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30 June 2022

Dear member of the Local Pensions Board,

LOCAL PENSIONS BOARD - FRIDAY, 8TH JULY 2022

I am now able to enclose, for consideration at next meeting of the Local Pensions Board, the following reports that were unavailable when the agenda was printed.

Agenda No Item

16. **PENSION BOARD REVIEW 2021-22 AND WORK PLAN 2022-23 (Pages 1 - 20)**

Yours sincerely

Mike Jones, Principal Democratic Services Officer

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LOCAL PENSIONS BOARD

Friday, 8 July 2022

SUBJECT:	PENSION BOARD REVIEW 2021-22 AND WORK PLAN 2022-23
REPORT OF:	INDEPENDENT CHAIR OF PENSION BOARD

REPORT SUMMARY

This report which has been prepared in accordance with the Terms of Reference of the Pension Board reviews the work and performance of the Board and its Members during its seventh year (1 April 2021 to 31 March 2022). This report also includes a proposed Work Plan for 2022-2023.

RECOMMENDATIONS

That the Pension Board be recommended to

- (1) receive and approve the Pension Board Review 2021-2022.
- (2) note the proposed Work Plan for 2022-2023.
- (3) refer this report to the Pensions Committee for its consideration.

SUPPORTING INFORMATION

1.1 REASON FOR RECOMMENDATIONS

- 1.1 Section 12.3 of the present Terms of Reference of the Local Pension Board of the Merseyside Fund states that *The Board shall on an annual basis produce a report on both the nature and effect of its activities for consideration by the Scheme Manager. The contents of this annual report will be subject to consideration and agreement at a meeting of the Board...*

2.0 OTHER OPTIONS CONSIDERED

- 2.1 Not relevant for this report.

3.0 BACKGROUND INFORMATION

- 3.1 Under its present Terms of Reference the Board is required to produce, on an annual basis, a report for consideration by the Scheme Manager which is the Wirral MBC Pensions Committee. This review has been prepared by the Independent Chair of the Board for consideration by the Board at its meeting on 8 July 2022. Following consideration by the Board an approved version of this review will be presented by the Independent Chair to the Pensions Committee at its meeting on 28 September 2022.

Purpose and Constitution of the Merseyside Local Pension Board

Under its Terms of Reference, the purpose of the Merseyside Local Pension Board is to assist the Administering Authority (Wirral MBC) in its role as a Scheme Manager under the Public Service Pensions Act 2013 and the Local Government Pension Scheme (LGPS) Regulations. The Board consists of nine members and is constituted of four Employer representatives, four Employee representatives and an Independent, non-voting Chair who has responsibility for the co-ordination and operation of the Board. The Board provides a specific forum for Employers and Employees to be actively involved in the governance of the Merseyside Fund on an ongoing basis.

The Board is fortunate in having had at every meeting since its creation in 2015, the presence of both the Director of Pensions and members of his Senior Management Team to advise and support the Board. Additionally successive Chairs of the Wirral Pensions Committee have been actively supportive of the work of the Board and have attended, on occasion, meetings of the Board.

Summary of issues considered at Board Meetings 2021-22

Issues considered at each Board meeting, in addition to the Minutes of the previous meeting and Declarations of Interest are shown in the Table below:

	23/06/21	20/09/21	01/12/21	24/02/22
LGPS Update	YES	YES	YES	YES
Risk Register	YES	YES	YES	YES
Working Party (IMWPYESGRWP) Minutes	YES	YES	YES	YES
Pensions Administration Report	YES	YES	YES	YES
Investment Pooling/Northern LGPS Update	YES	YES	YES	YES
Pension Board Review 2020-21 & Plan 2021-22	YES			
External Audit Plan 2020-21	YES			
External Audit Questionnaire & Responses 2020-21	YES			
Pension Fund Outturn 2020-21 & Budget 2021-22	YES			
Employer Covenants & Bond Review	YES			
Internal Audit Report 2020-21		YES		
(External) Audit Findings Report 2020-21			YES	
Fund Annual Report & Accounts 2020-21			YES	
Updated Investment Strategy Statement			YES	
Office Working Arrangements			YES	
Pension Fund Budget 2022-23				YES
Treasury Management Policy & Report				YES
Complaints Policy				YES
Member Learning & Development Programme				YES
Update on Catalyst Fund				YES

Commentary in relation to a number of the reports detailed above is included below, in this Review. Firstly, however, I would wish to comment specifically on the contribution of the individual Members of the Board during 2021-22.

Members of the Pensions Board

Since its establishment in 2015 the Merseyside (Wirral) Local Pensions Board has been extremely fortunate with regard to the genuinely active role played by the Members of the Board. 2021-22 was no exception to this.

During the year 2021-22 overall attendance at Board meetings was 77% with four of the nine members achieving 100% attendance. The actual value and impact of the Members is demonstrated however more by the active and constructive participation of each and every Member at Board meetings than by simple reference to attendance statistics.

At each meeting during 2021-22, in addition to both quality reports and presentations from the Director of Pensions and his Senior Management Team, there were constructive questions, observations and debate involving all Board Members. A clear example of positive and active Board Member participation was the discussion and concerns raised by Board Members in relation to the decline in service provided by Prudential in its role as an Additional Voluntary Contribution (AVC) provider arising from consideration of the Pensions Administration report presented to the 23 June 2021 meeting of the Board. This resulted in formulation at the meeting and unanimous acceptance of a resolution that *“the Local Pension Board notes with concern the ongoing failure of Prudential to provide an effective service to LGPS members using their AVC facility and that a letter be sent to Prudential, signed by the Head of Pensions Administration on behalf of the Local Pension Board, reflecting their dissatisfaction that a multinational financial organisation should find itself in this operational position with adverse consequences for members.”* This resulted in the issuing to Prudential of a strongly worded letter from the Head of Pensions Administration (who consulted with me on its content) which included reference to the extreme concern and dissatisfaction of the Board regarding the actions and level of service that had been provided by Prudential to individual members of the Merseyside Pension Fund who had utilised Prudential to make AVC's to enhance their retirement savings.

A further example of the active and positive engagement of Board Members was their constructive scrutiny of working arrangements put in place by the Fund in response to COVID-19. This was demonstrated by both Members responses to the Pensions Administration Monitoring Report of September 2021 and the report on Office Working Arrangements presented (at its specific request) to the Board on 1 December 2021.

Board Members in 2021-22 as in previous years actively and positively considered and supported the development, as proposed by the three relevant Administering Authorities/Funds (Wirral/Merseyside, Bradford/West Yorkshire, and Tameside/Greater Manchester) of the Northern LGPS Investment Pool. This included passing two positive and important resolutions at the 1 December 2021 meeting of the Board to seek to facilitate the timely appointment of Employee representatives to the nine person Joint Committee (which is the ultimate decision making body of the Pool). As stated in both my Reviews of

2019-20 and 2020-21 the whole Pension Board has been particularly supportive of the governance and operational arrangements for the Northern LGPS Investment Pool and in particular that one third of the members of the nine person Joint Committee be Employee representatives. This level of Employee involvement and influence, which also enhances diversity of perspective, is far in excess of that in any other of the eight LGPS Investment Pools and in the view of the Board (as discussed over the years in Board meetings, and indicated in Minutes, my Annual Reviews and presentations to the Pensions Committee) is an extremely positive and an excellent example to all the other LGPS Investment (Asset) Pools across England and Wales.

The issue of the actual appointment of the three Employee Members to the Joint Committee of the Northern LGPS Pool was again discussed at the meeting of the Board held on 23 June 2021 with the Minutes recording that *“The Independent Chair indicated that he hoped that the three Employee representatives would soon be actively participating in the Northern LGPS Joint Committee.”* However, by November 2021 no appointment of Employee representatives had been made to the Pool Joint Committee.

Therefore, in November 2021 the Independent Chair of the Pension Board had a (positive and helpful) discussion with the Chair of the Pensions Committee in which I raised concerns, on behalf of the Board, regarding the fact that the three Employee Members had not yet been appointed to the Northern LGPS Joint Committee. At the Pension Board held on 1 December 2021, which the Chair of the Pensions Committee also and helpfully attended, this matter was discussed by Board Members in some detail. After discussion the voting Members of the Board, on a resolution proposed by an Employee representative and seconded by an Employer representative unanimously Resolved (1) *That the governance arrangements of the Northern LGPS Pool be considered and concern raised that the employee representative positions had not been filled* (2) *That the Independent Chair write to the Chair of the Pensions Committee in respect of this matter.* As requested by the Board, I subsequently wrote a detailed letter to the Chair of the Pensions Committee setting out the Board’s clear support for the approach of the three Administering Authorities/Funds to investment pooling but also urging the urgent appointment of Employee Members to the three vacant Employee representative positions on the Northern LGPS Pool Joint Committee. Subsequently, it was pleasing that at the meeting of the Pensions Board held on 24 February 2022 the Director of Pensions was able to report that the Host Authority of the Northern LGPS Pool (Tameside/Greater Manchester) was in correspondence with the Trades Union Congress (TUC) regarding the appointment of the three Employee Representatives to the Northern LGPS Pool Joint Committee. In this respect I would wish to thank the Chair of the Pensions Committee for raising, in a timely manner, the concerns of the Board with the other Administering Authorities who, along with Wirral, constitute the Northern LGPS Pool.

Unfortunately, however, I understand that as of late June 2022 (when this Review was written) the three Employee Representatives had still not been appointed to the Joint Committee. Therefore, on behalf of all the Members of

the Merseyside Pension Board I would urge all parties involved, in any way, in these appointments to finalise them as a matter of the utmost urgency.

I would wish to place on record my personal thanks to each Member who served throughout 2021-22: Donna Ridland, Pat Maloney, Geoff Broadhead, Roger Irvine, Lyn Robinson, Peter Fieldsend, and Stephan Van Arendsen. Also, I would also wish to record my thanks to Robin Dawson who re-joined the Board from July 2021 as an Employee representative having previously served as an Employer representative from 2015 to 2017. As I have already indicated, I believe that the Merseyside Fund has a clearly knowledgeable and positively engaged group of Pension Board Members seeking to actively and genuinely interact with the Fund on behalf of both Employees and Employers and to assist the Pensions Committee to achieve not only compliance with relevant legislation, regulations and guidance but also to achieve effective and efficient governance and administration of the Merseyside Pension Fund.

When there are vacancies at Pension Boards the Administering Authority may, in some cases, have significant difficulties in making a suitable appointment. This has never been the case with the Merseyside Board and indeed it was extremely pleasing that when a vacancy for an Employee (Pensioner) representative was advertised in 2021 the Fund received eight applications a number of whom had clear experience relevant to the appointment.

Areas of particular focus during 2021-22

Continuing and developing the practice of earlier years, the Table on page 2 of this report indicates that the primary focus of the Board in 2021-22 was on major Fund governance issues including the **Risk Register and Working Party Minutes**, the operation and performance of the Fund with a particular focus on the **Pension Administration** function, and also updates on national developments relevant to the LGPS (the quarterly **LGPS Update report**).

LGPS Update reports

As I have indicated in previous Pension Board Reviews the quarterly LGPS Updates received at each Board meeting are in my view both a source of valuable information on a broad range of national issues with a particular focus on latest developments, and also very useful to Board Members in helping to fulfil their knowledge and understanding obligations under the Public Service Pensions Act 2013 which refers to Board Members been “*conversant*” with the “*rules*” and documents relating to the “*scheme*.” The word “*conversant*” includes, in my view, within its general meaning, to keep up to date and this is exactly what the quarterly LGPS Updates enable the Board both individually and collectively to achieve in terms of their knowledge and understanding of the LGPS at a national as well as local (Merseyside Fund) level. During the year 2021-22 the Board received further updates on the “McCloud” (Age Discrimination in the LGPS) including the Ministerial Statement of 13 May 2021 confirming the key changes that the Government will make (after necessary changes to primary legislation) to the LGPS Regulations to remove the unlawful

age discrimination; Cost Management of Public Sector Pension Schemes including Government proposals to revise the mechanism; Exit Payments (the “Exit Cap”); Consultation on increasing the minimum pension age; the Pension Schemes Act 2021 with specific reference to the “Pensions Dashboard”; the Government Actuary’s Department (GAD) Section 13 Report on the 2019 Actuarial Valuations including specific information relating to the Merseyside Pension Fund. I would wish to place on record my thanks to the Head of Pensions Administration for the quality of both her reports and presentations. A very clear example of this was both the report and presentation on the GAD report on the 2019 Actuarial Valuation received at the Board meeting held on 24 February 2022.

The Risk Register

Risk Management is fundamental to effective Pension Fund governance and operations across the Pensions Administration, Finance, and Investment functions. Both CIPFA and the Pensions Regulator have made absolutely clear the critical role and importance of effective risk management in the context of the LGPS.

Therefore, as is normal practice, it was appropriate that the Risk Register together with a covering report which includes clear details of changes to the Risk Register since the previous report was presented to and actively considered by the Board at each meeting during 2021-22. It appears clear from the Board’s examination of the Risk Register that this is, as it should be, a living and developing document which therefore gives (some) assurance to the Board regarding the emphasis on risk management by the Merseyside Pension Fund. I would particularly wish to thank the Director of Pensions for his presentation of the Risk Register to meetings of the Board.

Working Party (IMWPYESGRWP) Minutes

The consideration of and focus on overall Fund governance was, as in previous years, facilitated by consideration at each Board meeting of the Minutes of the two standing Elected Member led working groups – the Investment Management Working Party (IMWP) and the Governance and Risk Working Party (GRWP) which are also attended by a broad range of both Officers/Advisors. As in previous years Pension Board Members attended some Working Group meetings as Observers but with the facility to ask questions and engage in the discussions. Examination of Working Group Minutes supplemented by the attendance at some Working Group meetings provided evidence and (some) assurance in relation to both positive governance and operation of the Fund.

Internal Audit Report 2020-21

At its September 2021 meeting the Board received, as it does annually, a presentation and the most recent Merseyside Pension Fund Internal Audit Annual Report which on this occasion covered 2020-21. The reviews

undertaken by Internal Audit provide an important source of assurance, or otherwise, regarding both the overall governance of the Fund and the governance/operation of specific areas of Fund activity. Firstly, it was pleasing to be informed that despite the extreme difficulties posed by COVID-19 Internal Audit was able to deliver the 150 days of planned input during 2020-21 which is the annual level that Internal Audit and the Fund have previously agreed. This was achieved through a refocused plan agreed between Internal Audit and the Fund's Senior Management Team (Fund Operating Group). It is pleasing and reassuring to note that the Chief Internal Auditor's report included the statement that *"The assessment found that in all of the systems audited in 2020 YES21 there is a sound system of control in place, those controls are consistently applied and fully effective and no significant weaknesses were identified. The MPF Management Team continues to ensure identified risks are effectively managed and the recommendations emanating from the audit work are consistently and effectively implemented within the agreed timescales."* The provisional four-year Internal Audit Plan for 2021-22 to 2024-25 which was included in the Internal Audit Annual Report provided assurance that a wide range of reviews across all of Pensions Administration; Investments, Accounting and Compliance; Cross Cutting issues; and Emerging Risks are planned. Finally, I would wish to record, on behalf of the Board, our appreciation for the work of Internal Audit in relation to the Fund in the exceptional circumstances of COVID-19.

Office Working Arrangements

The COVID-19 pandemic which began in March 2020 continued throughout the financial years 2020-21 and (most of) 2021-22. This resulted in huge challenges for the Merseyside Pension Fund in terms of operational activity. Having considered information from Officers and particularly in the context of the report, Officer presentation, Members' questions and observations arising from the Pensions Administration Report presented to the Board on 20 September 2021 the Board formally Resolved to request that a report be brought back to the Board on working from home arrangements in the particular context of consequences for performance. At the meeting of the Board held on 1 December 2021 a report was received entitled "**Office Working Arrangements.**" This acknowledged that *"As a consequence of remote working practices, experience indicates there has been a decline in performance levels."* The report also stated, in the context of the progressive mitigation of the pandemic *"The option for the majority of staff to continue working from home was not sustainable from a customer service perspective and there has been a gradual return of staff to the office in line with guidance from Public Health."* The report included a detailed timeline, description and explanation/justification of actions and approaches. The report was clear that approaches to working arrangements had taken clear cognisance of and had been revised in the context of both national requirements/guidance and requirements/guidance issued by Wirral MBC. The Board discussed the report with Officers and determined to Resolve that *"...Officers be thanked for their work during the pandemic to maintain the service of the Pension Fund."* I would also wish to record thanks to the Senior Manager for Operations and

Information Governance for his work in relation to preparing and presenting this particular report.

Financial related reporting

During 2021-22 the Board received a broad range of reports and documents which have a significant financial emphasis, but which are also clearly relevant to the overall governance and wider operation of the Fund. These included the Pension Fund Outturn 2020-21 and Budget 2021-22; External Audit Plan 2020-21; External Audit Questionnaire and (Fund) Responses 2020-21; (External) Audit Findings Report 2020-21; Fund Annual Report and Accounts 2020-21; Pension Fund Budget 2022-23; Treasury Management and Policy Report. As in previous years these reports and documents and the presentations made at the actual meetings, gave the Board clear opportunity to understand, review and ask questions regarding the overall planning and operation of the Funds activities, as well as its financial processes and controls. A clear example is the dialogue between Board Members and the Head of Finance and Risk in relation to the report on the Pension Fund Budget on 24 February 2022. It should be noted that having considered the Pension Fund Budget 2022-23 the Pension Board expressed (as recorded in the Minutes a view (rather than a formal Resolution) that it would be supportive of increasing the Fund's staffing budget. This of course is in the context of the increasing burdens and need to ensure continuing robust risk mitigation and operational effectiveness in an increasingly complex environment.

Additionally, the Board received detail of the evaluation of the Fund by the External Auditor. Given the extent and detail of the Pension Fund Accounts (see Merseyside Pension Fund Report & Accounts 2020YES21 pages 43 to 73 in particular) together with the examination and scrutiny to which Pension Fund Accounts are (now) subjected to by External Auditors it was pleasing for the Board to see that the External Auditors "**The Audit Findings for Merseyside Pension Fund Year ended 31 March 2021**" (page 3) which the Board received at its meeting on 1 December 2021 included the statements "*We have not raised any recommendations for management as a result of our audit work...or material changes to the financial statements.*" The preparation of the finance related reports and statements presented to the Board requires much detailed work. In this respect I would wish to thank the Head of Finance and Risk both for these and her presentations at Board meetings.

Pension Administration Reports

Pensions Administration was, as in previous years an area of particular interest and focus for the Board as it is the most immediate interface between the Merseyside Pension Fund and both Employers and Employees who are the two groups equally represented on the Board. The presentation to each meeting during 2021-22 of a detailed Pensions Administration Monitoring Report facilitated detailed examination and constructive challenge by the Board in relation to a broad range of pensions administration issues. These reports were, as in previous years, closely examined by individual Board Members and the

Head of Pensions Administration received (as also in earlier years) a broad range of constructive questioning and challenge. As already referred to examination by Board Members of (in particular) the Pensions Administration Monitoring Report to the September 2021 meeting resulted in the request for the report on Office Working Arrangements which was received and considered by the Board at its meeting on 1 December 2021.

Fund Approach to Employers and Employees

As in 2020-21 the Board received in 2021-22 (at the meeting held on 23 June 2021) a report in respect of the measures and approach the Fund is taking to seek to ensure that the possibility of default by any one Employer, which would ultimately need to be covered by other Employers is mitigated. The report entitled “**Bond Review and Interaction with Covenant**” provided details of the work with and approach to Employers who, because they do not benefit from local or national taxpayer support, could potentially default in respect of their financial obligations as Employers within the Fund. The Employers in question are in particular Further Education Colleges/Higher Education Corporations, and also Community Admission Bodies. The report demonstrated that the Fund is taking a robust but targeted and pragmatic approach to seeking to ensure that the risks of any default by an Employer (which would be detrimental to both the Employer in question and all other Employers in the Fund and would result in much work for Fund Officers) are mitigated so far as is practical. The report detailed the differing approaches taking account of nature and circumstances that the Fund is developing/utilising to mitigate the potential for Employer default including for example placing some Employers into a lower risk investment strategy, reviewing bond levels, considering other forms of security. The Board is, however, aware that Employer default risk though it can, must and is mitigated, cannot be eliminated.

Positive relations between the Fund its Employers, individual scheme members (Employees) and other stakeholders is clearly desirable for a number of reasons including achieving effectiveness for all. Therefore, it was pleasing that at the meeting held on 24 February 2022 that the Board received the “Merseyside Pension Fund **Complaints Policy**” which had been approved by the Pensions Committee on 23 February 2022. This policy is intended to enhance the operational practice adopted by the Merseyside Pension Fund in responding to complaints. The policy outlines the methods and timeframes for recording, investigating, and implementing corrective actions in relation to complaints. In relation to the Complaints Policy the Fund Officers, as is normal practice, consulted me clearly ahead of finalisation of the policy and took due account of my observations. In addition, the Officers consulted with the other eight Members of the Board in respect of this Consultation and received some further observations which were taken due account of. Given the Complaints Policy is particularly and directly relevant to both Employers and Employees this approach by the Fund Officers was particularly appropriate and I would wish on behalf of the Board, to thank the Officers for consulting with not only myself but the whole Board, on this occasion.

Investment Issues

Under its Terms of Reference, the Pension Board has no role in investment decision making which is in accordance with the role of the Board as set out in the LGPS Regulations. However, in line with the LGPS Regulations, the Board has a clear role in reviewing governance and operational arrangements relating to any activity including the investment activity of the Fund. As indicated in the section of this Review above entitled “**Working Party (IMWPYESGRWP) Minutes**” an ongoing mechanism for the Board to examine the governance and operational arrangements relating to investment matters is through consideration of the Investment Monitoring Working Party (IMWP) minutes and attendance at the IMWP.

As already discussed in detail in the section of this Review above entitled “**Members of the Pensions Board**” the Board actively considered the development, as proposed by the three relevant Administering Authorities, of the Northern LGPS Investment Pool. This included passing two positive and important resolutions at the 1 December 2021 meeting of the Board. In addition, at each Meeting of the Board during 2021-22 the Board received a “**Northern LGPS Update**” including the Minutes of the recent meeting of the Northern LGPS Joint Committee. I would wish to record, on behalf of the Board, thanks to the Director of Pensions for his commentaries at meetings and responses to questions and observations from Board Members relating to the Northern LGPS.

The Fund is under Regulation 7 of the LGPS (Management and Investment of Funds) Regulations 2016 required to “*formulate an investment strategy...*” This Investment Strategy Statement (ISS) sets out the Fund’s overall approach to investment strategy. While the preparation and approval of this most important document is a matter for the Pensions Committee taking appropriate account of the views of the Fund Officers and the Fund’s Investment Advisor the Fund must under Regulation 7(5) “*consult such persons as it considers appropriate...*” The Fund has since the creation of the Board in 2015 consulted me as Independent Chair of the Pension Board on draft documents required under the LGPS Regulations and subsequently formally added involvement in Consultations to my role under the Board’s Terms of Reference. Therefore, when in 2021 the Fund was revising its ISS the Fund Officers consulted me and took due account of my observations in the final version. Furthermore, the Fund also formally consulted with the other eight Board Members in respect of updating the ISS which I very much welcome and is another example of the ongoing positive approach of the Pension Fund/Administering Authority to the Pensions Board. As a part of this process, Members of the Board were able to participate in a workshop organised by the Fund in relation to its Responsible Investment policy which comprises an important element of the ISS. The final version of the “**Updated Investment Strategy Statement,**” as approved by the Pensions Committee, was presented to the Board at its meeting held on 1 December 2021. As in 2019-20 the Board received a report (at the 24 February 2022 meeting) on the Catalyst Fund. This “**Update on the Catalyst Fund**” report updated the Board on the Catalyst Fund which seeks to support

development and refurbishment projects in Merseyside while (crucially) providing a commercial return for the Merseyside Pension Fund.

Chair of the Pensions Committee

The Board was, again, pleased to welcome Councillor Pat Cleary Chair of the Wirral MBC Pensions Committee who attended the Board meeting held on 1 December 2021. The Board greatly appreciates the ongoing interest in and contribution of Councillor Cleary to our proceedings.

During the year I also had discussions with the Chair on issues including the Northern LGPS Pool and the involvement of the Board in Consultations. As in the past these discussions were positive and constructive. I would wish to place on record that Councillor Cleary was particularly encouraging in terms of consulting, as practical, not only myself as Independent Chair but also the other eight Board Members in respect of Fund policies and strategies. This is a further demonstration of the positive approach of the Administering Authority to the Pensions Board.

Training and Development

Sufficient and effective Training and Development are clearly essential for Board Members to properly discharge their responsibilities. Furthermore, knowledge and understanding/skills are specifically required of Pension Board Members by the Public Service Pensions Act 2013. The Board's Terms of Reference also include requirements and guidance in this respect.

As stated in the section on "**LGPS Update reports**" these reports are very useful to Board Members in helping to fulfil their knowledge and understanding obligations. Those who attended Fund Working Party's during 2021-22 also obtained knowledge and understanding in respect of both investment and governance issues with a particular focus on the Merseyside Fund. During 2021-22 Board Members also attended external training events which included events facilitated by CIPFA, the PLSA, LAPFF. I would urge all Pension Board Members to seek to attend at least one meeting of the Merseyside Pension Fund Working Groups (IMWPYESGRWP) during 2022-23 together with attendance at least one external training event or alternatively to attend at least two external training events during the period 1 April 2022 to 31 March 2023.

At the meeting held on 24 February 2022 the Board received a report "**Members Learning and Development Programme**" which reminded Board Members of their individual responsibility in relation to knowledge and understanding both under legislation and the requirements of the Merseyside Pension Fund.

Furthermore, however this report confirmed that the Fund has also made available to all Board Members the LGPS Online Learning Academy (LOLA) developed by Hymans Robertson. All Members of the Board should complete LOLA as soon as practical and no later than 31 March 2023. I would however

stress that completion of LOLA is additional to and not an alternative to attendance at a Working Party/external training events.

Reporting Breaches of the Law to the Pensions Regulator

The Pension Board does not itself have decision making powers. In respect of the Reporting of Breaches of the Law to the Pensions Regulator (TPR) the Administering Authority has determined (Pensions Committee of 16 November 2015) that the Board should be consulted by Officers when considering whether or not to report a specific breach (or likely breach) to TPR. This is an important role granted to the Board in terms of ensuring the good governance of the Fund and appropriate interpretation of TPR guidance and the Merseyside Fund's policy on reporting Breaches of the Law.

During the period covered by this report there were no occasions when the Board was asked to give their view as to whether or not a Breach of the Law should be reported to the Pensions Regulator (TPR) or alternatively recorded in the Breaches Log. There were no occasions when the Board, or any Member, believed that they themselves needed to directly report any Breach to TPR.

Support for the Board by the Administering Authority during 2021-22

Notwithstanding the ongoing difficulties and extra burdens upon the Fund Officers resulting from the COVID-19 pandemic the Board received the same exemplary and positive support, advice, and guidance from the Fund Officers as in previous years. Meetings of the Board were supported and attended by the Director of Pensions and the senior members of his team responsible for Pensions Administration/IT and the Finance/Risk Management of the Fund. This Officer support at meetings is the same as that provided to the Pensions Committee and reflects the importance and value the Fund has continuously placed on the Board since its creation in 2015. On behalf of the Board, I would like to place on record my appreciation of the work of the Officers in relation to both the Fund itself and the Board.

The genuine interest of the Administering Authority in the Board was further demonstrated by the positive approach of the Councillor Pat Cleary as described earlier in the section headed "**Chair of the Pensions Committee.**"

Despite the pandemic there continued to be frequent discussions between Board meetings, involving myself and the Director of Pensions/Head of Pensions Administration. These covered a range of issues and were initiated by both the Officers and myself.

Recommendations made to the Scheme Manager (Pensions Committee)

There were no formal recommendations made by the Board to the Pensions Committee during 2021-22. The Minutes of each Pension Board are however included on the Agenda of the Pensions Committee and these, of course,

include coverage of notable Board discussions and Resolutions passed by the Board.

Pension Board Review 2020-21 and presentation to the Pensions Committee

The Pension Board Review 2020-21 and Work Plan 2021-22 was considered and approved by the Board on 23 June 2021. This was then considered by the Pensions Committee at its meeting held on 20 September 2021. Unlike in 2020 when COVID-19 restrictions had meant that the Pensions Committee had to meet remotely I was very pleased to attend the Pensions Committee in person to present my 2020-21 review.

The Chair of the Pensions Committee referred to a number of issues relating to the Board including the range of issues considered by the Board and the active participation of Board Members at Meetings (which he had himself witnessed). Councillor Cleary thanked me for a positive and comprehensive report to the Committee.

Pension Board Costs of Operation 1 April 2021 to 31 March 2022

Conferences	£ 3,895
Travel & Subsistence	£ 696
Allowances	£ 23,869
Total	£ 28,550

Proposed Pension Board Work Plan 2022-23

The proposed Work Plan for 2022-23 is detailed below and has been prepared jointly by the Director of Pensions and Independent Chair. This maintains an overall emphasis on Fund Governance. Pensions Administration will remain a particular area of focus given that this is an area of direct relevance to both Employers and individual Employees. Investment Pooling will also be an area of focus given this represents a fundamental change to and development of the Governance of the LGPS and a Consultation on this issue is promised from Central Government in Autumn 2022. The Work Plan will be updated as necessary during 2022-23.

Agenda item	08/07/22	28/09/22	16/12/22	22/02/23
LGPS update	YES	YES	YES	YES

Risk Register	YES	YES	YES	YES
Working Party (IMWP/GRWP) Minutes	YES	YES	YES	YES
Pension Administration Report	YES	YES	YES	YES
Investment Pooling/Northern LGPS Update	YES	YES	YES	YES
External Audit Plan 2021-22	YES			
External Audit Questionnaire & Responses 2021-22	YES			
Pension Fund Outturn 2021-22 & Budget 2022-23	YES			
Pension Board Review 2021-22 & Plan 2022-23	YES			
Non-Recovery of Admission Body deficit	YES			
Write off/overpayment report	YES			YES
(External) Audit Findings Report 2021-22		YES		
Fund Annual Report & Accounts 2021-22		YES		
Internal Audit Report 2021-22		YES		
CEM Benchmarking Report		YES		
LGPS Consultation Report			YES	YES
Good Governance project				
Updated Funding Strategy Statement				YES
Actuarial Valuation 2022 outcome				YES
Updated Investment Strategy Statement				YES
Pension Fund Budget 2023-24				YES

Compliance Manual Update				YES
Treasury Management Policy & Report				YES
Update on Catalyst Fund				YES
Member Learning & Development Programme				YES

Conclusion and Going Forward – the Merseyside Pension Fund and the development of the LGPS in 2022-2023 and beyond

The Merseyside Pension Fund operates within the overall regulatory/governance framework as defined in the LGPS Regulations, associated Statutory Guidance and other overriding legislation and recommended principles of best practice. Reports and presentations made to the Pension Board in 2021-2022 very clearly indicate, as they did in previous years, that the Merseyside Pension Fund (MPF) understands and takes very seriously its present obligations. This is pleasing to report.

However, as I also stated in my Review last year, to fulfil its obligations and deliver an effective service to Employers and in particular the 140,000 plus individual members the MPF will need to prepare very carefully for the future. It is therefore extremely disappointing that during 2021-22 (and to the time this review was written) to note that the Government (the Ministry for Housing Communities and Local Government (MHCLG) until September 2021 and from September 2021 the Department for Levelling Up, Housing and Communities (DLUHC)) has failed to issue the (long) awaited Consultations on Investment Pooling, Climate (TCFD) reporting, and in particular to require the implementation of the Scheme Advisory Board (SAB) Good Governance in the LGPS proposals which were referred by SAB to the then MHCLG in February 2021.

However, notwithstanding the lack of Government initiative the Merseyside Pension Fund has sought, as evidenced to the Board, to seek to further develop investment pooling (in a manner appropriate to and cognisant of the best interests of this Fund) and to further enhance its own governance and operations so as to provide a positive service and support to all Employers and individual Scheme Members. The Fund has also made further positive progress in terms of Responsible Investment including Climate related issues.

I am, as I stated last year, aware that the Merseyside Fund has already, and continues to, positively implement to some clear degree the proposals of the Good Governance in the LGPS project. I would urge the Fund to continue with this approach. Furthermore as indicated earlier in this report the Board (specifically expressed at its meeting on 24 February 2022) is clearly supportive of increasing the Fund's staffing budget in the context of additional burdens and the need to ensure continuing robust risk mitigation and operational effectiveness in a progressively complex environment.

Finally I wish to refer to the Northern LGPS and in particular the pending appointment of the three Employee Representatives to the Joint Committee of the Northern LGPS Investment (Asset) Pool. This was an area of particular interest to the Board in 2021-22 as it had been in previous years. The Northern LGPS provides, in the view of the Board, a shining example of how a LGPS investment pool should be constituted and governed. This is both in terms of the fact that the Joint Committee (whose membership rightly has a clear majority of Councillors) is the actual overall decision making forum of the Pool and also in that the three Fund Directors have a clear remit, within the governance arrangements of the Pool, to ensure that operationally it both genuinely and effectively meets the investment needs of the three constituent Funds.

A further exemplary characteristic of the Northern LGPS Pool is the intention to appoint three Employee representatives to the nine person Joint Committee responsible for the overall decision making and governance of the Pool. This level of Employee involvement and influence, which the Board is totally supportive of, will not only enhance diversity of perspective but give Employees significant genuine representation and significant influence in/on the Pool governing body. This is not only extremely positive but an example to the other Investment Pools across the LGPS.

As stated in this review the Board is aware that the Host Authority of the Northern LGPS (Tameside MBC) and the Trades Union Congress have been in correspondence regarding the appointment of the three Employee Representatives to the Northern LGPS Pool Joint Committee. As at the date this review was finalised I am not however aware that these appointments have been made. Therefore, on behalf of the Board I would urge the Wirral MBC to do all in its power to facilitate the actual appointment and participation of these three Employee Representatives as a matter of upmost urgency.

John Raisin
Independent Chair
Merseyside (Wirral) LGPS Local Pension Board

4.0 FINANCIAL IMPLICATIONS

4.1 There are none directly arising from this report.

5.0 LEGAL IMPLICATIONS

5.1 Section 12.3 of the present Terms of Reference of the Local Pension Board of the Merseyside Fund states that The Board shall on an annual basis produce a report on both the nature and effect of its activities for consideration by the Scheme Manager. The contents of this annual report will be subject to consideration and agreement at a meeting of the Board..."

6.0 RESOURCE IMPLICATIONS: STAFFING, ICT AND ASSETS

6.1 There are none directly arising from this report. The Pension Board assists the administering authority in its role as Scheme Manager in the scrutiny of the performance of Fund's administration function.

7.0 RELEVANT RISKS

7.1 A failure to provide the Board with information on legislative and statutory changes in the LGPS could hinder the Board in the discharge of its activities.

8.0 ENGAGEMENT/YES/CONSULTATION

8.1 The Director of Pensions and Head of Pensions Administration were consulted in the preparation of this report.

9.0 EQUALITY IMPLICATIONS

9.1 The content and/or recommendation contained within this report have no direct implications for equality.

10.0 ENVIRONMENT AND CLIMATE IMPLICATIONS

10.1 There are none directly arising from this report.

11.0 COMMUNITY WEALTH IMPLICATIONS

11.1 There are none directly arising from this report.

REPORT AUTHOR: JOHN RAISIN
Independent Chair
Merseyside Local Pension Board
27 June 2022

APPENDICES

None

BACKGROUND PAPER/YES/REFERENCE MATERIAL

The Public Service Pensions Act 2013

LGPS Regulations 2013 (As amended)

LGPS (Management and Investment of Funds) Regulations 2016

Guidance on the Creation and Operation of Local Pension Boards in England and Wales, (LGPS) Scheme Advisory Board, 2015

SUBJECT HISTORY (last 3 years)

Council Meeting	Date
Pension Board	23 June 2021
Pension Board	14 September 2020

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