



**LOCAL PENSION BOARD**

**27 MARCH 2024**

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| <b>REPORT TITLE:</b> | <b>MERSEYSIDE PENSION FUND BUDGET FINANCIAL YEAR 2024/25</b> |
| <b>REPORT OF:</b>    | <b>DIRECTOR OF PENSIONS</b>                                  |

**REPORT SUMMARY**

This report provides Board Members with a copy of the budget report recently taken to Pensions Committee.

**RECOMMENDATION/S**

The Local Pension Board notes the report and considers the best practice requirement for Local Government Pension Schemes (LGPS) funds to set budgets sufficient to fulfil resourcing requirements and meet regulatory requirements.

## **SUPPORTING INFORMATION**

### **1.0 REASON FOR RECOMMENDATION/S**

The approval of the budget for Merseyside Pension Fund (MPF) by Pensions Committee forms part of the governance arrangements of Merseyside Pension Fund. The LGPS Scheme Advisory Board's Good Governance report recommends that LGPS funds set budgets sufficient to fulfil resourcing requirements and meet regulatory requirements.

### **2.0 OTHER OPTIONS CONSIDERED**

2.1 This is the most appropriate option for informing the Local Pension Board of developments at the Fund to assist it in fulfilling its statutory requirements.

### **3.0 BACKGROUND INFORMATION**

3.1 The headline figures are that, during the financial year 2024/25, we are estimating that MPF will pay £442m in pension benefits and receive £235m in contributions from employers and employees. The Fund has a value of £10.5bn at 31 December 2023. The proposed administration costs of £22.7m including £12.7m of investment management charges to external managers represent a cost of £152.77 per member of the scheme or 0.22% of assets under management. Taken separately the external investment management costs are approximately £85.36 per member or 0.12% of assets under management.

3.2 The budget for 2024/25 is higher at £22.7m than £21.3m in 2023/24 primarily due to higher investment management fees and increased staffing costs being forecast.

### **4.0 FINANCIAL IMPLICATIONS**

4.1 There are none directly arising from this report. The accompanying report sets out the financial implications for MPF.

### **5.0 LEGAL IMPLICATIONS**

5.1 As set out in the accompanying report.

### **6.0 RESOURCE IMPLICATIONS: STAFFING, ICT AND ASSETS**

6.0 There are none directly arising from this report. The Local Pension Board assists the administering authority in its role as Scheme Manager in the scrutiny of the performance of Fund's various functions and activities.

### **7.0 RELEVANT RISKS**

7.1 A failure to provide the Board with information on the Fund's financial arrangements could hinder the Board in the discharge of its activities.

## **8.0 ENGAGEMENT/CONSULTATION**

8.0 The relevant consultations are set out in the accompanying 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.

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## **APPENDICES**

Appendix 1 – MPF Budget report

Appendix 2 – The budget for 2024/25 including the probable out-turn for 2023/24 is attached as appendix 1 to this report.

## **BACKGROUND PAPERS**

CIPFA – Service Reporting Code of Practice for Local Authorities

## **TERMS OF REFERENCE**

This report is being considered by the Local Pension Board in accordance with Section 13.3(b) of its Terms of Reference:

(a) Review regular compliance monitoring reports which shall include reports to, and decisions made under, the Regulations by the Committee.

## **SUBJECT HISTORY (last 3 years)**

| <b>Council Meeting</b>      | <b>Date</b>      |
|-----------------------------|------------------|
| <b>Local Pensions Board</b> | 20 June 2023     |
|                             | 22 February 2023 |
|                             | 23 February 2022 |
|                             | 23 June 2021     |
|                             | 30 March 2021    |