

LOCAL PENSIONS BOARD

Friday, 16 December 2022

Present: J Raisin (Chair)

G Broadhead	P Moloney
R Dawson	L Robinson
D Ridland	S Van Arendsen
R Irvine	

1 WELCOME AND INTRODUCTION

The Chair welcomed everyone to the meeting.

2 APOLOGIES

Apologies for absence had been received from Peter Fieldsend.

3 MEMBERS' CODE OF CONDUCT - DECLARATIONS OF INTEREST

There were no declarations of interests.

4 MINUTES

Resolved – That the minutes of the Local Pensions Board meeting held on 28 September 2022 be approved as an accurate record.

5 APPOINTMENT OF REDINGTON AS STRATEGIC INVESTMENT ADVISORS

The Director of Pensions introduced representatives from the Fund's newly appointed Strategic Advisors Redington, Jill Davys (Head of LGPS) and Tom Pilcher (Lead Consultant). Members of the Board were provided with a background to Redington as an independent investment consultancy firm, whose mission statement was to help make 100 million people financially secure, for the benefit of people and planet. The firm's 4 key specialisms were outlined as a proprietary structured framework approach, alongside how a 'ROSIE' approach was to be adopted (Research, Objectives, Strategy, Implementation, Evaluation) in undertaking work. A timeline of work was provided to the Board, whilst an outline of the process for a stakeholder survey exercise was noted.

In response to several members questions, it was affirmed that:

- Redington aimed to ensure that the Fund's strategy served its objectives through having a clear framework to reference.

- A range of stakeholders would be issued with the survey, including Pensions Committee members, Local Pensions Board Members, and officers such as s151 officers and other interest parties.
- It was important to recognise the survey was not deterministic, and would identify matters where further information was required and areas to be explored in more detail.

Resolved – That the appointment of Redington as Strategic Investment Advisors to Merseyside Pension Fund be noted.

6 LOCAL GOVERNMENT PENSION SCHEME (LGPS) UPDATE

The Senior Manager for Operations and Information Governance introduced a report which provided members of the Board with an update on the National Pensions Dashboard programme and the associated impacts on the Fund's administration. The Board were informed that work was being undertaken with the Fund's system supplier on software solutions which were required to securely connect to the dashboard at the required staging dates. It was noted that all LGPS Funds were required to connect and respond to data requests by September 2024, with a requirement to provide data detailing accrued and projected pension values by April 2025. However, the pensions dashboard would only be made publicly available when the security of the infrastructure and governance framework had been approved by the Money and Pensions Service, the IT providers and Government.

Members of the Board discussed the future enhancement of the Fund's MyPension website and how there could be possibilities to connect this with the dashboard at a future date.

Resolved – That the report be noted.

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

The Head of Finance and Risk at Merseyside Pension Fund presented a report which highlighted 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 2022. It was noted that the report was updated to include further work undertaken since it was presented at Pensions Committee in September 2022, and was to be considered at a meeting of the Audit and Risk Management Committee in 2023. Subject to the satisfactory completion of the outstanding audit work, it was anticipated that Grant Thornton's audit opinion would be unqualified.

Members discussed in detail aspects of the Audit findings, whilst the Board placed on record their thanks to the Head of Finance and Risk, her team and the wider staff at Merseyside Pension Fund for work undertaken.

Resolved – That the report provided by the external auditor Grant Thornton be noted.

8 MERSEYSIDE PENSION FUND ANNUAL REPORT & ACCOUNTS 2021/22 AND LETTER OF REPRESENTATION

The Head of Finance and Risk at Merseyside Pension Fund presented members of the Board with the Annual Report & Accounts for Merseyside Pension Fund for 2021/22. The report and accounts were approved at Pensions Committee on 28 September 2022 and were due to be considered at the Audit and Risk Management Committee on 17 January 2023. A letter of representation had been prepared by officers on behalf of both committees, subject to approval in January. There was one amendment to the draft accounts' financial position, due to an increase in audit fees during the year, and a small number of disclosure changes had also been agreed. The Fund's financial position for the year ended 31 March 2022 was reported as £11.0bn. It was noted that the annual report remained as draft subject to completion of the Council's external audit opinion.

The Chair of the Board noted that the annual report had been presented to a very high quality which reflected well on the Fund.

Resolved – That the report be noted.

9 NORTHERN LGPS UPDATE

The Director of Pensions introduced a report which provided members pooling arrangements in respect of Merseyside Pension Fund (MPF) and the Northern LGPS Investment Pool and the Northern LGPS Investment Pool. Minutes of the previous Northern LGPS Joint Committee meeting were appended for noting.

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

10 DRAFT FUNDING STRATEGY STATEMENT

The Head of Pensions Administration introduced a report which provided members of the Board with MPF's Draft Funding Strategy Statement (FSS) for 2022. The Board were asked to consider the actuarial assumptions adopted, deficit and surplus recovery plans and the policies within the FSS. Whilst it was noted that funding position at this valuation was considered positive, the key communication that had arisen from the valuation was for employers to balance contribution affordability versus sustainability given the global

economic and inflationary outlook post valuation date. It was noted that a consultation with employers took place on the key changes to the FSS from 31 October to 2 December 2022.

Resolved – That the report be noted.

11 **UPDATE ON 2022 ACTUARIAL VALUATION**

The Head of the Pensions Administration introduced a report which informed members of the Board of the Actuary's 2022 actuarial valuation based on membership and cashflow data provided by the Fund at 31 March 2022. It was noted that the market value of assets at the valuation date was around £11 billion, giving a funding level of 106% with an associated surplus of £639m and an average employer future service cost of 18.5% of pay. Alongside this, a comparison of valuation results in 2019 and analysis was provided. The Board were asked to note that the final actuarial outcome was to be certified following finalisation of the Funding Strategy Statement and Investment Strategy Statement.

Discussing both items 10 and 11 together, members noted that the Draft FFS and Actuarial Valuation represented a very positive approach and position for both the Fund and Employers, and the positive relationship between the Fund and employers was praised.

Resolved – That the report be noted.

12 **CONSULTATION ON GOVERNANCE AND REPORTING OF CLIMATE CHANGE RISKS IN THE LOCAL GOVERNMENT PENSION SCHEME**

The Director of Pensions introduced a report that provided members of the Board with MPF's response to a consultation by the Department for Levelling Up, Housing & Communities (DLUHC) which sought views on proposals for LGPS administering authorities in England and Wales to assess, manage and report on climate-related risks. Having given due consideration to the consultation in detail, the Fund were supportive of proposals as were pooling partners. Following consultation with the Chair of the Pensions Committee, a joint response was prepared and submitted by the Northern LGPS Investment Pool (NLGPS). The responses from the Scheme Advisory Board and the Local Authority Pensions Board Forum were also highlighted within the report.

In response to a member query as to whether reporting of climate change risks should be added to the risk register, the Director of Pensions affirmed that this was an area considered central to investment considerations and was captured through several mechanisms as part of investment risks.

Resolved – That the response to the consultation be noted.

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

Resolved – That under section 100 (A) (4) 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 involve the likely disclosure of exempt information as defined by the relevant paragraphs of Part 1 of Schedule 12A (as amended) to that Act. The Public Interest test has been applied and favours exclusion.

14 **APPOINTMENT OF REDINGTON AS STRATEGIC INVESTMENT ADVISORS EXEMPT APPENDIX**

Resolved – That the exempt appendix be noted.

15 **PENSION ADMINISTRATION MONITORING REPORT**

The Head of Pensions Administration provided members of the Board with monitoring information on the key performance indicators in respect of work undertaken by the administration team during the period outlined within the report.

Resolved – That the report be noted.

16 **RISK REGISTER**

The Director of Pensions introduced a report which presented a copy of Merseyside Pension Fund's Risk Register for consideration by the Board.

The Chair proposed (seconded by R Dawson) including a further recommendation to note concern expressed by members in relation to a score change to an item on the register.

Resolved – That

- 1) The changes to the risk register be noted.**
- 2) That a letter of concern on behalf of the Local Pensions Board be written by the Chair to the Director of Pensions reiterating the views expressed at the meeting.**