pensions Committee and Local Pension Board are not remunerated for their attendance.
-

2024/25 Remuneration as charged to Cumbria LGPS of Senior Officers of Westmorland & Furness Council who had significant management responsibilities for Cumbria LGPS:

Post Title	Salary recharged to Cumbria LGPS £	Total Remuneration excluding pension contributions recharged to Cumbria LGPS £	Employer's Pension contributions recharged to Cumbria LGPS £	Total Remuneration including pension contributions recharged to Cumbria LGPS £
Director of Resources (S151 Officer)	17,715	17,715	2,943	20,658
Senior Manager – Cumbria Pension Fund (Deputy S151 Officer - LGPS) (from 03 June 2024)	67,323	67,323	11,647	78,970
Interim Senior Manager – Pensions & Financial Services (Deputy S151 Officer - LGPS) (to 02 June 2024)	13,089	13,089	2,265	15,354
	98,128	98,128	16,854	114,982

2023/24 Remuneration as charged to Cumbria LGPS of Senior Officers of Westmorland and Furness Council who had significant management responsibilities for Cumbria LGPS:

Post Title	Salary recharged to Cumbria LGPS £	Total Remuneration excluding pension contributions recharged to Cumbria LGPS £	Employer's Pension contributions recharged to Cumbria LGPS £	Total Remuneration including pension contributions recharged to Cumbria LGPS £
Director of Resources (S151 Officer)	16,421	16,421	2,841	19,262
Senior Manager – Pensions & Financial Services (Deputy S151 Officer - LGPS)	37,028	37,028	6,406	43,434
Interim Senior Manager – Pensions & Financial Services (Deputy S151 Officer - LGPS)	44,050	44,050	7,534	51,584
	97,499	97,499	16,781	114,280

NOTE 17: CONTINGENT LIABILITIES AND CONTRACTUAL COMMITMENTS

There are no contingent liabilities or outstanding contractual commitments at 31 March 2025, other than outstanding investment drawdown commitments to be made to closed-ended funds in private markets of c£807m at 31 March 2025.

NOTE 18: CONTINGENT ASSETS

Tax Reclaims

Cumbria Pension Fund has potential claims against some European countries for tax withheld on foreign income dividends. These claims are made on the basis that within the European Union all member states should enjoy the same status. In respect of tax, resident investors should not be treated differently from non-residents.

Fokus Bank: In June 2024, following an appeal, the Fund received confirmation that the French Tax Authorities (FTA) had agreed to pay the outstanding withholding tax claims for 2007 and 2008. The payout of the refund was delayed but finally in March 2025 the Fund received a total of £0.296m (including interest). This payout resolves all the historic French claims which were submitted between December 2006 and January 2010 and takes the total amount recovered from the FTA to £0.697m.

Fees incurred to date by the Fund on the resolution of all the French claims amounts to £0.107m (including an estimate of the charges to secure the latest payout).

The estimated value of Fokus Bank claims still outstanding at 31 March 2025 is £0.476m (value in GBP based on exchange rates at 31.3.2025). These are now the only claims in which the Fund remains as an ongoing participant and this total can be split by region as, Germany £0.276m and Italy £0.200m.

In summary, Cumbria has recovered approximately £0.969m from settled withholding tax claims in the Netherlands, Austria, Norway Spain and France. The fees incurred to date for the tax claims mentioned above total £0.296m and have been charged as expenditure to the fund account in the appropriate accounting period.

Class Actions

Where shareholder value has been eroded by wrongful action by company directors, it may be possible for monies to be recovered via the courts through a shareholder class action against the company or its directors. The Fund uses Institutional Protection Services Ltd to monitor these class actions. The Fund will seek to recover any significant monies due where professional advice has been received detailing that the probability of success is believed to outweigh the additional cost of doing so.

NOTE 19: IMPAIRMENT LOSSES

All outstanding debts for non-recovery of pension overpayments and all other debts raised during 2024/25 are considered to be recoverable with no further impairment beyond the existing provision for credit losses or bad and doubtful debts.

There were no impairments of investments during 2024/25.

Financial Assets That Are Past Due As At 31 March But Not Impaired:

The Fund generally allows a payment period of 30 days. Included within the £10.912m (£8.632m at 31 March 2024) of current debtors (see **Note 12**) is £1.270m of debtors aged between two and six months (£0.869m at 31 March 2024) and £0.847m of debtors aged greater than six months (£0.052m 31 March 2024).

NOTE 20: STOCK LENDING

Stock lending is the loan of specific securities from one investor to another that entitles the lender to continue receiving income generated by the stock plus an additional payment by the borrower. Exposure to risk is reduced by the borrower providing high quality collateral (cash, securities or gilts).

Within the BCPP UK and Global equity sub-funds that the Fund has subscribed to, BCPP actively participates in stock lending and the income from this forms part of the return on the holding. Legal and General also operate a stock lending programme in selective overseas equity markets under strict conditions and income from this forms part of the return on the passive global equity holding.

The Fund had no securities on loan at 31 March 2025 and earned no income directly in 2024/25 through stock lending.

NOTE 21: EVENTS AFTER THE REPORTING DATE

Conflicts in Ukraine and the Middle East continued to be ongoing issues and along with US tariffs are a cause of instability in global financial markets. In addition, high interest rates and inflation in the UK continue to affect valuations in index-linked gilt markets. The impact of these matters on the valuation of the Fund's assets continued to be assessed up until the publication of the audited accounts.

Post year-end market moves and transactions has led to an increase to valuations of the Fund's assets in the following quarters; as at 30 September 2025 the estimated total Fund value is £3,650m. This represents a 5.3% increase compared to the reported Fund value of £3,476m at 31 March 2025. There have been no material events after the reporting date that are required to be taken into account in the financial statements.

The Fund's Investment Strategy is positioned to absorb downside risk as well as being targeted at achieving long-term stability and asset growth. This is achieved by diversification across the portfolio (e.g. between asset classes, sectors, risk appetite and geographic regions).

NOTE 22: JUDGEMENTS IN APPLYING ACCOUNTING POLICIES AND THE USE OF ESTIMATES AND UNCERTAINTIES

In applying the policies, the Fund has had to make certain judgements about complex transactions, or those involving uncertainty.

Critical Judgements

It is considered that these financial statements do not contain any critical judgements in applying accounting policies.

Use of Estimates and Major Sources of Uncertainty:

Those charged with governance have been provided with further information detailing the use of estimates within these financial statements. This includes the processes and procedures in place including the risks and associated controls so as to ensure that they understand and are content with the levels of scrutiny and controls in place where estimates are applied. This includes estimates used to determine the value of:

- Level 3 assets (as provided by Investment Managers and the underlying independent valuers (where applicable));
- Property (as provided by an independent property valuer); and
- Historic pension liabilities (as assessed by the Fund's Actuary).

Compliance with IFRS requires the assumptions and uncertainties contained within figures in the accounts and the use of estimates to be explained. Pension Fund Accounts contain estimated figures, taking into account historical experience, current trends and other relevant factors, as detailed in the following table:

Item	Uncertainties	Effect if actual differs from assumptions
Market Value of Investments	Investments at Level 1 & 2 - Valuations depend on market forces impacting the current price of stocks, shares and other investment instruments. Investments have been valued at the IFRS accepted method of 'Fair Value' since 2008/09, this being the 'bid price' where possible and therefore there is not expected to be any material uncertainty of the valuation of these assets.	For every 1% increase in market value of all assets, the value of the Fund will increase by approx. £34.402m, with a decrease having the opposite effect. Level 3 investments including property – often income will be inflation linked e.g. CPI uplifts, based on throughput e.g. power production or infrastructure usage, or underlying company performance in the case of private equity. If actual outcomes for these variables differ greatly from

Item	Uncertainties	Effect if actual differs from assumptions
	Investments at Level 3 – the hardest to value holdings often do not depend on market forces but are subject to uncertainties unique to each holding. Valuations are mostly based on future cash flow so will depend on the expectations of the specific income streams and inflation linkage. Property – Fair Value (IFRS 13) valuations use the expected cashflow streams from current leases with reference also to the value of the property on the open market.	expectations, valuations can be lower than expected and also higher too. Manager skill and experience is essential in predicting the variables, and planning and controlling the outcomes. Property – when properties are marketed for sale, the bids received from interested buyers can be above or below valuation due to market reasons. For each case the underlying factors would be considered before acceptance or otherwise of the sale. For further information on the Sensitivity of Asset values at Level 3 including property, please refer to Note 10(f). Further information on the sensitivity analysis of market prices for the Fund's investments (excluding derivatives) is included in the Market Risk section of Note 14.
Pensions Liability (or Surplus)	Assumptions such as mortality expectations, future inflation, returns on investments, and rate of pay increases. For further information on the assumptions contained in the Actuarial valuation, and how sensitive the funding position is to changes in those assumptions, please refer to the published Actuarial Valuation report which is available on the Cumbria Pension Fund website.	The effects on the funding level of changes in the individual assumptions can be measured but interact in complex ways. For instance: • a 0.25% increase in life expectancy would result in a £23m decrease in funding surplus; • a 0.25% reduction in the real investment return achieved would result in a £134m decrease in the funding surplus, or; • a 25% reduction in Asset values would result in a £829m decrease in the funding surplus; as determined at the 2022 valuation.

The valuation of 'level 3' assets

Valuations for private market investments are received at least a quarter in arrears, and these investments are therefore valued in the unaudited accounts at an estimate to the fair value at 31 March, as best as is available at the time of preparation. The audited accounts include all private equity, infrastructure and multi-asset private market funds valuations as at 31 March 2025.

NOTE 23: ACTUARIAL POSITION OF THE FUND

The Fund Actuary assessed the valuation of the Cumbria Local Government Pension Scheme as at 31 March 2022 to determine the employer contribution rates with effect from 1 April 2023 to 31 March 2026.

The Actuary is currently undertaking the 2025 valuation based on the value of assets and liabilities of the Fund as at 31 March 2025. This valuation will determine the employer contribution rates for the period 1 April 2026 to 31 March 2029.

The full Actuarial Valuation Report as at 31 March 2022 is available on the Cumbria Pension Fund website at **www.cumbriapensionfund.org**.

The Scheme Actuary is also required by the Local Government Pension Scheme (Administration) Regulations 2013 (as amended) to present a statement detailing both the actuarial valuation result and the actuarial value of the Fund's past service liabilities calculated in a manner consistent with International Accounting Standard 19 (IAS 19). The statement also complies with the requirements of IAS 26.

The calculation of the liabilities in compliance with IAS 19 uses different assumptions than those used for the valuation basis. For example:

- The IAS 19 valuation calculates growth on the basis of bond yields at balance sheet date. The actuarial valuation, whilst also based on bond yields at balance sheet date, will generally look to dampen the effect of any perceived short term market volatility on yields (i.e. it takes a 'smoothing' approach).
- The IAS 19 valuation calculation requires that all entities assume their pension Fund grows at a standard rate, whereas the actuarial valuation considers the expected investment return of the assets actually held by the Fund, (e.g. IAS 19 requires that all funds use a generic discount rate whereas the discount rate used by the Fund in the actuarial valuation basis reflects the expected investment return based on the unique combination of assets it holds).

The table below details the valuation of the assets and liabilities of the Fund using both the valuation basis and the IAS 19 methodology.

	31 March 2024 £'m	31 March 2025 £'m
Valuation Basis		
Present value of past service liabilities	(3,084)	(3,093)
Net assets of the Fund	3,408	3,476
Net Surplus (Liability)	324	383
IAS 19 Basis		
Present value of past service liabilities	(2,967)	(2,630)
Net assets of the Fund	3,408	3,476
Net Surplus (Liability)	441	846

The statement from the Scheme Actuary as required by the Local Government Pension Scheme (Administration) Regulations 2013 (as amended) and in compliance with IAS 26 and on the basis of IAS19 is presented below.



CUMBRIA LOCAL GOVERNMENT PENSION SCHEME

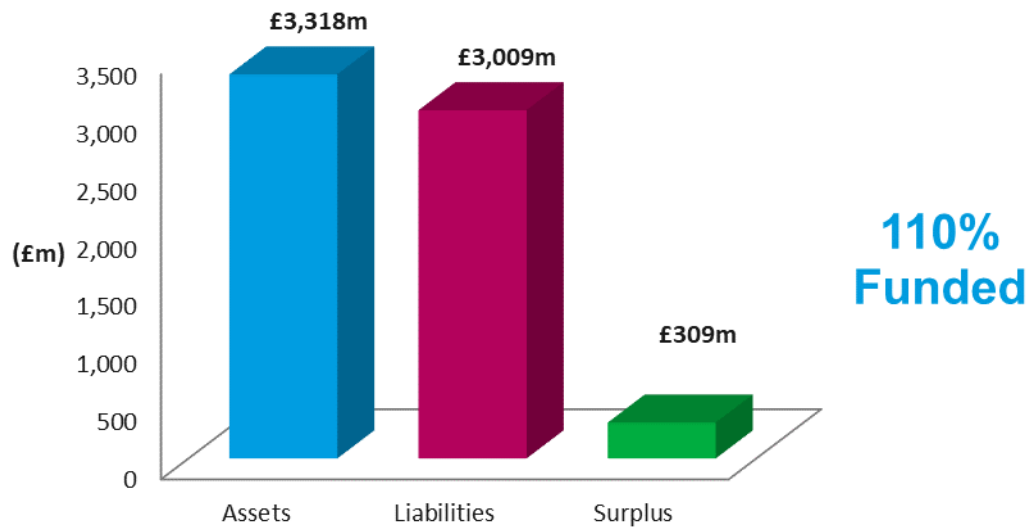
ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2025 - STATEMENT BY THE CONSULTING ACTUARY

This statement has been provided to meet the requirements under Regulation 57(1)(d) of The Local Government Pension Scheme Regulations 2013.

An actuarial valuation of the Cumbria Local Government Pension Fund was carried out as at 31 March 2022 to determine the contribution rates with effect from 1 April 2023 to 31 March 2026.

On the basis of the assumptions adopted, the Fund's assets of £3,318 million represented 110% of the Fund's past service liabilities of £3,009 million (the "Solvency Funding Target") at the valuation date. The surplus at the valuation was therefore £309 million.

Actuarial Valuation as at 31 March 2022



The valuation also showed that a Primary contribution rate of 18.9% of pensionable pay per annum was required from employers. The Primary rate is calculated as being sufficient, together with contributions paid by members, to meet all liabilities arising in respect of service after the valuation date.

The funding objective as set out in the Funding Strategy Statement (FSS) is to achieve and maintain a solvency funding level of 100% of liabilities (the solvency funding target). In line with the FSS, where a shortfall exists at the effective date of the valuation a deficit recovery plan will be put in place which requires additional contributions to correct the shortfall. Equally, where there is a surplus, it may be appropriate to offset this against contributions for future service, in which case contribution reductions will be put in place to allow for this.

The FSS sets out the process for determining the recovery plan in respect of each employer. At the actuarial valuation the average recovery period adopted was 10 years, and the total initial recovery payment (the “Secondary rate” for 2023/26) was a surplus offset of approximately £2.1m per annum in £ terms (which allows for the contribution plans which have been set for individual employers under the provisions of the FSS), although this varies year on year.

Further details regarding the results of the valuation are contained in the formal report on the actuarial valuation dated March 2023.

In practice, each individual employer’s position is assessed separately, and the contributions required are set out in the report. In addition to the certified contribution rates, payments to cover additional liabilities arising from early retirements (other than ill-health retirements) will be made to the Fund by the employers.

The funding plan adopted in assessing the contributions for each individual employer is in accordance with the Funding Strategy Statement (FSS). Any different approaches

adopted, e.g. with regard to the implementation of contribution increases and deficit recovery periods, are as determined through the FSS consultation process.

The valuation was carried out using the projected unit actuarial method and the main actuarial assumptions used for assessing the Solvency Funding Target and the Primary rate of contribution were as follows:

	For past service liabilities (Solvency Funding Target)	For future service liabilities (Primary rate of contribution)
Rate of return on investments (discount rate)	4.35% per annum	5.10% per annum
Rate of pay increases (long term)	4.6% per annum	4.6% per annum
Rate of increases in pensions in payment (in excess of GMP)	3.1% per annum	3.1% per annum

The assets were assessed at market value.

The next triennial actuarial valuation of the Fund is due as at 31 March 2025. Based on the results of this valuation, the contribution rates payable by the individual employers will be revised with effect from 1 April 2026.

Actuarial Present Value of Promised Retirement Benefits for the Purposes of IAS 26

IAS 26 requires the present value of the Fund's promised retirement benefits to be disclosed, and for this purpose the actuarial assumptions and methodology used should be based on IAS 19 rather than the assumptions and methodology used for funding purposes.

To assess the liability value of the benefits, we have used the following assumptions as at 31 March 2025 (the 31 March 2024 assumptions are included for comparison):

	31 March 2024	31 March 2025
Rate of return on investments (discount rate)	4.9% per annum	5.80% per annum
Rate of CPI Inflation / CARE benefit revaluation	2.7% per annum	2.60% per annum
Rate of pay increases	4.2% per annum	4.10% per annum
Increases on pensions (in excess of GMP) / Deferred revaluation	2.8% per annum	2.70% per annum

The base tables are set based on the most recent mortality analysis for the Fund (undertaken as part of the 2022 actuarial valuation). The future improvements allow for a best estimate long-term improvement rate of 1.5%, and have been updated to allow for the latest base tables available (the “S4” series of tables and CMI 2023 at the end of period), with a reweighting to maintain consistency with the underlying mortality analysis.

The other demographic assumptions are the same as those used for 2022 actuarial funding valuation – full details are set out in the formal report on the actuarial valuation dated March 2023.

The movement in the value of the Fund’s promised retirement benefits for IAS 26 is as follows:

Start of period liabilities	£2,967m
Interest on liabilities	£143m
Net benefits accrued/paid over the period*	(£30m)
Actuarial (gains)/losses (see below)	(£450m)
End of period liabilities	£2,630m

**this includes any increase in liabilities arising as a result of early retirements*

Key factors leading to actuarial gains above are:

- **Change in financial assumptions:** Corporate bond yields increased over the year, with a corresponding increase in discount rate from 4.9% p.a. to 5.8% p.a. The long-term assumed CPI is slightly lower at the end of year than it was at the start of year. In combination, these factors lead to a significant reduction in liabilities.
- **Change in demographic assumptions:** As noted above, the mortality assumptions have been updated to reflect the latest mortality tables and future life expectancy improvement model. This acts to slightly reduce the liabilities.
- **Pension increases / high short-term inflation:** The figures allow for the impact of actual CPI experienced over the year compared to the start of period assumption (experience to September 2024 fed into the April 2025 pension increase of 1.7%, and actual inflation from that point will feed into the 2026 increase). As inflation over the year was a little lower than the long-term assumption, this slightly decreases the liabilities.

Mark Wilson

Fellow of the Institute and Faculty of Actuaries
Mercer Limited
June 2025

Appendix - additional considerations

The “McCloud judgment”: The figures above allow for the impact of the judgment based on the proposed remedy.

GMP indexation: The above figures allow for the provision of full CPI pension increases on GMP benefits for members who reach State Pension Age after 6 April 2016.

Market volatility and tariffs: There was significant volatility in markets shortly after the accounting date, in part due to the announcements on tariffs coming from the USA. The period-end figures reflect market conditions as at the accounting date, but do not allow for any subsequent experience.

Virgin Media Court Case: Our current understanding is that, while HM Treasury are still assessing the implications, they do not believe the case is relevant to public service pension schemes. Given this, and the unknown impact on benefits even if it were to be required, we have not made any allowance for the Virgin Media judgment.

NOTE 24: ACCOUNTING STANDARDS ISSUED BUT NOT YET ADOPTED

The Fund is required to disclose information relating to the impact of Accounting Standards that have been issued but have not yet been adopted.

There have been no accounting standards issued but not yet adopted that would materially impact on the 2024/25 financial statements.



NOTE 25: PARTICIPATING EMPLOYERS OF THE FUND

As at 31 March 2025 the scheduled and admitted bodies within the Cumbria Local Government Pension Scheme were:

Employers of the Fund as at 31 March 2025 (total 109)		
Scheduled Scheme Employers (9)	Scheduled Bodies - Academies (cont)	Admitted Bodies Transferee (cont)
Cumberland Council	Furness Education Trust	Mellors Catering - Appleby
Westmorland and Furness Council	George Hastwell School Academy	Mellors Catering - Kirkby Stephen
Cumbria Commissioner Fire and Rescue	Ghyllside Academy	People First
Cumbria Chief Constable	Great Corby Academy	Priority Facilities (Ashfield Infs)
Cumbria Police, Fire & Crime Commissioner	James Rennie Academy	Priority Facilities (St Mary's, Work)
Furness College	Keswick Academy	Tullie House Trust
Kendal College	Kirkbie Kendal Academy	Admitted Bodies Community (11)
Lake District National Park Authority	Learning for Life Trust	Cumbria Cerebral Palsy
Lakes College (West Cumbria)	Lunesdale MAT	Cumbria Deaf Vision
Scheduled Designated Bodies (15)	Mater Christi MAT	Eden Housing Association
Barrow Forward Ltd	Richard Rose Academies	Glenmore Trust
Brampton Parish Council	Seaton Academy	Higham Hall
Cleator Moor Town Council	South Cumbria MAT	Home Group (Copeland)
Cockermouth Town Council	South Westmorland MAT - Dallam Academy	Lakeland Arts Trust
Egremont Town Council	Stanwix School Academy	Morton Community Centre
Grange Town Council	The Good Shepherd MAT	Oaklea Trust
Kendal Town Council	Trinity Academy	South Lakes Housing
Keswick Town Council	Scheduled Designated Bodies No Actives (2)	West House
Maryport Town Council	Millom Town Council	Admitted Bodies No Actives (20)
Orian Solutions	Seaton Parish Council	Carlisle Mencap - Huntley Ave
Penrith Town Council	Scheduled Bodies No Actives (10)	Carlisle Mencap - Hart St
Ulverston Town Council	Allerdale Waste Services	Caterlink - Longtown
Whitehaven Town Council	Charlotte Mason College	Caterlink - W/Lakes
Wigton Town Council	Cumbria Institute of the Arts	Caterlink - WHT
Workington Town Council	Cumbria Primary Teacher Training	Cumbria Teacher Training
Scheduled Bodies - Academy Employers (29)	Cumbria Sea Fisheries	Cumbria Training Partnership
Appleby Grammar Academy	Dept Constit Affairs (Cumbria Magistrates)	Direct Training Services
Arnsdale National CofE Academy	Health Authority	Egremont & District Pool Trust
Bassenthwaite Academy	Port of Workington	Henry Lonsdale Trust
Branthwaite Academy (formerly Cumbria Academy for Autism)	Practical Alternatives to Custody (Ltd)	Kendal Citizens Advice
Burton Morewood Primary Academy	Water Authority	Lake District Cheshire Homes
Caldew Academy	Admitted Bodies Transferee (13)	Longtown Memorial Hall Community Centre
Cartmel Priory Academy	Bulloughs (Caldew Academy)	Mellors Catering Services - Rockcliffe
Changing Lives Learning Trust	Carlisle Leisure Ltd	NRCS Ltd (Neighbourhood Revitalisation)
Crosby on Eden Academy	Caterlink - St Bernard's CHS	Orian (Ghyllside) new
Cumbria Education Trust	Computeam Ltd (new)	Project Homeless
Eaglesfield Paddle Academy	Dolce Ltd (St Martin & St Mary's)	Soundwave
Energy Coast UTC	Greenwich Leisure (Copeland)	Troutbeck Bridge Swimming Pool
	Greenwich Leisure (South Lakes)	Wigton Joint Burial Committee

Appendix 6 - Glossary

Active Management – Approach to investment management which aims to outperform a particular market index or benchmark through asset allocation and/or stock selection decisions. (*Also see Passive Management*).

Active Scheme Member – Members of the Pension Fund who are currently employed by a Scheme Employer and are currently contributing into the Scheme.

Actuary – An independent consultant who advises the Fund and every three years formally reviews the assets and liabilities of the Fund and produces a report on the Fund's financial position, known as the Actuarial Valuation.

Actuarial Valuation – An actuary formally reviews the assets and liabilities of the pension Fund and produces a report on the Fund's financial position.

Additional Voluntary Contributions - Additional Voluntary Contributions, or AVCs, are extra payments made by a scheme member to increase future benefits. It is also possible to pay AVCs to provide life cover. All LGPS pension funds are required to have an AVC arrangement. Scheme members can invest money through their AVC provider. AVCs are taken directly from pay and attract tax relief.

Admitted Body – Private contractors that are admitted to the LGPS to protect member pension rights following a TUPE transfer, or a body which provides a public service which operates otherwise than for the purposes of gain. These bodies can be categorised as Transferee or Community Admission bodies.

Actuarial Valuation – Every three years the actuary formally reviews the assets and liabilities of the Cumbria LGPS Fund and produces a report on the Fund's financial position.

Alternatives – Also known as Private Markets – please refer below.

Asset Allocation – Distribution of investments across asset categories, such as cash, equities and bonds. Asset allocation affects both risk and return and is a central concept in financial planning and investment management.

Auto Enrolment - UK employers have to automatically enrol their staff into a workplace pension if they meet certain criteria. The law on workplace pensions has now changed and every employer must comply.

Benchmark – A yardstick against which the investment policy or performance of a fund manager can be compared, usually the index relating to the particular assets held. (*Also see Target*).

Bid price – Price at which a security or unit in a pooled fund can be sold.

Bonds – Certificate of debt issued by a government or company, promising regular payments on a specified date or range of dates, usually with final capital payment at redemption.

Career Average Revalued Earnings (CARE) Scheme – The pension at retirement will relate to your average salary over your career (while paying into the pension scheme). More precisely for the LGPS, it is based on pensionable earnings, increased in line with inflation as measured by the Consumer Price Index (CPI).

CIPFA – Chartered Institute of Public Finance & Accountancy.

Class Action – An action where an individual represents a group in a court claim. The judgement from the suit is for all the members of the group (class). This is often done when shareholders launch a lawsuit against a company, mainly because it would be too expensive for each individual shareholder to launch their own lawsuit.

Commitments – declaration of intent to invest in private market funds, the capital will be drawn down (deployed) by the fund to make the underlying investments over time.

Conflicts of Interest - Real or apparent instances where a person or firm has an incentive to serve one interest at the expense of another. Some of these conflicts are inherent in any large, diversified organisation, while others stem from the nature of the services offered to clients. These conflicts are managed through disclosure and with policies and procedures that are designed to protect client's interests. The appearance of a conflict of interest is present if there is a potential for the personal interests of an individual to clash with fiduciary duties.

Consumer Price Index (CPI) - The rate of increase in prices for goods and services. CPI is the official measure of inflation of consumer prices of the United Kingdom.

Counterparty - The other party that participates in a financial transaction. Every transaction must have a counterparty in order for the transaction to go through. More specifically, every buyer of an asset must be paired up with a seller that is willing to sell and vice versa.

Currency Hedge – This is one way for pension funds to reduce the volatility of their foreign currency exposures, by using derivatives to convert exposures back to the domestic currency.

Custodian – Organisation which is responsible for the safekeeping of asset, income collection and settlement of trades for a portfolio, independent from the asset management function.

Deferred Scheme Member - Members of the Pension Fund who are no longer contributing into the Scheme but have not yet started to draw their pension.

Deficit recovery period – The period of time over which an employer pays secondary employer contribution rates to bring its funding level to a minimum of 100%.

Defined Benefit – An employer-sponsored retirement plan where employee benefits are assessed based on a formula using factors such as salary history and duration of

employment. Public sector pension schemes, including the LGPS, were defined benefit prior to the introduction of the Career Average Revalued Earnings (2014) Scheme.

Defined Contribution – A retirement plan in which a certain amount or percentage of money is set aside each year by a company for the benefit of the employee. There are restrictions as to when and how you can withdraw these funds without penalties. There is no way to know how much the plan will ultimately give the employee upon retiring. The amount contributed is fixed, but the benefit is not.

Derivative – Financial instrument whose value is dependent on the value of an underlying index, currency, commodity or other asset.

Designated Body – Employers who, under Schedule 2 Part 2 of the Local Government Pension Scheme Regulations 2013 (as amended), have the automatic right but not the requirement to be an employer within the LGPS. Also known as Resolution body.

Diversification – Risk management technique which involves spreading investments across a range of different investment opportunities, thus helping to reduce overall risk. Risk reduction arises from the different investments not being perfectly correlated. Diversification can apply at various levels, such as diversification between countries, asset classes, sectors and individual securities.

Emerging Markets – Developing economies in Latin America, Africa, Asia and the Middle East as well as areas of Europe and the Far East. Investment returns within these markets tend to be more volatile than those in more established markets.

Engagement - A series of actions investors can take to reduce environmental, social and governance risks. This can include raising concerns or making proposals about company practices directly to its directors via correspondence, face-to-face meetings, attendance and voting at shareholder meetings.

Equities – Ordinary shares in UK and overseas companies traded on a stock exchange. Shareholders have an interest in the profits of the company and are entitled to vote at shareholders' meetings.

Fiduciary Duty - A legal obligation of one party to act in the best interest of another. The obligated party is typically a fiduciary, that is, someone entrusted with the care of money or property.

Final Salary – Another term for the defined benefit pension schemes where employee benefits are based on the person's final salary when they retire. The LGPS 2014 Scheme has moved from this to a CARE (career average) scheme.

Fixed Interest Securities – Investments mainly in government but also company stocks, which guarantee a fixed rate of interest. The securities represent loans which are repayable at a future date but which can be traded on a recognised stock exchange in the meantime.

Funding Level – The ratio of a pension fund's assets to its liabilities. Normally relates to defined benefit pension funds and used as a measure of the fund's ability to meet its future liabilities.

Gilts – These are the simplest form of UK government bond. A conventional gilt is a bond issued by the UK government which pays the holder a fixed cash payment (or coupon) every six months until maturity, at which point the holder receives his final coupon payment and the return of the principal.

Governance - The procedures and practice associated with decision-making, performance and control, which provide structures and satisfy expectations of accountability in large, mainly commercial, organisations.

IFRS – International Financial Reporting Standards. Aim to standardise the reporting and information disclosed in the financial accounts of companies and other organisations globally.

Index-linked Gilts – a type of bond issued by the UK government, designed to protect investors from inflation.

Infrastructure - The public facilities and services needed to support residential development, including highways, bridges, schools, and sewer and water systems. A term usually associated with investment in transport, power and utilities projects.

Investment Strategy – Investor's long-term distribution of assets among various asset classes taking into consideration, for example, goals of the investor, attitude to risk and timescale etc.

Liabilities – Financial liabilities are debts owed to creditors for outstanding payments due to be paid. Pensions liabilities are the pensions benefits and payments that are due to be paid when someone retires.

Loans and Receivables – are also known as 'Financial assets held at amortised cost' in the context of IFRS9 (International Financial Reporting Standards)

Long term cost efficiency – Implies that contributions must not be set at a level that is likely to give rise to additional costs in the future. For example, deferring costs to the future would be likely to result in those costs being greater overall than if they were provided for at the appropriate time.

Market Value – The price at which an investment can be bought or sold at a given date.

Multi-Asset Credit – MAC is a term used for a fund investing in a range of investments that are classed as 'credit' i.e. fixed income, and will often include corporate debt, loans directly to companies, absolute return bonds, emerging market debt, asset-backed securities, real-estate debt and high yield bonds. The MAC fund will aim to be diversified across many asset types (also known as Diversified Credit).

Partner Funds - The 11 LGPS Pension Funds who are equal owners of BCPP. A list of partner funds can be found at: <https://www.bordertocoast.org.uk/partner-funds/>

Passive Management – Portfolio which aims to replicate a particular market index or benchmark and does not attempt to actively manage the portfolio. (*Also see Active Management*).

Pooled Investment Fund – A fund managed by an external Fund Manager in which a number of investors buy units, representing a share in the fund. The total fund is invested in a particular market or region. The underlying assets the fund hold on behalf of clients are quoted assets such as fixed interest bonds and equity shares. Pooled Investment Funds are used as an efficient method of investing in the asset classes.

Pooling – In the context of the LGPS, this is the collaboration of several LGPS Funds to pool their investment assets in order to generate savings from economies of scale thereby reducing costs whilst maintaining investment performance.

Portfolio – Block of assets generally managed under the same mandate.

Private Credit / Private Debt – lending to small or medium-sized companies on the private market to give contractual income. Often the debt is secured against a company's assets.

Private Equity – Shares in unquoted companies. Usually high risk, high return in nature.

Private Markets – Investment products other than traditional investments of stocks, bonds, cash or property. The term is used for tangible assets such as infrastructure, commodities, art, wine etc., and financial assets such as private equity, private debt, hedge funds, royalties / patents and derivatives.

Real Estate Debt – Commercial property loans where the debt is secured against the property or a portfolio of properties, e.g. hotels, shopping centres, offices.

Resolution Body – also referred to as a Designated body, see above.

Return – Increase in value of an investment over a period of time, expressed as a percentage of the value of the investment at the start of the period.

S151 Officer – Section 151 of the Local Government Act 1972 requires local authorities to make arrangements for the proper administration of their financial affairs and appoint a Section 151 Officer, also known as a Chief Financial Officer (CFO), to have responsibility for those arrangements.

Scheduled Body – Employers that have an automatic right and requirement to be a member of the LGPS.

Scheme Employers – employers within the Cumbria Pension Fund.

Scheme Members – active and deferred members, pensioners and dependants in receipt of a pension.

Settlement – Payment or collection of proceeds after trading a security. Settlement usually takes place sometime after the deal and price are agreed.

Shareholder Voting – the right that shareholders have to vote on certain decisions relating to the company.

Solvency – A level where the Fund's liabilities i.e. benefit payments can be reasonably met as they arise.

Stewardship - The responsible allocation, management and oversight of capital to create long term value for clients and beneficiaries leading to sustainable benefits for the economy, the environment and society.

Stock Lending – Lending of stock from one investor to another that entitles the lender to continue to receive income generated by the stock plus an additional payment by the borrower.

Target – Managers are set a target for investment performance such as 1% above benchmark per year over three-year rolling periods.

Unit Trust – A specific type of pooled investment fund.

Unquoted investments – A company share that is not available for purchase or sale through the stock market.

Yield - how much income an investment generates, e.g. interest payments received on a bond or dividend payments on a stock. Often expressed as a percentage, based on either the investment's market value or purchase price.



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