

REPORT TITLE:	PENSION BOARD REVIEW 2022-23 AND WORK PLAN 2023-24
REPORT OF:	INDEPENDENT CHAIR OF PENSION BOARD

BACKGROUND INFORMATION

Under its present Terms of Reference, the Board is required to produce, on an annual basis, a report for consideration by the Scheme Manager which is the Wirral MBC Pensions Committee. This review has been prepared by the Independent Chair of the Board for consideration by the Board at its meeting on 20 June 2023. Following consideration by the Board an approved version of this review will be presented by the Independent Chair to the Pensions Committee at its meeting on 26 September 2023.

Purpose and Constitution of the Merseyside Local Pension Board

Under its Terms of Reference, the purpose of the Merseyside Local Pension Board is to assist the Administering Authority (Wirral MBC) in its role as a Scheme Manager under the Public Service Pensions Act 2013 and the Local Government Pension Scheme (LGPS) Regulations. The Board consists of nine members and is constituted of four Employer representatives, four Employee representatives and an Independent, non-voting Chair who has responsibility for the co-ordination and operation of the Board. The Board provides a specific forum for Employers and Employees to be actively involved in the governance of the Merseyside Fund on an ongoing basis.

The Board is fortunate in having had at every meeting since its creation in 2015, the presence of both the Director of Pensions and members of his Senior Management Team to advise and support the Board. Additionally successive Chairs of the Wirral Pensions Committee have been actively supportive of the work of the Board and have attended, on occasion, meetings of the Board.

Summary of issues considered at Board Meetings 2022-2023

Issues considered at each Board meeting, in addition to the Minutes of the previous meeting and Declarations of Interest are shown in the Table below:

	08/07/22	28/09/22	16/12/22	22/02/23
LGPS Update	YES	YES	YES	YES
Risk Register	YES	YES	YES	YES
Working Party (IMWP/GRWP) Minutes	YES	YES		YES
Pensions Administration Report	YES	YES	YES	YES
Investment Pooling/Northern LGPS Update	YES	YES	YES	
Pension Board Review 2021-22 & Plan 2022-23	YES			

External Audit Plan 2021-22	YES			
External Audit Questionnaire & Responses 2021-22	YES			
Pension Fund Outturn 2021-22 & Budget 2022-23	YES			
Property Portfolio Rent Arrears & Write Offs	YES			YES
Deficit Non Recovery - Closure of Admission Body	YES			
Consultation on Climate Change Risks in the LGPS		YES	YES	
Benchmarking of Investment & Pensions Admin		YES		
Internal Audit Annual Report 2021-22		YES		
Appointment of new Strategic Investment Advisors			YES	
(External) Audit Findings Report 2021-22			YES	
Fund Annual Report & Accounts 2021-22			YES	
Draft Funding Strategy Statement			YES	
Update on 2022 Actuarial Valuation			YES	
Pension Fund Budget 2023-24				YES
Treasury Management Policy for 2023-24				YES
Authorised Signatories				YES

The Pension Board Agenda has developed to comprise of five standing items which are of particular importance to both the good governance and operational effectiveness of the Merseyside Pension Fund. These are: **The Risk Register; The Pensions Administration Quarterly Report; The Investment Pooling/Northern LGPS Update; The Fund Working Party Minutes (Investment Management Working Group & Governance and Risk Working Group); the LGPS Update report.** During 2022-23 the Board actively considered and debated the reports and papers presented in respect of these items. Constructive questions were asked of the Fund Officers and, as appropriate, comments and suggestions made by Board Members.

There are also a number of other important issues where, for the promotion of good governance and assurance, the Pension Board receives reports on an annual basis. These include the External Audit Plan; the External Audit Questionnaire and Management Responses; the Fund Budget and Outturn; the Annual Report and Accounts; the Treasury Management Policy and Annual Report; Write offs; the Internal Audit Annual Report. Again during 2022-23 the Board actively considered and discussed the reports and Officer presentations.

In addition to the above issues the Board considers as appropriate other issues of importance to the governance and operation of the Merseyside Pension Board. These are normally identified well in advance and included in the Annual Work Plan which is jointly agreed by the Director of Pensions and Independent Chair and included towards the end of the Independent Chair's Annual Review for the consideration of the Pension Board. As appropriate items are (after consultation between the Director of Pensions and Independent Chair) added to or removed from the Work Plan during the year. Such other items which the Board considers from time to time include proposed revisions to the major Fund strategies/policies and Government Consultations (for example, in 2022-23 the draft Funding Strategy Statement and the Government Consultation on the "**Governance and reporting of climate change risks**"), and particular major Fund developments such as the appointment of the Fund's new Strategic Investment Advisors which was considered at the Board meeting on 16 December 2022.

Further commentary in relation to a number of the reports detailed in the table above is included below, in this Review. Firstly, however, I would wish to comment on the positive contribution of the Board Members, Officers of the Fund, and Chair of the Pensions Committee to the work and activity of the Board.

Members of the Pensions Board

Since 2015 the Merseyside (Wirral) Local Pension Board has been extremely fortunate with regard to the genuinely active role played by the Members of the Board. 2022-23 was, again, no exception to this. There were no changes to the membership of the Board in 2022-23. Therefore, again the Board benefitted from the input of highly experienced and knowledgeable representatives of both Employers and Employees. The Board membership comprises representatives from a diverse range of backgrounds and organisations with extensive experience of (for example) human resources, finance, information technology, pensions in general and the LGPS in particular.

During the year 2022-23 overall attendance at Board meetings was 75% with four of the nine members achieving 100% attendance. As already indicated in this report the actual value and impact of the Board Members is demonstrated more by their active and constructive participation at Board meetings than by simple reference to attendance statistics. This will be referred to again later in this report.

I wish to place on record my personal thanks to each Member who served throughout 2022-23: Donna Ridland, Geoff Broadhead, Lyn Robinson, Pat Maloney, Peter Fieldsend, Robin Dawson, Roger Irvine, and Stephan Van Arendsen. There can be no doubt that the Merseyside Fund has a clearly knowledgeable and positively engaged group of Pension Board Members seeking, without exception, to actively and genuinely interact with the Fund on behalf of both Employees and Employers and to assist the Pensions Committee to achieve not only compliance with relevant legislation, regulations, and guidance but also to achieve effective and efficient governance and administration of the Merseyside Pension Fund.

In May 2023 (after the period to which this review applies but before the first meeting of the Year 2023-24) Geoff Broadhead tendered his resignation as a Board Member. Both the Director of Pensions and I were extremely sorry to hear of Geoff's decision. Geoff was one of the original nine Board Members and had served since 2015. Geoff provided, throughout his membership of the Board, both pertinent and balanced views as to the operation of the Fund and he will be genuinely missed going forward.

Support for the Board by the Fund Officers during 2022-23

The requirement, under the LGPS Regulations 2013 for each LGPS Fund to establish a Pension Board, comprised of equal numbers of Employer and Employee representatives to assist the Pensions Committee provides a genuine opportunity to significantly enhance the involvement of stakeholders in LGPS Fund governance.

That the Pension Board can provide effective input and genuinely contribute to the ongoing development, activity, and monitoring of a LGPS Fund is, however, not in any way guaranteed or even facilitated by the fact that there is a regulatory requirement to establish a Pension Board. A fundamental requirement for a Board to be effective is genuine and extensive input by and support from the Fund Officers.

During 2022-23 the Board received the same exemplary and positive support, advice, and guidance from the Fund Officers as in previous years. Meetings of the Board were supported and attended by the Director of Pensions and the senior members of his team responsible for Pensions Administration/IT and the Finance/Risk Management of the Fund.

This Officer support at meetings is the same as that provided to the Pensions Committee and reflects the importance and value the Fund has continuously placed on the Board since its creation in 2015. On behalf of the Board, I would, as in previous years, like to place on record my appreciation of the work of the Officers in relation to both the Fund itself and the Board.

During 2022-23 there were, again, frequent discussions between Board meetings, involving myself and the Director of Pensions/ Head of Pensions Administration. These covered a range of issues and were initiated by both the Officers and myself. The willingness of senior Fund Officers to genuinely engage with the Independent Chair between Board meetings is not only very positive and appreciated but necessary to facilitating effective Pension Board activity and input to the Merseyside Pension Fund.

The Board was pleased to welcome the Director of Finance (and Section 151 Officer) of the Wirral MBC to its meeting held on 22 February 2023. The Board very much appreciated, and appreciates, the interest of the Director of Finance in our work.

Support for the Board by the Chair of the Pensions Committee during 2022-23

Another important factor in both the nature and effectiveness of the relationship between the Pension Board and the Fund is the approach of the Chair of the Pensions Committee to both the Board as a whole and the Chair. During his tenure as Chair of the Pensions Committee from 2019 to May 2023 Councillor Pat Cleary took a very

positive and ongoing interest in, and encouragement of the work and activity of the Board.

During 2022-23, as in previous years, I had positive and constructive discussions with Councillor Pat Cleary as Chair of the Pensions Committee on issues of particular concern to the Board. These included the Northern LGPS, the new ERP system, and the recruitment and retention of staff by the Merseyside Pension Fund. I would wish to place on record my thanks to Councillor Cleary for both giving generously of his time and his positive approach in respect of those matters which I raised with him.

The Pension Board looks forward to continuing its constructive and positive relationship with the Pensions Committee under its new Chair, from May 2023, Councillor Julie McManus.

The Risk Register

Risk Management is fundamental to effective Pension Fund governance and operations across the Pensions Administration, Finance, and Investment functions. Both CIPFA (The Chartered Institute of Public Finance and Accountancy) and the Pensions Regulator have made absolutely clear the critical role and importance of effective Risk Management in the context of the LGPS.

One important element of Risk Management is examination, active consideration, and as appropriate constructive questioning of the Risk Register by the Pension Board. This was a prominent activity of the Board during 2022-23 although given the nature of the discussions it was appropriate that these took place in the Exempt Agenda of each meeting. There were intense discussions regarding various issues. For example, the Board was clear as to the critical need for the Fund to be able to both recruit and retain suitable staff to provide a good level of service to both Scheme Employers and individual Scheme Members. The Board expressed its support for initiatives to facilitate staff recruitment and retention and this was an issue that the Board agreed I should, in particular, raise with the Chair of the Pensions Committee.

From the Board's examination and consideration of the Risk Register during 2022-23 it continues to appear clear that this is, as it should be, a living and developing document which therefore gives (some clear) assurance to the Board regarding the emphasis on risk management by the Merseyside Pension Fund. I would particularly wish to thank the Director of Pensions for his presentation of the Risk Register to meetings of the Board and for his, and other senior Officers, responses to our questions and observations, for example in respect of the proposed new ERP system.

Pension Administration Reports

Effective Pensions Administration is absolutely fundamental to the Merseyside Pension Fund. Ultimately the Pension Fund (only) exists to provide pension benefits to those entitled to them as determined by the LGPS Regulations. Therefore, Pensions Administration was, as in previous years, an area of particular interest and focus for the Board. Interest in, and examination of Pensions Administration is of particular relevance to the Board as this is the most immediate and important direct interface

between the Merseyside Pension Fund and both Employers and Employees who are the two groups equally represented on the Board.

The Pension Administration Monitoring Report presented to each Board meeting during 2022-23 was detailed and wide ranging and provided a broad range of both statistical data and commentary. The Board appreciates the ongoing work of the Head of Pensions Administration and her staff in preparing, and continually developing, this report. The Board examined each report in detail and Members asked constructive questions.

Each year the Pensions Regulator sends a “*Public Service Governance & Administration Survey*” to each LGPS Fund for completion. The Regulator suggests that this is completed by the Fund Officers working with the Chair of the Pension Board. I am pleased to report that this occurred, in 2022-23, at the Merseyside Fund and that the Fund Officers accorded me the opportunity to be actively involved in the preparation of the Fund’s response.

Working Party (IMWP/GRWP) Minutes

The consideration of and focus on overall Fund governance was, facilitated by consideration of the Minutes of the two standing Elected Member led working groups – the Investment Management Working Party (IMWP) and the Governance and Risk Working Party (GRWP) which are also attended by a broad range of Officers/Advisors. As in previous years Pension Board Members attended some Working Group meetings as Observers but with the facility to ask questions and engage in the discussions. The open invitation to Board Members to attend both these groups is a very clear example of the positive approach of the Administering Authority to the Board.

These Minutes also evidenced the wide range of issues not merely covered, but actively considered and discussed, at both the Working Groups. Examination of Working Group Minutes supplemented by the attendance at some Working Group meetings provided evidence and (some) assurance in relation to both positive governance and operation of the Fund. I would wish to thank those Members of the Board who attended Working Group meetings during 2022-23 and encourage attendance during 2023-24.

Investment Pooling and the Northern LGPS Pool

Board Members in 2022-23 as in previous years actively and positively considered and supported the development, as proposed by the three relevant Administering Authorities/ Funds (Wirral/Merseyside, Bradford/West Yorkshire, and Tameside/Greater Manchester) of the Northern LGPS Investment Pool. The Board considers that this approach genuinely meets the four criteria as set out in the Government’s Pooling Guidance “***Local Government Pension Scheme: Investment Reform Criteria and Guidance***” of November 2015.

In particular the Board has been very supportive of the governance and decision making arrangements of the Pool which are invested in the Northern LGPS Joint

Oversight Committee which consists of six Elected Member representatives from the Administering Authorities and three from the Trade Unions. There were, however, delays in the appointment of the three Trade Union representatives. As stated in my previous report (June 2022), the Board made representations to the Chair of the Pensions Committee regarding this matter who subsequently raised it with the other Administering Authorities (Tameside/Greater Manchester and Bradford/West Yorkshire). At our meeting on 8 July 2022 the Board was informed of difficulties in making the three Employee representative appointments and the Board therefore made further observations and suggestions in this respect.

It is understood that the three Trade Union representatives have now been appointed and attended the April 2023 meeting of the Joint Oversight Committee. This means that the Pool should act, in both theory and practice, in the genuine interests of and to the genuine benefit of the three LGPS Funds which participate in the Northern LGPS Pool while also providing meaningful representation to the Scheme membership.

In my view investment Pooling should not result in any dilution of the ultimate decision making role of Elected Members nor should it reduce the consultative role of Scheme members. The Northern LGPS Pool proves that investment Pooling can be effectively implemented while maintaining both the full and proper sovereignty of Elected Members, and also genuinely meaningful Scheme member representatives involvement. This model of Pool governance is, I suggest, exemplary and one which the entire LGPS in England and Wales would do well to note.

LGPS Update reports

The quarterly LGPS Updates received at each Board meeting are both a source of valuable information on a broad range of national issues with a particular focus on latest developments, and also very useful to Board Members in helping to fulfil their knowledge and understanding obligations under the Public Service Pensions Act 2013 which refers to Board Members been “*conversant*” with the “*rules*” and documents relating to the “*scheme*.” The word “*conversant*” includes, in my view, within its general meaning, to keep up to date and this is exactly what the quarterly LGPS Updates enable the Board both individually and collectively to achieve in terms of their knowledge and understanding of the LGPS at a national as well as local (Merseyside Fund) level.

During 2022-23 issues upon which the Board received updates included “McCloud” (Age Discrimination in the LGPS), Pension Scams and New Restrictions on Transfers, The Pensions Dashboard, Good Governance in the LGPS (Scheme Advisory Board) Project, Department for Education Academy (financial) Guarantee Review, Reclassification of the Further Education Sector as public sector bodies. I would wish to thank the Head of Pensions Administration for her presentations of the LGPS Update reports which were most helpful in illuminating the implications of national developments in the specific context of the Merseyside Pension Fund.

Internal Audit Report 2021-22

At its September 2022 meeting the Board received, as it does annually, a presentation and the most recent Merseyside Pension Fund Internal Audit Annual Report which on

this occasion covered 2021-22. The reviews undertaken by Internal Audit provide an important source of assurance, or otherwise, regarding both the overall governance of the Fund and the governance/operation of specific areas of Fund activity. Notwithstanding that during 2021-22 Internal Audit work continued to be affected by the COVID pandemic the full 150 days of planned input were delivered.

It was reassuring to note the results of the completed audits undertaken during 2021-22 and that the Chief Internal Auditor's (overall) Opinion included (as it had similarly in the previous year) that *"The assessment found that in all of the systems audited in 2021/22 there is a sound system of control in place, those controls are consistently applied and fully effective and no significant weaknesses were identified. The MPF Management Team continues to ensure identified risks are effectively managed and the recommendations emanating from the audit work are consistently and effectively implemented within the agreed timescales."* After considering the Report and hearing from the Chief Internal Auditor the Board was pleased to approve a resolution *"That it be noted that in 21/22 internal audit work undertaken found that there was an adequate and effective level of control, and this was a positive outcome for the Fund."*

The provisional four-year Internal Audit Plan for 2022-23 to 2025-26 which was included in the Internal Audit Annual Report provided assurance that a wide range of reviews across all of Pensions Administration; Investments, Accounting and Compliance; Cross Cutting issues; and Emerging Risks are planned. Finally, I would wish to record, on behalf of the Board, our appreciation for the work of Internal Audit in relation to the Fund.

Financial related reporting

During 2022-23, as in previous years, the Board received a broad range of reports and documents which have a significant financial emphasis, but which are also clearly relevant to the overall governance and wider operation of the Fund. These included the Pension Fund Outturn 2021-22 and Budget 2022-23; External Audit Plan 2021-22; External Audit Questionnaire and (Fund) Responses 2021-22; (External) Audit Findings Report 2021-22; Fund Annual Report and Accounts 2021-22; Pension Fund Budget 2023-24; Treasury Management Policy 2023-24. As in previous years these reports and documents and the presentations made at the actual meetings, gave the Board clear opportunity to understand, review and ask questions regarding the overall planning and operation of the Fund's activities, as well as its financial processes and controls.

To take the report on the Treasury Management Policy 2023-24 as an example – this report provided, to the Board, clear evidence of, and the opportunity to examine the specific Treasury Management Policy of the Merseyside Pension Fund. Given both the particular nature of the Pension Fund and the fact that it operates not only across the Wirral Council but across the whole geographic area of Merseyside (which includes four other Metropolitan Borough Councils and over 200 other separate Employers) it is vital that the Fund has its own specific Treasury Management Policy.

At the meeting held on 16 December 2022 the Board received the Merseyside Pension Fund Annual Report and Accounts 2021-22. The Minutes of the meeting

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

At its December 2022 meeting the Board also received the (External) Audit Findings Report 2021-22. The Pension Board considered this report recognising both the complexity of the Pension Fund Accounts, together with the extent of the examination and scrutiny to which Pension Fund Accounts are now subjected to by External Auditors. It is therefore pleasing to report the positive content of the Audit Findings Report for 2021-22 and (as stated in the Minutes of the Board of 16 December 2022) that Board *“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.”*

Funding Strategy Statement and Actuarial Valuation 2022

As is required the Actuarial Valuation was accompanied by a review of the Funding Strategy Statement (FSS). An explanatory report and the draft revised FSS (as issued for consultation) were presented to the Board at its meeting held on 16 December 2022. It was pleasing to note from the explanatory report that *“consultation with employers took place from 31st October to 2nd December 2022 with key changes presented to employers during dedicated employer forums and at the employer conference on 17th November.”* This approach indicates genuine and meaningful consultation.

The Fund has since the creation of the Board in 2015 consulted me as Independent Chair of the Pension Board on draft documents required under the LGPS Regulations and subsequently formally added involvement in Consultations to my role under the Board’s Terms of Reference. In my response to this Consultation, I was pleased to comment that *“Overall, this draft FSS is, in my view, a very impressive and considered document...”* I commented that the Guide to the FSS and Policies on pages 2 and 3 (of the draft FSS) were *“...extremely helpful...”* the explanations of The Solvency Objective and Long Term Cost Efficiency (on page 5) *“are very helpful and clear...”* and that page 6 contained *“...a very clear and understandable statement of what the FSS is about.”* I further commented that *“Overall the **Background and Key Funding Principles** sections on pages 4 to 14 are, in my view clear and well presented. These sections are really helpful to the reader in my view.”*

I also suggested a number of (mainly minor) amendments to the FSS which were largely accepted and incorporated into the final version as published in March 2023. I also raised some queries and in response received clear and logical responses. The approach taken by the Head of Pensions Administration and Director of Pensions to my suggestions and queries clearly, evidence to me personally, that the Consultation undertaken by the Fund in relation to the draft FSS was indeed meaningful and genuine.

At the 16 December 2022 meeting the Board also received an update report on the 2022 Actuarial Valuation which was also presented to the Pensions Committee on 14

December 2022. This report provided, in my view, a clear explanation of the Valuation assumptions and results and how these were determined.

Discussing both the draft Funding Strategy Statement and Update on the Actuarial Valuation together the Minutes of the December 2022 Board meeting record that *“members noted that the Draft FSS 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.”*

Investment Issues

Under its Terms of Reference, the Pension Board has no role in investment decision making which is in accordance with the role of the Board as set out in the LGPS Regulations. However, in line with the LGPS Regulations, the Board has a clear role in reviewing governance and operational arrangements relating to any activity including the investment activity of the Fund. As indicated in the section of this Review above entitled **“Working Party (IMWP/GRWP) Minutes”** an ongoing mechanism for the Board to examine the governance and operational arrangements relating to investment matters is through consideration of the Investment Monitoring Working Party (IMWP) minutes and attendance at the IMWP.

Also, as already indicated in this report, the Board was pleased, as in previous years, to receive written updates on Investment Pooling/the Northern LGPS Pool and for the opportunity to ask questions of the Director of Pensions and make to constructive observations on this important issue.

During 2022 the Merseyside Pension Fund appointed Redington as its new Strategic Investment Advisor. The approach and activity of the Strategic Investment Advisor is an important element of the Fund’s investment governance. Therefore, it was appropriate, and indeed good practice that the Board received at its December 2022 meeting a presentation from Redington detailing how they will address the issues in respect of which they have been appointed to support, and be accountable to, the Director of Pensions. Following the presentation from Redington, Board Members raised a number of questions related to the approach of Redington in their role with the Fund.

Board Members were pleased to have been invited to complete the Merseyside Pension Fund - Stakeholder Survey of Investment Beliefs 2023 which will help inform the Fund’s strategic approach to investment going forward. Five Board Members completed the survey and five attended the meeting of the IMWP in February 2023 where the results were presented.

Pensions Administration and Investment Benchmarking

At its September 2022 meeting the Board received the Benchmarking Results for the year ending 31 March 2021 in respect of both Pensions Administration and Investment issued by CEM Benchmarking (CEM). These provided comparisons with appropriate other Pension Funds both in and beyond the LGPS. CEM is an organisation that benchmarks public and private pension funds globally.

Benchmarking is a valuable tool which assesses performance, cost and value for money and can help identify potential service improvement. By measuring a variety of activities within both Pensions Administration and Investment and comparing performance/costs to a range of comparable organisations the Fund is able to identify areas of best practice and those which may benefit from review and improvement. Benchmarking provides to those charged with Fund governance (the Pensions Committee, the Fund Officers, and the Pensions Board) independent analysis of the services provided by the Fund.

Representatives from CEM attended the meeting to provide a presentation and to answer questions. CEM together with the Head of Pensions Administration and Director of Pensions, were asked a range of questions in respect of both the Pensions Administration and Investment benchmarking and Board members also made observations. It was very pleasing to note the positive Cost effectiveness/value for money summary made by CEM Benchmarking in respect of both the Pensions Administration and Investment functions of the Merseyside Pension Fund.

Training and Development

Sufficient and effective Training and Development are clearly essential for Board Members to properly discharge their responsibilities. Furthermore, knowledge and understanding/skills are specifically required of Pension Board Members by the Public Service Pensions Act 2013. The Board's Terms of Reference also include requirements and guidance in this respect.

The LGPS Online Learning Academy (LOLA) developed by Hymans Robertson was made available to all Members of the Pension Board during 2022-23. This provides a helpful broad overview of the LGPS. However, although this programme is a very useful specific LGPS introduction/update/reminder I would stress that completion of LOLA is additional to and not an alternative to attendance at a Working Party/external training events.

As in previous years, some Members of the Pension Board attended the Elected Member led Merseyside Pension Fund Investment Management Working Party (IMWP) and the Governance and Risk Working Party (GRWP). Both these bodies, which are also attended by Fund Officers and Advisors, receive detailed papers, and actively consider a broad range of issues across Fund Governance, Risk, Pensions Administration, and Investment. Attendance at these Working Parties is an excellent opportunity for Board Members to further develop their knowledge and understanding of both the LGPS in general and especially the Merseyside Pension Fund in particular.

During 2022-23 Board Members also attended external training events which included events facilitated by CIPFA, the PLSA (Pensions & Lifetime Savings Association), LAPFF (Local Authority Pension Fund Forum). I would urge all Pension Board Members to seek to attend at least one meeting of the Merseyside Pension Fund Working Groups (IMWP/GRWP) during 2023-24 together with attendance at least one external training event or alternatively to attend at least two external training events during the period 1 April 2023 to 31 March 2024.

The quarterly LGPS Update reports, presented at each Board meeting, are also very useful to Board Members in helping to fulfil their knowledge and understanding obligations as these are focussed on both national developments which relate specifically to the LGPS (for example the Good Governance in the LGPS project) and wider pension related developments as they affect the LGPS (for example the Pensions Dashboard). Those who attended Fund Working Parties during 2022-23 also obtained knowledge and understanding in respect of both investment and governance issues with a particular focus on the Merseyside Pension Fund.

Reporting Breaches of the Law to the Pensions Regulator

The Pension Board does not itself have decision making powers. In respect of the Reporting of Breaches of the Law to the Pensions Regulator (TPR), the Administering Authority has determined (Pensions Committee of 16 November 2015) that the Board should be consulted by Officers when considering whether or not to report a specific breach (or likely breach) to TPR. This is an important role granted to the Board in terms of ensuring the good governance of the Fund and appropriate interpretation of TPR guidance and the Merseyside Pension Fund's policy on reporting Breaches of the Law.

During the period covered by this report there were no occasions when the Board was asked to give their view as to whether or not a Breach of the Law should be reported to the Pensions Regulator (TPR) or alternatively recorded in the Breaches Log. There were no occasions when the Board, or any Member, believed that they themselves needed to directly report any Breach to TPR.

Recommendations made to the Scheme Manager (Pensions Committee)

There were no formal recommendations made by the Board to the Pensions Committee during 2022-23 The Minutes of each Pension Board are however included on the Agenda of the Pensions Committee and these, of course, include coverage of notable Board discussions and Resolutions passed by the Board.

At the request of the Pensions Board I wrote a (detailed) letter to the Chair of the Pensions Committee in relation to our consideration of the Risk Register at the December 2022 meeting – this was acted upon positively by the Chair.

Pension Board Review 2021-22 and presentation to the Pensions Committee

The Pension Board Review 2021-22 and Work Plan 2022-23 was considered and approved by the Board on 8 July 2022. This was then considered by the Pensions Committee at its meeting held on 28 September 2022 which I attended in person.

Pension Board Costs of Operation 1 April 2022 to 31 March 2023

Conferences	£ 3,082
Travel & Subsistence	£ 1'342
Allowances	£ 20,995

Total	£ 25,419

Proposed Pension Board Work Plan 2023-24

The proposed Work Plan for 2023-24 is detailed below and has been prepared jointly by the Director of Pensions and Independent Chair. This maintains an overall emphasis on Fund Governance. Pensions Administration will remain a particular area of focus given that this is an area of direct relevance to both Employers and individual Employees. Investment Pooling will also be an area of focus given this represents a fundamental change to and development of the Governance of the LGPS and a Consultation on this issue is promised from Central Government in 2023-2024. The Work Plan will be updated as necessary during 2023-24.

Agenda item	20/06/23	27/09/23	12/12/23	27/03/24
LGPS update	YES	YES	YES	YES
Risk Register	YES	YES	YES	YES
Working Party (IMWP/GRWP) Minutes	YES	YES	YES	YES
Pension Administration Report	YES	YES	YES	YES
Northern LGPS Update	YES	YES	YES	YES
Pension Board Review 2022-23 & Plan 2023-24	YES			
External Audit Plan 2022-23	YES			
External Audit Questionnaire & Responses 2022-23	YES			
Pension Fund Outturn 2022-23 & Budget 2023-24		YES		
Member Learning & Development Programme	YES			
Write off/overpayment report				YES
Internal Audit Annual Report 2022-23		YES		
Benchmarking Report (by CEM)		YES		
Pooling Consultation		YES		
Levelling Up/Edinburgh Reforms Consultation		YES		
Good Governance (in the LGPS) Project		YES		
(External) Audit Findings Report 2022-23		YES		
Fund Annual Report & Accounts 2022-23		YES		
Revised Investment Strategy Statement			YES	
Compliance Manual			YES	
Pension Fund Budget 2024-25				YES
Treasury Management Policy and Report				YES
Catalyst Fund update				YES

Conclusion and Going Forward – the Merseyside Pension Fund and the development of the LGPS in 2023-2024 and beyond.

The Merseyside Pension Fund operates within the overall regulatory/governance framework as defined in the LGPS Regulations, associated Statutory Guidance and other overriding legislation and recommended principles of best practice. Reports and presentations made to the Pension Board in 2022-2023 very clearly indicate, as they did in previous years, that the Merseyside Pension Fund (MPF) understands and takes very seriously its present obligations. This is pleasing to report.

It is also extremely pleasing to note that the three Employee representatives have now been appointed to the Northern LGPS Joint Oversight Committee to sit alongside the six Elected Member representatives from the three Administering Authorities/Funds.

In my previous Board Review (covering 2021-22 and finalised in June 2022) I commented that it was “*extremely disappointing*” that the DLUHC and previously the MHCLG had “*failed to issue the (long) awaited*” Consultation on Climate (TCFD) reporting and the Consultation to facilitate the requirement for LGPS Funds to implement the Scheme Advisory Board (SAB) Good Governance in the LGPS proposals which were referred by SAB to the then MHCLG in February 2021.

A Consultation entitled “**Local Government Pension Scheme (England and Wales): Governance and reporting of climate change risks**” was (at last) issued by the DLUHC on 1 September 2022 and closed on 24 November 2022. This indicated that the Government intended implementation of compulsory climate reporting by the LGPS from April 2023 with each individual LGPS Fund to produce its first mandatory report by December 2024. A report on the background to the Consultation, its proposals and the Consultation questions was presented to the Board at its meeting on 28 September 2022. A further report detailing the response of the Merseyside Fund was presented to the Board at its December 2022 meeting. The Fund’s response was a joint Northern LGPS response together with West Yorkshire/Bradford and Greater Manchester/Tameside which also referenced the responses by the Scheme Advisory Board (SAB) and the Local Authority Pension Fund Forum (LAPFF).

Given the delays in issuing a Consultation on Climate Reporting it is more than extremely disappointing to have to note that at the time of completing this review the DLUHC had issued no response to the Consultation responses received from LGPS Funds and other stakeholders. Indeed, (from a notification posted on the SAB website on 23 May 2023) mandatory LGPS Climate Reporting “*is now expected to commence from 1 April 2024, with first reports due in late 2025.*” This is yet another further year of delay in respect of an issue of crucial concern to not only the LGPS but all humanity!

Pleasingly, however, as the Northern LGPS response to the Climate Consultation states, “*each Administering authority within the Northern LGPS has voluntarily reported under the TCFD framework.*” I would also wish to place on record my own personal endorsement of the Merseyside/Northern LGPS, SAB and LAPFF comments in respect of the need to genuinely consider and incorporate (to use LAPFF’s words) the “*social risks associated with the transition*” and (to use SAB’s words) “*to support a just transition*”.

Nor has the DLUHC issued any Consultation to require the mandatory implementation by LGPS Funds of the recommendations of the Good Governance in the LGPS project which were finalised by SAB in February 2021. However, it is pleasing that the Merseyside Fund is itself seeking to implement the SAB proposals ahead of mandation. This represents good practice.

The LGPS is becoming ever larger and more complex in terms of its Governance, Funding, Administration, and Investment functions. In this context additional resourcing will inevitably be required to ensure that the Fund can continue to offer a good level of service to both Employers and individual members of the Scheme going forward. The issue of appropriate resourcing and in particular in relation to recruitment and retention was an area of particular focus for the Board in 2022-23 and will, in support of the Pensions Committee, all Employers, and individual Scheme members, continue to be in 2023-24.

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