

Merseyside Pension Fund Accounts

MERSEYSIDE PENSION FUND ACCOUNTS**FINANCIAL STATEMENTS**

FUND ACCOUNT For the year ended 31 March 2018	Note	2017/18 £'000	2016/17 £'000
Dealing with members, employers and others directly involved in the fund			
Contributions receivable	7	407,068	208,513
Transfers in	8	12,174	11,568
		419,242	220,081
Benefits payable	9	(314,556)	(306,902)
Payments to and on account of leavers	10	(14,804)	(19,292)
		(329,360)	(326,194)
Net additions/(withdrawals) from dealing with members		89,882	(106,113)
Management Expenses	11	(40,027)	(38,315)
Net additions/(withdrawals) including fund management expenses		49,855	(144,428)
Return on Investments:			
Investment Income	12	197,008	167,672
Profit and losses on disposal of investments and change in market value of investments	13	141,671	1,306,428
Taxes on income	12	(3,578)	(943)
Net Return on Investments		335,101	1,473,157
Net increase/(decrease) in the Fund during the year		384,956	1,328,729
Net Assets of the Fund at the start of the year		8,178,485	6,849,756
Net Assets of the Fund at the end of the year		8,563,441	8,178,485

NET ASSETS STATEMENT For the year ended 31 March 2018	Note	2017/18 £'000	2016/17 £'000
Investment Assets	13		
Equities		2,768,408	2,728,658
Pooled Investment Vehicles		5,074,479	4,804,297
Derivative Contracts		218	224
Direct Property		519,750	431,150
Short Term Cash Deposits		53,226	75,222
Other Investment Balances		99,613	117,550
		8,515,694	8,157,101
Investment Liabilities	18	(13,736)	(4,490)
Total Net Assets		8,501,958	8,152,611
Long Term Assets	19	5,013	7,110
Current Assets	20	79,909	34,358
Current Liabilities	20	(23,439)	(15,594)
Net Assets of the Fund as at 31 March		8,563,441	8,178,485

NOTES TO THE ACCOUNTS

1. DESCRIPTION OF FUND

Merseyside Pension Fund (MPF/the Fund) is part of the Local Government Pension Scheme (LGPS) and Wirral Council is the administering authority. Wirral Council is the reporting entity for this pension fund.

The overall responsibility for the management of the Fund rests with the Pensions Committee, which for 2017/18 included 10 councillors from Wirral Council, the Administering Authority, and one councillor from each of the 4 other Borough Councils. Representatives of trade unions also attend. The more detailed consideration of investment strategy and asset allocation of the Fund's portfolios is considered by the Investment Monitoring Working Party, which includes two external advisers and a consultant. The more detailed consideration of governance and risk issues is considered by the Governance and Risk Working Party.

In 2015/16 a local Pensions Board was introduced in accordance with the Public Service Pensions legislation and regulations. The Board's aim is to assist the Administering Authority with ensuring compliance and the effective governance and administration of the Fund.

The following description of the Fund is a summary only. For more detail, reference should be made to Merseyside Pension Fund Annual Report 2017/18 and the underlying statutory powers underpinning the Scheme, namely the Public Service Pensions Act 2013 and the Local Government Pension Scheme (LGPS) Regulations.

a) General

The scheme is governed by the Public Services Pensions Act 2013. The Fund is administered in accordance with the following secondary legislation:

- The Local Government Pension Scheme Regulations 2013 (as amended)
- The Local Government Pension Scheme (Transitional Provisions, Savings and Amendment) Regulations 2014 (as amended)
- The Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016.

The Fund is a contributory defined benefit pension scheme administered by Wirral Council to provide pensions and other benefits for pensionable employees of the Merseyside Local Authorities and a range of other scheduled and admitted bodies. Teachers, Police Officers and Fire Fighters are not included as they come within other national pension schemes.

b) Membership

Membership of the LGPS is voluntary and employees are free to choose whether to join the Scheme, remain in the Scheme or make their own personal arrangements outside the Scheme.

Organisations participating in Merseyside Pension Fund include:

- Scheduled bodies, which are Local Authorities and similar bodies whose staff are automatically entitled to be members of the Fund.
- Admitted bodies, which are organisations that participate in the Fund under an admission agreement between the Fund and the relevant organisation.

There are 194 employer organisations within Merseyside Pension Fund including Wirral Council itself, the Fund also has 137,487 members as detailed below:

	31-Mar-18	31-Mar-17
Number of employers with active members	194	182
Number of employees in scheme	49,151	47,206
Number of pensioners	43,495	42,194
Number of dependants	6,665	6,571
Number of deferred pensioners	38,176	38,368
Total	137,487	134,339

c) Funding

Benefits are funded by employee and employer contributions and investment earnings. Contributions are made by active members of the Fund in accordance with the LGPS and are matched by employers' contributions which are set based on triennial actuarial funding valuations.

d) Benefits

Prior to 1 April 2014, pension benefits under the LGPS were based on final pensionable pay and length of pensionable service, summarised below.

	Service pre 1 April 2008	Service post 31 March 2008
Pension	Each year worked is worth $\frac{1}{80}$ x final pensionable salary.	Each year worked is worth $\frac{1}{60}$ x final pensionable salary.
Lump sum	Automatic lump sum of 3 x 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.

From 1 April 2014, the scheme became a career average scheme, whereby members accrue benefits based on their pensionable pay in that year at an accrual rate of $\frac{1}{49}$ th. Accrued pension is uprated annually in line with the Consumer Price Index.

There are a range of other benefits provided under the scheme, for more details please refer to the Fund's website.

2. BASIS OF PREPARATION

The Statement of Accounts summarises the Fund's transactions for the 2017/18 financial year and its position at year end as at 31 March 2018. The accounts have been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2017/18 which is based upon International Financial Reporting Standards (IFRS), as amended for the UK public sector.

The accounts summarise the transactions of the Fund and report on the net assets available to pay pension benefits. The accounts do not take account of obligations to pay pensions and benefits which fall due after the end of the financial year. The actuarial present value of promised retirement benefits, valued on an International Accounting Standard (IAS) 19 basis, are shown within the statement by the Actuary, which is published as an addendum to the accounts.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared on an accruals basis, unless otherwise stated.

Contributions and Benefits

Contributions are accounted for on an accruals basis. Contributions are made by active members of the Fund in accordance with LGPS Regulations and employers contributions are based on triennial actuarial valuations.

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

Employers' pension strain contributions are accounted for in the period in which the liability arises. Any amount due in year but unpaid will be classed as a current financial asset. Amounts not due until future years are classed as long-term financial assets.

Benefits payable represent the benefits paid during the financial year and include an estimated accrual for lump-sum benefits outstanding as at the year end. Benefits payable includes interest on late payment. Any amounts due but unpaid are disclosed in the net assets statement as current liabilities.

Estimates for post year end outstanding items have been used for payments of retirement grants and death grants:

- Retirement grants due for payment, but not paid by 31 March: using actual figures as far as possible, and assuming maximum commutation to be taken where the knowledge of the individual member's choice is still outstanding.
- Death grants due for payment, but not paid by 31 March: for example awaiting Probate.

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 and are calculated in accordance with the Local Government Pension Scheme Regulations.

Individual transfers in/out are accounted for when received/paid, which is normally when the member liability is accepted or discharged.

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

Management Expenses

The Fund discloses its management expenses analysed into three categories, administration costs, investment management costs and oversight and governance costs in accordance with CIPFA "Accounting for Local Government and Management Costs."

Administration Costs

All administration expenses are accounted for on an accruals basis. All staff costs of the pensions administration team are charged direct to the Fund. Associated management and other overheads are apportioned to the Fund in accordance with Council Policy.

Investment Management Costs

All investment expenses are accounted for on an accrual 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 values of the investments under their management and therefore increase or reduce as the value of these investments change.

Costs in respect of the internal investment team are classified as investment expenses.

Estimates for post year end outstanding items have been used for external Investment Management fees using the Fund's valuations as at 31 March.

In accordance with CIPFA "Accounting for Local Government Management Costs" guidance, transaction costs and property related expenses are shown under investment expenses.

For certain unquoted investments including Private Equity, Hedge Funds, Opportunities and Infrastructure the Fund do not charge costs for these to the Fund Account because the Fund Manager costs are not charged directly to the Fund. They are instead deducted from the value of the Fund's holding in that investment or from investment income paid to the Fund. If the Fund has been charged directly for fund manager costs they are shown as external investment management fees.

Oversight and Governance Costs

All oversight and governance expenses are accounted for on an accruals basis. All staff costs associated with oversight and governance are charged direct to the Fund. Associated management and other overheads are apportioned to the Fund in accordance with Council Policy.

The cost of obtaining investment advice from external consultants is included in governance and oversight expenses.

Investment Income

Income from Equities is accounted for when the related investment is quoted ex dividend. Income from Pooled Investment Vehicles and interest on Short Term Deposits has been accounted for on an accruals basis. Distributions from Private Equity are treated as return of capital until the book value is nil then treated as income on an accruals basis.

Rental income from properties is taken into account by reference to the periods to which the rents relate and is shown gross of related expenses. The Fund accrues rent up to 24 March each year. Rent received on the Quarter Day, 25 March, is accounted for in full in the following year.

Changes in the net market value of investments (including investment properties) are recognised as income and comprise all realised and unrealised profits/losses during the year.

Taxation

The Fund 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 suffers withholding tax in the country of origin, unless exemption is permitted. Irrecoverable tax is accounted for as a Fund expense as it arises.

Valuation of Investments

Financial assets are included in the Net Asset Statement on a fair value basis as at the reporting date. The values of investments as shown in the Net Asset Statement are determined as follows:

- Listed securities are valued at quoted bid market prices on the final day of the accounting period. The bid price is the price which the Fund would have obtained should the securities have been sold at that date.
- For unlisted investments wherever possible valuations are obtained via the Independent Administrator. Valuations that are obtained direct from the Manager are verified against the latest available audited accounts adjusted for any cash flows up to the reporting date.
- Hedge Funds and Infrastructure are recorded at fair value based on net asset values provided by Fund Administrators or using latest financial statements published by respective Fund Managers adjusted for any cash flows.
- Private Equity valuations are in accordance with the guidelines and conventions of the British Venture Capital Association/International Private Equity guidelines or equivalent.
- Indirect Property is valued at net asset value or capital fair value basis provided by the Fund Manager. For listed Funds the net asset value per unit is obtained through data vendors.
- The freehold and leasehold interests in the properties held within the Fund were independently valued as at 31 March 2018 by Savills (UK) Limited, acting in the capacity of External Valuers as defined in the RICS Red Book (but not for the avoidance of doubt as an External Valuer of the Fund as defined by the Alternative Investment Fund Managers Regulations 2013). The valuations accord with the requirements of IFRS 13, SSAP 19 and the Royal Institution of Chartered Surveyors (RICS) Valuation – Global Standards 2017 incorporating the IVSC International Valuation Standards issued June 2017 and effective from

1 July 2017 (the "RICS Red Book").

- Pooled Investment Vehicles are valued at closing bid price if both bid and offer prices are published; or if single priced, at the closing single price. In the case of Pooled Investment Vehicles that are Accumulation Funds, change in market value also includes income which is reinvested by the Manager of the vehicle in the underlying investment, net of applicable withholding tax.

Translation of Foreign Currencies

Assets and liabilities in foreign currencies are translated into sterling at rates ruling at the year end. Foreign income received during the year is translated at the rate ruling at the date of receipt. All resulting exchange adjustments are included in the revenue account.

Derivatives

The Fund uses derivative financial assets to manage exposure to specific risks arising from its investment activities.

Derivative contract assets are fair valued at bid prices and liabilities are fair valued at offer prices. Changes in the fair value of derivative contracts are included in change in market value.

The value of future contracts is determined using exchange prices at the reporting date. Amounts due from or owed to the broker are the amounts outstanding in respect of the initial margin and variation margin.

The value of exchange traded options is determined using the exchange price for closing out the option at the reporting date.

The future value of forward currency contracts is based on market forward exchange rates at the year-end date and determined as the gain or loss that would arise if the outstanding contract were matched at the year end with an equal and opposite contract.

Short Term Deposits

Short-term deposits only cover cash balances held by the Fund. Cash held by Investment Managers awaiting investment is shown under "Other Investment Balances".

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.

Additional Voluntary Contributions

The Committee holds assets invested separately from the main Fund. In accordance with regulation 4 (1) (b) of the Pensions Schemes (Management and Investment of Funds) Regulations 2016, these assets are excluded from the Pension Fund accounts.

The Scheme providers are Equitable Life, Standard Life and Prudential. Individual members participating in this arrangement each receive an annual statement confirming the amounts held on their account and the movements in the year.

4. CRITICAL JUDGEMENTS IN APPLYING ACCOUNTING POLICIES

The Fund has not applied any critical judgements.

5. ESTIMATION

Unquoted Investments

The Fund has significant unquoted investments within Private Equity, Infrastructure, Property and other Alternative investments. These are valued within the financial statements using valuations from the Managers of the respective assets. There are clear accounting standards for these valuations and the Fund has in place procedures for ensuring that valuations applied by Managers comply with these standards and any other relevant best practice. The value of unquoted assets as at 31 March 2018 was £4,603 million (£4,350 million at 31 March 2017).

Private Equity investments are valued at fair value in accordance with British Venture Capital Association guidelines. These investments are not publicly listed and as such there is a degree of estimation involved in the valuation.

Hedge Funds are valued at the sum of the fair values provided by the Administrators of the underlying Funds plus adjustments that the Hedge Fund Directors or Independent Administrators judge necessary. These investments are not publicly listed and as such there is a degree of estimation involved in the valuation.

Direct property and pooled property funds use valuation techniques to determine the carrying amount. Where possible these valuations are based on observable data, but where this is not possible management uses the best available data.

6. EVENTS AFTER REPORTING SHEET DATE

There have been no events since 31 March 2018, and up to the date when these accounts were authorised, that require any adjustments to these accounts.

7. CONTRIBUTIONS RECEIVABLE

	2017/18	2016/17
	£'000	£'000
Employers		
Normal	119,408	111,926
Pension Strain	10,426	11,808
Deficit Funding	223,096	31,541
Total Employers	352,930	155,275
Employees		
Normal	54,138	53,238
	407,068	208,513
Relating to:		
Administering Authority	57,357	35,305
Statutory Bodies	319,948	145,159
Admission Bodies	29,763	28,049
	407,068	208,513

Contributions are made by active members of the Fund in accordance with the LGPS and range from 5.5% to 12.5% of pensionable pay for the financial year ending 31 March 2018. Employee contributions are matched by employers' contributions which are based on triennial actuarial valuations. The 2017/18 contributions above were calculated at the valuation dated 31 March 2016. The 2016 actuarial valuation calculated the average primary employer contribution rate of 15.4% (2013 13.3%).

"Pension Strain" represents the cost to employers when their employees retire early to compensate the Fund for the reduction in contribution income and the early payment of benefits. Payments to the Fund for such costs are made over agreed periods. An accrual has been made for agreed future payments to the Fund.

"Deficit Funding" includes payments by employers for past service deficit and additional payments by employers to reduce a deficit. During 2017/18 the fund has received additional and upfront payments covering a three year period until the next actuarial valuation in 2019, totalling £141.2 million, (2016/17 £1.6 million).

The Fund does reserve the right to levy interest charges on late receipt of contributions from employers. In 2017/18 no such charges were levied.

8. TRANSFERS IN

	2017/18	2016/17
	£'000	£'000
Group transfers	-	-
Individual transfers	12,174	11,568
	12,174	11,568

There were no group transfers to the Fund during 2017/18.

9. BENEFITS PAYABLE

	2017/18	2016/17
	£'000	£'000
Pensions	252,874	247,865
Lump sum retiring allowances	56,141	52,632
Lump sum death benefits	5,541	6,405
	314,556	306,902
Relating to:		
Administering Authority	43,387	41,873
Statutory Bodies	222,117	217,741
Admission Bodies	49,052	47,288
	314,556	306,902

10. PAYMENTS TO AND ON ACCOUNT OF LEAVERS

	2017/18 £'000	2016/17 £'000
Refunds to members leaving service	447	465
Payment for members joining State scheme	37	289
Income for members from State scheme	1	(32)
Group transfers to other schemes	-	1,226
Individual transfers to other schemes	14,319	17,344
	14,804	19,292

There were no group transfers out of the Fund during 2017/18.

11. MANAGEMENT EXPENSES

	2017/18 £'000	2016/17 £'000
Administration costs	2,587	2,673
Investment management costs	35,922	33,887
Oversight and governance costs	1,727	1,978
Other Income	(209)	(223)
	40,027	38,315

11a. ADMINISTRATION COSTS

	2017/18 £'000	2016/17 £'000
Employee costs	1,665	1,686
IT costs	611	639
General costs	276	329
Other costs	35	19
	2,587	2,673

11b. INVESTMENT MANAGEMENT COSTS

	2017/18 £'000	2016/17 £'000
External Investment Management Fees	22,707	20,607
External Investment Management Performance Fees	1,546	3,076
External Services	565	545
Internal Investment Management Fees	614	609
Property Related Expenses	6,377	4,889
Transaction Costs	4,113	4,161
	35,922	33,887

11c. OVERSIGHT AND GOVERNANCE COSTS

	2017/18 £'000	2016/17 £'000
Employee Costs	475	468
External Services	767	838
Internal Audit	34	32
External Audit	39	37
Other Costs	412	603
	1,727	1,978

Actuarial fees included within External Services above (note 11c) are shown gross of any fees that have been recharged to employers. Included within Other Income for 2017/18 is £195,994 relating to recharged Actuarial fees (2016/17 £173,224).

External Audit fees for 2017/18 also include £2,180 relating to additional services in respect of IAS19 assurances for admitted body auditors, which are recharged to those admitted bodies.

12. INVESTMENT INCOME

	2017/18 £'000	2016/17 £'000
Dividends from Equities	84,247	69,880
Income from Pooled Investment Vehicles	52,333	49,885
Rents from Properties	26,754	23,498
Interest on Short Term Cash Deposits	267	306
Income from Private Equity	32,422	22,856
Income from Derivatives	-	-
Other	985	1,247
	197,008	167,672
Irrecoverable Withholding Tax	(3,578)	(943)
	193,430	166,729

Rental income is shown gross of any property related expenses, with related expenses shown under investment expenses (note 11b).

Investment income figures are shown gross of tax. Included in these figures is recoverable taxation of £4.8 million (2016/17 £4.1 million).

The Fund is seeking to recover tax withheld by UK and overseas tax regimes under the EU principle of free movement of capital within its borders, there were no repayments received in 2017/18 (2016/17 £nil).

12a. PROPERTY INCOME

	2017/18 £'000	2016/17 £'000
Rental income	26,754	23,498
Direct operating expenses	(6,377)	(4,889)
Net rent from properties	20,377	18,609

No contingent rents have been recognised as income during the period.

12b. PROPERTY OPERATING LEASES

The Fund's property portfolio comprises a variety of units which are leased to organisations with the objective of generating appropriate investment returns.

These leases are all categorised as operating leases due to the relatively short length of the agreements i.e. relative to the overall life of the asset and proportion of the assets overall value. The leases do not meet the assessment criteria for finance leases, and the risks and rewards of ownership of the leased assets are retained by the Fund and reflected in the Net Assets Statement.

The properties comprise a mix of office, retail and industrial buildings. These leases vary in length from short term to over 25 years.

The future minimum lease payments receivable under non-cancellable leases in future years are:

Age profile of lease income	2017/18 £'000	2016/17 £'000
No later than one year	1,302	1,277
Between one and five years	8,114	6,774
Later than five years	17,540	13,834
Total	26,956	21,885

With regards to the properties owned and leased by the Fund, all are leased to the tenants under contracts that have been assessed as operating leases and which may include periodic rent reviews etc. The minimum lease payments receivable do not include rents that are contingent on events taking place after the lease entered into, such as adjustments following rent reviews.

13. INVESTMENTS

2017/18	Market Value 31.3.2017 £'000	Purchases at cost & Derivative Payments £'000	Sale Proceeds & Derivative Receipts £'000	Change in Market Value * £'000	Market Value 31.3.2018 £'000
Equities	2,728,658	1,272,950	(1,225,858)	(7,342)	2,768,408
Pooled Investment Vehicles	4,804,297	550,657	(414,391)	133,916	5,074,479
Derivative Contracts	224	979,418	(982,541)	3,117	218
Direct Property	431,150	71,899		16,701	519,750
	7,964,329	2,874,924	(2,622,790)	146,392	8,362,855
Short term cash deposits	75,222				53,226
Other investment balances	117,550			(4,721)	99,613
	8,157,101			141,671	8,515,694

2016/17	Market Value 31.3.2016 £'000	Purchases at cost & Derivative Payments £'000	Sale Proceeds & Derivative Receipts £'000	Change in Market Value * £'000	Market Value 31.3.2017 £'000
Equities	2,020,418	1,232,039	(1,016,978)	493,179	2,728,658
Pooled Investment Vehicles	4,264,626	323,279	(608,771)	825,163	4,804,297
Derivative Contracts	254	279,162	(272,286)	(6,906)	224
Direct Property	377,000	79,885	(18,638)	(7,097)	431,150
	6,662,298	1,914,365	(1,916,673)	1,304,339	7,964,329
Short term cash deposits	40,031				75,222
Other investment balances	114,660			2,089	117,550
	6,816,989			1,306,428	8,157,101

*Note: The change in market value of investments during the year comprises all realised and unrealised appreciation and depreciation.

Transaction costs had previously been added to purchases and netted against sales proceeds; however, they are no longer shown in the above tables and instead are shown under investment management costs in note 11b in accordance with CIPFA guidance.

Indirect costs are incurred through the bid-offer spread on investments in pooled vehicles. The amount of indirect costs is not provided directly to the Fund.

13a Analysis of investments

	2017/18 £'000	2016/17 £'000
Equities (segregated holdings)		
UK Quoted	1,261,630	1,193,697
Overseas Quoted	1,506,778	1,534,961
	2,768,408	2,728,658
Pooled Investment Vehicles		
UK Managed Funds:		
Property	43,961	17,569
Equities	130,528	107,630
Private Equity	311,657	294,048
Hedge Funds	44,079	53,491
Corporate Bonds	343,277	267,082
Infrastructure	252,983	159,687
Opportunities	324,309	301,012
Overseas Managed Funds:		
Equities	486,772	456,946
Private Equity	251,754	251,013
Hedge Funds	226,624	218,664
Infrastructure	175,233	163,601
Opportunities	136,854	131,052
UK Unit Trusts:		
Property	107,949	99,026
Overseas Unit Trusts:		
Property	96,448	87,157
Other Unitised Funds	2,142,051	2,196,319
	5,074,479	4,804,297
Derivative Contracts	218	224
UK Properties		
Freehold	394,100	322,800
Leasehold	125,650	108,350
	519,750	431,150
Balance at 1 April	431,150	377,000
Additions	71,899	79,885
Disposals	-	(18,638)
Net gain/(loss) on fair value	-	(11,945)
Transfers in/(out)	-	-
Other changes in fair value	16,701	4,848
Balance at 31 March	519,750	431,150

As at 31 March 2018 there were no amounts of restrictions on the realisability of investment property or of income and proceeds of disposal.

There were no obligations to purchase new properties.

	2017/18 £'000	2016/17 £'000
Short term cash deposits		
Sterling	53,226	75,222
Foreign currency	-	-
	53,226	75,222

	2017/18 £'000	2016/17 £'000
Other investment balances		
Amounts due from brokers	-	-
Outstanding trades	9,486	4,509
Outstanding dividends entitlements and recoverable withholding tax	17,566	17,304
Cash deposits	72,561	95,737
	99,613	117,550

13b Analysis of derivatives

Forward currency contracts

The Fund's forward currency contracts are exchange traded and are used by a number of our external Investment Managers to hedge exposures to foreign currency back into sterling.

Settlement date	Currency bought 000	Currency sold 000	Asset £'000	Liability £'000
Up to one month	GBP 19,363	EUR 21,282	218	-
			218	-
Net forward currency contracts at 31 March 2018				218
Prior year comparative				
Open forward currency contracts at 31 March 2017			174	(13)
Net forward currency contracts at 31 March 2017				161

Derivatives as at 31 March 2018		£'000	£'000
Futures			
Type of Contract	Expires	Economic Exposure	Market Value
Assets			
Total Assets			-
Liabilities			-
Total Liabilities			-
Net futures			-
Derivatives as at 31 March 2017		£'000	£'000
Futures			
Type of Contract	Expires	Economic Exposure	Market Value
Assets			
EURO STOXX 50 Index Futures	Jun-17	500	50
Total Assets			50
Liabilities			-
Total Liabilities			-
Net futures			50

A Futures contract is the obligation under a legal agreement to make or take delivery of a specified instrument at a fixed future date, at a price determined at the time of dealing. Merseyside Pension Fund's Index Futures Contracts are externally managed and their objective is to hedge overseas investment positions against adverse index movements. Futures dealing requires the posting of margin. Initial margin which must be posted before you can trade and variation margin, the mark-to-market value of the futures contracts you hold. Variation margin is exchanged daily and exists to reduce counterparty credit exposure.

13c Summary of Managers' Portfolio Values at 31 March 2018

	2017/18		2016/17	
	£million	%	£million	%
Externally Managed				
JP Morgan (European equities)	252	3.0	258	3.2
Nomura (Japan)	461	5.4	433	5.3
Schroders (fixed income)	343	4.0	267	3.3
Legal & General (fixed income)	369	4.3	298	3.7
Unigestion (European equities and pooled Emerging Markets)	319	3.8	318	3.9
M&G (global emerging markets)	183	2.1	177	2.2
TT International (UK equities)	249	2.9	237	2.9
Blackrock (UK equities)	252	3.0	249	3.1
Blackrock (Pacific Rim)	152	1.8	157	1.9
Blackrock (QIF)	87	1.0	70	0.9
Newton (UK equities)	263	3.1	260	3.2
Amundi (global emerging markets)	186	2.2	168	2.1
Maple-Brown Abbot (Pacific Rim equities)	166	1.9	173	2.1
State Street Global Advisor (Passive Manager)	1,773	20.9	1,900	23.0
State Street Transition Manager	-	-	194	2.4
Blackrock Transition Manager	195	2.3	-	-
	5,250	61.7	5,159	63.2
Internally Managed				
UK equities	401	4.7	404	4.9
European equities	246	2.9	238	2.9
Property (direct)	520	6.1	431	5.3
Property (indirect)	270	3.2	226	2.8
Private equity	563	6.6	545	6.7
Hedge funds	271	3.2	272	3.3
Infrastructure	428	5.0	323	4.0
Opportunities	486	5.7	462	5.7
Short term deposits & other investments	80	0.9	97	1.2
	3,265	38.3	2,998	36.8
	8,515	100.0	8,157	100.0

The following holdings each represent more than 5% of the net assets of the Fund:

	2017/18		2016/17	
	£'million	%	£'million	%
SSGA Pooled UK Index Linked Gilts	682	8.0	708	8.7
SSGA USA Equity Tracker	613	7.2	729	8.9

13d Stock lending

As at 31 March 2018, £352.4 million of stock was on loan to market makers, which was covered by cash and non-cash collateral, totalling £381.1 million. Collateral is marked to market, and adjusted daily. Income from Stock Lending amounted to £978,508 and is included within "Other" Investment Income. As the Fund retains its economic interest in stock on loan, their value remains within the Fund valuation. As the Fund has an obligation to return collateral to the borrowers, collateral is excluded from the Fund valuation. The Fund used its Custodian as agent lender, lending only to an agreed list of approved borrowers. An indemnity is in place which gives the Fund further protection against losses.

14 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 techniques which represent the highest and best price available at the reporting date.

Description of asset	Valuation hierarchy	Basis of valuation	Observable and unobservable inputs	Key sensitivities affecting the valuations provided
Market quoted investments	Level 1	Published bid market price ruling on the final day of the accounting period	Not required	Not required
Quoted bonds	Level 1	Fixed interest securities are valued at a market value based on current yields	Not required	Not required
Derivatives - futures and options	Level 1	Published exchange prices at year end	Not required	Not required
Exchange traded pooled investments	Level 1	Closing bid value on published exchanges	Not required	Not required
Unquoted bonds	Level 2	Average of broker prices	Evaluated price feeds	Not required
Derivatives - forward currency contracts	Level 2	Market forward exchange rates at the year end	Not required	Not required

Description of asset	Valuation hierarchy	Basis of valuation	Observable and unobservable inputs	Key sensitivities affecting the valuations provided
Pooled investments - overseas unit trusts and property funds	Level 2	Closed bid price where bid and offer prices are published - closing single price where single price is published. Valuation for property funds are provided by fund managers and where available closing bid prices are used.	NAV - based pricing set on a forward pricing basis	Not required
Direct property	Level 3	Valued at fair value at the year-end using independent external Valuers in accordance with FRS 13, SSAP 19 and the Royal Institution of Chartered Surveyors (RICS) Valuation - Global Standards (the "RICS Red Book").	Existing lease terms and rentals, independent market research, nature of tenancies, covenant strength of 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
Unquoted equity	Level 3	Comparable valuation of similar companies in accordance with International Private Equity and Venture Capital Valuation Guidelines or equivalent	EBITDA multiple, revenue multiple, discount for lack of marketability, control premium	Material events occurring between the date of the financial statements provided and MPF's own reporting date, changes to expected cashflows, differences between audited and unaudited accounts.

Description of asset	Valuation hierarchy	Basis of valuation	Observable and unobservable inputs	Key sensitivities affecting the valuations provided
Pooled investments - hedge funds and infrastructure	Level 3	The funds are valued in accordance with International Financial Reporting Standards (IFRS). The valuation basis, determined by the relevant Fund Manager, may be any of quoted market prices, broker or dealer quotations, transaction price, third party transaction price, industry multiples and public comparables, transitions in similar techniques, third party independent appraisals or pricing models.	NAV - based pricing set on a forward pricing basis	Material events occurring between the date of the financial statements provided and MPF's own reporting date, changes to expected cashflows, differences between audited and unaudited accounts.

Sensitivity of assets valued at level 3

The table below sets out the assets classified as level 3 assets. The Fund has determined that the valuation methods described above are likely to be accurate to within the following ranges (as provided by the Fund's investment consultants), and has set out below the consequent potential impact on the closing value of investments held at 31 March 2018. There are various factors that affect the complexity of valuation and the realisable value of assets and certain asset specific issues may lead to realisable valuations falling outside the stated range.

	Value 31 March 2018 £'000	Potential variance %	Value on increase £'000	Value on decrease £'000
Property	773,163	10.0	850,479	695,847
Unquoted UK equity	74,171	15.0	85,297	63,045
Unquoted overseas equity	58,599	15.0	67,389	49,809
Hedge funds	223,240	10.0	245,564	200,916
Infrastructure	353,266	15.0	406,256	300,276
Private equity	645,474	15.0	742,295	548,653
Total	2,127,913			

14a FAIR VALUE HIERARCHY

Assets valuations have been classified into three levels, according to the quality and reliability of information used to determine fair values.

Level 1

Assets 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 comprise quoted equities, quoted fixed securities, quoted index linked securities and unit trusts.

Listed investments are shown at bid prices. The bid value of the investment is based on the market quotation of the relevant stock exchange.

Level 2

Assets 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 and where these techniques use inputs that are based significantly on observable market data.

Level 3

Assets at level 3 are those where at least one input that could have a significant effect on the instrument's valuation is not based on observable market data.

Such investments would include unquoted equity investments and Hedge Fund of Funds, which are valued using various valuation techniques that require significant judgement in determining appropriate assumptions.

The values of the investment in Private Equity are based on valuations provided by the general partners to the Private Equity funds in which Merseyside Pension Fund has invested.

These valuations are prepared in accordance with the International Private Equity and Venture Capital Valuation Guidelines, which follow the valuation principles of IFRS. Valuations are usually undertaken annually at the end of December. Cash flow adjustments are used to roll forward the valuations to 31 March as appropriate.

The values of the investment in Hedge Funds are based on the net asset value provided by the Fund Manager. Assurances over the valuation are gained from the independent audit of the value.

The following table provides an analysis of the financial assets of the pension fund grouped into Levels 1 to 3, based on the level at which the fair value is observable.

Values at 31 March 2018	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Financial assets				
Financial assets at fair value through profit and loss	3,760,289	2,474,653	1,608,163	7,843,105
Non-financial assets at fair value through profit and loss			519,750	519,750
Total financial assets	3,760,289	2,474,653	2,127,913	8,362,855

Values at 31 March 2017*	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Financial assets				
Financial assets at fair value through profit and loss	3,614,529	2,465,771	1,452,879	7,533,179
Non-financial assets at fair value through profit and loss			431,150	431,150
Total financial assets	3,614,529	2,465,771	1,884,029	7,964,329

* Following a further review of levels 1, 2 and 3 categories against PRAG guidance, the values at 31 March 2017 have been restated, £121.7 million has moved from level 1 to level 2, £2.1 million from level 1 to 3 and £20.3 million has moved from level 3 to level 1.

A reconciliation of fair value measurements in Level 3 is set out below:

	2017/18 £'000	2016/17* £'000
Opening balance	1,884,029	1,627,606
Acquisitions	340,755	240,240
Disposal proceeds	(179,809)	(123,699)
Transfer into Level 3	2,574	
Total gain/(losses) included in the fund account:		
On assets sold	2,487	(11,071)
On assets held at year end	77,877	150,953
Closing balance	2,127,913	1,884,029

* The information for 2016/17 has been restated

15. FINANCIAL INSTRUMENTS

15a Classification of financial instruments

Accounting policies describe how different asset classes of financial instruments are measured, and how income and expenses, including fair value gains and losses, are recognised. The following table analyses the carrying amounts of financial assets and liabilities by category and net asset statement heading.

	31 March 2018		
	Loans and receivables	Financial liabilities at amortised cost	Fair value through profit and loss
	£'000	£'000	£'000
Financial Assets			
Equities			2,768,408
Pooled Investment Vehicles			5,074,479
Derivatives			218
Cash deposits	53,226		
Other investment balances	99,613		
Long term and current assets	84,922		
Total financial assets	237,761	-	7,843,105
Grand total	8,080,866		
Financial Liabilities			
Other investment balances		(13,736)	
Current Liabilities		(23,439)	
Total financial liabilities	-	(37,175)	-
Grand total	(37,175)		
Grand net total	8,043,691		

	31 March 2017		
	Loans and receivables	Financial liabilities at amortised cost	Fair value through profit and loss
	£'000	£'000	£'000
Financial Assets			
Equities			2,728,658
Pooled Investment Vehicles			4,804,297
Derivatives			224
Cash deposits	75,222		
Other investment balances	117,550		
Long term and current assets	41,468		
Total financial assets	234,240	-	7,533,179
Grand total	7,767,419		
Financial Liabilities			
Other investment balances		(4,490)	
Current Liabilities		(15,594)	
Total financial liabilities	-	(20,084)	-
Grand total	(20,084)		
Grand net total	7,747,335		

To allow reconciliation to the Net Asset Statement and for ease to the reader all long term & current assets and current liabilities have been included in the above note, although not all are classified as financial instruments, the amounts that are not financial instruments are considered immaterial.

15b Net gains and losses on financial instruments

	2017/18 £'000	2016/17 £'000
Financial Assets		
Fair Value through profit and loss	129,691	1,311,436
Loans and receivables	-	-
Total financial assets	129,691	1,311,436
Financial Liabilities		
Financial liabilities at amortised cost	(4,721)	2,089
Loans and receivables	-	-
Total financial liabilities	(4,721)	2,089
Net	124,970	1,313,525

15c Fair value of financial instruments

There is no material difference between the carrying value and fair value of financial instruments. The majority of financial instruments are held at fair value and for those which aren't their amortised cost is considered to be equivalent to an approximation of fair value.

16. NATURE AND EXTENT OF RISKS ARISING FROM FINANCIAL INSTRUMENTS

Risk and risk management

The Fund's objective is to achieve a funding level position of 100% whilst minimising the level and volatility of employer contributions. Investment strategy is decided with clear reference to this objective.

Over the long term, the Fund's objective is to set policies that will seek to ensure that investment returns achieved will at least match the assumptions underlying the actuarial valuation and therefore be appropriate to the liabilities of the Fund.

Having regard to its liability profile, the Fund has determined that adopting a bespoke benchmark should best enable it to implement an effective investment strategy. This strategic benchmark is reviewed every three years, at a minimum, at the time of the actuarial valuation but will be reviewed as required particularly if there have been significant changes in the underlying liability profile or the investment environment.

The Fund has carefully considered the expected returns from the various permitted asset classes and has concluded that in the longer term the return on equities will be greater than from other conventional assets. Consequently, the benchmark is biased towards equities and skewed towards active management, particularly in less developed markets.

The Fund is also cognisant of the risk that the shorter term returns may vary significantly from one period to another and between the benchmark and actual returns. Diversification of assets is seen as key to managing this risk and the risk/return characteristics of each asset and their relative correlations are reflected in the make up of the strategic benchmark.

The Fund believes that, over the long term, a willingness to take on volatility and illiquidity is likely to be rewarded with outperformance. The Fund considers that its strong employer covenant, maturity profile and cash flows enable it to adopt a long term investment perspective. A mix of short term assets such as bonds and cash is maintained to cover short term liabilities while equities (both passive and active), private equity and direct property are held to benefit from the potential rewards arising from volatility and illiquidity risks. The Fund recognises that risk is inherent in investment activity and seeks to manage the level of risk that it takes in an appropriate manner. The Fund manages investment risks through the following measures:

- Broad diversification of types of investment and Investment Managers.
- Explicit mandates governing the activity of Investment Managers.
- The use of a specific benchmark, related to liabilities of the Fund for investment asset allocation.
- The appointment of Independent Investment Advisors to the Investment Monitoring Working Party.
- Comprehensive monitoring procedures for Investment Managers including internal officers and scrutiny by elected Members.

16a Market Risk

The Fund is aware that its key risk is market risk i.e. the unpredictability of market performance in the future. The general practice to quantify these risks is to measure the volatility of historical performance. The tables below show the Fund's exposure to asset classes and their reasonable predicted variance (as provided by the Fund's investment consultants) and the resulting potential changes in net assets available to pay pensions. The figures provided are a forward looking assumption of future volatility based on analysis of previous performance and probability.

	Value March 2018 £million	Potential Variance	Value on increase £million	Value on decrease £million
UK Equities (all equities including pooled vehicles)	1,801	19.0%	2,143	1,459
US Equities	652	21.0%	789	515
European Equities	777	22.5%	952	603
Japan Equities	461	20.5%	556	367
Emerging Markets Equities inc Pac Rim	819	28.0%	1,049	590
UK Fixed Income Pooled Vehicles	712	11.0%	790	634
UK Index Linked Pooled Vehicles	682	9.0%	743	620
Pooled Property	248	12.5%	279	217
Private Equity	563	27.5%	718	408
Hedge Funds	271	9.5%	296	245
Infrastructure	428	18.5%	507	349
Other Alternative Assets	429	14.0%	489	369
Short term deposits & other investment balances	201	0.0%	201	201
	8,044			

	Value March 2017 £million	Potential Variance	Value on increase £million	Value on decrease £million
UK Equities (all equities including pooled vehicles)	1,692	19.0%	2,013	1,370
US Equities	787	21.0%	952	622
European Equities	790	22.5%	968	612
Japan Equities	438	20.5%	527	348
Emerging Markets Equities inc Pac Rim	812	31.0%	1,064	561
UK Fixed Income Pooled Vehicles	566	11.0%	628	503
UK Index Linked Pooled Vehicles	708	9.0%	772	644
Pooled Property	204	12.5%	229	178
Private Equity	545	27.5%	695	395
Hedge Funds	272	9.0%	297	248
Infrastructure	323	18.5%	383	263
Other Alternative Assets	396	14.2%	452	340
Short term deposits & other investment balances	214	0.0%	214	214
	7,747			

16b Credit Risk

The Fund does not hold any Fixed Interest Securities directly and the Managers of the Pooled Fixed Income Vehicles are responsible for managing credit risk, section 16a of this note covers the market risks of these holdings.

The Fund's arrangements for derivatives, securities lending and impaired items are dealt with in other notes to the accounts.

The short term cash deposits and other investment balances are diversified with investment grade financial institutions. The Fund has a treasury management policy that is compliant with current best practice.

The Fund's cash holding under its treasury management arrangements as at 31 March 2018 was £53.2 million (31 March 2017 £75.2 million). This was held in instant access accounts with the following institutions:

	Rating (S&P)	Balances as at 31 March 2018 £'000	Balances as at 31 March 2017 £'000
Lloyds Bank	Long A Short A-1	33,226	40,222
Invesco	AAAm	10,000	20,000
Santander	Long A Short A-1	10,000	-
Svenska Handelsbanken	Long AA- Short A-1+	-	15,000
Total		53,226	75,222

16c Liquidity risk

The Fund's key priority is to pay pensions in the long term and in the short term and the asset allocation is the key strategy in ensuring this. The earlier sections have dealt with the longer term risks associated with market volatility.

The Fund has a cash balance at 31 March of £53.2 million. The Fund has £6,157 million in assets which could be realised in under 7 days' notice, £913 million in assets which could be realised in under 90 days' notice and £974 million in assets which could not be realised within a 90 day period.

The Fund has no borrowing or borrowing facilities.

The management of the Fund also prepares periodic cash flow forecasts to understand and manage the timing of the Fund's cash flows. The Fund has a net addition for 2017/18 in its dealing with members of £89 million, management expenses of £40 million, and investment income of £197 million.

16d Outlook for real investment returns

The expectation of future real investment returns can affect the Fund's liabilities as they may impact on the discount rate used by the actuary to discount the liabilities; the Fund's actuary has calculated that the Fund has sensitivity to this discount rate of 20% per 1% change in real investment returns. The Fund considers both the liabilities and assets together and assesses the funding ratio and the implications for investment strategy on a quarterly basis at the IMWP.

17. FUNDING ARRANGEMENTS

In line with The Local Government Pension Scheme Regulations 2013, the Fund's actuary undertakes a funding valuation every three years for the purpose of setting employer contribution rates for the forthcoming triennial period. The last such valuation

took place as at 31 March 2016. The next valuation will take place as at 31 March 2019.

The most recent Triennial Valuation by the actuary was as at 31 March 2016, when the funding level was 85% of projected actuarial liabilities (2013 76%). The funding objective is to achieve and then maintain assets equal to the funding target. The funding target is the present value of 100% of projected accrued liabilities, including allowance for projected final pay. The FSS specifies a maximum period for achieving full funding of 19 years.

The funding method adopted is the projected unit method, which implicitly allows for new entrants replacing leavers.

The key elements of the funding policy are to:

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

Summary of key whole Fund assumptions used for calculating funding target

	31 March 2016
Long Term Yields	% p.a.
Market Implied RPI Inflation	3.20
Solvency Funding Target Financial Assumptions	
Investment Return	4.20
CPI Price Inflation	2.20
Salary Increases	3.70
Pension Increases	2.20
Future Service Accrual Financial Assumptions	
Investment Return/Discount Rate	4.95
CPI Price Inflation	2.20
Salary Increases	3.70
CARE	2.20

18. INVESTMENT LIABILITIES

	2017/18	2016/17
	£'000	£'000
Derivative Contracts	-	13
Amounts due to stockbrokers	13,736	4,477
	13,736	4,490

19. LONG TERM ASSETS

	2017/18	2016/17
	£'000	£'000
Assets due in more than one year	5,013	7,110
	5,013	7,110
Relating to:		
Central Government Bodies	922	1,845
Other Local Authorities	3,777	4,717
Public Corporations and Trading Funds	142	280
Bodies External to General Government	172	268
	5,013	7,110

Payments are being received in respect of pensioner and deferred members of the Magistrates Courts, which was previously an active employer in the Fund. Year 1 is shown as a current asset, but years 2 onwards are included above. Also included are future payments of pension strain to be paid by employers in 2018/19 onwards.

20. CURRENT ASSETS AND LIABILITIES

	2017/18 £'000	2016/17 £'000
Assets		
Contributions due	17,431	19,273
Amounts due from external managers	41,296	144
Accrued and outstanding investment income	1,152	664
Sundries	14,889	12,749
Provision for bad debts	(118)	(167)
Cash at bank	5,259	1,695
	79,909	34,358
Relating to:		
Central Government Bodies	1,868	1,863
Other Local Authorities	11,988	13,828
NHS	1	1
Public Corporations and Trading Funds	140	73
Bodies External to General Government	65,912	18,593
	79,909	34,358
Liabilities		
Amounts due to external managers	966	-
Transfer values payable	-	1,226
Retirement grants due	3,467	1,944
Provisions	432	294
Miscellaneous	18,574	12,130
	23,439	15,594
Relating to:		
Central Government Bodies	2,795	3,895
Other Local Authorities	3,016	1,881
Public Corporations and Trading Funds	26	2
Bodies External to General Government	17,602	9,816
	23,439	15,594
Total current assets and liabilities	56,470	18,764

"Sundries" mainly covers general debtors, property arrears due, agents' balances and recoverable taxation.

"Provision for Bad Debt" relates to general debtors and property rental income, and is based on an assessment of all individual debts as at 31 March 2018.

The main components of "Miscellaneous Liabilities" are the outstanding charges for Investment Management fees, payable quarterly in arrears, Custodian and Actuarial fees, plus income tax due, pre-paid rent and Administering Authority re-imbursement.

21. CONTRACTUAL COMMITMENTS

Commitments for investments amounted to £534.86 million as at 31st March 2018. (2016/17 £606.12 million). These commitments relate to Private Equity £209.46 million, Infrastructure £128.37 million, Opportunities £31.07 million, Indirect Property £165.96 million. As some of these funds are denominated in foreign currencies, the commitment in sterling is subject to change due to currency fluctuations.

22. CONTINGENT ASSETS

When determining the appropriate Fund policy for employers the different participating characteristics as either a contractor or community body or whether a guarantor of sufficient financial standing agrees to support the pension obligations is taken into consideration when setting the fiduciary strategy.

It is the policy to actively seek mechanisms to strengthen employer covenants by engaging "contingent assets" in the form of bonds/indemnity insurance, local authority guarantors, parent company guarantors or charge on assets to mitigate the risk of employers exiting the Fund leaving unrecoverable debt.

These financial undertakings are drawn in favour of Wirral Council, as the Administering Authority of Merseyside Pension Fund and payment will only be triggered in the event of employer default.

23. RELATED PARTY TRANSACTIONS

There are three groups of related parties: transactions between Wirral Council, as Administering Authority, and the Fund, between employers within the Fund and the Fund, and between Members and Senior Officers and the Fund.

Management expenses include charges by Wirral Council in providing services in its role as Administering Authority to the Fund, which amount to £3.3 million. (2016/17 £3.6 million). Such charges principally relate to staffing required to maintain the pension service. Central, Finance and IT costs are apportioned to the Fund on the basis of time spent on Fund work by Wirral Council. There was a debtor of £9.1 million (2016/17 £11.9 million) and a creditor of £254,502 as at 31 March 2018 (2016/17 £293,110).

Employers are related parties in so far as they pay contributions to the Fund in accordance with the appropriate Local Government Pension Scheme Regulations (LGPS). Contributions for the year are shown in note 7 and in respect of March 2018 payroll are included within the debtors figure in note 20.

A specific declaration has been received from Pension Committee Members, Pension Board Members and principal officers regarding membership of, and transactions with, such persons or their related parties. A number of Members act as Councillors or Board members of particular scheme employers, listed below, who maintain a conventional employer relationship with the Fund:

Liverpool City Council, Knowsley Council, Sefton Council and St Helens Borough Council, Wirral Council, Knowsley Youth Mutual, Helena Housing, Whiston Town Council, Rainhill Parish Council, Knowsley Housing Trust, One Vision Housing, CDS Housing, Greater Hornby Homes and Wirral Partnership Homes (also known as Magenta Living). The value of the transactions with each of these related parties, namely the routine monthly payments to the Fund of employers' and employees' contributions, is determined by the LGPS Regulations, and as such no related party transactions have been declared.

Peter Wallach, Director of Pensions acts in an un-remunerated board advisory capacity on 4 investment bodies in which the Fund has an interest, Eclipse (£13.8 million), Standard Life (£15.8 million), F&C (£21.5 million) and GLIL (£65.9 million).

Linda Desforges, Senior Portfolio Manager acts in an un-remunerated board advisory capacity on 5 investment bodies in which the Fund has an interest, Standard Life (£15.8 million), BBH Capital (£9.1 million), TEO Plc (£14.3 million), GCM Grosvenor Co-Investment Fund (£6.9 million) and F&C (£21.5 million).

Susannah Friar, Property Manager acts in an un-remunerated board advisory capacity on six investment bodies in which the Fund has an interest, Partners Group Real Estate Asia Pacific 2011 (£7.3 million), Bridges Property Alternatives IV (£1.1 million), Century Bridge China Real Estate Fund II (£5.5 million), Phoenix Asia Secured Debt Fund (£3.5 million) Alma Property Partners (£6.6 million) and Barwood Property.

Adil Manzoor Portfolio Manager, acts in an un-remunerated board advisory capacity on 4 investment bodies in which the Fund has an interest, Standard Life Infrastructure Fund I (£7.9 million), Blackrock GRP Fund I (£25.8 million) and AMP GIF II (£35.3 million) and Impax New Energy Investors III LP .

Each member of the Pension Fund Committee and Pension Board Members formally considers conflicts of interest at each meeting.

Key management personnel

The Fund's senior management during 2017/18 was comprised of 7 individuals: the Director of Pensions, the Head of Pensions Administration, Senior Portfolio Managers (x3), Head of Finance & Risk and Senior Investment Manager, the remuneration paid to the senior management during 2017/18 was £421,487 (2016/17 £416,301). In addition, employer contributions of £56,995 (2016/17 £56,042) was also met from the Fund and charged to the Fund Account. The post of Senior Investment Manager was deleted during the year.

24. ADDITIONAL VOLUNTARY CONTRIBUTION INVESTMENTS

	2017/18 £000	2016/17 £000
The aggregate amount of AVC investments is as follows :		
Equitable Life	2,015	2,089
Standard Life	5,988	6,139
Prudential	7,930	6,331
	15,933	14,559
Changes during the year were as follows:		
Contributions	3,432	2,473
Repayments	2,441	2,964
Change in market values	383	1,303

SCHEME EMPLOYERS WITH ACTIVE MEMBERS AS AT 31 MARCH 2018**Scheduled Bodies**

Academy of St Francis
Bellerive FCJ Catholic College
Billinge Chapel End Parish Council
Birkdale High School (Academy)
Birkenhead High School Academy
Birkenhead Sixth Form College (Academy)
Blacklow Brow School (Academy)
Blue Coat School (Academy)
Carmel College
Calday Grange Grammar School (Academy)
Chesterfield High School (Academy)
Chief Constable
Childwall Sports and Science Academy
Cronton C of E Primary (Academy)
Cronton Parish Council
De la Salle Academy
Deyes High School (Academy)
Eccleston Parish Council
Edsential SLE
Egremont Primary School (Academy)
Emslie Morgan Academy
Everton Free School (Academy)
Finch Woods Academy
Formby High School (Academy)
Garston C of E Primary School (Academy)
Great Meols Primary School (Academy)
Greenbank High School (Academy)
Halewood Academy Centre for Learning
Halewood C of E Primary (Academy)
Halewood Town Council
Halsnead Primary School (Academy)
Harmonize (Academy)
Hawthornes Free School
Heygreen Community Primary (Academy)
Hilbre High School (Academy)
Hillside High School (Academy)
Hope Academy
Hugh Baird College
Kings Leadership Academy (Liverpool)
Kirkby High School
Knowsley Lane Primary School (Academy)
Knowsley M.B.C.
Knowsley Town Council
LDST – Liverpool Diocesan Schools Trust (Academy)
Litherland High School (Academy)
Liverpool City Council
Liverpool City Region Combined Authority (LCRCA)

Liverpool College (Academy)
Liverpool John Moores University
Liverpool Life Science UTC (Academy)
Liverpool Street Scene Services Ltd
Lord Derby Academy
Maghull High School (Academy)
Maghull Town Council
Merseyside Fire & Rescue Authority
Merseyside Passenger Transport Executive (MPTE)
Merseyside Recycling and Waste Authority
New Park Primary (Academy)
North Liverpool Academy
Office of the Police and Crime Commissioner for Merseyside (OPCCM)
Oldershaw Academy
Our Lady of Pity RC Primary School (Academy)
Park View Academy
Poulton Lancelyn Primary School (Academy)
Prenton High School for Girls (Academy)
Prescot Town Council
Rainford High School (Academy)
Rainford Parish Council
Rainhill Parish Council
Rainhill Learning Village Multi Academy Trust
Rainhill St Anns CE Primary School (Academy)
Range High School (Academy)
Roscoe Primary (Academy)
School Improvement Liverpool Ltd
Sefton M.B.C.
Shared Education Services Ltd
Southport College
St. Anselms College (Academy)
St. Edwards College (Academy)
St. Francis Xavier's College (Academy)
St. Helens College
St. Helens M.B.C.
St John Plessington Catholic College
St Margaret Church of England Academy
St Mary & St Thomas CE Primary School (Academy)
St Marys Catholic College
St Michael's C of E High School (Academy)
St Silas C of E Primary School (Academy)
St Thomas C of E Primary (Academy)
Stanley High School (Academy)
Stanton Road Primary School
Studio @ Deyes Academy
Sylvester Primary Academy
The ACC Liverpool Group Ltd
The Academy of St Nicholas
The Beacon C E Primary School (Academy)
The Belvedere Academy

The Birkenhead Park School
The City of Liverpool College
The Kingsway Academy
The Prescot School (Academy)
The Studio (Academy)
The Sutton Academy
Town Lane Infant School (Academy)
Townfield Primary School (Academy)
Upton Hall School (Academy)
Weatherhead High School (Academy)
West Derby School (Academy)
West Kirby Grammar School (Academy)
Whiston Town Council
Wirral Council
Wirral Evolutions
Wirral Grammar School for Boys (Academy)
Wirral Grammar School for Girls (Academy)
Wirral Metropolitan College
Woodchurch High School (Academy)

Admission Bodies

Addaction (Sefton)
Age Concern – Liverpool
Agilisys Limited
Amey Services Ltd - Highways
Arriva North West
Arvato Public Sector Services Limited
Association of Police Authorities
Balfour Beatty PFI SEN School
Balfour Beatty Workplace
BAM Nuttall
Berrybridge Housing Ltd
Birkenhead Market Services Ltd
Birkenhead School (2002)
Bouygues E & S FM UK Ltd
Care Quality Commission
Castlerock Recruitment Group Ltd
Caterlink Ltd
Catholic Children's Society
CDS Housing
Change Grow Live
City Healthcare Partnership CIC
Cobalt Housing Ltd
Compass Contract Services (UK)
Compass (Scolarest) Liverpool Schools
Compass (Scolarest) Wirral Schools
Elite Cleaning & Environmental Services Ltd
Friends of Birkenhead Council Kennels
Geraud Markets Liverpool Ltd

Glendale (Liverpool Parks Services) Ltd
Glenvale Transport Ltd/Stagecoach.
Graysons Education
Greater Hornby Homes
Greater Merseyside Connexions
Helena Partnerships Ltd.
Hochtief Liverpool Schools
Hochtief Wirral Schools
Interserve (Facilities Management) Ltd
Kingswood Colomendy Ltd.
Knowsley Youth Mutual
Lee Valley Housing Association Ltd
Liverpool Hope University
Liverpool Housing Trust
Liverpool Mutual Homes Ltd.
Liverpool Vision Limited
Local Government Association
Mack Trading
Mellors Catering – Birkdale
Mellors Catering – St Anns
Mellors Catering – St Mary & St Thomas
Mellors Catering - St Paul & St Timothy
Merseyside Lieutenancy
Mosscroft Childcare Ltd
North Huyton Communities Future
One Vision Housing Ltd
Orian Solutions
Partners Credit Union
Port Sunlight Village Trust
Sanctuary Home Care Ltd
Sefton Education Business Partnership
Sefton New Directions Ltd.
Shap Ltd
South Liverpool Housing Ltd
Southern Electric Co Ltd
Tarmac Trading Ltd
Taylor Shaw (Great Meols)
Taylor Shaw (The Grange)
Taylor Shaw (Raeburn)
Taylor Shaw (Range)
Taylor Shaw (St Andrews)
Vauxhall Neighbourhood Council
Veolia ES Merseyside & Halton
Volair Ltd
WCFT (NHS)
Welsh Local Government Association
WIRED
Wirral Autistic Society

Wirral Chamber of Commerce

Wirral Partnership Homes (Magenta)

