



Report & Accounts 2012/13

Merseyside Pension Fund

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Merseyside
PENSION FUND

Report & Accounts 2012/13

Contents

 1 Management Structure	 2 Chair's Introduction	 4 Management Report
 6 Membership Statistics	 7 Scheme Administration Report	 13 Investment Report
 16 Financial Performance	 19 Financial Statements	 39 Statement of Responsibilities
 40 Audit Report	 42 Consulting Actuary's Statement	
 44 Appendix A Employer Membership	 45 Appendix B Pensions Committee Items	 46 Appendix C Information Contacts

Management Structure

As at 31 March 2013

1. Pension Fund Management Committee

Chair:

Cllr P Glasman **Wirral**

Vice Chair:

Cllr S Hodrien **Wirral**

Cllr G Davies **Wirral**

Cllr T Harney **Wirral**

Cllr M Hornby **Wirral**

Cllr A Jones **Wirral**

Cllr A McLachlan **Wirral**

Cllr C Povall **Wirral**

Cllr H Smith **Wirral**

Cllr A Sykes **Wirral**

Cllr GCJ Watt **Wirral**

Cllr N F Keats **Knowsley**

Cllr P Hurley **Liverpool**

Cllr P Tweed **Sefton**

Cllr J Fulham **St Helens**

Mr P McCarthy **Non-district Employer Representative**

Employee Representatives (Non-voting)

Mr P Goodwin **Unison**

Mr P Wiggins **Unison**

Mr D Walsh **Unite**

Officers of the Fund

Peter Timmins **Interim Director of Finance**

David Taylor-Smith **Deputy Director of Finance**

Peter Wallach **Head of Pension Fund**

Yvonne Caddock **Principal Pension Officer**

Surjit Tour **Acting Director of Law, HR Asset Management**

Colin Hughes **Group Solicitor**

2. Advisers to Investment Monitoring Working Party

Interim Director of Finance

Head of Pension Fund

Senior Investment Manager

Aon Hewitt

Noel Mills

3. Advisers to Governance and Risk Working Party

Interim Director of Finance

Head of Pension Fund

Principal Pension Officer

Investment Manager

4. Others

Auditor

Grant Thornton

Bankers

Lloyds Banking Group

Consultant Actuary

Mercer HR Consulting

Custodian of Assets

Northern Trust

Ethical Advisers

Pensions and Investment Research

Consultants Ltd

Property Advisers

C B Richard Ellis

Property Managers

C B Richard Ellis

Performance Measurement

The WM Company

Solicitor

Wirral Council

AVC Providers

Equitable Life Assurance Society

Standard Life

Prudential

Chair's Introduction



Councillor Pat Glasman,
Chair of Pensions Committee

As Chair of the Pensions Committee, I am pleased to present Merseyside Pension Fund's Annual Report for the year ended 31 March 2013. The aim of the report is to highlight the important issues affecting the Fund over the last twelve months as well as providing more general information regarding the pension scheme.

Pat Glasman

P Glasman

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 and caution in considering its future liability profile. The Pensions Committee reviews the Fund's investments, administration, strategies and policies at regular intervals, with the help of its various professional advisers, to ensure that they remain appropriate.

Investment Performance of the Fund

Looking back over the 12 months, equity markets were beset by concerns over the US fiscal cliff and the distractions

of the US election year. In Europe, a similar picture was seen with inconclusive Greek elections, France's election of a new president who had campaigned on a policy shift from austerity to growth, the collapse of the Dutch government during negotiations over budget cuts and rising worries over the fragility of the Spanish banking system.

There was a marked improvement in sentiment triggered by a pledge from the European Central Bank's President, Mr Draghi, to do 'whatever it takes' to protect the eurozone from collapse – including fighting unreasonably high government borrowing costs. Global equities finished the year strongly thanks largely to these reassuring words. Economic data from China was also encouraging.

For the first quarter of 2013, although the US fiscal position is still far from being resolved, the worst effects of the fiscal cliff were avoided. Japanese equities continued their strong rebound following a commitment from the new government and central bank to implement aggressive monetary easing and European markets continued to make progress despite the bailout crisis in Cyprus. Bond returns were more muted as investor confidence returned but were positive nonetheless.

The Fund appreciated by more than £600m to over £5.7bn in value, returning 13.2% compared to its bespoke benchmark return of 11.6%. The average local authority fund returned 13.8%. Financial markets continue to be volatile and it is important to remember that local authority pension funds invest over the long-term to pay benefits in forty to fifty years time and it is imperative to maintain this long-term perspective. Further information on the management of the Fund, distribution of assets and performance is provided later in this report.

Actuarial Valuation

As I write, the triennial actuarial valuation for March this year is ongoing and is expected to show a funding level of around 70%. Over the past three years, assets have increased by around £1bn but liabilities have increased at a faster rate exacerbated by the decline in government bond yields. The 31 March 2010 valuation saw the funding level move from 80% to 78%. However, despite the assets of the Fund continuing to appreciate in value since then, quantitative easing by the government, targeted at maintaining low bond yields, has been unhelpful to the valuations of liabilities and the situation is unlikely to improve in the immediate future.

New contribution rates will be calculated by the actuary and implemented from April 2014. Currently, the average employer contribution rate to meet the funding objective is 18% of which 11.6% relates to future service accrual and the balance of 6.4% to recovering the deficit over a 25 year period. Contributions for each separate employer are levied as a combination of a percentage of payroll in respect of future accrual of benefits; and pounds amounts in respect of deficit contributions under the recovery plan. Where known, the financial implications of the changes to the Local Government Pension Scheme (LGPS) were taken into account by the actuary.

Communication with Fund Employers and Members

Effective communication continues to be very important to the Fund as it seeks to deal with issues arising from new legislation and proposals for the reform of the LGPS. We were very pleased that the innovative approach by the Fund and its collaborative arrangements in hosting the 2014 Reforms website were recognised with the award for Best DB Communications from Professional Pensions.

With increasing numbers of members affected by early retirement and redundancy programmes, it has offered a variety of courses to members and employers during the year in addition to regular newsletters for employers, employees, pensioners and deferred members. The Fund website continues to be updated regularly and we are seeing increasing use of the Employers website.

The Annual Employers' Conference held at Aintree Racecourse, in November 2012, was again well attended and featured speakers from the Fund's Actuary and officers from the Fund.

Past Changes and the Future

Reform of the LGPS resulting from the Hutton review continues to be the significant focus. The Fund is an active participant in all aspects of consultation including the proposed changes to the Scheme benefits, legislation, taxation and benefit changes. The Fund has been delighted with the interest from Scheme members and employers in surveys it has undertaken and their contributions have helped to inform the Fund's responses.

Auto-enrolment is now a reality for larger employers and new procedures to ensure that statutory obligations are fulfilled have been implemented. The Fund is busy raising awareness of issues and providing support to all employers.

Implementation of the new CARE Scheme, which will become effective from 1 April 2014, is our main focus. It will require significant changes to systems, policies and procedures. In planning for the changes, we continue to look for efficiencies and improvements wherever possible, in the way in which we operate to reduce costs to stakeholders.

I am delighted to mention that the Fund was also awarded 'Best Pension Scheme (over £2bn)' by the Local Government Chronicle, reflecting consistent, high standards across all aspects of the Fund's operations. 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 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 34 of the Local Government Pension Scheme (Administration) Regulations 2008. In preparing and publishing the Pension Fund Annual Report, the Administering Authority must have regard to guidance issued by the Secretary of State.

Management Report

Management of the Fund

The overall responsibility for the management of the Fund rests with the Pensions Committee chaired by Councillor Patricia Glasman.

In 2012/13, the Committee comprised of Councillors from the Wirral Labour group (6), Conservatives (4), Liberal Democrats (1), representatives of the four other District Authorities (Liverpool, St. Helens, Knowsley and Sefton), an independent representative from the other employers and employee representatives (3). The Director of Finance and other officers of the Fund also attend Committee, which meets around five times a year to review the administrative and investment issues affecting the Fund.

The Committee ensures that 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 the Department of Communities and Local Government (DCLG). 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 2009. 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) and Statement of Investment Principles (SIP) provide further information on the Fund's investment philosophy and investment framework.

The more detailed consideration of investment strategy and asset allocation of the Fund's portfolios is considered by an Investment Monitoring Working Party. The Working Party meets at least six times a year to review investment strategy and to receive reports on investment activity undertaken in the prior period. The Working Party comprises representatives from the Pensions Committee, two independent advisers, Mercer Investment Consulting and members of the in-house investment team.

Another of its important tasks is to monitor the performance of the Fund's external and internal managers, which is undertaken in conjunction with professional advisers and the Fund's officers. External and internal fund managers have been given specific benchmarks against which performance is measured and monitored quarterly. In addition, internal fund managers report to the Director of Finance through regular Fund Operating Group meetings and follow laid down internal compliance procedures.

With regard to its investment management activities, the Fund uses a combination of internal and external management, and active and passive strategies across the various asset classes in which it invests. More comprehensive details of the Fund's managers,

mandates and advisers are set out in its SIP. Governance, pensions administration and policies, risk management and related matters are scrutinised by a Governance and Risk Working Party which meets twice yearly.

Risk Management

The Fund's governance arrangements, set out in the preceding section, ensure that the management of fund 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 advisers and industry best practice in assessing and establishing policies to identify and mitigate those risks.

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

- Governance Policy
- Communications Policy
- Funding Strategy Statement
- Statement of Investment Principles
- Investment Monitoring Policy
- Health & Safety Policy

Copies of these documents are available from the Fund and are published on the Fund website at: www.merseysidepensionfund.org.uk/riskdocs. In addition, the Fund maintains a risk register and a compliance manual for its employees.

These documents are all subject to regular scrutiny by Pensions Committee 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.

Additionally, and where applicable, the Fund adheres to the administering authority's constitution in managing its operations. Legal opinion and advice is provided by Wirral's legal team and from external sources where appropriate.

Knowledge and Skills

Merseyside Pension Fund recognises the importance of ensuring that all staff and members charged with the financial management and decision making with regard to the pension scheme are fully equipped with the knowledge and skills to discharge the duties and responsibilities allotted

to them. It therefore seeks to appoint individuals who are both capable and experienced and it will provide/ arrange training for staff and members of the pensions committee to enable them to acquire and maintain an appropriate level of expertise, knowledge and skills.

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

The pensions committee has designated the Director of Finance 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 and officers through training and education using a variety of means. These include regular meetings, ad hoc seminars and conferences, bespoke training and a comprehensive website.

Pensions committee receives updates on legislative changes, benefit administration changes, procurement, actuarial and investment matters. These are supplemented by the regular working parties. The investment monitoring working parties include a minimum of two presentations and cover all aspects of investment; asset allocation, asset classes, economics, performance measurement, risk management and responsible investment. The governance and risk working parties enable matters relating to other risks, governance and pensions administration to be covered in greater depth, as necessary.

This year, tactical asset allocation was identified as an area of development. An additional IMWP was organised and Members received presentations from officers, the Fund's custodian and investment advisers. Areas covered included the investment implications, governance and risk management.

Bespoke training includes the LGE Trustee Fundamentals training which was attended by a number of committee members and other conferences and seminars as detailed below.

The Fund is a member of the Local Authority Pension Fund Forum and the chair of committee is a member of the executive board, attending regular meetings dealing with all aspects of responsible investment.

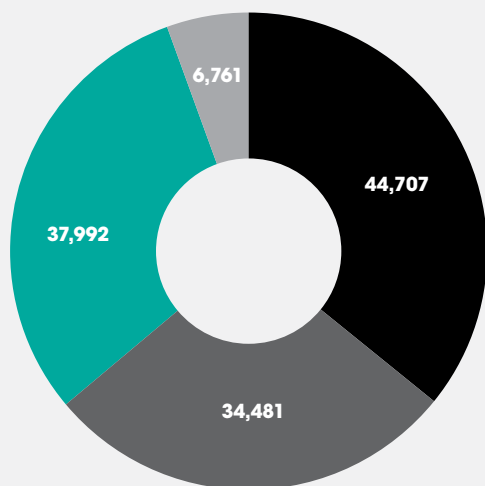
The following training opportunities have been provided during the year.

Month	Event
April	IMWP
May	NAPF LA Conference
June	IMWP
June	Pensions Committee
June	LGPS Trustees Conference
July	CIPFA Conference
July	G&RWP
September	IMWP
September	Pensions Committee
September	LGC Investment Summit
October	IMWP
October	LGE Fundamentals
October	NAPF Annual Conference
November	IMWP
November	Pensions Committee
November	LGE Fundamentals
November	MPF Annual Employers Conference
November	Pensions Committee
November	Annual LAPFF
December	UK Infrastructure Conference
December	LGE Fundamentals
January	Pensions Committee
January	G&RWP
February	LGC Investment Conference
February	IMWP
March	IMWP
March	Pensions Committee
March	PIRC Conference

As the officer nominated by the pensions committee responsible for ensuring that the Fund's training policies and strategies are implemented, the Interim Director of Finance 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.

Membership Statistics

Membership as at 31 March 2013



Active
 Deferred
 Pensioners
 Dependants

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				125	1,331	2,793	3,686	4,065	6,501	8,294	8,387
Deferred				14	652	2,302	3,088	3,250	5,148	6,990	7,014
Pensioner						2	2	26	185	448	1,065
Dependant	6	15	89	148	62	12	12	18	40	96	210

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	6,184	2,686	572	83							44,707
Deferred	5,299	668	44	12							34,481
Pensioner	3,202	8,433	9,161	6,047	4,581	2,872	1,388	487	82	11	37,992
Dependant	304	452	737	880	1,105	1,171	851	428	115	10	6,761
Total											123,941

Key Membership Statistics 2009 - 2013

Year	Active	Deferred	Pensioner	Dependant	Total
31 March 2013	44,707	34,481	37,992	6,761	123,941
31 March 2012	45,521	32,912	37,314	6,804	122,551
31 March 2011	48,323	30,946	35,594	6,860	121,723
31 March 2010	50,776	28,848	34,007	6,928	120,559
31 March 2009	50,892	27,517	32,921	6,858	118,188

Scheme Administration Report

Merseyside Pension Fund operates the Local Government Pension Scheme, which provides for the occupational pensions of employees, other than teachers, police officers and fire fighters, of the local authorities within the Merseyside area. It also operates the Scheme for support staff employed in Academies and members of other organisations, which have made admission agreements with the Fund.

A list of the participating employers is shown at **Appendix A**. The Scheme is a public service pension scheme regulated by statute through the Department for Communities and Local Government (DCLG). It is a contributory final salary scheme, which is contracted-out of the Second State Pension (S2P) and is exempt approved for tax purposes.

Development of the Scheme

Since 1922 the Local Government Pension Scheme has developed from a scheme which just provided pensions for officers only, to today's Scheme which provides pensions and lump sums for all members, spouses, civil and cohabiting partners and children's pensions, ill health, redundancy and death cover.

Quite clearly it is a comprehensive scheme and yet, through the co-operation of the government, employer and employee representatives, the Scheme is constantly changing and adapting to modern day needs and demands.

Scheme Reform

In 2008, the Scheme underwent significant change to alleviate the increasing cost pressures on employers and ultimately the tax payer due to rising life expectancy; identified as the main risk to the ongoing sustainability of the Scheme.

A new accrual rate was introduced which resulted in existing members having mixed benefit structures based on an annual pension of 1/80th of final salary and automatic lump sum prior to April 2008 and thereafter an annual pension of 1/60th of final salary with a lump sum by commutation only. In addition, the introduction of tiered member contributions saw members paying different rates of contributions.

In June 2010, the government changed the inflation measure used to uprate public service pension benefits. From April 2011 both pensions in payment and deferred pensions are uprated in line with changes in the Consumer Prices Index (CPI), instead of the Retail Prices Index (RPI) as had been the previous policy. The CPI typically rises more slowly than the RPI because different formulae are used to calculate each index. This revision resulted in a substantial reduction in future pension liabilities for schemes and subsequent employer costs

However, continued improvements in life expectancy and escalating costs of public sector pension provision led to Lord Hutton's grass roots review, the purpose of which was to make recommendations on how future pension provision could be made sustainable and affordable in the long-term and fair to members and all stakeholders.

Following publication of Lord Hutton's report and recommendations, the government and the Trades Union Congress held a series of meetings to discuss public service pension reform. It was concluded that there should be scheme level discussions, and in particular the LGPS should be recognised as unique given its funded nature.

The government agreed that the local government trade unions and employers could negotiate a separate process based on a broad set of principles and agreed the timescale to introduce a new Scheme by 1 April 2014.

Key Proposals of LGPS 2014

On 31 May 2012, the key proposals of the main scheme design were announced and, as expected, followed the other public sector schemes, in basing future pension accrual on a career average pay structure with a higher accrual rate (1/49th) and a lower level of revaluation (CPI).

The average employee contribution cost remains the same at 6.5%, but the rate of contribution will be determined on actual pay, unlike the current scheme where part-time contributions rates are determined on full-time equivalent pay.

Although there is to be no change to average contributions, the lower paid will pay the same or less and the higher paid will pay increased contributions on a more progressive scale, after tax relief.

A new option to allow employees to pay half contributions in return for half the level of accrual (50/50 option) is proposed to help retain members within the Scheme.

There will be no normal scheme pension age; instead each member's Normal Pension Age (NPA) will be their State Pension Age (the current scheme has an NPA of 65).

These changes will apply from April 2014 but all contributing members will have all benefits built up before this date protected.

Members that are in receipt of a pension or have left with deferred benefits on or before 31 March 2014 will not be affected.

Scheme Administration Report

How is the new Scheme design expected to impact on employers and taxpayers?

The new Scheme is based on a cost ceiling of 19.5% with a notional employer future service contribution rate of 13% of pay and an average employee contribution of 6.5%.

The cost of the revised CARE benefit design and increased accrual rate is equivalent to the current final salary scheme. However, it is fairer to the demographic profile of local government employees and removes the inequalities within a final salary scheme which are advantageous to those on a career path.

The control of future costs will emerge through linking retirement age to State Pension Age, with the expected savings for employers in the region of 1.5% - 2% of pay, but this could vary significantly for individual employers depending on the membership profile of their employees.

Furthermore, the revised definition of pensionable pay includes non-contractual overtime, so there is potential for additional costs if employers pay a substantial level of non-contractual overtime to employees.

As accrued pension rights prior to April 2014 are protected, existing deficits are unchanged by the reforms and will still need to be repaired. Any potential savings from the future cost of post 2014 benefits are likely to be offset by upwards pressure on employer contributions due to current low interest rates and bigger deficits compared to the 2010 valuations. Therefore, total employer contributions (including those to repair existing deficits) are unlikely to fall at the 2013 actuarial valuation despite the proposed benefit changes.

Consultation Responses

The Local Government Association and local government trade unions consulted their respective memberships and other Scheme interested parties, seeking general support to the headline terms of the new Scheme benefits under the 2014 reform framework

Merseyside Pension Fund, in proactively encouraging engagement to the consultation, organised a seminar for employers at Liverpool Town Hall. The keynote speaker, the Head of Pensions at LGA, provided valuable insight into the work and deliberations of the project team in delivering the new Scheme design. The information provided assisted attendees in making an informed response to the consultation.

The Fund has actively participated in all consultations on the reform of the LGPS and has supported the proposals that ensure the continued affordability of Scheme participation to both members and employers.

The Fund responses have highlighted the requirement for simplification within the provisions, where possible to ease the cost and operational burden of administering the Scheme. This would also assist employers and the Fund in communicating the valuable benefits of Scheme participation to both current and prospective members.

Key Events on the Horizon

Future Scheme Management

Negotiations on the future cost management of the LGPS are ongoing and the enactment of the Public Service Pension Act will set the direction of travel on measures to improve Scheme governance and promote wider stakeholder representation.

Pension Bill 2013/14

The government has published the draft Pensions Bill setting out the terms for a move from a two-tier state pension to a single tier pension of £144 per week based on 35 years qualifying years, to be implemented from April 2016.

The move to a single tier benefit will systematically result in the ending of contracting-out which would have a significant impact on members and employers contributing to the LGPS as they face an increase of 1.4% and 3.4% respectively in National Insurance contributions.

Chancellor's Autumn Budget Statement

The Chancellor announced on 5 December that the lifetime allowance would be reduced from £1.5 million to £1.25 million and the annual allowance from £50,000 to £40,000 from April 2014.

HMRC has published proposals for a "personalised protection regime" for individuals with pension pots valued at more than £1.25 million on 6 April 2014.

Actuarial Valuation and Liability Review 2013

The Fund completed and submitted its membership data and cash flow information to its Actuary, by the prescribed deadline of 30 June 2013, enabling the 2013 triennial valuation to be undertaken.

Current Scheme Legislation

Whilst there has been significant engagement and development in regards the new Scheme design, there has also been legislative change to the current arrangements.

The principal regulations were amended during the year by the following statutory instruments:

The LGPS (Miscellaneous) Regulations 2012 S.I 2012/1989 (into force 1 October 2012)

The main features of the SI include amendments which;

- Allow employees with a contract of employment of less than three months the option to join the LGPS
- Fundamentally change the way employees of admission bodies join the LGPS
- Provide that employees cannot complete a form to opt-out of Scheme membership before their employment commences
- Change the final pay calculation for those members who cease active membership on or after 1 October 2012 to include pensionable pay from membership of the LGPS with a previous employer
- Amend an anomaly in the Benefit, Membership and Contributions Regulations 2007 so that pensioner members with a suspended Tier 3 ill health pension benefit, can now opt to take payment of benefits from age 60 at an unreduced rate, should that member satisfy the 85 year rule
- Extend the provision of an indemnity or bond to Community Admission Bodies
- Provide administering authorities with the power to obtain a closing actuarial valuation and a revised rates and adjustment certificate where an employing authority ceases to be a Scheme employer
- Allow LGPS funds to pay an annual allowance tax charge on the request of an affected member, with a consequential reduction in the member's benefits. This amendment has been backdated to 6 April 2011
- Require administering authorities to issue an annual benefit statement to each of its active, deferred and pension credit members by no later than 6 months after the end of the tax year to which the statement relates

The LGPS (Management and Investment of Funds) (Amendment) Regulations 2013 SI 2013/410 (into force 1 April 2013)

These Regulations increase the maximum proportion of a local government pension fund which can be invested in contributions to partnerships, from 15% to 30%.

Earning Bands for employee contributions

The earning bands on which employee contributions are calculated were changed for the financial year 2013/2014.

The bands increased in line with CPI inflation as at September 2012 which was 2.2%

This is not a contribution increase, but reflects the usual annual indexation of the earning bands.

The Fund has notified employers of the correct employee rates to apply from April 2013 as follows:

2013/14 Full-time Equivalent Pay Rate	Contribution Rate
Up to £13,700	5.5%
£13,701 to £16,100	5.8%
£16,101 to £20,800	5.9%
£20,801 to £34,700	6.5%
£34,701 to £46,500	6.8%
£46,501 to £87,100	7.2%
More than £87,100	7.5%

Auto Enrolment

The Fund, in conjunction with its actuary, facilitated a workshop on 5 September 2012 to outline the statutory obligations for employers under Auto-Enrolment legislation. Its remit was to assist employers in evaluating their own individual compliance and state of readiness with regard to their procedural and communication duties.

The LGA in-depth guide has been forwarded to all employers explaining the categorisation of employees and information around disclosure and compliance requirements. The Fund has also supported employers with any points of clarification under the legislation and the interaction with the LGPS in meeting statutory obligations.

Scheme Administration Report

The Fund undertook a collaborative process to change its procedures to ensure employers and the Fund meet the Pension Regulator's requirements.

The Fund has responded to the Department of Work and Pensions consultation on proposals to simplify the Auto Enrolment legislation - supporting the proposal to provide easements for employers who contractually enrol staff into occupational pension savings. The conclusion of the consultation is awaited at the time of writing.

Key Improvement Areas

The key improvement areas identified for the pension administration unit are as follows: -

1. Improved efficiency through further development of information technology capability and application.

In September 2012, the Fund completed its project to replace the system used for Pensions Administration and Pensioner Payroll. The migration to the updated 'Altair' IT system from Aquila/Heywood will provide a strong platform for the Fund in meeting the challenges of delivering a revised benefit structure and an increase in electronic interactions between the Fund and its stakeholders.

The Fund is continuing the archiving of historical employer and legislative documents into its electronic document management system. The use of electronic storage for non-member related documents continues apace with similar efficiency improvements in areas such as the management of annual contribution returns.

2. Enhanced communications, consultation and promoting of the benefits of the Scheme to employers, employees and beneficiaries.

In December 2011, the Fund launched a dedicated website to communicate the proposals for the revised Local Government Pensions Scheme <http://lgps2014.org>

The website immediately drew interest from other LGPS funds and gained national recognition from the Local Government Association and the professional press.

In 2012, the Fund entered into a collaborative arrangement with the Local Government Association to assist in the joint communication of the new Scheme.

The Fund's dedicated website for Scheme reform has now been re-branded as a joint initiative by LGA, UNISON, GMB and Unite, developed and administered by Merseyside Pension Fund. The website was re-launched as the national members' site for Local Government Pension reform.

As a result of this work, the Fund was recognised at what are considered the premier industry awards, by winning the Professional Pensions' Scheme of the Year in the category of 'Best DB Communications (public)'.



3. Development of training policies and procedures to ensure the quality of service provision to Scheme members.

The Fund continues to provide its 'Mid-Life' and 'Pre-Retirement' planning courses although this year, a number of the presentations and courses were being delivered to members as part of their employers' Early Voluntary Retirement and Redundancy programmes.

As a result of the introduction of both the LGPS Miscellaneous Regulations 2012 and overarching Automatic Enrolment Legislation, the procedures involved in the admission of employees into the Local Government Pension Scheme (LGPS) have been amended.

The required changes to procedures and forms for Automatic Enrolment were developed in collaboration and consultation with the Fund's largest employers. The national staged roll out of Automatic Enrolment has meant that the largest employing authority in MPF had to comply with the legislation from March 2013.

4. Efforts to increase take up of Scheme membership

It is a continuing challenge for the Fund to make significant improvements to the take-up of Scheme membership, made all the more challenging as a number of employers face very difficult decisions with regards to their workforce.

Whilst the Fund has attractive and comprehensive literature in relation to Scheme benefits, the development of its communications has been in relation to member retention. Improvements have been made to the procedures and information provided to existing members who wish to 'opt-out' of the LGPS – the intention to inform the member exactly what they are giving up in regards pension benefits and to demonstrate the value of the LGPS in an effort to maintain their ongoing participation.

A newsletter was included with every Annual Benefit Statement to the active members, summarising the proposed changes to the Scheme, including the protections for existing members. In particular the newsletter highlighted that the changes “are designed to ensure that, from 2014, the LGPS remains a great way to save for the future, providing valuable, guaranteed benefits.”

It also pointed each active member to the dedicated national website where they could find more information and subscribe to updates as more information becomes available.

5. Monitoring Performance and Quality of Service

The Fund is continuing its programme of engaging with employers on the provision and timeliness of data. Significant work was made into the supporting technology for managing annual contribution returns, specifically in preparation for the triennial valuation.

Performance Standards

Results of performance against target are shown below:-

Target	Within target %
7 days	95
1 Payment of retirement benefits	
100 %	100
2 Payment of monthly pensions	
7 days	98
3 Payment of Transfer Values	
10 days	98
4 Provision of inward transfer quotes	
22 days	100
5 Notification of deferred benefits	
10 days	99
6 Provide valuation in divorce cases	
10 days	86
7 Respond to members' enquiries	

(Details given in respect of 12 month period to 31 March 2013)

Scheme Administration Report

Internal Dispute Resolution Cases

Since 1 June 2004, individual employers are responsible for considering stage 1 appeals against decisions made by them, with the Fund responsible for considering stage 1 appeals against its own decisions and all stage 2 appeals.

During the year to 31 March 2013, there were no appeals against decisions made by the Fund.

A total of 11 new cases were dealt with by the panel of Appointed Persons responsible for considering Stage 2 appeals against employer decisions.

As in previous years, the majority of cases have concerned either refusal to grant ill health retirement or to bring preserved benefits into payment early on ill health grounds. Of these appeals against employer decisions, 7 of the cases upheld the employer decision, with the remaining 4 being granted.

Breakdown of IDRP Cases 2012-2013

Total IDRP Cases (Against Fund and Employer Decisions)	
Refused Ill Health Retirement	5
Refused Deferred Benefit on Ill Health Grounds	6
Total Appeals	11

Appeals Against Employer Decisions		
Employer	Number	Employer Decision
Sefton New Directions	1	Granted
Berrybridge Housing	1	Upheld
Liverpool	4	2 upheld / 2 granted
St. Helens	1	Upheld
Wirral	3	2 Upheld / 1 granted
Capita Symonds	1	Upheld
Total Employer Appeals	11	

Appeals Against Fund Decisions

No appeals against Fund decisions were made during the period.

Pensions Ombudsman

No cases concerning the Fund were considered by the Pensions Ombudsman during the period.

Investment Report

Year ended 31 March 2013

Review of Investment Performance

The fiscal year to the end of March 2013 marked a sharp turnaround in investor sentiment with "riskier" equity markets comfortably outperforming the traditionally safer haven bond markets by a considerable margin.

As the world's major Central Banks further eased their monetary stance from already accommodative levels, nominal bond yields sank to record lows. The prospect of protracted low yields in core bond markets led to investors searching out higher returns in the so called risk assets such as equities and other alternative assets.

All the major OECD stock markets delivered positive returns in a global market rally which featured the US S&P 500 Index up 18.4 per cent, and the Japanese Nikkei Index up 17.34 per cent in unhedged sterling terms as Prime Minister Shinzo Abe launched an unprecedented monetary stimulus programme in a determined attempt to address Japan's deep seated deflationary issues. The UK's FTSE 100 Index ended the fiscal year up a more modest 8.71 per cent.

The performance of the Merseyside Pension Fund against its relevant benchmark, and against price and earnings indices over 1, 3, 5 and ten year periods is tabulated below.

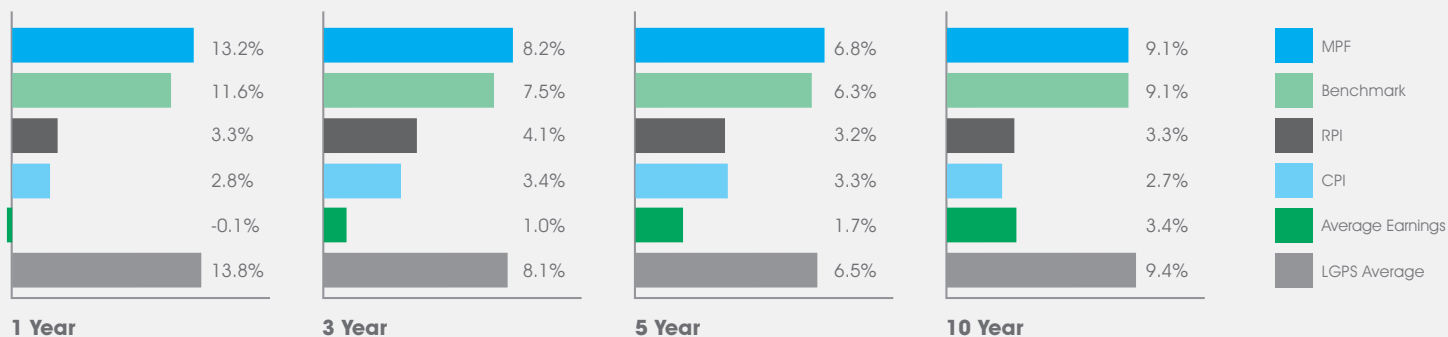
The Fund returned 13.2 per cent in the financial year to the end of March 2013, compared to its bespoke benchmark return of 11.6 per cent, an outperformance of 1.4 per cent. Asset allocation detracted from performance by 0.2 per cent indicating that the Fund was positioned in those asset classes which performed relatively less well over the period. Nevertheless, this was significantly outweighed by a strong stock selection performance which contributed 1.7 per cent of relative benchmark outperformance. Stock selection in European equities and alternative assets were the principal drivers of this strong performance.

Over the same period, the average of all local authority pension funds, based on the WM Local Authority universe of 90 funds, returned 13.8 per cent. An analysis of the 3, 5 and 10 year periods reveals that the performance of the Merseyside Pension Fund has been very much in line with its local authority peers. Over the longer term 20 year period, the Fund ranks in the top quartile of its local authority peers, underlining a consistently strong investment performance over the last two decades.

The WM analysis also indicates that out of the 90 local authority funds, the Merseyside Pension Fund is less volatile than three quarters of its peers, signifying a good diversification of assets and superior risk adjusted returns within the context of its peer group.

During the year, the passive mandates with UBS and Legal and General were transferred to State Street, following a tender exercise. Our custodial arrangements were moved from State Street to Northern Trust.

Comparative Returns for the Fund



Investment Report

Year ended 31 March 2013

Responsible Investment

Over the period, the Fund continued to work with LAPFF and other institutional investors to promote and implement responsible investment. Executive remuneration and severance packages remained topical issues and the Fund was active in engaging with companies over these and other governance issues. Further information and our voting record is available on our website.

Figure 1.
Portfolio Distribution (Market Value at 31 March 2013)

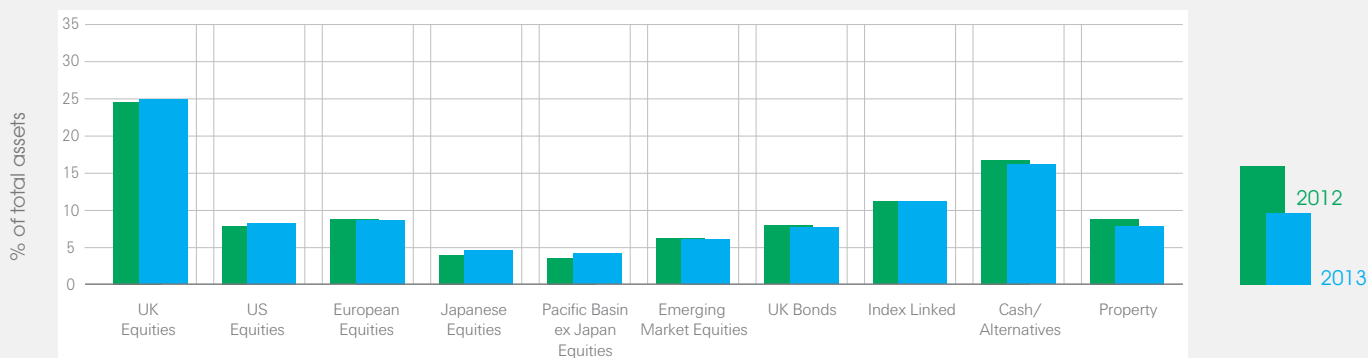
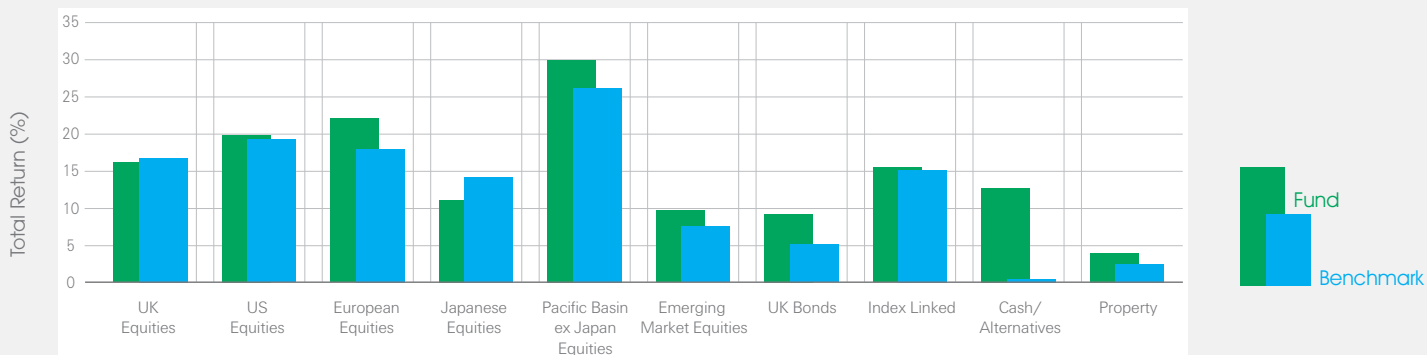


Figure 2.
Total Return by Asset Class in year ended 31 March 2013



Strategic Asset Structure

Asset Class	Strategic Benchmark %	Detail %
UK Equities	25	
Overseas Equities	30	
US		8
European (Ex UK)		8
Japan		4
Asia Pacific		4
Emerging Markets		6
Fixed Interest	20	
UK Gilts		4
Overseas Bonds		0
UK Index Linked		12
Corporate Bonds		4
Property	10	
Venture Capital / Other Investments	14	
Private Equity		4
Hedge Funds		5
Opportunities		3
Infrastructure		2
Cash	1	
Total	100	

Largest UK Property Holdings as at 31 March 2013

Property	Market Value £'000
Supermarket, Heswall	28,300
Birmingham, Fort Retail Park	26,250
Guildford, Tunsgate Square Shopping Centre	20,500
37/38 Curzon Street	18,000
Farnham Retail Park	17,900
Middlemarch Business Park	14,400
Willowbrook Retail Park	13,400
B&Q, Holmer Road	13,250

Largest UK Equity Holdings as at 31 March 2013

Company	Market Value £ '000	Equity %
British American Tobacco	40,160	2.75%
HSBC	31,097	2.13%
BG Group	29,633	2.03%
Vodafone	29,084	1.99%
BP	25,944	1.78%
Compass	24,091	1.65%
Standard Chartered	22,965	1.58%
Glaxosmithkline	21,962	1.51%
Diageo	21,652	1.48%
British Sky Broadcasting	20,743	1.42%
	£267,331	18.32%

Financial Performance

The table below describes the Fund's performance for key financial variables against forecasts (forecast January 2012) for the 12 months to 31 March 2013.

	2012/13 or at March 2013	
	Predicted	Actual
Fund Size 2012	£5,200.4m	£5,200.4m
Fund Size 2013	£5,532.9m	£5,818.9m
Pensions Paid	£262.0m	£259.1m
Contributions Received	£251.4m	£231.2m
Net Transfers	level	-£2.4m
Net Administration Costs	£3.9m	£4.0m
Net Cash Flow from Members	-£15.1m	-£34.2m
Investment income	£93.1m	£86.1m
Investment Management Costs	£11.9m	£12.2m
Change in Valuation of Assets	£265.7m	£578.8m
Net Return from Investments	£347.1m	£652.8m
Net Change Overall	£332.4m	£618.5m

The key variance between the forecast and the actual performance was the return on investments driven by growth in valuations as there was strong investment performance for the year. The contributions received were less than expected which may be part of a trend of

reduction in active membership as employers within MPF reduce staffing numbers.

The Fund monitors its costs closely, the table below shows the out-turn against administration and investment costs for the year.

	12 Months to 31 March 2013			
	Investments and Accountancy		Administration	
	Budget	Actual	Budget	Actual
Employees	851,657	734,403	1,798,543	1,756,496
Premises	34,400	48,472	80,300	160,120
Transport	25,160	8,500	8,290	3,006
Investment Fees	10,300,000	11,124,632	0	0
Other Supplies and Services	545,600	404,169	415,100	502,853
Third Party	480,500	494,437	379,500	113,895
Transfers	0	0	199,200	170,527
Recharges	431,520	404,541	294,300	335,239
(Income)	0	0	85,500	85,290
Total	12,668,837	13,219,154	3,089,733	2,956,846

*Note: The internal management arrangements of the Fund and responsibilities for cost centres are different to accounting standards for the final accounts. The totals reconcile to the figures for Administration Expenses and Investment Management expenses in the accounts.

The key variable has been fees paid to external investment managers which were £800,000 over budget. This was due to investment returns being higher than expected. Overall this is positive news as the growth in assets is beneficial to the Fund's financial position.

The Fund has a 3 year budget approved by Pensions Committee, this is detailed in the table below.

	2013/14	2014/15	2015/16
Employees	£2,627,638	£2,811,573	£2,867,804
Premises	£188,193	£193,086	£198,106
Transport	£28,040	£28,769	£29,517
Investment Fees	£11,555,999	£12,353,363	£13,205,745
Other Supplies and Services	£1,345,634	£1,380,621	£1,416,517
Third Party	£243,878	£250,218	£256,724
Transfers	£173,318	£177,824	£182,448
Recharges	£725,120	£725,120	£725,120
(Income)	-£87,800	-£90,083	-£92,425
Total	£16,800,020	£17,830,491	£18,789,556

Financial Performance

The assumptions that underpin this budget are that, over the next 3 years, 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. The budget also allows for some growth in staffing and IT costs for the administration of the 2014 scheme.

The predictions for key financial variables over the next 3 years using the same assumptions as for the budget are detailed in the table below.

	2013/14	2014/15	2015/16
Fund Size Start of Year	£5,818,901,000	£6,175,002,524	£6,553,929,517
Fund Size End of Year	£6,175,002,524	£6,553,929,517	£6,957,310,464
Pensions Paid	£265,541,625	£272,180,166	£278,984,670
Contributions Received	£236,939,000	£242,862,475	£248,934,037
Net Transfers	£0	£0	£0
Administration Costs	£3,691,579	£3,924,686	£4,031,369
Net cashflow from members	-£32,294,204	-£33,242,377	-£34,082,002
Investment Income	£92,059,073	£98,411,149	£105,201,518
Investment Management Costs	£13,108,441	£13,905,805	£14,758,187
Change in valuation of assets	£309,445,096	£327,664,025	£347,019,618
Net return from Investments	£388,395,728	£412,169,370	£437,462,950
Net change overall	£356,101,524	£378,926,993	£403,380,948

The material variable in these assumptions is investment returns. If returns over the next few years are different from the predicted long term average (6.9% per annum) 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 of these factors are largely outside the influence of Merseyside Pension Fund.

Financial Statements

Fund Account - for year ended 31 March 2013

	Note	2011/12	2012/13
		£'000	£'000
Contributions and Benefits			
Contributions receivable	6	243,213	231,160
Transfers in	7	11,024	9,495
Administration income		199	243
		254,436	240,898
Benefits payable	8	267,053	259,065
Payments to and on account of leavers	9	13,119	11,848
Administration expenses	10	4,107	4,244
		284,279	275,157
Net (withdrawals)/additions from dealings with members		(29,843)	(34,259)
Return on Investments			
Investment income	11	91,070	89,185
Profit and losses on disposal of investments and changes in value of investments	13	35,962	578,835
Taxes on income	11	(1,453)	(3,068)
Investment management expenses	12	(11,225)	(12,175)
Net return on Investments		114,354	652,777
Net increase/(decrease) in the Fund during the year		84,511	618,518
Net assets of the Fund at the start of the year		5,115,872	5,200,383
Net assets of the Fund at the end of year		5,200,383	5,818,901

Net Assets Statement as at 31 March 2013

	Note	2011/12	2012/13
		£'000	£'000
Investment Assets			
	13		
Equities		1,514,762	1,759,476
Pooled Investment Vehicles		3,216,404	3,614,051
Derivative Contracts		6,669	1,823
Direct Property		290,965	283,615
Short Term Cash Deposits		56,271	62,329
Other Investment Balances		75,895	50,734
		5,160,966	5,772,028
Investment Liabilities	16	(15,338)	(7,156)
		5,145,628	5,764,872
Long Term Assets	17	30,864	12,743
Current Assets	18	36,330	55,170
Current Liabilities	18	(12,439)	(13,884)
Net assets of the Fund as at 31 March 2013		5,200,383	5,818,901

Notes to the Accounts

1. General

Merseyside Pension Fund (MPF/the Fund) is part of the Local Government Pension Scheme (LGPS) and is administered by Wirral Council. Wirral Council is the reporting entity for this pension fund.

The following description of the Fund is a summary only. For more detail, reference should be made to Merseyside Pension Fund Annual Report 2012/13 and the underlying statutory powers underpinning the Scheme, namely the Superannuation Act 1972 and the Local Government Pension Scheme (LGPS) Regulations.

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. Teachers, police officers and fire fighters are not included as they come within other national pension schemes.

Membership of the LGPS is voluntary and employees are free to choose whether to join the Scheme, 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.

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 and are matched by employers' contributions which are set based on triennial actuarial funding valuations.

Benefits are index-linked in order to keep pace with inflation. In June 2010, the Government announced that the method of indexation would change from the retail price index to the consumer price index. This change took effect from 1 April 2011.

Pension benefits under the LGPS are based on final pensionable pay and length of pensionable service. In May 2012 the Local Government Association announced the 2012 new LGPS proposals to take effect from 1 April 2014 subject to consultation.

Following overwhelming support from the Local Government Association and the local government trade unions on proposals for a reformed Scheme design, the Department

for Communities and Local Government moved to statutory consultation during this financial year to deliver the revised 2014 Scheme to enable the actuary to take account of the changes in the triennial valuation.

The main provisions of the reformed LGPS 2014 are as follows:

A Career Average Revalued Earnings (CARE) scheme using CPI as the revaluation factor (the current scheme is a final salary scheme).

The accrual rate will be 1/49th (the current scheme is 1/60th).

There will be no normal scheme pension age, instead each member's Normal Pension Age (NPA) will be their State Pension Age (the current scheme has an NPA of 65).

Average member contributions to the Scheme will be 6.5% (same as the current scheme) with the rate determined on actual pay (the current Scheme determines part-time contribution rates on full-time equivalent pay).

While there will be no change to average member contributions, the lowest paid will pay the same or less and the highest paid will pay higher contributions on a more progressive scale after tax relief.

Members who have already or are considering opting out of the Scheme could instead elect to pay half contributions for half the pension, while still retaining the full value of other benefits. This is known as the 50/50 option (the current scheme has no such flexible option).

For current Scheme members, benefits for service prior to 1 April 2014 are protected, including remaining 'Rule of 85' protection. Protected past service continues to be based on final salary and current NPA.

2. Basis of Preparation

The Statement of Accounts summarises the Fund's transactions for the 2012/13 financial year and its position at year end as at 31 March 2013. The accounts have been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2012/13 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.

3. 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. 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. Augmentation and pension strain payments due from employers in future years are accrued for.

Transfers to and from other schemes

Transfer payments relate to those early leavers whose transfers have been paid during the year plus an accrual for future payments in respect of members moving their service to other schemes under bulk transfer arrangements.

Administration expenses

All administration expenses are accounted for on an accruals basis. All staff costs of the pensions team are charged direct to the Fund. Management and other overheads are apportioned to the Fund in accordance with council policy.

Investment management expenses

All investment management expenses are accounted for on an accrual 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.

For certain unquoted investments including private equity, hedge funds, opportunities and infrastructure the Fund do not charge costs for these to the Fund account because the Fund manager costs are not charged directly to the Fund. They are instead deducted from the value of the Fund's holding in that investment or from investment income paid to the Fund.

The cost of obtaining investment advice from external consultants is included in investment management expenses.

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

Property expenses

Property expenditure is accounted for in the calendar year.

Investment income

Income from equities is accounted for when the related investment is quoted ex-dividend. Income from pooled investment vehicles and interest on 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.

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.

Rental income

Rental income from properties is taken into account by reference to the periods to which the rents relate and is shown net of related expenses. The Fund accrues rent up to 24 March each year. Rent received on the Quarter Day, 25 March, is accounted for in full in the following year.

Valuation of investments

Financial assets are included in the net asset statement on a fair value basis as at the reporting date. 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 should the securities have 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.

Notes to the Accounts

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 and of listed funds net asset value per unit is obtained through data vendors.

Direct property is valued at fair value as defined by the IASB and market rent as set out in VS 3.3 of the Professional Standards, as at the reporting date. Direct properties have been valued independently by Colliers International in accordance with Royal Institute of Chartered Surveyors Valuation Professional Standards as at 31 March 2013.

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.

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.

Basis of estimates

Estimates for post year end outstanding items have been used for the following activities: payments of retirement grants and death grants.

- retirement grants due for payment, but not paid by 31 March: 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: for example awaiting Probate

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

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.

4. Critical Judgments in Applying Accounting Policies

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 in place procedures for ensuring that valuations applied by managers comply with these standards and any other relevant best practice. The value of unquoted assets as at 31 March 2013 was £1,123 million (£1,021 million at 31 March 2012).

5. Events After the Balance Sheet Date

There have been no events since 31 March 2013, and up to the date when these accounts were authorised, that require any adjustments to these accounts.

6. Contributions Receivable

	2011/12	2012/13
	£'000	£'000
Employers		
Normal	100,690	96,738
Augmentation	145	311
Pension Strain	19,501	10,369
Deficit Funding	67,673	70,703
Employees		
Normal	55,204	53,039
	243,213	231,160
relating to:		
Administering Authority	37,271	32,574
Statutory Bodies	171,379	166,715
Admission Bodies	34,563	31,871
	243,213	231,160

Contributions are made by active members of the Fund in accordance with the LGPS (Benefits, Membership and Contributions) Regulations 2007 and range from 5.5% to 7.5% of pensionable pay for the financial year ending 31 March 2013. Employee contributions are matched by employers' contributions which are based on triennial actuarial valuations. The last such valuation was at 31 March 2010. The 2010 actuarial valuation calculated the average employer contribution of 18%.

"Augmentation" represents payments by employers to the Fund for the costs of additional membership benefits awarded under LGPS regulations. An accrual has been made for agreed future payments to the Fund.

"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 2012/13 no such charges were levied.

7. Transfers In

	2011/12	2012/13
	£'000	£'000
Group Transfers	169	-
Individual Transfers	10,855	9,495
	11,024	9,495

8. Benefits Payable

	2011/12	2012/13
	£'000	£'000
Pensions	199,812	214,886
Lump Sum Retiring Allowances	62,277	39,552
Lump Sum Death Benefits	4,964	4,627
	267,053	259,065
relating to:		
Administering Authority	40,995	35,083
Statutory Bodies	188,629	187,856
Admission Bodies	37,429	36,126
	267,053	259,065

9. Payments to and on Account of Leavers

	2011/12	2012/13
	£'000	£'000
Refunds to Members Leaving Service	7	6
Payment for Members Joining State Scheme	3	2
Income for Members from State Scheme	(5)	(4)
Group Transfers to other Schemes	-	-
Individual Transfers to other Schemes	13,114	11,844
	13,119	11,848

10. Administration Expenses

	2011/12	2012/13
	£'000	£'000
Administration and Processing	3,717	3,907
Actuarial Fees	283	255
External Audit Fees*	81	38
Internal Audit Fees	26	44
	4,107	4,244

*External audit fees for 2011/12 includes fees for 2010/11

Notes to the Accounts

11. Investment Income

	2011/12	2012/13
	£'000	£'000
Dividends from Equities	55,447	56,083
Income from Pooled Investment Vehicles	15,448	15,931
Net Rents from Properties	15,960	14,071
Interest on Short Term Cash Deposits	369	539
Income from Private Equity	2,682	1,528
Income from Derivatives	349	188
Other	815	845
	91,070	89,185
Irrecoverable Withholding Tax	(1,453)	(3,068)
	89,617	86,117
Rents from Properties		
Rental Income	21,773	18,541
Direct Operating Expenses	(5,813)	(4,470)
Net Rent from Properties	15,960	14,071

Investment income figures are shown gross of tax. Included in these figures is recoverable taxation of £1.1 million (2011/12 £1.8 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, but is not accruing for future receipt of such income within these accounts. Repayments received in 2012/13 £120,932 (2011/12 £68,344).

As at 31 March 2013, £116.4 million of stock was on loan to market makers, which was covered by cash and non-cash collateral, totalling £129.4 million, giving a margin of 11.2%. Collateral is marked to market, and adjusted daily. Income from stock lending amounted to £810,787 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.

The risks associated with stocklending are set out in the Fund's "Statement of Investment Principles".

12. Investment Management Expenses

	2011/12	2012/13
	£'000	£'000
External Management Fees	10,277	11,125
External Services	638	678
Internal Management Costs	310	372
	11,225	12,175

13. Investments

	Market Value 31.3.12 £'000	Purchases at Cost and Derivative Payments £'000	Sale Proceeds and Derivative Receipts £'000	Change in Market Value* £'000	Market Value 31.3.13 £'000
Equities	1,514,762	662,469	(657,885)	240,130	1,759,476
Pooled Investment Vehicles	3,216,404	1,595,636	(1,552,783)	354,794	3,614,051
Derivative Contracts	6,669	181,075	(175,836)	(10,085)	1,823
Direct Property	290,965	19,540	(14,132)	(12,758)	283,615
	5,028,800	2,458,720	(2,400,636)	572,081	5,658,965
Short Term Cash Deposits	56,271			71	62,329
Other Investment Balances	75,895			6,683	50,734
	5,160,966			578,835	5,772,028

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

For 2011/12 the Fund had purchases of £1.4 billion and sales of £1.3 billion.

Transaction costs include fees and commissions paid to agents, advisers, brokers and dealers, levies by regulatory agencies and securities exchanges, transfer taxes and duties. They have been added to purchases and netted against sales proceeds as appropriate. Transaction costs during the year amounted to £1.5 million (2011/12 £1.7 million). In addition to these costs, indirect costs are incurred through the bid-offer spread on investments in pooled vehicles. The amount of indirect costs is not provided directly to the Fund.

During 2012/13 the Fund changed custodians from State Street to Northern Trust.

Notes to the Accounts

13a. Analysis of Investments

	2011/12	2012/13
	£'000	£'000
Equities (segregated holdings)		
UK Quoted	678,776	756,993
Overseas Quoted	835,986	1,002,483
	1,514,762	1,759,476

	2011/12	2012/13
	£'000	£'000

Pooled Investment Vehicles		
UK Managed Funds:		
Property	24,208	25,250
Equities	193,450	206,701
Private Equity	161,631	169,256
Hedge Funds	56,939	58,662
Corporate Bonds	186,523	205,616
Infrastructure	47,966	49,300
Opportunities	129,629	142,318
Overseas Managed Funds:		
Equities	267,703	362,834
Private Equity	104,008	132,413
Hedge Funds	173,771	193,496
Infrastructure	18,316	39,538
Opportunities	57,750	48,362
UK Unit Trusts:		
Property	84,444	84,237
Overseas Unit Trusts:		
Property	51,315	59,996
Unitised Insurance Policies	1,658,751	1,836,072
	3,216,404	3,614,051

	2011/12	2012/13
	£'000	£'000

UK Properties		
Freehold	249,387	228,715
Leasehold	41,578	54,900
	290,965	283,615

Balance at the Start of the Year	251,935	290,965
Additions	41,447	19,540
Disposals	-	(14,132)
Net Gain/Loss on Fair Value	-	(3,363)
Transfers In/Out	-	-
Other Changes in Fair Value	(2,417)	(9,395)
Balance at the End of the Year	290,965	283,615

As at 31 March 2013 there were no amounts of restrictions on the realisability of investment property or of income and proceeds of disposal.

Contractual obligations for development, repairs and maintenance amounted to £509,523 (2011/12 £2.5 million). There were no obligations to purchase new properties.

	2011/12	2012/13
	£'000	£'000
Short Term Cash Deposits		
Sterling	55,316	61,304
Foreign Currency	955	1,025
	56,271	62,329

Short term deposits only cover cash balances held by the Fund. Cash held by investment managers awaiting investment is shown under "other investment balances".

The foreign currency deposit is an ISK deposit held in an escrow account following the distribution by the Glitnir Winding Up Board. Under the applicable currency controls operating in Iceland, the permission of the Central Bank of Iceland is required to release Icelandic Krona payments held within the Icelandic banking system. The deposit is earning market interest rates.

	2011/12	2012/13
	£'000	£'000
Other Investment Balances		
Amounts Due from Brokers	349	-
Outstanding Trades	7,018	3,257
Outstanding Dividend Entitlements and Recoverable Withholding Tax	17,081	12,649
Cash Deposits	51,447	34,828
	75,895	50,734

13b Impairment on Icelandic deposits

At the time Iceland banks collapsed in October 2008, the Fund had two investments £2.5 million with Heritable Bank and £5 million with Glitnir Bank.

The administrators for Heritable Bank estimated that the total amount to be received was to be between 86% and 90% of the claim. The Fund has therefore decided to recognise an impairment based on it recovering the mid point 88%. As at 31 March 2013 the Fund had received dividend payments totalling £2 million.

In December 2011, the courts determined that local authority deposits with Glitnir Bank qualified for priority status. In March 2012, 81 pence in the £ was recovered and the remaining 19% remains held in Icelandic Krona in an escrow account. An impairment charge of £338,477 against accrued interest was recognised in the Fund Account in 2011/12.

The total amount of accrued interest is £192,319 (2011/12 £183,933).

13c. Analysis of Derivatives

Futures

Type of Contract	Expires	Economic Exposure	Market Value 31/03/2012	Expires	Economic Exposure	Market Value 31/03/2013
		£'000	£'000		£'000	£'000
Assets						
EURO STOXX 50 Index Futures	Jun-12	3,474	347	Jun-13	(480)	(48)
Swiss Market Index Futures	Jun-12	933	93	Jun-13	(1)	-
Total Assets			440			-
Liabilities						
			-			(48)
Total Liabilities			-			(48)
Net Futures			440			(48)

A futures contract is the obligation under a legal agreement to make or take delivery of a specified instrument at a fixed future date, at a price determined at the time of dealing. Merseyside Pension Fund's index futures contracts are externally managed and their objective is to hedge overseas investment positions against adverse index movements.

Futures dealing requires the posting of margin. Initial margin which must be posted before you can trade and variation margin, the mark-to-market value of the futures contracts you hold. Variation margin is exchanged daily and exists

to reduce counterparty credit exposure. Collateral is held in EUR, CHF and GBP currency and the Sterling equivalent is £121,980. DJ Euro STOXX 50 and Swiss Index Futures have a contract multiplier of x10 therefore the notional value underlying the futures contracts is -£0.48 million.

Notes to the Accounts

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
Forward currency contracts	Up to one month	GBP 4,777	CHF 6,826	27	-
Forward currency contracts	Up to one month	GBP 11,739	EUR 13,729	124	-
Forward currency contracts	Up to one month	AUD 187	GBP 129	-	(1)
Forward currency contracts	Up to one month	SGD 567	GBP 301	-	-
Forward currency contracts	Up to one month	GBP 326	SGD 615	-	-
Forward currency contracts	Up to three months	GBP 132,767	JPY 18,700,000	1,673	-
				1,824	(1)
Net Forward Currency Contracts at 31 March 2013					1,823
Prior Year Comparative					
Open Forward Currency Contracts at 31 March 2012				5,640	(5,643)
Net Forward Currency Contracts at 31 March 2012					(3)

Options

A call option is an agreement that gives an investor the right (but not the obligation) to buy a stock, bond, commodity, or other instrument at a specified price within a specific time period.

Investment Underlying Option Contract	Expires	Put/Call	Notional Holding £,000	Market Value 31 March 2012 £'000	Notional Holding £,000	Market Value 31 March 2013 £'000
Etihad Etisalat Co SAR 10.00	October 2012	Call	598	589	-	-

**13d. Summary of Managers Portfolio
Values as at 31 March 2013**

	2011/12		2012/13	
	£'m	%	£'m	%
Externally Managed				
JP Morgan (European equities)	175	3.4	172	3.0
UBS (US equities)	401	7.8	-	-
Nomura (Japan)	204	3.9	272	4.7
Schroders (fixed income)	187	3.6	206	3.6
Legal & General (pooled assets - UK and Emerging Markets equities & index linked)	1,035	20.1	-	-
Legal & General (fixed income)	223	4.3	241	4.2
Unigestion (European equities and pooled Emerging Markets)	141	2.7	224	3.9
M&G (UK equities)	171	3.3	181	3.1
M&G (global emerging markets)	127	2.5	145	2.5
TT International (UK equities)	156	3.0	181	3.1
Blackrock (UK equities)	168	3.2	193	3.3
Blackrock (Pacific Rim)	104	2.0	129	2.2
Newton (UK equities)	138	2.7	168	2.9
Amundi (global emerging markets)	124	2.4	132	2.3
Maple-Brown Abbot (Pacific Rim equities)	101	2.0	132	2.3
State Street Global Advisor (Passive Manager)	-	-	1,595	27.7
	3,455	66.9	3,971	68.8

	2011/12		2012/13	
	£'m	%	£'m	%
Internally Managed				
UK Equities	270	5.2	272	4.7
European Equities	127	2.5	148	2.6
Property (Direct)	291	5.6	284	4.9
Property (Indirect)	166	3.2	172	3.0
Private Equity	266	5.2	302	5.2
Hedge Funds	237	4.6	252	4.4
Infrastructure	66	1.3	89	1.5
Opportunities	196	3.8	198	3.4
Short Term Deposits & Other Investments	87	1.7	84	1.5
	1,706	33.1	1,801	31.2
	5,161	100.0	5,772	100.0

There has been a change in passive managers in 2012/13 from Legal & General and UBS to State Street Global Advisors (SSGA).

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

	2011/12		2012/13	
	£000	%	£000	%
Legal & General pooled UK index linked gilts	575,949	11.2	-	-
UBS USA equity tracker	401,274	7.8	-	-
Legal & General pooled UK equities	410,018	8.0	-	-
SSGA Pooled UK Index Linked Gilts	-	-	635,975	11.1
SSGA USA Equity Tracker	-	-	478,693	8.3
SSGA Pooled UK Equities	-	-	480,059	8.3

Notes to the Accounts

14. Financial Instruments

14a. Classification of Financial Instruments

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 following table analyses the carrying amounts of financial assets and liabilities by category and net asset statement heading.

31 March 2012			
	Loans and Receivables	Financial Liabilities at Amortised Cost	Fair Value Through Profit and Loss
	£000	£000	£000
Financial Assets			
Equities	-	-	1,514,762
Pooled Investment Vehicles	-	-	3,216,404
Derivatives	-	-	6,669
Cash Deposits	56,271	-	-
Other Investment Balances	-	-	75,895
Debtors	67,194	-	-
Total Financial Assets	123,465	-	4,813,730
Financial Liabilities			
Other Investment Balances	-	-	(15,338)
Creditors	-	(12,439)	-
Total Financial Liabilities	-	(12,439)	(15,338)
Net	123,465	(12,439)	4,798,392

31 March 2013			
	Loans and Receivables	Financial Liabilities at Amortised Cost	Fair Value Through Profit and Loss
	£000	£000	£000
Financial Assets			
Equities	-	-	1,759,476
Pooled Investment Vehicles	-	-	3,614,051
Derivatives	-	-	1,823
Cash Deposits	62,329	-	-
Other Investment Balances	-	-	50,734
Debtors	67,913	-	-
Total Financial Assets	130,242	-	5,426,084
Financial Liabilities			
Other Investment Balances	-	-	(7,156)
Creditors	-	(13,884)	-
Total Financial Liabilities	-	(13,884)	(7,156)
Net	130,242	(13,884)	5,418,928

14b. Net Gains and Losses on Financial Instruments

	2011/12	2012/13
	£'000	£'000
Financial Assets		
Fair Value Through Profit and Loss	38,312	591,522
Loans and Receivables	67	71
Total Financial Assets	38,379	591,593
Financial Liabilities		
Fair Value Through Profit and Loss	-	-
Financial Liabilities at Amortised Cost	-	-
Net	38,379	591,593

14c. Fair Value of Financial Instruments and Liabilities

31 March 2012		
	Carrying Value	Fair Value
	£'000	£'000
Financial Assets		
Fair Value Through Profit and Loss	3,961,786	4,813,730
Loans and Receivables	123,465	123,465
Total Financial Assets	4,085,251	4,937,195
Financial Liabilities		
Fair Value Through Profit and Loss	15,338	15,338
Financial Liabilities at Amortised Cost	12,439	12,439
Total Financial Liabilities	27,777	27,777

31 March 2013		
	Carrying Value	Fair Value
	£'000	£'000
Financial Assets		
Fair Value Through Profit and Loss	4,455,958	5,426,084
Loans and Receivables	130,242	130,242
Total Financial Assets	4,586,200	5,556,326
Financial Liabilities		
Fair Value Through Profit and Loss	7,156	7,156
Financial Liabilities at Amortised Cost	13,884	13,884
Total Financial Liabilities	21,040	21,040

The above table summarises the carrying values of the financial assets and financial liabilities by class of instrument compared with their fair values. The carrying value is the book cost and the fair value is market value.

Notes to the Accounts

14d. Valuation of Financial Instruments

The valuation of financial instruments has been classed into three levels, according to the quality and reliability of information used to determine fair values.

Level 1

Financial instruments 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

Financial instruments 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

Financial instruments 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 instruments 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 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 and liabilities of the pension Fund grouped into Levels 1 to 3, based on the level at which the fair value is observable.

	31 March 2012				31 March 2013			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
	£,000	£,000	£,000	£,000	£,000	£,000	£,000	£,000
Financial Assets	Restated	Restated	Restated					
Financial Assets at Fair Value Through Profit and Loss	4,081,732	32,937	699,061	4,813,730	4,586,700	47,358	792,026	5,426,084
Loans and Receivables	123,465			123,465	130,242			130,242
Total Financial Assets	4,205,197	32,937	699,061	4,937,195	4,716,942	47,358	792,026	5,556,326
Financial Liabilities								
Financial Liabilities at Fair Value Through Profit and Loss	15,338	-	-	15,338	7,156	-	-	7,156
Financial Liabilities at Amortised Cost	12,439	-	-	12,439	13,884	-	-	13,884
Total Financial Liabilities	27,777	-	-	27,777	21,040	-	-	21,040
Net Financial Assets	4,177,420	32,937	699,061	4,909,418	4,695,902	47,358	792,026	5,535,286

Following a management review of levels 1, 2 and 3 the values at 31 March 2012 have been restated. The significant movements from level 2 to level 1 relate to pooled vehicles in equities and fixed income, which are appropriately designated as level 1 as they comply with requirements over pricing and liquidity.

15. Nature and Extent of Risks Arising from Financial Instruments

Risk and Risk Management

The Fund's objective is to achieve a funding level position of 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 benchmark is biased towards equities and skewed 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 bonds and cash is maintained to cover short term liabilities while equities (both passive and active), private equity 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 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.

15a. 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. The figures provided are a forward looking assumption of future volatility based on analysis of previous performance and probability.

Notes to the Accounts

	Value March 2013	Potential Variance	Value on increase	Value on decrease
	£'m	%	£'m	£'m
UK Equities (All Equities Including Pooled Vehicles)	1,444	22.4%	1,767	1,121
US Equities	479	24.2%	595	363
European Equities	499	25.7%	627	371
Japan Equities	267	22.5%	327	207
Emerging Markets Equities Inc Pac Rim	599	31.8%	789	409
UK Fixed Income Pooled Vehicles	447	7.0%	478	416
UK Index Linked Pooled Vehicles	636	9.9%	699	573
Pooled Property	169	14.3%	193	145
Private Equity	302	31.6%	397	207
Hedge Funds	252	14.5%	289	215
Infrastructure	89	22.0%	109	69
Other Alternative Assets	191	22.4%	234	148
Short Term Deposits & Other Investment Balances	161	1.1%	163	159
Total	5,535		6,667	4,403

	Value March 2012	Potential Variance	Value on increase	Value on decrease
	£'m	%	£'m	£'m
UK Equities (All Equities Including Pooled Vehicles)	1,283	22.5%	1,572	994
US Equities	404	21.0%	489	319
European Equities	443	22.5%	543	343
Japan Equities	204	22.5%	250	158
Emerging Markets Equities Inc Pac Rim	454	31.5%	597	311
UK Fixed Income Pooled Vehicles	458	10.0%	504	412
UK Index Linked Pooled Vehicles	576	9.0%	628	524
Pooled Property	161	16.0%	187	135
Private Equity	264	29.0%	341	187
Hedge Funds	231	8.0%	249	213
Infrastructure	66	16.0%	77	55
Other Alternative Assets	187	22.5%	229	145
Short Term Deposits & Other Investment Balances	178	0.0%	178	178
Total	4,909		5,844	3,974

15b Credit Risk

The Fund does not hold any fixed interest securities directly and the managers of the pooled fixed income vehicles are responsible for managing credit risk, section a of this note covers the market risks of these holdings.

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 2013 was £62.3 million (31 March 2012 £56.2 million). This was held in instant access accounts with the following institutions:

	Rating (S&P)	Balances as at 31 March 2012	Balances as at 31 March 2013
		£'000	£'000
Royal Bank of Scotland	Long A Short A-1	31,010	19,472
Lloyds TSB	Long A Short A-1	-	41,763
Bank of Scotland	Long A Short A-1	10,000	-
Santander	Long A Short A-1	14,000	-
Heritable (Iceland)		306	69
Iceland escrow account		955	1,025
Total Financial Assets		56,271	62,329

15c. Liquidity Risk

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.

To ensure liquidity for payment of pensions the Fund has an allocation of 1% to cash; £62 million is the actual figure at balance sheet date which equates to over 2 months of pensions payments. The Fund also has £4,458 million in assets which could be realised in under 7 days notice, £460 million in assets which could be realised in under 90 days notice and £446 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. Whilst the Fund has a net withdrawal for 2012/13 in its dealing with Members of £34 million, this is offset by investment income of £89 million.

Notes to the Accounts

16. Investment Liabilities

	2011/12	2012/13
	£'000	£'000
Derivative Contracts	5,644	48
Amounts Due to Stockbrokers	9,694	7,108
	15,338	7,156

17. Long Term Assets

	2011/12	2012/13
	£'000	£'000
Assets Due in More than One Year	30,864	12,743
	30,864	12,743
relating to:		
Central Government Bodies	5,535	4,834
Other Local Authorities	23,230	6,928
NHS	-	-
Public Corporations and Trading Funds	285	173
Bodies External to General Government	1,814	808
	30,864	12,743

Payments are being received in respect of pensioner and deferred members of the Magistrates Courts, which was previously an active employer in the Fund. Year 1 is shown as a current asset, but years 2 - 7 have been discounted at a rate of 4% and are included above. Also discounted are future payments of pension strain to be paid by employers in 2014/15 onwards.

18. Current Assets and Liabilities

	2011/12	2012/13
	£'000	£'000
Assets		
Contributions Due	24,824	23,656
Amounts Due from External Managers	-	10,138
Accrued and Outstanding Investment Income	3,006	1,184
Sundries	7,957	14,244
Provision for Bad Debts	(375)	(1,265)
Cash at Bank	918	7,213
	36,330	55,170
relating to:		
Central Government Bodies	1,272	1,327
Other Local Authorities	19,994	19,000
NHS	2	2
Public Corporations and Trading Funds	525	606
Bodies External to General Government	14,537	34,235
	36,330	55,170

	2011/12	2012/13
	£'000	£'000
Liabilities		
Amounts Due to External Managers	-	1,491
Retirement Grants Due	1,775	2,044
Provisions	602	379
Miscellaneous	10,062	9,970
	12,439	13,884
relating to:		
Central Government Bodies	2,292	2,106
Other Local Authorities	1,380	2,075
NHS	-	-
Public Corporations and Trading Funds	16	4
Bodies External to General Government	8,751	9,699
	12,439	13,884
Total Current Assets and Liabilities	23,891	41,286

"Sundries" mainly covers general debtors, property arrears due, agents' balances and recoverable taxation.

"Provision for bad debt" relates to property rental income, and is based on an assessment of all individual property debts as at 31 March 2013.

The main components of "Miscellaneous Liabilities" 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-imbusement.

19. Contractual Commitments

Commitments for investments amounted to £288.40 million as at 31 March 2013. (2011/12 £285.7 million). These commitments relate to Private Equity £146.23 million, Infrastructure £50.11 million, Opportunities £29.39 million, Indirect Property £62.67 million. As some of these funds are denominated in foreign currencies, the commitment in sterling is subject to change due to currency fluctuations.

20. 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.

21. 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.

Administration and investment management costs include charges by Wirral Council in providing services in its role as Administering Authority to the Fund, which amount to £3.5 million. (2012 £3.8 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 £14.6 million and creditor £244,297 balances as at 31 March 2013.

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 in respect of March 2013 payroll are included within the debtors figure in note 18.

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, all of whose Councillors may become scheme members, Wirral Council, Liverpool John Moores University, CDS Housing, Greater Hornby Homes and Wirral Partnership Homes. 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.

Patrick Dowdall, Investment Manager - Alternatives, acts in an un-remunerated advisory capacity on 6 investment bodies in which the Fund has an interest, Standard Life (£1.4 million), F&C (£18.4 million) and Palatine previously called Zeus (£3.3 million), by whom travel expenses and accommodation were paid, plus Key Capital (£6.9 million) Enterprise (£1.8 million) and Capital Dynamics (£101.9 million). New commitments to these funds during 2012/13 were as follows: Capital Dynamics £10 million and F&C £1.2 million approved at Pensions Committee 20 March 2012.

Owen Thorne, Investment Officer acted in an un-remunerated board member capacity at Institutional Investors Group on Climate Change (IIGCC), during 2012/13 to which the Fund pays an annual subscription.

Susannah Friar, Property Manager acts in an un-remunerated board advisory capacity on one investment body in which the Fund has an interest, Partners Group Real Estate Asia Pacific 2011 (£1.8 million), by whom travel expenses and accommodation were paid.

Each member of the Pension Fund Committee formally considers conflicts of interest at each meeting.

Notes to the Accounts

Key management personnel

The remuneration paid to the Fund's senior employees is as follows:

Financial Year 2012/13	Employment Period	Salary £	Allowances £	Pension Contributions £	Total including Pension Contributions £
Head of Pension Fund	01/04/12 - 31/03/13	73,352	-	8,802	82,154
Acting Senior Investment Manager	01/04/12 - 31/03/13	52,361	-	6,283	58,644

Financial Year 2011/12	Employment Period	Salary £	Allowances £	Pension Contributions £	Total including Pension Contributions £
Head of Pension Fund	01/04/11 - 01/04/12	73,352	-	8,802	82,154
Acting Senior Investment Manager	01/04/11 - 01/04/12	51,515	-	6,182	57,697

22. Additional Voluntary Contribution Investments

The Committee holds assets invested separately from the main fund. In accordance with regulation 4 (2) (b) of the Pensions Schemes (Management and Investment of Funds) Regulations 2009, these assets are excluded from the Pension Fund accounts.

The Scheme providers are Equitable 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.

	2011/12 £'000	2012/13 £'000
The Aggregate Amount of AVC Investments is as Follows:		
Equitable Life	2,596	2,543
Standard Life	5,683	6,105
Prudential	4,477	5,088
	12,756	13,736
Changes During the Year were as Follows:		
Contributions	1,677	2,051
Repayments	2,278	1,854
Change in Market Values	345	783

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 secure that one of its officers has the responsibility for the administration of those affairs. In this authority, that officer is the Interim Director of Finance.
- To manage the affairs of the Fund to secure economic, efficient use of resources and safeguard its assets.

The Interim Director of Finance's Responsibilities

The Interim Director of Finance 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 2013.

In preparing this statement of accounts, the Interim Director of Finance has:

- Selected suitable accounting policies and then applied them consistently
- Made judgments and estimates that were reasonable and prudent
- Complied with the Code

The Interim Director of Finance 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 Interim Director of Finance's Certificate

I certify that the Statement of Accounts presents fairly the financial position of the Fund at 31 March 2013, and its income and expenditure for the year then ended.

A handwritten signature in black ink that reads "James Molloy".

Interim Director of Finance
30 September 2013

Audit Report



Independent Auditor's Report to the Members of Wirral Council

Opinion on the pension fund financial statements

We have audited the pension fund financial statements of Merseyside Pension Fund for the year ended 31 March 2013 under the Audit Commission Act 1998. The pension fund financial statements comprise the Fund Account, the Net Assets Statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2012/13.

This report is made solely to the members of Wirral Council in accordance with Part II of the Audit Commission Act 1998 and for no other purpose, as set out in paragraph 48 of the Statement of Responsibilities of Auditors and of Audited Bodies published by the Audit Commission in March 2010. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Authority and the Authority's Members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the Director of Resources (Interim) and auditor

As explained more fully in the Statement of Responsibilities for the Statement of Accounts, the Director of Resources (Interim) is responsible for the preparation of the pension fund's financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the pension fund financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the fund's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Director of Resources (Interim); and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on other matters

In our opinion, the information given in the pension fund annual report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we report by exception

We report to you if, in our opinion the governance compliance statement does not reflect compliance with the Local Government Pension Scheme (Administration) Regulations 2008 and related guidance. We have nothing to report in this respect.

Opinion on the pension fund financial statements

In our opinion the pension fund's financial statements:

- give a true and fair view of the financial transactions of the pension fund during the year ended 31 March 2013 and the amount and disposition of the fund's assets and liabilities as at 31 March 2013, other than liabilities to pay pensions and other benefits after the end of the scheme year; and
- have been properly prepared in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2012/13.

Michael Thomas

Director

for and on behalf of Grant Thornton UK LLP, Appointed Auditor

Royal Liver Building
Liverpool
L3 1PS

September 2013

Consulting Actuary's Statement

Accounts for the year ended 31 March 2013 - Statement by the Consulting Actuary

This statement has been provided to meet the requirements under Regulation 34(1)(d) of The Local Government Pension Scheme (Administration) Regulations 2008.

An actuarial valuation of the Merseyside Pension Fund was carried out as at 31 March 2010 to determine the contribution rates with effect from 1 April 2011 to 31 March 2014.

On the basis of the assumptions adopted, the Fund's assets of £4,706 million represented 78% of the Fund's past service liabilities of £6,016 million (the "Funding Target") at the valuation date.



The valuation also showed that a common rate of contribution of 11.6% of pensionable pay per annum was required from employers. The common 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.

Adopting the same method and assumptions as used for assessing the Funding Target the deficit would be eliminated by an average additional contribution rate of 6.4% of pensionable pay for 25 years. This would imply an average employer contribution rate of 18.0% of pensionable pay in total.

Further details regarding the results of the valuation are contained in our formal report on the actuarial valuation dated 30 March 2011.

In practice, each individual employer's position is assessed separately and the contributions required are set out in our 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). Different approaches adopted in implementing 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 Funding Target and the common contribution rate were as follows:

	For past Service Liabilities (Funding Target) per annum	For Future Service Liabilities (Common Contribution Rate) per annum
Rate of Return on Investments (Discount Rate):		
- Pre Retirement	6.5%	6.75%
- Post Retirement	5.5%	6.75%
Rate of Pay Increases:	4.5%	4.5%
Rate of Increases in Pensions in Payment (in Excess of Guaranteed Minimum Pension):	3.0%	3.0%

The assets were assessed at market value.

The next triennial actuarial valuation of the Fund is due as at 31 March 2013. Based on the results of this valuation, the contribution rates payable by the individual employers will be revised with effect from 1 April 2014.

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 2013 (the 31 March 2012 assumptions are included for comparison):

	31 March 2012 per annum	31 March 2013 per annum
Rate of Return on Investments (Discount Rate)	4.9%	4.2%
Rate of Pay Increases	4.0%	3.9%
Rate of Increases in Pensions in Payment (in Excess of Guaranteed Minimum Pension):	2.5%	2.4%

The demographic assumptions are the same as those used for funding purposes other than the allowance for future improvements in life expectancy, which has been updated taking into account the latest evidence on this issue. The updated allowance underlying the 31 March 2013 calculations is in line with the projections model published in November 2009 by the Continuous Mortality Investigation (CMI) with a long-term improvement rate of 1.25% p.a. The previous allowance as at 31 March 2012 used a long-term improvement rate of 1.0% p.a.

During the year, corporate bond yields reduced, resulting in a lower discount rate being used for IAS26 purposes at the year end than at the beginning of the year (4.2% p.a. versus 4.9% p.a.). The impact of this was offset slightly by the 0.1% p.a. fall in assumed inflation.

The value of the Fund’s promised retirement benefits for the purposes of IAS26 as at 31 March 2012 was estimated as £7,273 million. The effect of the changes in actuarial assumptions between 31 March 2012 and 31 March 2013 as described above is to increase the liabilities by c£921 million. Adding interest over the year increases the liabilities by a further c£355 million, and allowing for net benefits accrued/paid over the period decreases the liabilities by c£51 million. The net effect of all the above is that the estimated total value of the Fund’s promised retirement benefits as at 31 March 2013 is therefore £8,498 million.



Paul Middleman
Fellow of the Institute and Faculty of Actuaries
Mercer Limited
June 2013

Appendix A

Scheme employers with active members as at 31 March 2013

Scheduled Bodies

Arena & Convention Centre Liverpool
Billinge Chapel End Parish Council
Birkenhead Sixth Form College
Carmel College
Halewood Parish Council
Hugh Baird College
King George V College
Knowsley Community College
Knowsley M.B.C.
Knowsley Parish Council
Liverpool City Council
Liverpool Community College
Liverpool John Moores University
Merseyside Fire & Rescue Authority
Merseyside Integrated Transport Authority (MITA)
Merseyside Passenger Transport Executive (MPTE)
Merseyside Valuation Tribunal
Merseyside Waste Disposal Authority
National Probation Service
Office of the Police and Crime Commissioner for Merseyside (OPCCM)
Prescot Town Council
Rainford Parish Council
Rainhill Parish Council
Sefton M.B.C.
Southport College
St. Helens College
St. Helens M.B.C.
Whiston Town Council
Wirral Council
Wirral Metropolitan College

Scheduled Bodies (Academies)

Academy of St. Francis
Bellerive FCJ Catholic College
Belvedere Academy
Birkdale High School
Blue Coat School
Calday Grange Grammar School
Chesterfield High School
Childwall Sports & Science Academy
De la Salle Academy
Deyes High School
Enterprise South Liverpool Academy
Formby High School
Greenbank High School
Hawthornes Free School
Hillbre High School
Hope Academy
Maghull High School
North Liverpool Academy

Oldershaw Academy
Prenton High School for Girls
Range High School
St. Anselms College
St. Edwards College
St. Francis Xavier's College
St. John Plessington Catholic College
St. Margaret's Church of England Academy
Sutton Academy
University Academy (Liverpool)
University Academy of Birkenhead
Upton Hall School
Weatherhead High School
West Derby School (Academy)
West Kirby Grammar School
Wirral Grammar School for Boys
Wirral Grammar School for Girls
Woodchurch High School (Acad)

Admission Bodies (Community)

Age UK – Liverpool
Arriva North West
Association of Police Authorities
Beechwood and Ballantyne Housing Assoc.
Berrybridge Housing Ltd.
Birkenhead School (2002)
Care Quality Commission
Catholic Children's Society
CDS Housing
Cobalt Housing Ltd.
Comtechsa Limited
Glenvale Transport Ltd/Stagecoach
Greater Hornby Homes
Greater Merseyside Connexions
Helena Partnerships Ltd.
Knowsley Housing Trust
LACORS
Lee Valley Housing Association Ltd.
Liverpool Association for the Disabled
Liverpool Citizens Advice Bureau
Liverpool Hope University
Liverpool Housing Trust
Liverpool Mutual Homes Ltd.
Local Government Association
Merseyside Lieutenancy
Merseyside Society for Deaf People
Merseyside Welfare Rights
Merseyside Youth Association
North Huyton Communities Future
North Liverpool Citizens Advice Bureau
One Vision Housing Ltd.
Partners Credit Union
Port Sunlight Village Trust
Sefton Education Business Partnership

South Liverpool Housing Ltd.
Southern Neighbourhood Council
University of Liverpool
Vauxhall Neighbourhood Council
Village Housing Association Ltd.
Wavertree Citizens Advice Bureau
Welsh Local Government Association
Wirral Autistic Society
Wirral Citizens Advice Bureau
Wirral Partnership Homes Ltd.

Admission Bodies (Transferee)

Addaction Limited
Agilisys Limited
arvato Public Sector Services Limited
Balfour Beatty Fire Project
Balfour Beatty PFI SEN School (Springfield and The Elms)
Balfour Beatty Workplace (Knowsley Transform Schools)
Birkenhead Market Services Ltd.
Capita Symonds (Sefton)
COLAS
Compass (Scolarest) Liverpool Schools
Compass (Scolarest) Wirral Schools
Computacenter (UK) Ltd.
Crime Reduction Initiatives
Elite Cleaning & Environmental Services Ltd.
Enterprise (Liverpool Highways) Ltd.
Enterprise Liverpool Cleansing
Enterprise Liverpool Neighbourhood Grounds
Geraud Markets Liverpool Ltd.
Glendale (Liverpool Parks Services) Ltd.
Graysons Restaurants
Hall Cleaning Services
Hochtief Liverpool Schools
Hochtief Wirral Schools
Interserve (Facilities Mgmt) Ltd.
Kingswood Colomendy Ltd.
Liberata (UK) Ltd.
Liverpool Vision Limited
Mack Trading
Mellors Catering Services
Mouchel (2020 Knowsley Ltd.)
Mouchel (2020 Liverpool/Parkman)
Northgate Managed Services
RM Education PLC
Sefton New Directions Ltd.
SSE Contracting Ltd.
Taylor Shaw - King David
Taylor Shaw (Meols Cop)
Veolia ES Merseyside & Halton

Appendix B

Pensions Committee Items

25 June 2012

Appointment of Vice-Chair
 LGPS Update
 Investment Monitoring Working Party - Minutes 11 April 2012
 Local Government Chronicle Conference Newport
 Representation on Outside Bodies
 Treasury Management Annual Report 2011/12
 Investment Performance
 Admission Body Application - Hall Cleaning Services
 Cunard Building
 Appointment of a Provider of Global Custody Services
 Cunard Building, Liverpool - Second Floor Refurbishment
 Three Year Review of External Investment Mandates for UK and European Equities
 Capital Dynamics Training Event
 Property Portfolio Insurance Arrangements
 Extension of Minimum Variance Strategy

18 September 2012

LGPS Update
 Governance & Risk Working Part Minutes 12/07/12
 Accounts 2011-12
 AC Annual Governance Report
 LAPFF Conference Bournemouth
 Unfunded Pension Liabilities
 Annual Employers Conference
 Draft Annual Report
 Admission Body Application - Balfour Beatty
 Admission Body Application - Health Management Ltd
 NAPF Conference
 Professional Pensions Awards

20 November 2012

LGPS Update
 Statement of Investment Principles
 Scheme Pays Policy
 LGC Investment Awards
 Gifts and Hospitality Policy
 Cunard Building
 LGC Investment Conference
 Mellors Catering Services
 IMWP Minutes 10/10/12

15 January 2013

LGPS Update
 Pension Fund Budget
 Member Development Programme 2013
 Treasury Management Strategy
 Independent Advisor
 Property Arrears
 Tunsgate
 IMWP Minutes 28 November, 2012

25 March 2013

LGPS Update
 Withholding Tax Claims
 Private Equity Programme 2011-2014
 Internal Dispute Resolution Procedure
 NAPF Local Authority Conference
 PIRC Annual Corporate Governance Conference 2013
 Governance and Risk Working Party Minutes

	Pensions Committee					GRWP		IMWP						
	25-Jun	18-Sep	20-Nov	15-Jan	25-Mar	12-Jul	30-Jan	11-Apr	06-Jun	04-Sep	10-Oct	28-Nov	02-Feb	12-Mar
Cllr. George Davies	•	•	•	•	•	•	•	•						
Cllr. John Fulham (St. Helens MBC)	•	•	•	•	•	•							•	
Cllr. Pat Glasman	•	•	•	•	•	•	•		•	•	•	•	•	•
Mr. Phil Goodwin	•		•		•			•		•	•	•	•	•
Cllr. Joe Hanson (Liverpool CC)	•													
Cllr. Tom Harney	•	•	•	•	•	•		•	•				•	
Cllr. Sylvia Hodrien	•	•	•	•	•	•			•	•	•			
Cllr. Mike Hornby	#	•	•	•	•	•		•		•	•	•		•
Cllr. Patrick Hurley (Liverpool CC)			•											
Cllr. Adrian Jones	•	•	•	•	•						•	•	•	
Cllr. Norman Keats (Knowsley MBC)		•	•	•	•		•	•			•			
Mr. Patrick McCarthy	•		•											
Cllr. Ann McLachlan	•	•	•	•	•			•		•				
Cllr. Cherry Povall	•	•	•	•	•				•					
Cllr. Harry Smith	•	•	•	•	•	•	•	•	•	•	•	•		•
Cllr. Adam Sykes	•	*	•	•	•	•								•
Cllr. Paul Tweed (Sefton MBC)														
Cllr. Geoffrey Watt	•	•	•	•	•	•		•	•	•	•	•	•	•
Mr. Paul Wiggins		•	•	•		•		•	•	•	•	•	•	•

#Cllr. P Johnson attended *Cllr. Simon Mountney attended

The IMWP and GRWP are advisory bodies whose membership is drawn from Pensions Committee

Appendix C

Information Contacts

Position	Name	Telephone number
Head of Pension Fund	Peter Wallach	0151 242 1309
Principal Pension Officer	Yvonne Caddock	0151 242 1333

Area	Name	Telephone number
Accounts	Paddy Dowdall	0151 242 1310
Investments	Leyland Otter	0151 242 1316
Members Services	Margaret Rourke/Sue Roberts	0151 242 1369
Benefits/Payroll	Barbara King/Keith Higgins	0151 242 1354
Operations (IT/Communications)	Guy Hayton	0151 242 1361

Resolution of Disputes		
Employer Decisions	Principal Pension Officer	0151 242 1333
Fund Decisions	Head of Benefits, Revenue & Customer Service	0151 666 3056

Scheme Employers Contacts		
Arriva North West	Anne Hughes	0151 522 2807
Knowsley MBC	Yvonne Ashton	0151 443 4177
Liverpool City Council	Richard Arnold	0151 225 2216
Liverpool John Moores University	Jayne Brown	0151 231 8756
Merseyside Fire & Rescue Service	Helen Jones	0151 296 4219
Merseytravel	Linda Gedman	0151 330 1191
Merseyside Waste Disposal Authority	Paula Pocock	0151 255 2539
National Probation Service (Merseyside)	Kevin Stamper	0151 920 9201
Office of the Police and Crime Commissioner for Merseyside (OPCCM)	Karen Blake	0151 777 8189
Sefton MBC	Lynn Abbott	0151 934 4126
St. Helens MBC	Cathy O'Connor	0174 467 6627
Wirral Council	Helen Watkins	0151 666 3524

