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LOCAL PENSIONS BOARD

Wednesday, 1 December 2021

Present: J Raisin (Chair)

G Broadhead

R Irvine

R Dawson

P Moloney

P Fieldsend

L Robinson

D Ridland

In attendance: Councillor P Cleary

Apologies S Van Arendsen

29 WELCOME AND INTRODUCTION

The Chair welcomed Members of the Local Pension Board, Councillor Pat Cleary, Chair of the Pensions Committee and viewing members of the public to the meeting. It was noted that this meeting was being held remotely in consultation with the legal advisor and the Director of Pensions due to current restrictions and it was hoped that the Local Pensions Board would be able to resume face to face meetings as soon as possible.

30 APOLOGIES

Apologies had been received from Mr S Van Arendsen.

31 MEMBERS' CODE OF CONDUCT - DECLARATIONS OF INTEREST

Members were asked to consider whether they had any disclosable pecuniary interests and/or any other relevant interest in connection with any items on the agenda and, if so, to declare them and state what they were.

No such declarations were made.

32 MINUTES

Resolved - That the accuracy of the minutes of the meeting held on 20 September be approved.

33 GRANT THORNTON – THE AUDIT FINDINGS REPORT FOR MERSEYSIDE PENSION FUND

Donna Smith, Head of Finance and Risk reported upon the key findings and other matters arising from Grant Thornton's external audit of the financial statements of Merseyside Pension Fund for the year ended 31 March 2021.

Donna Smith reported that Grant Thornton had presented a report to Pensions Committee at its September meeting and the updated report would be submitted to the Audit and Risk Committee in January.

Donna Smith summarised the key findings of the report and informed Members that one adjustment had been made to the financial statements, increasing the value of the Fund by £135.9m to £10.1bn.

Members were informed that the audit work was complete and it is anticipated that an unqualified opinion will be issued. It was confirmed that the final fees charged for the audit and provision of non-audit services was £51,249 and that the audit remained open until approved at ARMC.

On behalf of the Local Pensions Board the Chair thanked Donna Smith and her team for their hard work and it was;

Resolved – That the report be noted.

34 **MERSEYSIDE PENSION FUND ANNUAL REPORT & ACCOUNTS 2020/21 AND LETTER OF REPRESENTATION**

Donna Smith, Head of Finance & Risk introduced a report that presented Board Members with a copy of the report taken to Pensions Committee in September which presented the annual report and accounts for Merseyside Pension Fund for 2020/21 and a letter of representation prepared by officers on behalf of the Committee.

Donna Smith explained to Members that there is a statutory requirement to produce an annual report for the year to 31 March by 1 December of that year. The annual report contains all the reports in accordance with the regulations and is prepared by senior officers at the Fund. The annual report remained as a draft document until Wirral Council Financial Statements, including the Financial Statements of the Fund are approved by ARMC and the auditor provides their opinion. The annual report had been published on the Fund's website and a copy sent to the LGA in accordance with the regulations.

On behalf of the Local Pensions Board the Chair thanked Donna Smith and her team for their hard work and it was;

Resolved – That the report be noted.

35 **LOCAL GOVERNMENT PENSION SCHEME UPDATE**

A report by the Director of Pensions provided Board Members with a copy of a report on developments in the Local Government Pension Scheme (LGPS) taken to Pensions Committee since the previous Board meeting.

The Head of Pension Administration advised Members of the Board that the report had been considered by the Pensions Committee on 29 November 2021 and advised that on 15 October 2021, the Scheme Advisory Board published the result of its cost management process for the 2016 Scheme Valuation, following publication of amendments to the HM Treasury Directions on 7 October 2021.

The report also covered the HM Treasury response to its consultation on the proposed reforms to the cost control mechanism which emerged due to industry concern that the mechanism was not operating in line with its original objectives in that it would only be triggered by extraordinary, unpredictable events.

The Head of Pension Administration responded to questions and discussed the costs of required enhancements to pension administration systems necessary to deliver the McCloud remedy as these directly result from the actions of the Government. The removal of Tier Three was also discussed.

Resolved – That the report be noted.

36 **UPDATED INVESTMENT STRATEGY STATEMENT**

The Director of Pensions introduced a report which provided Board Members with a copy of a report to Pensions Committee recommending the approval of a revised Investment Strategy Statement.

The report provided an overview of the legislative framework with which an Investment Strategy Statement should comply. The Investment Strategy Statement had last been reviewed in February 2020 following a change to the Fund's strategic asset allocation. This revision followed the approval of the Northern LGPS Responsible Investment policy at Pensions Committee in September and was intended to reflect changes in legislation, guidance, best practice and that it is consistent with the Northern LGPS RI Policy.

Members were also reminded that the guidance issued by the Department for Levelling Up, Housing and Communities states that in formulating and maintaining their policy on social, environmental and corporate governance factors, an administering authority should explain the extent to which the views of their local pension board and other interested parties who they

consider may have an interest would be taken into account when making an investment decision based on non-financial factors.

Councillor P Cleary, Chair of Pensions Committee addressed the Board and thanked the Director of Pensions for his work in engaging with the Committee and the Board by way of organising a workshop for Members of the Committee and Board to attend.

Resolved – That the report be noted.

37 **NORTHERN LGPS UPDATE**

The Director of Pensions introduced a report that provided Board Members with an update on pooling arrangements in respect of MPF and the Northern LGPS. Minutes of the previous Joint Committee meeting were attached as an appendix to the report.

On a motion by Mr Geoff Broadhead and seconded by Mr R Irvine it was agreed that further discussions on this matter be exempt. This was by virtue of paragraph 3 of Part 1 of Schedule 12A of the Local Government Act 1972, i.e. Information relating to the financial or business affairs of any particular person (including the authority holding that information).

Resolved -That the minutes of the Northern LGPS Joint Committee meeting be noted.

38 **MINUTES OF WORKING PARTY MEETINGS**

The Director of Pensions introduced a report that provided Board Members with the minutes of meetings of Working Parties held since the last Board meeting.

Resolved - That the minutes of the Working Party be noted.

39 **EXEMPT INFORMATION - EXCLUSION OF MEMBERS OF THE PUBLIC**

Resolved – That in accordance with section 100 (A) of the Local Government Act 1972, the public be excluded from the meeting during consideration of the following items of business, on the grounds that they involved the likely disclosure of exempt information as defined by paragraph 3 of Part 1 of Schedule 12A (as amended) to that Act. The public interest test had been applied and favoured exclusion.

40 **NORTHERN LGPS UPDATE**

The Chair discussed the minutes of the Northern LGPS Joint Oversight Committee and advised Board Members that he had raised an issue with the

Chair of the Pensions Committee to be highlighted to the Northern LGPS Joint Oversight Committee.

The Chair of the Pensions Committee advised that this matter would be taken forward in order to seek a resolution.

Discussions on this matter contained exempt information. This was by virtue of paragraph 3 of Part 1 of Schedule 12A of Local Government Act 1972 i.e., information relating to the financial or business affairs of any particular person (including the authority holding that information).

On a motion by D Ridland and seconded by L Robinson it was –

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.**

41 **OFFICE WORKING ARRANGEMENTS**

The Senior Manager for Operations and Information Governance, Guy Hayton, introduced a report that updated Board Members on the working arrangements put into place at the start of the COVID-19 pandemic and how they had been revised in line with changes in government and corporate restrictions on social distancing, leading to the current service arrangements in place at November 2021.

The report contained exempt information. This was by virtue of paragraph 3 of Part 1 of Schedule 12A of Local Government Act 1972 i.e. information relating to the financial or business affairs of any particular person (including the authority holding that information).

Resolved – That the report be noted and officers be thanked for their work during the pandemic to maintain the service of the Pension Fund.

42 **PENSION ADMINISTRATION MONITORING REPORT [PERIOD 1 APR – 30 JUNE 2021]**

Yvonne Murphy, Head of Pensions Administration, introduced a report that provided the Pension Board with monitoring information on the key performance indicators in respect of work undertaken by the administration team during the period 1 July 2021 to 30 September 2021.

The report contained exempt information. This was by virtue of paragraphs 3 of Part 1 of Schedule 12A of the Local Government Act 1972, i.e., information relating to the financial or business affairs of any person, including the authority holding that information.

Resolved – That the report be noted.

43 **RISK REGISTER**

The Director of Pensions introduced a report that provided Board Members with a copy of the Fund's Risk Register.

The report contained exempt information. This was by virtue of paragraph 3 of Part 1 of Schedule 12A of Local Government Act 1972 i.e., information relating to the financial or business affairs of any particular person (including the authority holding that information).

Resolved – That having considered the changes to the risk register the report be noted.