

LOCAL PENSION BOARD

Tuesday, 12 December 2023

Present: J Raisin (Chair)

R Dawson
P Fieldsend
D Ridland

P Moloney
L Robinson
S Van Arendsen

31 WELCOME AND INTRODUCTION

The Chair welcomed everyone to the meeting.

32 APOLOGIES

Apologies were received from Roger Irvine and Matthew Bennett.

33 MEMBERS' CODE OF CONDUCT - DECLARATIONS OF INTEREST

There were no declarations of interests.

34 MINUTES

The Chair noted that the minutes of the meeting of 27 September 2023 were to be received at the following meeting of the Local Pension Board in March 2024.

35 PENSION ADMINISTRATION MONITORING REPORT [PERIOD OF 1 JULY – 30 SEPT 2023]

The Head of Pension Administration introduced the report to members. The report 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 2023 to 30 September 2023.

Resolved - That report and the exempt appendix be noted.

36 LOCAL GOVERNMENT PENSION SCHEME (LGPS) UPDATE - THE MCCLLOUD REMEDY

The Head of Pensions Administration introduced the report to members. The report provided an update on legislation related to the 'McCloud Remedy', and the guidance that had been published to support implementation by the Fund's Administration Team.

Members of the board requested officers to enquire whether any of the administration cost of the remedy could be recovered from government.

Members of the board provided feedback regarding recent LGA fundamental training and suggested it could be improved.

Officers provided a cyber security update, explaining to board members that phishing emails are becoming more frequent and sophisticated but assuring staff are aware of this and all have undertaken the Cyber Ninja training. Members commented on the low score of the risk on the risk register, officers explained that this was because of the way Wirral Council currently score these risks, and the fact that a cyber security team is in place, so scores were likely to change.

It was suggested that the costs to the fund of remedying McCloud could fall within the New Burdens Doctrine and officers were asked to write to the Department to this effect.

Resolved – To note that the legislative change to remove the age discrimination from the Local Government Pension Scheme (LGPS), and implementation of the revised regulations is a major resource intensive project to ensure the Fund’s continued compliance in delivering the ‘McCloud Remedy’.

That officers write to the Scheme Advisory Board as the liaison body, representing LGPS fund views to the Department for Levelling Up Housing and Communities (DLUHC), with regard to the costs of implementing McCloud and requesting reimbursement under the New Burdens Doctrine.

Officers to discuss the scope and format of the Fundamental Training Course with LGA to ensure the course meets the needs of delegates.

37 ESTABLISHMENT OF WORKING PARTY

The Director of Pension introduced the report to Members. The report provided Board members with a copy of the report taken to Pensions Committee regarding the establishment of a Responsible Investment Working Party.

Officers confirmed that both PIRC and Redington could be involved with meetings of the working party, the Chair would be the same Chair as for the Pensions Committee, and that the working party does not have decision making powers. Board members asked for assurance that the Responsible Investment Working Party would enhance considerations but not override the

considerations of the Investment Monitoring Working Party, which was provided.

Resolved - That the report be noted.

38 **REVISED INVESTMENT STRATEGY**

The Director of Pensions introduced the report to members. The purpose of the report was to provide Board members with a copy of a report on proposed revisions to the Fund's strategic asset allocation recently taken to Pensions Committee.

Officers informed Board members that investments are allocated geographically and a reweighting closer to global index weights was recommended. Currently bonds are all UK based but the fund was looking to diversify the range of fixed income instruments and broaden exposures globally.

Officers were focused on minimising the costs of transitions. Income was to be harvested from equity and a cash management forecast had been developed for the next 5 years, which recommended targeting 60% of contractual income.

In response to an inquiry in relation to the risks of modern slavery occurring in supply chains, officers informed Board members that EU companies are to be required to make formal declarations regarding their supply chains which was raising the profile of the issue., It is an important element of the Fund's RI policy. On behalf of members of LAPFF (which included MPF), PIRC was engaging with a range of businesses on this matter.

Resolved – That the report be noted.

39 **UPDATE ON CATALYST FUND**

The Director of Pensions introduced the report to members. The purpose of the report was to provide Board members with a copy of a report on the Catalyst Fund recently taken to Pensions Committee.

Officers informed Board members that several previous investments had been completed, all of which were within the Merseyside area and had either environmental or social benefits. Officers and Members were keen to identify opportunities providing commercial returns combined with environmental and social benefits.

Resolved - That the report be noted.

40 **NORTHERN LGPS UPDATE**

The Director of Pensions introduced the report to Members. The report provided Board members with an update on pooling arrangements in respect of Merseyside Pension Fund (MPF) and the Northern LGPS. Minutes of the previous Northern LGPS Joint Committee meeting were appended for noting.

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

41 **MINUTES OF WORKING PARTY MEETINGS**

The Director of Pensions introduced the report to Members. The purpose of the report was to provide Board members with the minutes of meetings of Working Parties held since the previous Board meeting.

Members commented on the broad agenda and healthy attendance. Robin Dawson noted the discussion regarding efforts to reduce opt out from the Scheme and volunteered, as someone in receipt of an MPF pension, to support this initiative by providing a testimonial or the like.

Resolved - That the minutes be noted.

42 **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.

43 **RISK REGISTER**

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

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