



Pensions Committee

Date:	Monday, 19 September 2011
Time:	6.00 pm
Venue:	Committee Room 1 - Wallasey Town Hall

Contact Officer: Pat Phillips
Tel: 0151 691 8488
e-mail: patphillips@wirral.gov.uk
Website: <http://www.wirral.gov.uk>

AGENDA

1. MEMBERS' CODE OF CONDUCT - DECLARATIONS OF INTEREST

Members are asked to consider whether they have personal or prejudicial interests in connection with any item(s) on this agenda and, if so, to declare them and state what they are.

2. MINUTES (Pages 1 - 10)

To receive the minutes of the meeting held on 27 June, 2011.

3. ACCOUNTS 2010-11

To be circulated separately.

4. AUDIT COMMISSION ANNUAL GOVERNANCE REPORT (Pages 11 - 32)

5. MEMBERS' TRAINING DAY (Pages 33 - 42)

6. LAPFF CONFERENCE BOURNEMOUTH (Pages 43 - 44)

7. LGPS UPDATE (Pages 45 - 60)

8. ANNUAL EMPLOYERS' CONFERENCE (Pages 61 - 64)

9. BANK AND OTHER AUTHORISED SIGNATORIES (Pages 65 - 70)

10. DRAFT ANNUAL REPORT

To be circulated separately.

11. **PROFESSIONAL PENSIONS AWARDS (Pages 71 - 74)**
12. **TUNSGATE SQUARE SHOPPING CENTRE 'GREEN APPLE' AWARD (Pages 75 - 78)**
13. **CORPORATE GOVERNANCE AND VOTING**
To be circulated separately.
14. **AUTO ENROLMENT**
To be circulated separately.
15. **ACADEMIES**
To be circulated separately.
16. **ADMISSION BODY APPLICATION - MACK TRADING (Pages 79 - 82)**
17. **TAYLOR SHAW - REPORT**
To be circulated separately.
18. **IMWP MINUTES**
To be circulated separately.
19. **GOVERNANCE & RISK WORKING PARTY MINUTES - REPORT (Pages 83 - 86)**
20. **ANY OTHER URGENT BUSINESS APPROVED BY THE CHAIR (PART 1)**
To consider any other business that the Chair accepts as being urgent.
21. **EXEMPT INFORMATION - EXCLUSION OF MEMBERS OF THE PUBLIC**

The following items contain exempt information.

RECOMMENDATION: That, under section 100 (A) (4) of the Local Government Act 1972, the public be excluded from the meeting during consideration of the following items of business on the grounds that they involve the likely disclosure of exempt information as defined by the relevant paragraphs of Part I of Schedule 12A (as amended) to that Act. The Public Interest test has been applied and favours exclusion.

**22. ADMISSION BODY APPLICATION - MACK TRADING - APPENDIX
(Pages 87 - 88)**

23. TAYLOR SHAW - APPENDIX

To be circulated separately.

24. IMWP MINUTES - APPENDIX

To be circulated separately.

**25. GOVERNANCE & RISK WORKING PARTY MINUTES - APPENDIX
(Pages 89 - 92)**

26. NON RECOVERY OF OVERPAYMENTS (Pages 93 - 96)

**27. ANY OTHER URGENT BUSINESS APPROVED BY THE CHAIR
(PART 2)**

To consider any other business that the Chair accepts as being urgent.

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PENSIONS COMMITTEE

Monday, 27 June 2011

Present:

Councillor G Watt (Chair)

Councillors G Davies P Johnson
P Doughty AR McLachlan
T Harney C Povall
AER Jones H Smith

Councillors L McGuire, St Helens Council
J Hanson, Liverpool City Council
D Mclvor, Sefton Council

In attendance:

Mr P Goodwin Mr P Wiggins
UNISON UNISON

Apologies

Councillor N Keats Mr P McCarthy
Knowsley Council (Non District Council
Employers)

1 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 George Davies declared a personal interest in general by virtue of being a board member of Plus Dane Housing Group Limited and a personal interest in general as his wife is a member of Merseyside Pension Fund.

2 MINUTES

The Director of Law HR and Asset Management submitted the minutes of the meeting held on 29 March, 2011.

Resolved – That the minutes be received.

3 APPOINTMENT OF VICE CHAIR

It was moved by the Chair and seconded by Councillor Peter Johnson that Councillor Cherry Povall be nominated as Vice-Chair of the Pensions Committee.

It was moved as an amendment by Councillor Harry Smith and seconded by Councillor George Davies that Councillor Ann McLachlan be appointed as Vice-Chair of the Pensions Committee.

The amendment was put and lost (5:5)

The motion was the put and carried (6:5) on the Chair's casting vote.

Resolved (6:5) – That Councillor Cherry Povall be appointed as Vice-Chair of the Pensions Committee.

4 LGC CONFERENCE NEWPORT

The Director of Finance requested nominations to attend the Local Government Chronicle (LGC) Investment Conference, to be held in Newport from 7 to 9 September 2011.

Resolved – That the Committee agrees that 3 delegates attend the LGC to include Councillors Geoffrey Watt, Adrian Jones and a third member to be agreed once further details have been circulated to members by Peter Wallach.

5 MERSEYSIDE PENSION FUND AUDIT FEES

The Director of Finance submitted a report that confirmed that the fees to be charged by the Audit Commission for the audit of the accounts and financial statements of Merseyside Pension Fund for the year ended 31 March 2011 totalled £54,065. This was consistent with the indicative fees set out in the Audit Opinion Plan presented to the Pensions Committee on 11 January 2011.

Resolved – That the fees of £54,065 for the audit of the accounts and financial statements of Merseyside Pension Fund for the year ended 31 March 2011 be noted.

6 BANK SIGNATORIES

The Director of Finance submitted a report that set out the proposed changes to authorised signatories at Merseyside Pension Fund, following the departure of some of the existing authorisers.

The report described the different requirements for different institutions and functions, including the bankers, custodian, overseas pensions payment agent, as well as the granting of power of attorney where appropriate.

The report also referred to operational decisions regarding authorised signatories for other transactions and procedures, by officers nominated by the Director of Finance. It was noted however, for the avoidance of doubt by organisations undertaking due diligence on MPF as an investee company or as a financial services provider, or as an overseas jurisdiction, putting such arrangements in the public arena could avoid administrative inconvenience.

Resolved –

1. That the following officers be authorised to open, close and amend bank accounts, authorise instructions for the payment of benefits and for investment transactions, for the accounts with the bankers (Royal Bank of Scotland), with the Global Custodian (State Street), and with other financial institutions for the purpose of making and redeeming deposits, “open” cheques, and counter sign cheques over £10,000:

Director of Finance	Ian E. Coleman
Deputy Director of Finance	David L Taylor-Smith
Head of Financial Services	Thomas W. Sault
Head of Benefits, Revenues and Customer Services	Malcolm J. Flanagan
Head of IT Services	Geoffrey W. Paterson
Head of Support Services	Michael J. Fowler
Principal Pensions Officer	Yvonne M. Caddock
Members Services Manager	Margaret M Rourke
Operations Manager	Guy W. Hayton

2. That the following officers have powers to authorise investment decisions and relevant documentation, but not to authorise the transfer of money:

Head of Pension Fund	Peter J. Wallach
Senior Investment Manager	Leyland K. Otter
Investment Manager	Patrick G. Dowdall

3. That for the purposes of due diligence verification, Patrick G. Dowdall, Investment Manager, be designated an authorised officer.

4. That, for the avoidance of doubt, it be confirmed that the Director of Finance can designate officers of MPF to exercise powers of attorney on behalf of MPF and Wirral Metropolitan Borough Council, which, from 1 July 2011, would require two of the following officers:

Head of Pension Fund	Peter J. Wallach
Senior Investment Manager	Leyland K. Otter
Principal Pensions Officer	Yvonne M. Caddock
Investment Manager	Patrick G. Dowdall

7 INTERNAL DISPUTE RESOLUTION PROCEDURE

The Director of Finance submitted a report that sought to authorise nominated officers to handle appeals at stage 1 and stage 2 of the Internal Dispute Resolution Procedure (IDRP) in respect of the Pension Fund.

Resolved – That the following officers be authorised to act on behalf of the Administering Authority to consider appeals at either stage 1 or stage 2 of the Internal Dispute Resolution Procedure:

Ian Coleman	Director of Finance
David Taylor-Smith	Deputy Director of Finance
Michael Fowler	Head of Support Services
Peter Wallach	Head of Merseyside Pension Fund
Yvonne Caddock	Principal Pensions Officer

8 MANAGEMENT OF PRIVATE EQUITY

The Director of Finance submitted a report that informed Members of contractual arrangements for the monitoring of the overall Private Equity portfolio of MPF by Capital Dynamics.

The appendix to the report included a letter setting out the terms and conditions under which Capital Dynamics would monitor the overall private equity portfolio of MPF.

Resolved -

1. That the letter contained in the appendix to the report which sets out the contractual arrangements through which Capital Dynamics will conduct monitoring be noted.

2. That the Committee notes that this is being implemented through an agreement between the independent trustees of the Capital Dynamics Merseyside Private Equity Fund, Capita Trust Company and Capital Dynamics who are the managers of this fund.

9 BANKING CONTRACT

The Director of Finance submitted a report that noted the Cabinet approval to tender for banking services provided to the Council including Merseyside Pension Fund. The current contract with RBS Group could be extended to 31 March 2013. However a European Union directive was forcing RBS to divest some of its services to other banks prior to that date. It was reported that it may therefore be necessary to assign the existing contract to an alternative bank as an interim measure if this divestment takes place before the conclusion of the tender process.

RESOLVED -

1. That the agreement to invite tenders for the provision of banking services to the Council including Merseyside Pension Fund be noted.

2. That the agreement to the extension of the existing contract with RBS Group for the period of the tender process which shall be no later than 31 March 2013 be noted.

3. That it be noted that the Director of Finance can agree to the assignment of the existing contract with RBS Group to another bank should RBS divest its services prior to completion of that tender.

10 LOCAL GOVERNMENT PENSION SCHEME REFORM

The Director of Finance submitted a report that informed members of legislative and other developments impacting on the Local Government Pension Scheme.

Resolved – That the report be noted.

11 REPRESENTATION ON OUTSIDE BODIES

The Director of Finance requested the Committee to review positions held by Elected Members on external bodies on behalf of Merseyside Pension Fund.

Resolved -

1. That Councillor Geoffrey Watt continue to be an Executive Member of LAPFF.

2. That Councillor Ann McLachlan continue as a LGA Labour Group appointment on the Local Government Pensions Committee.

12 TREASURY MANAGEMENT ANNUAL REPORT

The Director submitted a report that presented a review of Treasury Management activities within Merseyside Pension Fund (MPF) for the 2010/11 financial year and reported any circumstances of non-compliance with the treasury management strategy and treasury management practices. It had been prepared in accordance with the revised CIPFA Treasury Management Code.

Resolved - That the Treasury Management Annual Report for 2010/11 be agreed.

13 INVESTMENT PERFORMANCE 2010-11

The Director of Finance submitted a report that outlined the investment performance of Merseyside Pension Fund for the year ended 31 March 2011 as reported by the WM Company.

Resolved – That the investment performance for the 12 month period to 31 March 2011 be noted.

14 CARBON REDUCTION

The Director of Finance submitted a report that set out the arrangements being made by Wirral Council, as Administering Authority for Merseyside Pension Fund, for a Carbon Budget for the Authority, and indicated the implications for the MPF investment property portfolio.

The report described the impact on the both the MPF investment properties and on their tenants of the carbon allowances charges, together with current and future options available to MPF to reduce carbon emissions.

Resolved - That the proposed approach to carbon reduction at the MPF investment properties be endorsed.

15 FAIR DEAL POLICY

The Director of Finance informed Members of a consultation launched by HM Treasury on the “Fair Deal” policy that applied when there were compulsory transfers of public sector staff.

He reported that as the consultation period closed on 15 June 2011 a response had been submitted highlighting the potential implications of a decision to end the current policy on the long term funding of the LGPS and on levels of employer contribution rates.

Resolved – That the response dated 20 May 2011 submitted to the Treasury consultation (Appendix 1 to the report) be approved.

16 **PASSIVE MANAGEMENT CONTRACT**

The Director of Finance submitted a report that informed Members that the tender exercise for passive management had been deferred following an administrative error. It was reported that as a result of this, the contracts for the existing providers of passive management services needed to be extended and a new procurement process initiated.

Resolved -

1. That the deferral of the procurement exercise for passive management be noted.

2. That the extension of the contracts for Legal and General (L&G) and UBS for their current respective passive mandates to 31 March 2012 be noted.

17 **PRIVATE EQUITY TRAINING**

The Director of Finance submitted a report that informed Members of a seminar being held in Manchester on 28 September 2011 by Capital Dynamics on the subject of Pension Fund investment in private equity.

Resolved – That the date of the seminar on the subject of Pension Fund investment in private equity be noted and that nominations for delegates be made nearer the time following the receipt of further information.

18 **GOVERNANCE POLICY**

The Director of Finance submitted a report that informed Members of a number of amendments required to the Governance Policy Statement to reflect changes to arrangements and staffing and to confirm the confidentiality arrangements regarding Minutes of the Investment Monitoring Working Party (IMWP).

Resolved - That the updated Governance Policy Statement attached at Appendix 1 to the report be approved.

19 **EQUITABLE LIFE**

The Director of Finance submitted a report that informed Members of progress in the implementation of a compensation scheme for members of the Equitable Life With-Profits scheme impacting on members and former members of the Merseyside Pension Fund in house AVC scheme and a distribution of profits scheme announced by the Company.

Resolved - That the report be noted.

20 **PUBLIC ACCOUNTS COMMITTEE**

The Director of Finance submitted a report that informed Members of the report published on 26 May 2011 by the House of Commons Committee of Public Accounts on the impact of the 2007-2008 changes made to public sector pensions.

Resolved - That the report be noted.

21 **CASTLE CHAMBERS**

The Director of Finance submitted a report that informed Members of the outcome of the recent tendering exercise in respect of refurbishment work to the 6th floor in Castle Chambers, Liverpool which was 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 second lowest tender for refurbishment work at Castle Chambers be accepted.

22 **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.

23 **INVESTMENT MONITORING WORKING PARTY MINUTES**

The Director of Finance submitted a report that provided Members with the minutes of the Investment Monitoring Working Party held on 13 April 2011 and 7 June 2011.

Resolved - That the minutes of the two IMWP meetings, which were attached as exempt appendices to the report, be approved.

24 **SOUTHERN ELECTRIC CONTRACTING**

This Director of Finance submitted a report that informed Members of his decision under delegation, to approve the application received from Southern Electric Contracting for admission to Merseyside Pension Fund as a Transferee Admission Body. The application was to provide pension provision for 15 transferring staff members who wished to continue to participate in the local government pension scheme. He reported that the Company had secured a Street Lighting sub-contract with Knowsley Council, for the period 13 June 2011 to 12 June 2036. The admission would be subject to the provision of the required financial indemnities and completion of the legal agreements.

Resolved - That approval of the application for admission to the Merseyside Pension Fund of Southern Electric Contracting be noted.

25 **ACTUARIAL TENDERS**

The Director of Finance submitted a report that informed Members of the outcome of a recent tendering exercise in respect of the provision of actuarial services to the

Pension Fund. A restricted tendering exercise had been conducted by the Authority as part of a joint procurement with Cumbria and Lancashire County Councils. It was understood that both Cumbria and Lancashire County Councils would have confirmed their chosen provider at Committee meetings to be held during June prior to the meeting of the Pensions Committee.

Resolved – That on the basis of the most economically advantageous tender, taking into consideration the award criteria of quality of services, price, risk management and financial status, the successful tenderer be appointed to provide actuarial services to Merseyside Pension Fund.

26 INVESTMENT ADVISOR TENDERS (REPORT)

The Director of Finance submitted a report that advised Members of the outcome of the procurement process to select an investment consultant to provide strategic advice to the Merseyside Pension Fund.

Resolved - That on the basis of the most economically advantageous tender, taking into consideration the award criteria of quality of services and price, the successful tenderer be appointed to provide strategic advice to Merseyside Pension Fund.

27 BALFOUR BEATTY WORKPLACE

The Director of Finance submitted a report that informed Members of his decision taken under delegation, to approve the application received from Balfour Beatty Workplace for admission to Merseyside Pension Fund as a Transferee Admission Body. The company had secured a contract with the North West Fire & Rescue Services to build fire stations and provide associated facilities under the Private Finance Initiative, from 11 April 2011 to 31 July 2038. It was reported that the admission would be subject to the provision of the required financial indemnities and completion of the legal agreements.

Resolved - That the approval of the application for admission to the Merseyside Pension Fund of Balfour Beatty Workplace be noted.

28 BOND REVIEW

The Director of Finance submitted a report that informed Members of the details of the annual review of potential unfunded liabilities for admission bodies, undertaken by the Actuary Mercer, following an actuarial review of the Fund as at 31 March 2011. It was recommended that the decision on whether to implement the latest revised bond requirements for Community Admission Bodies be deferred. The appropriate level of bond cover required may be subject to recalculation depending on the outcome of the current judicial review on the revised indexation of public sector pensions. The latest revised bond requirements had been assessed by the Actuary calculated on the corporate bond basis.

Resolved - That the decision on whether to implement the latest revised bond requirements for Community Admission Bodies be deferred.

29 **PEOPLES CENTRE**

This report informs Members that efforts to recover the sum of £132,000 owed by the Peoples Centre on its closure on 30 November 2009 had been unsuccessful.

Resolved - That the Committee confirms the recommendation of the Director of Law that the sum of £132,000 be written off as recovery was not viable.

30 **RETIREMENT OF GERARD MOORE AND PETER MAWDSLEY**

The Chair informed the Pensions Committee that Gerard Moore, Financial Controller, Merseyside Pension Fund and Peter Mawdsley, Deputy Head of the Pension Fund were both due to retire on 30 June, 2011. The Chair thanked them both for their exemplary work with both the Pensions Committee and the Council and the Committee wished them both a very long and happy retirement.

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Annual governance report

Merseyside Pension Fund

Audit 2010/11



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Traffic lights
Red ■ Amber ◆ Green ●

Key messages

This report summarises the findings from my 2010/11 audit of the accounts of Merseyside Pension Fund (the Pension Fund) which is substantially complete.

	Our findings
Audit opinion	●

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Audit opinion and financial statements

- Subject to satisfactory completion of outstanding matters I plan to issue an unqualified audit opinion on the accounts of Merseyside Pension Fund.
- I identified two material errors in the accounts, the omission of a Net Assets Statement as at 1 April 2009, and a mis-classification of £273m pooled investments as equity. The Pension Fund has agreed to amend the accounts for both of these items.
- I identified a small number of other disclosure errors and one non-trivial accounting error, all of which the Pension Fund has agreed to amend.

Before I complete my audit

I confirm to you

My report includes only matters of governance interest that have come to my attention in performing my audit. My audit is not designed to identify all matters that might be relevant to you.

Independence

I can confirm that I have complied with the Auditing Practices Board's ethical standards for auditors, including ES 1 (revised) - Integrity, Objectivity and Independence. I can also confirm there were no relationships resulting in a threat to independence, objectivity and integrity.

The Audit Commission's Audit Practice has not undertaken any non-audit work for the Pension Fund during 2010/11.

I ask you to confirm to me

I ask the Pension Fund Committee to:

- consider the matters raised in this report before recommending approval of the Pension Fund accounts to Wirral Borough Council's (the Council's) Audit and Risk Management Committee (the ARMC).
- take note of the adjustments to the Pension Fund's accounts which are set out in this report (Appendix 2);
- recommend the approval of the letter of representation (Appendix 3) to the ARMC on behalf of the Pension Fund before I issue my opinion and conclusion; and
- recommend the ARMC approve management's response to the proposed action plan (Appendix 4).

I ask the ARMC to:

- consider the matters raised in this report and the recommendations of the Pension Committee before it:
 - approves the Council's financial statements;
 - approves the letter of representation (Appendix 3) before I issue my opinion and conclusion; and
 - agrees a response to the proposed action plan (Appendix 4).

Financial statements

The Pension Fund’s financial statements are an important means by which the Council accounts for its stewardship of the funds. The members of the ARMC have final responsibility for these statements. It is important that the members of the ARMC consider my findings before adopting the Council’s financial statements.

Opinion on the financial statements

Subject to satisfactory clearance of outstanding matters, I plan to issue an audit report including an unqualified opinion on the financial statements.

Matters outstanding are:

- I have not received a final set of accounts including all the amendments agreed on audit
- I have yet to complete elements of my testing, in particular on:
 - Contributions, and
 - Investments

Appendix 1 contains a copy of my draft report for inclusion in the Council’s Statement of Accounts.

I received the Annual Report for the Pension Fund on 1 September. If there are no material inconsistencies with the financial statements governance statement and the Governance Statement reflects compliance with the Local Government Pension Scheme (Administration) Regulations 2008 and related guidance, I will issue an unqualified opinion. Appendix 1a contains a copy of my draft report for inclusion in the Pension Fund’s Annual Report.

Errors in the financial statements

I identified two material errors in the Pension Fund’s accounts. The first is that, in common with most local government pension funds, the accounts did not include a Net Assets Statement as at 1 April 2009. It is a requirement of IFRS 1 First time adoption of IFRS that bodies include a comparative Net Assets Statement at the date of transition to IFRS. The second is a misclassification of two investments totalling £273m as equity rather than pooled investments.

I also identified one non-material error in the value of investments and a small number of other disclosure errors.

The Pension Fund management has agreed to amend the accounts for all of the errors I identified.

For details of all of the amended errors, see Appendix 2.

The Pension Fund management are also amending the draft accounts to increase the value of investments by £6.7m. In accordance with its accounting policy, the Pension Fund had used the latest audited accounts (as at 30 September 2010) to value an unquoted investment. However, by the time of our audit, accounts as at 31 December 2010 were available for the investment and we identified the movement in valuation.

Recommendation

Recommendation

- R1** Ensure that any changes to the investment ledger after it has been reconciled with the general ledger are also reflected in the accounts.
- R2** Review the latest available information on unquoted investments as part of a formal process considering potential adjusting post balance sheet events between the preparation and members' approval of the accounts.

Specific risks and areas of judgement

In planning my audit I identified specific risks and areas of judgement that I have considered as part of my audit.

Key audit risk and our findings

Key audit risk

Finding

1. Triennial Actuarial Valuation Review

The Fund has completed a Triennial Actuarial Valuation Review reflecting its position at 31 March 2010. Whilst this is not a direct audit opinion risk, it is a key issue as regards the ongoing governance of the Fund. There are risks of increased deficits leading to additional costs from increased employer contributions.

An actuarial valuation is attached to the Pension Fund's accounts.
No employer has defaulted on their contributions in the year.

2. Move to 'OpenAir' system

The Fund replaced the system used to monitor and control internally managed investments, 'Shareholder', with the 'OpenAir' system in 2010/11. There is a risk that the balances will not be accurately transferred between systems and a risk that effective controls are not in place in the new system.

Internal Audit reconciled the closing book cost figures from 'Shareholder' to the opening book cost figures within 'OpenAir'. They did not identify any discrepancies.

3. Impact of voluntary redundancy

I am aware that Wirral Council is undergoing a voluntary redundancy process whereby a significant number of employees will leave in 2010/11. This may affect the capacity of the finance team to deliver materially correct statements within agreed timescales.

The Pension Fund provided its accounts for audit within the statutory deadline on 28 June.

4 First time application of International Financial Reporting Standards

From 2010/11 the Pension Fund is required to adopt the International Financial Reporting Standards (IFRS) Code. The Code sets out the proper accounting practices that bodies must follow and requires some additional disclosures for 2010/11.

We found one material error in the Pension Funds application of IFRS – in common with most local government pension funds the Fund omitted a transitional Net Asset Statement.

5 Financial pressures – contributing employers

We are aware that contributing bodies to the pension fund are under financial pressure and in many cases are offering voluntary early retirement, voluntary redundancy and possibly may need to make compulsory redundancies in the near future. This may place additional workload on the Pensions team in dealing with the large volume of severance arrangements

We did not find evidence of any backlog in pensions administration as a result of an increase in workload from increased numbers of severance cases in contributing bodies.

6 Reconciliations between AXiSe and the General Ledger

The Pension Fund did not carry out reconciliations between the values in AXiSe Pensions Payroll and membership administration systems to those in the General Ledger in 2009/10. These are essential procedures which are intended to give the Pension Fund assurance that transactions in the fund account are correctly stated as well as providing controls assurance over receipts and payments in key areas.

The Pension Fund has reconciled lump sums in AXiSe and the ledger.
We have asked for evidence of a reconciliation of other transactions.

7 Timeliness of contributions

Regulation 42(2) of the Local Government Pension Scheme Regulations 2008 requires employer authorities to pay employee contributions to the administering authority within 19 days of the end of the month to which they relate. Our review of contributions in 2009/10 found that whilst most bodies pay on time, some smaller bodies missed these deadlines regularly, breaching the regulations.

We have asked for evidence of the timeliness of contributions from employer authorities.

8 Valuation of unquoted investments

The Pensions Statement of Recommended Practice (SORP) requires the valuation of investments to be at market value or where the value is not readily ascertainable, at the Fund's estimate of 'fair value'. The Pension Fund's accounting policies describe the methodology used for these investments as 'at manager's valuation' and the process followed for both alternatives and private equity relies on valuations reports provided by the investment managers and/or administrators. It is essential that the preparers of the pension fund financial statements are satisfied that the valuations provided by these specialists comply with the requirements of the SORP. Guidance issued by Pensions Research Advisory Group (PRAG) provides a framework of due diligence for preparers of Pension Fund statements

The Pension Fund developed a due diligence questionnaire based on the PRAG framework. It has used this when considering the valuation of investments.

9 Contract with Capital Dynamics

The Pension Fund's private equity valuation process relies on monitoring undertaken by Capital Dynamics Ltd under an arrangement dating back to 1991. Our review in 2009/10 of the contract identified that the contract is out of date and does not specify the valuation work.

A new contract with Capital Dynamics Ltd was signed in June 2011.

10 Compensatory added years

The Pension Fund's receipts and payments were overstated by £12m in 2009/10 due to the incorrect inclusion of compensatory added years (CAYs). CAYs are awarded under the Local Government Regulations 2000 and therefore fall outside of the LGPS. The LGPS (Misc) Regulations 2009 now permit employers to convert CAYs into pension service, however there has to be a resolution by the employing authority to do this conversion by 31 March 2012.

The Pension Fund managers have confirmed that no employing authority has made a resolution to convert CAYs into pension service. (I have asked that members also confirm this in the letter of representation). The Pension Fund has therefore excluded CAYS from its income and expenditure in 2010/11. It has also amended the comparative figures for 2009/10.

Significant weaknesses in internal control

I have not identified any significant weaknesses in internal control

I only report those weaknesses I identify during the course of the audit that are relevant to preparing the financial statements. I am not expressing an opinion on the overall effectiveness of internal control.

Quality of your financial statements

I consider aspects of your accounting practices, accounting policies, accounting estimates and financial statements disclosures.

I have only one matter to report to you:

Accounting practices, policies, estimates and financial closures

Issue	Findings and recommendations
<p>1. Disclosure of pooled and internally managed investments</p> <p>The accounts initially disclosed internally managed investment balances in aggregate only. Pooled investment vehicles were also disclosed in aggregate only. Whilst this disclosure does comply with the SORP, in my opinion this does not give the reader of the accounts adequate information on the nature of these investments.</p>	<p>The Pension Fund management agreed that the information could be enhanced and agreed to change the disclosure to be more useful to the user of the accounts.</p>

Letter of representation

Before I issue my opinion, auditing standards require me to ask you and management for written representations about your financial statements and governance arrangements. I have included a draft at Appendix 4

Appendix 1 – Draft independent auditor’s report to the members of Wirral Borough Council

Opinion on the pension fund accounting statements

PI have audited the pension fund accounting statements for the year ended 31 March 2011 under the Audit Commission Act 1998. The pension fund accounting statements comprise the Fund Account, the Net Assets Statement and the related notes. These accounting statements have been prepared under the accounting policies set out in the Statement of Accounting Policies.

NThis report is made solely to the members of Wirral Borough 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 Audited Bodies published by the Audit Commission in March 2010.

Respective responsibilities of the Director of Finance and auditor

As explained more fully in the Statement of Responsibilities for the Statement of Accounts, the Director of Finance is responsible for the preparation of the pension fund’s Statement of Accounts in accordance with proper practices as set out in the CIPFA/LASAC Code of Practice on Local Authority Accounting in the United Kingdom. My responsibility is to audit the accounting statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require me to comply with the Auditing Practices Board’s Ethical Standards for Auditors.

i For inclusion in the Council’s Statement of Accounts

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the accounting statements sufficient to give reasonable assurance that the accounting 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 fund; and the overall presentation of the accounting statements. I read all the information in the explanatory foreword [and the *annual report*ⁱ] to identify material inconsistencies with the audited accounting statements. If I become aware of any apparent material misstatements or inconsistencies I consider the implications for my report.

Opinion on accounting statements

In my opinion the pension fund's accounting statements:

- give a true and fair view of the financial transactions of the pension fund during the year ended 31 March 2011 and the amount and disposition of the fund's assets and liabilities as at 31 March 2011 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.

Page 21 Opinion on other matters

In my opinion, the information given in the explanatory foreword [and the content of the *Annual Report*ⁱⁱ] for the financial year for which the accounting statements are prepared is consistent with the accounting statements.

ⁱ I will insert these words if there are no matters arising from my review of the Council's annual report.

ⁱⁱ I will insert these words if I have no matters arising from my review of the Council's annual report.

Appendix 1a – Draft independent auditor’s report for inclusion in Pension Fund Annual Report

Page 12

Draft independent auditor’s report to the members of Wirral Borough Council

Opinion on the pension fund accounting statements

I have audited the pension fund accounting statements for the year ended 31 March 2011 under the Audit Commission Act 1998. The pension fund accounting statements comprise the Fund Account, the Net Assets Statement and the related notes. These accounting statements have been prepared under the accounting policies set out in the Statement of Accounting Policies.

This report is made solely to the members of Wirral Borough 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.

Respective responsibilities of the Director of Finance and auditor

As explained more fully in the Statement of Responsibilities for the Statement of Accounts, the Director of Finance is responsible for the preparation of the pension fund’s Statement of Accounts in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom. My responsibility is to audit the accounting statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require me to comply with the Auditing Practices Board’s Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the accounting statements sufficient to give reasonable assurance that the accounting 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 fund; and the overall presentation of the accounting statements. I read all the information in the annual report to identify material inconsistencies with the audited accounting statements. If I become aware of any apparent material misstatements or inconsistencies I consider the implications for my report.

Opinion on accounting statements

In my opinion the pension fund's accounting statements:

- give a true and fair view of the financial transactions of the pension fund during the year ended 31 March 2011 and the amount and disposition of the fund's assets and liabilities as at 31 March 2011 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.

Opinion on other matters

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

Matters on which I report by exception

I have nothing to report in respect of the governance statement on which I report to you if, in my opinion the governance statement does not reflect compliance with the Local Government Pension Scheme (Administration) Regulations 2008 and related guidance.

Appendix 2 – Amendments to financial statements

I identified the following misstatements during my audit and management have adjusted the financial statements. I bring them to your attention to aid you in fulfilling your governance responsibilities.

Adjusted misstatement	Nature of adjustment	Fund account		Net assets statement	
		Dr £000s	Cr £000s	Dr £000s	Cr £000s
Transitional IFRS net asset statement omitted	Include net assets statement as at 1 April 2009				
Misanalysis of investments	£139m investment in Amundi Global Emerging Markets and £134m investment in M&G Global Emerging Markets categorised as equity investments rather than pooled investments				
10,000 units in L'Oreal Prime de Fidelité omitted from net assets statement	Increase value of investments in net assets statement and increase change in market value of investments in funds account		728	728	

Other disclosure errors

- a small number of typographic errors and mis-castings
- gross up £4m Forward Euro contracts and £4m associated liabilities in investments disclosure note
- £0.5m transitional fund manager balance categorised as equity rather than cash
- The contributions note does not disclose that an element of regular employer contributions represents deficit funding

Appendix 3 – Letter of representation

Merseyside Pension Fund - Audit for the year ended 31 March 2011

I confirm to the best of my knowledge and belief, having made appropriate enquiries of other directors and officers of the Merseyside Pension Fund (the Fund), the following representations given to you in connection with your audit of the Fund's financial statements for the year ended 31 March 2011.

Compliance with the statutory authorities

I have fulfilled my responsibility under the relevant statutory authorities for preparing the financial statements in accordance with the Code of Practice for Local Authority Accounting in the United Kingdom which give a true and fair view of the financial position and financial performance of the Fund for the completeness of the information provided to you, and for making accurate representations to you.

Supporting records

All relevant information and access to persons within the entity has been made available to you for the purpose of your audit, and all the transactions undertaken by the Fund have been properly reflected and recorded in the financial statements.

Irregularities

I acknowledge my responsibility for the design, implementation and maintenance of internal control to prevent and detect fraud or error.

I also confirm that I have disclosed:

- my knowledge of fraud, or suspected fraud, involving either management, employees who have significant roles in internal control or others where fraud could have a material effect on the financial statements;
- my knowledge of any allegations of fraud, or suspected fraud, affecting the entity's financial statements communicated by employees, former employees, analysts, regulators or others; and
- the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.

Law, regulations, contractual arrangements and codes of practice

I have disclosed to you all known instances of non-compliance, or suspected non-compliance with laws, regulations and codes of practice, whose effects should be considered when preparing financial statements.

Transactions and events have been carried out in accordance with law, regulation or other authority. The Fund has complied with all aspects of contractual arrangements that could have a material effect on the financial statements in the event of non-compliance.

All known actual or possible litigation and claims, whose effects should be considered when preparing the financial statements, have been disclosed to the auditor and accounted for and disclosed in accordance with the applicable financial reporting framework.

Accounting estimates including fair values

I confirm the reasonableness of the significant assumptions used in making the accounting estimates, including those measured at fair value.

Related party transactions

I confirm that I have disclosed the identity of the Fund's related parties and all the related party relationships and transactions of which I am aware. I have appropriately accounted for and disclosed such relationships and transactions in accordance with the requirement of the framework.

Compensatory added years (CAYs)

No employing authority has made a resolution to convert CAYs into pension service.

Subsequent events

All events subsequent to the date of the financial statements, which would require additional adjustment or disclosure in the financial statements, have been adjusted or disclosed.

Appendix 4 – Action Plan

Page no.	Recommendation	Priority 1 = Low 2 = Med 3 = High	Responsibility	Agreed	Comments	Date
6	Ensure that any changes to the investment ledger after it has been reconciled with the general ledger are also reflected in the accounts.	3	Group Accountant	Yes	A review of information flows has already begun.	June 2012
6	Review the latest available information on unquoted investments as part of a formal process considering potential adjusting post balance sheet events between the preparation and members' approval of the accounts.	3	Group Accountant	Yes		Sept 2012

Appendix 5 – Glossary

Annual governance statement

A statement of internal control prepared by an audited body and published with the financial statements.

Audit opinion

On completion of the audit of the financial statements, I must give my opinion on the financial statements, including:

- whether they give a true and fair view of the financial position of the audited body and its spending and income for the year in question; and
- whether they have been prepared properly, following the relevant accounting rules.

Opinion

If I agree that the financial statements give a true and fair view, I issue an unqualified opinion. I issue a qualified opinion if:

- I find the statements do not give a true and fair view; or
- I cannot confirm that the statements give a true and fair view.

Materiality and significance

The Auditing Practices Board (APB) defines this concept as ‘an expression of the relative significance or importance of a particular matter for the financial statements as a whole. A matter is material if its omission would reasonably influence users of the financial statements, such as the addressees of the auditor’s report; also a misstatement is material if it would have a similar influence. Materiality may also be considered for any individual primary statement within the financial statements or of individual items included in them. We cannot define materiality mathematically, as it has both numerical and non-numerical aspects’.

The term ‘materiality’ applies only to the financial statements. Auditors appointed by the Commission have responsibilities and duties under statute, as well as their responsibility to give an opinion on the financial statements, which do not necessarily affect their opinion on the financial statements.

‘Significance’ applies to these wider responsibilities and auditors adopt a level of significance that may differ from the materiality level applied to their audit in relation to the financial statements. Significance has both qualitative and quantitative aspects.

Weaknesses in internal control

A weakness in internal control exists when:

- a control is designed, set up or used in such a way that it is unable to prevent, or detect and correct, misstatements in the financial statements quickly; or
- a control necessary to prevent, or detect and correct, misstatements in the financial statements quickly is missing.

An important weakness in internal control is a weakness, or a combination of weaknesses that, in my professional judgement, are important enough that I should report them to you.

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0844 798 7070

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The Statement of Responsibilities of Auditors and Audited Bodies issued by the Audit Commission explains the respective responsibilities of auditors and of the audited body. Reports prepared by appointed auditors are addressed to non-executive directors, members or officers. They are prepared for the sole use of the audited body. Auditors accept no responsibility to:

- any director/member or officer in their individual capacity; or
- any third party.



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**WIRRAL COUNCIL
PENSIONS COMMITTEE
19 SEPTEMBER 2011**

SUBJECT:	MEMBERS TRAINING
WARD/S AFFECTED:	ALL
REPORT OF:	DIRECTOR OF FINANCE
RESPONSIBLE PORTFOLIO HOLDER:	
KEY DECISION?	NO

1.0 EXECUTIVE SUMMARY

- 1.1 This report informs Members of the training day on 20 October 2011, and provides details of the 2011 'Fundamentals' training programme.

2.0 RECOMMENDATIONS

- 2.1 That Members attend the training day on 20 October 2011.
- 2.2. That Members indicate if they wish to attend any of the 'Fundamentals' days.

3.0 REASONS FOR RECOMMENDATIONS

- 3.1 The training day on 20 October 2011 will form part of the 2011 training plan, as previously agreed by the Pensions Committee.
- 3.2 The training day will be presented by a team from Aon Hewitt, who take over as the Investment Strategy Consultants from the start of October 2011. In addition to meeting certain training objectives, this event will also provide Members with an opportunity to meet the Aon Hewitt team. The training session will cover the fundamentals of pension fund investment strategy. It will look at how investment objectives are determined in relation to pension fund liabilities, the tools that are employed to set investment strategy (e.g. asset/liability modelling, risk budgeting etc.) and how an investment strategy may be implemented and monitored. There will be a particular focus on the role played in this process by those serving in a trustee capacity in the LGPS. A full agenda will be circulated nearer the time.
- 3.3 The 2011 training plan provides for access to the 'Fundamentals' training course, as delivered by the Local Government Employers (LGE) to any Member on request. The course provides an introduction to the LGPS, as well as an overview of the wider pensions and investments world. It is recommended that Members who are newly appointed to the Pensions Committee should attend the full three-day course. More experienced Members may wish to attend one or more of the days to update their knowledge and skills. Full details of the course are to be found in the Appendix to this report.

4.0 BACKGROUND AND KEY ISSUES

- 4.1 The Statement of Investment Principles states that “an ongoing training programme (updated annually) for Committee Members [*is provided*] to ensure that decision-making is undertaken on an informed basis.” There is a regulatory requirement for LGPS funds to state their compliance with the Myners Principles, which recommended that those serving as trustees of pension funds receive regular training to support them in their work. The training day is the third such event provided for Members during 2011 and, as before, will take place at the Cunard Building commencing 10am.
- 4.2 The ‘Fundamentals’ course is spread over three days across October – December 2011 and is delivered at three locations:

Leeds	Day 1	12 October
	Day 2	16 November
	Day 3	01 December
Cardiff	Day 1	26 October
	Day 2	23 November
	Day 3	13 December
London	Day 1	19 October
	Day 2	09 November
	Day 3	07 December

Any Member wishing to attend any of the days should contact Owen Thorne (owenthorne@wirral.gov.uk ; 0151 242 1301) who will make the necessary arrangements.

5.0 RELEVANT RISKS

- 5.1 Training of Members of the Pensions Committee is seen as integral to the good governance and effective risk management of Merseyside Pension Fund.

6.0 OTHER OPTIONS CONSIDERED

- 6.1 Other training opportunities are available to Members throughout the year.

7.0 CONSULTATION

- 7.1 Members are invited to submit ideas for future training events.

8.0 IMPLICATIONS FOR VOLUNTARY, COMMUNITY AND FAITH GROUPS

- 8.1 There are none.

9.0 RESOURCE IMPLICATIONS: FINANCIAL; IT; STAFFING; AND ASSETS

- 9.1 The cost of the training day is provided for within the training budget.
- 9.2 The cost of the 'Fundamentals' course is £210 (plus VAT) per delegate per day (inclusive of lunch, refreshments and course materials), making the cost of attending the full course £630 (plus VAT). These costs are provided for in the training budget, in addition to any travel and overnight accommodation costs which may be incurred.

10.0 LEGAL IMPLICATIONS

- 10.1 There are none.

11.0 EQUALITIES IMPLICATIONS

- 11.1 There are none.

11.2 Equality Impact Assessment (EIA)

- (a) Is an EIA required? No
- (b) If 'yes', has one been completed? No

12.0 CARBON REDUCTION IMPLICATIONS

- 12.1 There are none.

13.0 PLANNING AND COMMUNITY SAFETY IMPLICATIONS

- 13.1 There are none.

FNCE/194/11

REPORT AUTHOR: Owen Thorne
Investment Officer
telephone: (0151) 242 1301
email: owenthorne@wirral.gov.uk

APPENDICES

Local Government Group, Circular 250, 'LGPS Trustee Training 'Fundamentals'

REFERENCE MATERIAL

SUBJECT HISTORY (last 3 years)

Council Meeting	Date
Pensions Committee	29 March 2011
Pensions Committee	11 January 2011
Pensions Committee	27 September 2010
Pensions Committee	28 June 2010
Pensions Committee	23 March 2010
Pensions Committee	13 January 2010

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The Local Government Pensions Committee
Secretary: Terry Edwards

CIRCULAR

Please pass on sufficient copies of this Circular to your Treasurer/Director of Finance and to your Personnel and Pensions Officer(s) as quickly as possible

No. 250 - JUNE 2011

LGPS TRUSTEE TRAINING "FUNDAMENTALS"

Purpose of this circular:

1. This Circular has been issued to advertise our forthcoming LGPS Trustees' training programme "Fundamentals", organised by the Local Government Pensions Committee (LGPC).

Background

2. Fundamentals is an A-Z bespoke Local Government Pension Scheme training course predominantly aimed at elected members serving on pension committees/panels, and has been attended by over 750 delegates since 2002. The 2011 event incorporates all legislative changes made to the LGPS since last year's event and all sections are refreshed to keep them up-to-date, relevant and interesting.
3. Despite these revisions, the aim of the LGPC remains unaltered; that is to deliver a single training course covering all aspects of the Scheme, including both "Benefits" and "Fund" administration, as well as "Investments", so that attendees can
 - demonstrate compliance with the first of the six CIPFA principles referred to in the Local Government Pension Scheme Regulations (and therefore being a statutory requirement);
 - receive educational material in line with CIPFA's Pensions Knowledge and Skills Framework (KSF) for elected representatives and non-executives; and

- adhere to those principles set out in the Pensions Act 2004 that relate to the knowledge and understanding requirements that appertain to trustees of occupational pension schemes.

Details of Fundamentals X 2011

4. The fundamentals course is run on an annual basis, and provides an insight into LGPS "trusteeship" for newly elected Committee members whilst also serving as an update/refresher course for longer-serving members. The course is of three days duration, spread over a number of months.
5. Fundamentals X 2011 is being delivered at three locations around the United Kingdom as follows:

Leeds	Day 1	12 October
	Day 2	16 November
	Day 3	01 December
Cardiff	Day 1	26 October
	Day 2	23 November
	Day 3	13 December
London	Day 1	19 October
	Day 2	09 November
	Day 3	07 December
6. The outline programme for the course is attached at Appendix A, although some flexibility on the course content is built in to include any major developments in the world of local government pensions between now and the time the courses run.
7. Fundamentals X 2011 is designed as a 3-day course, with identical material being delivered at each location. It is therefore possible to attend the course by visiting different locations should delegates' diaries not allow attendance on all three days at a particular location.
8. As far as possible, the subject material covered on each of the days remains the same from one year to the next. This means that if a delegate was unable to attend one of the days in 2010 they could simply attend that day in 2011 and complete the course. Because of this, when aligning the material to CIPFA's KSF for 2011, we have only made minor alterations to the programme sequence and content. In 2012 it is probable that, taking into account also the review of public service pensions, the programme may have to be re-sequenced significantly. Potential delegates are advised therefore to sign up for all 3 days in 2011 where possible.

Certificate of Attendance

9. Attendees at all three sessions will receive an attendance certificate signed on behalf of the Local Government Pensions Committee. It is believed that attendance at all three days of the course will satisfy at least the minimum of training required to satisfy the first of the six CIPFA principles and also chime with CIPFA's KSF.

Cost and booking

10. The delegate rate for each session, inclusive of lunch, refreshments and all delegate materials is £210 plus VAT at the standard rate, making the cost of the three-day course £630 plus VAT.
11. Early booking is highly recommended as places are limited. Bookings are made via the on-line events booking facility which is part of the Local Government Group website at www.lge.gov.uk. Please be sure to note our cancellation policy contained in our Terms and Conditions which you will be asked to confirm you have read when completing your booking details on the booking events page. You will also need full delegate details to hand including the address to which the invoice for payment is to be sent.
12. If the session at your preferred location is full and you do not wish to book on one at an alternative location, you are advised to enter your name on the reserves' list at your preferred location. It is important to do so as, not only will you have a priority warning should any cancellations occur, but it also enables the LGPC to judge demand for future events or, on occasion, organise overflow events.
13. If you experience any difficulties in using the on-line website booking facility, please contact Elaine English, LGPS Executive Officer, by email elaine.english@local.gov.uk

Tim Hazlewood
Pensions Training and Development Manager
24 June 2011

Fundamentals 2011 - Day 1

- 9.30 **Registration and Coffee**
- 9.50 **Introduction to the Programme**
- 10.00 **The Benefits Framework “Past and Present”**
- The changing LGPS 1922 – 1997; how the scheme developed over the years
 - Interaction with State Provision; the impact of National Insurance, SERPS and S2P
 - The 2008 Scheme – a core scheme plus discretions; a look at the comprehensive benefit structure of the scheme
- 11.00 **Coffee Break**
- 11.15 **The Benefits Framework “Past and Present” Continued**
- Differences in the 2009 Scheme in Scotland
 - Administering Authority and Employing Authority Discretions – how many there are and who is responsible for them
 - Pensions for Councillors
 - Delivering the Administration Service
- 11:45 **The Investment Framework**
- The Local Government Pension Scheme (Management and Investment of Funds) Regulations 2009 – the statutory framework for investments
 - CIPFA Principles – a look at the six investment principles
 - Statement of Investment Principles
 - Interaction with the Funding Strategy Statement
 - Governance Compliance Statements
 - Annual Reports and Auditing
- 12.30 **Lunch**
- 1.30 to 4:00 **(Break at 2:45)**
- BACK TO BASICS - Traditional Asset Classes**
- An explanation of:
- UK Equities, Overseas Equities
 - UK Gilts, UK Index-Linked Gilts
 - Corporate Bonds, Property
- Including a look at:
- Why invest in Fixed Income and Equity Markets?
 - Long Term Investment Performance of Equities and Fixed Income
 - Benchmarks used
 - Cashflows
 - The Bond Market
 - Return / Risk Profiles
- 4.00 **Close**

Fundamentals X 2011 - Day 2

9:30 **Registration and Coffee**

9:45 **Valuations**

- The Purpose of an Actuarial Valuation
- Assets and Liabilities
- How do liability calculations work?
- What assumptions are used?
- Inter Valuation Monitoring

Funding Strategy Statements

- What is the funding strategy?
- Different Employers – different characteristics and objectives
- What is the strength of the covenant?
- Deficit Recovery Periods

11:15 **Break**

11.30 **Corporate Governance**

- Approach to Corporate Governance
- Voting, Activism and Engagement
- Institutional Shareholders Committee principles
- Socially Responsible Investment

12.30 **Lunch**

1.30 **Communication Strategies/Policies**

- Policy Statement Requirements
- LGPS – Valuable part of employment package
- Purpose and effect – Changes and Choices
- Vehicle for satisfying disclosure
- A look at some good practice initiatives

2.00 to 4:00 **(Break at 2:45)**

BACK TO BASICS 2 – Established Alternative Investments

An explanation of:

- Private Equity, Commodities, Hedge Funds
- Emerging Markets, Currency Funds, High Yield Bonds and Overlays

Including a look at:

- The market evolution of Alpha and Beta
- Private Equity sectors
- Commodities – what do they cover and why include them in a portfolio?
- The Hedge Fund universe
- The background to Emerging markets
- The value of Currency Funds and Currency Overlays
- How High Yield Bonds fit into the Bond market

4:00 **Close**

Fundamentals X 2011 - Day 3

- 9:30 **Registration and Coffee**
- 9:45 **Duties and Responsibilities of Committee Members**
- The LGPS in its legal context
 - General local authority legal issues
 - LGPS specific duties and responsibilities
 - Wider duties and responsibilities
 - What happens when things go wrong?
- 11:15 **Break**
- 11:30 **The Future for the LGPS?**
- The Hutton Commission
 - Negotiation and Consultation
 - 2012 and beyond.....
- 12:30 **Lunch**
- 1:30 **Managers and Manager Selection**
- Selecting the right manager
 - Managing Manager Relationships
 - What to ask for in a Manager
 - Manager de-selection
- 2:00to 4:00 **(Break at 2:45)**
- BACK TO BASICS 3 - Bringing it all together**
- The Evolution of LGPS Benchmarks
 - Portfolios and Portfolio Construction
 - Portfolio Concepts
 - Combining Assets in your Portfolio
 - Risks and Efficient Frontiers
 - Standard Deviation
 - Correlation
 - Diversification
 - Three Things to Remember !!!
- 3:55 **Course Review and Further Information**
- 4:00 **Close**

WIRRAL COUNCIL

PENSIONS COMMITTEE

19 SEPTEMBER 2011

SUBJECT	LAPFF CONFERENCE
WARD/S AFFECTED	ALL
REPORT OF	DIRECTOR OF FINANCE
RESPONSIBLE PORTFOLIO HOLDER	
KEY DECISION	NO

1.0. EXECUTIVE SUMMARY

- 1.1. This report recommends the Committee to approve attendance by the Chair at the Local Authority Pension Fund Forum (LAPFF) Annual Conference, organised by PIRC, to be held in Bournemouth from 30 November to 2 December 2011.

2.0. RECOMMENDATION

- 2.1. That attendance at the LAPFF conference by the Chair be approved.

3.0. REASON FOR RECOMMENDATION

- 3.1. MPF is a member of the LAPFF and the Chair of the Pensions Committee is on the Executive of LAPFF.

4. BACKGROUND AND KEY ISSUES

- 4.1. MPF is a member of LAPFF and its Annual General Meeting and annual conference provides a forum for topical issues affecting Local Authority Pension Funds to be discussed and addressed.
- 4.2. Attendance at this conference has traditionally been by the Chair of the Pensions Committee accompanied by an officer. The Chair of the Pensions Committee is a Member of the Executive Committee of LAPFF.

5.0. RELEVANT RISKS

- 5.1. There are none arising out of this report.

6.0. OTHER OPTIONS CONSIDERED

- 6.1. No other options were considered.

7.0. CONSULTATION

7.1. There has been no consultation undertaken or proposed for this report.

8.0 IMPLICATIONS FOR VOLUNTARY, COMMUNITY AND FAITH GROUPS

8.1. There are none arising out of this report.

9.0 RESOURCE IMPLICATIONS

9.1. LAPFF membership allows for two free conference places. Accommodation and travelling costs will be met from the existing budget.

10.0 LEGAL IMPLICATIONS

10.1. There are none arising out of this report.

11.0 EQUALITIES IMPLICATIONS

11.1. There are none arising out of this report.

11.2. Equality Impact Assessment (EIA) is not required.

12.0 CARBON REDUCTION IMPLICATIONS

12.1. There are none arising out of this report.

13.0 PLANNING AND COMMUNITY SAFETY IMPLICATIONS

13.1 There are none arising out of this report.

REPORT AUTHOR:

Ian Coleman
Director of Finance.
telephone: (0151-666-3056)
e-mail: iancoleman@wirral.gov.uk

FNCE/167/11

APPENDICES

None

REFERENCE MATERIAL

None

SUBJECT HISTORY

Council Meeting	Date
Pensions Committee	27 September 2010
Pensions Committee	22 September 2009
Pensions Committee	29 September 2008

**WIRRAL COUNCIL
PENSIONS COMMITTEE
19 SEPTEMBER 2011**

SUBJECT:	LGPS UPDATE
WARDS AFFECTED:	ALL
REPORT OF:	DIRECTOR OF FINANCE
RESPONSIBLE PORTFOLIO HOLDER:	
KEY DECISION	NO

1.0 EXECUTIVE SUMMARY

- 1.1 The report updates Members on legislative and other developments affecting the Local Government Pension Scheme.

2.0 RECOMMENDATION

- 2.1 That Members note the report.

3.0 REASON FOR RECOMMENDATION

- 3.1 There is a requirement for Members of the Pensions Committee to be kept up to date with legislative developments to carry out their decision making role in order to enable them to make informed decisions.

4.0 BACKGROUND AND KEY ISSUES

Ministerial Statement on Public Service Pensions

- 4.1 The Chief Secretary to the Treasury made a Ministerial Statement to the House of Commons on 19 July 2011 concerning public service pension reform and the proposed member contribution increases. The statement confirms that future negotiations between the Government and the TUC in response to the Hutton recommendations will take place on a "Scheme by Scheme" basis.
- 4.2 The Department for Communities and Local Government (DCLG) issued a letter dated 28 July 2011 informing Local Government Employers of the tight timetable set for discussion and consultation relating to both the short and longer term scheme reforms. A copy of the letter is attached at Appendix 1.

Long Term Scheme Reform

- 4.3 The focus for long term reform of all public sector schemes, including the Local Government Pension Scheme is to ensure the principles of fairness to employees and affordability to taxpayers. This is to be achieved by the following fundamental measures -:
- the setting of LGPS specific cost ceilings to ensure schemes remain affordable;
 - normal retirement pensions for low and middle earners broadly as generous as the current arrangements;
 - no change in pension benefits to those closest to retirement;
 - each scheme should consider their preferred approach to managing risk.
- 4.4 HM Treasury will set the cost ceilings for each scheme by 1 October 2011. Each scheme is required to establish initial specific proposals for reform using the appropriate ceiling by 31 October 2011. Detailed scheme design will then continue to allow the relevant legislation to be established during 2012/13 for implementation with effect from 2015.

Short Term Scheme Reform

- 4.5 The Government announced in the 2010 Spending Review that public sector workers would be asked to contribute more to their pension, equivalent to an average increase in member contributions of 3.2%. Consultations are currently taking place on proposed increases to the Principal Civil Service Pension Scheme, National Health Service Scheme and the Teachers Pension Scheme to take effect from April 2012
- 4.6 The Government has now recognised the particular distinction of the funded LGPS from other Public Sector Schemes and has granted it autonomy to formulate its own package of reforms to deliver the required £900m savings by 2015.
- 4.7. The package must include protections from contribution increases for the lowest paid around the following parameters:
- No increase to member contributions for those earning less than £15,000;
 - An increase limited to 1.5% of pay for those earning up to £21,000;
 - Increases for high earners no more than 6% of gross pay.
- 4.8. On 20 July 2011 the Secretary of State, Rt Hon Eric Pickles wrote to the Local Government Group, (LGG) (copy letter attached at Appendix 2) inviting LGG to conduct discussions with the trade unions to establish by no later than 9 September 2011 its proposals to secure short term savings in time to allow for a formal statutory consultation exercise to begin at the end of September.

- 4.9. Thereafter the DCLG schedule is as follows:
- 12 week statutory consultation from October to December on amendments to regulations;
 - consideration of responses and decisions by Ministers in early 2012;
 - laying regulations as soon as possible;
 - short term reforms coming into force on 1 April 2012.
- 4.10. MPF wrote on 10 August 2011 to the Local Government Group setting out views on alternative measures to the proposed 3.2% increase in member contributions. A copy of the letter is attached at Appendix 3.
- 4.11 The letter acknowledges that as there is a political imperative to increase contributions that a uniform increase of 1 per cent above the prescribed protections would be more acceptable to the membership. This would alleviate the financial pressures of higher increases and reduce the likelihood of members choosing to leave the scheme.
- 4.12 If it is deemed necessary to realise further savings MPF would advocate that the next scheme adjustment would be to align the LGPS normal retirement age with increases to the state retirement age.
- 4.13 Members could still choose to retire from age 60 but would receive reduced pensions to take account of early payment. This is in accordance with the Government policy that people should work longer to re-address the balance of time spent in retirement due to increased longevity. It was also the preferred option of the MPF membership when consulted in the latest scheme survey.
- 4.14 MPF acknowledges that another adjustment could be to amend the accrual rate, this could be seen as a simple and timely method of delivering the required saving of £900m.
- 4.15. However, this change would manifest another significant consequence; in particular it would reduce the number of retiring members electing to convert annual pension to the maximum available tax free cash. This would adversely impact on savings already assumed in assessing employer contribution rates, leading to increased employer costs.

HMRC Changes to Annual and Lifetime Allowances; Scheme Impacts

- 4.16. This matter was previously considered by the Committee at its meeting on 29 March 2011 (Minute 87 refers). The Finance Act 2011 received Royal Assent on 19 July 2011. The Act implements the changes to tax relief on pension savings and in particular reduces the annual allowance from £255,000 to £50,000 from 6 April 2011. The annual allowance is the maximum amount by which a person's pension savings can increase based on the period 1 April to 31 March without incurring a tax charge.

- 4.17. MPF will be writing to members whose pension savings exceed the annual allowance, within MPF, with information as to whether or not the tax charge will be payable and the amount of the charge. The information must be provided by the 6 October following the end of the tax year. However, in the 2011/12 tax year the time limit has been extended to 6 October 2013 to facilitate the new administrative processes.
- 4.18. Where a member exceeds the annual allowance in any tax year, any unused allowance from the three previous years will be carried forward to offset the excess pension savings. The charge for any member whose pension savings still exceeds the annual allowance after carry forward will be at the marginal rate of income tax.
- 4.19. Members can request that their liability to pay the annual allowance charge is met out of their scheme benefits where the charge exceeds £2000. The regulations will require amendment to permit the reduction to the member's pension and guidance will be needed to specify how the reduction will be implemented and reflected in the pension benefits.
- 4.20. There are limited exemptions from the annual allowance in the year of death or if the member satisfies the serious ill health exemption in accordance with the Finance Act requirements. However there are discrepancies between the definitions of ill health under the LGPS Regulations and the Finance Act relating to capability to undertake gainful employment and prescribed retirement ages. DCLG has agreed with HMRC that if the Independent Registered Medical Practitioner certifies that the person meets both the LGPS and the Finance Act criteria for ill health the exemption will apply to the LGPS. As such MPF has amended the ill health certificates and guidance notes to allow doctors to provide the required opinion on serious ill health.
- 4.21. From 6 April 2012 the lifetime allowance is reduced from £1.8 million to £1.5 million. The lifetime allowance is the maximum amount of pension savings an individual may have from registered pension schemes. A member may apply to protect their current pension savings against the reduction in the lifetime allowance. The application must be received by HMRC by 5 April 2012 and there is no entitlement to accrue further pension benefits.

5.0 RELEVANT RISKS

- 5.1 If the outcome of the short term scheme reforms proves to be too costly for individual members it will rapidly increase the number of members who will choose to opt out of the LGPS, as it will be reasoned as "unaffordable" or at worst, not worthwhile.
- 5.2 Not only, would this not meet the objective of increasing income but it would once again accelerate the maturity of the Fund; irrevocably changing the membership profile of the LGPS.

6.0 OTHER OPTIONS CONSIDERED

6.1 None.

7.0 CONSULTATION

7.1 MPF intends to consult further with all stakeholders on the proposals for change to the scheme when information is available.

8.0 IMPLICATIONS FOR VOLUNTARY, COMMUNITY AND FAITH GROUPS

8.1 None arising from this report.

9.0 RESOURCE IMPLICATIONS: FINANCIAL; IT; STAFFING; AND ASSETS

9.1 The outcome of the Government considerations and the consultation with stakeholders on the long term and short term reform of the Pension Scheme including increases in employee contribution rates may have significant impacts on the LGPS, employers and members.

9.2 Depending on the outcome of the reforms there will be increases in the resources required to deliver the relevant communications, administrative processes and changes to systems.

9.3 The option for members to request the Pension Fund to pay the annual allowance charges to HMRC will result in greater administrative complexity.

10.0 LEGAL IMPLICATIONS

10.1 None arising from this report.

11.0 EQUALITIES IMPLICATIONS

11.1 None arising from this report.

11.2 Equality Impact Assessment (EIA)

(a) Is an EIA required? No

12.0 CARBON REDUCTION IMPLICATIONS

12.1 None arising from this report.

13.0 PLANNING AND COMMUNITY SAFETY IMPLICATIONS

13.1 None arising from this report.

FNCE/191/11

REPORT AUTHOR: YVONNE CADDOCK
PRINCIPAL PENSION OFFICER
telephone: (0151-242-1333)
email: yvonnecaddock@wirral.gov.uk

APPENDICES

- 1 - Department for Communities and Local Government letter 28 July 2011 to Local Government Employers and Pension Fund Administering Authorities
- 2 - Secretary of State letter of 20 July 2011 to the Local Government Group.
- 3 - Merseyside Pension Fund letter of 10 August 2011 to the Local Government Group

REFERENCE MATERIAL

LGE Bulletin 84

SUBJECT HISTORY (last 3 years)

Council Meeting	Date
LGPS Update Reports presented to each meeting of the Pensions Committee	

Dear Colleague

TBJ Crossley
Deputy Director
Workforce, Pay and Pensions
Zone 5/F5 Eland House
Bressenden Place
London SW1E 5DU

Direct line: 0303 44 42167

Web site: www.communities.gov.uk

28 July 2011

LOCAL GOVERNMENT PENSION SCHEME

1. With the agreement of Ministers, this letter sets out the initial and medium term context for the Local Government Pension Scheme in England and Wales, following the Ministerial Written Statement by the Chief Secretary to the Treasury on 19 July 2011 to the House of Commons, and indicates anticipated next steps.

Ministerial Written Statement on Public Service Pension Schemes

2. The Chief Secretary's Statement to Parliament sets out the basis upon which the Government now intends to proceed to implement policies first announced in the Autumn Spending Review on employee contributions, and on taking forward initial scheme specific discussions for long term pension reform announced in Budget 2010.
3. The Government has accepted the broad principles set out in Lord Hutton's final report as a basis for consultation. Against the high level discussions held with the TUC, scheme specific discussions are now to take place on taking the principles forward. Long term reforms are unlikely to come into force before 2015.
4. The Government's position is that public service pensions will remain among the very best available, providing a guaranteed pension level for all employees. However, given that people are living much longer and so pensions become more expensive, people need to work for longer before drawing their pension. Employees are, therefore, being asked to ensure a fairer balance between what employees pay and what other taxpayers have to pay. The processes for taking this forward are described in more detail below in paragraphs 6- 9. For the longer term reform timetable, paragraphs 10-12 summarise the anticipated next steps.

5. The principle elements for public service pension scheme reforms, as set out in the Statement (which can be accessed at http://www.hm-treasury.gov.uk/press_83_11.htm; a copy is attached for ease of reference), are as follows:-
- central talks between Ministers and the trade unions will continue alongside scheme-specific discussions;
 - scheme-specific discussions are now to begin on wider reform arising from Lord Hutton's report;
 - cost ceilings will be set by 1 October by Treasury, based on Government Actuary's Department advice;
 - schemes will have the freedom to design the future shape of reforms within the cost ceiling and are subject to Treasury's approval of each scheme's longevity risk management arrangements;
 - using the LGPS' agreed cost ceiling, initial scheme specific proposals for reform in headline terms are required to be established by the end of October;
 - detailed scheme designs discussions will then continue to allow the relevant legislation being introduced in the Parliamentary session 2012/13 to allow for a 2015 implementation date.

Employee Contributions

6. The position of the Local Government Pension Scheme in England and Wales, in relation to employee contribution rate tariff reform, is specifically clarified in the Written Statement, as follows:-

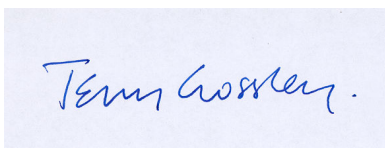
"...the Government recognises that the funded nature of the scheme puts it in a different position and will discuss whether there are alternative ways to deliver some or all of the savings."

7. Following that clarification, the Local Government Group has now been invited by the Secretary of State to conduct discussions with the local government trade unions to establish a package of measures to secure the necessary short term savings in the LGPS equivalent to the 3.2% percentage point increase in other schemes. The package will include protections from contribution increases for the lowest paid. Other issues important to the long term sustainability of the LGPS may also be discussed.
8. The Secretary of State has requested the outcome of the discussions to be reported to him by 9 September in time to allow the formal, statutory consultation exercise to begin by the end of September.
9. The onward timetable from that point, as required by section 7 of the Superannuation Act 1972, is as follows:-
- a. a 12 week statutory consultation exercise in October, November and December 2011 on amending regulations;
 - b. consideration of responses and decisions by Ministers in early 2012;
 - c. making and laying of the amending regulations as soon as possible thereafter; and
 - d. scheme changes coming into force on 1 April 2012.
10. In parallel, the Scheme's Policy Review Group has initially discussed the context for these discussions, as indeed has the Local Government Pensions Committee's Officer Advisory Group. A pre-arranged meeting of the Local Government Group and the local government trade unions took place on 27

July. A meeting of the Policy Review Group is now scheduled for 15 August. The extended consultation period will allow a continuing series of discussions across all Scheme interests as part of the process to ensure the most effective outcome for the Scheme as a whole, including additional meetings of the Policy Review Group.

Post-Hutton Reforms

11. The Chief Secretary's Written Statement sets out an indicative timetable for the anticipated scheme-specific discussions now to take place. The Government intends to set individual scheme cost-ceilings to ensure on-going affordability and sustainability. These will replace the previously envisaged 'cap and share' mechanism for the LGPS. The data stream aspects and adjustment to contribution provisions will remain in place or be modified as necessary.
12. The cost ceilings will be based on Lord Hutton's proposals, but will go further and ensure that the pension individuals receive at normal pension age will be broadly as generous for low and middle earners as it is now. The ceilings will ensure that public service pension schemes remain affordable and sustainable, by setting a limit on the contribution made by employers and ultimately, the taxpayer. Further details on how the cost ceilings are to be set will follow.
13. From that position, Schemes are being invited to provide initial reform proposals in headline terms by the end of October. The programme envisaged then is to finalise detailed Scheme design elements so that the relevant legislation can be introduced in the 2012-13 Parliamentary session. This will allow full implementation for April 2015.
14. This clearly requires a tight focus on the LGPS Policy Review Group and the supportive bodies around it who contribute and who have commented so much expertise to the present structure and Hutton process.
15. If, in the meantime, Scheme interested parties would like discuss any aspect of this work in relation to the LGPS, please contact Bob Holloway at Robert.holloway@communities.gsi.gov.uk to arrange a discussion.



TBJ CROSSLEY

List of Addressees

The Chief Executive of:

County Councils (England)
District Councils (England)
Metropolitan Borough Councils (England)
Unitary Councils (England)
County and County Borough Councils in Wales
London Borough Councils
South Yorkshire Pension Authority
Tameside Metropolitan Borough Council
Wirral Metropolitan Borough Council
Bradford Metropolitan City Council
South Tyneside Metropolitan Borough Council
Wolverhampton Metropolitan Borough Council
London Pension Fund Authority
Environment Agency

Town Clerk, City of London Corporation
Clerk, South Yorkshire PTA
Clerk, West Midlands PTA

Policy Review Group members
Fire and Rescue Authorities in England and Wales
Police Authorities in England and Wales
Audit Commission
National Probation Service for England and Wales

Local Government Group
LGPC
Association of Colleges

ALACE
PPMA
SOLACE
CIPFA

Association of Consulting Actuaries
Association of District Treasurers
Society of County Treasurers
Society of Welsh Treasurers
Society of Metropolitan Treasurers
Society of London Treasurers

Society of Local Council Clerks

Trades Union Congress	UCATT
UNISON	GMB
NAEIAC	NAPO
UNITE	

GAD
SPPA
DOE (NI)

Financial Services Authority (FSA)
Investment Management Association (IMA)
Association of British Insurers (ABI)



The Rt Hon Eric Pickles MP
*Secretary of State for Communities and Local
Government*

**Department for Communities and Local
Government**

Eland House
Bressenden Place
London SW1E 5DU

Tel: 0303 444 3450
Fax: 0303 444 3289
E-Mail: eric.pickles@communities.gsi.gov.uk

www.communities.gov.uk

Sir Merrick Cockell
Local Government Group
Local Government House
Smith Square
London SW1P 3HZ

20 JUL 2011

Dear Merrick

LOCAL GOVERNMENT PENSION SCHEME IN ENGLAND AND WALES

The Chief Secretary to the Treasury announced on 19 July in a Parliamentary Written Statement that to progress the recommendations in Lord Hutton's report on public service pension scheme reforms, initial discussions should begin on a scheme by scheme level and, to achieve the savings target set out in the Spending Review, indicated that consultations would shortly commence on individual Scheme proposals for increases in employee contributions from April 2012. Proposals to consult on new tariffs for the Firefighters' Pension Schemes will emerge next month as part of that central process for the pay-as-you-go schemes. I enclose a copy of the Ministerial Written Statement, for information.

The Statement also made clear, in terms of the Local Government Pension Scheme in England and Wales, that the Government has concluded that the funded status of the Scheme places it in a different position to the pay-as-you-go schemes - a view expressed previously by the Local Government Group. On that basis, and within the context of the Government's wish to see savings to Local Government Pension Scheme employers of some £900million by 2014/15, I am inviting the Local Government Group to conduct discussions with the local government trade unions to establish a package of measures to secure the short term savings by 2014/15, equivalent to the 3.2 percentage point contribution increases in other schemes. This can include alternative ways to deliver some or all of the savings, provide protections from contribution increases for the low paid, together with a consideration of other issues important to the longer term sustainability of the Scheme.

To meet the necessary statutory-based timetable, I would welcome receiving the outcome of your joint discussions no later than 9 September. This will allow the necessary statutory consultation exercise to begin with Scheme interests, for twelve weeks, by the end of September. Following a careful consideration of all the responses, the final, formal stages of the amendment process can be finalised to ensure the new tariff, and any other measures, to be in place for 1 April 2012.

My officials are available at any time to assist in your discussions, if that would be helpful to the Group.

Joover Saver

Written Ministerial Statement

Public Service Pensions Update

The Chief Secretary to the Treasury (Rt Hon Danny Alexander): The Coalition programme gave a commitment to review the long-term affordability and sustainability of public service pensions, and Lord Hutton's Independent Public Service Pensions Commission has demonstrated that reform is needed. At Budget, the Government made clear that it accepted Lord Hutton's recommendations as a basis for consultation with public sector workers, trades unions and others and that we would set out proposals in the autumn that are affordable, sustainable and fair to both the public sector workforce and the taxpayer.

The Government has already committed to retaining a form of defined benefit pension in the public sector and protecting accrued rights so that all the benefits that members have earned up to the point of change will be protected. Today, I would like to inform the House of the progress that has been made and the process going forwards.

The Government and the Trades Unions Congress (TUC) have held a series of constructive meetings to discuss public service pension reform which have covered Lord Hutton's key recommendations and the Government's proposed employee contributions increase. A basis for agreement has been established in several areas, but differences remain on some of the key recommendations.

The Government and the TUC have agreed that to further inform the discussions on Lord Hutton's recommendations, there should be scheme level discussions alongside the central process already established. Scheme level discussions will ensure a fuller understanding of the implications of reforms, before final conclusions are reached. These scheme level discussions will deliver initial proposals for reformed schemes by the end of October this year, allowing further work to finalise detailed scheme design before the Government introduces legislation in due course.

Lord Hutton's recommendations will inform these scheme level discussions and the Government will provide scheme-specific cost ceilings. These ceilings will be based on Lord Hutton's proposals, but will go further and ensure that the pension individuals receive at normal pension age would be broadly as generous for low and middle income earners as it is now. These cost ceilings will ensure that public service pensions remain affordable and sustainable, by setting a limit on the contribution made by the Government and ultimately the taxpayer.

Further to the rationale for short term savings set out in Lord Hutton's interim report, the Government announced plans to target £2.8bn savings per year by 2014-15 through public service employee pension contributions at Spending Review 2010. The scheme-by-scheme consultations for the unfunded public service pension schemes to deliver the first years' savings of £1.2bn will commence by the end of this month. Reflecting the Government's commitment to protect the low paid, the Government's has set out its preferred parameters for any design. There should be no increase in employee contributions for those earning less than £15,000 and no more than a 1.5 percentage point increase in total by 2014-15 for those earning up to £21,000. This amounts to a 0.6 percentage point increase in 2012-13 on a pro-rata basis. It is proposed that higher earners will pay more but the Government has proposed a cap on the maximum increase of 6 percentage points (before tax relief) by 2014-15. This amounts to a 2.4 percentage point cap in 2012-13 on a pro-rata basis. These consultations will be completed by the end of October, in order to ensure implementation by April 2012.

The Government remains committed to securing the full Spending Review savings of £2.3bn in 2013-14 and £2.8bn in 2014-15, requiring each scheme to find savings equivalent to a 3.2 percentage point increase. Scheme specific discussions will make proposals on how these savings are achieved and will be required to make proposals by the end of October this year. For Local Government, the Government recognises that the funded nature of the scheme puts it in a different position and will discuss whether there are alternative ways to deliver some or all of the savings.

I have today exchanged letters on these issues with the General Secretary of the Trades Unions Congress and copies of these letters have been deposited in the Libraries of both Houses.

HM Treasury
19 July 2011

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Sir Merrick Cockell
Local Government Group
Local Government House
Smith Square
London
SWIP 3HZ

Direct Line: 0151 242-1390

Please ask for: Yvonne Caddock

Date: 10 August 2011

LOCAL GOVERNMENT PENSION SCHEME REFORM 2011

Wirral Council is responsible for the administration of the Merseyside Pension Fund which is part of the Local Government Pension Scheme (LGPS). The Merseyside Pension Fund deals with the LGPS pension administration and investments on behalf of the 5 Merseyside District Councils, and over 100 other employers on Merseyside and elsewhere throughout the UK.

The Fund has over 50,000 active contributing members, 41,359 pensioners and just over 34,000 deferred pensioners. It is responsible for the investment and accounting for a pension fund of £5billion.

The Fund has formally responded to all of the recent consultations on public sector pension reform, and wishes to provide further comment ahead of the 12 week statutory consultation – specifically in regard the short-term savings equivalent to a 3.2% increase to member contributions.

1/ MINIMAL INCREASE TO MEMBER CONTRIBUTION RATES

We maintain the view that any increase to employee contributions, will rapidly increase the number of members who will choose to opt-out of the Scheme as it will be reasoned as “unaffordable” or at worst, not worthwhile.

The proposed protections for those members earning up to £21,000 per annum, means that a greater contribution burden will be made by the “middle” earners of our Fund.

This year we have already seen a 48% increase in the incidence of enquiries from members into the affordability of scheme participation and also the perception of diluted pension promises.

If there is a political imperative that our members are asked to demonstrate an increased contribution to the Scheme, a minimal, uniform 1% increase would be more acceptable to our membership. Particularly, in a period of pay freezes and reductions to net pay from April 2012, due to the increases in National Insurance contributions.

2/ NORMAL RETIREMENT AGE

In addition to a 1% uniform increase to member contributions, the Fund would advocate that the next Scheme adjustment would be to align the Schemes Normal Retirement Age (NRA) with that of the increases in State Pension Age (SPA).

However, the option for members to take a reduced pension from age 60 should still continue, giving members more choice over their personal circumstances and the value of benefits payable. The appropriate reduction factors would apply from the increased NRA, thus maintaining a link to affordability over time.

3/ ACCRUAL RATE FOR YEARS 2012-2015

Another option to make the required savings is the reduction of the accrual rate on the current benefit package. Moving the accrual rate back towards the pre-2008 level of 80ths for all active members during the next three years, would demonstrate savings to each Funds liability funding profile.

However, this change would manifest another significant consequence; particularly it would reduce the number of retiring members electing to convert annual pension to the maximum available tax free cash. This would adversely impact on savings already assumed in assessing employer contribution rates, leading to increased employer costs.

The demographics of the LGPS mean that 50% of its membership receive low pay and have short service, a reduction in the rate of accrual could lead members to question the value of contributing to the scheme, due to meagre awards of benefits; abdicating personal responsibility and relying on means tested benefits for support in retirement.

In a survey of the Fund's membership as part of our response to Lord Hutton's consultation (1,952 respondents) the preferred option for scheme reform was to increase the normal retirement age rather than adjusting the accrual rate, if it were proven that reforms were deemed necessary to combat the rising costs of pension provision.

The Merseyside Pension Fund strongly believes that in order to maintain the active membership base, ensuring continuing financial viability, any necessary short term reforms should take the form of a limited contribution increase and alignment of the Scheme's normal retirement age with increases to state pension age.

Yours sincerely



Ian Coleman

Director of Finance

cc. Bob Holloway, DCLG

WIRRAL COUNCIL

PENSIONS COMMITTEE

19 SEPTEMBER 2011

SUBJECT:	ANNUAL EMPLOYERS' CONFERENCE
WARDS AFFECTED:	ALL
REPORT OF:	DIRECTOR OF FINANCE
RESPONSIBLE PORTFOLIO HOLDER:	
KEY DECISION	NO

1.0 EXECUTIVE SUMMARY

- 1.1 This report informs Members of the arrangements for the annual Employers' Conference to be held on Thursday 17 November 2011.

2.0 RECOMMENDATION

- 2.1 That Members attend the Annual Employers Conference.

3.0 REASON FOR RECOMMENDATION

- 3.1 The value of holding an annual conference was recognised following the successful re-introduction of this event in November 1997, with attendees appreciating the opportunity to hear presentations on topical issues, and receive reports on current Fund activity and performance.

4.0 BACKGROUND AND KEY ISSUES

- 4.1 The 2011 conference will again be held at Aintree Racecourse on Thursday 17 November 2011.
- 4.2 In addition to the annual reports on investment performance and the administration of the Pension Fund over the previous year, a presentation will be given by Paul Middleman from Mercer, the Actuary and Bob Holloway from the Department for Communities and Local Government.
- 4.3 The draft programme commences with coffee and registration at 9.30am, with a start time of 10am. There will be an open forum for questions and an anticipated finish time of 1.30pm. Lunch will be provided for delegates.
- 4.4 Members are invited to attend the Conference and further details will be circulated to all Members of this Committee as soon as arrangements are finalised.

5.0 RELEVANT RISKS

- 5.1 There are none rising directly from this report.

6.0 OTHER OPTIONS CONSIDERED

6.1 Other venues were considered including a cost comparison to assess value for money.

7.0 CONSULTATION

7.1 An online survey was taken of previous delegates in 2010 and 87% rated Aintree Racecourse as an excellent or very good venue. The location, public transport links and overall quality of Aintree Racecourse was commended.

8.0 IMPLICATIONS FOR VOLUNTARY, COMMUNITY AND FAITH GROUPS

8.1 None arising from this report.

9.0 RESOURCE IMPLICATIONS: FINANCIAL; IT; STAFFING; AND ASSETS

9.1 The cost of holding the Conference is estimated at £5,000; provision for which is contained within the budget.

10.0 LEGAL IMPLICATIONS

10.1 None arising from this report.

11.0 EQUALITIES IMPLICATIONS

11.1 None arising from this report.

11.2 Equality Impact Assessment (EIA)

(a) Is an EIA required? Yes Completed on 17 August 2011

Access for delegates with limited mobility was assessed; and appropriate emergency arrangements are in place. A hearing loop and relay screens will be provided for people with sensory impairments.

12.0 CARBON REDUCTION IMPLICATIONS

12.1 None arising from this report.

13.0 PLANNING AND COMMUNITY SAFETY IMPLICATIONS

13.1 None arising from this report.

FNCE/190/11

REPORT AUTHOR: **Yvonne Caddock**
Principal Pension Officer
telephone: (0151) 242 1333
email: yvonnecaddock@wirral.gov.uk

APPENDICES

NONE

REFERENCE MATERIAL

NONE

SUBJECT HISTORY (last 3 years)

Council Meeting	Date
Pensions Committee	27 September 2010
Pensions Committee	22 September 2009
Pensions Committee	29 September 2008

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WIRRAL COUNCIL

PENSIONS COMMITTEE

19 SEPTEMBER 2011

SUBJECT:	BANK AND OTHER AUTHORISED SIGNATORIES
WARD/S AFFECTED:	ALL
REPORT OF:	DIRECTOR OF FINANCE
RESPONSIBLE PORTFOLIO HOLDER:	
KEY DECISION	NO

1.0 EXECUTIVE SUMMARY

- 1.1 This report sets out proposed changes to authorised signatories at Merseyside Pension Fund, following the completion of the restructuring.
- 1.2 The report describes the different requirements for different institutions and functions, including the banks, custodian, and overseas pensions payment agent, as well as the granting of power of attorney where appropriate.
- 1.3 The report also refers to operational decisions regarding authorised signatories for other transactions and procedures, by officers nominated by the Director of Finance. This report avoids doubt by organisations undertaking due diligence on MPF as an investee company or as a financial services provider, or for overseas jurisdiction.

2.0 RECOMMENDATIONS

- 2.1 That the following officers be authorised to open, close and amend bank accounts, authorise instructions for the payment of benefits and for investment transactions, for the accounts with the bankers (Royal Bank of Scotland), with the Global Custodian (State Street), and with other financial institutions for the purpose of making and redeeming deposits, "open" cheques, and counter sign cheques over £10,000:

Director of Finance	Ian E. Coleman
Deputy Director of Finance	David L.H. Taylor-Smith
Head of Financial Services	Thomas W. Sault
Head of Benefits, Revenues and Customer Services	Malcolm J. Flanagan
Head of IT Services	Geoffrey W. Paterson
Head of Support Services	Michael J. Fowler
Principal Pensions Officer	Yvonne M. Caddock
Members Services Manager	Margaret M Rourke
Members Services Manager	Susan J. Roberts
Operations Manager	Guy W. Hayton
Group Accountant	Donna S. Smith

- 2.2 That Members confirm that the following officers have powers to authorise investment decisions and relevant documentation, but not to authorise the transfer of money:

Head of Pension Fund	Peter J. Wallach
Senior Investment Manager	Leyland K. Otter
Investment Manager	Patrick G. Dowdall

- 2.3 That Members note that, for the purposes of due diligence verification, Patrick G. Dowdall, Investment Manager, is designated an authorised officer.

- 2.4 That Members confirm, for the avoidance of doubt, that the Director of Finance can designate officers of MPF to exercise powers of attorney on behalf of MPF and Wirral Metropolitan Borough Council, which, from 1 July 2011, requires two of the following officers:

Head of Pension Fund	Peter J. Wallach
Senior Investment Manager	Leyland K. Otter
Principal Pensions Officer	Yvonne M. Caddock
Investment Manager	Patrick G. Dowdall

3.0 REASON FOR RECOMMENDATIONS

- 3.1 The bank signatories were last approved by the Pensions Committee on 27 June 2011. At that stage, two appointments to the new structure were still outstanding. Subsequently Donna Suzanne Smith has been appointed as Group Accountant and Susan Jean Roberts has been appointed as Members Services Manager.

4.0 BACKGROUND AND KEY ISSUES

4.1 The current approved signatories to the Royal Bank of Scotland and State Street accounts are:-

Director of Finance	Ian E. Coleman
Deputy Director of Finance	David L.H. Taylor-Smith
Head of Financial Services	Thomas W. Sault
Head of Benefits, Revenues and Customer Services	Malcolm J. Flanagan
Head of IT Services	Geoffrey W. Paterson
Head of Support Services	Michael J. Fowler
Principal Pensions Officer	Yvonne M. Caddock
Members Services Manager	Margaret M Rourke
Operations Manager	Guy W. Hayton

4.2 For the accounts with the bankers (Royal Bank of Scotland) and the Global Custodian (State Street) approval is requested for the following signatories:-

Director of Finance	Ian E. Coleman
Deputy Director of Finance	David L.H. Taylor-Smith
Head of Financial Services	Thomas W. Sault
Head of Benefits, Revenues and Customer Services	Malcolm J. Flanagan
Head of IT Services	Geoffrey W. Paterson
Head of Support Services	Michael J. Fowler
Principal Pensions Officer	Yvonne M. Caddock
Members Services Manager	Margaret M Rourke
Members Services Manager	Susan J. Roberts
Operations Manager	Guy W. Hayton
Group Accountant	Donna S. Smith

4.3 These responsibilities will include powers to open, close and amend bank accounts, authorise instructions for the payment of benefits and for investment transactions, for the accounts with the bankers (Royal Bank of Scotland), and with the Global Custodian (State Street), and with other financial institutions for the purpose of making and redeeming deposits, "open" cheques, and counter sign cheques over £10,000:

4.4 For reasons of internal control, officers are empowered to authorise investment decisions and relevant documentation, but without powers to authorise the transfer of monies:

Head of Pension Fund	Peter J. Wallach
Senior Investment Manager	Leyland K. Otter
Investment Manager	Patrick G. Dowdall

4.5 Other officers can make investment decisions up to their limits as specified in the Compliance Manual. Following the staffing changes, an updated version of the Compliance Manual should be presented to the Pensions Committee in November 2011.

4.6 Authorisation of the routine monthly pension payroll is subject to separate internal arrangements by personnel nominated under the operational responsibilities of the Director of Finance. These cover both the release of the monthly domestic BACSTEL payments and the release via Citi bank of the payment of pensions overseas.

4.7 On 27 June 2011, Pensions Committee confirmed that the Director of Finance can designate officers of MPF to exercise powers of attorney, with a minimum of two signatures from four designated officers and that the following officers shall have such powers:

Head of Pension Fund	Peter J. Wallach
Senior Investment Manager	Leyland K. Otter
Principal Pensions Officer	Yvonne M. Caddock
Investment Manager	Patrick G. Dowdall

4.8 Investee companies, financial services providers and overseas jurisdictions perform due diligence work on MPF as an investor organisation. To facilitate the provision of relevant information, it is proposed that in addition to those mentioned in paragraph 4.2 above, the following officer can duly certify:

Investment Manager	Patrick G. Dowdall
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5.0 RELEVANT RISKS

5.1 Without the appropriate number of authorising officers, there is a risk of delayed settlement of trades. This could manifest itself both as financial risk, as there could be a cost to delayed settlement, and as a reputational risk to MPF in financial markets.

6.0 OTHER OPTIONS CONSIDERED

6.1 The option of operating with fewer authorisers, would increase the dangers of transactions in financial markets not settling in a timely manner due to delays in their authorisation.

7.0 CONSULTATION

7.1 No consultation took place with other organisations or stakeholders.

8.0 IMPLICATIONS FOR VOLUNTARY, COMMUNITY AND FAITH GROUPS

8.1 None arising from this report.

9.0 RESOURCE IMPLICATIONS: FINANCIAL; IT; STAFFING; AND ASSETS

9.1 There are no additional resource implications in this proposal.

10.0 LEGAL IMPLICATIONS

10.1 None arising from this report.

11.0 EQUALITIES IMPLICATIONS

11.1 None arising from this report.

11.2 Equality Impact Assessment (EIA)

(a) Is an EIA required? No

12.0 CARBON REDUCTION IMPLICATIONS

12.1 There are none within these proposals for change,

13.0 PLANNING AND COMMUNITY SAFETY IMPLICATIONS

13.1 None arising from this report.

REPORT AUTHOR: Ian Coleman
Director of Finance
telephone: 0151 666 3056
email: iancoleman@wirral.gov.uk

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APPENDICES

None

REFERENCE MATERIAL

List of Authorised Signatories as at 1 April 2011

SUBJECT HISTORY (last 3 years)

Council Meeting	Date
Pensions Committee	27 June 2011
Pensions Committee	29 March 2011
Cabinet	17 March 2011
Pensions Committee	22 September 2009
Pensions Committee	18 June 2009

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WIRRAL COUNCIL

PENSIONS COMMITTEE

19 SEPTEMBER 2011

SUBJECT:	PROFESSIONAL PENSIONS AWARDS
WARD/S AFFECTED:	ALL
REPORT OF:	DIRECTOR OF FINANCE
RESPONSIBLE PORTFOLIO HOLDER:	
KEY DECISION?	NO

1.0 EXECUTIVE SUMMARY

This report informs Members that Merseyside Pension Fund has been shortlisted by Professional Pensions in the Premier Scheme of the Year (over £2.5bn) category and to note attendance at the awards by the Chair of the Committee.

2.0 RECOMMENDATION

2.1 That Committee notes the shortlisting of MPF and attendance at the awards by the Chair.

3.0 REASON FOR RECOMMENDATION

3.1 The shortlisting reflects the continued all-round quality of service provided by MPF to its employers and members.

4.0 BACKGROUND AND KEY ISSUES

4.1 Applicants were assessed against the following criteria:

- Administration: Schemes should demonstrate performance against service level agreements, set out their reporting strategy and their use of IT.
- Communication: Judges will be looking for clarity and at the methods being used - newsletters, meetings, roadshows etc.
- Investment Management: Schemes should set out their investment strategies and show performance over one, three, five and ten years.
- Governance: Entrants should set out their voting records on investments and the steps they have taken to implement social, environmental and ethical criteria.
- Education: Judges will want to know the measures schemes have taken to educate members and raise their financial awareness and explain why they need to save for the future.

4.2 Complimentary places were available at the awards ceremony for shortlisted applicants. In view of the award event taking place prior to Committee, the Chair confirmed his availability to attend and, as he was already in London for a LAPFF executive meeting, the only additional cost was overnight accommodation.

5.0 RELEVANT RISKS

5.1 There are none arising directly from this report.

6.0 OTHER OPTIONS CONSIDERED

6.1 No other options have been considered.

7.0 CONSULTATION

7.1 There has been no consultation undertaken or proposed for this report. There are no implications for partner organisations arising out of this report.

8.0 IMPLICATIONS FOR VOLUNTARY, COMMUNITY AND FAITH GROUPS

8.1 There are none arising out of this report.

9.0 RESOURCE IMPLICATIONS: FINANCIAL; IT; STAFFING; AND ASSETS

9.1 The cost overnight accommodation was met from the Pension Fund budget.

10.0 LEGAL IMPLICATIONS

10.1 None

11.0 EQUALITIES IMPLICATIONS

11.1 None

11.2 Equality Impact Assessment (EIA)

(a) Is an EIA required?

No

12.0 CARBON REDUCTION IMPLICATIONS

12.1 There are none arising out of this report.

13.0 PLANNING AND COMMUNITY SAFETY IMPLICATIONS

13.1 None

FNCE/186/11

REPORT AUTHOR: Peter Wallach
Head of Pension Fund
telephone: (0151) 242 1309
email: peterwallach@wirral.gov.uk

APPENDICES

NONE

REFERENCE MATERIAL

NONE

SUBJECT HISTORY (last 3 years)

Council Meeting	Date

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WIRRAL COUNCIL

PENSIONS COMMITTEE

19 SEPTEMBER 2011

SUBJECT:	TUNSGATE SQUARE SHOPPING CENTRE “GREEN APPLE” AWARD
WARD/S AFFECTED:	ALL
REPORT OF:	DIRECTOR OF FINANCE
RESPONSIBLE PORTFOLIO HOLDER:	
KEY DECISION?	NO

1.0 EXECUTIVE SUMMARY

- 1.1. This report advises Members that Tunsgate Square Shopping Centre, Guildford, part of the Merseyside Pension Fund property portfolio, has been identified for a “Green Apple” environment award.

2.0 RECOMMENDATION

- 2.1 That Committee notes the environmental award in respect of Tunsgate Square.

3.0 REASON FOR RECOMMENDATION

- 3.1 The award reflects progress made by MPF and the property managers in improving the environmental performance of the property assets.

4.0 BACKGROUND AND KEY ISSUES

- 4.1 CBRE has advised that they have recently received a “Green Apple Award” for environmental work at Tunsgate Square Shopping Centre. This is a coveted award and is highly regarded in the environmental field.
- 4.2. The Green Organisation is an independent, non-political, non-profit making environment group dedicated to recognising, rewarding and promoting environmental best practice around the world. It is funded by membership and sponsorship from the Environment Agency, the Chartered Institute of Environmental Health, the Chartered Institution of Wastes Management, and other professional bodies.

- 4.3. The Green Apple Awards for Environmental Best Practice were launched in 1994, initially aimed only at local authorities but later including commerce and industry. They are open to everyone from individuals to international conglomerates. The Green Organisation is keen to point out that an award does not mean successful companies are completely green – because none of us are, but they hope that by receiving recognition for the things being done right, winners may go on to improve their environmental performance in other ways.
- 4.4. The award ceremony is on 14 November 2011, in the House of Commons when an announcement will be made as to which award Tunsgate Square Shopping Centre has won.

5.0 RELEVANT RISKS

- 5.1 There are none arising directly from this report.

6.0 OTHER OPTIONS CONSIDERED

- 6.1 There are none arising directly from this report.

7.0 CONSULTATION

- 7.1. None required.

8.0 IMPLICATIONS FOR VOLUNTARY, COMMUNITY AND FAITH GROUPS

- 8.1 There are none arising directly from this report.

9.0 RESOURCE IMPLICATIONS: FINANCIAL; IT; STAFFING; AND ASSETS

- 9.1 There are none arising directly from this report.

10.0 LEGAL IMPLICATIONS

- 10.1 There are none arising directly from this report.

11.0 EQUALITIES IMPLICATIONS

- 11.1 There are none arising directly from this report.

11.2 Equality Impact Assessment (EIA)

(a) Is an EIA required?

No

12.0 CARBON REDUCTION IMPLICATIONS

- 12.1 No direct implications. However, MPF is a member of the Institutional Investor Group on Climate Change and support for Responsible Investment encourages an awareness of environmental issues by investment managers.

13.0 PLANNING AND COMMUNITY SAFETY IMPLICATIONS

13.1 None

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REPORT AUTHOR: **Peter Wallach**
Head of Pension Fund
telephone: (0151) 242 1309
email: peterwallach@wirral.gov.uk

APPENDICES

REFERENCE MATERIAL

SUBJECT HISTORY (last 3 years)

Council Meeting	Date

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WIRRAL COUNCIL

PENSIONS COMMITTEE

19 SEPTEMBER 2011

SUBJECT:	ADMISSION BODY APPLICATION MACK TRADING
WARDS AFFECTED:	ALL
REPORT OF:	DIRECTOR OF FINANCE
RESPONSIBLE PORTFOLIO HOLDER:	
KEY DECISION?	NO

1.0 EXECUTIVE SUMMARY

- 1.1 This report informs Members of a decision taken under delegation, to approve the application received from Mack Trading (Heaton Park) to Merseyside Pension Fund as a Transferee Admission Body. The company has secured the operation of Bowring Golf Course contract, for the period 1 September 2011 to 31 August 2031.

2.0 RECOMMENDATION

- 2.1 That Members note the approval of the application for admission to the Merseyside Pension Fund of Mack Trading.

3.0 REASON FOR RECOMMENDATION

- 3.1 The application for admission meets the prescribed regulatory and financial requirements under the Local Government Pension Scheme Regulations. The appropriate supporting documentation has been received and approved. All parties to the agreement are legally enforced to comply with the governance policy of Merseyside Pension Fund.

4.0 BACKGROUND AND KEY ISSUES

- 4.1 The application is to provide pension provision for five transferred members who wish to continue to participate in the local government pension scheme.
- 4.2 Mack Trading is a private company limited by shares and the principal activity of the company is computer related activities.
- 4.3 The principal activity for Mack Trading (Heaton Park) during 2009/2010 was that of golf course management.

5.0 RELEVANT RISKS

- 5.1 The potential risk of financial loss resulting from the admittance of the company is mitigated by virtue of Regulation 38(3) (a) of the Local Government Pension (Administration) Regulations 2008. Knowsley Council would be responsible for any outstanding contributions on the closure of the body which may not be recoverable from the contractor or parent company.

6.0 OTHER OPTIONS CONSIDERED

- 6.1 The contractor's preferred route in accordance with the Statutory Best Value Authorities Staff Transfer (Pension) Direction 2007 is to secure admitted body status as an alternative to the provision of a comparable pension scheme.

7.0 CONSULTATION

- 7.1 No consultation required as staff retained access to the LGPS.

8.0 IMPLICATIONS FOR VOLUNTARY, COMMUNITY AND FAITH GROUPS

- 8.1 None arising from this report.

9.0 RESOURCE IMPLICATIONS: FINANCIAL; IT; STAFFING; AND ASSETS

- 9.1 The latest Financial Statement to 30 September 2009 of Mack Trading (Heaton Park) has been approved.
- 9.2 The transfer of past service liabilities is to proceed on a fully funded basis which will have no immediate impact on the Knowsley Council current assessed contribution rate.
- 9.3 Five Knowsley Council employees transferred under TUPE Regulations to the alternative employer.

10.0 LEGAL IMPLICATIONS

- 10.1 The legal documents to be drafted and approved by the Director of Law.

11.0 EQUALITIES IMPLICATIONS

- 11.1 There are no equalities implications as employees retain access to the LGPS.

11.2 Equality Impact Assessment (EIA)

- (a) Is an EIA required? No
- (b) If 'yes', has one been completed?

12.0 CARBON REDUCTION IMPLICATIONS

- 12.1 None arising from this report.

13.0 PLANNING AND COMMUNITY SAFETY IMPLICATIONS

- 13.1 None arising from this report.

REPORT AUTHOR: YVONNE CADDOCK
PRINCIPAL PENSION OFFICER
telephone: (0151-242-1333)
email: yvonnecaddock@wirral.gov.uk

FNCE/187/11

REFERENCE MATERIAL

The report produced by Mercer the Actuary, dated 11 May 2011, was used in producing this report.

SUBJECT HISTORY (last 3 years)

Council Meeting	

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**WIRRAL COUNCIL
PENSIONS COMMITTEE
19 SEPTEMBER 2011**

SUBJECT:	MINUTES OF GOVERNANCE & RISK WORKING PARTY 14 JULY 2011
WARD/S AFFECTED:	ALL
REPORT OF:	DIRECTOR OF FINANCE
RESPONSIBLE PORTFOLIO HOLDER:	
KEY DECISION?	NO

1.0 EXECUTIVE SUMMARY

- 1.1 The purpose of this report is to provide Members with the minutes of the Governance & Risk Working Party (GRWP) held on 14 July 2011.
- 1.2 The minutes of the GRWP on 14 July 2011, contain exempt information. This is by virtue of paragraph(s) 3 of Part 1 of Schedule 12A of the Local Government Act 1972, i.e. Information relating to the financial or business affairs of any particular person (including the authority holding that information).

2.0 RECOMMENDATION

- 2.1 That Members approve the minutes of the GRWP meeting on 14 July 2011 which are attached as an exempt appendix on this agenda

3.0 REASON FOR RECOMMENDATION

- 3.1 The approval of GRWP minutes by Pensions Committee forms part of the governance arrangements of Merseyside Pension Fund. These arrangements were approved by Pensions Committee as part of the Governance Statement on 27 June 2011.

4.0 BACKGROUND AND KEY ISSUES

- 4.1 The GRWP meets twice a year to allow Members and their advisers to consider governance and risk issues, relating to MPF, in greater detail.

5.0 RELEVANT RISKS

- 5.1 Not relevant for this report.

6.0 OTHER OPTIONS CONSIDERED

- 6.1 Not relevant for this report.

7.0 CONSULTATION

7.1 Not relevant for this report.

8.0 IMPLICATIONS FOR VOLUNTARY, COMMUNITY AND FAITH GROUPS

8.1 There are no implications arising directly from this report

9.0 RESOURCE IMPLICATIONS: FINANCIAL; IT; STAFFING; AND ASSETS

9.1 There are no implications arising directly from this report.

10.0 LEGAL IMPLICATIONS

10.1 There are no implications arising directly from this report.

11.0 EQUALITIES IMPLICATIONS

11.1 There are no implications arising directly from this report.

12.0 CARBON REDUCTION IMPLICATIONS

12.1 There are no implications arising directly from this report.

13.0 PLANNING AND COMMUNITY SAFETY IMPLICATIONS

13.1 There are no implications arising directly from this report.

FNCE/179/11

REPORT AUTHOR: Peter Wallach
Head of Pension Fund
telephone: (0151) 242 1309
email: peterwallach@wirral.gov.uk

APPENDICES

Attendees of the working party are shown in appendix 1 together with declarations of interest.

The minutes of the GRWP held on 14 July 2011 are attached as an exempt appendix.

REFERENCE MATERIAL

None used in the preparation of this report.

SUBJECT HISTORY (last 3 years)

Council Meeting	Date
Pensions Committee : GRWP minutes	29 March 2011

APPENDIX 1

Minutes of the Meeting of the Governance and Risk Working Party

Thursday 14 July 2011

In attendance:

Councillor Geoffrey C.J. Watt (WBC)

Peter Wallach (Head of MPF)

Councillor Mike Hornby (WBC)

Paddy Dowdall (Investment Manager)

Councillor Leon McGuire (SHC)

Donna Smith (Group Fund Accountant)

Councillor Tom Harney (WBC)

Emma Jones (PA to Head of MPF)

1. Apologies were received from:

Councillor Ann McLachlan (WBC)

Councillor Liam Robinson (LCC)

Councillor Peter Johnson (WBC)

Councillor Patrick McCarthy (Co-optee)

Councillor Harry Smith (WBC)

Councillor George Davies (WBC)

Councillor Adrian Jones (WBC)

Ian Coleman (Director of Finance)

2. Declarations of interest

There were no declarations of interest.

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