

# PENSIONS COMMITTEE

Tuesday, 29 March 2011

<u>Present:</u>	Councillor	G Watt (Chair)	
	Councillors	C Povall G Davies T Harney S Williams (in place of Cllr Peter Johnson)	AER Jones R Moon H Smith P Hayes (in place of Cllr Denis Knowles)
	Councillors	N Keats, Knowsley Council A Ibbs, Sefton Council	
		Mr P McCarthy (Non District Council Employers)	
<u>In attendance:</u>		Paul Wiggins, Unison	
<u>Apologies</u>	Councillors	Joe Hanson William Anderton Peter Johnson	AR McLachlan Denis Knowles

## 80 MEMBERS' CODE OF CONDUCT - DECLARATIONS OF INTEREST

Members were asked to consider whether they had any personal or prejudicial interests in connection with any item(s) on the agenda and, if so, to declare them and state the nature of the interest.

Councillor Anne Ibbs declared a prejudicial interest in Item 20 – Admission body Application – Northgate Managed Services – as the company concerned had secured an I.T. contract with a Sefton school.

Councillor Steve Williams declared a personal interest in general as his wife was a member of the Pension Fund.

Councillor George Davies declared a personal interest in general as his wife was a member of the Pension Fund.

## 81 MINUTES

The Director of Law HR and Asset Management submitted the minutes of the meeting held on 11 January, 2011.

**Resolved – That the minutes be received.**

82 **NATIONAL ASSOCIATION OF PENSIONS FUND CONFERENCE**

The Director of Finance requested nominations to attend the National Association Pension Fund (NAPF) Local Authority Conference, to be held in Birmingham, from 16 May to 18 May 2011.

**Resolved That the Chair and Vice-Chair of the Pensions Committee be nominated to attend the National Association Pension Fund (NAPF) Local Authority Conference, to be held in Birmingham, from 16 May to 18 May 2011.**

83 **LGPS TRUSTEES CONFERENCE**

The Director of Finance submitted a report that requested the Committee to consider attendance at the LGPS trustees conference organised by the Local Government Employers to be held in Bournemouth on 8 and 9 June 2011.

Several members of the Committee raised concerns that the date in question fell after the date of the Local Government Elections. The Director responded that places needed to be booked in advance for the conference so names were being sought now.

**Resolved – That Councillors Geoffrey Watt, Adrian Jones and Cherry Povall submit their names and Councillor George Davies confirm his name with the Director of Finance as attendees at the LGPS trustees conference organised by the Local Government Employers to be held in Bournemouth on 8 and 9 June 2011.**

84 **CIPFA ANNUAL CONFERENCE**

The Director of Finance submitted a report that requested nominations to attend the CIPFA Annual Conference, to be held in Birmingham from 5 July to 7 July 2011.

**Resolved That the Committee confirms that a representative of the Pensions Committee attend the CIPFA Annual Conference, to be held in Birmingham from 5 July to 7 July 2011.**

85 **BANK SIGNATORIES**

The Director of Finance sought approval to amend the nominated personnel on the existing bank mandates.

**Resolved – That the nominated personnel on the existing bank mandates be approved in accordance with those listed in the report.**

86 **PUBLIC SERVICE PENSIONS COMMISSION**

The Director of Finance submitted a report that informed Members of the recommendations of the inquiry conducted by Lord Hutton into the future provision of public service pension schemes including the Local Government Pension Scheme.

The Commission's final report had been published and delivered to the Government on Thursday 10 March 2011.

The Director of Finance noted that the objectives of the review undertaken by Lord Hutton had been to ensure that pension provision in the public sector was affordable and sustainable in the long term and to identify any short term cost savings.

He further noted that provision of the Pensions Administration service by the Council in its role as Administering Authority of the Merseyside Pension Fund under Regulation 30 and Schedule 4 of the LGPS (Administration) Regulations 2008 was a statutory duty.

The Director of Finance reported that the Department for Communities and Local Government (DCLG) would be carrying out consultation to determine how the recommendations made in the report should be implemented in respect of the LGPS.

The report outlined the headline recommendations of the Commission and included a question and answer fact sheet as an appendix.

**Resolved - That the report be noted.**

#### 87 **LGPS UPDATE**

The Director of Finance submitted a report that informed Members of legislative and other developments impacting on the Local Government Pension Scheme (LGPS). It was noted that the most significant development was the publication of the Public Service Pensions Commission final report which was the subject of a separate report to the Committee.

The Director of Finance also circulated a copy of the response to the Chancellor dated 16 February, 2011 from the Local Government Association which included a table showing the proposed employee contribution rate to the LGPS.

**Resolved - That the report be noted.**

#### 88 **MEMBERS' TRAINING**

The Director of Finance submitted a report that informed Members of the next training day which was arranged to take place at the Cunard Building on 14 June 2011.

**Resolved - That Members attend the next training day at the Cunard Building on 14 June 2011.**

#### 89 **CIPFA KNOWLEDGE AND SKILLS FRAMEWORK - INTERIM COMPLIANCE STATEMENT**

The Director of Finance submitted a report that proposed a response to the best practice guidance issued by CIPFA in relation to the compliance of Local Government Pension Schemes (LGPS) with the Knowledge & Skills Framework. A draft statement of compliance was submitted as an appendix.

It was reported that the Local Government Pension Scheme Administering Authorities were required to report on a 'comply or explain' basis their adoption of, and compliance with, the Myners Principles. The first of these principles, effective decision making, required LGPS funds to ensure that:

- decisions were taken by persons or organisations with the skills, knowledge, advice and resources necessary to make them effectively and monitor their implementation; and
- those persons or organisations have sufficient expertise to be able to evaluate and challenge advice they receive, and manage conflicts of interest.

It was reported that the compliance statement represented a key element in complying with this principle.

**Resolved – That the inclusion of an interim compliance statement in the annual report be approved.**

#### 90 **EXTENSION OF PIRC CONTRACT**

The Director of Finance sought approval for a six month extension of the contract with PIRC to provide corporate governance research and comprehensive proxy voting services.

**Resolved -**

**(1) That the extension of the contract with PIRC for the provision of corporate governance research and comprehensive proxy voting services to 30 September 2011 be approved.**

**(2) That officers be authorised to commence a procurement exercise for the re-tendering of this contract, and to report a recommendation for appointment to the September 2011 meeting of the Pensions Committee.**

#### 91 **CHARGING POLICY**

The Director of Finance submitted a report that reviewed current charges made by the MPF for services provided to service users and employers.

It was noted that provision of the Pensions Administration service by the Council in its role as Administering Authority of the Merseyside Pension Fund under Regulation 30 and Schedule 4 of the LGPS (Administration) Regulations 2008 was a statutory duty.

**Resolved – That the existing charges, as set out in the schedule at Appendix1 to the report, be confirmed.**

#### 92 **GOVERNANCE AND RISK WORKING PARTY - MINUTES**

The Director of Finance provided Members with the minutes of the Governance and Risk Working party held on 26 January 2011.

**Resolved –**

**(1) That the minutes of the Governance and Risk Working party held on 26 January 2011 be agreed.**

**(2) That the next meeting of the Governance and Risk Working party be arranged for 14 July 2011.**

**93 241 BROOKLANDS ROAD, WEYBRIDGE, SURREY - AIR CONDITIONING**

The Director of Finance informed Members of the outcome of a recent tendering exercise in respect of air conditioning plant replacement works for 241 Brooklands Road, Weybridge, owned by MPF as part of the direct property investment portfolio. The tendering exercise had been conducted on behalf of MPF by CB Richard Ellis (CBRE).

**Resolved – That the acceptance by the Director of Finance under delegation of the lowest tender for air conditioning plant replacement works at 241 Brooklands Road, Weybridge be noted.**

**94 GLOBAL CUSTODIAN SERVICES**

The Director of Finance submitted a report regarding global custodian services noting that Merseyside Pension Fund used a global custodian to ensure the security of assets. The report proposed, for operational reasons, an extension of the current contract on the existing terms and conditions.

**Resolved –**

**(1) That the extension of the existing global custodian contract to 31 March 2012 be approved.**

**(2) That the commencement of a procurement process for global custodian services from 1 April 2012 for a period of three years plus an optional extension of two years be approved.**

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

**Resolved – That the public be excluded from the meeting on the grounds that the following matters to be considered contain exempt information by virtue of paragraph 3 of Part 1 of Schedule 12A of the Local Government Act 1972.**

**96 PRIVATE EQUITY PROGRAMME 2011-14**

The Director of Finance submitted a report to request Members to approve the Private Equity Programme for 2011/14 including the proposed investments for 2011.

**Resolved –**

**(1) That the Private Equity Programme for 2011/14 including the proposed investments for 2011 be noted and that it also be noted that the Director**

**of Finance will make the individual investments under delegation and may make changes as circumstances arise, which may be particularly pertinent further out in the programme.**

- (2) That the Pensions Committee note that it will receive annual updates on the private equity programme and that reports will continue to be made to the IMWP on a quarterly basis.**

97 **TAX RECOVERY**

The Director of Finance reported that KPMG had assisted MPF with the submission of specialist reviews of domestic and European tax arrangements. He reported that they have co-ordinated submissions to UK and European tax authorities across Local Government and private pension funds to claim additional re-imbursments, usually involving test cases under European law.

The Director of Finance submitted a report that proposed an extension of the existing contract with KPMG to enable a review, and where appropriate, submission of filing returns, claims for reimbursements and / or allowances for losses from the Internal Revenue Service (IRS), the tax authority for the United States of America.

**Resolved –**

- (1) That the extension of the existing contract with KPMG to include a review, and appropriate follow-up of involvement with United States tax issues be approved.**
- (2) That funding for this initiative, to come from the additional income received and expected to be received from existing European and UK submissions, be approved.**
- (3) That Members receive regular progress reports on these initiatives.**

98 **INVESTMENT MONITORING WORKING PARTY-MINUTES**

The Director of Finance submitted the minutes of the Investment Monitoring Working Party held on 23 February 2011.

**Resolved – That the minutes of the IMWP, attached as an appendix to the report be noted.**

99 **ADMISSION BODY APPLICATION - NORTHGATE MANAGED SERVICES**

The Director of Finance informed Members of his decision taken under delegation, to approve the application received from Northgate Managed Services for admission to Merseyside Pension Fund as a Transferee Admission Body. The company had secured an I.T. contract at the Sefton School, Litherland High School, for the period 21 February 2011 to 20 February 2017.

**Resolved - That the approval of the application for admission to the Merseyside Pension Fund of Northgate Managed Services be noted.**

100 **ADMISSION BODY APPLICATION - ELITE CLEANING AND ENVIRONMENTAL SERVICES**

The Director of Finance informed Members of his decision taken under delegation, to approve the application received from Elite Cleaning & Environmental Services for admission to Merseyside Pension Fund as a Transferee Admission Body. The company had taken on the cleaning services at Birkenhead 6<sup>th</sup> Form College with effect from 1 April 2008.

**Resolved - That the Pensions Committee notes the approval of the application for admission to the Merseyside Pension Fund of Elite Cleaning & Environmental Services.**

101 **ADMISSION BODY APPLICATION - TAYLOR SHAW**

The Director of Finance informed Members of his decision taken under delegation, to approve the application received from Taylor Shaw for admission to Merseyside Pension Fund as a Transferee Admission Body. The company had secured the catering contracts at two Liverpool Schools, King David High and King David Primary with effect from 1 September 2010.

**Resolved - That the approval of the application for admission to the Merseyside Pension Fund of Taylor Shaw to undertake the catering at two Liverpool schools be noted.**

102 **STAFFING REPORT**

Further to Minute No 74 the Director of Finance informed Members of the progress made in revising the staffing structure.

**Resolved – That the report be noted.**

103 **LEASE OF PART OF CASTLE CHAMBERS, CASTLE STREET, LIVERPOOL**

With the consent of the Committee this item was withdrawn.

104 **VOTE OF THANKS**

The Chair, noting that this was the last Pensions Committee for the municipal year, offered the Committee's good wishes to Councillor Anne Ibbs (Sefton Council) as she would not be seeking re-election in the forthcoming elections.

The Chair also thanked all members and officers for their support and hard work throughout the year.