

LOCAL PENSION BOARD

Tuesday, 24 September 2024

Present: J Raisin (Chair)

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|-------------|----------------|
| P Fieldsend | P Moloney |
| D Ridland | S Van Arendsen |
| R Irvine | I Williams |

Apologies R Dawson

16 WELCOME AND INTRODUCTION

The Chair welcomed everyone to the meeting.

17 APOLOGIES

Apologies had been received from Robin Dawson.

18 MEMBERS' CODE OF CONDUCT - DECLARATIONS OF INTEREST

There were no declarations of interests.

19 MINUTES

Resolved – That the minutes of the meeting held on 9th July 2024 be approved and adopted as a correct record.

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

The Head of Pensions (Finance and Risk) presented the report of the Director of Pensions which highlighted the key findings and other matters arising from Grant Thorntons external audit of the financial statements of Merseyside Pension Fund for the year ended 31 March 2024.

It was reported that Grant Thornton had identified one adjustment which had resulted in a £0.015m adjustment to the Pension Fund's reported financial position and a small number of changes made to disclosures. The board were informed of the findings of the IT audit following the migration from the One Business system to Oracle Fusion.

Members were given assurances that the Pension Fund were not expecting any further changes to be made upon completion of the outstanding actions.

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

21 **MERSEYSIDE PENSION FUND ANNUAL REPORT & ACCOUNTS 2023/24 AND LETTER OF REPRESENTATION**

The Head of Pensions (Finance and Risk) presented the report of the Director of Pensions which provided Members with a copy of reports to be presented to the Pensions Committee in September 2024; namely the Annual Report & Accounts for Merseyside Pension Fund for 2023/24 and a letter of representation prepared by Officers on behalf of the Committee.

The purpose of the Statement of Audited Accounts was to present the overall financial position of the Pension Fund as of 31 March 2024 in accordance with prescribed guidance and the Head of Pensions reported that there was a statutory requirement for the Fund to produce and publish an annual report by 1 December 2024.

In response to a query, the Director of Pensions reported that the Fund had a substantial property that was receiving rent, however, the tenants had vacated the premises at the end of 2023 and there had been no rent received for 12 months which was why the property rental income had fallen but operating expenses increased.

Resolved – That the report be noted.

22 **LOCAL GOVERNMENT PENSION SCHEME (LGPS) UPDATE**

The Head of Pensions Administration introduced the report of the Director of Pensions which provided board members with a copy of the LGPS update report that was presented at the September meeting of the Pensions Committee. Members of the board were advised of the new governments legislative programme and proposed bills such as the National Wealth Fund and how they could impact the Pension Fund.

Board members raised concerns about the Government Landmark Pension Review and the actions relating to pooling and fund mergers and whether this would apply to the Merseyside Pension Fund (MPF) and were advised that the outcome was uncertain but relative to many other LGPS funds, MPF was large enough to make it sustainable on its own.

Resolved – That the report be noted.

23 PENSIONS ADMINISTRATION STRATEGY

The Head of Pensions Administration introduced the report of the Director of Pensions which provided Board members with a copy of the Pensions Administration Strategy (PAS) report which was to be reported to the September meeting of the Pensions Committee. The PAS had been updated to reflect the transition from annual to monthly data submissions and developments in the automation of exchanging data.

In response to Board members queries regarding how payment is received from employers in cases where they have been charged for administration, the Head of Pensions Administration outlined that officers work with employers to support them with any issues in the first instance however if the issue was to persist then MPF would invoice for the charges.

Resolved – That the report be noted.

24 MERSEYSIDE PENSION FUND BUDGET OUT-TURN 2023/24 AND FINAL BUDGET 2024/25

The Head of Pensions (Finance and Risk) introduced the report of the Director of Pensions which provided board members with a copy of the Pension Fund budget report that was presented at the July meeting of the Pensions Committee.

It was reported that the actual outturn for 2023/24 was £19.1m, which was lower than the original budget approved 11 July 2023 of £21.3m. The underspend could largely be attributed to lower investment management fees, planned projects and areas of work being deferred to 2024/25, and the assumptions used for staffing. The budget for 2024/25 was higher at £22.7m than £21.3m in 2023/24 primarily due to higher investment management fees and increased staffing costs being forecast.

In response to queries about staffing assumptions, the Board were advised that there were two grade G vacancies with a recruitment process ongoing and that there was the intention to strengthen the investment team but that this was not yet underway.

Resolved – That the out-turn for 2023/24 and the approved finalised budget for 2024/25 be noted.

25 **LETTER FROM MINISTER**

The Director of Pensions introduced the report which provided Board Members with a copy of the letter received from the former Minister of the Department for Levelling Up, Housing and Communities in relation to efficiencies in local government and the management of Local Government Pension Scheme (LGPS) funds and the Fund's response.

The Chair placed on record his thanks to the Director of Pensions for noting in the Funds response the work of the Local Pension Board.

Resolved – That the letter and the Fund's response be noted.

26 **MERSEYSIDE PENSION FUND CONFLICT OF INTEREST POLICY**

The Head of Pensions (Finance and Risk) introduced the report which provided Board members with a copy of the report to be presented to the September meeting of the Pensions Committee which sought approval of a Conflict-of-Interest Policy for Merseyside Pension Fund.

The policy set out a process for identifying, monitoring and managing Conflicts-of-Interest and included a code of conduct and guidance on to whom the policy applied.

The Board recognised the importance of this report and expressed appreciation for the efforts made by officers to implement further elements of the long awaited good governance report.

Resolved – That the report be noted.

27 **NORTHERN LGPS UPDATE**

The Director of Pensions introduced the report which provided Board members with an update on pooling arrangements in respect of Merseyside Pension Fund (MPF) and the Northern LGPS.

The Chair reminded Board members that a stakeholder day had been rescheduled for Friday 22nd November and advised that all Board members were welcome to attend.

Resolved – That the report and the minutes of the Joint Committee meeting be noted.

28 **MERSEYSIDE PENSION FUND INTERNAL AUDIT ANNUAL REPORT
2022/23**

The Chief Internal Auditor introduced the report which summarised the work undertaken by the internal audit service in relation to the Fund. The report complied with the service level agreement between internal audit and the Pension Fund and was based on a risk assessment basis that included consideration of the sensitivity and complexity of all risks identified. Client requests, systems being developed, and the availability of resources were other factors also considered during the year.

The Chief Internal Auditor provided assurance that the Merseyside Pension Fund had maintained a positive position which reflected the work undertaken by officers at the Fund. The Board were informed that the plan would be kept under constant review to ensure any emerging risks were accommodated.

Resolved – that the presentation and report be noted.

29 **NET ZERO INVESTMENT TARGETS**

The Director of Pensions introduced the report which provided Board members with a copy of the report taken to the previous Pensions Committee regarding shorter-term net zero investment targets for Merseyside Pension Fund (MPF) in accordance with its longer-term goal for the Fund's assets to be net zero by 2050.

The Director of Pensions outlined three recommendations to the Board, the first was a proposal to achieve a 50% reduction of the carbon footprint by 2030, the second was to maintain alignment with the Paris agreement and the third was for investment in climate solutions.

Resolved – That the report be noted.

30 **MINUTES OF WORKING PARTY MEETINGS**

The Director of Pensions introduced the report which provided Board members with the minutes of meetings of Working Parties held since the previous Board meeting.

Resolved – That the minutes be noted.

31 **PENSION ADMINISTRATION MONITORING REPORT**

The Head of Pensions Administration introduced the report of the Director of Pensions which provided the Board with monitoring information on the key performance indicators in respect of work undertaken by the administration team between 1 April 2024 to 30 June 2024.

The Board were advised that the LGA had issued two separate Pension Dashboard guides with the connection guidance setting out areas for administering authorities to focus their dashboards preparations and were informed that Fund officers had commenced the workstream to create a project plan to connect to the dashboard system.

The Board were provided with an update on the cyber security and that work had been undertaken with Wirral IT to develop a cyber security governance document.

Resolved – That the report and exempt appendix be noted.

32 **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

33 **RISK REGISTER**

Resolved - That the report and the exempt appendix be noted.