



# Merseyside Pension Fund

## Report & Accounts 2023/24



# Contents

---

Chair's Introduction	<b>3</b>
Overall Fund Management	<b>5</b>
Governance & Training	<b>9</b>
Financial Performance	<b>25</b>
Fund Account, Net Assets Statement & Notes	<b>30</b>
Investments & Funding	<b>59</b>
Administration	<b>73</b>
Actuarial Reports on Fund	<b>84</b>
External Audit Opinion	<b>87</b>
Additional Information	<b>89</b>
– Statement of Responsibilities	<b>90</b>
– Scheme Employers with Active Members as at 31 March 2024	<b>91</b>
– Information Contacts	<b>98</b>

## Fund Policies

Please click on the following hyperlinks to access the full versions of the particular fund policy.

[\*\*Communications Policy 2022\*\*](#)

[\*\*Funding Strategy Statement 2023\*\*](#)

[\*\*Governance Policy 2022\*\*](#)

[\*\*Investment Strategy Statement 2021\*\*](#)

[\*\*Pensions Administration Strategy 2020\*\*](#)



Section 1

# Chair's Introduction



# Chair's Introduction



I became Chair of Pensions Committee in July this year and I am conscious that this report covers the period prior to my appointment. Accordingly, I would like to put on record my thanks to the former Chair of Committee, Cllr Julie McManus, for her very considerable contribution to the success of the Fund. This Annual Report covers Merseyside Pension Fund's activities for the year ended 31 March 2024. The purpose of the report is to highlight the important matters affecting the Fund over the last twelve months and provide a look to the future.

## The Overall Aim of the Fund

The principal aim of the Fund is to provide secure pensions, effectively and efficiently administered at the lowest cost to contributing employers. This requires the Fund to strike a balance between achieving the most from its investments and the need to exercise prudence in considering its future liability profile. The Pensions Committee reviews the Fund's pooling arrangements, investments, administration, strategies and policies at regular intervals, with the help of its various professional advisors and the Local Pension Board, to ensure that they remain appropriate.

## Overview

This has been a busy year. We have implemented a new Finance system which will drive efficiencies in accounting, cash management and custody operations. Work on the McCloud remedy has continued as well as concluding the move to monthly data collection from our employers and preparation for the Pensions Dashboard and for the Pensions Regulator's Single Code of Practice. Committee has also been refreshing the Fund's investment strategy and investment beliefs. Cyber risk is another priority where we have been enhancing our security protocols with the Administering Authority. Further information on all these matters is provided in the respective sections of the report. For the 12 months to 31 March 2024, the Fund increased in value by 5.8% against its benchmark which rose by 8.9%. The funding level was relatively stable. More detail is provided in the Investment & Funding Report, including information on the distribution of assets and performance.

## Communication with Fund Employers and Members

It is important that we communicate effectively the issues arising from new legislation and the ever-evolving Scheme. We also recognise the growing interest in sustainability and the stewardship of our assets and are developing the [Responsible Investment](#) (RI) section of our website in order to provide further information on the various facets of our [RI policy](#). We are encouraging greater use of electronic media to enhance security and efficiency of information exchange. Our regular newsletters for employers, employees, deferred members and pensioners have been maintained and the Fund's websites continue to be updated regularly.

## Investment Pooling and Local Investment

Investment Pooling through the Northern LGPS Investment Pool is developing well. Of note is the GLIL infrastructure platform, a collaboration of six LGPS funds and NEST, which now has commitments of around £4bn of which £3bn is invested principally in core UK infrastructure, particularly in renewable energy and supporting the energy transition. We also participate in a private equity joint venture which facilitates the pooling of private equity across the Northern LGPS funds and the opportunity for co-investments which are intended to enhance returns relative to costs. NPEP has commitments of £2.1bn of which £1.4bn is at work. There is a separate report on the Northern LGPS investment pool in this year's report.

MPF's focus on local investment continues to bear fruit. At 31 March 2024, we had agreed loans totalling £100m across five local investments which support the regeneration of the City Region and bring positive environmental and social impacts. Additionally, we have committed £20m to a fund backing locally based small and medium enterprises. We are also signatories to the Homelessness Charter; a collaborative arrangement with local businesses to alleviate homelessness on Merseyside.

As ever, the continued success of the Fund depends on the combined efforts of all those concerned with its operation. In conclusion, I should like to thank the Committee, the Board, the Scheme employers and their staff, the financial advisors, the external investment managers and all of the Fund's staff for their considerable work in delivering the service to Scheme members.

## Preparation of Report

This Annual Report has been produced in accordance with Regulation 57 of the Local Government Pension Scheme Regulations 2013. In preparing and publishing the Pension Fund Annual Report, the Administering Authority has observed guidance issued by Scheme Advisory Board/CIPFA/MHCLG in relation to preparation of funds' annual reports.

*Brenda E Hall*

**Councillor Brenda Hall**  
**Chair, Pensions Committee – July 2024**

A woman with long dark hair, wearing a light-colored blazer over a white shirt and dark trousers, is walking in a city. She is smiling and looking down at a smartphone in her right hand. In her left hand, she holds a black reusable coffee cup. A black leather bag is slung over her shoulder. The background shows a city street with a large, classical-style building with columns and arches. The entire image has a teal overlay.

Section 2

# Overall Fund Management

# Overall Fund Management

---

## Scheme Management and Advisers

### Senior Officers of the Fund

Peter Wallach – Director of Pensions  
 Yvonne Murphy – Head of Pensions, Administration  
 Donna Smith – Head of Pensions, Finance & Risk  
 Adil Manzoor – Head of Pensions, Private Markets

### Asset Pool & Asset Pool Operator

Northern LGPS (with GMPF and WYPF)

### Investment Managers (External)

Amundi  
 Blackrock  
 JP Morgan  
 Legal & General  
 M&G  
 Maple-Brown Abbot  
 Newton  
 Nomura  
 Schroders  
 State Street Global Advisors  
 TT International  
 Unigestion

### Investment Managers (Internal)

Internal Investment Team

### Fund Custodian

Northern Trust

### Fund Actuary

Mercer HR Consulting

### AVC Providers

Prudential  
 Standard Life  
 Utmost Life and Pensions

### Fund Legal Advisors

Group Solicitor (Wirral Council)

### Fund Bankers

Lloyds Banking Group

### Director of Finance / Section 151 Officer

Matthew Bennett (Wirral Council)

### External Auditor

Grant Thornton

### Independent Advisors

Mr R Worrall  
 Mr P Watson

### Performance Measurement

Northern Trust

### Property Valuers

Savills

### Property Managers

CBRE Asset Services

### Property Advisors

CBRE Capital Advisors

### Responsible Investment Advisors

Pensions and Investment Research Consultants Ltd

### Strategic Investment Advisor

Redington

## Risk Management

Overall responsibility for the Fund resides with Pensions Committee chaired by Councillor Brenda Hall who took up the role in July of this year. Councillor Julie McManus preceded her as Chair for the period of this report.

In 2023/24, the Committee comprised Councillors from the Wirral Labour group (5), Conservatives (3), Green Party (2), Liberal Democrats (1), representatives of the four other District Authorities (Liverpool, St. Helens, Knowsley and Sefton), non-district representative (1) and employee representatives (non-voting) (1). Also in attendance is the Director of Pensions and other officers of the Fund. Committee meets at least four times annually to review administrative and investment issues affecting the Fund.

As part of its Governance Policy, the Committee ensures the administration of the Fund accords with the statutory framework within which the LGPS operates. The Fund publishes a Governance Compliance Statement confirming that it complies fully with best practice guidance issued by its regulator, the Ministry of Housing, Communities and Local Government. Committee also ensures that the management of the Fund's assets falls within the requirements of the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016.

These regulations require the Fund to have regard to both diversification and suitability of investments and stipulate the requirement to take proper advice when making investment decisions. The Fund's Funding Strategy Statement (FSS), Investment Strategy Statement (ISS) and Responsible Investment policy provide further information on the Fund's investment philosophy and investment framework. They also detail the principal risks and the steps taken to manage or mitigate them.

The activities of Pensions Committee are supported by three working parties: the Investment Monitoring Working Party (IMWP); the Governance and Risk Working Party (GRWP); and the Responsible Investment Working Party (RIWP). The working parties convene between two and four times a year allowing in-depth consideration of all aspects of the operations of the Fund and the associated risks. In addition to elected members and officers, the IMWP and RIWP include two independent advisors, the Fund's strategic advisors, Redington. The GRWP involves the Fund's actuary and other external advisors from time to time; the risk register is a standing agenda item.

An additional source of assurance is provided by the Local Pension Board (the Board). The purpose of the Board is to assist the Administering Authority in its role as Scheme manager in securing compliance with legislation and ensuring the effective governance and administration of the Fund.

A separate report on the Board's activities is contained within this report. The risk register is a standing agenda item for the Board.

Wirral Council has signed a memorandum of understanding with the administering authorities of the Greater Manchester Pension Fund and the West Yorkshire Pension Fund to create the Northern LGPS ('the Pool') in order to meet the criteria for pooling investments set by Government. The Northern LGPS Investment Pool is created via the approval of an inter-authority agreement between the administering authorities to the participating funds. The role of the Joint Committee is to provide monitoring and oversight of the Northern LGPS to ensure that the Pool is effectively implementing the participating authorities' strategic asset allocation decisions, monitoring performance, risk and costs.

The Fund uses a combination of internal and external management and active and passive strategies across the various asset classes in which it invests. Investment managers have specific benchmarks against which performance is measured, monitored and reported. Internal investment managers report to the Director of Pensions through regular investment meetings and follow procedures laid down in a compliance manual reviewed and approved by Pensions Committee. Comprehensive details of the Fund's investment managers, mandates and advisors are set out in its Investment Strategy Statement.

## Risk Management framework and supporting policies

The Fund's governance arrangements, set out in the preceding section, ensure that the management of pension-related administrative, management and investment risk is undertaken at the highest levels. The Fund recognises that risk is inherent in many of its activities and makes extensive use of external advisors and industry best practice in assessing and establishing policies to identify and mitigate those risks.

The principal Fund documents relating to risk management and control are:

- Governance Policy
- Funding Strategy Statement (FSS)
- Investment Strategy Statement (ISS)
- Pensions Administration Strategy (PAS)
- Responsible Investment Policy
- Data Protection Policy
- Investment Monitoring Policy
- Conflict of Interest Policy
- Cyber Governance Policy
- Risk Policy
- Health & Safety Policy

---

Copies of these documents are available from the Fund and are published on the Fund website at: [mpfund.uk/risk](https://mpfund.uk/risk)

In addition, the Fund maintains a risk register which lists and scores the Fund's principal risks and a compliance manual for employees. The compliance manual is wide-ranging in scope including risk areas such as management of investments, personal conduct arrangements and reporting & notification requirements. The most significant investment risks relate to funding level, performance of assets relative to their respective benchmarks and climate. In conjunction with these, the potential effects of inflation, interest rates and longevity on the Fund's liabilities are monitored, reported and reviewed at the working parties. Investment risks are addressed mainly through the FSS and ISS and included at a high-level in the risk register. The risk register also captures the principal administration and operational risks such as payroll, staffing, counterparty, cyber, cashflow and fraud.

These documents are subject to regular scrutiny by Pensions Committee, Pension Board and officers, and provide details of the key risks and explanations of the policies and controls adopted to mitigate them. These arrangements are assessed at least annually by the Fund's external and internal auditors who report to those charged with governance.

Additionally, and where applicable, the Fund adheres to the Administering Authority's constitution in managing its operations. Legal opinion and advice are provided by Wirral Council's legal team and from external sources where necessary.



A woman with long dark hair and glasses is seated at a desk, looking towards the left. She is wearing a patterned blazer over a dark top. Her hands are resting on a stack of papers on the desk. The background is blurred, showing an office environment. The entire image has a warm, yellowish tint.

Section 3

# Governance & Training

# Governance & Training

## Scheme Management and Advisers

### Governance Structure

Overall responsibility for the Fund resides with Pensions Committee chaired by Councillor Brenda Hall who took up the role in July of this year. Councillor Julie McManus preceded her as Chair for the period of this report. Details of the Fund's Governance arrangements are set out in its [Governance Policy](#).

### Pensions Committee as at 31 March 2024

#### Chair

Cllr. Julie McManus

**Wirral**

#### Vice Chair

Cllr. Cherry Povall, JP

**Wirral**

Cllr. Chris Carubia (Spokesperson)

**Wirral**

Cllr. Pat Cleary (Spokesperson)

**Wirral**

Cllr. Ann Ainsworth

**Wirral**

Cllr. Tony Cox

**Wirral**

Cllr. George Davies

**Wirral**

Cllr. Andrew Gardner

**Wirral**

Cllr. Brenda Hall

**Wirral**

Cllr. Brian Kenny

**Wirral**

Cllr. Ruth Molyneux

**Wirral**

Cllr. Jayne Lonergan

**Knowsley**

Cllr. Ruth Bennett

**Liverpool**

Cllr. Paulette Lappin

**Sefton**

Cllr. Martin Bond

**St Helens**

Mr. Jon Rae (LGA)

**Non-district Representative**

### Employee Representatives (Non-voting)

Roger Bannister

**UNISON**

### Working Parties

Investment Monitoring Working Party

Governance & Risk Working Party

Responsible Investment Working Party

### Advisors to Investment Monitoring Working Party

Director of Pensions

Head of Pensions – Private Markets

Redington

Mr. R Worrall

Mr. P Watson

### Advisors to Governance & Risk Working Party

Director of Pensions

Head of Pensions – Administration

Head of Pensions – Finance & Risk

### Advisors to Responsible Investment Working Party

Director of Pensions

Head of Pensions – Private Markets

Redington

Mr. R Worrall

Mr. P Watson

### Members of Pensions Committee

There were some changes to the membership of Committee. For the new municipal year, Councillor McManus joined Committee and assumed responsibility for chairing Committee from Cllr. Cleary. Cllrs. Anderson, Collinson, Greaney and Walsh were replaced by Cllrs. Ainsworth, Cox and Molyneux.

In January 2024, Cllr. Cardwell was superseded as Liverpool Council's representative by Cllr. Bennett. Mr. Rae was appointed to Committee as non-district representative at the same time.

---

## Pensions Committee Items

### 11 July 2023

External Audit Plan 2022/23  
Statement of Accounts 2022/23 – Management Questions  
Local Government Pension Scheme Update  
Members' Learning and Development  
Merseyside Pension Fund Budget Out-Turn 2022/23 and Final Budget 2023/24  
Appointments to Equity Protection Framework  
Wirral Local Pension Board Minutes  
Minutes of Working Party Meetings  
Northern LGPS Update

### 26 September 2023

Grant Thornton – The Audit Findings Report for Merseyside Pension Fund  
Merseyside Pension Fund Annual Report & Accounts 2022/23 and Letter of Representation  
Local Government Pension Scheme (LGPS) Consultation: Next Steps on Investments  
Wirral Local Pension Board Minutes  
Minutes of Working Party Meetings  
Northern LGPS Update  
Pension Board Review 2022/23 and Work Plan 2023/24

### 11 December 2023

Local Government Pension Scheme (LGPS) Update – The McCloud Remedy  
Revised Investment Strategy  
Establishment of Working Party  
Catalyst Fund Update  
Wirral Local Pension Board Minutes  
Minutes of Working Party Meetings  
Northern LGPS Update

### 19 March 2024

Local Government Pension Scheme (LGPS) Update  
Treasury Management Policy for 2024/25 and Annual Report for 2022/23  
Merseyside Pension Fund Budget Financial Year 2024/25  
Local Government Pension Scheme Consultation Outcome: Next Steps on Investments  
Northern LGPS Update  
Wirral Local Pension Board Minutes  
Minutes of Working Party Meetings  
Property Portfolio Rent Arrears and Write Offs  
Property Contract  
Facilities Management Contract

## Pensions Committee, Working Parties, Conferences and Training Events Attendance

2023/24	Pensions Committee				IMWP		RIWP		GRWP	
	11 Jul	26 Sep	11 Dec	19 Mar	7 Jun	6 Sep	15 Nov	21 Feb	4 Apr	4 Oct
Cllr. Julie McManus (Chair)	•	•	•	•	•	•	•	•	•	•
Cllr. Cherry Povall, JP. (Vice Chair)	•	#	#	•		•			•	•
Cllr. Brian Kenny (Spokesperson)	•	•	•	•		•	•	•	•	•
Cllr. Chris Carubia (Spokesperson)		•	•	•		•	•		•	•
Cllr. Pat Cleary (Spokesperson)	•	•	•	•	•	•	•	•	•	•
Cllr. George Davies	•	•	•	•	•	•				
Cllr. Andrew Gardner	#	•	#	•		•		•		
Cllr. Ann Ainsworth	•	•	•	•	•	•		•	•	•
Cllr. Brenda Hall	•	•	#	•	•	•		•	•	•
Cllr. Tony Cox	#	•		•						
Cllr. Ruth Molyneux	•	•	•	•	•	•	•	•	•	•
Cllr. Tom Cardwell (Liverpool City Council Co-Optee)	•					•			#	#
Cllr. Ruth Bennett (Liverpool City Council Co-Optee)										
Cllr. Jayne Aston (Knowsley MBC Co-Optee)	•	•		•					•	•
Cllr. Paulette Lappin (Sefton MBC Co-Optee)	•	•	•	•						
Roger Bannister (UNISON retired member Co-Optee)			•		•		•	•	•	•
Jon Rae (Non district Representative) (LGA Co-Optee)				•						
# = Deputy Attended										

Cllr. Tom Cardwell retired from Pensions Committee 17 January 2024

Cllr. Ruth Bennett appointed to Pensions Committee 17 January 2024

Mr. Jon Rae appointed to Pensions Committee 29 January 2024



## Conferences 2023/24

	<b>PLSA LA Conference</b>	<b>LGC Investment &amp; Pension</b>	<b>PLSA Annual Conference</b>	<b>LAPFF Conference</b>	<b>LGPS Governance Conference</b>	<b>PLSA Investment Conference, Edinburgh</b>	<b>LGC Investment Seminar</b>
	26-28 June	7-8 Sep	17-19 Oct	6-8 Dec	19 Jan	27-28 Feb	14-15 March
Cllr. Julie McManus (Chair)	•	•	•			•	•
Cllr. Cherry Povall, JP. (Vice Chair)	•	•	•			•	•
Cllr. Brian Kenny (Spokesperson)			•				•
Cllr. Chris Carubia (Spokesperson)	•	•	•			•	•
Cllr. Andrew Gardner							•
Cllr. Brenda Hall			•				
Cllr. Tony Cox					•		•
Roger Bannister (UNISON retired member Co-Optee)	•		•	•			

## Training Events 2023/24

	<b>Fundamental Training</b>	<b>Fundamental Training</b>	<b>Fundamental Training</b>	<b>Fundamental Training Online</b>	<b>Fundamental Training Online</b>	<b>Fundamental Training Online</b>
	5 October	8 November	13 December	19 & 26 Oct	16 & 23 Nov	11 & 19 Dec
Cllr. Julie McManus (Chair)	•	•	•			
Cllr. Chris Carubia (Spokesperson)	•	•	•			
Cllr. George Davies	•	•	•			
Cllr. Andrew Gardner	•	•	•			
Cllr. Brenda Hall	•	•	•			
Cllr. Ruth Molyneux				•	•	•

## Summary of activities undertaken by Pensions Committee

The Pensions Committee agenda has four standing items which are of importance to both the good governance and operational effectiveness of the Fund: the Local Government Pension Scheme update; the Pooling update; minutes of the Local Pension Board; and Working Party Minutes. During 2023/24, Committee considered and debated the reports and papers presented in respect of these items.

There are also a number of other important issues where, in the interests of good governance and assurance, there are annual reports to Committee. These include the External Audit Plan; the Fund Budget; the Annual Report and Accounts; the Treasury Management Policy; the Learning & Development programme and Write-offs. In addition, the independent chair of the Pension Board presents a review of Board activity for the previous year.

A number of additional matters are considered in greater depth at the three working parties, whose minutes and recommendations are brought to Committee. Revisions to Fund policies and responses to consultations are also considered by Committee. This year, notable investment-related items included the revised Investment Strategy, the Government Consultation “Next steps on investments”, and the establishment of the Responsible Investment Working Party. Regarding administration, items included McCloud, the pensions Dashboard, the Cost Control Mechanism and the Pensions Regulator Single Code.

Risk Management is fundamental to effective pension fund governance and operations across the Pensions Administration, Finance, and Investment functions. Management of Risk is a key responsibility of those charged with the governance and management of an LGPS fund. While the ultimate responsibility lies with Pensions Committee, the Pension Board also plays an important part in oversight.

Cyber risk is a major issue facing all pension funds. The Pensions Regulator (TPR) has included very clear expectations in relation to cyber risk and controls in its new “General code of practice” which came into effect on 28 March 2024. Furthermore, TPR updated its “Cyber security principles for pension Schemes” in December 2023 ahead of the publication of the new General code of practice. Fund officers continue to interact actively on this with the Wirral Council’s IT Team.

More detail on these matters can be found in the Scheme Administration Report and the Pension Board report. The Pension Board continues its activities in support of the Administering Authority.

## Pension Board Report

### 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.

### Summary of issues considered at Board Meetings 2023/2024

#### 20 June 2023

Administration KPI Report  
Pension Board Review & Work Plan  
External Audit Plan  
LGPS Update  
Members’ Learning & Development Programme  
Northern LGPS Update  
Risk Register  
Statement of Accounts 2022/23  
– Management Questions  
Update on Investment Related Consultation in the Local Government Pension Scheme  
Working Party minutes

#### 27 September 2023

Administration KPI Report  
Grant Thornton – Audit Findings Report  
LGPS Update  
Merseyside Pension Fund Annual Report & Accounts 2022/23 and Letter of Representation  
Merseyside Pension Fund Internal Audit Annual Report 2022/23  
Northern LGPS Update  
Risk Register  
Working Party minutes  
LGPS Consultation next step

### 12 December 2023

Administration KPI Report  
Establishment of Working Party  
LGPS Update  
Northern LGPS Update  
Revised Investment Strategy  
Risk Register  
Update on Catalyst Fund  
Working Party minutes

### 27 March 2024

Administration KPI Report  
LGPS Update  
Local Government Pension Scheme (LGPS) Consultation Outcome: Next Steps on Investments  
Merseyside Pension Fund Budget Financial Year 2024/25  
Northern LGPS Update  
Property Portfolio Rent Arrears and Write Offs  
Risk Register  
Treasury Management Strategy & Annual Report  
Working Party minutes

The Pension Board Agenda has developed to comprise of five standing items: The Risk Register; The Pensions Administration Quarterly Report; The Fund Working Party Minutes (Investment Management Working Party & Governance and Risk Working Party); The Investment Pooling/Northern LGPS Update; the LGPS Update report.

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; the Annual Report and Accounts; the Treasury Management Policy; Write offs; the Internal Audit Annual Report. Again during 2023/24 the Board actively considered and discussed the reports and Officer presentations. In addition (usually at the June/ July meeting) the Independent Chair presents a review of Board activity for the previous year (April to March).

In addition to the above issues the Board considers as appropriate other issues of importance to the governance and operation of the Merseyside Pension Fund. These are normally identified well in advance and included in the Annual Work Plan. 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 2023/24 the Revised Investment Strategy and the Government Consultation "Next steps on investments"),

and particular major Fund developments such as the establishment of the Responsible Investment Working Party which was considered at the Board meeting on 12 December 2023.

Additionally, the Administering Authority has granted Board Members the right of attendance at the Fund Working Party meetings where the decision makers of the Fund (the Pension Committee Members and Senior Officers of the Fund) meet with Fund Advisors to discuss a wide range of issues relating to both the strategy and operation of the Fund.

### Members of the Pensions Board

Since 2015 the Merseyside (Wirral) Local Pensions Board has been extremely fortunate with regard to the active role played by the Members of the Board. 2023/24 was, again, no exception to this. Eight of the nine Members who served throughout 2022/23 continued to serve throughout 2023/24. Therefore, again the Board benefited 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 (including cyber risk), pensions in general and the LGPS in particular.

During 2023/24 it was very pleasing for the Board to welcome Ian Williams, Corporate Director of Finance and Resources and S151 Officer of Liverpool City Council. Ian filled the vacancy for an Employer Representative resulting from the resignation of Geoff Broadhead (to which I referred to in my 2022/23 Annual Review).

### Merseyside Local Pension Board Members

#### Independent Chair

John Raisin

#### Employer Representatives

Peter Fieldsend  
Lynn Robinson  
Stephan Van Arendsen  
Ian Williams

**Torus 62 Ltd.**  
**St Helens College**  
**Sefton MBC**  
**Liverpool City Council**

#### Member Representatives

Roger Irvine  
Donna Ridland  
Patrick Moloney  
Robin Dawson

**Active Members**  
**Active Members**  
**Deferred Members**  
**Retired Members**

### Support for the Board by the Fund Officers during 2023/24

During 2023/24 the Board received the same exemplary and positive support, advice, and guidance from the Fund Officers as in previous years, going back to the creation of the Board in 2015. 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.

During 2023/24 there were, again, frequent discussions between Board meetings, involving myself and in particular the Director of Pensions and also the Head of Pensions Administration. These covered a range of issues and were initiated by both the Officers and myself.

### Support for the Board by the Chair of the Pensions Committee during 2024/25

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 the Board.

From May 2023, Councillor Julie McManus became Chair of the Pensions Committee. It is pleasing to report, that as with the two previous Pensions Committee Chairs, Councillor McManus engaged positively with me as Chair of the Pensions Board. I had positive and constructive discussions with Councillor Julie McManus particularly with regard to the recruitment and retention of staff by the Merseyside Pension Fund and would wish to place on record my appreciation to her for her approach in respect of those issues I raised.

From May 2024 Councillor Julie McManus has been appointed Chair of the Wirral MBC Adult Social Care and Public Health Committee. Therefore, the Pension Board looks forward to continuing its constructive and positive relationship with the Pensions Committee, under its new Chair Councillor Brenda Hall.

### The Risk Register

Risk Management is fundamental to effective Pension Fund governance and operations across the Pensions Administration, Finance, and Investment functions. Therefore, the management of Risk is clearly a key responsibility of those charged with the governance and management of an LGPS Fund. While the ultimate responsibility at the Merseyside Fund lies with the Wirral MBC Pensions Committee the Pension Board clearly also has an important role in Risk Management. The Foreword

to the CIPFA publication on Managing Risk in the LGPS (2018) states “As part of their governance processes funds should be regularly reporting all risks to committee and the local pension board, embedding a robust risk management approach and processes which link to all key strategic documents as well as recording risks and progress on an active risk register.”

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 2023/24. The Director of Pensions, as in previous years, highlighted elements of the Risk Register to meetings of the Board and he, and other senior Officers, responded constructively to our questions and observations.

As in 2022/23, Recruitment and Retention remained the highest risk on the Risk Register throughout the year. The Board continued to constructively discuss and clearly support the need for the Fund to be able to both recruit and retain suitable staff, at all levels and in all parts of the organisation.

It was clearly positive to observe the reduction (reported at the June 2023 meeting) in the risk score and then the removal of the risk (reported in March 2024) in relation to the implementation of the new Enterprise Resource Planning (ERP) system which had been a matter of concern to the Board in 2022/23. Thanks, are clearly due to both the Merseyside Fund Officers and the (wider) Wirral MBC Officers who enabled the successful implementation of the new system.

Cyber risk is clearly a major issue facing all Pension Funds. The Pensions Regulator (TPR) has included very clear expectations in relation to cyber risk and controls in its new “General code of practice” (see pages 115 to 117) which came into effect on 28 March 2024. Furthermore, TPR updated its (more detailed) “Cyber security principles for pension schemes” in December 2023 ahead of the publication of the new General code of practice. The issue of Cyber risk was a matter to which the Board paid particular attention to and undertook extensive constructive questioning in respect of throughout 2023/24.

The experience of some Board Members in this respect was particularly helpful. While acknowledging the positive work of both the Fund Officers and the Wirral Council IT Team, the Board emphasised and remains concerned regarding the challenges of assessing the effectiveness of security measures in light of increasingly sophisticated attacks. Officers confirmed to the Board that this would continue to be a matter of active discussion and interaction with the Wirral Council's IT Team.



## Pension Administration Reports

Effective pension 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 2023/24, was detailed and wide-ranging and provided a broad range of both statistical data and commentary. The report includes, for example ongoing reporting of Membership Trends, Workflow Statistics, Pensions Administration resourcing, Employer Engagement and activity, “McCloud” preparations and progress, Complaints, Internal Dispute Resolution Procedure, Member Web Portal (MyPension) and Cybersecurity. Again, as in previous years, each Quarterly Report was considered in detail by the Board and constructive questions raised with officers. For example, at the September 2023 meeting there was considerable discussion between Members of the Board and Officers in relation to Cyber security.

These reports also consider national issues/developments including in the context of the Merseyside Fund. For example, the June 2023 report included commentary on the Scheme Advisory Board Gender Pay Gap Report of March 2023 and provided some high level comparisons regarding the situation nationally across the LGPS with that experienced by that of the Merseyside Fund membership. Reporting on other such issues included, in March 2024, the National Pensions Dashboard, the Scheme Advisory Board (SAB) Surpluses Working Group, and the Pensions Regulator (TPR) revised Cyber security principles for pension schemes.

At the September 2023 meeting, the Board commended the Fund on the provision of the “Pay your pension some attention” sessions run as part of Pensions Awareness Week during September 2023.

## 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 Party meetings as

Observers but with the facility to ask questions and engage in the discussions.

## Investment Pooling and the Northern LGPS Pool

Board Members in 2023/24, 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. Examination of the Minutes of the Northern LGPS Joint Oversight Committee presented to the Board during 2023/24, provided assurance as to the genuine and proactive development of pool wide private market solutions across all of Infrastructure, Private Equity and Property.

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. This means that the Pool can act 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. Trade Union representatives have attended the Joint Oversight Committee since April 2023 and it is pleasing to note the level of their attendance, as recorded in the Committee Minutes included in this Board’s Agenda papers during 2023/24.

During 2023/24, the Government issued both a Consultation and a subsequent Consultation Outcome which were primarily focussed on Investment Pooling, and which will be referred to further later in this review.

## 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.

## Internal Audit Report 2022/23

At its September 2023 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 2022/23. 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. For 2022/23 following an assessment of risks a decision was made to continue with 150 audit days input. The reason for this was to “ensure there was sufficient and wide-ranging coverage in order for Internal Audit to provide a robust assessment of the MPF control environment...” Audits undertaken during 2022/23 covered aspects of all of Investment, Pensions Administration, and Finance.

It was reassuring to note the (positive) results of the completed audits undertaken during 2022/23 and the comment in the Chief Internal Auditor’s report that “... There has been positive engagement with management throughout the year...” Most important the Chief Internal Auditor’s overall Opinion included (as it had similarly in the previous years) that “The assessment found that in all of the systems audited in 2022/23 there is a sound system of control in place, those controls are consistently applied and fully effective. In some cases, the work undertaken did identify a number of actions to improve the systems in operation and strengthen the control environment, although none of these were significant.”

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 22/23 internal audit work undertaken found that there was an adequate and effective level of control, and this was a positive outcome for the Fund.” I would also wish to record, on behalf of the Board, our appreciation for the broad and extensive work of Internal Audit in relation to the Fund.

## Financial related reporting

During 2023/24, 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 External Audit Plan 2022/23; External Audit Questionnaire and (Fund) Responses 2022/23; (External) Audit Findings Report 2022/23; Fund Annual Report and Accounts 2022/23, Pension Fund Budget 2024/25; Treasury Management Policy 2024/25. As in previous years these reports and documents and the informative presentations made at the actual meetings (primarily by the Head of Finance and Risk), gave the Board clear opportunity to understand, review and ask questions regarding the overall planning and operation of the Funds’ activities, as well as its financial processes and controls. The Board

(at its meeting on 27 September 2023) commented positively on the presentation and readability of the Annual Report and Accounts 2022/23.

The Board has in previous years been very clear as to its support for resourcing and additional resourcing 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. This remains a clear area of focus for the Board. Therefore, the Board was pleased to receive the report Merseyside Pension Fund Budget Financial Year 2024/25 at its meeting held on 27 March 2024 and to observe the developments and ongoing developments particularly in relation to staffing. To emphasise the importance of this issue and the Board’s commitment to the resourcing of the Merseyside Pension Fund, it resolved that “The Local Pension Board noted the report and considered the best practice requirement for Local Government Pension Schemes (LGPS) funds to set budgets sufficient to fulfil resourcing requirements and meet regulatory requirements.”

## LGPS Investment Related Consultations

The 20 June 2023 Meeting the Board received a report from the Director of Pensions that reminded the Board that there were a number of investment related issues where a Consultation was anticipated from DLUHC. This included the future development of Investment Pooling, which had been awaited since 2019.

On 11 July 2023, the DLUHC issued a Consultation “Local Government Pension Scheme (England and Wales): Next steps on Investments.” The period for responses to the Consultation closed on 2 October 2023. The Consultation included the long-awaited Government proposals on the further development of Investment Pooling.

The Consultation also included proposals relating to four other issues:

- Levelling Up
- Private Equity
- Investment Consultancy Services to the LGPS
- Definition of Investments

The Merseyside Pension Fund has incorporated into the Terms of Reference of the Pension Board that the role of the Independent Chair includes providing comment and input in respect of Government Consultations. In respect of the above Consultation there were positive interactions between myself and the Director of Pensions which began well ahead of the submission of the final draft to the Pensions Committee and the Pensions Board.

The Merseyside Fund’s draft final response was presented to the Pension Board on 27 September 2023. This resulted in significant observations and comments from Board Members.

## Merseyside Pension Fund 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 constructive observations on this important issue.

At the December 2023 meeting a report on the Revised Investment Strategy was presented to the Board which contained the Fund's new Investment Strategy and Strategic Asset Allocation (SAA). This is an early element of the Fund's overall Investment Change Programme. The revised SAA is intended to assist the Fund in maintaining a full funding position, reducing risk, and achieving investment returns consistent with the actuarial assumptions. There was clear evidence available to the Board that the new Investment Strategy and SAA had been carefully developed and considered and that there had been extensive debate with the Pensions Committee (which Board Members could also participate in) as evidenced by IMWP Minutes.

As part of its ongoing development of Investment which includes appropriate consideration and incorporation of Responsible Investment the Fund has been considering the creation of an additional Pension Committee Member led Working Party – the “Responsible Investment Working Party” (RIWP). This will increase the capacity for consideration of Responsible Investment issues. Consequently, a report Establishment of Working Party was presented to the December 2023 Board meeting. While Board Members were very supportive of this development the Board sought, and received, assurance from the Director of Pensions that the RIWP would enhance but in no circumstances override the considerations of the Investment Monitoring Working Party.

The December Board meeting also received an Update on the Catalyst Fund. This report updated the Board on the Catalyst Fund which seeks to support development and refurbishment projects in Merseyside

while (crucially) providing a commercial return for the Merseyside Pension Fund. The report contained details of a range of local investments. The Board Members emphasised their support for investments which provide commercial returns, but which are also local, and provide very clear social and/or environmental benefits.

## Training and Development, and the MPF Annual Employers Conference

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.

At the 20 June 2023 Board Meeting the Director of Pensions presented a report Members Learning and Development Programme. This both reminded Board Members of their statutory learning and development responsibilities and provided a detailed update on developments relating to CIPFA Pensions Knowledge and Skills guidance and the Merseyside Fund response to this.

The LGPS Online Learning Academy (LOLA) developed by Hymans Robertson was made available to all Members of the Pension Board during 2023/24 as in 2022/23. This provides a helpful broad overview of the LGPS. This programme is a very useful specific LGPS introduction/update/reminder. However, I would stress that completion and updating of LOLA is additional to and not an alternative to attendance at 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) during March 2023 and 2023/24. 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.

The Merseyside Pension Fund Annual Employers Conference held on 16 November 2023 provided an important training and development opportunity for both Employers and those Pension Board Members who were able to attend. This included broad ranging updates and briefings from senior Fund Officers across Governance, Investment, Administration (including Cyber security and the Digital Transformation Programme). I was pleased to provide a briefing on the activity of the Board and also on LGPS developments including emphasising the crucial role of Employers in working proactively with the Fund to implement the “McCloud” remedy. The Conference also

included three extremely informative presentations from the Fund Actuary (including an update on the Funding position), Ted Frith the Chief Operating Officer of GLIL the Infrastructure vehicle partly owned and controlled by the Merseyside Pension Fund, and Jeremy Hughes the Deputy Secretary of SAB who provided a briefing on the Scheme Advisory Board and its wide-ranging activity.

### Reporting Breaches of the Law to the Pensions Regulator

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 2023/24. 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.

### Pension Board Review 2023/24 and presentation to the Pensions Committee

The Pension Board Review 2022/23 and Work Plan 2023/24 was considered and approved by the Board on 20 June 2023. This was then considered by the Pensions Committee at its meeting held on 26 September 2023 which I attended in person.

### Pension Board Costs of Operation 1 April 2023 to 31 March 2024

Conference	£3,082
Travel & Subsistence	£1,342
Allowances	£20,995
<b>Total</b>	<b>£25,419</b>

There have been no matters of concern to raise with Wirral, the Administering Authority. A detailed review of the activities of the Pension Board will be undertaken by the Independent Chair and reported to Pensions Committee on 9 December 2024.

### Proposed Pension Board Work Plan 2024/25

The proposed Work Plan for 2024/25 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. The Work Plan will be updated as necessary during 2024/25.

### Pension Board Work Plan 2024/2025

#### 9 July 2024

Administration KPI Report  
Audit Plan  
Budget Outturn 23/24 & Final Budget 24/25  
Draft Pension Board Report  
LGPS update  
Member Learning & Development Programme  
Northern LGPS update  
Risk Register  
Statement of Accounts – Questions to Management  
Working Party minutes  
Write-off of Property Arrears/Pension Overpayments

#### 24 September 2024

Administration KPI Report  
CEM Benchmarking report  
Good Governance Project  
Internal Audit Report  
LGPS update  
Levelling Up/Edinburgh Reforms consultation  
Northern LGPS update  
Pooling Consultation  
Risk Register  
Working Party minutes

#### 10 December 2024

Administration KPI Report  
Audit Findings Report  
Compliance Manual  
Draft Statement of Accounts and Report & Accounts 23/24  
Investment Strategy Statement – revised  
LGPS update  
Northern LGPS update  
Risk Register  
Working Party minutes



**27 March 2025**

Administration KPI Report  
 Budget 25/26  
 Catalyst Fund update  
 LGPS update  
 Northern LGPS update  
 Risk Register  
 Treasury Management Strategy & Annual Report  
 Working Party minutes  
 Write-off of Property Arrears/Pension Overpayments

**Conclusion and Going Forward – the Merseyside Pension Fund and the development of the LGPS in 2024/2025 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 2023/2024 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.

There is no doubt that the new Government will continue to propose changes to the LGPS. In particular it is to be hoped that any new Pooling Guidance will enable the further development of the Northern LGPS Pool (of Merseyside, West Yorkshire, and Greater Manchester) in its present form which has so positively progressed investment pooling and achieved cost savings while also operating a governance framework which ensures that ultimate decision making truly rests with Elected Members together with meaningful representation of the Employees) as the LGPS only exists to provide benefits for the individual members of the Scheme.

It is to be hoped that the new Government will finally introduce mandatory Climate Risk Reporting into the LGPS. It is however pleasing to note (as I did last year) that “each Administering Authority within the Northern LGPS has voluntarily reported under the TCFD framework.”

A simple, long overdue, but highly advantageous change that the new Government could easily make is to wholly separate the Accounts of LGPS Funds in England from those of their Administering Authority. It is to be hoped that this will be an early action of the new Government.

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 continue to 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 2023/24 and will, in support of the Pensions Committee, all Employers, and individual Scheme members, continue to be in 2024/25.

**John Raisin**  
**Independent Chair**  
**Merseyside (Wirral) LGPS Local Pension Board**

### Pension Board Attendance 2023/24

Date of Appointment	Pension Board		Pension Board Meetings 2023 - 2024			
			20 June	27 Sep	12 Dec	27 Mar
11 March 2015	John Raisin	Chair	•	•	•	•
12 March 2015	Donna Ridland	Co-optee	•		•	•
27 February 2017	Roger Irvine	Co-optee	•	•	•	•
9 March 2015	Patrick Moloney	Co-optee	•	•	•	•
3 January 2018	Lyn Robinson	Co-optee			•	•
27 June 2019	Peter Fieldsend	Co-optee	•	•		
1 March 2020	Stephan Van Arendsen	Co-optee	•		•	
1 July 2021	Robin Dawson	Co-optee	•	•	•	•
1 March 2024	Ian Williams	Co-optee				•

### Training & Events Record 2023/24

Training/Events	CIPFA Annual Conference	PLSA Local Authority Conference	PLSA Annual Conference	LAPFF Annual Conference	LGPS Governance Conference	IMWP	GRWP	RIWP
	18 May	26-28 June	17-19 Oct	6-8 Dec	18-19 Jan	15 Nov	9 Mar	21 Feb
John Raisin						•	•	
Donna Ridland	•	•			•	•		•
Roger Irvine		•	•	•				
Patrick Moloney		•						•
Robin Dawson		•	•					
Ian Williams								•

## Joint Committee

Northern LGPS is a partnership between the Greater Manchester (GMPF), Merseyside (MPF) and West Yorkshire (WYPF) Local Government Pension Scheme (LGPS) funds. The partner funds of the Northern LGPS Investment Pool have formed a Joint Committee to oversee the activities of the Pool.

The primary purposes of the Joint Committee are to:

1. exercise oversight over the investment performance of the Pooling Partners' Funds
2. deliver the Shared Objectives
3. agree on any recommended changes to the Shared Objectives
4. report to the Pool

## Northern LGPS Joint Oversight Committee Items

### 13 April 2023

Common Custodian Update  
Update on Investment Management Cost Benchmarking  
Pooling Update  
Scheme Advisory Board Update  
Update on Responsible Investment  
Performance Measurement  
GLIL Update  
Property Framework

### 6 July 2023

Common Custodian Update  
Pooling Update  
Scheme Advisory Board Update  
Update on Responsible Investment  
Northern Private Equity Pool – Annual Review of Strategy and Implementation  
Performance Measurement  
Pooling Update  
GLIL Update

### 5 October 2023

Common Custodian Update  
Pooling Update  
Scheme Advisory Board Update  
Update on Responsible Investment  
Performance Measurement  
GLIL Update

### 1 February 2024

Pooling Update  
Scheme Advisory Board Update  
Common Custodian Update – Contract Extension and Fee Review  
Update on Responsible Investment  
Performance Measurement  
GLIL Update

## 2023/24

## Northern LGPS Joint Oversight Committee

	13 April	6 July	5 October	1 February
Councillor Gerald P Cooney (Chair) Greater Manchester Pension Fund	•	•	•	•
Councillor Andrew Thornton Chair, West Yorkshire Pension Fund	•	•	•	•
Councillor Pat Cleary Chair, Merseyside Pension Fund	•			
Councillor Julie McManus Chair, Merseyside Pension Fund			•	•
Elizabeth Bailey Deputy Chair, West Yorkshire Pension Fund	•	•	•	•
Councillor Jacqueline North Vice Chair, Greater Manchester Pension Fund		•		•
Councillor Cherry Povall Vice Chair, Merseyside Pension Fund			•	•
Ken Drury UNITE	•	•	•	•
Alan Flatley GMB	•	•	•	•

## Knowledge and Skills

Merseyside Pension Fund recognises the importance of ensuring that all staff and members charged with the financial management and decision-making in respect of the pension scheme are fully equipped with the knowledge and skills to discharge the duties and responsibilities assigned to them. It therefore seeks to appoint individuals who are both capable and experienced and provides/arranges training for staff and members of the Pensions Committee and the Pension Board, to enable them to acquire and maintain an appropriate level of expertise, knowledge and skills.

Our training plan sets out how the necessary pension knowledge and skills are acquired, maintained and developed. The plan reflects the recommended knowledge and skills level requirements set out in the CIPFA Pensions Knowledge and Skills Frameworks.

The Pensions Committee has designated the Director of Pensions to be responsible for ensuring that policies and strategies are implemented.

## Activity in Year

Merseyside Pension Fund has conducted a training needs assessment and based on the outcome, formulated a training plan. This plan is reported to, and approved by, Pensions Committee. The Fund develops its Pensions Committee members, Pension Board members and officers, through training and education. This includes regular meetings, ad hoc seminars and conferences, bespoke training and e-learning.

Pensions Committee receives updates on legislative changes, benefit administration changes, procurement, actuarial and investment matters. These are supplemented by regular working parties. The IMWP includes presentations from professional advisors covering all aspects of investment; asset allocation, asset classes, economics, performance measurement, risk management and responsible investment. The GRWP enables matters relating to other risks, governance and pensions administration to be covered in greater depth. The RIWP enables Committee to devote more time to stewardship, environmental, social & governance matters.

This year, Committee has been focused on refreshing the Fund's investment strategy and beliefs. Redington was appointed in December 2022 with a remit to advise on the Fund's strategic asset allocation and support a major programme of change to investment strategy. In support of this, a survey was undertaken by Redington in mid-2023 to capture key stakeholders' views on environmental, social and governance factors (ESG) with the results reported to the Investment

Monitoring Working Party (IMWP) on 6th September 2023. Members of the Pension Board were included in the survey. The survey highlighted the desire of the Fund to be at the forefront of best practice in this area. The survey showed strong support for having specific areas for focus in terms of policy and engagement, namely climate change and biodiversity, human rights and corporate governance and these have been incorporated within the draft RI Policy.

Bespoke training includes the LGPS On-line Learning Academy, the LGE Trustee Fundamentals training and other conferences and seminars. This year, the Fund has refreshed its training policy for elected members, board members and officers.

In addition to regular Committee meetings and Working Parties, training opportunities provided during the year were as follows:

Month	Event
May	PLSA Investment Conference
June	PLSA Local Authority Conference
September	LGC Investment Summit
October	PLSA Annual Conference
November	Annual Employers Conference
Oct-Dec	Fundamentals Training
December	LAPFF Annual conference
March	LGC Investment Seminar

As the officer nominated by the Pensions Committee responsible for ensuring that the Fund's training policies and strategies are implemented, the Director of Pensions can confirm that the officers and members charged with the financial management of, and decision making for, the pension Scheme, collectively possessed the requisite knowledge and skills necessary to discharge those duties and make the decisions required during the reporting period.



A man with a beard and short hair is sitting at a desk, looking down at a laptop. He is wearing a dark shirt. The background is slightly blurred, showing a computer monitor and some papers. The entire image has a greenish-yellow tint.

Section 4

# Financial Performance

# Financial Performance

## Overview of the Fund's Financial Performance

The value of the Fund increased by £408 million from £10.4 billion at 31 March 2023 to £10.8 billion at 31 March 2024. The table below shows the Fund's key financial information for 2023/24:

	£000	£000	£000
<b>Fund value at 31 March 2023</b>			10,412,688
<b>Contributions &amp; Benefits</b>			(179,928)
Employer Contributions	184,549		
Employee Contributions	74,593		
		259,142	
Pensions Paid	(348,531)		
Lump Sums Paid	(88,437)		
		(436,968)	
Net Transfers		(2,102)	
<b>Management Expenses</b>			(38,145)
Administration	(3,469)		
Investment Management	(32,283)		
Oversight & Governance	(3,146)		
		(38,898)	
Other Income		753	
<b>Investments</b>			626,400
Income	262,476		
Change in Market Value	363,924		
<b>Fund Value at 31 March 2024</b>			<b>10,821,015</b>

## The Funds 2023/24 Key Financial Information Against Projections

The table below describes the Fund's performance for key financial variables against forecasts (forecast February and July 2023) for the 12 months to 31 March 2024.

	Predicted £000	Actual £000	Variance £000
<b>2023/24 or at 31 March 2024</b>			
<b>Fund Size 2023</b>	<b>10,412,688</b>	<b>10,412,688</b>	<b>-</b>
<b>Fund Size 2024</b>	<b>10,688,220</b>	<b>10,821,015</b>	<b>132,795</b>
Contributions Received	229,081	259,142	30,061
Pensions Paid	(424,702)	(436,968)	12,266
Net Transfers	-	(2,102)	2,102
<b>Net cash flow from members</b>	<b>(195,621)</b>	<b>(179,928)</b>	<b>15,693</b>
<b>Net management expenses</b>	<b>(49,481)</b>	<b>(38,145)</b>	<b>11,336</b>
Investment Income	269,079	262,476	6,603
Change in valuation of assets	251,555	363,924	112,369
<b>Return from Investments</b>	<b>+520,634</b>	<b>+626,400</b>	<b>+105,766</b>
<b>Net change overall</b>	<b>+275,532</b>	<b>+408,327</b>	<b>+132,795</b>

Overall, the Fund value as at 31 March 2024 was higher than projected. The key variance between the forecast and the actual performance was the return on investments, the change in the valuation of assets; this is largely out of the control of the Fund and as explained throughout the report, asset markets rebounded strongly over the 12-month period.

Contributions are made by active members of the Fund in accordance with the LGPS regulations and range from 5.5% to 12.5% of pensionable pay for the financial year ending 31 March 2024. Employee contributions are matched by employers' contributions which are based on triennial actuarial valuations. The contributions above were calculated at the valuation dated 31 March 2022. The 2022 actuarial valuation calculated the average primary employer contribution rate of 18.7% (2019 17.2%). The contributions received in 2023/24 are higher than projected, due to small number of employers paying additional and upfront contributions in 2023/24, covering a three-year period, until the next actuarial valuation in 2025, consequently the following 2 years are reduced accordingly.

The Fund does reserve the right to levy interest charges on late receipt of contributions from employers. In 2023/24 no such charges were levied.

### Overpayment of Pensions

The Fund seeks to minimise and recover, where appropriate, any overpayments made to members and the Fund has a formal 'Overpayment of Pensions Policy' which outlines the procedure for pension overpayments and recovery actions. Where it is not possible to offset an overpayment from an ongoing pension or that of a surviving dependant, an invoice will be raised to recover any gross amount exceeding £250.

As at 1 April 2023, there were £157,481 overpaid pension invoices outstanding. During 2023/24 invoices amounting to £272,960 were raised and receipts totalled £181,154. Invoices amounting to £27,071 were written off following instruction from the corporate legal department on the basis that the debts were not economically viable to recover. A small number of cancellations took place totalling £1,757. An amount of £220,459 remains outstanding at 31 March 2024.

The Fund has in place a mortality screening contract to limit the amount overpayment to pensioners in the event of death and participates in the National Fraud initiative which is conducted every two years.

### A Comparison of Cashflows Over Time

The Fund's cashflows for the last 5 years are detailed in the table below:

	2019/20 £000	2020/21 £000	2021/22 £000	2022/23 £000	2023/24 £000
<b>Income</b>					
Contributions Received	247,526	337,417*	201,160	205,024	259,142*
Transfers In	18,152	15,214	225,296**	18,489	13,422
Other Income	447	288	172	345	753
Net Investment income	203,759	186,932	324,682	251,711	262,476
<b>Total Income</b>	<b>469,884</b>	<b>539,851</b>	<b>751,310</b>	<b>475,569</b>	<b>535,793</b>
<b>Expenditure</b>					
Pensions Paid	352,107	350,641	371,943	385,742	436,968
Payment to Leavers	18,039	16,874	14,246	17,109	15,524
Management Expenses	41,757	40,078	47,300	46,262	38,898
<b>Total Expenditure</b>	<b>411,903</b>	<b>407,593</b>	<b>433,489</b>	<b>449,113</b>	<b>491,390</b>
<b>Net Cashflow</b>	<b>57,981</b>	<b>132,258</b>	<b>317,821</b>	<b>26,456</b>	<b>44,403</b>
Cashflow Excluding Investment Income	(145,778)	(54,674)	(6,861)	(225,255)	(218,073)

\*Upfront contributions received covering a 3-year period, therefore the following 2 years are reduced accordingly

\*\*Bulk transfer received

Overall, the Fund's cashflow's over the period have remained positive, however when excluding investment income, it can be seen that cashflows from dealing with members are negative over the period. During 2023/24, the Fund sought income generating assets to pay benefits.

### 2023/24 Operating Budget and Out-turn

The Fund monitors its costs closely. The table below shows the out-turn against the budget approved at Pensions Committee for the year:

	12 months to 31 March 2024	
	Budget	Actual
	£000	£000
Employees (based on 84 FTE)	4,731	4,056
Premises	213	213
Transport	39	16
Investment fees – operating budget	11,999	11,326
Supplies and Services	2,618	2,225
Third Party	1,444	937
Recharges	283	283
<b>Total</b>	<b>21,327</b>	<b>19,056</b>

*Note: Premises' expenditure is agreed as a notional charge based on market rates, as MPF owns the building. For the purposes of the operating budget, Investment fees above refers to invoiced investment costs only and is therefore lower than the figure disclosed in the Fund Account.*

Overall, the actual out-turn for 2023/24 was £19.1 million, lower than the original budget of £21.3 million approved by Pensions Committee February/July 2023, this is largely due to budgeted projects and areas of work being deferred to 2024/25.

### Looking Forward to 2024/25

The 2024/25 Fund budget as approved by Pensions Committee in March and July 2024 is detailed in the table below.

	2024/25
	£000
Employees (based on 93 FTE)	5,141
Premises	225
Transport	23
Investment fees – operating budget	11,822
Supplies and Services	2,893
Third Party	2,324
Recharges	299
<b>Total</b>	<b>22,727</b>

The assumptions that underpin this budget are that investment performance follows long-term trends and that the Fund follows the long-term trends in mortality and other factors assumed within the actuarial valuation. Investment fees shown above are for invoiced investment management costs only and do not include any fees for private market assets, any property related expenditure, nor any investment changes associated with pooling.

The predictions for key financial variables for 2024/25 are detailed in the table below:

	2024/25 £000
<b>Fund Size Start of Year</b>	<b>10,821,015</b>
<b>Fund Size End of Year</b>	<b>11,112,605</b>
Contributions Received	258,300
Pensions Paid	(466,245)
Net Transfers	0
<b>Net Inflow from members</b>	<b>(207,945)</b>
<b>Net management expenses</b>	<b>(41,516)</b>
Investment Income	280,587
Change in valuation of assets	260,464
<b>Return from Investments</b>	<b>+541,051</b>
<b>Net change overall</b>	<b>+291,590</b>

The material variable in these assumptions is investment returns. If returns over the next year are different from the predicted long-term average, then the out-turn will be significantly different. The other key variable is the pattern of membership of the Scheme. If the employers make significant changes which affect the number of active members or deferred members and pensioners, then the cash-flows of the Scheme can change materially. Both factors are largely outside the influence of Merseyside Pension Fund.



A woman with voluminous curly hair is smiling and looking down at a tablet device she is holding. She is wearing a light-colored, short-sleeved top. The background is a blurred city street scene with multi-story buildings. The entire image has a warm, reddish-orange tint. Overlaid on the image is the text 'Section 5' and a large title.

Section 5

# Fund Account, Net Assets Statement and Notes

# Fund Account, Net Assets Statement & Notes

2022/23 £000	FUND ACCOUNT - For the year ended 31 March 2024	Note	2023/24 £000
	<b>Dealing with members, employers and others directly involved in the fund:</b>		
205,024	Contributions Receivable	7	259,142
18,489	Transfers In	8	13,422
223,513			272,564
(385,742)	Benefits Payable	9	(436,968)
(17,109)	Payments to and on account of Leavers	10	(15,524)
(402,851)			(452,492)
<b>(179,338)</b>	<b>Net additions/(withdrawals) from dealing with members</b>		<b>(179,928)</b>
(45,917)	Management Expenses	11	(38,145)
<b>(225,255)</b>	<b>Net additions/(withdrawals) including Fund Management Expenses</b>		<b>(218,073)</b>
	<b>Return on Investments:</b>		
257,547	Investment Income	12	267,823
(614,666)	Profit and Losses on Disposal of Investments and Change in Market Value of Investments	13	363,924
(5,836)	Taxes on Income	12	(5,347)
<b>(362,955)</b>	<b>Net Return on Investments</b>		<b>626,400</b>
(588,210)	Net Increase/(Decrease) in the Fund during the year		408,327
11,000,898	Net Assets of the Fund at the start of the year		10,412,688
<b>10,412,688</b>	<b>Net Assets of the Fund at the end of the year</b>		<b>10,821,015</b>
2022/23 £000	NET ASSETS STATEMENT - For the year ended 31 March 2024	Note	2023/24 £000
	<b>Investment Assets</b>	13	
3,172,527	Equities		3,136,939
501,716	Bonds		477,212
5,922,231	Pooled Investment Vehicles		6,295,744
187,180	Derivative Contracts		6,758
470,300	Direct Property		454,600
155,482	Loans		224,371
80,732	Short Term Cash Deposits		101,810
130,507	Other Investment Balances		96,042
<b>10,620,675</b>			<b>10,793,476</b>
<b>(239,184)</b>	<b>Investment Liabilities</b>	14	<b>(5,825)</b>
<b>10,381,491</b>	<b>Total Net Investment Assets</b>		<b>10,787,651</b>
3,423	Long Term Assets	19	3,024
45,076	Current Assets	20	50,022
(17,302)	Current Liabilities	20	(19,682)
<b>10,412,688</b>	<b>Net Assets of the Fund as at 31 March</b>		<b>10,821,015</b>

## Notes to the Merseyside Pension Fund Accounts

### Note 1 Description of the Fund

Merseyside Pension Fund (MPF/the Fund) is part of the Local Government Pension Scheme (LGPS), and Wirral Council is the Administering Authority.

The overall responsibility for the management of the Fund rests with the Pensions Committee, which for 2023/24 included eleven Councillors from Wirral Council, the Administering Authority and one Councillor from each of the four other Merseyside Borough Councils, and one member representing the other employers in the Scheme. Representatives of trade unions also attend. The more detailed consideration of investment strategy and asset allocation of the Fund's portfolios is considered by the Investment Monitoring Working Party, which includes two external advisers and a consultant. During 2023/24 a Responsible Investment Working Party was set up to increase capacity for considering responsible investment issues, which also includes two external advisors and a consultant. The more detailed consideration of governance and risk issues is considered by the Governance and Risk Working Party.

In 2015/16 a local Pensions Board was introduced in accordance with the Public Service Pensions legislation and regulations. The Board's aim is to assist the Administering Authority with ensuring compliance and the effective governance and administration of the Fund.

#### A) General

The Scheme is governed by the Public Services Pensions Act 2013. The Fund is administered in accordance with the following secondary legislation:

- The Local Government Pension Scheme Regulations 2013 (as amended)
- The Local Government Pension Scheme (Transitional Provisions, Savings and Amendment) Regulations 2014 (as amended)
- The Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016.

The Fund is a contributory defined benefit pension Scheme administered by Wirral Council to provide pensions and other benefits for pensionable employees of the Merseyside Local Authorities and a range of other scheduled and admitted bodies.

#### B) Membership

Membership of the LGPS is voluntary and employees are free to choose whether to remain in the Scheme or make their own personal arrangements outside the Scheme.

Organisations participating in Merseyside Pension Fund include:

- Scheduled bodies, which are Local Authorities and similar bodies whose staff are automatically entitled to be members of the Fund.
- Admitted bodies, which are organisations that participate in the Fund under an admission agreement between the Fund and the relevant organisation.

There are 228 employer organisations within Merseyside Pension Fund including Wirral Council itself. The Fund has 153,157 members as detailed below:

31 March 2023		31 March 2024
223	Number of Employers with Active Members	228
48,998	Number of Employees in Scheme	48,985
50,111	Number of Pensioners	51,160
6,602	Number of Dependants	6,692
43,429	Number of Deferred Pensioners	46,320
<b>149,140</b>	<b>Total Number of Members in the Scheme</b>	<b>153,157</b>

*\*Included within the number of deferred pensioners are 6,444 undecided leavers (3,880 31 March 2023).*

#### C) Funding

Benefits are funded by employee and employer contributions and investment earnings. Contributions are made by active members of the Fund in accordance with the LGPS, with employer contributions set to achieve the funding target for each individual employer as detailed within the Valuation Rates and Adjustment Certificate.

#### D) Benefits

Prior to 1 April 2014, pension benefits under the LGPS were based on final pensionable pay and length of pensionable service. From 1 April 2014, the Scheme became a career average Scheme, whereby members accrue benefits based on their pensionable pay in that year at an accrual rate of 1/49th. Accrued pension is adjusted annually in line with the Consumer Price Index.

There are a range of other benefits provided under the Scheme, for more details please refer to the Fund's website: [Merseyside Pension Fund Website](#)

## Note 2 Basis of Preparation

The Statement of Accounts summarises the Fund's transactions for the 2023/24 financial year and its position at year-end as at 31 March 2024. The accounts have been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2023/24 which is based upon International Financial Reporting Standards (IFRS), as amended for the UK public sector.

The accounts summarise the transactions of the Fund and report on the net assets available to pay pension benefits. The accounts do not take account of obligations to pay pensions and benefits which fall due after the end of the financial year. The actuarial present value of promised retirement benefits, valued on an International Accounting Standard (IAS) 19 basis, are shown within the statement by the Actuary, which is published as an addendum to the accounts.

The accounts have been prepared on a going concern basis.

The following standards introduced by the 2024/25 Code, where disclosures are required in the 2023/24 financial statements are below, however, they are not anticipated to have any impact on the amounts expected to be reported in the Fund's financial statements:

- IFRS 16 Leases - introduced on 1 January 2019, was due to be adopted by the Code for accounting periods commencing on or after 1 April 2022, however, a decision by CIPFA is to defer the implementation of IFRS until 1 April 2024. This new accounting standard largely removes the distinction between operating and finance leases by introducing an accounting model that requires lessees to recognise assets and liabilities for all assets with a term of more than 12 months unless the underlying asset is of low value. Implementation of IFRS 16 is not expected to have a material impact on the Fund because it does not hold any assets as a lessee.
- Classification of Liabilities as Current or Non-current (Amendments to IAS 1).
- Lease Liability in a Sale and Leaseback (Amendment to IFRS 16).
- Non-current Liabilities with Covenants (Amendments to IAS 1).

## Note 3 Summary of Significant Accounting Policies

The financial statements have been prepared on an accruals basis, unless otherwise stated.

### Contributions and Benefits

Contributions are accounted for on an accruals basis. Contributions are made by active members of the Fund in accordance with LGPS Regulations and employers' contributions are based on triennial actuarial valuations.

Employer normal contributions and deficit funding contributions are accounted for on the due dates on which they are payable under the schedule of contributions set by the Scheme actuary or on receipt if earlier than the due date.

Employers' pension strain contributions are accounted for in the period in which the liability arises. Any amount due in year, but unpaid, will be classed as a current financial asset. Amounts not due until future years are classed as long-term financial assets.

Benefits payable represent the benefits paid during the financial year and include an estimated accrual for lump sum benefits outstanding as at the year-end. Benefits payable includes interest on late payment. Any amounts due but unpaid are disclosed in the net assets statement as current liabilities.

Estimates for post year-end outstanding items have been used for payments of retirement grants and death grants:

- Retirement grants due for payment, but not paid by 31 March 2024, using actual figures as far as possible, and assuming maximum commutation to be taken, where the knowledge of the individual member's choice is still outstanding.
- Death grants due for payment, but not paid by 31 March 2024, for example, awaiting Probate.

### Transfers to and from Other Schemes

Transfer values represent the amounts received and paid during the year for members who have either joined, or left the Fund, during the financial year and are calculated in accordance with the Local Government Pension Scheme Regulations.

Individual transfers in/out are accounted for when received/paid, which is normally when the member liability is accepted or discharged.

Bulk (group) transfers are accounted for on an accruals basis in accordance with the terms of the transfer agreement.

### Management Expenses

The Fund discloses its management expenses analysed into three categories: administration costs, investment management costs and oversight and governance costs, in accordance with CIPFA "Accounting for Local Government Management Costs".

### Administration Costs

All administration expenses are accounted for on an accruals basis. All staff costs of the Fund's administration team are charged direct to the Fund. Associated management and other overheads are apportioned to the Fund in accordance with Council Policy.



### Investment Management Costs

All investment expenses are accounted for on an accruals basis. Fees of the external Investment Managers and Custodian are agreed in the respective mandates governing their appointments. Broadly, these are based on the market values of the investments under their management and therefore increase or reduce as the value of these investments change.

Costs in respect of the internal investment team are classified as investment expenses.

Estimates for post year-end outstanding items have been used for external Investment Management fees, using the Fund's valuations as at 31 March 2024.

In accordance with CIPFA "Accounting for Local Government Pension Scheme Management Expenses (2016)" guidance, transaction costs are shown under investment expenses.

### Oversight and Governance Costs

All oversight and governance expenses are accounted for on an accruals basis. All staff costs associated with oversight and governance are charged direct to the Fund. Associated management and other overheads are apportioned to the Fund in accordance with Council Policy. The cost of obtaining investment advice from external consultants is included in governance and oversight expenses.

### Investment Income

Income from Equities is accounted for when the related investment is quoted ex-dividend. Income from Bonds, Pooled Investment Vehicles and interest on Loans and Short-term Deposits has been accounted for on an accruals basis. Distributions from Private Equity are treated as return of capital until the book value is nil then treated as income on an accruals basis.

Rental income from operating leases on properties owned by the Fund is recognised on a straight-line basis over the term of the lease. Any lease incentives granted are recognised as an integral part of the total rental income and recognised over the term of the lease. Property expenditure is deducted from rental income to report net income from properties. Changes in the net market value of investments (including investment properties) are recognised as income and comprise all realised and unrealised profits/losses during the year.

### Taxation

The Fund is a registered Public Service Scheme under Section 1(1) of Schedule 36 of the Finance Act 2004 and as such is exempt from UK income tax on interest received and from capital gains tax on the proceeds of investments sold. Income from overseas investments suffers withholding tax in the country of origin, unless exemption is permitted. Irrecoverable tax is accounted for as a Fund expense as it arises.

### Valuation of Investments

All financial assets apart from loans are included in the Net Asset Statement on a fair value basis as at the reporting date. Loans are included in the Net Asset Statement on an amortised cost basis. The values of investments as shown in the net asset statement have been determined at fair value in accordance with the requirements of the Code and IFRS13 (see note 15). For the purposes of disclosing levels of fair value hierarchy, the Fund has adopted the classification guidelines recommended in Practical Guidance on Investment Disclosures (PRAG/Investment Association, 2016). The values of investments as shown in the Net Asset Statement are determined as follows:

- Listed securities are valued at quoted bid market prices on the final day of the accounting period. The bid price is the price which the Fund would have obtained had the securities been sold at that date.
- For unlisted investments, wherever possible, valuations are obtained via the Independent Administrator. Valuations that are obtained direct from the Manager are verified against the latest available audited accounts adjusted for any cash flows up to the reporting date.
- Hedge Funds and Infrastructure are recorded at fair value based on net asset values provided by Fund Administrators, or using latest financial statements published by respective Fund Managers, adjusted for any cash flows.
- Private Equity valuations are in accordance with the guidelines and conventions of the British Venture Capital Association/International Private Equity guidelines, or equivalent.
- Indirect Property is valued at net asset value or capital fair value basis provided by the Fund Manager. For listed Funds, the net asset value per unit is obtained through data vendors.
- The freehold and leasehold interests in the properties held within the Fund were independently valued as at 31 March 2024 by Savills (UK) Limited, acting in the capacity of External Valuers as defined in the RICS Red Book (but not for the avoidance of doubt as an External Valuer of the Fund as defined by the Alternative Investment Fund Managers Regulations 2013). This valuation accords with the requirements of IFRS13 and the RICS Valuation – Global Standards (incorporating the IVSC International Valuation Standards) effective from 31 January 2022 together with the UK National Supplement effective 14 January 2019, together the "Red Book".



- Pooled Investment Vehicles are valued at closing bid price if both bid and offer prices are published; or if single priced, at the closing single price. In the case of Pooled Investment Vehicles that are Accumulation Funds, change in market value also includes income which is reinvested by the Manager of the vehicle in the underlying investment, net of applicable withholding tax.

### Translation of Foreign Currencies

Assets and liabilities in foreign currencies are translated into sterling at rates ruling at the year-end. Foreign income received during the year is translated at the rate ruling at the date of receipt. All resulting exchange adjustments are included in the revenue account.

### Derivatives

The Fund uses derivative financial assets to manage exposure to specific risks arising from its investment activities.

Derivative contract assets are fair valued at bid prices and liabilities are fair valued at offer prices. Changes in the fair value of derivative contracts are included in change in market value.

The value of future contracts is determined using exchange prices at the reporting date. Amounts due from or owed to the broker are the amounts outstanding in respect of the initial margin and variation margin.

The value of exchange traded options is determined using the exchange price for closing out the option at the reporting date.

The future value of forward currency contracts is based on market forward exchange rates at the year-end date and determined as the gain or loss that would arise if the outstanding contract were matched at the year-end with an equal and opposite contract.

### Short Term Deposits

Short-term deposits only cover cash balances held by the Fund. Cash held by Investment Managers awaiting investment is shown under "Other Investment Balances".

### Financial Liabilities

The Fund recognises financial liabilities at fair value as at the reporting date. A financial liability is recognised in the Net Assets Statement on the date the Fund becomes party to the liability. From this date, any gains or losses arising from changes in the fair value of the liability are recognised by the Fund.

### Additional Voluntary Contribution

The Committee holds assets invested separately from the main fund. In accordance with regulation 4 (1) (b) of the Pensions Schemes (Management and Investment of Funds) Regulations 2016, these assets are excluded from the Pension Fund accounts.

The Scheme providers are Utmost Life, Standard Life and Prudential. Individual members participating in this arrangement each receive an annual statement confirming the amounts held on their account and the movements in the year.

### Note 4 Critical Judgements in Applying Accounting Policies

The Fund has not applied any critical judgements.

### Note 5 Estimation & Uncertainty

#### Unquoted Investments

The Fund has significant unquoted investments within Private Equity, Infrastructure, Property and other Alternative investments. These are valued within the financial statements using valuations from the Managers of the respective assets. There are clear accounting standards for these valuations and the Fund has procedures in place to ensure valuations applied by Managers comply with these standards and any other relevant best practice. The value of unquoted assets as at 31 March 2024 was £5,754 million (£5,423 million at 31 March 2023).

Private Equity investments are valued at fair value in accordance with International Private Equity and British Venture Capital Association guidelines. These investments are not publicly listed and as such there is a degree of estimation involved in the valuation.

Infrastructure and other alternative assets are valued in accordance with Accounting Standards; however, the valuation basis includes a degree of estimation.

Hedge Funds are valued at the sum of the fair values provided by the Administrators of the underlying Funds plus adjustments that the Hedge Fund Directors or Independent Administrators judge necessary. These investments are not publicly listed and as such there is a degree of estimation involved in the valuation.

Direct property and pooled property funds use valuation techniques to determine the carrying amount. Where possible, these valuations are based on observable data, but where this is not possible, management uses the best available data.

For 2023/24 there remains additional uncertainty regarding the valuations of illiquid assets, due to the volatility in the financial markets, impacted by world events and the time it will take to fully realise the impact on such assets. There is an increased level of risk that the estimated valuations may be misstated. The valuations have been updated based upon the available information as at 31 March 2024 and maybe subject to variations as further information becomes available. Note 15 sets out a sensitivity analysis of such assets valued at level 3 (the remaining unquoted assets are classified as level 2 assets).

With regards to the Fund's level 3 investments, these are well diversified between sectors and also vintage year (year in which first influx of investment capital is delivered to a project or company) meaning that there will be a wide dispersion between the potential valuation effects. Some of the underlying level 3 investment assets could have seen positive uplifts to their valuations, as well as those which will have seen negative.

### Note 6 Events after the Reporting Date

#### Non-Adjusting Post Balance Sheet Event

There have been no events since 31 March 2024, and up to the date when these accounts were authorised, that require any adjustments to these accounts. However, in June 2024, the Fund purchased, for £203 million, an insurance policy to secure benefits payable for a defined group of pensioners and deferred pensioners of one employer. The insurance policy will be held as an asset on the Net Asset Statement and valued annually by the actuary, in accordance with the Code of Practice on Local Authority Accounting in the UK.

Since the reporting date and as at January 2025 when the accounts were authorised, the value of the Fund has increased to £11bn (unaudited).

### Note 7 Contributions Receivable

Contributions are made by active members of the Fund in accordance with the LGPS and range from 5.5% to 12.5% of pensionable pay for the financial year ending 31 March 2024. Employee contributions are matched by employers' contributions which are based on triennial actuarial valuations. The 2023/24 contributions above were calculated at the valuation dated 31 March 2022. The 2022 actuarial valuation calculated the average primary employer contribution rate of 18.7% (2019 17.2%). The Fund received additional or upfront payments covering the three-year period, until the next actuarial valuation in 2025, totaling £548,060 (2022/23 £nil).

"Pension Strain" represents the cost to employers when their employees retire early to compensate the Fund for the reduction in contribution income and the early payment of benefits. Payments to the Fund for such costs are made over agreed periods. An accrual has been made for agreed future payments to the Fund.

"Deficit Funding" includes payments by employers for past service deficit and additional payments by employers to reduce a deficit.

The Fund does reserve the right to levy interest charges on late receipt of contributions from employers. In 2023/24 no such charges were levied.

2022/23 £000	Contributions Receivable	2023/24 £000
<b>Employers</b>		
118,429	Normal	210,207
4,640	Pension Strain	3,748
12,416	Deficit Funding/(Surplus)	(29,406)
<b>135,485</b>	<b>Total Employers</b>	<b>184,549</b>
<b>Employees</b>		
69,539	Normal	74,593
<b>205,024</b>		<b>259,142</b>
<b>Relating to:</b>		
31,872	Administering Authority	33,136
142,510	Statutory Bodies	213,393
30,642	Admission Bodies	12,613
<b>205,024</b>		<b>259,142</b>

**Note 8 Transfers In**

There were no bulk transfers into the Fund during 2023/24.

<b>2022/23 £000</b>	<b>Transfers in</b>	<b>2023/24 £000</b>
-	Group Transfers	-
18,489	Individual Transfers	13,422
<b>18,489</b>		<b>13,422</b>

**Note 9 Benefits Payable**

<b>2022/23 £000</b>	<b>Benefits payable</b>	<b>2023/24 £000</b>
313,088	Pensions	348,531
63,582	Lump Sum Retiring Allowances	79,583
9,072	Lump Sum Death Benefits	8,854
<b>385,742</b>		<b>436,968</b>

**Relating to:**

51,958	Administering Authority	58,018
267,269	Statutory Bodies	304,072
66,515	Admission Bodies	74,878
<b>385,742</b>		<b>436,968</b>

**Note 10 Payments to and on account of Leavers**

<b>2022/23 £000</b>	<b>Payments to and on account of Leavers</b>	<b>2023/24 £000</b>
527	Refunds to Members Leaving Service	580
-	Payment for Members Joining State Scheme	1
(8)	Income for Members from State Scheme	(1)
-	Group Transfers to Other Schemes	-
16,590	Individual Transfers to Other Schemes	14,944
<b>17,109</b>		<b>15,524</b>

**Note 11 Management Expenses**

<b>2022/23 £000</b>	<b>Management Expenses</b>	<b>2023/24 £000</b>
3,225	Administration Costs	3,469
40,280	Investment Management Costs	32,283
2,757	Oversight & Governance Costs	3,146
(345)	Other Income	(753)
<b>45,917</b>		<b>38,145</b>

**Note 11a Administration Costs**

<b>2022/23 £000</b>	<b>Administration Costs</b>	<b>2023/24 £000</b>
2,344	Employee Costs	2,588
635	IT Costs	617
224	General Costs	230
22	Other Costs	34
<b>3,225</b>		<b>3,469</b>

**Note 11b Investment Management Costs**

<b>2023/24</b>	<b>Total</b>	<b>External Investment Management Fees</b>	<b>External Investment Management Performance Fees</b>	<b>External Private Market Fees</b>	<b>External Private Market Expenses</b>	<b>Transaction Costs</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Equities	10,652	6,654	922			3,076
Bonds	100	100				
Pooled Investment Vehicles	18,969	3,102	190	8,766	6,911	
Derivative Contracts	359	359				
Loans	516			516		
Short Term Cash Deposits	-					
Other Investment Balances	-					
		<b>10,215</b>	<b>1,112</b>	<b>9,282</b>	<b>6,911</b>	<b>3,076</b>
External Services	526					
Internal Investment Management Fees	1,161					
	<b>32,283</b>					

<b>2022/23</b>	<b>Total</b>	<b>External Investment Management Fees</b>	<b>External Investment Management Performance Fees</b>	<b>External Private Market Fees</b>	<b>External Private Market Expenses</b>	<b>Transaction Costs</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Equities	11,291	6,921				4,370
Bonds	100	100				
Pooled Investment Vehicles	26,239	3,225	135	9,820	13,059	
Derivative Contracts	650	650				
Loans	430			430		
Short Term Cash Deposits	-					
Other Investment Balances	-					
		<b>10,896</b>	<b>135</b>	<b>10,250</b>	<b>13,059</b>	<b>4,370</b>
External Services	536					
Internal Investment Management Fees	1,034					
	<b>40,280</b>					

**Note 11c Oversight & Governance Costs**

Actuarial fees included within External Services below (note 11c) are shown gross of any fees that have been recharged to employers. Included within Other Income for 2023/24 is £674,931 relating to recharged Actuarial fees (2022/23 £266,438).

The estimated External Audit fee for 2023/24 is £134,084, an additional £3,300 relates to services in respect of IAS19 assurances for admitted body auditors, which are recharged to those admitted bodies. An audit fee rebate was received during 2023/24 for £15,542.

<b>2022/23 £000</b>	<b>Oversight &amp; Governance Costs</b>	<b>2023/24 £000</b>
628	Employee Costs	771
1,759	External Services	1,932
49	Internal Audit	49
59	External Audit	122
262	Other Costs	272
<b>2,757</b>		<b>3,146</b>

**Note 12 Investment Income**

Interest on loans has been accrued up to 31 March 2024.

Investment income figures are shown gross of tax. Included in these figures is recoverable taxation of £16.8 million (2022/23 £15.4 million).

The Fund is seeking to recover tax withheld by UK and overseas tax regimes under the EU principle of free movement of capital within its borders, repayments received in 2023/24 £3.6 million (2022/23 £4.6 million).

<b>2022/23 £000</b>	<b>Investment Income</b>	<b>2023/24 £000</b>
106,747	Dividends from Equities	99,675
3,603	Income from Bonds	3,373
65,320	Income from Pooled Investment Vehicles	106,863
26,676	Net Rents from Properties (Note 12A)	20,389
2,963	Interest on Short Term Cash Deposits	7,276
46,501	Income from Private Equity	14,322
-	Income from Derivatives	3,497
5,132	Interest from Loans	11,857
605	Other	571
<b>257,547</b>		<b>267,823</b>
(5,836)	Irrecoverable Withholding Tax	(5,347)
<b>251,711</b>		<b>262,476</b>

**Note 12a Property Income**

No contingent rents have been recognised as income during the period.

<b>2022/23 £000</b>	<b>Property Income</b>	<b>2023/24 £000</b>
31,736	Rental Income	28,049
(5,060)	Direct Operating Expenses	(7,660)
<b>26,676</b>	<b>Net Rent from properties</b>	<b>20,389</b>



## Note 13 Investments

2023/24	Market Value 31/3/23	Purchases at Cost and Derivative Payments	Sale Proceeds and Derivative Receipts	Change in Market Value*	Market Value 31/3/24
	£000	£000	£000	£000	£000
<b>Equities</b>	3,172,527	908,015	(1,147,777)	204,174	3,136,939
<b>Bonds</b>	501,716	44,337	(40,563)	(28,278)	477,212
<b>Pooled Investment Vehicles</b>	5,922,231	628,827	(473,478)	218,164	6,295,744
<b>Direct Property</b>	470,300	7,760	-	(23,460)	454,600
<b>Loans</b>	155,482	87,829	(15,830)	(3,110)	224,371
	<b>10,222,256</b>	<b>1,676,768</b>	<b>(1,677,648)</b>	<b>367,490</b>	<b>10,588,866</b>
<b>Derivative Contracts</b>					
FX	(3)	158,456	(158,788)	355	20
Options	(51,385)	228,487	(169,533)	(7,569)	-
Swaps	2,781	-	-	3,956	6,737
	<b>10,173,649</b>	<b>2,063,711</b>	<b>(2,005,969)</b>	<b>364,232</b>	<b>10,595,623</b>
<b>Short Term Cash Deposits</b>	80,732				101,810
<b>Other Investment Balances</b>	130,507			(308)	96,042
<b>Amounts due to stockbrokers</b>	(3,397)				(5,824)
	<b>10,381,491</b>			<b>363,924</b>	<b>10,787,651</b>

2022/23	Market Value 31/3/22	Purchases at Cost and Derivative Payments	Sale Proceeds and Derivative Receipts	Change in Market Value*	Market Value 31/3/23
	£000	£000	£000	£000	£000
<b>Equities</b>	3,360,827	897,965	(1,080,762)	(5,503)	3,172,527
<b>Bonds</b>	731,666	63,838	(90,236)	(203,552)	501,716
<b>Pooled Investment Vehicles</b>	5,817,473	1,228,412	(903,998)	(219,656)	5,922,231
<b>Direct Property</b>	568,275	5,464	(32,998)	(70,441)	470,300
<b>Loans</b>	35,751	136,874	(17,143)	-	155,482
	<b>10,513,992</b>	<b>2,332,553</b>	<b>(2,125,137)</b>	<b>(499,152)</b>	<b>10,222,256</b>
<b>Derivative Contracts</b>					
FX	(356)	333,556	(332,781)	(422)	(3)
Options	(8,395)	269,390	(197,002)	(115,378)	(51,385)
Swaps	-	15,429	(11,319)	(1,329)	2,781
	<b>10,505,241</b>	<b>2,950,928</b>	<b>(2,666,239)</b>	<b>(616,281)</b>	<b>10,173,649</b>
<b>Short Term Cash Deposits</b>	169,149				80,732
<b>Other Investment Balances</b>	106,941			1,615	130,507
<b>Amounts due to stockbrokers</b>	(9,521)				(3,397)
	<b>10,771,810</b>			<b>(614,666)</b>	<b>10,381,491</b>

\*Note: The change in market value of investments during the year comprises all realised and unrealised appreciation and depreciation.

During 2023/24, the Fund has recognised an impairment loss of £3.1m in relation to one of its loan investments, following a routine covenant assessment of the security held against the loan.

The recoverable amount of the loan has been reduced to the market value (as defined by Royal Institution of Chartered Surveyors (RICS) Valuation Standards) of the security held against the loan and the impairment loss charged to the Fund Account. The loan value was independently valued during 2023/24 by BNP Paribas Real Estate, acting in the capacity of External Valuers and as defined in the RICS Red Book.

### Note 13a Analysis of Investments

2022/23 £000	Investment Assets	2023/24 £000
<b>3,172,527</b>	<b>Equities</b>	<b>3,136,939</b>
<b>501,716</b>	<b>Bonds</b>	<b>477,212</b>
	<b>Pooled Investment Vehicles</b>	
734,444	Equities	787,448
344,168	Bonds	366,451
957,631	Private Equity	967,457
295,738	Hedge Funds	314,923
865,323	Infrastructure	921,367
459,067	Unit Trusts - Property	476,919
1,817,271	Other Unitised Funds	2,028,690
448,589	Other	432,489
<b>5,922,231</b>		<b>6,295,744</b>
	<b>Derivative Contracts</b>	
2	FX	21
184,397	Options	-
2,781	Swaps	6,737
<b>187,180</b>		<b>6,758</b>
<b>470,300</b>	<b>Property</b>	<b>454,600</b>
<b>155,482</b>	<b>Loans</b>	<b>224,371</b>
	<b>Short Term Cash Deposits</b>	
80,732	Sterling	101,810
-	Foreign Currency	-
<b>80,732</b>		<b>101,810</b>
	<b>Other Investment Balances</b>	
-	Amounts Due from Brokers	-
27,481	Outstanding Trades	3,445
28,947	Outstanding Dividend Entitlements and Recoverable Withholding Tax	31,504
74,079	Cash Deposits	61,093
<b>130,507</b>		<b>96,042</b>
<b>10,620,675</b>	<b>Total Investments</b>	<b>10,793,476</b>

### Note 13b Analysis of Derivatives

#### Forward Currency Contracts

The Fund's forward currency contracts are exchange traded and are used by a number of our external Investment Managers to hedge exposures to foreign currency back into sterling.

Settlement Date	Currency bought '000	Currency sold '000	Asset £000	Liability £000
Up to one month	GBP 10,941	EUR 12,764	21	-
Up to one month	GBP 323	HKD 3,188	-	-
Up to one month	USD 643	GBP 510	-	(1)
			21	(1)
<b>Net Forward Currency Contracts at 31 March 2024</b>				<b>20</b>
<b>Prior Year Comparative</b>				
Open Forward Currency Contracts at 31 March 2023			2	(5)
<b>Net Forward Currency Contracts at 31 March 2023</b>				<b>(3)</b>

#### Purchased/Written Options

Options are contracts between two parties that gives the purchaser the right, but not the obligation to either buy (call) or sell (put) at a price at a specific date. The purchaser immediately pays a non-returnable premium (price) to secure the option. To minimise the risk of loss of value through adverse equity price movements, during 2023/24, the Fund bought a number of equity option contracts that protect it from falls in value in its main investment markets.

There were no open purchased/written options as at 31 March 2024.

Underlying Option Contract	Expires	Put/Call	Notional Holding £000	Market Value 31 March 2023 £000
<b>Assets</b>				
Overseas equity purchased	Over three months	Put	458	42,543
Overseas equity purchased	Over three months	Call	443	141,854
<b>Total Assets</b>				<b>184,397</b>
<b>Liabilities</b>				
Overseas equity written	Over three months	Put	(477)	(29,556)
Overseas equity written	Over three months	Call	(399)	(206,226)
<b>Total Liabilities</b>				<b>(235,782)</b>
<b>Net Purchased/Written Options</b>				<b>(51,385)</b>

## Swaps

A swap is an over-the-counter contractual obligation to exchange cash flows, the amount of which is determined by reference to an underlying asset, index, instrument or notional amount, according to terms which are agreed at the outset of the swap. MPF uses swaps to raise or lower the Fund's exposure in certain regions, to manage risks.

Type	Expires	Notional Holding £000	Market Value 31/3/24 £000
<b>Assets</b>			
Total Return Swaps	Up to one year	3	6,737
<b>Total Assets</b>			<b>6,737</b>
<b>Liabilities</b>			
Total Return Swaps	Up to one year	-	-
<b>Total Liabilities</b>			<b>-</b>
<b>Net Swaps</b>			<b>6,737</b>

Type	Expires	Notional Holding £000	Market Value 31/3/23 £000
<b>Assets</b>			
Total Return Swaps	Up to one year	4	2,781
<b>Total Assets</b>			<b>2,781</b>
<b>Liabilities</b>			
Total Return Swaps	Up to one year	-	-
<b>Total Liabilities</b>			<b>-</b>
<b>Net Swaps</b>			<b>2,781</b>

As at 31 March 2024, the Fund held cash and non-cash collateral of £6.3 million to mitigate the risk of loss and credit risk. As the Fund has an obligation to return the collateral, it is excluded from the Fund valuation.

## Note 13c Property Holdings

The Fund's investment portfolio includes a number of directly owned properties that are leased commercially to various tenants. Details of these properties are as follows:

2022/23 £000	Property	2023/24 £000
568,275	Balance at the Start of the Year	470,300
5,464	Additions	7,760
(32,998)	Disposals	-
5,234	Net Gain/Loss on Fair Value	(6)
-	Transfers In/Out	-
(75,675)	Other Changes in Fair Value	(23,454)
<b>470,300</b>	<b>Balance at the End of the Year</b>	<b>454,600</b>

As at 31 March 2024 there were no restrictions on the realisability of investment property or of the remittance of income or proceeds of disposal and the Fund is not under any contractual obligations to purchase, construct or develop any of these properties.

### Property Operating Leases

The Fund's property portfolio comprises a variety of units which are leased to organisations with the objective of generating appropriate investment returns.

These leases are all categorised as operating leases due to the relatively short length of the agreements i.e. relative to the overall life of the asset and proportion of the assets' overall value. The leases do not meet the assessment criteria for finance leases, and the risks and rewards of ownership of the leased assets are retained by the Fund and reflected in the Net Assets Statement.

The properties comprise a mix of office, retail and industrial buildings. These leases vary in length from short-term to over 25 years.

The future minimum lease payments receivable under non-cancellable leases in future years are:

<b>2022/23 £000</b>	<b>Age Profile of Lease Income</b>	<b>2023/24 £000</b>
3,496	No later than one year	883
24,435	Between one and five years	17,436
152,128	Later than five years	141,645
<b>180,059</b>	<b>Total</b>	<b>159,964</b>

With regards to the properties owned and leased by the Fund, all are leased to the tenants under contracts that have been assessed as operating leases and which may include periodic rent reviews etc. The minimum lease payments receivable do not include rents that are contingent on events taking place after the lease entered into, such as adjustments following rent reviews.



## Note 13d Summary of Manager's Portfolio Values at 31 March 2024

2022/23 £million	%		2023/24 £million	%
<b>Externally Managed</b>				
341	3.3	JP Morgan (European equities)	380	3.5
415	4.0	Nomura (Japan)	494	4.6
281	2.7	Schroders (fixed income)	294	2.7
492	4.7	Legal & General (fixed income)	542	5.0
135	1.3	Unigestion (European equities)	56	0.5
232	2.2	M&G (global emerging markets)	257	2.4
318	3.1	TT International (UK equities)	269	2.5
336	3.2	Blackrock (UK equities)	335	3.1
216	2.1	Newton (UK equities)	119	1.1
224	2.2	Amundi (global emerging markets)	237	2.2
198	1.9	Maple-Brown Abbot (Pacific Rim equities)	196	1.8
1,331	12.7	State Street Global Advisor (Passive Manager)	1,495	14.0
454	4.4	State Street Global Advisor (Bonds Manager)	490	4.5
-	-	Open Door China A Share Fund Ltd	8	0.1
<b>4,973</b>	<b>47.8</b>	<b>Total Externally Managed</b>	<b>5,172</b>	<b>48.0</b>
<b>Internally Managed</b>				
585	5.6	UK equities	587	5.4
357	3.4	European equities	397	3.7
174	1.7	Asia pacific ex Japan	175	1.6
470	4.5	Property (direct)	455	4.2
674	6.5	Property (indirect)	736	6.8
996	9.6	Private equity	987	9.2
338	3.3	Hedge funds	362	3.4
890	8.6	Infrastructure	951	8.8
528	5.1	Private Credit	522	4.8
265	2.6	Global Equities Internal Factor	317	2.9
131	1.3	Short term deposits & other investments	127	1.2
<b>5,408</b>	<b>52.2</b>	<b>Total Internally Managed</b>	<b>5,616</b>	<b>52.0</b>
<b>10,381</b>	<b>100.0</b>	<b>Total</b>	<b>10,788</b>	<b>100.0</b>

The following holdings each represent more than 5% of the net assets of the Fund:

2022/23 £million	%		2023/24 £million	%
791	7.6	State Street Pooled UK Index Linked Gilts	941	8.7
<b>791</b>		<b>Total</b>	<b>941</b>	

**Note 13e Stock Lending**

As at 31 March 2024, £92.8 million of stock was on loan to market makers, which was covered by cash and non-cash collateral, totaling £99.8 million. Collateral is marked to market and adjusted daily. Income from Stock Lending amounted to £570,864 and is included within "Other" Investment Income. As the Fund retains its economic interest in stock on loan, their value remains within the Fund valuation. As the Fund has an obligation to return collateral to the borrowers, collateral is excluded from the Fund valuation. The Fund used its Custodian as agent lender, lending only to an agreed list of approved borrowers. An indemnity is in place which gives the Fund further protection against losses.

**Note 14 Investment Liabilities**

<b>2022/23 £000</b>	<b>Investment Liabilities</b>	<b>2023/24 £000</b>
235,787	Derivative Contracts	1
3,397	Amounts due to Stockbrokers	5,824
<b>239,184</b>	<b>Total</b>	<b>5,825</b>

**Note 15 Fair Value – Basis of Valuation**

The basis of the valuation of each class of investment asset is set out below.

There has been no change in the valuation techniques used during the year.

All assets have been valued using fair value techniques which represent the highest and best price available at the reporting date.

<b>Description of asset</b>	<b>Basis of valuation</b>	<b>Observable and unobservable inputs</b>	<b>Key sensitivities affecting the valuations provided</b>
<b>Level 1</b>			
Quoted Equities and Pooled Investment Vehicles	Published bid market price ruling on the final day of the accounting period	Not required	Not required
Quoted Fixed Income Bonds and Unit Trusts	Published bid market price ruling on the final day of the accounting period	Not required	Not required
Derivatives – Futures and Options	Published exchange prices at the year-end	Not required	Not required
Cash and Cash Equivalents	Carrying Value is deemed to be fair value because of the short-term nature of these financial instruments	Not required	Not required

**Note 15 Fair Value – Basis of Valuation (continued)**

<b>Description of asset</b>	<b>Basis of valuation</b>	<b>Observable and unobservable inputs</b>	<b>Key sensitivities affecting the valuations provided</b>
<b>Level 2</b>			
Unquoted Equities Investments	Average of broker prices	Evaluated price feeds	Not required
Unquoted Fixed Income Bonds and Unit Trusts	Average of broker prices	Evaluated price feeds	Not required
Unquoted Pooled Fund Investments	Average of broker prices	Evaluated price feeds	Not required
Derivatives - Forward Currency Contracts	Market forward exchange rates at the year end	Exchange rate risk	Not required
Derivatives - OTC Options and OTC Swaps	Option pricing models and Swaps pricing models	Interest rates, underlying equity prices, model assumptions, price risk	Not required
Pooled Property Funds and Hedge Funds where regular trading takes place	NAV - based pricing set on a forward pricing basis. Closing bid price where bid and offer prices are published - closing single price where single price is published	NAV - based pricing set on a forward pricing basis	Not required
<b>Level 3</b>			
Pooled Property Funds where regular trading does not takes place	NAV - based pricing set on a forward pricing basis. Valued by investment managers on a fair value basis each year using clear accounting guidance and industry best practice guidance	NAV - based pricing set on a forward pricing basis	Material events occurring between the date of the financial statements provided and MPF's own reporting date, changes to expected cashflows, differences between audited and unaudited accounts
Hedge Funds where regular trading does not takes place	NAV - based pricing set on a forward pricing basis. Valued by investment managers on a fair value basis each year using clear accounting guidance and industry best practice guidance	NAV - based pricing set on a forward pricing basis	Valuations are affected by any changes to the value of the financial instrument being hedged against
Direct Property	Valued at fair value at the year-end using independent external Valuers in accordance with the Royal Institution of Chartered Surveyors (RICS) Valuation - Global Standards (the "RICS Red Book")	Existing lease terms and rentals, independent market research, nature of tenancies, covenant strength of existing tenants, assumed vacancy levels, estimated rental growth, discount rate	Significant changes in rental growth, vacancy levels or the discount rate could affect valuations as could more general changes to market prices
Other Unquoted, including Infrastructure and Private Equities	Comparable valuation of similar companies in accordance with International Private Equity and Venture Capital Valuation Guidelines or equivalent	EBITDA multiple, revenue multiple, discount for lack of marketability, control premium	Material events occurring between the date of the financial statements provided and MPF's own reporting date, changes to expected cashflows, differences between audited and unaudited accounts

**Note 15 Fair Value – Basis of Valuation (continued)****Sensitivity of assets valued at level 3**

The table below sets out the assets classified as level 3 assets. The Fund has determined that the valuation methods described above are likely to be accurate to within the following ranges (as provided by the Fund's investment consultants) and has set out below the consequent potential impact on the closing value of investments held at 31 March 2024 and 31 March 2023. There are various factors that affect the complexity of valuation and the realisable value of assets and certain asset specific issues may lead to realisable valuations falling outside the stated range.

Level 3 Assets	Value at 31 March 2024	Potential variance	Value on increase	Value on decrease
	£000	%	£000	£000
Property	937,313	10.0	1,031,044	843,582
Unquoted UK equity	32,384	15.0	37,242	27,526
Unquoted overseas equity	86,390	15.0	99,349	73,432
Hedge funds	207,697	10.0	228,467	186,927
Infrastructure	921,367	15.0	1,059,572	783,162
Private equity	1,347,187	15.0	1,549,265	1,145,109
<b>Total</b>	<b>3,532,338</b>			

Level 3 Assets	Value at 31 March 2023	Potential variance	Value on increase	Value on decrease
	£000	%	£000	£000
Property	934,311	10.0	1,027,742	840,880
Unquoted UK equity	105,575	15.0	121,411	89,739
Unquoted overseas equity	15,827	15.0	18,201	13,453
Hedge funds	200,375	10.0	220,413	180,338
Infrastructure	865,323	15.0	995,121	735,525
Private equity	1,347,142	15.0	1,549,213	1,145,071
<b>Total</b>	<b>3,468,553</b>			

**Note 15a Fair Value Hierarchy**

Asset valuations have been classified into three levels, according to the quality and reliability of information used to determine fair values.

For the purposes of disclosing levels of fair value hierarchy, the Fund has adopted the classification guidelines recommended in "Practical Guidance on Investment Disclosures (PRAG/Investment Association 2016)".

**Level 1**

Assets at level 1 are those where the fair values are derived from unadjusted quoted prices in active markets for identical assets or liabilities. Products classified as level 1 comprise quoted equities, quoted fixed securities, quoted index-linked securities and unit trusts.

Listed investments are shown at bid prices. The bid value of the investment is based on the market quotation of the relevant stock exchange.

**Level 2**

Assets at level 2 are those where quoted market prices are not available, for example, where an instrument is traded in a market that is not considered to be active, or where valuation techniques are used to determine fair value and where these techniques use inputs that are based significantly on observable market data.

**Level 3**

Assets at level 3 are those where at least one input that could have a significant effect on the instrument's valuation is not based on observable market data.

Such investments would include unquoted equity investments and Hedge Fund of Funds, which are valued using various valuation techniques that require significant judgement in determining appropriate assumptions.

The values of the investment in Private Equity are based on valuations provided by the general partners to the Private Equity funds in which Merseyside Pension Fund has invested.

These valuations are prepared in accordance with the International Private Equity and Venture Capital Valuation Guidelines, which follow the valuation principles of IFRS. Valuations are usually undertaken annually at the end of December.

Cash flow adjustments are used to roll forward the valuations to 31 March 2024 as appropriate.

The values of the investment in Hedge Funds are based on the net asset value provided by the Fund Manager. Assurances over the valuation are gained from the independent audit of the value.

The following table provides an analysis of the financial assets of the pension fund grouped into Levels 1 to 3, based on the level at which the fair value is observable:

\*Loans, cash, other investment balances and amounts due to stockbrokers are valued at amortised cost rather than fair value, however, are included within the table for reconciliation purposes.

For presentational purposes only, the values at 31 March 2023 have been included in the total column only and the level 1 totals restated where they were previously shown.

Values at 31 March 2024	Level 1 £000	Level 2 £000	Level 3 £000	Total £000
<b>Investment assets</b>				
Equities	3,095,898		41,041	3,136,939
Bonds	476,802	400	10	477,212
Pooled Investment Vehicles	1,044,652	2,214,405	3,036,687	6,295,744
Derivative Contracts		6,758		6,758
Direct Property			454,600	454,600
Loans*				224,371
Short Term Cash Deposits*				101,810
Other Investment Balances*				96,042
<b>Total Investment Assets</b>	<b>4,617,352</b>	<b>2,221,563</b>	<b>3,532,338</b>	<b>10,793,476</b>
<b>Investment liabilities</b>				
Amounts due to stockbrokers*				(5,824)
Derivative Contracts		(1)		(1)
<b>Total Investment Liabilities</b>	<b>-</b>	<b>(1)</b>	<b>-</b>	<b>(5,825)</b>
<b>Total Net Investment Assets</b>	<b>4,617,352</b>	<b>2,221,562</b>	<b>3,532,338</b>	<b>10,787,651</b>

Values at 31 March 2023	Level 1 £000 Restated	Level 2 £000	Level 3 £000	Total £000
<b>Investment assets</b>				
Equities	3,119,873		52,654	3,172,527
Bonds	501,316	400		501,716
Pooled Investment Vehicles	974,002	2,002,630	2,945,599	5,922,231
Derivative Contracts		187,180		187,180
Direct Property			470,300	470,300
Loans*				155,482
Short Term Cash Deposits*				80,732
Other Investment Balances*				130,507
<b>Total Investment Assets</b>	<b>4,595,191</b>	<b>2,190,210</b>	<b>3,468,553</b>	<b>10,620,675</b>
<b>Investment liabilities</b>				
Amounts due to stockbrokers*				(3,397)
Derivative Contracts		(235,787)		(235,787)
<b>Total Investment Liabilities</b>	<b>-</b>	<b>(235,787)</b>	<b>-</b>	<b>(239,184)</b>
<b>Total Net Investment Assets</b>	<b>4,595,191</b>	<b>1,954,423</b>	<b>3,468,553</b>	<b>10,381,491</b>

A reconciliation of fair value measurements in Level 3 is set out below:

2022/23 £000		2023/24 £000
<b>3,451,493</b>	<b>Opening balance</b>	<b>3,468,553</b>
361,936	Acquisitions	417,036
(347,339)	Disposal proceeds	(238,175)
-	Transfer into/(out) Level 3	-
	Total gain/(losses) included in the fund account:	
79,909	– On assets sold	76,881
(77,446)	– On assets held at year end	(191,957)
<b>3,468,553</b>	<b>Closing balance</b>	<b>3,532,338</b>



## Note 16 Financial Instruments

### Note 16a Classification of Financial Instruments

Financial Assets & Liabilities at 31 March 2024	Assets at amortised cost £000	Liabilities at amortised cost £000	Fair value through profit and loss £000	Total £000
<b>Financial Assets</b>				
Equities			3,136,939	3,136,939
Bonds			477,212	477,212
Pooled Investment Vehicles			6,295,744	6,295,744
Derivatives			6,758	6,758
Loans	224,371			224,371
Cash Deposits	101,810			101,810
Other Investment Balances	96,042			96,042
Long Term and Current Assets	53,046			53,046
<b>Total Financial Assets</b>	<b>475,269</b>	<b>-</b>	<b>9,916,653</b>	<b>10,391,922</b>
<b>Financial Liabilities</b>				
Derivatives			(1)	(1)
Other Investment Balances		(5,824)		(5,824)
Current Liabilities		(19,682)		(19,682)
<b>Total Financial Liabilities</b>	<b>-</b>	<b>(25,506)</b>	<b>(1)</b>	<b>(25,507)</b>
<b>Total Net Assets</b>	<b>475,269</b>	<b>(25,506)</b>	<b>9,916,652</b>	<b>10,366,415</b>
<b>Financial Assets &amp; Liabilities at 31 March 2023</b>	<b>Assets at amortised cost £000</b>	<b>Liabilities at amortised cost £000</b>	<b>Fair value through profit and loss £000</b>	<b>Total £000</b>
<b>Financial Assets</b>				
Equities			3,172,527	3,172,527
Bonds			501,716	501,716
Pooled Investment Vehicles			5,922,231	5,922,231
Derivatives			187,180	187,180
Loans	155,482			155,482
Cash Deposits	80,732			80,732
Other Investment Balances	130,507			130,507
Long Term and Current Assets	48,499			48,499
<b>Total Financial Assets</b>	<b>415,220</b>	<b>-</b>	<b>9,783,654</b>	<b>10,198,874</b>
<b>Financial Liabilities</b>				
Derivatives			(235,787)	(235,787)
Other Investment Balances		(3,397)		(3,397)
Current Liabilities		(17,302)		(17,302)
<b>Total Financial Liabilities</b>	<b>-</b>	<b>(20,699)</b>	<b>(235,787)</b>	<b>(256,486)</b>
<b>Total Net Assets</b>	<b>415,220</b>	<b>(20,699)</b>	<b>9,547,867</b>	<b>9,942,388</b>

Accounting policies describe how different asset classes of financial instruments are measured, and how income and expenses, including fair value gains and losses, are recognised. The table above analyses the carrying amounts of financial assets and liabilities by category and net asset statement heading.

To allow reconciliation to the Net Asset Statement and for ease to the reader, all long-term and current assets and current liabilities have been included in this note, although not all are classified as financial instruments, the amounts that are not financial instruments are considered immaterial.

#### Note 16b Net Gains & Losses on Financial Instruments

2022/23 £000	Net Gains and Losses on Financial Instruments	2023/24 £000
	<b>Financial Assets</b>	
-	Fair Value through Profit and Loss	426,649
1,615	Amortised Cost - realised gains on derecognition of assets	-
<b>1,615</b>	<b>Total Financial Assets</b>	<b>426,649</b>
	<b>Financial Liabilities</b>	
(545,840)	Fair Value through Profit and Loss	(35,847)
	Amortised Cost - realised losses on derecognition of assets	(3,418)
<b>(545,840)</b>	<b>Total Financial Liabilities</b>	<b>(39,265)</b>
<b>(544,225)</b>	<b>Net gains and losses on Financial Instruments</b>	<b>387,384</b>

#### Note 16c Fair Value of Financial Instruments

There is no material difference between the carrying value and fair value of financial instruments. The majority of financial instruments are held at fair value and for those which are not, their amortised cost is considered to be equivalent to an approximation of fair value.

#### Note 17 Nature and Extent of Risks Arising from Financial Instruments

##### Risk and Risk Management

The Fund's objective is to achieve and maintain a funding level position of at least 100% whilst minimising the level and volatility of employer contributions. Investment strategy is decided with clear reference to this objective. Over the long-term, the Fund's objective is to set policies that will seek to ensure that investment returns achieved will at least match the assumptions underlying the actuarial valuation and therefore be appropriate to the liabilities of the Fund.

Having regard to its liability profile, the Fund has determined that adopting a bespoke benchmark should best enable it to implement an effective investment strategy. This strategic benchmark is reviewed every three years, at a minimum, at the time of the actuarial valuation, but will be reviewed as required particularly if there have been significant changes in the underlying liability profile or the investment environment.

The Fund has carefully considered the expected returns from the various permitted asset classes and has concluded that in the longer term, the return on equities will be greater than from other conventional assets. Consequently, the asset allocation has a bias towards equities and a skew towards active management, particularly in less developed markets.

The Fund is also cognisant of the risk that the shorter-term returns may vary significantly from one period to another and between the benchmark and actual returns. Diversification of assets is seen as key to managing this risk and the risk/return characteristics of each asset and their relative correlations are reflected in the make-up of the strategic benchmark.

The Fund believes that, over the long-term, a willingness to take on volatility and illiquidity is likely to be rewarded with outperformance. The Fund considers that its strong employer covenant, maturity profile and cash flows enable it to adopt a long-term investment perspective. A mix of short-term assets, such as fixed income and cash is maintained to cover short-term liabilities, while equities (both passive and active), private equity infrastructure and direct property are held to benefit from the potential rewards arising from volatility and illiquidity risks.

The Fund recognises that risk is inherent in investment activity and seeks to manage the level of risk that it takes in an appropriate manner. The Fund manages investment risks through the following measures:

- Broad diversification of types of investment and Investment Managers
- Explicit mandates governing the activity of Investment Managers
- The use of a specific benchmark, related to liabilities of the Fund for investment asset allocation
- The use of equity downside protection strategies
- The appointment of Independent Investment Advisors to the Investment Monitoring Working Party
- Comprehensive monitoring procedures for Investment Managers including internal officers and scrutiny by elected Members.

#### Note 17a Market Risk

The Fund is aware that its key risk is market risk i.e. the unpredictability of market performance in the future. The general practice to quantify these risks is to measure the volatility of historical performance. The tables below show the Fund's exposure to asset classes and their reasonable predicted variance (as provided by the Fund's investment consultants) and the resulting potential changes in net assets available to pay pensions.

Investment Consultant's volatility estimates are calculated using the Redington's Capital Market Assumptions (asset class return, volatility, and correlation assumptions). The assumptions represent the long-term capital market outlook (i.e. 10 years) based on data at 31 March 2024. The long-term assumptions are based on historical results, current market characteristics, professional judgement, and forward-looking expectations, with any long-term assumption, there is still a degree of uncertainty.

2023/24	Value at 31 March 2024 £million	Potential Variance %	Value on increase £million	Value on decrease £million
UK Equities (all equities including pooled vehicles)	2,166	18.9	2,575	1,756
US Equities	666	19.8	798	534
Canadian Equities	37	20.6	45	29
European Equities	1,033	21.8	1,258	807
Japanese Equities	504	23.3	621	386
Emerging Markets Equities inc Pac Rim	921	20.4	1,109	733
Global Equities (all equities including pooled vehicles)	92	17.1	108	76
UK Fixed Income Pooled Vehicles	901	6.9	963	839
UK Index Linked Gilts	477	8.6	518	436
Pooled Property	477	11.8	533	421
Private Equity	967	31.5	1,272	663
Hedge Funds	315	7.0	337	293
Infrastructure	921	22.5	1,129	714
Other Alternative Assets	432	8.8	471	394
Loans, Short Term Deposits & Other Investment Balances	457	-	457	457
<b>Total</b>	<b>10,366</b>			

2022/23	Value at 31 March 2023 £million	Potential Variance %	Value on increase £million	Value on decrease £million
UK Equities (all equities including pooled vehicles)	1,468	18.8	1,745	1,192
US Equities	571	15.6	660	482
Canadian Equities	43	20.8	51	34
European Equities	962	19.9	1,154	771
Japanese Equities	421	23.7	521	322
Emerging Markets Equities inc Pac Rim	889	20.6	1,073	706
Global Equities (all equities including pooled vehicles)	885	17.2	1,037	733
UK Fixed Income Pooled Vehicles	829	8.1	896	762
UK Index Linked Gilts	501	14.0	572	431
Pooled Property	459	11.9	514	404
Private Equity	958	31.3	1,257	658
Hedge Funds	296	7.6	318	273
Infrastructure	865	17.1	1,013	717
Other Alternative Assets	449	9.6	492	406
Loans, Short Term Deposits & Other Investment Balances	346	-	346	346
<b>Total</b>	<b>9,942</b>			

### Interest Rate Risk

The Fund invests in financial assets for the primary purpose of obtaining a return on investments. These investments are subject to interest rate risks, which represent that the fair value on future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Interest rate risk is considered in relation to liabilities as well as assets and therefore through the funding level. This is documented in reports to the IMWP and in the accounts through the Actuary's report. MPF's foreign currency exposure is principally through equities and other long-term assets. This risk is considered as being part of overall market risk and complicated by the effects of correlations and possible offset through diversification and consequently, has not been disaggregated or reported as a discrete figure.

### Currency Risk

Currency risk represents the risk that future cash flows will fluctuate because of changes in foreign exchange rates. The Fund is exposed to currency on any cash balances and investment assets not denominated in UK sterling.

### Note 17b Credit Risk

Credit risk represents that the counterparty to a financial transaction will fail to discharge an obligation and cause the Fund to incur a financial loss. The market values of investments generally reflect an assessment of credit in their pricing and consequently the risk of loss is implicitly provided for in the carrying value of the Fund's financial assets and liabilities.

The Fund's arrangements for derivatives, securities lending and impaired items are dealt with in other notes to the accounts.

The short-term cash deposits and other investment balances are diversified with investment grade financial institutions. The Fund has a treasury management policy that is compliant with current best practice.

The Fund's cash holding, under its treasury management arrangements as at 31 March 2024, was £101.8 million (31 March 2023 £80.7 million). This was held on instant access accounts with the following institutions:

**Note 17b (Continued)**

<b>31/3/23 £000</b>		<b>Rating (S &amp; P)</b>	<b>31/3/24 £000</b>
32,014	Lloyds Bank	Long A+ Short A-1	35,140
28,718	Northern Trust	AAAm	36,670
20,000	Federated	AAAm	30,000
<b>80,732</b>	<b>Total</b>		<b>101,810</b>

Cash held by Investment Managers, shown in other investment balances, is excluded from the above table, this cash is held for reinvestment in the asset class they are mandated to manage.

**Note 17c Liquidity Risk**

Liquidity risk represents the risk that the Fund will not be able to meet its financial obligations as they fall due. The Fund's key priority is to pay pensions in the long-term and in the short-term and the asset allocation is the key strategy in ensuring this. The earlier sections have dealt with the longer-term risks associated with market volatility.

The Fund always ensures it has adequate cash resources to meet its commitments. The Fund has a cash balance at 31 March 2024 of £102 million. The Fund has £6,845 million in assets which could be realised in under 7 days' notice, £771 million in assets which could be realised in under 90 days' notice and £2,750 million in assets which could not be realised within a 90-day period.

The Fund has no borrowing or borrowing facilities.

The management of the Fund also prepares periodic cash flow forecasts to understand and manage the timing of the Fund's cash flows. The Fund has a net withdrawal for 2023/24 in its dealing with members of £179 million and management expenses of £38 million, this net withdrawal overall, is offset by investment income of £268 million.

**Refinancing Risk**

Refinancing risk represents the risk that the Fund will need to replenish a significant proportion of its financial instruments at a time of unfavourable interest rates. The Fund does not have any financial instruments that have a refinancing risk as part of its investment strategy.

**Note 17d Outlook for Real Investment Returns**

The expectation of future real investment returns can affect the Fund's liabilities as they may impact on the discount rate used by the actuary to discount the liabilities; the Fund's actuary has calculated that the Fund has sensitivity to this discount rate of 17% per 1% change in real investment returns. The Fund considers both the liabilities and assets together and assesses the funding ratio and the implications for investment strategy on a quarterly basis at the IMWP.

**Note 18 Funding Arrangements**

In line with The Local Government Pension Scheme Regulations 2013, the Fund's actuary undertakes a funding valuation every three years for the purpose of setting employer contribution rates for the forthcoming triennial period. The last such valuation took place at 31 March 2022. The next valuation will take place as at 31 March 2025.

The most recent Triennial Valuation by the actuary was at 31 March 2022, when the funding level was 106% of projected actuarial liabilities (2019 101%). The funding objective is to achieve and then maintain assets equal to the funding target. The funding target is the present value of 100% of projected accrued liabilities, including allowance for projected final pay. The FSS sets out the process for determining the recovery in respect of each employer. At the 2022 valuation, the average recovery period adopted for employers in deficit is 11 years, and for the employers in surplus is 14 years.

The funding method adopted is the projected unit method, which implicitly allows for new entrants replacing leavers.

The key elements of the funding policy are to:

- Manage employers' liabilities effectively and ensure that sufficient resources are available to meet all liabilities as they fall due
- Enable employer contribution rates to be kept at a reasonable and affordable cost to the taxpayers, scheduled, designating and admitted bodies, while achieving and maintaining Fund solvency and long-term cost efficiency, which should be assessed in light of the profile of the Fund now and in the future due to sector changes
- Maximise the returns from investments within reasonable risk parameters taking into account the above aims.

**Note 18 (Continued)****Summary of key whole Fund assumptions used for calculating funding target**

<b>Long Term Yields</b>	<b>31 March 2022</b>
Market implied RPI inflation	3.90% p.a.
<b>Solvency Funding Target Financial Assumptions</b>	
<b>Investment Return/Discount Rate:</b>	
Higher Risk Investment Bucket	4.60% p.a.
Medium Risk Investment Bucket	4.35% p.a.
Lower Risk Investment Bucket	2.70% p.a.
<b>CPI Price Inflation:</b>	
Higher Risk Investment Bucket	3.10% p.a.
Medium Risk Investment Bucket	3.10% p.a.
Lower Risk Investment Bucket	3.60% p.a.
<b>Short Term Salary Increases</b>	Varies by employer
<b>Long Term Salary Increases:</b>	
Higher Risk Investment Bucket	4.60% p.a.
Medium Risk Investment Bucket	4.60% p.a.
Lower Risk Investment Bucket	5.10% p.a.
<b>Pension Increases in Payment:</b>	
Higher Risk Investment Bucket	3.10% p.a.
Medium Risk Investment Bucket	3.10% p.a.
Lower Risk Investment Bucket	3.60% p.a.
<b>Future Service Accrual Financial Assumptions (Higher Risk Bucket)</b>	
<b>Investment Return/Discount Rate</b>	5.1% p.a.
<b>CPI Price Inflation</b>	3.10% p.a.
<b>Short Term Salary Increases</b>	Varies by employer
<b>Long Term Salary Increases</b>	4.60% p.a.
<b>Pension Increases/Indexation of CARE Benefits</b>	Assumed to be in line with CPI assumptions above
<b>McCloud</b>	Reasonable estimate in line with national guidance

For further and full details please refer to the Fund's website:

[Merseyside Pension Fund Website](#)

**Note 19 Long Term Assets**

Assets due in more than one year include future payments of pension strain and accrued loan interest.

<b>2022/23</b>	<b>Long Term Assets</b>	<b>2023/24</b>
<b>£000</b>		<b>£000</b>
3,423	Assets due in more than one year	3,024
<b>3,423</b>	<b>Total</b>	<b>3,024</b>



### Note 20 Current Assets & Liabilities

“Sundry debtors” mainly covers general debtors, property arrears due, agents’ balances and recoverable taxation.

“Provision for Credit Losses” relates to loan interest following a review of all individual debts as at 31 March 2024.

The main components of “Sundry Creditors” are the outstanding charges for Investment Management fees, payable quarterly in arrears, Custodian and Actuarial fees, plus income tax due, pre-paid rent and Administering Authority re-imbursement.

2022/23 £000	Current Assets & Liabilities	2023/24 £000
<b>Assets</b>		
22,779	Contributions due	17,956
5,675	Accrued and outstanding investment income	11,018
16,839	Sundry Debtors	22,317
(217)	Provision for credit losses	(1,537)
-	Cash at bank	268
<b>45,076</b>	<b>Current Assets</b>	<b>50,022</b>
<b>Liabilities</b>		
995	Amounts due to external managers	-
3,116	Retirement grants due	3,752
13,191	Sundry Creditors	15,930
<b>17,302</b>	<b>Current Liabilities</b>	<b>19,682</b>
<b>27,774</b>	<b>Net Current Assets</b>	<b>30,340</b>

### Note 21 Contractual Commitments and Contingent Liabilities

Commitments for investments amounted to £1,081 million at 31 March 2024. (2022/23 £1,201 million). These commitments relate to Private Equity £442.70 million, Infrastructure £173.43 million, Private Credit £207.35 million, Indirect Property £255.36 million and Other Alternatives £2.31 million. As some of these funds are denominated in foreign currencies, the commitment in sterling is subject to change due to currency fluctuations. There are no contingent liabilities.

### Note 22 Contingent Assets

When determining the appropriate Fund policy for employers, the different participating characteristics as either a contractor or community body or whether a guarantor of sufficient financial standing agrees to support the pension obligations is taken into consideration when setting the fiduciary strategy.

It is the policy to actively seek mechanisms to strengthen employer covenants by engaging “contingent assets” in the form of bonds/indemnity insurance, local authority guarantors, parent company guarantors or charge on assets to mitigate the risk of employers exiting the Fund, leaving unrecoverable debt.

These financial undertakings are drawn in favour of Wirral Council, as the Administering Authority of Merseyside Pension Fund and payment will only be triggered in the event of employer default.

### Note 23 Related Party Transactions

There are three groups of related parties: transactions between Wirral Council (as Administering Authority) and the Fund, between employers within the Fund and the Fund, and between Members and Senior Officers and the Fund.

Management expenses include charges by Wirral Council in providing services in its role as Administering Authority to the Fund, which amount to £4.6 million. (2022/23 £4.9 million). Such charges principally relate to staffing required to maintain the pension service. Central, Finance and IT costs are apportioned to the Fund on the basis of time spent on Fund work by Wirral Council. There was a debtor of £4.3 million (2022/23 £4.2 million) and a creditor of £1.2 million as at 31 March 2024 (2022/23 £1.1 million).

Employers are related parties in so far as they pay contributions to the Fund in accordance with the appropriate Local Government Pension Scheme Regulations (LGPS). Contributions for the year are shown in note 7 and in respect of March 2024 payroll are included within the debtors figure in note 20.

A specific declaration has been received from Pension Committee Members and principal officers regarding membership of, and transactions with, such persons or their related parties. A number of Members act as Councillors or Board members of particular Scheme employers, listed below, who maintain a conventional employer relationship with the Fund:

Liverpool City Council, Knowsley Council, Sefton Council and St Helens Borough Council, Wirral Council and Merseyside Fire and Rescue Authority. The value of the transactions with each of these related parties, namely the routine monthly payments to the Fund of employers' and employees' contributions, is determined by the LGPS Regulations, and as such, no related party transactions have been declared. Each member of the Pension Committee and Pension Board Members formally considers conflicts of interest at each meeting.

#### Note 23a Key Management Personnel

The Fund's senior management during 2023/24 was comprised of seven individuals: the Director of Pensions, Head of Pensions (x3), Senior Portfolio Managers (x2) and the Senior Manager Operations & Information Governance, the remuneration paid to the senior management during 2023/24 was £534,463 (2022/23 £511,376). In addition, employer contributions of £99,570 (2022/23 £86,696) were also met from the Fund and charged to the Fund Account.

#### Note 23b Officer Board Roles

A number of officers at MPF act in an un-remunerated board capacity on investment bodies in which the Fund has an interest:

Officer Name	Position at MPF	Company	MPF Value as at 31/3/24
Peter Wallach	Director of Pensions	GLIL <sup>1</sup>	£409.9m
		Northern Pool GP (NO.1) Ltd <sup>2</sup>	£319.5m
		Tellsons Investors LLP <sup>3</sup>	£41.3m.
Adil Manzoor	Head of Pensions - Private Markets	Virtus (Kothar Group) <sup>4</sup>	£11.8m
Owen Thorne	Portfolio Manager	Technology Enhanced Operations Ltd (TEO) <sup>5</sup>	£nil

<sup>1</sup>MPF committed an additional £37.5m to GLIL during 2023/24, the remaining commitment as at 31 March 2024 is £66.0m.

<sup>2</sup>There were no new commitments to NPEP during 2023/24, the remaining commitment as at 31 March 2024 is £328.3m

<sup>3</sup>There were no new commitments to Tellsons during 2023/24, there is no remaining commitment as at 31 March 2024.

<sup>4</sup>There were no new commitments to Virtus during 2023/24, there is no remaining commitment as at 31 March 2024.

<sup>5</sup>There were no new commitments to TEO during 2023/24, there is no remaining commitment as at 31 March 2024.

#### Note 24 Additional Voluntary Contribution Investments

2022/23 £000	Additional Voluntary Contribution (AVC) Investments	2023/24 £000
<b>The aggregate amount of AVC investments is as follows:</b>		
1,590	Utmost Life	1,622
5,108	Standard Life	5,131
12,352	Prudential	14,147
<b>19,050</b>		<b>20,900</b>
<b>Changes during the year were as follows:</b>		
2,779	Contributions	4,005
2,105	Repayments	3,301
(154)	Change in market values	1,146

A man with a beard and glasses is shown in profile, looking at a computer monitor. The monitor displays a financial chart with a line graph and a bar chart. The entire image has a teal overlay.

Section 6

# Investments & Funding

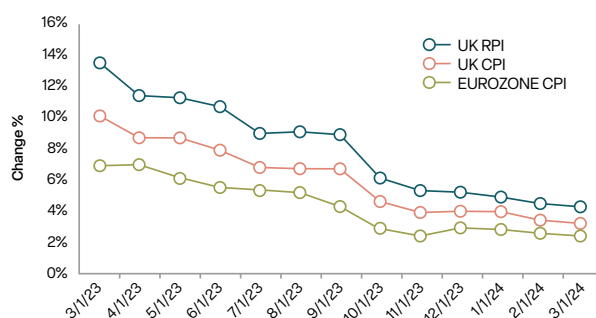
# Investments & Funding

Year ended: 31 March 2024

## 2024 Fiscal Year Global Investment Review

The year began with the Federal Reserve signalling that interest rates would remain elevated to combat inflation – a stance described as ‘higher for longer.’ This fuelled a muted start to the fiscal year for US equities especially, which registered their first monthly decline in six months in April 2023. Equity markets in Japan, the Asia Pacific region, and Emerging Markets experienced declines due to the anticipated impact of persistent US inflation and a robust U.S. job market on interest rates. Elsewhere, the UK and Europe both began FY2024 (fiscal year 2024) on a more positive note with optimism that inflation was continuing to abate – something market participants had been desperate for, given the crushing rates of inflation experienced by the average UK and European consumer over recent history.

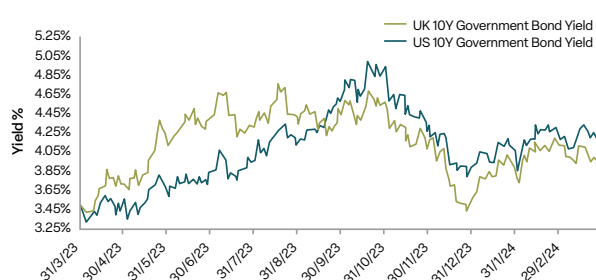
**Figure 1 – UK CPI, Eurozone CPI, and UK RPI YoY % Change Trend**



Source: Bloomberg

In the first half of fiscal year 2024, both the US and UK 10-year bond yields surged as hopes of rate cuts faded, inflation still far from target, and robust economic activity left limited room for the Fed and Bank of England to consider reducing interest rates. The UK 10-year yield eventually reached 4.75%, while the US 10-year yield peaked at 4.99%. Gradually, the central banks' tone shifted to a more 'dovish' stance, enticing bond buyers back into the market. Higher demand pushed up bond prices, resulting in yields of 3.8% and 3.4% for the US and UK, respectively. However, as the 2023 calendar year concluded without an interest rate cut in sight, bonds began to sell off again, albeit in a more controlled and gradual manner.

**Figure 2 – UK and US 10-Year Bond Yields FY2024**



Source: Bloomberg

FY2024 finally saw a long overdue renaissance in Japanese equities fuelled by corporate reforms, improved market momentum, and attractive valuations. Berkshire Hathaway made substantial investments in Japan which prompted other investors to follow suit and propelled Japanese equities to new market highs with the Nikkei 225 index returning 47% over the course of the year in local currency terms.

The fiscal year marked the rise of generative AI, notably OpenAI's ChatGPT 3.5 model, boosting NVIDIA's fortunes as investors sought to invest in this growing sector. As a leading provider of chips and software powering AI models, NVIDIA benefited significantly from this tech revolution. It secured multi-billion-dollar orders for its H100 Tensor Core hardware from tech giants like Alphabet, Meta, Microsoft, and Amazon.

Over the year, a select group of seven large-cap stocks, colloquially known as the 'Magnificent 7', namely Alphabet, Amazon, Apple, Meta, Microsoft, NVIDIA, and Tesla became the primary drivers of both performance and volatility of the S&P500 index. Occupying around 34% of the total market capitalisation of the index, these seven companies represent a level of index concentration not seen since the mid-1930s, according to historical market analyses.

**Table 1 – Performance of the 'Magnificent 7' FY2024**

Stock	1Y Performance to 31st of March 2024
Alphabet (Google)	+45.50%
Amazon	+74.63%
Apple	+4.54%
Meta	+129.36%
Microsoft	+47.12%
NVIDIA	+225.40%
Tesla	-15.27%

Europe had a strong year with several large cap companies driving solid performance in the region. Novo Nordisk, a European market leader in the treatment of diabetes saw significant success this year due to the widespread adoption of their drug Semaglutide, also known as Ozempic/Wegovy. Researched since the late 1990s, this drug recently gained popularity as an effective weight loss solution with the drug's effectiveness sparking a surge in the Novo Nordisk share price with investors anticipating strong future growth.

The latter half of FY2024 saw a notable rise in the gold spot price, fuelled by institutional investors and central banks buying heavily to hedge against inflation and geopolitical risks. The Ukraine-Russia conflict underscored the US Dollar's dominance and its potential use as a political tool via sanctions. This raised concerns for the Chinese Communist Party (CCP), which is striving to lessen its dependence on the US Dollar as the main global reserve currency.

The Chinese central bank's accumulation of significant gold reserves is viewed as a crucial move to counter this financial system vulnerability. Silver also saw strong growth due to its key role in the energy transition, which is attracting more investment. Its use in vehicle electrification, solar cell production, power grid upgrades, and AI advancements has led to a supply deficit and a positive future price outlook.

**Figure 3 - Performance of the Spot Price of Gold and Silver (rebased to 100 for comparison)**



Source: Bloomberg

Cryptocurrencies also saw a resurgence in capital flows during FY2024 after an extended period of depressed valuations. Bitcoin rose from approximately \$28,400 at the beginning of the year to around \$70,900 by the end of the year, with a peak value of about \$73,000 in mid-March 2024. Bitcoin is seen by many as a viable alternative store of wealth in high inflation times comparable to traditional physical assets, such as gold and silver.

In conclusion, as we move forward to FY2025, the landscape of investment is set to be both challenging and opportunistic. Issues such as the timing of potential interest rate cuts (or lack thereof) will require careful navigation, strategic planning, and an eye for emerging trends. Whether it is the evolving geopolitical climate, technological advancements, or the ongoing effects of the global pandemic, these factors will undeniably shape investment decisions. However, amidst these complexities, opportunities for growth and prosperity are abundant.

### Merseyside Pension Fund - Investment Performance

Table 2 below shows the net of fee performance of the Merseyside Pension Fund over 1-, 3-, and 5-year time periods versus the Fund's composite benchmark return which is comprised of the weighted underlying portfolio benchmark returns.

**Table 2 - MPF Fund Net Performance**

	1 Year	3 Year (annualised)	5 Year (annualised)
MPF	5.80%	4.00%	4.89%
Benchmark	8.91%	3.27%	3.50%
Relative	-2.86%	0.70%	1.34%

Source: Northern Trust; returns are net of fees and expenses; GBP-adjusted

Table 3 details net performance by asset class and corresponding benchmark return.

**Table 3 - Net Performance by Asset Class**

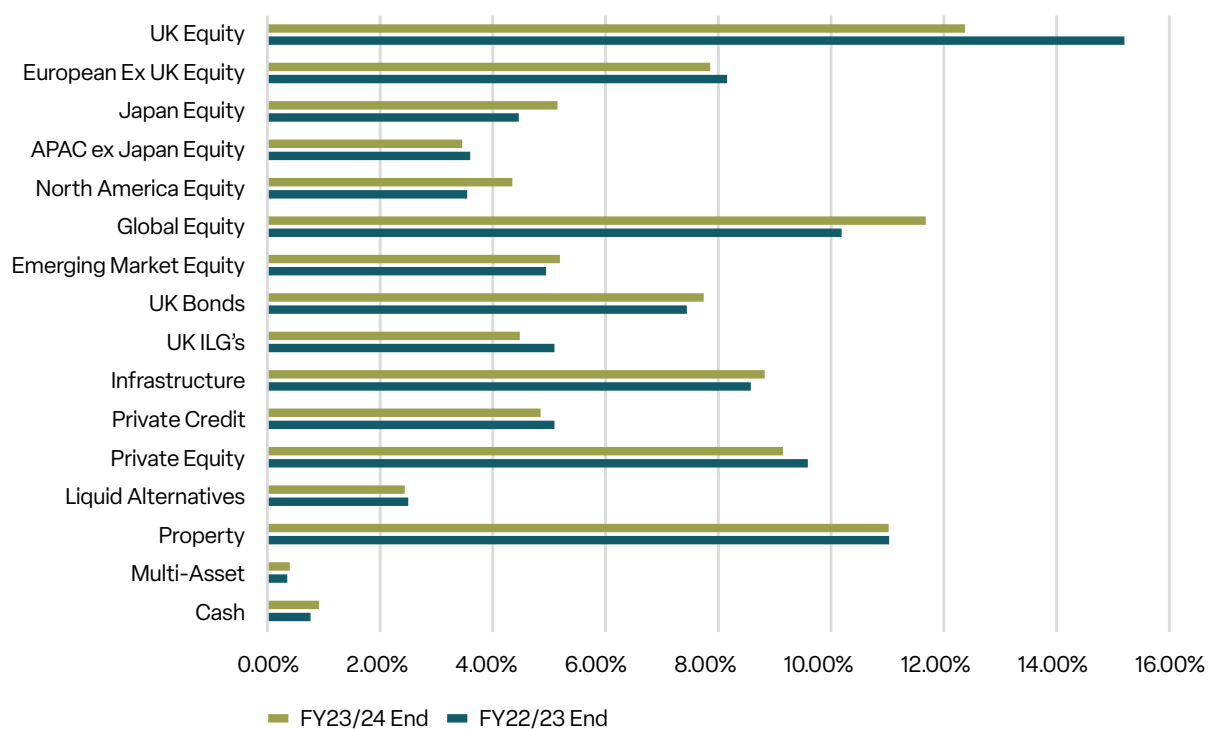
	Market Value (£'000) as at 31st March 2024	% of Total Fund as at 31st March 2024	1-Year Net Performance to 31st March 2024
<b>Merseyside Pension Fund</b>	<b>10,787.65</b>	<b>100.00%</b>	<b>5.80</b>
<b>Benchmark Return</b>			<b>8.91</b>
<b>Developed Market Equities</b>	<b>5,418.22</b>		
UK		12.4%	5.73
FTSE All Share index			8.43
Europe ex-UK		7.86%	12.25
FTSE World Europe ex-UK Index			13.78
Japan		5.15%	22.40
FTSE Japan/SMID Index			21.58
APAC ex-Japan		3.46%	1.14
MSCI Asia Pacific ex Japan / FTSE Dev Asia Pacific ex-Japan			2.39
North America		4.35%	27.74
FT:AWI - North America			26.80
Global		11.68%	19.13
FTSE Developed World Index/ FTSE All World			21.42
<b>Emerging Market Equities</b>			
Emerging Markets		5.20%	7.21
MSCI Emerging Markets Free			6.29
Emerging Markets Equity Portfolio 4		0.08%	--
MSCI China A Onshore Net			--
<b>Fixed Interest</b>	<b>1,378.52</b>		
UK bonds		7.75%	-0.26
UK bonds composite			-0.79
Index-linked Gilts		4.49%	-5.01
FTSE Actuaries UK ILG BM			-4.98
<b>Alternatives</b>	<b>2,957.58</b>		
Infrastructure Portfolio		8.83%	0.05
CPI + 5%			8.33
Private Credit Portfolio		4.84%	10.04
SONIA +5%			10.16
Private Equity Portfolio		9.15%	-0.61
FTSE Global Small Cap			16.43
Liquid Alternatives Portfolio		2.45%	3.30
HFRX Global Hedge Fund			3.46
<b>Property</b>	<b>931.52</b>	<b>11.03%</b>	<b>-4.84</b>
Direct property		4.21	-0.79
Indirect property		6.82	-7.53
MSCI Quarterly Property Index			-0.70
<b>Cash</b>	<b>101.81</b>		
Cash Portfolio		0.91%	4.62
SONIA 7 Day			4.93

Source: Northern Trust



Figure 4 details the change in the weight of each asset class in the Fund on 31st March 2024 compared to 31st March 2023:

**Figure 4 - Year on Year Asset Allocation Change**



Source: Northern Trust

Table 4 compares the actual asset allocation by market value weight versus the strategic asset allocation of the Merseyside Pension Fund that was in place as at 31st March 2024.

**Table 4 - Strategic Asset Allocation versus Actual Asset Allocation**

<b>Asset Class</b>	<b>Strategic Benchmark %</b>	<b>Detail %</b>	<b>Actual Weight % as at 31/03/24</b>	<b>Difference %</b>	<b>Control Range</b>
<b>Equities</b>	<b>43.0</b>		<b>50.11</b>		<b>33.0 - 58.0</b>
<b>UK Equities</b>		<b>15.2</b>	<b>12.4</b>	<b>-2.8</b>	
<b>Overseas Equities</b>		<b>27.8</b>	<b>37.71</b>	<b>9.9</b>	
US		4.3			
European ex-UK		6.5			
Japan		3.2			
Asia Pacific		3.2			
Emerging Markets		4.9			
Global		5.7			
<b>Fixed Income</b>	<b>17.0</b>		<b>12.24</b>	<b>-4.8</b>	<b>13.0 - 23.0</b>
UK Gilts		4.0			
UK Indexed Linked Gilts		9.0			
Corporate Bonds		4.0			
<b>Property</b>	<b>11.0</b>		<b>11.03</b>	<b>0.0</b>	<b>8.0 - 14.0</b>
<b>Alternatives</b>	<b>28.0</b>		<b>25.65</b>	<b>-2.35</b>	<b>23.0 - 33.0</b>
Private Equity		6.0			
Hedge Funds		4.0			
Private Credit		7.0			
Infrastructure		11.0			
<b>Derivatives*</b>	<b>0</b>		<b>0.06</b>	<b>0.06</b>	<b>0.0</b>
<b>Cash</b>	<b>1.0</b>		<b>0.91</b>	<b>-0.09</b>	<b>0.0 - 6.0</b>
<b>Total</b>	<b>100.0</b>		<b>100.0</b>	<b>0.00</b>	

\*Derivatives are used for risk control purposes and the strategies are designed to protect the value of Merseyside Pension Fund's equity allocation from short-term severe market shocks

Table 5 details Merseyside Pension Fund's top 5 largest direct property holdings in the United Kingdom by market value as at 31st March 2024.

**Table 5 - Top 5 largest UK Direct Property Holdings as of 31st March 2024:**

Asset	Sector/Focus	Value (£m)	% of Direct Property Portfolio
Fort Halstead	Commercial (Other)	88	19.36%
2 Shepherds Spring Lane – Andover	Data Centre	39	8.58%
Mitre Bridge Industrial Estate – London	Industrial	34.6	7.61%
Lever Building – London	Offices	31.15	6.85%
Premier Park – Winsford	Industrial	27.75	6.10%
<b>Total</b>		<b>£220.50</b>	<b>48.51</b>

Source: CBRE

Table 6 below displays Merseyside Pension Fund's top 5 largest infrastructure holdings on a committed capital basis as at 31st March 2024. Committed capital is the amount an investor has agreed to commit to a particular fund / investment.

**Table 6 - Top 5 largest Infrastructure holdings on committed capital basis as of 31st March 2024:**

Asset	Sector/ Focus	Value (£m)	% of Infrastructure Portfolio
GLIL	Renewables, Transportation, Digital Infra	£487.50	39.51%
Iona Environmental Infrastructure LP	Biogas Power Plants	£60.00	4.86%
NextPower UK 1 GP Limited	Solar Power	£50.00	4.05%
MEF4 Monet Co-Invest SLP	Hydropower Plants	£46.41	3.76%
InfraBridge Global Infrastructure Fund I	Social Infra, Transportation	£39.14	3.17%
<b>Total</b>		<b>£683.05</b>	<b>55.36%</b>

Source: Northern Trust

Merseyside Pension Fund is a member of GLIL, an open-ended infrastructure investment vehicle established as a joint venture between the Northern LGPS and Local Pensions Partnership Investments. GLIL targets core infrastructure assets predominantly in the United Kingdom and has invested over £3 billion of capital across 15 assets including £1.16 billion invested in renewable assets such as solar and wind infrastructure. In 2024 GLIL raised £475 million, bringing its total commitments to £4.1 billion. MPF has committed £487.50m to GLIL including a co-investment in a rolling stock asset.

The Northern LGPS's collective Private Equity investment vehicle (NPEP) is continuing to deploy capital to Private Equity funds. The initial close of NPEP occurred upon its creation in July 2018 with £1.02bn of funding capacity. The funding capacity in March 2024 stands at £2.75bn.

Merseyside Pension Fund's net value of Private Equity assets currently stands at £987 million, of which 32% is deployed within NPEP. Merseyside Pension Fund's Private Equity portfolio has a total return of -0.61% over the past 12 months. The benchmark FTSE Global Small Cap has returned 16.43% in that period showing a relative excess return of -17.04% for the year. It is important to highlight that the three-year relative excess return for Private Equity is 10.03% when benchmarked against the FTSE Global Small Cap.

Global Private Equity performance fell short of historical averages. The asset class generated the lowest annual performance in the past 15 years, excluding 2022. However, given the long-term nature of Private Equity, the 1-year performance figures are not deemed overly significant.

The outlook for Private Equity suggests the market is entering a slower, more subdued phase in 2024 and beyond. Macroeconomic headwinds, rising financing costs, and uncertain global growth expectations are impacting fundraising, deal activity, and performance. Nevertheless, Merseyside Pension Fund's Private Equity portfolio is well diversified by vintage, geography, sector, and style, providing protection against non-systematic risks and ensuring it remains an attractive long-term asset class for the Fund.

Private market assets generally have costs that are met within the vehicle rather than through an explicit charge paid directly by Merseyside Pension Fund. These costs are not charged directly to the Fund Account but are included in the fair value adjustments applied to the assets concerned within the Fund Account with performance reported on a net basis. The Fund aims to be both transparent and value-led in its investment approach. Table 7 below shows costs during the current and previous financial year. The performance-related fees concern monies that have been paid out and do not include any accrued performance fee estimates.

**Table 7 - Private Market Fees**

Asset class	31st March 2023		31st March 2024	
	Management fee £'000	Performance fee £'000	Management fee £'000	Performance fee £'000
Private Equity	10,919	9,533	10,085	11,330
Infrastructure	3,787	5,522	5,384	325
Property	5,597	2,881	5,360	45
Private Credit	4,231	625	3,609	1,563
Hedge Funds	2,427	339	2,134	240
<b>Total</b>	<b>26,961</b>	<b>18,900</b>	<b>26,572</b>	<b>13,503</b>

As expected, total management fees for March 2024 remain consistent with those from March 2023. However, performance-related fees for private market assets have decreased by approximately 29% over the same period, with notable reductions in Property and Infrastructure. This decline is largely attributable to global interest rate hikes, rising inflation, and general economic uncertainty, all of which have impeded the sale of Property and Infrastructure assets. This slowdown directly impacts the performance-related fees paid by Merseyside Pension Fund. While fee fluctuations are common year to year, MPF has strategically shifted towards a more fee-efficient investment approach, emphasising co-investment mandates, direct infrastructure ownership, and a reduced reliance on fund-of-funds vehicles. Investment Management Fees and Expenses figures of £16.2m for March 2024 and £23.3m for March 2023 (Statement of Accounts, Note 11b) are included in the Management Fee figures above of £26.6m and £26.9m respectively.

## Pooling

### Background

The Northern LGPS Pool is a partnership between the Greater Manchester (GMPF), Merseyside (MPF) and West Yorkshire (WYPF) LGPS funds (the 'partner funds'). The combined assets of the funds stood at approximately £61.4bn as of 31 March 2024, which is invested on behalf of over 870,000 members and 1,250 contributing employers.

### History

The Northern LGPS Pool was formed in response to the Government's LGPS pooling agenda, which was first announced in 2015. The Government sought to increase the scale of LGPS investment mandates in order to reduce investment management costs and facilitate infrastructure investment to help drive growth in the UK economy.

Due to the existing scale of the three partner funds, the vast majority of the benefits of pooling for the funds are in respect of private market assets where there is greatest scope to generate further economies of scale and to combine resources to make increasingly direct investments.

Therefore, the initial focus of the Pool was on establishing vehicles which could make collective investments in private market assets, in particular infrastructure and private equity.

The partner funds are the major investors in the GLIL direct infrastructure vehicle and also established a collective private equity vehicle, known as 'NPEP', in 2018.

The Pool selected Northern Trust as its FCA regulated custodian to ensure all listed assets of the pool (i.e. internally and externally managed equities and bonds) are held within a single permanent FCA regulated entity. The custodian acts as 'primary record-keeper' for all assets of the partner funds and manages the calls and distributions in NPEP.

The Pool has also made a number of appointments of external managers across various asset classes including direct property and a range of property support services.

### Governance

The Northern LGPS Pool is a Local Government Joint Committee. It is not a standalone legal entity. A host authority (currently Tameside MBC as the Administering Authority for the Greater Manchester Pension Fund) provides the committee with administrative support.

The Administering Authorities for the three partner funds signed an inter-authority agreement to create the Joint Committee. The agreement sets out the terms of reference for the Northern LGPS Joint Committee, which is the decision-making body for the Pool. The Local Government Act 1972 section 102 enables administering authorities to create joint committees. The Northern LGPS has delegated authority from each Administering Authority to exercise specific functions for pooling pension fund assets.

The Joint Committee may delegate certain functions to the Northern LGPS Officer Working Group. The Directors of each partner fund sit on the Officer Working Group and provide technical advice to the Joint Committee on investment matters. The Group is a central resource for advice, assistance, and guidance for the Joint Committee.

The three Administering Authorities retain control of their individual funds' asset allocations and nominate members to sit on the Joint Committee.

#### **Northern LGPS Pool – 31 March 2024 position at a glance**

<b>Fund</b>	<b>Assets £bn</b>
GMPF	31.3
MPF	10.8
WYPF	19.3
<b>Total Assets</b>	<b>61.4</b>

**Table 8 - MPF's Asset Table (bid valuation basis)**

<b>£m Asset values as at 31 March 2024</b>	<b>Pooled</b>	<b>Under pool management</b>	<b>Not pooled</b>	<b>Total</b>
Equities (including convertible shares)		5,418.22		5,418.22
Bonds		1,378.52		1,378.52
Property		931.52		931.52
Hedge funds		314.92		314.92
Diversified Growth Funds (including multi-asset funds)				
Private equity	319.53	647.93		967.46
Private debt		656.86		656.86
Infrastructure	409.88	511.49		921.37
Derivatives		6.76		6.76
Cash and net current assets		101.81		101.81
Other		90.22		90.22
<b>Total</b>	<b>729.41</b>	<b>10,058.24</b>	<b>-</b>	<b>10,787.65</b>

Source: Northern Trust

Table 9 details Merseyside Pension Fund's investments in the United Kingdom. The values for UK Infrastructure, UK Private Equity, and UK Property loans include the value of undrawn commitments.

**Table 9 Supplementary Table – MPF's UK Investments (bid valuation basis)**

<b>£m Asset values as at 31 March 2024</b>	<b>Pooled</b>	<b>Under pool management</b>	<b>Not pooled</b>	<b>Total</b>
UK Listed Equities		2,164.78		2,164.78
UK Government Bonds		476.80		476.80
UK Infrastructure	475.91	257.41		733.32
UK Private Equity	647.79	163.02		810.81
UK Property Loans		365.33		365.33
<b>Total</b>	<b>1,123.70</b>	<b>3,427.34</b>	<b>-</b>	<b>4,551.04</b>

Source: Northern Trust



### Northern LGPS Pool Performance, Costs and Savings

Investment Pooling through the Northern LGPS Investment Pool continues to progress well and deliver efficiencies.

The Pool achieved a return of 7.5% over the year to 31 March 2024, with Pool assets standing at £61 billion, at the year end. 3-year returns are an impressive 19.7% with the Pool outperforming its benchmark by 0.9% over this period (equivalent to over £500 million).

The table below sets out the total costs and savings of the Northern LGPS Pool up to 31 March 2024:

	Up to 31 March 2018 £m	2018/19 £m	2019/20 £m	2020/21 £m	2021/22 £m	2022/23 £m	2023/24 £m	Total to 31 March 2024 £m
Annual running costs	0	0	0.1	0.16	0.01	0.01	0.01	0.29
Other service provider fees	0	0.13	0.78	1.17	1.21	1.30	1.33	5.92
Transition costs	0	0	0	0	0	0	0	0
Set up costs	0.22	0.18	0.09	0	0	0	0	0.49
<b>Total costs</b>	<b>0.22</b>	<b>0.31</b>	<b>0.97</b>	<b>1.33</b>	<b>1.22</b>	<b>1.31</b>	<b>1.34</b>	<b>6.70</b>
Investment management fee savings	7.63	12.21	22.24	31.63	41.79	62.90	44.25	222.64
Service provider savings	0	0	0.06	0.15	0.15	0.15	0.15	0.66
Total savings	7.63	12.21	22.31	31.77	41.93	63.05	44.40	223.30
<b>Total savings net of costs</b>	<b>7.41</b>	<b>11.90</b>	<b>21.33</b>	<b>30.45</b>	<b>40.71</b>	<b>61.74</b>	<b>43.05</b>	<b>216.59</b>
<b>Total costs (including set up, transition and running costs) as at 31 March 2024</b>								<b>£6.70m</b>
<b>Total savings, net of costs, as at 31 March 2024</b>								<b>£216.59m</b>

The 2023/2024 [Northern LGPS Annual Report](#) will be published in due course.

## Responsible Investment

“The Fund believes that taking Environmental, Social and Governance (ESG) factors into account is critical to not only fulfilling its fiduciary responsibilities to its scheme members, but in order to be able to take into account both the financial risks and opportunities arising from integrating responsible investment into the way in which the Fund takes decisions and manages its investments.” MPF Responsible Investment Policy 2024.

The Fund has had a particular focus on governance and strategy in relation to its approach to investing responsibly over the year. The Responsible Investment Working Party (RIWP) has been established to provide advice and support to the Pensions Committee in this area. This is in recognition of the need to increase governance resource relative to the increased prominence of Responsible Investment (RI) in the Fund's investment strategy and takes account of the rising level of interest in RI seen from a variety of the Fund's stakeholders. The RIWP draws on the membership of the Pensions Committee and is supported by Fund officers and the strategic adviser.

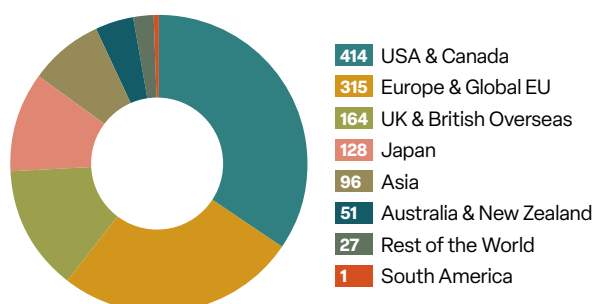
RIWP has met three times over the year and has produced a new Responsible Investment Policy and recommendations for setting interim climate targets on our pathway to net zero investments by 2050. Both were approved by the Pensions Committee on 30th July 2024.

The Fund's RI Policy sets out five foundational beliefs that shape our approach and covering: Climate Change, ESG Integration, Fiduciary Duty and Real-World Impact, Being a Good Steward of Assets, Transparency and Accountability. Three key RI themes are identified as being of particular importance to the Fund and its beneficiaries: Climate and Biodiversity, Human Rights and Corporate Governance.

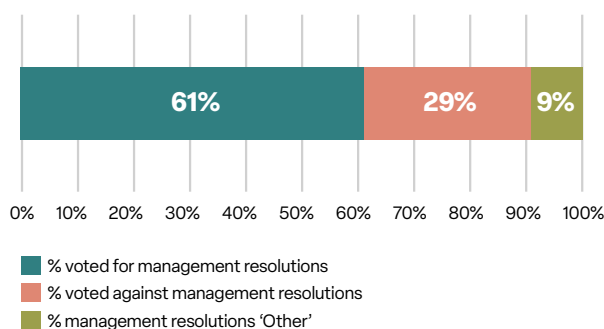
## Voting and Engagement

The Fund voted on all of its eligible holdings during the year and in line with advice from its Stewardship Adviser, PIRC. The Fund voted in favour of 10,766 (60%) resolutions, voted against 5,032 (28%) resolutions and abstained or withheld for the balance (9%). 3% of resolutions were non-voting items.

### Number of meetings voted by region



### Breakdown of votes for and against management resolutions



An “OTHER” vote refers to an abstain, withhold or do not vote instruction.

Under our pooling arrangement with Northern LGPS, PIRC also carry out engagement with companies in our portfolio, in line with MPF's key RI themes and the NLGPS stewardship policy. During the year, one such engagement with an MPF holding has seen particular success. MPF (advised by PIRC), together with a group of US institutional investors, co-filed a shareholder resolution at the 2023 AGM of Starbucks that called on the company to commission an independent assessment of its policies and practices in relation to trade union organising by its employees based upon our concern that the company's anti-union activities flatly contradicted its stated policy commitment to human rights.

The right to freedom of association, including the right to join a trade union and participate in collective bargaining, is considered to be a fundamental human right. The resolution achieved an historic 52% vote in favour; subsequently, the co-filing investors continued their engagement with the company as it carried out the assessment. In February 2024, Starbucks and the Workers United trade union announced the beginning of discussions for a foundational framework designed to “achieve collective bargaining agreements, including a fair process for organising...”

## Collaborative engagement

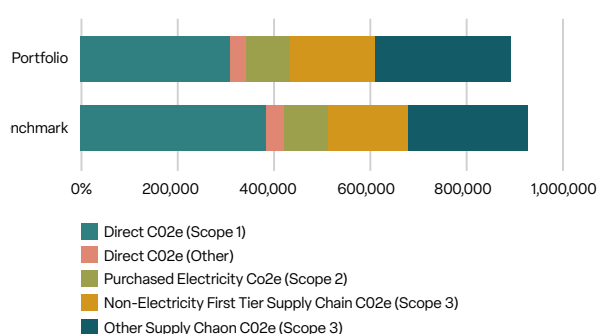
The Fund continues to be an active member of the Local Authority Pension Fund Forum (LAPFF) and supporter of its active engagement work across key RI themes, including its important contributions to Climate Action 100+ and Nature Action 100 (the two leading global investor collaborative engagement programmes addressing climate and biodiversity). The Fund has particularly supported LAPFF's increased focus on human rights engagement, including its partnership with the Investor Alliance on Human Rights. Regular reporting on LAPFF's engagement activities can be found through the Fund's website: <https://mpfmembers.org.uk/content/responsible-investment>

The Fund is a member of the UK Asset Owner Roundtable group (now the Asset Owner Council) and contributed to academic research published in November 2023 that provided evidence for the kind and degrees of misalignment in stewardship between leading UK asset owners and their asset managers. The Fund considers the findings of this research to be invaluable in devising practical next steps that aim to narrow the gap by communicating clear expectations to the asset management industry.

## Climate

The Fund obtains annually carbon footprint and climate risk analysis from S&P Global (calculated as of 31st December 2023). S&P Global's methodology is in line with the recommendations of the Partnership for Carbon Accounting Financials (PCAF).

### Total Apportioned Carbon by Scope

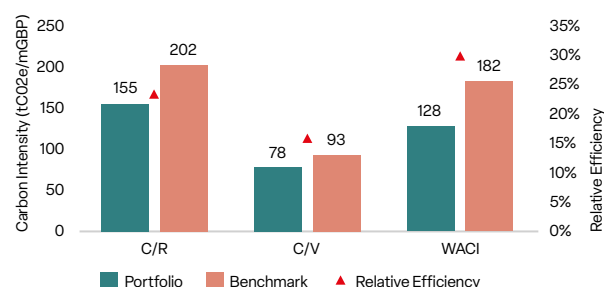


The Fund's portfolio has a lower carbon footprint than its benchmark index on an apportioned emissions basis. The majority of emissions are classed as Scope 3 (generally referring to emissions outside of an entity's direct control, such as a company's upstream emissions from its supply chain or downstream emissions from the use of its product).

The chart below shows the Fund's carbon performance on an intensity basis over Scope 1 & 2 emissions, using the three main methodologies:

- carbon-to-revenue (C/R) - dividing the apportioned CO2e by the apportioned annual revenues,
- carbon-to-value (C/V) - dividing the apportioned CO2e by the amount invested,
- weighted-average carbon intensity (WACI) - summing the product of each holding's weight in the portfolio with the company level C/R intensity (no apportioning).

### Carbon Intensity by Method



The Fund's portfolio is more carbon efficient relative to its benchmark and its lower WACI indicates that the portfolio overall has a lower exposure to carbon intensive companies. This can be attributed to both sector allocation and stock selection as shown:

	CR Intensity		Attribution Effect		
	Portfolio	Bench.	Sector	Investee	Total
Communication Services	34	41	0.64%	0.14%	0.78%
Consumer Discretionary	49	47	2.67%	-0.20%	2.47%
Consumer Staples	83	67	-0.66%	-0.78%	-1.44%
Energy	278	283	2.98%	0.15%	3.13%
Financials	13	16	0.30%	0.15%	0.45%
Health Care	15	26	1.47%	0.46%	1.94%
Industrials	93	125	1.91%	3.23%	5.15%
Information Technology	71	69	0.85%	-0.07%	0.78%
Materials	541	615	9.14%	3.00%	12.14%
Real Estate	72	70	0.11%	0.01%	0.10%
Utilities	945	874	-0.56%	-1.64%	-2.20%
	<b>155</b>	<b>202</b>	<b>18.9%</b>	<b>4.4%</b>	<b>23.3%</b>

### Paris alignment

Under S&P Global's Transition Pathway Assessment, the level of warming associated with the Fund's current portfolio is 1.5-2°C compared with 2-3°C for its benchmark.

2°C Scenario	Portfolio	Benchmark
Tonnes Carbon (Under)/Over	-16,755	359,458
Percent of Total (Under)/Over	-0.3%	4.08%
Carbon/mGBP Invested (Under)/Over	-3	72
1.5°C Scenario	Portfolio	Benchmark
Tonnes Carbon (Under)/Over	761,345	1,259,186
Percent of Total (Under)/Over	13.3%	15.4%
Carbon/mGBP Invested (Under)/Over	153	253

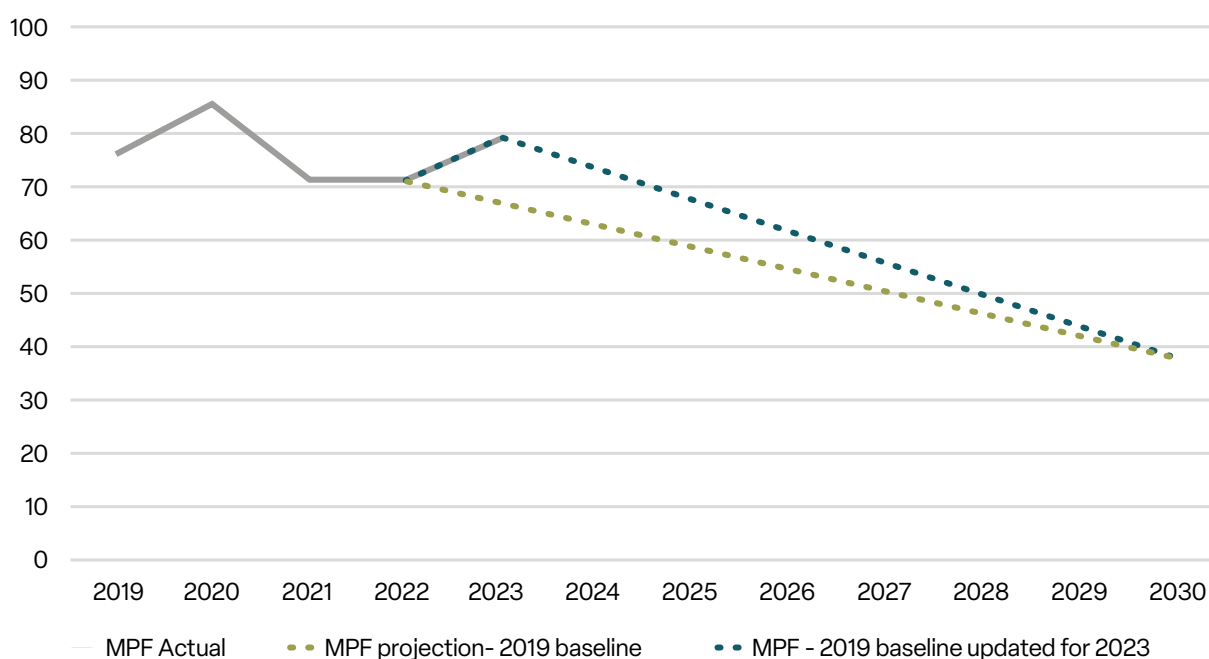
### MPF Climate Targets

The Fund's strategic climate objective is to align its portfolio with the goals of the Paris Agreement and for it to achieve net zero emissions by 2050 or sooner. Interim climate targets have now been set that reference 2030 as a milestone date on the path to net zero:

1. A reduction of 50% in the Fund's carbon footprint (Scopes 1 & 2) by 2030 compared to a 2019 baseline;
2. Maintain alignment to the goals of the Paris Agreement and target 100% of assets in scope to be aligned to a below 2° temperature trajectory by 2030;
3. A high-level goal to increase investments in climate solutions.

Emissions reduction is unlikely to occur on a smooth linear basis. As indicated in the chart below, the Fund's C/R performance for 2023 has overshot the annual 'carbon budget' implied by the 2030 target.

#### MPF Emissions Reduction Target



The image shows a man and a woman in a professional setting, likely an office or a collaborative workspace. They are both focused on a task, with the man pointing at a laptop screen and the woman looking on. The scene is bathed in a warm, orange-red light, which creates a sense of concentration and teamwork. The background is slightly blurred, showing other office elements like a lamp and a desk.

Section 7

# Administration

# Administration

The Local Government Pension Scheme is a public service pension Scheme regulated by statute through the Ministry of Housing, Communities & Local Government (MHCLG). It is a contributory defined benefit Scheme which is exempt approved for tax purposes, providing pensions and lump sums for members and their dependants, which are not affected by the Fund's investment performance or market conditions.

Employees of all local authorities and many other public bodies in Merseyside have automatic access to the LGPS via the Fund and a wide range of other bodies, providing a public service or undertaking a contract, are also eligible to join the Fund via a resolution or admission agreement.

## LGPS2014 - Scheme Design

On 1 April 2014, the career average revalued earnings (CARE) Scheme was implemented and replaced the final salary Scheme in respect of future accrual of pension benefits.

The LGPS:

- has a normal pension age equal to State Pension Age (minimum age 65)
- gives a pension for each year at a rate of 1/49th of pensionable pay received in that year
- provides increased flexibility for members wishing to retire early
- allows members to pay reduced contributions as an alternative to opting out (although benefits build up at a slower rate)
- provides for previous years' CARE benefits to be inflation-proofed in line with the Consumer Prices Index while the member is still paying in
- requires members to have at least 2 years' membership to qualify for pension benefits.

Additionally, protection is given to members who were contributing prior to 1 April 2014, including the following key provisions:

- preserve member benefits accrued under the former LGPS regulations
- retain the final salary benefits and Normal Pension Age of 65 in respect of pre-2014 membership
- an 'underpin' which following the McCloud remedy was extended to those with membership of a public service pension Scheme prior to 31 March 2012. The underpin provides members with an entitlement to receive the better of benefits calculated on the new career average basis or the old final salary basis for service accrued during the remedy period of 1 April 2014 to 31 March 2022
- carry forward the member protections under the '85 Year Rule' for voluntary retirement from age 60
- the ability for employers to switch on the '85 Year Rule' in regard a member's benefits if they voluntarily retire between age 55-60.

## Summary of Activity

The Administration team comprises three distinct service areas namely Employer Compliance & Membership (ECM), Benefits & Payroll and Operations. The functions of each team are measured against performance standards documented within the Pension Administration Strategy.

The Administration Team is the customer facing arm of the Fund with an operative role wider than just a processing function of member benefits. An important objective of the team is the continual pursuit of greater operational efficiencies to reduce the internal carbon footprint along with the development and implementation of policy to manage funding and governance risk.

In a year where the pensions industry has been in the spotlight and subject to a wide range of consultation and change, Fund Officers have been active in engaging with industry debate and responding to consultations. This has been valuable in informing the Fund's own development and prioritisation, keeping Governing Bodies up to date and working with peers and partners to develop and respond to increasing demands from the government and industry regulators. As a result, the Fund is well placed to respond to increasing governance standards and reporting requirements being introduced for the LGPS and will remain focused on its approach to new statutory deliverables such as the McCloud Remedy, the Pensions Dashboard and pension tax changes over 2024/25.

## Service Delivery

Developing operational resilience is a key aspect of the Business Continuity Plan (BCP) which has been updated to reflect the contemporary agile working environment and the associated changes to working and recovery plans. The Fund's senior management team continually monitor the effectiveness of hybrid working to ensure the operational model meets the service needs of the membership and the employer base with an optic on staff retention in light of the current pressures in securing staff resources across the LGPS.

## Workloads & Resourcing

Over the year, restructures of both the Benefits & Payroll and ECM teams were completed including a review of the roles and responsibilities across the service areas. Several recruitment exercises ensued and due to the level of LGPS expertise required for several of the more senior roles, these positions were ringfenced to existing staff which has led to internal promotions with the subsequent vacant Pension Officer roles being advertised externally.

The decision to ringfence the senior roles was in recognition of the calibre and skills of current staff and to reap the investment of previous staff development, alongside the intent to incentivise staff retention and morale.



A key objective of the service review is to improve the multi-functional aspect of the Pension Officer role, in order that the resource can flex to the 'peaks and troughs' of the various casework types addressed across the service area.

A review of the Operation Team will be undertaken during 2024/25 to accommodate the Fund's plan to support the Fund's digital engagement strategy.

A programme of employee development to up-skill staff to meet service needs and ensure compliance with the national pension agenda, has been key to building capacity and resilience to manage growth in workloads emanating from legislative change and an increasing digital climate.

The Fund recognises the wide range of customer needs and engagement preferences with the requirement to balance resource across both in-person and online support. This remains an area of development as customer demand, requirements and Fund capacity continues to evolve.

### Key Activities & Operational Improvements

#### a) Preparations for implementing the McCloud Remedy

The Fund has undertaken significant preparatory work during the Data Phase of the McCloud project in reconciling the data for the remedy period against its constituent employers HR and Payroll systems. The reliability of the data is backed up by a signed assurance statement from the employer.

The assurance statement is required for governance purposes to provide evidence to the Pension Regulator that the Fund has carried out the data reconciliation exercise.

There is still considerable work being undertaken to process the remaining corrective data that has been provided by employers.

Fund officers have been active participants in the government's "McCloud Missing Data Working Party", the "McCloud Guidance Working Party", the regional Shrewsbury Pension Officers Group and the regular surgery sessions run by the Fund's system supplier. In the spirit of collaboration, officers have been assisting other funds in the local area with data mapping processes, reconciliation exercises, data upload and validation processes.

#### b) i-Connect Project/Monthly Data Collection from Employers

The i-Connect team has made significant progress in targeting the project deadline of 31 March 2024, and has focussed its resources to complete the onboarding of the whole employer base onto the i-connect platform for monthly data collection. Fund officers and employers have worked with external payroll providers to ensure the data extract is aligned to the systems data specification to strengthen the accuracy, completeness, and governance of the monthly data submissions.

There are 238 employer payrolls onboarded onto the i-Connect platform, with employers operational and uploading data for 183 payrolls, and the Fund are currently supporting employers for the remaining 55 payrolls.

The active support that the team is providing to employers includes the analysis of system reports to identify common data errors and provide an optic on remedial actions for payroll staff at the employers.

Fund officers are also assisting with the upload of the data files to the i-Connect portal with the aim of handing over the monthly operational process to all employers in due course. This places the Fund in a strong position for preparation for the 2025 triennial valuation and the national pensions dashboard programme.

A workstream has commenced to work with employers to utilise the i-Connect portal to upload member documents directly into the Fund's administration system. To date, eleven workflow processes are being created automatically by the submission of data by the employer. The team is looking at the scope to upload leaver forms for specific events into the system by the employer. The direct upload of documents into the system creates efficiencies at both an employer and Fund level and ultimately results in more timely processing of the member data.

The i-Connect Team in collaboration with the Fund's Business Analyst have implemented a real time identification and document request process as a means of auto-requesting leaver forms identified as part of the monthly data submission.

Liverpool City Council is piloting the process with the aim to roll out across the employer base to increase employer engagement and improve the timely updating of the status of member records.

In recognition of the heightened importance of cyber security, the team are assisting the system provider with the testing and implementing of a two-factor authenticator application to enhance the i-Connect system's security, with the intent to become an "early adopter" of the functionality.

### c) Pension Saving Statements

The Benefits team concentrated their resources over the summer to collate pays, calculate individual members pension growth, and produce Pension Saving Statements in advance of the statutory deadline of 6th October for those who had breached the annual allowance limit.

The team issued 98 Pension Savings Statements to members, informing them of the growth above the HMRC limit. Senior Officers provided in-depth support to 30 members with growth that also incurred a tax charge.

The Fund enlisted the services of a tax specialist to support members to evaluate their tax liability, complete a Self-Assessment tax return and consider the merit of invoking 'Scheme Pays'.

### d) Digitalisation of Retirement Communication

Progress was made to the workstream, modernising the operational process for notifying retiring members of entitlements and payment dates using the secure online MyPension. Workflows were adapted and tested resulting in the migration to the online communication channel in January 2024.

Internal Audit examined the process to provide assurance on the adequacy of the control environment during the 2023/24 audit plan.

### e) Active Member Pension Projector

Functionality has been extended for active members in the MyPension system, allowing members to generate illustrations of projected pension benefits. Members can choose future dates when they would "like" to voluntarily retire, and the system will project the likely benefits at that time based on current pay information. Intended as a modelling tool to work in conjunction with Annual Benefits Statements (where projections are to Normal Pension Age) members can also see the effect of commuting annual pension to increase the tax-free lump sum option at retirement.

### f) Cyber Security

As the Fund progresses with its Digital Transformation Programme with an ever-increasing amount of administration being conducted online, Cyber security is of paramount importance. Since 2019, the Fund has delivered a specific Cyber Security update to the Local Pension Board in line with best practice guidance from the National Cyber Security Centre (NCSC) and the Pensions Administration Standards Association (PASA).

The Fund's Senior Manager of Operations & Information Governance is a member of the Administering Authority Information Governance Board and maintains a working relationship with the Wirral Data Protection Officer, the Head of Digital Services and the ICT Services Manager in ensuring that the Fund's Cyber Resilience is monitored and maintained.

### g) Fund Policies

All policies pertinent to the administration and governance of the Fund are reviewed annually to ensure they align with operational practice and remain compliant with legislation and statements of recommended best practice.

On reviewing policies, any minor amendments are made as required, to reflect slight adjustments to operational practice, updating information such as references to external agencies or providing clarity following a question posed by a stakeholder. Any significant changes required to policies, are dealt with by the Fund management team, drafts shared with the Local Pension Board for comment, prior to any future ratification by the Pensions Committee.

This year, the management team has undertaken a grassroot review of the Pension Administration Strategy to assess the impact and required operational changes from both a Fund and employer perspective following the transition from annual to monthly data submissions.

The service standards and performance targets have been tested against the revised Pension Fund Annual Report guidance produced by CIPFA, SAB and MHCLG with the objective to align Fund metrics.

## Changes to Scheme Governance

### The Pension Regulators General Code of Practice

On 28 March 2024, the TPR's General Code of Practice (the "Code") came into force. The Code consolidated ten of the previous codes of practice into one web-based code, including Code of Practice No.14, applicable to public service pension Schemes.

The Code states that it expects that all pension Schemes will have systems of governance and internal controls in place and that in line with the 2004 Pension Act.

Whilst the LGPS is generally regarded as a well governed Scheme, the introduction of the Code provides the opportunity for Funds to reassess their own systems of governance, address any gaps identified, and look to add value and enhance current arrangements.

Fund Officers alongside the Fund's professional advisers (Mercer) have commenced a gap analysis of the suite of policies and procedures the Fund has in place against the Code to assess compliance with the aim to enhance and add value to the long-term governance of the Fund.

### Scheme Advisory Board Good Governance Project

The long-awaited consultation on DLUHC's response to the good governance recommendations is yet to be published. The consultation is expected to include draft amendments to regulations and guidance to implement most of the recommendations made by SAB with a clear focus on standards, consistency, representation, conflict management, clarity of roles and costs.

Although the recommendations are yet to be formally agreed, the Fund's ongoing assessment of its governance framework has also taken into account the expected requirements to emerge from the Scheme Advisory Board's Good Governance project.

### Collaboration with Peer Funds, Scheme Employers and National Bodies

During 2023/24, the Fund has worked closely with a number of other LGPS Funds on national groups to drive improvements to administration procedures, share best practice and develop initiatives as follows:

- develop communications for the wider LGPS, in conjunction with the Local Government Association (LGA), in the area of member engagement. During the year, collaborative work took place in regards the best practice for producing accessible communication materials, digital engagement and consideration on how Fund's should inform members of the McCloud remedy.
- A longstanding founder member of the LGPS National Frameworks, we have supported the rolling-out of a number of new frameworks, as well as revisiting existing ones, to enable more efficient and effective procurement within the LGPS. The Fund was a founder member in setting up a new framework for the provision of Member Data Services and Integrated Service Providers for connection to the national Pensions Dashboard.

This engagement has enabled us to keep pace with LGPS and pensions industry practice, and represents the Fund's views and those of its stakeholders in the wider arena.

### Key Performance Indicators

#### Performance Standards

Following agreement by the Local Pension Board, the Fund key performance measures are those recommended by the Chartered Institute of Public Finance and Accountancy (CIPFA) in their guidance for LGPS Funds. In April 2024, the Scheme Advisory Board, CIPFA and MHCLG produced Statutory Guidance called "Preparing the Pension Fund Annual Report".

The Fund has made best endeavours to provide the required information and statistics within this statutory guidance, but one area that requires development alongside our system supplier, is the future reporting of the revised KPI measures – consequently, for 2023/24 the Performance targets for key casework areas are reported as per previous years whilst the new reporting measures are implemented in 2024/25.

Performance Targets		Total Cases	Our Target	% Within Target
1	Deaths – Initial letter acknowledgement death	1,649	5 days	100%
2	Deaths – Letter notifying amount of dependant's benefit	825	10 days	96%
3	Retirements – Letter notifying estimate of retirement benefits	523	15 days	95%
4	Retirements – process and pay lump sum retirement grant	1,187	15 days	98%
5	Deferred into pay – process and pay lump sum retirement grant	1,252	15 days	97%
6	Deferment – calculate and notify deferred benefits	2,314	30 days	98%
7	Transfers in – Letter detailing transfer in quote	736	10 days	100%
8	Transfers out – Letter detailing transfer out quote	466	10 days	100%
9	Refund – Process and pay a refund	588	10 days	100%
10	Divorce quote – Letter detailing cash equivalent value and other benefits	187	45 days	100%
11	Divorce settlement – Letter detailing implementation of cash equivalent value and application of pension sharing order	8	15 days	100%
12	Joiners - Send notification of joining the LGPS to Scheme Member	7,581	40 days	99%

### Annual Benefit Statements

In collaboration with employers submitting timely contribution and pay data returns, the Fund undertook a rigorous data reconciliation exercise to produce 98% of benefit statements for active members and 99% for deferred members by the statutory deadline of 31 August.

### The Pensions Regulator Measure of Data Quality

The Regulator's best practice directive requires Pension Schemes to continually review their data and carry out a data review exercise at least annually.

This should include an assessment of the accuracy and completeness of the member data recorded on the pension administration system.

To comply with this requirement, the Fund's IT Section runs system supplied data quality validation reports against the pensions administration system that provides the overall common and Scheme specific data scores for submission to the Regulator on its annual Scheme return. The scores are split between common data and Scheme-specific data:

Measure of Data Quality	2019	2020	2021	2022	2023
Common data*	99.1%	99.0%	99.0%	99.1%	99.2%
Scheme Specific data**	92.9%	94.6%	96.0%	96.2%	96.5%

\* Common data is defined as member data that all Schemes are required to hold for members, in the form of name, national insurance number, date of birth, gender and dates of pensionable service

\*\* Scheme-specific data is other member data required to enable pension providers to administer their Scheme.

The Fund has a good common data score and continually reviews the detail of the Scheme specific score to improve quality and where necessary engage with employers for any missing Scheme specific data.

We have 1,024 members where the Fund does not believe it holds the current home address and is initiating tracing processes with appropriate suppliers to regain contact.

### Member Web Portal (MyPension)

Since 2013, members have been able to view their Annual Benefit Statements online, via the MyPension system. Whilst the Fund holds email addresses for 79,482 members (or 51% of the membership) the prime channel in regards digital communications is via the MyPension portal and the email address captured as part of the members registration to that online service.

MyPension Registrations	31 March 2024	% coverage of membership status
Active	18,250	37%
Deferred	13,953	35%
Pensioner	15,966	28%
<b>Total</b>	<b>48,169</b>	

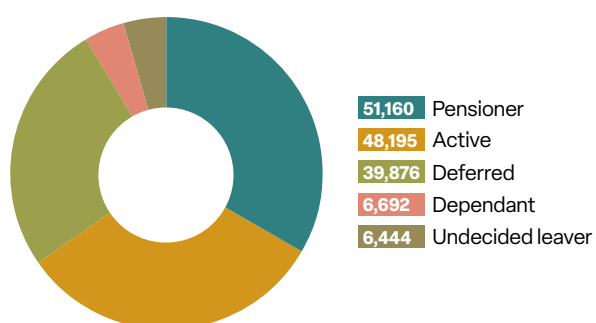
Analysis of the age of members who are registered to the MyPension portal, are understandably between the ages of 50 and 65, as these are individuals who are taking an interest in their pension or have recently moved onto pension. During the Scheme year, 29,028 individual members logged onto the MyPension system at least once.

### Stakeholder Contact by Channel

The Fund telephony system is provided by the Administering Authority as part of the Microsoft Teams platform. Statistics are limited from this solution, but in general the Fund received or made 22,326 calls via telephone during the Scheme year. In the Scheme year, we received 33,212 general emails of which 5,274 came via the MyPension system of the online contact forms on the Fund website.

## Fund members &amp; employers

## Membership as at 31 March 2024



## Number of Members by Age Band

Status (age in years)	0-4	5-9	10-14	15-19	20-24	25-29	30-34	35-39	40-44	45-49	50-54
Active				359	1,865	3,363	4,202	5,081	5,528	5,373	7,064
Deferred				2	193	968	2,516	4,585	5,533	5,468	7,464
Pensioner							3	7	22	40	236
Dependant	3	14	68	139	65	12	9	21	12	54	112
Undecided leaver				38	390	764	717	746	802	748	790

Status (age in years)	55-59	60-64	65-69	70-74	75-79	80-84	85-89	90-94	95-99	100+	Total
Active	7,841	6,097	1,874	338							48,985
Deferred	7,851	4,261	845	159	29	2					39,876
Pensioner	2,661	8,467	12,474	10,602	8,467	4,622	2,482	906	156	15	51,160
Dependant	259	491	653	921	1,180	1,045	939	532	147	16	6,692
Undecided leaver	710	457	220	35	27						6,444
<b>Total</b>											<b>153,157</b>

## Key Membership Statistics 2019-2024

Year	Active	Deferred	Pensioner	Dependant	Undecided leaver	Total
31 March 2024	48,985	39,876	51,160	6,692	6,444	<b>153,157</b>
31 March 2023	48,998	43,429	50,111	6,602	3,880	<b>149,140</b>
31 March 2022	46,740	42,553	48,609	6,645	-	<b>144,547</b>
31 March 2021	47,193	39,295	47,032	6,503	-	<b>140,023</b>
31 March 2020	46,745	40,185	46,435	6,595	-	<b>139,960</b>
31 March 2019	46,726	40,259	45,038	6,547	-	<b>138,570</b>

### New Pensioners in Year 2023/24 by Retirement Type

Retirement Type	Number
Late	371
Normal	107
Early	1,435
Flexible	133
Redundancy	56
Ill health	101
<b>Total</b>	<b>2,203</b>

### Members

A breakdown of the 153,157 members as at 31 March 2024 is shown above.

As a result of the project activity to onboard employers onto i-Connect and the necessary data reconciliations between payrolls and the pension administration system, the Fund had 6,444 undecided leavers on 31 March 2024. Undecided leavers are memberships that are no longer accruing service which relate to required aggregation work to combine with another active membership, or members who may be due a refund of contributions, a transfer out to another Scheme or a deferred pension.

### Employers

Our employer base is now in excess of 200, with the number growing further as the academisation of schools and the outsourcing of facility management continues at pace.

Furthermore, the increase in the number of third-party HR and payroll providers, favoured by local education authority schools and academy's, has added a further layer of complexity to the processing and provision of data. A list of the participating employers is shown in Section 10 – Additional Information, on page 91.

## Communications Policy

### Member Engagement

The Fund has several customer surveys that are linked to specific life events (joining the Scheme, transferring benefits, divorce work, retirement etc.). The online surveys are kept simple and short as to encourage members to complete, but unfortunately feedback and engagement has been limited. We are investigating possible methods to raise awareness and prominence of the customer surveys to increase participation.

Pensions Awareness Week took place during Monday 11 September and Friday 15 September 2023. An industry wide initiative supported by the Pensions and Lifetime Savings Association (PLSA) and the Money & Pensions Service.

As per previous Pension Awareness weeks, the Fund carried out a social media campaign sharing links to online videos and frequently asked questions. During the week the Fund also provided 12 virtual events that were attended by 2,070 members – covering the LGPS in general, but also 'Understanding your Annual Benefit Statement' and information on 'Death Benefits in the LGPS'.

In addition to Pensions Awareness Week, during 2023/24, Fund Officers provided presentations to a further 307 active members in-person at employer premises.

During the year, a focus on the value and importance of diversity and inclusion has provided greater insight into our communicating with members, recognising the differences in understanding of pension entitlements and digital awareness, informing our approach to individual member engagement.

Our annual newsletter was provided to all pensioners, providing the usual information on the pension increase for 2024 and pension paydays for 2024/25. We also included information on the McCloud Remedy in the LGPS and an article on the State pension top-up deadline being extended.

Within the year, we provided active and deferred members information on the McCloud Remedy in the LGPS with links through to the Fund website, where members could watch a dedicated video and take an interactive assessment as to whether they may be covered by the extended underpin arrangement.

The principal communication issued to active and deferred members each year is the Annual Benefit Statement (ABS) and electronic versions have been available since 2013 via the Fund's online 'MyPension' service.

Fund officers continue to work with employers in promoting the 'MyPension' service, to further encourage active members to register. The Fund provided employers with suitable text for staff newsletters, briefings, intranet sites and broadcast emails. On production of the statements, employers were asked to utilise the same communication channels to inform members of their availability online.

### Employer Engagement

Once again, the annual employers' conference on 16 November 2023 at Aintree Racecourse was well attended, and the usual programme of the Annual Report, Local Pension Board and Administration updates were provided to delegates along with presentations from the Fund's actuary, a speaker on the GLIL Infrastructure investments and Jeremy Hughes attended from the Scheme Advisory Board.



The Fund has a secure employers' website where employers can obtain forms, guidance notes and access payroll and HR administration guides. The Fund does not publish a periodic employer newsletter, but uses the employers' website to announce news, revisions to forms and other pertinent information. Each registered user receives an email notification of any news update or change to the administration of the Scheme.

Regular news alerts and updates were provided to employers throughout the year, along with the usual annual updates to the HR and Payroll guides. Dates for appropriate LGA courses for employers were shared via the secure employer website. In October 2023, the Fund provided fourteen new employers training via Hymans Robertson on 'Understanding the LGPS' and 'Employer Responsibilities'. These were gratefully received and feedback on the training was generally excellent.

### Value for Money Statement

The Administration Team is accountable to the Pensions Committee, the Local Pension Board, participating employers, and Scheme members in terms of overall effectiveness and value for money.

Our costs are managed and monitored by:

- setting an expected expenditure plan each year in line with the business plan
- regularly monitoring spending and reporting details of this to the appropriate forum
- benchmarking our costs by taking part in national (CEM) benchmarking exercises.

Ensuring success, the team strive to achieve success by:

- having a clear and measurable business plan in place
- using project management tools when implementing service improvements
- regularly reviewing resource, workloads and planning for the impact of future changes
- holding regular service update meetings for all teams and managers
- submitting comprehensive reports and information to the appropriate Working Groups and the Local Pension Board to enable effective scrutiny to take place
- measuring procedures against the Pension Regulator's Code of Practice
- outlining expected service standards between the Fund and employers in the Pensions Administration strategy and monitoring performance against these standards

To ensure the effectiveness of the administration services, the Fund is monitored through internal and external audits. Furthermore, to demonstrate productivity and value added, the Fund undertakes extended benchmarking to cover a broad range of

functions and comparison of costs with other public and private pension funds. This continues to highlight that the Fund's current running costs are below the peer average with a good range of services provided to support members and employers.

The Fund continues to invest in resources and technology systems to continue to develop an efficient delivery platform, extending process automation, including a 'retire online' function and self-service retirement benefit projectors, to provide value for money and expand accessibility to the service.

### Operational Costs

The Fund's operational costs are reviewed by the Pensions Committee, which approves the annual operational budget. Actual spend is monitored throughout the year by the Fund Management team and overall spend is reported in the annual Report & Accounts.

The DLUHC surveys funds annually to collect administration and fund management costs in the LGPS - this is referred to as the 'SF3' statistical return.

Submitted under Section 168 of the Local Government Act 1972, the data provides the Government with a benchmark of Scheme costs, and is also used in compiling the National Accounts, showing the role of pension funds in the economy.

The administration costs reported in the 2022-2023 'SF3' statistical return were £21.62 per member.

The Fund participates in an administration benchmarking initiative by the company CEM. Alongside eleven other LGPS Funds, the exercise produced a comparative report between the participating LGPS Funds and three large public or private Schemes in the UK. The Fund was assessed as offering 'high member service at a low cost' by CEM when considering our cost effectiveness against the fourteen other peers.

### Internal Dispute Resolution Cases

Members who disagree with decisions taken by their employer or the Administering Authority in regard their LGPS pension, may appeal using the Internal Dispute Resolution Procedure (IDRP) under the regulations. The IDRP is a formal appeals procedure which contains two stages:

- Stage 1 allows the person to ask the body who originally made the decision to review it by way of a nominated IDRP Stage 1 Appeals Officer (the 'adjudicator')
- Stage 2 allows the person, if they are not satisfied with the outcome at the first stage, to ask the Appeals Officer at the Administering Authority to review the disagreement.

## Appeals against Employer Decisions

Employer	Number	Appeal Decision
<b>Liverpool</b>		
Decision not to award flexible retirement (Stage 2)	1	Dismissed
Decision not to award ill health for deferred member (Stage 2)	1	Withdrawn
Dispute of Final Pay – single employment relationship (Stage 2)	1	Dismissed
Dispute with ill health tier awarded (Stage 2)	1	Dismissed
<b>Sefton</b>		
Dispute of Final Pay (Stage 2)	1	Dismissed
Disputing rejection of request for deferred benefit being brought into payment on compassionate grounds (Stage 2)	1	Dismissed
<b>Total</b>	<b>6</b>	

## Appeals against Fund Decisions

Reason for Appeal	Number	Appeal Decision
Stage 1 – Concerns over administrative errors/ delays	1	Dismissed
<b>Total</b>	<b>1</b>	

### Formal Complaints received by the Fund (not through the IDRP)

The Fund's Complaints Policy outlines the methods and timeframes for recording, investigating, and implementing corrective actions to deal with complaints from members and employers. As part of the Fund's commitment to continuous improvement, the Local Pensions Board review the complaints and resulting actions taken at each meeting. During 2023/24 the Fund received nine formal complaints from members.

### Legislative Change During 2023/24

#### McCloud Remedy - Enactment of Statutory Provisions

The regulations on the rectification of the underpin protection for members, came into effect on 1st October 2023 [The Local Government Pension Scheme (Amendment) (No.3) Regulations 2023].

22 per cent of the Fund's membership profile meet the criteria as a qualifying member (equating to 35,256 members) and require comparison calculations to assess the higher of the Final Salary or CARE benefit structure for membership accrued within the remedy period which, in general, covers the period 1/4/2014 to 31/03/2022.

Once the suite of the updated Government Actuary Department (GAD) guidance and revised methodology has been embedded within the pension administration software, the assessment will be undertaken in bulk for active members, former pensioner, deferred and death calculations. Future benefit calculation events will take place on an individual basis for qualifying members.

The Fund has set up internal cross-section working parties to test the new underpin calculations, software solutions, and system readiness and have fed back our findings to our software provider and the Local Government Association (LGA).

Officers have also worked with Scheme employers to communicate the publication of the McCloud regulations, highlighting the qualifying criteria for the remedy and has informed members that they do not need to take any action as the Fund will automatically notify members of any additional underpin amount and arrears if due.

To achieve compliance with the legislation, officers have been active contributors to Government, LGA, and GAD working parties to address issues and refine guidance for the implementation of the 2023 regulations.

### **The Pension Dashboard Programme**

The Pension Dashboard (Amendment) Regulations 2023 were made on 19 July 2023 which rebased the connection deadlines to the Pensions Dashboard with the deadline for the LGPS to connect to the ecosystem by September 2025.

To aid compliance, the Pensions Administrations Standards Association (PASA) has published Pensions Dashboards Connection Ready Guidance and a 'Call to Action'.

The 'Connection Ready Guidance' explains what being 'connection ready' means and what a typical Scheme plan could look like. It covers five main areas: governance, matching, value data, technology, and administration. For each area, it describes the key activities, how to do them, why they matter and how to show that they have been done.

The Call to Action lists the top five actions that Schemes need to take now to prepare for dashboards. PASA has also provided practical tips for certain connection ready activities, checklist of key actions and outlines of connection ready decisions.

Officers have prepared a draft programme of works to ensure the Fund meets timelines, and actions required to connect to the Pensions Dashboard in compliance with the guidance.

Fund officers have also been working as a founder to the establishment of a national procurement framework for authorised 'integrated service providers (ISP)' for connecting to the dashboard ecosystem. This framework will simplify the selection and appointment of a suitable ISP for all LGPS Funds, including MPF.

### **Cost Control Mechanism and the 2020 Scheme Valuation**

DLUHC issued the Local Government Pension Scheme (Amendment) (No. 2) Regulations 2023, effective from 1 June 2023, which amend the following provisions:

Regulation 14 - the timing of the LGPS cost management has moved from three years to a four-year cycle in-line with the other public service Schemes.

Regulation 16 - provides SAB with greater flexibility in relation to making recommendations to the Secretary of State where the 3% cost corridor is breached.

The Government Actuary's Department has recently published HMT's 2020 cost control valuation for the LGPS in England and Wales. The valuation found the core 'cost cap cost' falls outside the 3% corridor by 3.2% below target cost, although the new 'economic cost cap cost' also falls outside corridor but was 7.3% above target cost. As a result, the mechanism is not breached, and the Government is not proposing to make any changes to Scheme benefits.

The SAB is required to undertake its own Scheme cost assessment and based on the initial results which are in line with the conclusions emerging from the HMT process, SAB has indicated they will also not be recommending any changes to Scheme benefits to the Secretary of State.

### **Abolition of the Lifetime Allowance**

The Finance Act 2024 received Royal Assent on 22 February 2024 formally abolishing the Lifetime Allowance from 6 April 2024.

Replacing the Lifetime Allowance are two new lump sum limits – the Lump Sum Allowance and the Lump Sum and Death Benefit Allowance.

HMT subsequently laid the Pensions (Abolition of Lifetime Allowance Charge etc) Regulations 2024 on 14 March 2024 (effective 6 April 2024) to ensure smooth operation of the new tax framework. There remain several practical considerations for the Fund to consider when implementing the changes to the taxation of pensions.

The LGA have published a guide to support administering authorities in this area. The guide was updated in May 2024, to reflect treatment of Pension Commencement Excess Lump Sums in the absence of long-term policy at this time for the LGPS.



Section 8

# Actuarial Reports on Fund

# Actuarial Reports on Fund

## Accounts for the Year Ended 31 March 2024 - Statement by the Consulting Actuary

This statement has been provided to meet the requirements under Regulation 57(1)(d) of The Local Government Pension Scheme Regulations 2013.

An actuarial valuation of the Merseyside Pension Fund was carried out as at 31 March 2022 to determine the contribution rates with effect from 1 April 2023 to 31 March 2026.

On the basis of the assumptions adopted, the Fund's assets of £11,001 million represented 106% of the Fund's past service liabilities of £10,370 million (the "Solvency Funding Target") at the valuation date. The surplus at the valuation was therefore £631 million.



The valuation also showed that a Primary contribution rate of 18.7% of pensionable pay per annum was required from employers. The Primary rate is calculated as being sufficient, together with contributions paid by members, to meet all liabilities arising in respect of service after the valuation date.

The funding objective as set out in the FSS is to achieve and maintain a solvency funding level of 100% of liabilities (the solvency funding target). In line with the FSS, where a shortfall exists at the effective date of the valuation a deficit recovery plan will be put in place which requires additional contributions to correct the shortfall. Equally, where there is a surplus, it may be appropriate to offset this against contributions for future service, in which case contribution reductions will be put in place to allow for this.

The FSS sets out the process for determining the recovery plan in respect of each employer. At the 2022 actuarial valuation the average recovery period adopted was 11 years for employers in deficit and 14 years for the employers in surplus, and the total initial recovery payment (the "Secondary rate" for 2023/26) was a surplus offset of approximately £37m per annum in £ terms (which allows for the contribution plans which have been set for individual employers under the provisions of the FSS), although this varies year on year.

Further details regarding the results of the [2022 valuation](#) are contained in the formal report on the actuarial valuation dated March 2023.

In practice, each individual employer's position is assessed separately, and the contributions required are set out in the report. In addition to the certified contribution rates, payments to cover additional liabilities arising from early retirements (other than ill health retirements) will be made to the Fund by the employers.

The funding plan adopted in assessing the contributions for each individual employer is in accordance with the Funding Strategy Statement (FSS). Any different approaches adopted, e.g. with regard to the implementation of contribution increases and deficit recovery periods, are as determined through the FSS consultation process.

The valuation was carried out using the projected unit actuarial method and the main actuarial assumptions used for assessing the Solvency Funding Target and the Primary rate of contribution were as follows:

	For past service liabilities (Solvency Funding Target)	For future service liabilities (Primary rate of contribution)
<b>Rate of return on investments (discount rate)</b>		
Higher Risk Investment Bucket	4.60% per annum	5.10% per annum
Medium Risk Investment Bucket	4.35% per annum	4.85% per annum
Lower Risk Investment Bucket	2.70% per annum	2.70% per annum
<b>Rate of pay increases (long-term)*</b>		
Higher Risk Investment Bucket	4.60% per annum	4.60% per annum
Medium Risk Investment Bucket	4.60% per annum	4.60% per annum
Lower Risk Investment Bucket	5.10% per annum	5.10% per annum
<b>Rate of increases in pensions in payment (in excess of GMP)</b>		
Higher Risk Investment Bucket	3.10% per annum	3.10% per annum
Medium Risk Investment Bucket	3.10% per annum	3.10% per annum
Lower Risk Investment Bucket	3.60% per annum	3.60% per annum

\*allowance was also made for short-term public sector pay restraint over a 3-year period

The assets were assessed at market value.

The next triennial actuarial valuation of the Fund is due as at 31 March 2025. Based on the results of this valuation, the contribution rates payable by the individual employers will be revised with effect from 1 April 2026.



### Actuarial Present Value of Promised Retirement Benefits for the Purposes of IAS 26

IAS 26 requires the present value of the Fund's promised retirement benefits to be disclosed, and for this purpose the actuarial assumptions and methodology used should be based on IAS 19 rather than the assumptions and methodology used for funding purposes.

To assess the value of the benefits on this basis, we have used the following financial assumptions as at 31 March 2024 (the 31 March 2023 assumptions are included for comparison):

	31 March 2023	31 March 2024
Rate of return on investments (discount rate)	4.8% per annum	4.9% per annum
Rate of CPI Inflation / CARE benefit revaluation	2.7% per annum	2.7% per annum
Rate of pay increases	4.2% per annum*	4.2% per annum*
Increases on pensions (in excess of GMP) / Deferred revaluation	2.8% per annum	2.8% per annum

\*An adjustment has been made for the short-term pay restraint in line with the 2022 actuarial valuation

The demographic assumptions are the same as those used for funding purposes for the 2022 actuarial valuation but with a long-term rate of life expectancy improvement of 1.5% p.a. For the year end assumptions, we have also updated to the latest CMI tables available (CMI 2022) and applied a suitable reweighting.

Full details of the demographic assumptions are set out in the formal report on the actuarial valuations dated March 2023.

The movement in the value of the Fund's promised retirement benefits for IAS 26 is as follows:

<b>Start of period liabilities</b>	<b>£10,012m</b>
Interest on liabilities	£472m
Net benefits accrued/paid over the period*	(£159m)
Actuarial (gains)/losses (see below)	(£205m)
<b>End of period liabilities</b>	<b>£10,120m</b>

\*this includes any increase in liabilities arising as a result of early retirements

Key factors leading to actuarial gains above are:

- Change in financial assumptions: Corporate bond yields increased slightly over the year, with a corresponding increase in discount rate from 4.8% p.a. to 4.9% p.a. The long-term assumed CPI is the same at the end of year as it was at the start of year. In combination, these factors lead to a small reduction in liabilities.
- Change in demographic assumptions: As noted above, the assumptions have been updated to reflect the new CMI model available. This acts to reduce the liabilities.
- Pension increases / recent high short-term inflation: The figures allow for the impact of the April 2024 pension increase of 6.7%, to the extent it wasn't allowed for in the 2023 statement, along with known CPI since September 2023 (which will feed into the 2025 pension increase). As inflation over the year was higher than the long-term assumption, this increases the liabilities.



**Paul Middleman**

Fellow of the Institute and Faculty of Actuaries



**Mark Wilson**

Fellow of the Institute and Faculty of Actuaries

Mercer Limited – June 2024

### Appendix – additional considerations

*The "McCloud judgment": The figures above allow for the impact of the judgment based on the proposed remedy.*

*GMP indexation: The above figures allow for the provision of full CPI pension increases on GMP benefits for members who reach State Pension Age after 6 April 2016.*

*Covid 19 / Ukraine / Gaza conflict: The financial assumptions allow for these factors to the degree that they are reflected in the market values on which the assumptions are based. The mortality assumption includes no specific adjustment for COVID as our view is that it is not possible at this point to draw any meaningful conclusions on the long-term impact.*

*High inflation over last two years The period-end figures above allow for the impact of actual known CPI at the accounting date as noted above. The period-end assumptions then allow for expected (market implied) CPI from that point.*



A woman with dark hair, wearing a dark blazer over a light-colored striped collared shirt, is seated at a desk. She is holding a pen in her right hand and writing on a clipboard. The image has a blue overlay. Text is overlaid on the left side of the image.

Section 9

# External Audit Opinion

# External Audit Opinion

---

Independent auditor's statement to the members of Wirral Metropolitan Borough Council on the pension fund financial statements of Merseyside Pension Fund included within the pension fund annual report.

## Opinion

We have examined the pension fund financial statements of Merseyside Pension Fund (the 'pension fund') for the year ended 31 March 2024 included within the pension fund annual report, which comprise the Fund Account, the Net Assets Statement, and the notes to the financial statements, including the summary of significant accounting policies.

In our opinion, the pension fund financial statements are consistent, in all material respects, with the audited financial statements of Wirral Metropolitan Borough Council for the year ended 31 March 2024 and comply with applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2023/24.

We have not considered the effects of any events between the date we signed our report on the audited financial statements of Wirral Metropolitan Borough Council, and the date of this statement as they are the same date.

## Respective responsibilities of the Director of Finance and the auditor

As explained more fully in the Statement of Responsibilities for the Statement of Accounts, the Director of Finance is responsible for the preparation of the pension fund's financial statements in accordance with applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2023/24.

Our responsibility is to state to the members of Wirral Metropolitan Borough Council our opinion on the consistency of the pension fund financial statements within the pension fund annual report with the financial statements of Wirral Metropolitan Borough Council.

We also read the other information contained in the pension fund annual report and consider the implications for our statement if we become aware of any apparent misstatements or material inconsistencies with the pension fund financial statements. The other information comprises the information included in the pension fund annual report, other than the pension fund financial statements and our auditor's statement thereon.

We conducted our work in accordance with Auditor Guidance Note 07 – Auditor Reporting issued by the National Audit Office. Our report on the financial statements of Wirral Metropolitan Borough Council describes the basis of our opinion on those financial statements.

## Use of this auditor's statement

This statement is made solely to the members of Wirral Metropolitan Borough Council, as a body, in accordance with Part 5 of the Local Audit and Accountability Act 2014. Our work has been undertaken so that we might state to the members of Wirral Metropolitan Borough Council those matters we are required to state to them and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than Wirral Metropolitan Borough Council and the members of Wirral Metropolitan Borough Council, as a body, for our work, for this statement, or for the opinions we have formed.

## John Farrar, Key Audit Partner

for and on behalf of Grant Thornton UK LLP.  
Local Auditor, Liverpool – February 2025



Section 10

# Additional Information

# Additional Information

---

## Statement of Responsibilities

### The Authority's Responsibilities

The Council as Administering Authority of Merseyside Pension Fund is required:

- to make arrangements for the proper administration of the financial affairs of the Fund and to ensure that one of its officers has the responsibility for the administration of those affairs. In this authority, that officer is the Section 151 Officer;
- to manage the affairs of the Fund to secure economic, efficient use of resources and safeguard its assets.

### Section 151 Officer Responsibilities

The Section 151 Officer is responsible for the preparation of the Fund's Statement of Accounts which, in terms of the Chartered Institute of Public Finance and Accountancy Code of Practice on Local Authority Accounting in Great Britain (the Code), is required to present fairly the financial position of the Fund at the accounting date and its income and expenditure for the year ended 31 March 2024.

In preparing this statement of accounts, the Section 151 Officer has:

- selected suitable accounting policies and then applied them consistently;
- made judgments and estimates that were reasonable and prudent;
- complied with the Code.

The Section 151 Officer has also:

- kept proper accounting records which were up to date;
- taken reasonable steps for the prevention and detection of fraud and other irregularities.

### The Section 151 Officer's Certificate

I certify that the Statement of Accounts presents fairly the financial position of the Fund at 31 March 2024, and its income and expenditure for the year then ended.



**Matthew Bennett**

**Section 151 Officer September 2024**

## Scheme Employers with Active Members as at 31 March 2024

Scheduled Bodies (32)	Contributions Received		
	Employers	Deficit/Surplus	Employees
	£000	£000	£000
Carmel College	485	0	149
Chief Constable (CC)	14,440	(2,000)	5,366
Cronton Parish Council	3	0	1
Eccleston Parish Council	5	0	1
Edsential SLE	268	(68)	67
Halewood Town Council	61	(27)	21
Hugh Baird College	982	35	301
Knowsley M.B.C.	19,349	(2,704)	6,729
Knowsley Town Council	37	(16)	10
LCRCA - Liverpool City Region Combined Authority	2,371	76	1,146
Liverpool City Council	47,345	(9,841)	16,356
Liverpool John Moores University	8,255	0	3,253
Liverpool Streetscene Services Ltd	1,044	0	289
Maghull Town Council	54	2	18
Merseyside Fire & Rescue Authority	2,095	(582)	778
Merseyside Passenger Transport Executive (MPTE)	4,583	(1,154)	1,729
Merseyside Waste Disposal Authority	237	0	105
Office of the Police and Crime Commissioner (OPCCM)	158	34	69
Prescot Town Council	20	0	8
Rainford Parish Council	16	0	4
Rainhill Parish Council	4	0	1
School Improvement Liverpool Ltd	1,020	0	386
Sefton M.B.C.	21,676	0	8,436
Shared Education Services Ltd	404	(329)	112
Southport Education Group	603	(219)	186
St. Helens College	1,234	(824)	373
St. Helens M.B.C.	18,967	(2,837)	6,487
The ACC Liverpool Group Ltd	777	0	393
The City of Liverpool College	1,178	(385)	373
Whiston Town Council	49	(24)	14
Wirral Council	29,040	(6,103)	9,811
Wirral Metropolitan College	1,216	(240)	357



**Scheduled Bodies (Academies) (138)**

	<b>Contributions Received</b>		
	<b>Employers</b>	<b>Deficit/Surplus</b>	<b>Employees</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>
Academy of St Francis of Assisi	280	0	93
Alsop High School	292	0	84
Bedford Primary School	157	0	48
Bellerive FCJ Catholic College	136	31	41
Birkdale High School	155	57	48
Birkenhead 6th Form College (Academy)	332	15	125
Birkenhead High School Academy	269	61	84
Bishop Martin CE Primary	32	27	9
Blacklow Brow School (Academy)	49	27	18
Blackmoor Park Infant School	46	0	14
Blue Coat School (Academy)	174	67	63
Brackenwood Jr School	51	(11)	15
Calday Grange Grammar School	282	52	92
Chesterfield High School	210	43	70
Childwall Sports & Science Academy	186	73	69
Christ Church Moreton Primary (Academy)	98	34	30
Church Drive Primary	84	43	27
Churchtown Primary (Academy)	209	67	61
Co-op Academy Bebington	253	0	83
Co-op Academy Hillside	46	0	15
Co-op Academy Portland	58	16	18
Co-op Academy Woodslee	80	18	27
Cronton C of E Primary (Academy)	73	23	21
Croxteth Community Primary School (Academy)	105	32	33
Deyes High School	289	88	93
Dixons Broadgreen Academy	156	0	53
Dixons Croxteth Academy	86	45	23
Dixons Fazakerley Academy	152	0	51
Egremont Primary School (Academy)	88	49	28
Everton Free School	88	0	36
Faith Primary School	69	0	22
Finch Woods Academy	101	24	36
Formby High School	220	98	67
Four Oaks Primary School	25	(5)	8
Garston C of E Primary School (Academy)	75	22	25
Gayton Primary School	61	(12)	16
Greasby Junior School	66	(12)	18
Great Meols Primary School (Academy)	128	37	36
Greenbank High School	271	64	90
Halewood Academy Centre for Learning	271	161	85



**Scheduled Bodies (Academies) (cont'd) (138)**

	<b>Contributions Received</b>		
	<b>Employers</b>	<b>Deficit/Surplus</b>	<b>Employees</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>
Halewood C of E Primary (Academy)	67	27	20
Halsnead Primary School (Academy)	95	7	30
Harmonize Academy	110	0	36
Hawthornes Free School	141	0	47
Heswall Primary School	26	(1)	8
Heygreen Community Primary (Academy)	126	44	51
Hilbre High School (Academy)	267	98	95
Hillside High School (Academy)	165	157	53
Holy Spirit Catholic Primary	51	(7)	15
Holy Trinity CE Primary (Academy)	51	36	15
Hope Academy	288	73	88
Huyton with Roby CE Primary (Academy)	93	44	28
Kew Woods	101	0	32
Kings Leadership Academy (Liverpool)	193	24	65
Kirkby High School	239	156	85
Knowsley Lane Primary School (Academy)	83	42	24
LDST - Liverpool Diocesan Schools Trust (Academy)	82	10	44
Litherland High School (Academy)	182	113	67
Litherland Moss Primary (Academy)	65	25	21
Liverpool College (Academy)	213	6	76
Liverpool Institute of Performing Arts (LIPA)	134	0	48
Liverpool Life Science UTC	91	4	37
Lord Derby Academy	232	109	82
Maghull High School	169	53	56
Manor Primary School	10	0	2
Mendell Primary School	14	0	5
Meols Cop Primary School	217	0	70
New Park Primary (Academy)	194	130	70
North Liverpool Academy	427	22	164
Nutgrove Methodist Aided Primary	39	19	15
Oldershaw Academy	312	238	108
Our Lady of Pity (Academy)	104	29	29
Outwood Academy Haydock	191	0	61
Overchurch Junior School	20	0	6
Parish CE Primary (Academy)	59	28	21
Park View Academy	95	47	35
Plantation Primary School	114	(18)	34
Poulton Lancelyn Primary School (Academy)	122	21	37
Prenton High School for Girls	163	61	58
Rainford CE Primary School	59	(6)	18

**Scheduled Bodies (Academies) (cont'd) (138)**

	<b>Contributions Received</b>		
	<b>Employers</b>	<b>Deficit/Surplus</b>	<b>Employees</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>
Rainford Brook Lodge Primary School	25	(5)	8
Rainford High School (Academy)	260	125	94
Rainhill High School	259	127	94
Rainhill St Ann's CE Primary School (Academy)	96	40	27
Range High School	239	63	75
Rock Ferry Primary School	26	(5)	7
Roscoe Primary (Academy)	83	54	22
Sacred Heart Catholic Academy	194	(25)	52
Sandbrook Primary School	10	0	2
Shoreside Primary School	70	16	21
St Ambrose Catholic Primary	87	(12)	24
St Andrews CE Primary (Academy)	67	27	19
St Anselm's College	154	10	45
St Augustine of Canterbury	123	(21)	33
St Edmund Arrowsmith Catholic Academy	173	(7)	57
St Edward's College	180	38	59
St Francis Xavier's College (Academy)	232	73	72
St Gabriel's CE Primary	79	2	29
St James' Primary School (Academy)	44	15	13
St John Plessington Catholic College	328	45	106
St Joseph's Catholic MAT	61	0	30
St Joseph's Primary (Academy)	64	25	24
St Margaret's Church of England Academy	205	60	61
St Mary & St Thomas CE Primary School (Academy)	142	33	43
St Mary's Catholic College	270	110	79
St Marys Catholic Infant/Junior School	8	0	2
St Michael's C of E High School (Academy)	154	105	50
St Nicholas Catholic Primary	40	(11)	12
St Silas C of E Primary School (Academy)	117	37	43
St Thomas C of E Primary (Academy)	50	16	13
Stanley High School (Academy)	152	66	47
Stanton Road Primary School (Academy)	86	29	26
Sylvester Primary Academy	79	16	23
The Academy of St Nicholas	189	128	66
The Beacon C E Primary School (Academy)	58	33	19
The Belvedere Academy	211	21	78
The Birkenhead Park School	204	114	65
The Prescott School (Academy)	195	93	61
The Salesian Academy of St John Bosco	153	0	52
The Studio (Academy)	33	0	12
The Sutton Academy	289	128	110

**Scheduled Bodies (Academies) (cont'd) (138)**

	<b>Contributions Received</b>		
	<b>Employers</b>	<b>Deficit/(Surplus)</b>	<b>Employees</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>
The Trinity Catholic Primary	141	(22)	37
Thingwall Primary School	25	(5)	7
Thurstaston Dawpool Primary School	67	(12)	17
Town Lane Infant School (Academy)	77	32	25
Townfield Primary	165	56	53
University of Liverpool Maths School	30	0	11
Upton Hall School	175	5	56
Weatherhead High School	288	63	104
West Derby School (Academy)	230	150	70
West Kirby Grammar School	168	45	54
Whiston Willis Primary (Academy)	93	34	25
Willow Tree Primary	49	17	15
Wirral Grammar Boys (Academy)	156	22	53
Wirral Grammar School for Girls	135	29	40
Woodchurch High School	452	126	152
Woodchurch Road Primary School	46	(9)	13
Yew Tree Primary Academy	76	38	23

**Admission Bodies (Community) (15)**

	<b>Contributions Received</b>		
	<b>Employers</b>	<b>Deficit/(Surplus)</b>	<b>Employees</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>
Arriva North West	1,000	0	127
Association of Police and Crime Commissioners	279	0	110
Birkenhead School (2002)	28	(28)	8
Care Quality Commission	22	(22)	6
Catholic Children's Society	29	(6)	3
Citizens Advice Liverpool	46	(23)	5
Communal (Torus Foundation)	46	0	13
Glenvale Transport Ltd/Stagecoach	99	(99)	26
Liverpool Hope University	156	(156)	17
Liverpool School Sports Partnership (LSSP)	0	0	0
Local Government Association	1,641	0	935
Partners Credit Union	77	0	23
Torus 62 Ltd	1,669	0	540
Welsh Local Government Association	668	0	289
Wirral Partnership Homes Ltd (Magenta Living)	1,960	(957)	682

**Admission Bodies (Transfer) (43)**

	<b>Contributions Received</b>		
	<b>Employers</b>	<b>Deficit/Surplus</b>	<b>Employees</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>
Absolutely Catering (Holy Family)	13	0	3
Agilisys Limited	8	(8)	2
Agilisys Ltd (Sefton)	263	(123)	78
Balfour Beatty PFI SEN School	12	(12)	3
Balfour Beatty Workplace Limited	50	(50)	15
Bouygues E & S FM UK Ltd	19	0	4
Bulloughs @ Beacon	2	0	1
Bulloughs @SLT	4	0	1
Caterlink @ Hugh Baird	0	0	0
Change Grow Live	10	(4)	2
Churchill @ HFC MAT	41	0	10
Churchill @ Sutton	7	0	2
City Health Care (St Helens)	161	0	52
Compass (Scolarest) Wirral Schools	27	(27)	6
CWP (NHS)	503	(233)	152
Dataspire Solutions Ltd (St Edmund Arrowsmith)	11	0	4
Dolce Ltd	2	0	1
Friends of Birkenhead Council Kennels	9	0	3
Hochtief Liverpool Schools	7	0	2
Hochtief Wirral Schools	13	0	3
Hutchinson @ Sacred Heart	14	0	4
Improvement & Development Agency	2,265	0	1,361
ISS Mediclean Ltd (Outwood Academy)	14	0	3
Interserve (Facilities Mgmt.) Ltd	3	0	1
Kingswood Colomendy Ltd.	9	0	2
Mellors Catering - Birkdale	14	(10)	3
Mellors Catering - St Anns	3	1	1
Mellors Catering - St Mary & St Thomas	2	0	1
Mellors @ Sutton Academy	14	(2)	3
Mitie Care & Custody Ltd	10	0	3
One Day Ltd	18	0	5
RCCN @ Calday Grange	0	0	0
RCCN @ Churchtown	0	0	0
Sanctuary Home Care Ltd	29	0	7
Sefton New Directions Ltd.	695	(695)	181
SSE Contracting Limited	39	0	11
Tarmac Trading Ltd.	30	0	9
Taylor Shaw - Raeburn	2	(2)	0
Taylor Shaw - St Andrews	2	(1)	1
Taylor Shaw - Southport Learning Trust	30	0	7
Veolia ES Merseyside & Halton	94	(94)	24
Volair Ltd	343	0	109
Yunex Ltd	23	2	6

**Scheme Employers where contributions have been received during 2023/24 but they had no Active Scheme Members as at 31 March 2024**

	Contributions Received		
	Employers	Deficit/Surplus	Employees
	£000	£000	£000
Fun4Kidz	1	0	0
Greater Merseyside Connexions	0	(2,585)	0
Mellors @ Rainhill	12	(4)	3
North Huyton New Deal	0	201	0
Orian Solutions Ltd	4	(1)	1
Port Sunlight Village Trust	14	(443)	3
Taylor Shaw Great Meols	1	(1)	0
Taylor Shaw Range	0	0	0
Taylor Shaw South Sefton	1	0	0
WCFT (NHS)	228	16	74
Wirral Autistic Society	366	(1,791)	52
Wirral Evolutions	0	0	0
	627	(4,608)	133
<b>Totals</b>	<b>210,207</b>	<b>(29,406)</b>	<b>74,593</b>

## Information Contacts

Position	Name	Telephone
Director of Pensions	Peter Wallach	0151 242 1381
Head of Pensions – Administration	Yvonne Murphy	0151 242 1381
Head of Pensions – Finance & Risk	Donna Smith	0151 242 1381
Head of Pensions – Private Markets	Adil Manzoor	0151 242 1381

Area		
Finance & Risk (Compliance, Financial Control & Management)	Jacinta Watkinson /Grace Onomerike	0151 242 1371/1355
Investments (Fund Assets' Management)	Adil Manzoor/Greg Campbell /Allister Goulding	0151 242 1381 /1314/1306
Employer Compliance and Membership (Transfers, Divorce, Admissions, Data Quality Assurance)	Sue Roberts/Bridget Pullen /Paula Heaton	0151 242 1396
Benefits/Payroll (Retirement Calculations & Payments)	Claire Lloyd/Martin O'Boyle	0151 242 1391
Operations (IT/Communications) (Systems Support, MyPension, Website, Events)	Guy Hayton	0151 242 1392

Resolution of Disputes		
Employer Decisions	Head of Pensions Administration	0151 242 1381
Fund Decisions	Section 151 Officer	0151 666 3407

Scheme Employers Contacts		
Arriva North West	Alison Ashcroft	07855 104975
Knowsley MBC	Jaci Dick	0151 443 5161
Liverpool City Council	Richard Arnold	0151 233 0375
Liverpool John Moore's University	Kevin Morrissey	0151 231 8756
Merseyside Fire & Rescue Service	Steven Welsh	0151 296 4245
Merseytravel (MPTE)	Sue Highton	0151 330 1199
Merseyside Waste Disposal Authority	Jane Nolan	0151 255 2537
Office of the Police and Crime Commissioner for Merseyside (OPCCM)	Lauren Mellor	0151 777 7053
Sefton MBC	Lynn Abbott	0151 934 4126
St. Helens MBC	Steve Rigby	0174 467 6627
Wirral Council	Matthew Slater	0151 691 8529