

LOCAL PENSION BOARD

Tuesday, 10 December 2024

Present: J Raisin (Chair)
R Dawson
P Moloney
R Irvine
P Fieldsend
I Williams
D Ridland
L Robinson

Apologies S van Arendsen

34 **WELCOME AND INTRODUCTION**

The Chair welcomed everyone to the meeting.

35 **APOLOGIES**

Apologies received from Stephan Van Arendsen.

36 **MEMBERS' CODE OF CONDUCT - DECLARATIONS OF INTEREST**

There were no declarations of interests.

37 **MINUTES**

Resolved - That the minutes of the Local Pension Board meetings held on 27 September 2024 be approved as an accurate record.

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

The Head of Pensions Administration provided an overview of the Government's budget announcement on 30th October and the associated impact on stakeholders of the Local Government Pension Scheme.

Within the overview the impact of the scheme was discussed highlighting a single change to pensions tax relief specifying any unspent defined contribution pension pots, including death grants, would form part of a person's estate for inheritance tax purposes from 6th April 2027.

A discussion took place around these changes and questions were asked about the settling of an Estate.

It was reiterated that under new legislations people cannot leave an uncrystallised defined contribution pension to an elected relative other than a spouse or in the absence of a spouse any monies due is payable to the estate.

Resolved – That the report be noted.

39 **MINUTES OF WORKING PARTY MEETINGS**

The Director of Pensions presented the minutes of Working parties held since the previous Board meeting and recommended reading their content in relation to learning in terms of investment information.

An interesting debate took place regarding inflation and other economic developments.

Resolved – That the report be noted.

40 **RESPONSE TO PENSIONS INVESTMENT REVIEW: CALL FOR EVIDENCE**

The Director of Pensions introduced his report which demonstrated a response to the Treasury in terms of the call for evidence. The report highlighted that a material proportion of the Fund is invested in the UK.

Members commented that the papers were very helpful and highlighted local investments.

Members questioned a loan with Mersey Heat Project and Peel Holdings, where a corporate guarantee was in place.

The Director of Pensions advised the Board that the consultation report was taken to the Pensions Committee for discussion and advised that there is a 9-week consultation (rather than a typical 12-week) with the intention of ensuring the resulting primary legislation is enforceable and watertight. It is expected to cover the structure of pooling and require the pool vehicle to be FCA regulated. The pools will be the principal source of investment and advice.

There is a requirement for pools working with partner funds to produce a business plan by 1 March 2025 setting out timelines and the structure of how they will achieve the pooling requirements the Government has set out. Since the consultation was issued, the government followed up with a letter on 2nd December stating it may not necessarily be efficient for 8 pools to undertake all activities and funds/pools must ensure that things are done in an efficient and cost-effective way, further stating there is a need to demonstrate good

value for money with pools needing to work collaboratively where feasible. Effectively, there will be 3 options for Northern LGPS which include;

- Setting up an FCA regulated entity
- Joining another pool as a shareholder
- To be a client of another pool

A rigorous debate took place by the members of the Local Pension Board and concerns were expressed as to future accountability of the pooling model to local democracy. Taking account of the various options, the Board expressed strong support for the Northern LGPS to establish an FCA regulated pool vehicle as delivering the best long-term outcome for the partner funds, employers and members.

Resolved – That the report and the Board’s deliberations be noted.

41 **UPDATE ON CATALYST FUND**

The Director of Pensions informed the Board that this report detailed information on local investments made by the Fund in the Merseyside area within the commercial operation.

The Director of Pensions confirmed that returns on the loan investments were generally annual mid to high single digit returns. Loan durations were typically around 3 years.

Resolved – That the report be noted.

42 **CYBER SECURITY POLICY**

The Senior Manager, Operations and Information Governance introduced the report and a discussion took place around the Cyber Governance policy. The policy was intended to be published externally and therefore did not contain any specific detail of risks that have been identified, nor did it give out any information on the type of equipment used by MPF (Merseyside Pension Fund). It did however state the importance of Cyber governance and how it was taken seriously by MPF.

In summary the report was for discussion and any comments will be reflected in the policy due to go to the Pensions Committee in March 2025.

A robust debate took place.

Resolved – That the report be noted.

43 **UPDATE ON INVESTMENTS IN DEFENCE COMPANIES**

The Director of Pensions introduced this report and advised that the report was to provide Board members with an update on considerations by Pensions Committee and its advisors in relation to the Fund's investments in defence companies and sought feedback from the Board.

Members of the Board commented that the report was well informed, especially considering the fact this is a very difficult and subjective issue.

A rigorous debate ensued and, after consideration and deliberation, the Board expressed support for the report's proposal and resolved to concur with the recommendation to Committee on 9th December.

Resolved – That the Board's support for the report and Committee's decision be noted.

44 **PENSION ADMINISTRATION MONITORING REPORT**

Discussion on this was reserved until the press and public were excluded.

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

Resolved – That the report be noted.

46 **RISK REGISTER**

The Director of Pensions introduced this report which included a copy of Merseyside Pension Fund's Risk Register for consideration by the Board. The Risk Register included in the agenda did not include the latest changes and a verbal update was provided.

Resolved - That the changes to the risk register be noted.

47 **PENSION ADMINISTRATION MONITORING REPORT EXEMPT APPENDIX**

The Head of Pensions Administration presented the report of the Director of Pensions which 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 2024 to 30 September 2024. This included the McCloud project, the national pensions dashboard programme, performance indicators, triennial valuation preparations, governance review, the SF3 return, TPR return and September's CPI. Members explored some of the issues. Resolved: That the report and the exempt appendix be noted.

Resolved – That the report be noted.