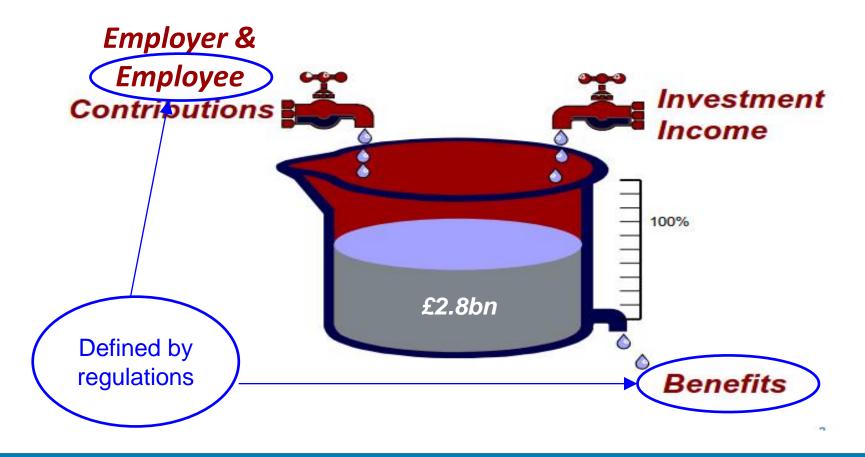




Reminder - how does the LGPS work?





Reminder – Valuations



ACTUARIAL (Triennial)		IAS 19 (Accounting)
Every 3 years (triennial)	When	Calculated annually.
Used to set employer contributions for a 3 year period (e.g. 1 st April 2020 to 31 st March 2023)	What	Used for accounting purposes.
Uses assumptions specific to the Fund including discount rate, life expectancy, pay etc.	How	Uses prescribed assumptions so it's comparable with other entities reporting at the same date.



Investment Performance - background



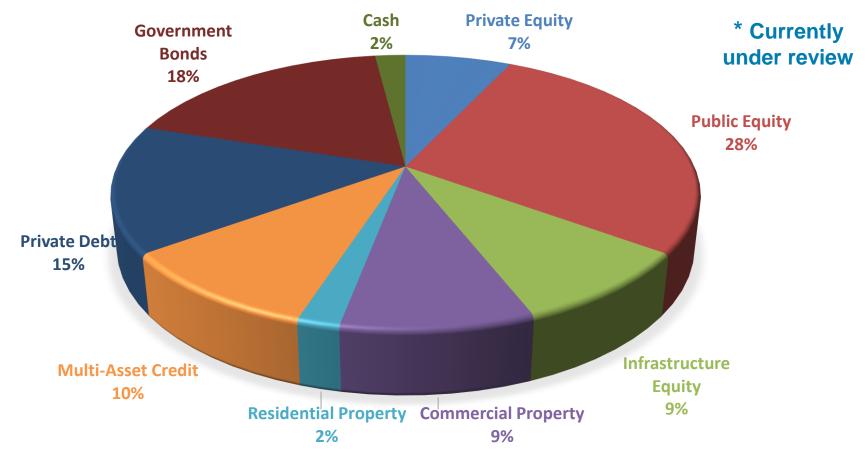


Managing Investment Risk

- Diverse portfolio
 - Global investments
 - Range of assets
- Scrutiny of new investments ("due diligence")
- Investment Manager performance monitoring
 - Benchmarks
 - Meetings

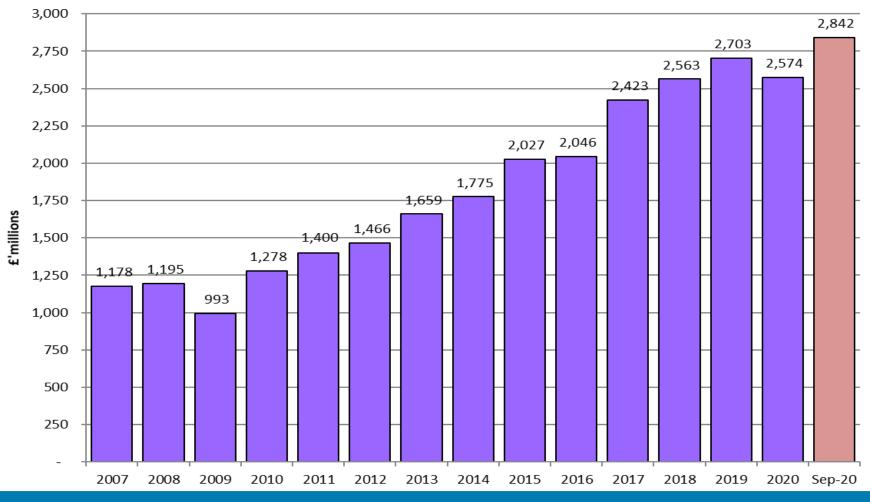


Target Investment Strategy*



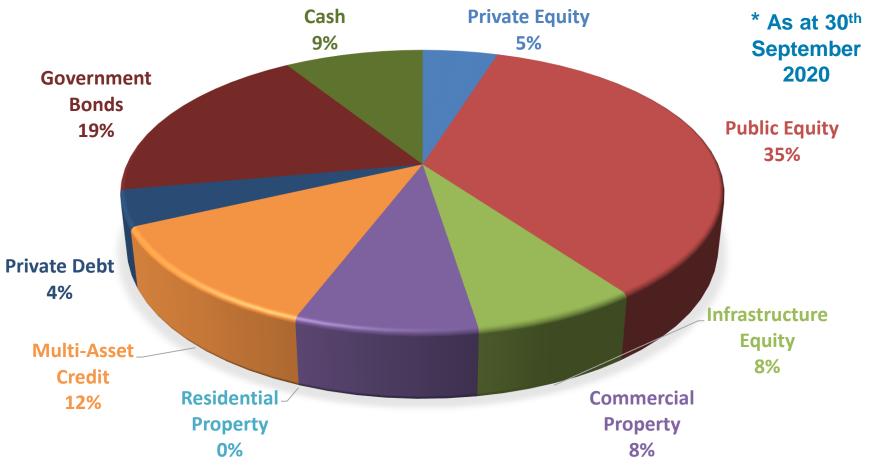


Value of the Fund's Assets



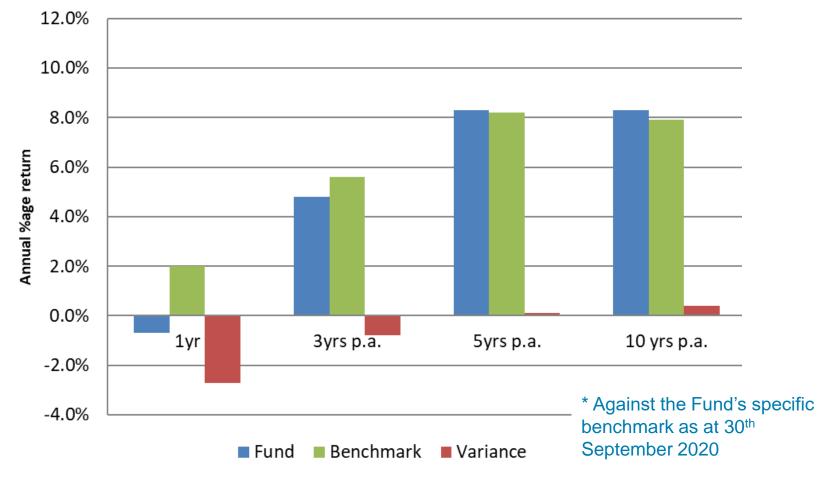


Actual asset allocation*





Annual Fund Investment Performance*





LGPS investment pooling: Border to Coast Pensions Partnership Ltd

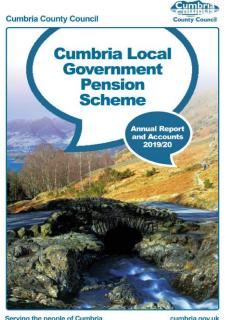
- Cumbria LGPS is one of 11 partners within Border to Coast
- Fund is influencing development of investment opportunities in the company
- Currently transitioning assets to Border to Coast
- No change to investment strategy
- No direct impact to employers or members





2019/20 Accounts and Annual Report

- Unqualified opinion on the financial accounts of the Pension Fund & no significant control weaknesses identified
- Grant Thornton: "The Accounts have been produced to a very high standard and the finance team have produced good working papers and have been responsive to our audit queries."
- Available at: www.cumbria.gov.uk





Any questions / comments or suggestions?



- Then please contact us at: <u>pensions@cumbria.gov.uk</u>
- Or for helpful employer FAQs and LPPA contact details, please see: <u>https://www.lppapensions.co.uk/contact/</u>



... of this recording, please tune into to Pete's session to hear about administration of the Fund





Fund Administration Overview

- Pensions administration is managed by Local Pensions Partnership
- Previously operated under the name of "Your Pension Service"
- Now operating as "Local Pensions Partnership Administration" (LPPA)
- No changes to personnel
- New website: <u>www.lppapensions.co.uk</u>



Fund Administration Overview

At September 2020:

- 58,000+ Scheme Member records
 - 18,400 Active Members
 - 22,300 Deferred Members
 - 17,300 Pensioners
- 126 Employers
- Fund Assets totalling £2.9bn
- Funding level 99%





Why do we need good quality data?

- To provide a high quality, accurate pension scheme for our scheme members
- To reduce administration time
- To minimise costs for employers
- To comply with our legal and Regulatory obligations





Reporting to Pensions Regulator

- Common Data 98.3% complete
 - Name

• Date of Birth

Salary

•

• Sex

- NI Number
- Address

- Date pension started
- Conditional Data 92.5% complete
 - Deferred Benefits
 - Divorce Records
 - AVCs

Annual Allowances

Employer Details

- Contributions
- Last Event Status
- Expected retirement date
- Dependents
- Transfers in
- Aggregations



Regular Data Required	Deadline	
Data Collection File (EPIC file) - to LPPA	By 6 th of month following pay period	
Monthly Remittance Advice - to Cumbria CC (Sharepoint)	By 19 th of month following pay period	
Annual Contribution Return - P9A via Sharepoint	By mid April each year	
Regular Payments Required		
Employer and Employee Pensions Contributions	By 19 th of month following pay period	

If you use third party payroll or HR provider please note <u>this does not</u> <u>delegate responsibility</u> for the performance of any required actions.



Your monthly EPIC file updates all of this member record data, and more:

New starters	Change of address	Change of hours	Change of Pensionable Pay
Employee contributions	Employer contributions	Contribution rate	Employee Additional Contributions
50/50 scheme contributions	Opt out Date	Change to contractual hours	Updates up to 62 data points each month



Employer Performance Reports

- Quarterly reports to each provider
 - All data and contributions provided on time Green
 - Miss one date in a quarter Amber
 - Miss two or more dates in a quarter Red
- Performance of all employers reported to Local Pension Board
- Improvements in overall performance across the Fund
- All breaches logged and persistent employers may be reported to the Pensions Regulator





Leavers:

- The leavers form should be uploaded when employers upload your monthly EPIC file
- Leavers form can be found on <u>www.lppapensions.co.uk</u>
- The form is in the following section Form Access and Bulk Data Spreadsheet Layouts/Forms to download
- A guidance note is also available here
- LPPA can provide training if needed





Remember:

- Data quality is your responsibility
- Good quality data = lower employer contribution rates
- Not providing timely and accurate data is a breach that may be reportable to the Pension Regulator
- Pension contributions must be paid by the 19th of the month and EPIC data files must be submitted by the 6th of the month



McCloud Case

- Age discrimination case with ramifications for all public sector pension scheme
- Consultation for proposed resolution within the LGPS issued in 2020. Response from MHCLG expected shortly
- Active members at 2012 expected to be given the higher of Final Salary or CARE scheme option between 2014 and 2022
- Government expected the remedy to cost £2.5bn over the coming decades
- This will be administratively burdensome for many years to come.





Exit Payment Caps

- Cap on exit payments of £95,000 implemented on 4th November 2020
- MHCLG consulted on further reforms for exit payments in the LGPS
- Cap rescinded on 12th February 2021 and legislation to be revoked

But...





Exit Payment Caps

- Government still intend to tackle the high cost of exits
- Public sector employers should note that a new cap may be applied in the future potentially later in 2021
- MHCLG may introduce further reforms to exit payments when the exit cap is re-introduced





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Thank you for watching