



Pensions Committee

Date: Tuesday, 18 September 2012

Time: 6.30 pm

Venue: Committee Room 1 - Wallasey Town Hall

Contact Officer: Pat Phillips
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AGENDA

1. MEMBERS' CODE OF CONDUCT - DECLARATIONS OF INTEREST

Members of the Committee are asked to declare any disclosable pecuniary and non pecuniary interests, in connection with any item(s) on the agenda and state the nature of the interest.

2. MINUTES (Pages 1 - 6)

To receive the minutes of the meeting held on 25 June, 2012.

3. LGPS UPDATE (Pages 7 - 34)

4. GOVERNANCE & RISK WORKING PART MINUTES 12/07/12 (Pages 35 - 38)

5. ACCOUNTS 2011/12

6. AC ANNUAL GOVERNANCE REPORT (Pages 39 - 66)

7. LAPFF CONFERENCE BOURNEMOUTH (Pages 67 - 68)

8. UNFUNDED PENSION LIABILITIES (Pages 69 - 78)

9. ANNUAL EMPLOYERS CONFERENCE (Pages 79 - 80)

10. DRAFT ANNUAL REPORT (Pages 81 - 82)

11. **ADMISSION BODY APPLICATION - BALFOUR BEATTY (Pages 83 - 86)**
12. **ADMISSION BODY APPLICATION - HEALTH MANAGEMENT LTD (Pages 87 - 90)**
13. **NAPF CONFERENCE (Pages 91 - 100)**
14. **PROFESSIONAL PENSIONS AWARDS (Pages 101 - 102)**
15. **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.

16. **EXEMPT APPENDIX - MINUTES INVESTMENT MONITORING WORKING PARTY - 4 SEPTEMBER 2012**
Appendix 1 to agenda item 14a , exempt by virtue of paragraph 3
17. **EXEMPT APPENDIX - PROPERTY INSURANCE**
Appendix 1 to agenda item 14b , exempt by virtue of paragraph 3
18. **GOVERNANCE & RISK WORKING PARTY MINUTES 12 JULY, 2012. (Pages 103 - 106)**
19. **UNFUNDED PENSION LIABILITIES (Pages 107 - 108)**
20. **EXEMPT APPENDIX - APPOINTMENT OF PROVIDER OF PASSIVE INVESTMENT MANAGEMENT SERVICES**
Appendix 1 to agenda item 14c , exempt by virtue of paragraph 3
21. **EXEMPT APPENDIX - ALTAIR IMPLEMENTATION UPDATE**
Appendix 1 to agenda item 14d , exempt by virtue of paragraph 3
22. **ADMISSION BODY APPLICATION - BALFOUR BEATTY EXEMPT APPENDIX (Pages 109 - 110)**

- 23. ADMISSION BODY APPLICATION - HEALTH MANAGEMENT LIMITED EXEMPT APPENDIX (Pages 111 - 112)**
- 24. ANY OTHER URGENT BUSINESS APPROVED BY THE CHAIR**

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PENSIONS COMMITTEE

Monday, 25 June 2012

<u>Present:</u>	Councillor	P Glasman (Chair)	
	Councillors	G Davies T Harney S Hodrien AER Jones AR McLachlan	C Povall H Smith A Sykes G Watt P Johnson (dep for Cllr M Hornby)
	Councillors	J Hanson, Liverpool City Council J Fulham, St Helens Council Mr McCarthy, (NonDistrict Council Employers) Mr P Goodwin UNISON	
<u>In attendance:</u>			
<u>Apologies:</u>	Councillors	N Keats, Knowsley Council P Tweed, Sefton Council Mr P Wiggins UNISON	

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 Geoffrey Watt declared a personal interest by virtue of a relative being a member of Merseyside Pension Fund.

2 MINUTES

The Director of Law, Hr and Asset Management submitted the minutes of the meeting held on 20 March, 2012.

Resolved – That the minutes be received.

3 APPOINTMENT OF VICE-CHAIR

It was moved by Councillor Harry Smith and seconded by Councillor Ann McLachlan that Councillor Sylvia Hodrien be nominated as Vice-Chair of the Pensions Committee.

Resolved – That Councillor Sylvia Hodrien be appointed Vice-Chair of the Pensions Committee.

4 LGPS UPDATE

A report of the Acting Chief Finance Officer updated Members on the progress of the Local Government Pension Scheme 2014 project and the proposal to introduce a 'low cost option' as part of the future scheme design.

The report also covered the reform of the State Pension Scheme and the planned changes to National Insurance contracting-out provisions that would affect the LGPS and the latest development on the RPI/CPI judicial appeal.

An overview document which set out the main features of the proposed LGPS 2014 was included as an appendix to the report.

MPF had agreed to enter a shared services arrangement with LGA to host and maintain the official LGPS 2014 Scheme Reform website following national recognition of the Fund's new bespoke 2014 website.

Resolved - That

- 1) **the report be noted.**
- 2) **the officers be congratulated on being selected as the LGA's preferred partner in hosting the official 2014 reform website.**

5 INVESTMENT MONITORING WORKING PARTY - MINUTES 11 APRIL 2012

A report of the Acting Chief Finance Officer provided Members with the minutes of the Investment Monitoring Working Party (IMWP) held on 11 April 2012 and 6 June 2012.

The minutes of the IMWP on 11 April 2012 and 6 June 2012, were included as an appendix to the report.

Resolved – That the minutes of the Investment Monitoring Working Party (IMWP) be approved.

6 LOCAL GOVERNMENT CHRONICLE CONFERENCE NEWPORT

A report of the Acting Chief Finance Officer requested nominations to attend the Local Government Chronicle (LGC) Investment Conference, to be held in Newport from 5 to 7 September 2012.

Resolved – That the names of prospective attendees be submitted to the Acting Chief Finance Officer as soon as possible.

7 REPRESENTATION ON OUTSIDE BODIES

A report of the Acting Chief Finance Officer requested the Committee to review positions held by Elected Members on external bodies on behalf of Merseyside Pension Fund.

Resolved – That

- 1) **Councillor Geoffrey Watt continues to be an Executive Member of LAPFF.**

2) **Councillor Ann McLachlan continues as a LGA Labour Group appointment on the Local Government Pensions Committee.**

8 **TREASURY MANAGEMENT ANNUAL REPORT 2011/12**

A report of the Acting Chief Finance Officer presented a review of treasury management activities within Merseyside Pension Fund (MPF) for the 2011/12 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 2011/12 be noted and agreed.

9 **INVESTMENT PERFORMANCE**

A report of the Acting Chief Finance Officer set out the investment performance of Merseyside Pension Fund for the year ended 31 March 2012 as calculated by the WM Company.

Resolved – That the report be noted.

10 **ADMISSION BODY APPLICATION - HALL CLEANING SERVICES**

A report of the Acting Chief Finance Officer informed Members of his decision taken under delegation, to approve the application received from Hall Cleaning Services for admission to Merseyside Pension Fund as a Transferee Admission Body. The company had secured a cleaning contract with Wirral Council at Mosslands School for the period of one year from 1 November 2011 to 31 October 2012.

A further report was attached as an exempt item on the agenda.

Resolved – That

- 1) **approval of the application for admission to the Merseyside Pension Fund of Hall Cleaning Services be noted.**
- 2) **Legal documents be drafted and approved by the Acting Director of Law, HR & Asset Management and Monitoring Officer.**

11 **CUNARD BUILDING**

A report of the Acting Chief Finance Officer informed Members of the conclusions reached at the Investment Monitoring Working Party (IMWP) on 11 April 2012, following a presentation by CBRE, the property advisers, of options for the Cunard Building and advised on the progress of implementing, under delegation, the CBRE recommendation.

A further report was attached as an exempt item on the agenda.

Resolved – That the report be noted.

12 **APPOINTMENT OF A PROVIDER OF GLOBAL CUSTODY SERVICES**

A report of the Acting Chief Finance Officer informed Members of the outcome of a procurement process to appoint a provider of global custody services to the Merseyside Pension Fund and recommended that Members approve the award of the contract. The detail of the recommendation was provided in an exempt report on the agenda

Resolved - That the firm recommended in the exempt report to provide global custody services to the Merseyside Pension Fund be appointed.

13 **CUNARD BUILDING, LIVERPOOL - SECOND FLOOR REFURBISHMENT**

A report of the Acting Chief Finance Officer informed Members of the outcome of the recent tendering exercise in respect of the internal refurbishment works for the Cunard Building, Liverpool which was owned by MPF as part of the direct property investment portfolio. The tendering process had been conducted on behalf of MPF by CB Richard Ellis (CBRE).

A further report (report from CBRE on the tender process) was attached as an exempt item on the agenda.

Resolved – That the lowest cost tender in the sum outlined in the exempt report, which had been accepted under delegation, be noted.

14 **THREE YEAR REVIEW OF EXTERNAL INVESTMENT MANDATES FOR UK AND EUROPEAN EQUITIES**

A report of the Acting Chief Finance Officer informed the Pensions Committee of the results of recent reviews of the external investment mandates for UK and European Equities; Black Rock, M&G, Newton, TT International and Unigestion.

The result of the reviews was that all mandates were to be retained subject to further monitoring for up to three years in line with the original procurement. For one of the mandates this was a borderline decision and therefore this mandate was subject to closer scrutiny in ongoing monitoring as reported to previous IMWP meetings.

The detailed mandate reviews were provided in an exempt report to the agenda.

Resolved – That the reviews and the three year extension, subject to continued monitoring of performance of the investment mandates for Black Rock, M&G, Newton, TT International and Unigestion change in fee arrangement detailed in the exempt report, be noted.

15 **CAPITAL DYNAMICS TRAINING EVENT**

A report of the Acting Chief Finance informed the Pensions Committee of a training opportunity organised by Capital Dynamics and recommended attendance at the event.

Capital Dynamics had organised a seminar which would be held at the Deansgate Hilton, Manchester on Thursday 11 October 2012, commencing at 10.00 a.m. The morning session was aimed at pension fund trustees and new comers to private equity, infrastructure and clean energy. The afternoon would explore private equity in greater detail. Members were welcome to attend a part of or the entire event. The agenda was set out in appendix 1 to the report.

Resolved – That Members attend the training event on 11 October, 2012.

16 **PROPERTY PORTFOLIO INSURANCE ARRANGEMENTS**

A report of the Acting Chief Finance Officer informed the Pension Committee of the commencement of a tender exercise for insurance arrangements for the property portfolio and recommended the extension by six months of the existing arrangements.

Resolved – That

- 1) the extension to existing arrangements for insurance be agreed.
- 2) the commencement of a procurement exercise for insurance for the property portfolio of Merseyside Pension Fund be noted.

17 **EXTENSION OF MINIMUM VARIANCE STRATEGY**

A report of the Acting Chief Finance Officer informed Members of the intention to extend the use of minimum variance strategies in relation to emerging markets equities.

Resolved – That the report be noted.

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

Resolved – That, under section 100 (A) (4) of the Local Government Act 1972, the public be excluded from the meeting during consideration of the following items of business on the grounds that they involve the likely disclosure of exempt information as defined by the relevant paragraph of Part1 of Schedule 12A (as amended) to that Act. The Public interest test has been applied and favours exclusion.

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WIRRAL COUNCIL

PENSIONS COMMITTEE

18 SEPTEMBER 2012

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

1.0 EXECUTIVE SUMMARY

- 1.1 This report informs Members of the recent informal Local Government Association employer and respective Trade Union member consultations; undertaken to ascertain the level of support of the LGPS 2014 benefit design proposals.
- 1.2 It also covers the key provisions of the LGPS (Miscellaneous) 2012 Regulations and Merseyside Pension Fund's role in increasing employer awareness of the statutory duties and compliance requirements under Auto-Enrolment legislation.

2.0 BACKGROUND AND KEY ISSUES

Reform of the LGPS – The 2014 Project

- 2.1 The Local Government Association (LGA) issued a consultation for participating LGPS employers on 27 June 2012 seeking the general support of employers to the headline terms of the new Scheme benefits under the 2014 reform framework. The consultation closed on 27 July 2012.
- 2.2 Merseyside Pension Fund (MPF) in proactively encouraging engagement to the consultation organised a seminar for employers' at Liverpool Town Hall on 17 July 2012. The keynote speaker, the Head of Pensions at LGA, provided valuable insight into the work and deliberations of the new Scheme design. The information provided and the opportunity for questions will have assisted those who attended in making an informed response to the consultation.
- 2.3 MPF submitted a response dated 26 July attached at Appendix 1, setting out its view on the financial impact from both the members' and employers' perspective. The response also highlighted the additional operational, administrative and communication requirements on both funds and employers - identifying the probable need for additional resources.
- 2.4 In general terms, the MPF is broadly supportive of the proposals and believes the benefit package has the potential to meet the Government objective to provide good pension provision valued by the employee and affordable to both. The intent to limit member contribution increases, improve accrual rates and the introduction of a 50/50 option in exchange for a later retirement age should help encourage member

participation. However, it is imperative that the future cost management mechanism is robust, **in order to deliver** an appropriate calibration of cost and address the Scheme's continuing financial viability.

- 2.5 The Trade Unions balloted their members during July and August and promoted the proposals as a fair and balanced offer ensuring future affordability and sustainability of the LGPS. The GMB members voted 95% in favour with Unison and Unite's results still to be announced at the time of writing this report.
- 2.6 It is expected, subject to a favourable outcome from all stakeholders, that the process will continue in accordance with the following delivery framework:-

By	New Scheme Process
Autumn 2012	DCLG release statutory consultation
Jan – Mar 2013	Draft and Actual Regulations issued
April – Mar 14	Software providers to update systems Actuarial Valuation reflecting new regulations
1 April 2014	New Scheme implementation

LGPS (Miscellaneous) Regulations 2012

- 2.7 The (Miscellaneous) Regulations 2012 were laid before Parliament on 1 August 2012 and will come into force from 1 October 2012. The regulations make technical amendments to assist in the delivery of Scheme provisions and corrective references to ensure compliance with other legislation. The Statutory Instrument is attached as Appendix 2.
- 2.8 A number of the revisions relate to dependant benefits and ill health provisions to ensure equitable treatment of all membership categories.
- 2.9 The major implications to Scheme administration prevail from the measures designed to protect other Scheme employers and Council Tax payers in the event of an employer failing to meet its financial obligations. In summary these are:
- Regulations 25 & 44 – introduces a mandatory prescription for Risk Assessments to be carried out by Community Admission bodies as previously this was only a requirement for Transferee Admission Bodies. In addition, there is a proviso that a bond or other form of guarantee is only necessary where the level of risk is identified to warrant an appropriate undertaking.
 - Regulation 45 – caters for the transfer of assets and liabilities between funds and permits the Secretary of State to make a direction order to support the agreement of amalgamating funds. It also removes the problem of inhibiting ventures due to the crystallisation of deficits.

- Regulation 35 – facilitates flexibility in managing the funding position of Scheme Employers exiting the Fund. This includes provision of Scheme Employers to be subject to deficit payments on termination and provision for existing employers to fund for termination in advance through higher contributions
- 2.10 The majority of the amendments will lead to improved management and governance of the LGPS. However, despite vociferous opposition from Pension Funds and the LGA, to the proposal to bring forward the date for funds to issue Annual Benefit Statements, DCLG failed to accept the concerns of administrators.
- 2.11 The revised timeframe for issuing Annual Benefit Statements by 5 October each year is extremely challenging as MPF is reliant upon the receipt of timely, accurate data from many Scheme employers following the end of the tax year. As a new statutory requirement, MPF will deploy resources to issue the majority of Statements within the new timeframe.

Auto-Enrolment

- 2.12 MPF in conjunction with its Actuary has made arrangements for a fee-based workshop for employers. Mercer would outline to the attending employers their obligations under Workplace Pension Reform, specifically the Auto-Enrolment of employees into an occupational pension and the re-enrolment of optant outs every three years. Led by Mercer, the workshop would assist employers in evaluating their own individual compliance and state of readiness with regard to their statutory, procedural and communication requirements.
- 2.13 The event is aimed at HR, Payroll, Pensions and Finance staff and will take place on 5 September 2012 at Liverpool Town Hall with the Mercer costs of delivery spread amongst all the delegates.
- 2.14 MPF has forwarded draft guidance issued by LGA to the larger Scheme employers defining auto-enrolment statutory duties, categorisation of employees, information and disclosure and compliance requirements. The guide provides template letters and information flowcharts to assist employers in communicating with employees and clarifies how the LGPS meets the criteria as a qualifying occupational pension scheme under auto-enrolment.
- 2.15 MPF is also planning to provide a bespoke Seminar in October/November to update employers of the revised administrative requirements for auto-enrolment; including the necessary changes to Fund Forms for new entrants and the processing of optant outs from the Scheme.

3.0 RELEVANT RISKS

- 3.1 The requirement for new admission bodies to carry out an appropriate Risk Assessment is difficult to implement as the particular body will have a vested interest in presenting a favourable view of the risks being undertaken so as to minimise the requirement for any Bond or Guarantee. However, the stipulation that the assessment must be to the satisfaction of the Administering Authorities will curtail the incidence of exposure to material loss.

- 3.2 Whilst not a direct risk to MPF, there is a significant risk to Scheme Employers should they fail to comply with the statutory duties under Auto-Enrolment. The Pension Regulator will impose enforcement notices including escalating financial penalties of up to a maximum daily rate of £10,000

4.0 OTHER OPTIONS CONSIDERED

- 4.1 No other options have been considered.

5.0 CONSULTATION

- 5.1 MPF has formally responded to the LGA employer consultation on Scheme Reform and encouraged employer engagement in the informal process. There are no implications for partner organisations arising out of this report

6.0 IMPLICATIONS FOR VOLUNTARY, COMMUNITY AND FAITH GROUPS

- 6.1 There are none arising from this report.

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

- 7.1 As a result of the shortened regulatory timeframe to issue Annual Benefit Statements, MPF will need to actively monitor its operational resources and re-consider its data reconciliation processes with employers.
- 7.2 If the proposed basis of the 2014 Scheme Reform receives the support of both Employers and Unions, the future change to the fundamental benefit design and the complexities of retained member protections will require a strategic overhaul of administration arrangements, resources and procedures to deliver the relevant communications, process change and IT system updates.
- 7.3 The first staging date for an employer under Auto-Enrolment within MPF is March 2013, with other employers following at various intervals over the coming years. Inevitably the statutory information and communication requirements will increase administrative costs for both employers and MPF. Employers may also experience significant increases in employer pension contributions during the financial year 2013/14.

8.0 LEGAL IMPLICATIONS

- 8.1 There are none arising from this report.

9.0 EQUALITIES IMPLICATIONS

- 9.1 Has the potential impact of your proposal(s) been reviewed with regard to equality?

No, because the LGPS 2012 Miscellaneous Regulations have already been assessed by Government with regard to equality.

10.0 CARBON REDUCTION IMPLICATIONS

10.1 None arising from this report

11.0 PLANNING AND COMMUNITY SAFETY IMPLICATIONS

11.1 None arising from this report

12.0 RECOMMENDATION

12.1 That Members note the report.

13.0 REASON FOR RECOMMENDATION

13.1 There is a requirement for Members of the Pension 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.

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APPENDICES

- 1- MPF Response to LGA on Employer Consultation Issued 27 June 2012
- 2 - LGPS (Miscellaneous) Regulations 2012

REFERENCE MATERIAL

LGPS (Miscellaneous) Regulations 2012

SUBJECT HISTORY (last 3 years)

Council Meeting	Date

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

Direct Line: 0151 242-1390

Please ask for: Yvonne Caddock

Date: 26 July 2012

LOCAL GOVERNMENT PENSION SCHEME REFORM 2014

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

The Fund has over 45,000 active contributing members, 44,362 pensioners and just over 33,000 deferred pensioners. It is responsible for the investment and accounting for a pension fund of £5billion.

I refer to the employer consultation issued on 27 June in regard to the proposals for the new LGPS design, to take effect from 1 April 2014. I submit the following response on behalf of Wirral Borough Council in its capacity as the Administering Authority of the Merseyside Pension Fund (MPF). A formal response to the consultation by Wirral Council, in its capacity as an employer, will be made under separate cover.

MPF has, throughout the considerations of a new LGPS, recognised the requirement to ensure the affordability and ongoing viability of the Scheme; specifically the need to calibrate the cost of pension provision between the membership and employers.

Whilst good pension provision should be supported it is imperative that it is sustainable and that any revised package is equitable to all stakeholders.

1/ MEMBER CONTRIBUTION RATES

MPF has conducted numerous surveys of its membership and a clear, consistent preference has been made to increase normal retirement age (by linkage to State Pension Age) rather than any increase to member contributions, which could make the Scheme unaffordable. Consequently, MPF continues to strongly support any future arrangements which would result in fewer members wishing to leave the LGPS, helping to ensure that Funds remain sustainable via a broad active membership base.

The current proposals, if implemented, will see no contribution increases for the vast majority of members (with many low paid and part-time members actually seeing reductions). Furthermore, an improved accrual rate will see many members receiving higher benefits in retirement, which encourages Scheme participation.

2/ CAREER AVERAGE & NORMAL RETIREMENT AGE

The future proposal of Career Average with an accrual rate of 1/49th and CPI indexation has been costed on a broadly equivalent basis to the current 1/60th Final Salary Scheme - the main objective of this change to address the inequalities inherent in final salary arrangements for members with low earnings growth.

It would appear that the significant increase in accrual rates, (with 1/49th being 22.4% larger than 1/60th), combined with CPI revaluation, will be beneficial to certain groups of members, particularly those who tend to see no or only modest real increases in pay (i.e. the majority)

However it is imperative that the alignment of Normal Retirement Age to State Pension Age, with the intended link to longevity, is managed with diligence as it is this link which is the main cost savings emanating from the proposals.

3/ PENSIONABLE PAY

The change to include non-contractual overtime as actual pensionable pay will have a significant impact on budgets for employers where such overtime constitutes a substantial element of the payroll.

4/ THE 50/50 OPTION

This 50/50 proposal is a positive step from the members' perspective as it eases both the contribution burden in the current economic climate and potentially the incidence of optant-outs from the LGPS in the longer term.

This option could initially increase cash requirements for employers due to the improvements in expected Scheme take-up rates. Although the cost is lower for this benefit it is still more than the nil cost that otherwise would have been from the case of non-participation. Conversely, the improvements in the membership profile would result in lower contribution rates at subsequent valuations and would assist in maintaining optimistic funding parameters.

It is evident that this option poses significant administrative issues for Funds and employers. In particular, consideration needs to be given to whether, as part of the actuarial valuation; employers would be offered dual future service rates, split between the main scheme and the 50/50 option. If the current arrangement of a single future service rate is maintained, then any savings would not emerge immediately and would not take effect from the 2013 valuation unless a specific assumption is introduced on the perceived take-up of this option.

The documentation provided suggests that the applicable employer contribution rate is the same irrespective of the differences in the accrual rates. However, the regulations currently provide the actuary with the power to set the rates as appropriate.

It would appear that the low cost option meets the criteria as a qualifying scheme and specific regulatory provision is required to designate the main Scheme arrangement as the default for the purposes of Auto-Enrolment and to legally facilitate the member's enrolment in the main Scheme.

5/ COST SAVINGS FROM PROPOSALS

Although the headline savings are stated to be in the order of 2% of pay in comparison to the current Scheme, it is important that employers understand that these savings may not necessarily apply.

Whilst the average trend may apply to councils, some employers with large numbers of older, lower paid members working non contractual overtime may find that the new proposals actually increases employer participation costs.

In managing expectations, it is also important for employers to understand that the contributions required to fund any past service deficits are not included in the overall cost envelope of 19.5% of pay. It is a foregone conclusion that in the current volatile economic environment the impact of deficits could remove or even outweigh any apparent saving from the new Scheme.

6/ FUTURE COST MANAGEMENT

The major focus of reform has been on the initial benefit design; however, future cost management is crucial to the long term sustainability of the Scheme. Theoretically, linking the Normal Retirement Age to State Pension Age will lead to an inbuilt barometer that reacts to emerging changes in longevity.

The cap-and-collar mechanism will influence the cost and structure of the Scheme more readily and will provide the necessary agility in maintaining an equitable calibration of costs between members and employers.

7/ COMMUNICATIONS

It is essential that during this process of reform, due consideration is given to the operational aspects of delivery, in particular the communication and administrative requirements facing both Funds and employers.

Employers need to be engaged and participative in the communication of Scheme reform to their employees. Whilst MPF and other Funds will develop communication strategies and plans over the coming months, any support and direction by the LGA and government departments would be welcomed and appreciated. It is also important that it is recognised that Funds will need to be appropriately resourced to carry out this communication task.

8/ ADMINISTRATION

Migration from one benefit package to another presents a major challenge to the administration of the Fund; both at employer and Fund level. The complexities of the proposals will require a greater number of pay bands for contribution-setting purposes. Furthermore, a mix of final salary and CARE benefits, a change in accrual rate and different pensionable pay definitions, create a number of operational difficulties to overcome and will require an increased level of administrative resource.

It is essential that the detail of the new Scheme is known as soon as possible, in order that software providers and operational processes can be developed to cope with the burden of running the separate benefit structure/calculations. As auto-enrolment responsibilities need also to be addressed and delivered, it is paramount that planning, resourcing and implementation commences upon the general acceptance of the proposals.

9/ COUNCILLOR SCHEME

To avoid further complexity and confusion it would appear opportune to move Councillors within the general scope of the 2014 Scheme. This would be both equitable to the members and to alleviate some of the administrative burden of running two different CARE pension benefit Schemes.

MPF believes the proposed package meets the long standing objective of the government for employers to provide good pension provision, which is valued by the employee and affordable to both.

The general intent to limit member contribution increases in exchange for a later retirement age is reasonable, but it is only through the appropriate application of the cap-and-collar mechanism that future sustainability can be sought. The 50/ 50 option together with the improved accrual rate is attractive to employees and should encourage member participation ensuring continuing financial viability.

Yours sincerely



Tom Sault

Acting Director of Finance & Section 151 Officer
Wirral Council

cc. Jeff Houston, Head of Pensions - LGA

2012 No. 1989

PENSIONS, ENGLAND AND WALES

**The Local Government Pension Scheme (Miscellaneous)
Regulations 2012**

<i>Made</i> - - - -	<i>27th July 2012</i>
<i>Laid before Parliament</i>	<i>1st August 2012</i>
<i>Coming into force</i> - -	<i>1st October 2012</i>

These Regulations are made in exercise of the powers conferred by sections 7, 12 and 24 of the Superannuation Act 1972(a).

In accordance with section 7(5) of that Act, the Secretary of State has consulted such associations of local authorities as appeared to the Secretary of State to be concerned; the local authorities with whom consultation appeared to the Secretary of State to be desirable; and such representatives of other persons likely to be affected by the Regulations as appeared to the Secretary of State to be appropriate.

The Secretary of State makes the following Regulations:

Citation, extent, interpretation and commencement

1.—(1) These Regulations may be cited as the Local Government Pension Scheme (Miscellaneous) Regulations 2012.

(2) These Regulations extend to England and Wales(b).

(3) In these Regulations “the Administration Regulations” means the Local Government Pension Scheme (Administration) Regulations 2008(c).

(4) These Regulations shall come into force on 1st October 2012, but—

- (a) regulations 19, 20, 22(a), 26 and 40 shall have effect from 1st April 2008;
- (b) the provision inserted by regulation 13(b) shall have effect from 1st October 2008;
- (c) regulation 41 and the provision inserted by 42(b)(i) shall have effect from 1st August 2010;
- (d) regulation 11 shall have effect from 30th September 2010;
- (e) regulation 10 shall have effect from 1st October 2010;
- (f) regulation 39 shall have effect from 6th April 2011;

(a) 1972 c. 11; section 12 was amended by the Pensions (Miscellaneous Provisions) Act 1990 (c. 7).

(b) The Secretary of State’s functions under section 7 of the Superannuation Act 1972 in so far as they were exercisable in relation to Scotland were devolved to Scottish Ministers by section 63 of the Scotland Act 1998 (c. 46) and article 2 of, and Schedule 1 to, the Scotland Act 1998 (Transfer of Functions to Scottish Ministers etc) Order 1999 (S.I. 1999/1750).

(c) S.I. 2008/239.

- (g) regulation 43(a)(ii) shall have effect as follows—
 - (i) in relation to the provision omitting paragraphs 19 and 20 of Part 1 of Schedule 2 to the Administration Regulations, from 1st April 2012;
 - (ii) in relation to the provision omitting paragraph 25 of Part 1 of Schedule 2 to the Administration Regulations, from 13th July 2011;
- (h) regulation 43(b) shall have effect as follows—
 - (i) in relation to the provision omitting paragraph 9 of Part 2 of Schedule 2 to the Administration Regulations, from 31st March 2012;
 - (ii) in relation to the provision omitting paragraph 10 of Part 2 of Schedule 2 to the Administration Regulations, from 16th January 2012;
- (i) the provision inserted by regulation 43(a)(i) and the amendment contained in sub-paragraph (a)(iii) of that regulation which inserts paragraph 28 into Part 1 of Schedule 2 to the Administration Regulations, shall have effect from 22nd November 2012; and
- (j) the amendment contained in regulation 43(a)(iii) which inserts paragraph 27 into Part 1 of Schedule 2 to the Administration Regulations shall have effect from 1st April 2012.

Amendment of the Local Government (Early Termination of Employment) (Discretionary Compensation) (England and Wales) Regulations 2006

2. The Local Government (Early Termination of Employment) (Discretionary Compensation) (England and Wales) Regulations 2006(a) are amended in accordance with regulation 3.

3. In regulation 2 (interpretation), in paragraph (1) in the definition of “employing authority” in sub-paragraph (c), for “regulation 8(1)(a) or (b) of the Administration Regulations” substitute “regulation 8(1) of the Administration Regulations”.

Amendment of the Local Government Pension Scheme (Benefits, Membership and Contributions) Regulations 2007

4. The Local Government Pension Scheme (Benefits, Membership and Contributions) Regulations 2007(b) are amended in accordance with regulations 5 to 17.

5. In regulation 1 (citation, commencement, interpretation and application)(c), in paragraph (4) after the definition of “pensioner member”, insert—

““Scheme employer” means a body listed in Schedule 2 to the Administration Regulations (but see regulations 7(9) and 8 of those Regulations);”.

6. In regulation 2 (active members)(d)—

- (a) In paragraph (1) for “regulation 4(1) of” substitute “regulations 4(1) and 13 of”.
- (b) Omit paragraph (3).

7. For regulation 8(1) (final pay: general)(e), substitute—

“(1) Subject to regulations 9 to 11, on ceasing a period of active membership in an employment, a member’s final pay is that member’s pensionable pay for as much of the final pay period as the member is entitled to count as active membership, whether this was accrued with the current or a previous employing authority, but excluding pensionable pay from membership in a concurrent employment, or concurrent employments.”.

(a) S.I. 2006/2914, amended by S.I. 2009/3150.

(b) S.I. 2007/1166, amended by S.I. 2008/1083, S.I. 2008/2425, S.I. 2009/3150, S.I. 2010/528, S.I. 2010/2090 and S.I. 2011/561.

(c) Regulation 1 was amended by S.I. 2008/1083, S.I. 2008/2425, S.I. 2009/3150 and S.I. 2010/2090.

(d) Regulation 2 was amended by S.I. 2008/1083 and S.I. 2010/2090.

(e) Regulation 8 was amended by S.I. 2008/1083.

8. In regulation 14A (election to pay additional contributions: survivor benefits)(a), in paragraph (2) for “no later than 31st March 2011” substitute “no later than 31st March 2013 or 12 months from the date a declaration is first signed in respect of a particular named individual under regulation 25(2), whichever is the later”.

9. In regulation 18 (flexible retirement)(b), for paragraph (1) substitute—

“(1) A member who has attained the age of 55 and who, with his or her employer’s consent reduces the hours he or she works, or the grade in which he or she is employed may make a request in writing to the appropriate administering authority to receive —

- (a) in the case of a member who has accrued benefits under the 1997 Scheme—
 - (i) all of the benefits from his or her current membership under that Scheme; and
 - (ii) all, part or none of his or her benefits accrued under these Regulations; and
- (b) in any other case, all or part of his or her benefits accrued under these Regulations,

and such benefits may, with the member’s employer’s consent, be paid to the member notwithstanding that he or she has not retired from that employment.”.

10. In regulation 26 (meaning of “eligible child”)(c), in paragraph (6) for “the Disability Discrimination Act 1995” substitute “the Equality Act 2010 (d)”.

11. In regulation 28 (children’s pensions: active members) for paragraph (1), substitute—

“(1) Subject to sub-paragraph (a) and to any adjustment appropriate as a result of the provisions specified in sub-paragraph (b), the amount of the pension of an eligible child of a deceased active member is calculated in accordance with the method specified in paragraph (2) or paragraph (3) (as appropriate)—

- (a) where, in the opinion of an IRMP the member was at the date of death, in part-time service wholly or partly as a result of the condition that caused or contributed to the member’s death, no account shall be taken of any reduction in membership due to such reduction in service as is attributable to that condition;
- (b) the provisions mentioned above are—
 - (i) regulations 14 and 15 of these Regulations;
 - (ii) regulations 23 to 24 and 25 to 26 of the Administration Regulations.”.

12. In regulation 30 (choice of early payment of pension)(c)—

(a) for paragraph (2) substitute—

“(2) A choice made by a member aged less than 60 is ineffective without the consent of the member’s—

- (a) employing authority;
- (b) former employing authority where the member has no current employing authority; or
- (c) appropriate administering authority where the member has no current employing authority and the member’s former employing authority has ceased to be a Scheme employer.”;

(b) in paragraph (5), for “A member’s employing authority” substitute “A member’s employing authority, former employing authority or, where any such authority has ceased to be a Scheme employer, the appropriate administering authority, as the case may be.”.

(a) Regulation 14A was inserted by S.I. 2009/3150 and amended by S.I. 2010/2090.

(b) Regulation 18 was amended by S.I. 2008/1083 and S.I. 2010/2090.

(c) Regulation 26 was substituted by S.I. 2008/1083.

(d) 2010 c. 15.

(e) Regulation 30 was amended by S.I. 2008/1083 and S.I. 2010/2090.

13. In regulation 30A (choice of payment of pension: pensioner member with deferred benefits)(a)—

- (a) in paragraph (3) after “former employing authority” add “or appropriate administering authority where the member’s former employing authority has ceased to be a Scheme employer.”;
- (b) in paragraph (4) after “Subject to paragraph (5)” insert “and regulation 10 of the Transitional Regulations”; and
- (c) in paragraph (5), after “former employing authority” insert “or appropriate administering authority as the case may be.”.

14. For regulation 31 (early payment of pension: ill-health)(b), substitute—

“31.—(1) This regulation applies to—

- (a) a member who has left his or her employment before he or she is entitled to the immediate payment of retirement benefits (apart from this regulation), or
- (b) a member who has left his or her employment and is a pensioner member with deferred benefits under regulation 20(9).

(2) Subject to paragraphs (3) and (4), if a member to whom paragraph (1)(a) applies becomes permanently incapable of discharging efficiently the duties of that employment because of ill-health or infirmity of mind or body, the member may ask to receive payment of their retirement benefits whatever the member’s age.

(3) A request under paragraph (2) must be made to the member’s former employing authority or appropriate administering authority where the member’s former employing authority has ceased to be a Scheme employer.

(4) Before determining whether to agree to a request under paragraph (2), the member’s former employing authority or appropriate administering authority as the case may be, must obtain a certificate from an IRMP as to whether in the IRMP’s opinion the member is suffering from a condition that renders the member permanently incapable of discharging efficiently the duties of that employment because of ill-health or infirmity of mind or body and, if so, whether as a result of that condition the member has a reduced likelihood of being capable of undertaking any gainful employment before reaching normal retirement age, or for at least three years, whichever is the sooner.

(5) In the case of a member to whom paragraph (1)(b) applies, if the member becomes permanently incapable of undertaking any gainful employment, the member may ask to receive payment of their retirement benefits, whatever the member’s age.

(6) A request under paragraph (5) must be made to the member’s former employing authority, or appropriate administering authority where the member’s former employing authority has ceased to be a Scheme employer.

(7) Before determining whether to agree to a request under paragraph (5), the member’s former employing authority, or appropriate administering authority as the case may be, must obtain a certificate from an IRMP as to whether in the IRMP’s opinion the member is suffering from a condition that renders the member permanently incapable of undertaking any gainful employment.

(8) In this regulation, “gainful employment”, “IRMP” and “permanently incapable” have the same meaning as given to those expressions by regulation 20(14).”.

15. In regulation 33 (survivor benefits: deferred members)(c), for paragraph (2) substitute—

(a) Regulation 30A was inserted by S.I. 2010/2090.
(b) Regulation 31 was substituted by S.I. 2008/1083 and amended by S.I. 2010/2090 and S.I. 2011/561.
(c) Regulation 33 was amended by S.I. 2008/1083 and 2010/2090.

“(2) (a) Subject to any adjustment appropriate as a result of the provisions listed in sub-paragraph (b), the pension is calculated by multiplying the member’s total membership by his or her final pay and divided by 160;

(b) the provisions mentioned in paragraph (2)(a) are—

- (i) regulations 20(4)(a) and 20A of the 1997 Regulations(a);
- (ii) regulations 14, 14A and 15 of these Regulations; and
- (iii) regulations 23 to 26 of the Administration Regulations.”.

16. In regulation 34 (children’s pensions: deferred members), for paragraph (1) substitute—

“(1) Subject to any adjustment appropriate as a result of the provisions in regulations 14 and 15 of these Regulations and regulations 23 to 24 and 25 to 26 of the Administration Regulations, the amount of the pension of an eligible child of a deceased deferred member is calculated in accordance with the method specified in paragraph (2) or paragraph (3) (as appropriate).”.

17. In regulation 39 (commutation and small pensions)(b), for paragraph (1) substitute—

“(1) Any authorised payments within the meaning of section 164 (authorised member payments) of the Finance Act 2004(c) (“the 2004 Act”) listed in sub-paragraphs (a) to (c) may be paid in accordance with the rules relating to the payment of such benefits under that Act or relevant regulations under that Act—

- (a) a lump sum which is a trivial commutation lump sum within the meaning of section 166 (lump sum rule) of the 2004 Act;
- (b) a trivial commutation lump sum death benefit within the meaning of section 168 (lump sum death benefit rule) of that Act; or
- (c) a commutation payment under regulation 6 (payment after relevant accretion) of the Registered Pension Schemes (Authorised Payments) Regulations 2009(d).”.

Amendment of the Local Government Pension Scheme (Transitional Provisions) Regulations 2008

18. The Local Government Pension Scheme (Transitional Provisions) Regulations 2008(e) are amended in accordance with regulations 19 to 22.

19. In regulation 3 (membership accrued before 1st April 2008: active members)(f), for paragraph (2)(b) substitute—

“(b) the person’s benefits under the 1997 Scheme are payable immediately where benefits become payable without reduction under regulations 16, 17, 19, 20, 30A(1) and 31 of the Benefits Regulations, or with appropriate actuarial reduction in line with guidance produced by the Government Actuary, where benefits become payable under regulations 18, 30 or 30A(4) of the Benefits Regulations.”.

20. In regulation 10 (the 85 year rule)(g), for paragraph (1)(b) substitute—

“(b) in respect of whom retirement benefits are to be paid under regulation 18 (flexible retirement), regulation 30 (choice of early payment of pension) or regulation 30A

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- (a) Regulation 20A was inserted by S.I. 2000/3025. Both regulation 20(4)(a) and 20A remain in force by virtue of regulation 2 of, and Schedule 1 to, the Local Government Pension Scheme (Transitional Provisions) Regulations 2008 (S.I. 2008/238).
 - (b) Regulation 39 was amended by S.I. 2008/1083.
 - (c) 2004 c. 12; section 164 was amended by the Finance Act 2006 (c. 25), the Finance Act 2008 (c. 9), the Finance Act 2009 (c. 10) and the Finance Act 2011 (c. 11).
 - (d) S.I. 2008/238; section 164(1)(f) of the Finance Act 2004 provides that a description of authorised payments may be prescribed by regulations.
 - (e) S.I. 2008/238, amended by S.I. 2008/1083, S.I. 2008/2425, S.I. 2009/3150 and S.I. 2010/2090.
 - (f) Regulation 3 was amended by S.I. 2009/3150 and S.I. 2010/2090.
 - (g) Regulation 10 was amended by S.I. 2010/2090.

(choice of payment of pension: pensioner member with deferred benefits) of the Benefits Regulations.”.

21. In Schedule 1(a), in the list of provisions of the Local Government Pension Scheme Regulations 1997 which are saved from revocation omit “Regulation 122(6C) and (6D)”.

22. In Schedule 2(b)—

(a) for paragraph 1 substitute—

“1. Subject to paragraph 7, where a member—

(a) makes a request to receive the immediate payment of retirement benefits under regulations 18(1), 30(1) or 30A(2) of the Benefits Regulations; and

(b) satisfies the 85 year rule;

that part of the member’s retirement pension and grant which is calculated by reference to any period of membership before the relevant date shall not be reduced in accordance with regulations 18(2), 30(4) or 30A(4) of the Benefits Regulations.”.

(b) for paragraph 3(2) substitute—

“(2) But, in calculating the member’s total membership, no account is to be taken of—

(a) any increase in membership awarded under regulations 12 or 12B of the Benefits Regulations, or

(b) any membership credited after 1st October 2012 under regulation 84 of the Administration Regulations.”.

Amendment of the Local Government Pension Scheme (Administration) Regulations 2008

23. The Administration Regulations(c) are amended in accordance with regulations 24 to 45.

24. In regulation 6 (employees of non-Scheme employers: transferee admission bodies)—

(a) after paragraph (3), insert—

“(3A) Where a (2)(a) transferee admission body is exercising the functions of a Scheme employer in connection with more than one contract or other arrangement under paragraph (2)(a)(i), the administering authority and the admission body shall enter into a separate admission agreement in respect of each contract or arrangement.”;

(b) omit paragraphs (5) to (9);

(c) in paragraph (10), for “relevant requirements of this regulation and” substitute “relevant requirements of this regulation and regulation 7, and”; and

(d) in paragraph (12), for “regulation 7(1)” substitute “regulation 7(2)”.

25. For regulation 7 (admission agreements – further provisions)(d), substitute—

“7.—(1) An admission agreement with a community admission body or a transferee admission body shall make provision for the relevant matters set out in Schedule 3.

(2) A person employed by a community admission body or an eligible person employed by a transferee admission body may only be a member if the person, or class of employees to which the person belongs, is designated in the admission agreement by the body as being eligible for membership of the Scheme.

(a) There are amendments to Schedule 1 which are not relevant to these Regulations.

(b) Paragraph 3(2) of Schedule 2 was amended by S.I. 2009/3150. There are other amendments to Schedule 2 which are not relevant to these Regulations.

(c) S.I. 2008/239, amended by S.I. 2008/1083, S.I. 2008/2425, S.I. 2008/2989, S.I. 2008/3245, S.I. 2009/1025, S.I. 2009/3150, S.I. 2010/528 and S.I. 2010/2090.

(d) Regulation 7 was amended by S.I. 2010/2090.

(3) An admission agreement shall require the admission body to carry out, to the satisfaction of the administering authority, an assessment, taking account of actuarial advice, of the level of risk arising on premature termination of the provision of service or assets by reason of insolvency, winding up or liquidation of the admission body.

(4) Subject to paragraph (5), the admission agreement shall further provide that where the level of risk identified by the assessment is such as to require it, the admission body shall enter into an indemnity or bond in an approved form with—

- (a) a person who has permission under Part 4 of the Financial Services and Markets Act 2000(a) to accept deposits or to effect and carry out contracts of general insurance;
- (b) an EEA firm of the kind mentioned in paragraph (5)(b) and (d) of Schedule 3 to that Act(b), which has permission under paragraph 15 of that Schedule (as a result of qualifying for authorisation under paragraph 12 of that Schedule)(c) to accept deposits or to effect and carry out contracts of general insurance; or
- (c) a person who does not require permission under that Act to accept deposits, by way of business, in the United Kingdom.

(5) Where, for any reason it is not desirable for an admission body to enter into an indemnity or bond, the admission agreement shall provide that the admission body secures a guarantee in a form satisfactory to the administering authority from—

- (a) a person who funds the admission body in whole or in part;
- (b) a person who—
 - (i) owns, or
 - (ii) controls the exercise of the functions of, the admission body; or
- (c) the Secretary of State in the case of an admission body—
 - (i) which is established by or under any enactment, and
 - (ii) where that enactment enables the Secretary of State to make financial provision for that admission body.

(6) An admission agreement must terminate if the admission body ceases to be such a body and may make such other provision about its termination as the parties consider appropriate.

(7) When an administering authority makes an admission agreement it must promptly inform the Secretary of State of—

- (a) the date the agreement takes effect;
- (b) the admission body's name; and
- (c) in the case of an agreement with a (2)(a) transferee admission body, the name of the relevant Scheme employer.

(8) An administering authority and an admission body may make an admission agreement despite the fact that they do not exercise their functions or provide services or assets in areas that overlap or adjoin each other.

(9) These Regulations and the Benefits Regulations apply to employment with an admission body in which the employee is an active member in the same way as if the admission body were a Scheme employer.

(10) In this regulation and Schedule 3 "indemnity or bond in an approved form" means an indemnity or bond to meet a level of risk exposure arising on the insolvency, winding up or

(a) 2000 c.8.

(b) Paragraph 5(b) of Schedule 3 was amended by S.I. 2006/3221, and paragraph 5(d) of that Schedule was amended by S.I. 2004/3379.

(c) There are amendments to paragraphs 12 and 15 of the Schedule which are not relevant to these Regulations.

liquidation of the admission body, actuarially assessed to the satisfaction of the administering authority, and Scheme employer in the case of a (2)(a) transferee admission body.”.

26. After regulation 8A(a) (eligibility for membership: employees transferring from the Rent Service to HM Revenue and Customs) insert the following—

“Eligibility for membership: employees of Newcastle International Airport Limited

8B.—(1) The admission agreement entered into between Newcastle International Airport Limited and the Council of the Borough of South Tyneside on 22nd December 1992, with effect from 1st April 1987, as varied by a deed of variation dated 4th May 2001, shall continue to have effect and shall, subject to the provisions of that deed of variation and any further amendments agreed from time to time, be deemed to have had effect continuously since the commencement date.

(2) Until such date as that agreement ceases to have effect, or the date on which Newcastle International Airport Limited ceases to be a company under the control of a body listed in Part 1 of Schedule 2 to these regulations, whichever is the earlier, employees of Newcastle International Airport Limited designated in accordance with the agreement as eligible for membership of the Scheme, are members of the Scheme by virtue of the agreement.

(3) In this regulation “under the control” has the same meaning as in paragraph 5 of Part 2 of Schedule 2”.

27. In regulation 9 (eligibility in certain cases of persons who are not employees)—

(a) in paragraph (1), omit the word “or” at the end of sub-paragraph (e) and after the word “Company” in sub-paragraph (f) insert—

“; or

(g) a police and crime commissioner.”;

(b) after paragraph (7) insert—

“(7A) If a police and crime commissioner is an active member, that commissioner must be treated as being in the employment of the police and crime commissioner but any decision by the commissioner in the capacity of employing authority which affects the benefits to which the commissioner or a former commissioner is or may be entitled, has effect only if confirmed in writing by the person who is head of the commissioner’s staff appointed under paragraph 6(1)(a) of Schedule 1 to the Police Reform and Social Responsibility Act 2011(b).”.

28. In regulation 12 (further restrictions on eligibility)(c)—

(a) in paragraph (3), for “regulation 7(1)” substitute “regulation 7(2)”; and

(b) in paragraph (6)(a)(ii), for “section 75 of that Act” substitute “section 75 of that Act, or section 33 of the National Health Service (Wales) Act 2006(d)”.

29. For regulation 13 (joining the scheme)(e) substitute—

“13.—(1) Subject to paragraphs (3) and (4), an employee of a body listed in Part 1 of Schedule 2 who is eligible to be an active member of the Scheme, becomes an active member on the day that person’s employment begins or the day that person’s employer becomes a Scheme employer (if later).

(a) Regulation 8A was inserted by SI 2009/447.

(b) 2011 c. 13.

(c) Regulation 12 was amended by S.I. 2009/447.

(d) 2006 c.42.

(e) Regulation 13 was amended by S.I. 2009/3150 and 2010/2090.

(2) Subject to paragraphs (3) and (4) a person who is eligible to be an active member of the Scheme when designated as being eligible for membership by the employer pursuant to regulation 4(3), 7(2)(a) or 8(1), becomes an active member on the day the designation has effect.

(3) But a person who has given notice to his or her employer—

(a) before that person's employment commenced that he or she did not wish to become a member of the Scheme; or

(b) under regulation 14 (ending of membership),

does not become a member of the Scheme by virtue of paragraph (1) or (2).

(4) A person who would, apart from this paragraph, be an active member of the Scheme by virtue of paragraph (1) or (2), who is employed under a contract of employment of less than 3 months does not become an active member of the Scheme unless that person applies to become a member.

(5) A person who is eligible to be an active member of the Scheme, but who is not an active member, may apply in writing to his or her employer to join the Scheme as an active member.

(6) A person who applies under paragraphs (4) or (5) becomes an active member of the Scheme on the first day of the payment period following the application.”

30. In regulation 18 (contributions during child related leave)—

(a) in paragraph (5)—

(i) for sub-paragraph (a), substitute—

“(a) is on additional paternity leave, maternity leave or adoption leave (other than ordinary maternity leave or ordinary adoption leave)”; and

(ii) in sub-paragraph (b), after “maternity” insert “, paternity”;

(b) for paragraph (8), substitute—

“(8) If an active member goes on maternity, paternity or adoption leave, the member must continue to make any payments the member was making under—

(a) regulation 23 (additional regular contributions); or

(b) regulation 24A (additional contributions: survivor benefits); or

(c) regulation 55 (payments to increase total membership) of the 1997 Regulations,

on the pay the member would have received during the period but for the leave.”; and

(c) in paragraph (9)—

(i) after the definition of “paternity leave” insert—

““additional paternity leave” means leave under the Additional Paternity Leave Regulations 2010(b)”;;

(ii) in the definition of “period of maternity, paternity or adoption absence”, in sub-paragraph (c) for “and” substitute “or”; and

(iii) after sub-paragraph (c), insert—

“(d) additional paternity leave; and”.

31. In regulation 19 (contributions during reserve forces service leave), in paragraphs (2) and (4) after “regulation 23” insert “or regulation 24A”.

32. In regulation 20 (contributions during trade dispute absence), in paragraph (5), for sub-paragraph (b) substitute—

“(b) must continue to make any payments the member was making under—

(a) Regulation 7 is substituted by regulation 25 of these Regulations.

(b) S.I. 2010/1055.

- (i) regulation 23 (additional regular contributions);
- (ii) regulation 24A (additional contributions: survivor benefits); or
- (iii) regulation 55 (payments to increase total membership) of the 1997 Regulations,

on the pay the member would have received during the relevant contribution period but for the member's absence."

33. In regulation 21 (contributions during absences with permission)—

- (a) in paragraph (2), for sub-paragraph (b) substitute—

"(b) any payments the member was making under—

- (i) regulation 23 (additional regular contributions);
- (ii) regulation 24A (additional contributions: survivor benefits); or
- (iii) regulation 55 (payments to increase total membership) of the 1997 Regulations."; and

- (b) in paragraph (5), in sub-paragraph (b) after "regulation 23" insert " or regulation 24A".

34. In regulation 32 (admission agreement funds), for paragraph (5) substitute—

"(5) When valuations under regulation 36 of both the main fund and the admission agreement fund are first obtained after the admission agreement fund is established, the administering authority must obtain from an actuary appointed by the authority—

- (a) a transfer statement; and
- (b) a rates and adjustment certificate for the admission agreement fund for each remaining year of the period covered by the most recent such certificate for its main fund."

35. In regulation 38 (special circumstances where revised actuarial valuations and certificates must be obtained)(a)—

- (a) for paragraph (1), substitute—

"(1) Subject to paragraph (3A)(b), where an employing authority ceases to be a Scheme employer, unless it has already obtained a certificate under paragraph (4), the appropriate administering authority must obtain—

- (a) an actuarial valuation, as at the date the employing authority ceases to be a Scheme employer, of the liabilities of the fund in respect of the employing authority's current and former employees; and
- (b) a revised rates and adjustment certificate showing the revised contributions due from that employing authority which specifies the percentage or amount by which, in the actuary's opinion—

- (i) the contribution at the common rate should be adjusted; or
- (ii) any prior individual adjustment should be increased or reduced,

with a view to providing that the value of the assets of the fund in respect of current and former employees of that body is neither materially more nor materially less than the liabilities of the fund in respect of those employees.";

- (b) omit paragraph (2);
- (c) in paragraph (3), for "Where, for any reason, it is not possible to obtain revised contributions from the outgoing admission body, or from an insurer or any person providing an indemnity or bond on behalf of that body" substitute "Where for any reason it is not possible to obtain revised contributions from a body which has ceased to be a

(a) Regulation 38 was amended by S.I. 2008/2989 and S.I. 2009/3150.
 (b) Paragraph (3A) was inserted by SI 2008/2989.

Scheme employer, or from an insurer, or any person providing an indemnity, bond or guarantee on behalf of that body”;

- (d) in paragraph (3A), for “Paragraph (2) does not apply” substitute “Paragraphs (1) and (4) do not apply”;
- (e) for paragraph (4), substitute—

“(4) Subject to paragraph (3A), where in the opinion of an administering authority there are circumstances which suggest that an employing authority is to cease being a Scheme employer at some point in the future, the administering authority may obtain from an actuary a certificate specifying the percentage or amount by which, in the actuary’s opinion—

- (i) the contribution at the common rate should be adjusted; or
- (ii) any prior individual adjustment should be increased or reduced,

with a view to providing that the value of the assets of the fund in respect of current and former employees of that employing authority is neither materially more nor materially less than the anticipated liabilities of the fund in respect of those employees at the date it appears to the administering authority that the employing authority will cease to be a Scheme employer.”.

36. In regulation 56 (first instance determinations: ill-health), in paragraph (1A)(a) after “regulation 20(7)” insert “, 20(11)(a) or regulation 31(7)”.

37. In regulation 66 (statements of policy about exercise of discretionary functions)—

- (a) in paragraph (1), for “and 30 (choice of early payment of pension) of the Benefits Regulations” substitute “, 30 (choice of early payment of pension) and 30A (choice of payment of pension: pensioner member with deferred benefits) of the Benefits Regulations”; and
- (b) after paragraph (1) insert—

“(1A) Each employing authority must publish its statement under paragraph (1) in relation to its functions under regulation 30A of the Benefits Regulations on or before 31st March 2013.”.

38. In regulation 68 (annual benefit statements) for paragraph (2), substitute—

“(2) Subject to paragraph (2A), the first such statement must be issued before 1st April 2010 and subsequent statements must be issued no later than 6 months after the end of the tax year to which they relate.

(2A) A statement must be issued before the end of the 6 month period mentioned in paragraph (2), where a member makes a request in writing to the administering authority, unless that authority is unable to comply with the request because relevant data is not available.”.

39. After regulation 68, insert—

“Joint liability in respect of annual allowance charge

68A.—(1) This regulation applies where a member gives his or her appropriate administering authority notice of joint and several liability under section 237B (liability of scheme administrator) of the Finance Act 2004(b) (“the Act”) in respect of the member’s annual allowance charge.

(2) Where the joint liability amount specified in the notice is met by the pension fund, the appropriate administering authority shall reduce the value of the member’s rights accrued

(a) Paragraph (1A) was inserted by S.I. 2010/2090.

(b) 2004 c. 12. Section 237B was inserted by Schedule 17 to the Finance Act 2011 (c. 11).

under the Scheme and the Earlier Regulations (if applicable), in accordance with guidance issued by the Secretary of State.

(3) In this regulation—

- (a) “annual allowance charge” has the meaning given to that expression by section 227 of the Act; and
- (b) “the joint liability amount” has the meaning given to that expression by section 237B(3) of the Act.”.

40. In regulation 83 (inward transfers of pension rights)(a), in paragraph (2)(b), for “Pensions Schemes Act 2004” substitute “Pensions Act 2004(b)”.

41. In regulation 86 (changes of fund), in paragraph (4)(a), for “the President of the Institute of Actuaries” substitute “the President of the Institute and Faculty of Actuaries”.

42. In Schedule 1 (interpretation)(c)—

(a) after the definition of “the Transitional Regulations”, insert—

““Academy” means a school to which Academy arrangements relate, as to which see section 1 of the Academies Act 2010(d);”;

(b) in the definition of—

(i) “Actuary”, for “Fellow of the Institute of Actuaries or of the Faculty of Actuaries” substitute “Fellow of the Institute and Faculty of Actuaries”; and

(ii) “Scheme employer”, for “regulations 7(6)” substitute “regulations 7(9)”;

(c) after the definition of “passenger transport executive” insert—

““payment period” means a period of service to which an employee’s wages or salary payments relate;” and

(d) after the definition of “Pensioner member”, insert—

““police and crime commissioner” has the same meaning as in the Police Reform and Social Responsibility Act 2011(e);”.

43. In Schedule 2 (Scheme employers)(f)—

(a) in Part 1—

(i) for paragraph 6, substitute—

“6. A police and crime commissioner”;

(ii) omit paragraphs 19, 20 and 25; and

(iii) after paragraph 26, add—

“27. A Mayoral development corporation within the meaning of section 198 of the Localism Act 2011(g).

28. A chief constable within the meaning of section 2 of the Police Reform and Social Responsibility Act 2011.”; and

(b) in Part 2, omit paragraphs 9 and 10.

44. In Schedule 3 (matters to be included in admission agreements with transferee admission bodies)—

(a) in the heading—

(a) Regulation 83 was amended by S.I. 2008/2425.

(b) 2004 c. 35.

(c) Schedule 1 was amended by S.I. 2008/2425, S.I. 2008/3245, S.I. 2009/3150, S.I. 2010/528, and S.I. 2010/1172.

(d) 2010 c.32.

(e) 2011 c.13.

(f) Schedule 2 was amended by S.I. 2010/713, S.I. 2010/1172 and S.I. 2010/2090.

(g) 2011 c.20.

- (i) omit the expression “Transferee”; and
- (ii) for “Regulation 6(9)” substitute “Regulation 7(1)”;
- (b) in each place where it occurs but not in paragraph 12, omit the expression “transferee”;
- (c) in paragraph 2—
 - (i) for “regulation 6(7)” substitute “regulation 7(4)”;
 - (ii) omit “in accordance with regulation 6(8)”;
- (d) after paragraph 2, insert—

“2A. If required by regulation 7(5), a reference to the guarantee secured by the admission body and a warranty from that body that the guarantee is in place.”

- (e) in paragraph 9(a), for “regulation 7(2)” substitute “regulation 7(6)”;
- (f) in paragraph 12(c), for “regulation 6(5)” substitute “regulation 7(3)”.

45. Part 1 of Schedule 4 (Appropriate funds)(a) is amended as follows—

- (a) for paragraph 2 substitute—

“2A. This paragraph applies where an employing authority—

- (i) has members in respect of whom but for this paragraph, it would be required to contribute to more than one fund; or
- (ii) merges or amalgamates with another employing authority and in respect of which there is specified a different fund for the respective members of each employing authority; or
- (iii) moves its main place of business to a different geographical area.

2B. Where paragraph 2A applies, the Secretary of State may upon application by the employing authority, by direction substitute another fund (“the substituted fund”).”.

- (b) for paragraph 6 substitute—

“6. It may also contain provision as to the transfer of liabilities to the substituted fund, may require a revised rates and adjustment certificate in respect of each employing authority concerned, to take account of the effect of the direction, and may make provision for any other consequential or incidental matters.”.

- (c) In the Table(b), after paragraph 6 insert—

“6A Other than where the employee falls within the description in paragraph 6B of this Table, an employee of a proprietor of an Academy.	Fund maintained by the administering authority within whose local government area the relevant Academy is located.
6B An employee of a proprietor of an Academy where immediately before the school achieved Academy status, the appropriate fund in relation to that school was the fund maintained by the London Pensions Fund Authority.	Fund maintained by the London Pensions Fund authority.”

- (d) In the Table, in paragraph 7, for “paragraphs 1 to 6” substitute “paragraphs 1 to 6B”.

(a) Schedule 4 was amended by S.I. 2008/3245 and S.I. 2010/2090.
 (b) The Table was amended by S.I. 2008/3245 by the substitution of paragraph 7; there are other amendments to the Table which are not relevant.

Savings

46. The amendments made by regulations 24, 25 and 44 shall not affect any admission agreements made in accordance with the Administration Regulations before the date on which these Regulations come into force.

Signed by authority of the Secretary of State for Communities and Local Government

27th July 2012

Joan Hanham
Parliamentary Under Secretary of State
Department for Communities and Local Government

EXPLANATORY NOTE

(This note is not part of the Regulations)

These Regulations, which extend to England and Wales, amend four statutory instruments namely:

The Local Government (Early Termination of Employment) (Discretionary Compensation) (England and Wales) Regulations 2006 (“the Discretionary Compensation Regulations”);

The Local Government Pension Scheme (Benefits, Membership and Contributions) Regulations 2007 (“the Benefits Regulations”);

The Local Government Pension Scheme (Transitional Provisions) Regulations 2008 (“the Transitional Regulations”); and

The Local Government Pension Scheme (Administration) Regulations 2008 (“the Administration Regulations”).

Section 12 of the Superannuation Act 1972 (“the 1972 Act”) provides that regulations made under section 7 may have effect from a date earlier than the making of the Regulations.

Regulation 1 provides that the Regulations come into force on 1st October 2012 but makes provision for various provisions to have effect from different dates.

Regulation 3 makes a corrective amendment to regulation 2 (interpretation) of the Discretionary Compensation Regulations so that all the employers listed in regulation 8(1) of the Administration Regulations are covered by the definition of “employing authority”.

Regulation 4 introduces the amendments set out in regulations 5 to 17 relating to the Benefits Regulations.

Regulation 5 amends regulation 1 (which provides for the definition of certain terms) by introducing a definition for the expression “Scheme employer”.

Regulation 6 makes amendments to regulation 2 (active members) which are consequential to other provisions in these Regulations, in particular those which move the provision stipulating that automatic membership of the Scheme does not apply to a person with an employment contract of less than three months.

Regulation 7 amends regulation 8 (final pay: general) to provide clarification as to the meaning of “that employment” in regulation 8(1) of the Benefits Regulations.

Regulation 8 amends regulation 14A (election to pay additional contributions: survivor benefits) to provide that an election to pay additional survivor benefits must be made within 12 months of making a declaration to nominate a cohabiting partner under regulation 25 of the Benefits Regulations.

Regulation 9 amends regulation 18 (flexible retirement) to clarify that where a member aged 55 or over has accrued benefits under the 1997 Local Government Pension Scheme in the current membership, the member shall receive payment of those benefits but also has the choice whether to request to receive payment of benefits accrued under the Benefits Regulations.

Regulation 10 amends regulation 26 (meaning of “eligible child”) to update a statutory reference.

Regulation 11 amends regulation 28 (children’s pensions: active members) to provide that the calculation of the pension takes into account any additional contributions made by the deceased member and that in the case of a member in part-time employment, no account is taken of any reduction in the member’s membership caused as a result of the condition that led to or contributed to the member’s death. Similar amendments are made in regulation 15 and 16 which amend regulation 33 (survivor benefits: deferred members) and regulation 34 (children’s pensions: deferred members).

Regulations 12 and 13 respectively amend regulation 30 (choice of early payment of pension) and regulation 30A (choice of payment of pension: pensioner member with deferred benefits) to provide that the appropriate administering authority for a deferred member or pensioner member with deferred benefits may consent to the early payment of pension where the member’s former employing authority has ceased to be a Scheme employer.

Regulation 14 amends regulation 31 (early payment of pension: ill-health) to enable a pensioner member with deferred benefits to access their retirement pension early provided an independent registered medical practitioner (“IRMP”) certifies that the member’s ill-health condition has deteriorated to the extent that the member is permanently incapable of working.

Regulation 17 amends regulation 39 (commutation and small pensions) to include an authorised commutation payment prescribed in Regulations made under section 164(1)(f) of the Finance Act 2004.

Regulation 18 introduces the amendments set out in regulations 19 to 22 relating to the Transitional Regulations.

Regulation 19 amends regulation 3 (membership accrued before 1st April 2008: active members) to insert a reference to regulation 30A(1) and (4) of the Benefits Regulations.

Regulation 20 amends regulation 10 to clarify that the rule of 85 transitional provisions apply to pensioner members with deferred benefits who meet the relevant conditions. Regulation 22 makes a corresponding amendment to paragraph 1 of Schedule 2 and provides for exclusion of certain credited periods from the calculation of the total period of membership.

Regulation 21 revokes certain saved provisions of the 1997 Regulations.

Regulation 23 introduces the amendments set out in regulations 24 to 45 relating to the Administration Regulations.

Regulation 24 amends regulation 6 (employees of non-Scheme employers: transferee admission bodies) by requiring a (2)(a) transferee admission body and an administering authority to enter into separate admission agreements where the admission body is performing the functions of a Scheme employer under more than one contract.

Regulation 25 substitutes regulation 7 (admission agreements – further provisions) with a new regulation 7 which consolidates some of the provisions formerly contained in regulation 6 relating to admission agreements for transferee admission bodies so that these now apply to all categories of admission bodies. The amendments also add new requirements to be contained in admission agreements.

Regulation 26 clarifies that employees of Newcastle International Airport Limited have remained members of the Scheme by virtue of the admission agreement which first admitted them to the previous local government pension scheme, and that no regulatory change has caused that agreement to terminate.

Regulation 27 provides for elected police and crime commissioners to become members of the Scheme. It provides that they are to be treated as employees of the police and crime commissioner, but that any decisions they make in the capacity of employing authority which affect the benefits they or their predecessors are entitled to must be confirmed by the commissioner’s head of staff.

Regulation 28 amends regulation 12 (further restrictions on eligibility) to include employment with a NHS Scheme employer in Wales as a result of arrangements under section 33 of the National Health Service (Wales) Act 2006. A minor consequential amendment is also made relating to regulation 7 of the Administration Regulations.

Regulation 29 substitutes a new regulation 13 (joining the Scheme) providing for automatic enrolment of eligible members apart from those with employment contracts of less than 3 months, where application for membership is required.

Regulation 30 amends regulation 18 (contributions during child related leave) so that additional paternity leave is included within the provisions.

Regulations 31, 32 and 33 respectively amend regulation 19 (contributions during reserve forces service leave), regulation 20 (contributions during trade dispute absence) and regulation 21 (contributions during absences with permission) so that additional contributions made in respect of survivor benefits under regulation 24A must continue to be paid during periods of absence.

Regulation 34 amends regulation 32 (admission agreement funds) by inserting what was formerly sub-paragraph (1) of regulation 38 (revised actuarial valuations) into regulation 32 of the Administration Regulations so that all matters relating to admission agreement funds are marshalled together.

Regulation 35 amends regulation 38 (special circumstances where revised actuarial valuations and certificates must be obtained) to clarify that it applies to all employing authorities and enables administering authorities to obtain a revised certificate in a wider range of circumstances. There are also consequential amendments relating to Schedule 3.

Regulation 36 amends regulation 56 (first instance determinations: ill-health) to enable an IRMP who has previously been involved in an ill-health retirement case to advise on the same case if a request is made to issue a further certificate in consequence of regulation 20(11)(a) or regulation 31(7) of the Benefits Regulations.

Regulation 37 amends regulation 66 (statements of policy about exercise of discretionary functions) to provide that the exercise of functions under regulation 30A of the Benefits Regulations are included in the written statements of policy. The statement must be amended to include this provision by 31st March 2013.

Regulation 38 amends regulation 68 (annual benefit statements) to adjust the timescale for the issuing of annual benefit statements in accordance with the requirements of the Finance Act 2004 (as amended by the Finance Act 2011), and inserts a new provision to enable a member to request a benefit statement.

Regulation 39 inserts a new regulation 68A (joint liability in respect of annual allowance charge) to provide that where an administering authority has discharged a member's tax charge, the authority must reduce the value of the member's accrued rights in accordance with guidance issued by the Secretary of State.

Regulation 40 makes a minor corrective amendment to regulation 83 (inward transfers of pension rights).

Regulations 41 and 42 respectively amend regulation 86 (changes of fund) and Schedule 1 (interpretation) to reflect a change of title. Regulation 42 also introduces a definition of the term "Academy".

Regulation 43 amends Schedule 2 (Scheme employers) by updating the list of Scheme employers contained in Parts 1 and 2 of that Schedule.

Regulation 44 amends Schedule 3 (matters to be included in admission agreements with Transferee admission bodies) so that the matters to be contained in an admission agreement apply to all categories of admission body.

Regulation 45 amends Schedule 4 (appropriate funds) to allow greater flexibility in the use of directions by the Secretary of State. It also amends the Table in Part 1 of the Schedule by making provisions as to the appropriate fund for a member employed by a proprietor of an Academy.

Regulation 46 provides that the amendments made by regulations 24, 25 and 44 do not affect admission agreements entered into before the date that these Regulations come into force.

A full impact assessment has not been produced for this instrument as no impact on the private or voluntary sectors is foreseen.

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WIRRAL COUNCIL

PENSIONS COMMITTEE

18 SEPTEMBER 2012

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

1.0 EXECUTIVE SUMMARY

- 1.1 This report provides members with the minutes of the Governance & Risk Working Party (GRWP) held 12 July 2012.
- 1.2 An exempt report on the agenda, the minutes of the GRWP on 12 July 2012, contains 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 BACKGROUND AND KEY ISSUES

- 2.1 The GRWP meets twice yearly to enable Members and their advisers to consider governance and risk matters, relating to Merseyside pension Fund, in greater detail.

3.0 RELEVANT RISKS

- 3.1 There are none arising from this report

4.0 OTHER OPTIONS CONSIDERED

- 4.1 No other options have been considered.

5.0 CONSULTATION

- 5.1 There has been no consultation undertaken or proposed for this report. There are no implications for partner organisations arising from this report.

6.0 IMPLICATIONS FOR VOLUNTARY, COMMUNITY AND FAITH GROUPS

- 6.1 There are none arising from this report

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

- 7.1 There are no implications arising directly from this report.

8.0 LEGAL IMPLICATIONS

8.1 There are none arising from this report

9.0 EQUALITIES IMPLICATIONS

9.1 Has the potential impact of your proposal(s) been reviewed with regard to equality?

(b) No because there is no relevance to equality.

10.0 CARBON REDUCTION IMPLICATIONS

10.1 There are no carbon usage implications, nor any other relevant environmental issues arising from this report.

11.0 PLANNING AND COMMUNITY SAFETY IMPLICATIONS

11.1 There are none arising from this report.

12.0 RECOMMENDATION

12.1 That members approve the minutes of the GRWP

13.0 REASON/S FOR RECOMMENDATION/S

13.1 The approval of the 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 Fund's Governance Statement on 27 June 2011.

REPORT AUTHOR: *PETER WALLACH*
HEAD OF PENSION FUND
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email: peterwallach@wirral.gov.uk

APPENDICES

Appendix 1 – Attendance and declarations of interest.

REFERENCE MATERIAL

SUBJECT HISTORY (last 3 years)

Council Meeting	Date
GRWP minutes	March 2011
GRWP minutes	September 2011
GRWP minutes	March 2012

Minutes of the Meeting of the Governance and Risk Working Party

Thursday 12 July 2012

In attendance:

Councillor Pat Glasman (Chair) (WBC)	Peter Wallach (Head of MPF)
Councillor Geoffrey C.J. Watt (WBC)	Paddy Dowdall (Investment Manager)
Councillor George Davies (WBC)	Yvonne Caddock (Principal Pensions Officer)
Councillor Mike Hornby (WBC)	Keith Higgins (Benefits Manager)
Councillor Tom Harney (WBC)	Guy Hayton (Operations Manager)
Paul Wiggins (Unison)	Donna Smith (Group Manager)
Councillor Harry Smith (WBC)	Adam Williamson (Investment Assistant)
Councillor Sylvia Hodrian (WBC)	Emma Jones (PA to Head of MPF)
Councillor Adam Sykes (WBC)	
Councillor John Fulham (St. Helens)	

Apologies were received from:

Councillor Ann McLachlan (WBC)	Councillor Cherry Povall (WBC)
Councillor Adrian Jones (WBC)	Patrick McCarthy (Co-optee)
Phil Goodwin (Unison)	Councillor Norman Keats

1. Approval of Minutes

The minutes were approved.

2. Declarations of Interest

There were no declarations of interest

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Annual governance report

Merseyside Pension Fund

Audit 2011/12



Contents

Key messages	3
Before I give my opinion	4
Financial statements	5
Fees	11
Appendix 1 – Draft independent auditor’s report for the Councils financial statements	12
Appendix 2 – Draft independent auditor’s report for the Pension Fund Annual Report	14
Appendix 3 – Corrected errors	16
Appendix 4 – Draft letter of management representation	19
Appendix 5 – Glossary	22
Appendix 6 – Action plan	25

Key messages

This report summarises the findings from my 2011/12 audit of the Pension Fund financial statements which is substantially complete.

Subject to satisfactory completion of a small number of outstanding issues, I intend to issue an unqualified opinion on the Pension Fund's Annual accounts for 2011/12 and the Pension Funds Annual Report.

The Pension Fund presented me with a set of statements in accordance with the statutory deadline. The statements were produced to a good standard and were supported by a comprehensive set of working papers. The standard of the working papers and timeliness of their receipt represents a significant improvement to the previous year.

I identified a number of non-material errors, all of which have been amended by the Pension Fund. None of these errors had a significant impact to the reported performance of the fund.

I also identified a number of disclosure errors and non trivial errors, all of which the pension fund have amended. These are detailed for your information at appendix 3.

There are no other significant matters that I need to bring to your attention.

Before I give my opinion

My report includes only matters of governance interest that have come to my attention in performing my audit. I have not designed my audit 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 am not aware of any relationships that may affect the independence and objectivity of the Audit Commission, the audit team or me, that I am required by auditing and ethical standards to report to you.

Next Steps

I ask the Pension Fund Committee to:

- Consider the matters raised in this report before recommending the approval of the financial statements to the Audit and Risk Management Committee (ARMC) of Wirral Council.
- take note of the adjustments to the Pension Fund's accounts which are set out in this report (Appendix 3);
- recommend to the Audit and Risk Management Committee the letter of representation on behalf of the Pension Fund before I issue my opinion and conclusion (Appendix 4); and
- confirm your response to the proposed action plan (Appendix 6).

I will ask the ARMC to consider the recommendation of the Pension Fund Committee in relation to this report before it:

- considers the matters raised in this report before approving the financial statements;
- takes note of the adjustments to the financial statements which are set out in this report;
- approves the letter of representation before I issue my opinion; and
- agrees a response to the proposed action plan.

Financial statements

The Pension Fund’s financial statements are an important mechanism for the Pension Fund to account for its stewardship of public funds. As Members you have final responsibility for these statements. It is important that you consider my findings before you adopt the financial statements.

Opinion on the financial statements

Subject to satisfactory clearance of a small number of outstanding matters, I plan to issue an audit report including an unqualified opinion on the financial statements. My opinion will be included within Wirral Council’s Statement of Accounts and the financial statements included within the Pension Fund Annual Report. Appendix 1 and 1a contain copies of my draft audit reports.

As at 30 August 2012, my work is ongoing in a number of areas. These outstanding matters are:

- Completion of testing of investment valuations;
- Completion of review of related party transactions;
- Check of the final post audited financial statements; and
- Review of the final Annual Report.

I expect to complete all my work, including my final review procedures, before the Pensions Committee on 18 September. I will update the Committee as necessary as part of my oral report.

Corrected errors

My work identified a number of non-material errors in the statements presented for audit. None of these have a significant impact on the financial position of the Pension Fund at 31 March 2012. These have now been amended. A schedule of the changes is attached, appendix 3. I also agreed a number of changes to disclosures and supporting narrative.

The most significant amendments are:

- Overstatement of Pooled Investment Vehicles of £3.279 m due to incorrect currency rates being used.
- Mis-classification of investment management fee credit as investment income - amendment of £3.687m.
- Re-classification of UK quoted equities to overseas quoted equities - amendment of £12.183 m.

Specific risks and my findings

I reported to you in my December 2011 Audit Plan the specific risks that I identified relevant to my audit of your financial statements. In Table 1 I report to you my findings against each of these risks.

Table 1: **Risks and findings**

Risk	Finding
<p><u>Scheme contributions</u></p> <p>The Pension Fund receives contributions in respect of equal pay settlements made by admitted bodies. Some but not all admitted bodies have made contributions in respect of equal pay. There is a risk this may lead to a material misstatement of contributions income in the financial statements.</p>	<p>I have reviewed management's arrangements for ensuring that reasonable contributions have been made in respect of equal pay.</p> <p>I have considered settlements made within major scheduled bodies to the fund and assessed if they may give rise to potential material assets to the fund, if contributions were not made. I am satisfied that the risk of material misstatement has been reduced to an appropriately low level.</p>
<p><u>Investment valuations</u></p> <p>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'.</p> <p>The Pension Fund's accounting policies describe the valuation methodology used for unquoted investments, including hedge funds and private equity. These are in line with the valuations provided by the independent administrators, or where these are not available, at the investment managers' valuation.</p> <p>As reported in my 2010/11 Annual Governance report and supplement, unquoted investments, primarily private equity, were undervalued by £13m because out of date valuations were used.</p>	<p>I have reviewed the Pension Fund's due diligence procedures for the valuation of investments, including its review and consideration of AAF 01/06, ISAE 3402 controls reports from investment managers, and found these procedures to be adequate.</p> <p>My team is in the process of substantively testing investments. Their work has so far identified two investments where incorrect currency rates were applied. This has led to an overstatement of £3.279m in the net assets statement.</p> <p>I plan to have completed my testing by the 18 September. If there are any further significant errors I will update the Pensions Committee and Audit and Risk Management Committee.</p>

Risk

Impact of redundancies on capacity within the Pension Fund

I am aware that Wirral Council and the Pension Fund have undergone a redundancy process in 2010/11 and 2011/12. This may affect the capacity of the finance team to deliver materially correct statements within agreed timescales.

Finding

The statements were provided within deadline, and supported by comprehensive working papers.

We have maintained regular dialogue with the Pension Fund officers and have been kept informed of significant changes in resources. Where potential weaknesses around separation of duties have arisen from the new structure, we are satisfied that the Pension Fund has applied adequate safeguards to mitigate risks.

Weaknesses in internal control

It is the responsibility of the Pension Fund to develop and implement systems of internal financial control and to put in place proper arrangements to monitor their adequacy and effectiveness in practice. My responsibility as your auditor is to consider whether the Pension Fund has put adequate arrangements in place to satisfy itself that the systems of internal financial control are both adequate and effective in practice.

I have tested the controls of the Pension Fund only to the extent necessary for me to complete my audit. I am not expressing an opinion on the overall effectiveness of internal control.

The following weakness in internal control is only that I have identified during the audit that is relevant to preparing the financial statements.

Table 2: **Weakness in internal control**

Issue

Out of date list of authorised employees within the Pension Fund to receive correspondence from external bodies, for example Fund Managers.

Finding

An ex employee of the Fund is still listed as authorised to receive correspondence from external bodies, for example, Fund Managers. This employee has not been working at MPF for a period of 3 years. Whilst this employee is still employed by Wirral MBC, it is essential that only authorised employees of the fund are authorised to receive such information. I have been told that the Fund has postponed updating this information as it has been awaiting the conclusion of the internal restructure and the revised banking arrangements. However, this should be addressed without further delay.

Recommendation

R1 Ensure that the Pension Fund's authorised contacts list is updated. .

Other matters

I am required to communicate to you significant findings from the audit and other matters that are significant to your oversight of the Pension Fund's financial reporting process including the following.

- Qualitative aspects of your accounting practice
- Matters specifically required by other auditing standards to be communicated to those charged with governance. For example, issues about fraud, compliance with laws and regulations, external confirmations and related party transactions.
- Other audit matters of governance interest.

My findings are reported in the table below:

Table 3: **Other matters**

Issue	Finding
Breach of the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2009 in regards to investment limits.	The Local Government Pension Scheme (Management and Investment of Funds) Regulations 2009 (which came into force on 1 January 2010) set out a required process for Pension Funds to follow when planning to increase investment limits. In 2011/12 the Pension Fund exceeded the limits as set out in their current Statement of Investment Principals (SIP), without following the proper procedure as set out in the regulations
Financial instruments disclosures	The Pension fund has enhanced the financial instruments disclosures in 2011/12, in line with requirements. To be fully compliant with the requirements of the Code of Practice on Local Authority Accounting in the United Kingdom, further enhancements are needed, particularly in regards to the quantitative reporting of credit, currency and liquidity risk.

Recommendation

- R2** Implement robust controls for monitoring and reporting against the investment limits set in the Statement of Investment Principals to ensure that future breaches of the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2009 do not occur.
- R3** Review the current reporting arrangements for credit and liquidity risk, to enable fully compliant reporting in line with the Code of Practice on Local Authority Accounting in the United Kingdom.

Pension Fund Annual Report

The Pension Fund prepared its draft Annual Report on 1 August 2012. Upon satisfactory completion of my audit of the financial statements, the Pension Fund will prepare its final Annual Report, which I will review. As a result I have not yet completed my review and report on the financial statements included in the Annual Report. I expect to report on the financial statements included in the Annual Report by 18 September 2012.

Fees

I reported my planned audit fee in the December 2011 Audit Plan.

I will complete the audit within the planned fee.

Table 4: Fees

	Planned fee 2011/12 (£)	Expected fee 2011/12 (£)
Audit	59,181	59,181
Non-audit work	0	0
Total	59,181	59,181

Appendix 1 – Draft independent auditor’s report for the Councils financial statements

DRAFT INDEPENDENT AUDITOR’S REPORT TO THE MEMBERS OF WIRRAL BOROUGH COUNCIL - EXCERPT REGARDING MERSEYSIDE PENSION FUND.

Opinion on the pension fund financial statements

I have audited the pension fund financial statements for the year ended 31 March 2012 under the Audit Commission Act 1998. The pension fund financial statements comprise the Fund Account, the Net Assets Statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2011/12.

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 Audited Bodies published by the Audit Commission in March 2010.

Respective responsibilities of the Chief Financial Officer and auditor

As explained more fully in the Statement of the Chief Financial Officer’s Responsibilities, the Chief Financial Officer is responsible for the preparation of the Authority’s Statement of Accounts, which includes the pension fund financial statements, in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom, and for being satisfied that they give a true and fair view. My responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require 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 financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the fund's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Chief Financial Officer; and the overall presentation of the financial statements. In addition, I read all the financial and non-financial information in the explanatory foreword and the annual report to identify material inconsistencies with the audited financial statements. If I become aware of any apparent material misstatements or inconsistencies I consider the implications for my report.

Opinion on financial statements

In my opinion the pension fund's financial statements:
give a true and fair view of the financial transactions of the pension fund during the year ended 31 March 2012 and the amount and disposition of the fund's assets and liabilities as at 31 March 2012, 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 explanatory foreword and the content of the Annual Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Appendix 2 – Draft independent Auditor’s report for the Pension Fund Annual Report

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 financial statements for the year ended 31 March 2012 under the Audit Commission Act 1998. The pension fund financial statements comprise the Fund Account, the Net Assets Statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2011/12.

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 Chief Financial Officer and auditor

As explained more fully in the Statement of the Chief Financial Officer’s Responsibilities, the Chief Financial Officer is responsible for the preparation of the pension fund’s financial statements and for being satisfied that they give a true and fair view. My responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require 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 financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting

policies are appropriate to the fund's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Chief Financial Officer; and the overall presentation of the financial statements. In addition, I read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements. If I become aware of any apparent material misstatements or inconsistencies I consider the implications for my report.

Opinion on financial statements

In my opinion the pension fund's financial statements:

- give a true and fair view of the financial transactions of the pension fund during the year ended 31 March 2012 and the amount and disposition of the fund's assets and liabilities as at 31 March 2012; and
- have been prepared properly in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2011/12.

Opinion on other matters

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

Michael Thomas
District Auditor

Aspinall House
Aspinall Close
Horwich
Bolton
BL6 6QQ

September 2012

Appendix 3 – Corrected errors

I identified the following errors during the audit which management have addressed in the revised financial statements.

Item of account	Nature of error	Fund Account		Net Assets Statement	
		Dr £'000s	Cr £'000s	Dr £'000s	Cr £'000s
Net assets statement - Unquoted investments	Overstatement of unquoted investments through use of incorrect currency conversion rates.	3,279			3,279
Fund manager expenses	Understatement of Fund manager expenses.	188			188
Fund account (& note 6) - Contributions receivable	Overstatement of employee's contributions, understatement of employer's contributions.	743	743		
Note 11 - Investment income	Dividend income incorrectly classified as interest on short term cash deposits.	553			553
Note 11 - Investment income	Investment management fee credit incorrectly classified as investment income.	3,687			3,687
Note 13 (a)	Reclassification of UK quoted equities to overseas quoted equities.			12,183	12,183
Accounting policies	Revision and enhancement of accounting policies in a number of				

	Fund Account	Net Assets Statement
<p>areas. Specifically:</p> <ul style="list-style-type: none"> ■ Inclusion of an accounting policy for treatment of income for pooled investments; ■ Inclusion of policy on movement in the net market value of investments; ■ Inclusion of policy relating to tax on fund expense items; ■ Inclusion of policy on financial liabilities; ■ Enhanced narrative of policy for transfers to and from other schemes; ■ Enhancement of the basis for estimates to disclosure inherent uncertainties and judgement used in the basis of the valuation estimates for unquoted investments; ■ Enhanced policy for costs related to pooled investment vehicles; and ■ Enhanced policy for property valuation. 		
Accounting policies	Removal of a note on prior period adjustments from within accounting policies. No prior period adjustments have been applied in 2011/12.	

	Fund Account	Net Assets Statement
Fund account - Contributions receivable	Overstatement of £922K of contributions income has been recorded in respect of 2011-12 which relates to 2010-11.	
Note 13 - Investments	Removal of purchases and sales of short term cash deposits.	
Note 10 – Administration expenses	Addition of an explanatory note.	
Note 6 contribution income	Deficit funding relating to magistrates courts disclosed as £6.4 million. Should be £1.4 million.	
Statement of the consulting actuary	Fund deficit was incorrectly recorded as £1400 million. Actuary to provide a note stating £1310 million.	
Note 14a – classification of financial instruments	£12,251K financial liabilities at amortised cost incorrectly recorded as loans and receivables.	
Note 21 - Related Party Transactions	Revision to the key management personnel table following updated guidance. Enhancement and revision of some existing text within the note.	

Appendix 4 – Draft letter of management representation

Merseyside Pension Fund - Audit for the year ended 31/03/2012

I confirm to the best of my knowledge and belief, having made appropriate enquiries of other directors and officers of Merseyside Pension Fund and Wirral Borough Council, the following representations given to you in connection with your audit of the Pension Fund's financial statements for the year ended 31/03/2012.

Compliance with the statutory authorities

I have fulfilled my responsibility under the relevant statutory authorities for preparing the financial statements in accordance with the Accounts and Audit (England) Regulations 2011 and the Code of Practice on Local Authority Accounting in the United Kingdom which give a true and fair view of the financial position and financial performance of the Pension Fund, for the completeness of the information provided to you, and for making accurate representations to you.

Supporting records

I have made available all relevant information and access to persons within the Pension Fund and Wirral Borough Council for the purpose of your audit. I have properly reflected and recorded in the financial statements all the transactions undertaken by the Pension Fund.

Internal control

I have communicated to you all deficiencies in internal control of which I am aware.

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 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.

Other than the breach of regulations identified and reported in Table 3, transactions and events have been carried out in accordance with law, regulation or other authority. The Pension 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.

For accounting estimates relating to Private Equity, Hedge Funds and Investment Property valuations, I confirm:

- the appropriateness of the measurement method, including related assumptions and models, and the consistency in application of the method;
- the assumptions appropriately reflect management's intent and ability to carry out specific courses of action on behalf of the Pension Fund, where relevant to the accounting estimates and disclosures;
- the disclosures relating to the accounting estimate are complete and appropriate under the Code; and
- that no subsequent event requires the Pension Fund to adjust the accounting estimate and related disclosures included in the financial statements.

Related party transactions

I confirm that I have disclosed the identity of the Pension 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 requirements of the Code.

Subsequent events

I have adjusted for or disclosed in the financial statements all relevant events subsequent to the date of the financial statements.

Signed on behalf of Merseyside Pension Fund

I confirm that this letter has been discussed and agreed by the Audit and Risk Management Committee on 19 September 2012.

Signed

Name

Position

Date

Appendix 5 – Glossary

Annual Audit Letter

Letter issued by the auditor to the Pension Fund after the completion of the audit that summarises the audit work carried out in the period and significant issues arising from auditors' work.

Annual Governance Report

The auditor's report on matters arising from the audit of the financial statements presented to those charged with governance before the auditor issues their opinion.

Audit of the accounts

The audit of the accounts of an audited body comprises all work carried out by an auditor under the Code to meet their statutory responsibilities under the Audit Commission Act 1998.

Audited body

A body to which the Audit Commission is responsible for appointing the external auditor.

Auditing Practices Board (APB)

The body responsible in the UK for issuing auditing standards, ethical standards and associated guidance to auditors. Its objectives are to establish high standards of auditing that meet the developing needs of users of financial information and to ensure public confidence in the auditing process.

Auditing standards

Pronouncements of the APB that contain basic principles and essential procedures with which auditors must comply, except where otherwise stated in the auditing standard concerned.

Auditor(s)

Auditors appointed by the Audit Commission.

Audit Commission

Annual governance report

Code (the)

The Code of Audit Practice for local government bodies issued by the Audit Commission and approved by Parliament.

Commission (the)

The Audit Commission for Local Authorities and the National Health Service in England.

Ethical Standards

Pronouncements of the APB that contain basic principles relating to independence, integrity and objectivity that apply to the conduct of audits and with which auditors must comply, except where otherwise stated in the standard concerned.

Financial statements

The annual statement of accounts that the Pension Fund is required to prepare, which report the financial performance and financial position of the Pension Fund in accordance with the Accounts and Audit (England) Regulations 2011 and the Code of Practice on Local Authority Accounting in the United Kingdom.

Internal control

The whole system of controls, financial and otherwise, that the Pension Fund establishes to provide reasonable assurance of effective and efficient operations, internal financial control and compliance with laws and regulations.

Materiality

The APB defines this concept as ‘an expression of the relative significance or importance of a particular matter in the context of the financial statements as a whole. A matter is material if its omission would reasonably influence the decisions of an addressee of the auditor’s report; likewise a misstatement is material if it would have a similar influence. Materiality may also be considered in the context of any individual primary statement within the financial statements or of individual items included in them. Materiality is not capable of general mathematical definition, as it has both qualitative and quantitative 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.

Pension Fund Annual Report

The annual report, including financial statements, that the Pension Fund must publish under Regulation 34 of the Local Government Pension Scheme (Administration) Regulations 2008.

Significance

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

Those charged with governance

Those entrusted with the supervision, control and direction of the Pension Fund. This term includes the members of the Authority, the Pension's Committee and the Audit and Risk Management Committee.

Appendix 6 – Action plan

Recommendations

Recommendation 1

Ensure that the Pension Fund's authorised contacts list is updated.

Responsibility

Priority

Date

Comments

Recommendation 2

Implement robust controls for monitoring and reporting against the investment limits set in the Statement of Investment Principals, to ensure that future breaches of the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2009 do not occur.

Responsibility

Priority

Date

Comments

Recommendation 3

Review the current reporting arrangements for credit and liquidity risk, to enable fully compliant reporting in line with the Code of Practice on Local Authority Accounting in the United Kingdom.

Responsibility

Priority

Date

Comments

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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

18 SEPTEMBER 2012

SUBJECT:	LAPFF CONFERENCE
WARD/S AFFECTED:	ALL
REPORT OF:	INTERIM 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 and the Executive Board member at the Local Authority Pension Fund Forum (LAPFF) Annual Conference, organised by PIRC, to be held in Bournemouth from 28 to 30 November 2012.

2.0 BACKGROUND AND KEY ISSUES

2.1 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.

3.0 RELEVANT RISKS

3.1 There are none arising from this report.

4.0 OTHER OPTIONS CONSIDERED

4.1 No other options have been considered.

5.0 CONSULTATION

5.1 There has been no consultation undertaken or proposed for this report. There are no implications for partner organisations arising from this report.

6.0 IMPLICATIONS FOR VOLUNTARY, COMMUNITY AND FAITH GROUPS

6.1 There are none arising from this report.

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

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

8.0 LEGAL IMPLICATIONS

8.1 There are none arising from this report

9.0 EQUALITIES IMPLICATIONS

9.1 Has the potential impact of your proposal(s) been reviewed with regard to equality?

(b) No because there is no relevance to equality.

10.0 CARBON REDUCTION IMPLICATIONS

10.1 There are no carbon usage implications, nor any other relevant environmental issues arising from this report.

11.0 PLANNING AND COMMUNITY SAFETY IMPLICATIONS

11.1 There are none arising from this report.

12.0 RECOMMENDATION

12.1 That attendance at the LAPFF Conference by the Chair and the Executive Board member be approved.

13.0 REASON FOR RECOMMENDATION

13.1 Attendance at this conference has traditionally been by the Chair of the Pensions Committee accompanied by an officer. The former Chair of the Pensions Committee is a Member of the Executive Committee of LAPFF.

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FNCE/147/12

APPENDICES

None

REFERENCE MATERIAL

SUBJECT HISTORY (last 3 years)

Council Meeting	Date
Pensions Committee	September 2009
Pensions Committee	September 2010
Pensions Committee	September 2011

WIRRAL COUNCIL

PENSIONS COMMITTEE

18 SEPTEMBER 2012

SUBJECT:	REVIEW OF POTENTIAL UNFUNDED LIABILITIES FOR ADMISSION BODIES
WARD/S AFFECTED:	ALL
REPORT OF:	INTERIM DIRECTOR OF FINANCE
RESPONSIBLE PORTFOLIO HOLDER:	
KEY DECISION	NO

1.0 EXECUTIVE SUMMARY

- 1.1 This report informs members of the details of the annual review undertaken by the Fund Actuary of the potential unfunded liabilities for admission bodies as at 31 March 2012.
- 1.2 A further report on this agenda contains exempt information. This is by virtue of paragraph(s) 3 of Part 1 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 BACKGROUND AND KEY ISSUES

- 2.1 The results of the previous admission bodies liability review as at 31 March 2011 was considered by the Committee on 27 June 2011 (Minute 28 refers). In accordance with the Committee decision on 22 March 2000 (Minute 52 refers) officers were also asked to specifically monitor the potential unfunded liabilities in respect of premature closure of admission bodies with high levels of potential liability (£250,000 or more). This has been carried out by the Actuary undertaking an annual funding review and the Fund requesting and examining annual reports and accounts from the relevant organisations.
- 2.2 The details in respect of the latest review of potential unfunded liabilities for admission bodies at 31 March 2012 are attached within the exempt appendices.
- 2.3 The calculations have been determined by initially considering the 2010 Valuation funding position and the liabilities has been updated to take account of contributions paid versus the cost of benefit accrued, net investment return on the Fund's assets and change in bold yields.

- 2.4 In accordance with the MPF's Funding Strategy Statement the assessment of the employers potential exit debt will be based on a more cautious basis to determine final liabilities. The financial assumptions usually applicable are consistent with the equivalent assumptions adopted for the IAS19 Accounting Standard, on the proviso that the financial assumptions used are no less cautious than the valuation assumptions. The position of the corporate bond market as at 31 March 2012 means that the ongoing valuation assumptions are more prudent than those based on corporate bond yields due to the low gilt yields prevailing as a consequence of the financial crisis. As a result the Actuary has recommended that the valuation basis is adopted as the termination basis at 31 March 2012.
- 2.5 The latest liabilities quoted are approximate and do not take into account updated membership information for all employers and cash flows since the valuation. As such, the amounts quoted do not implicitly represent the accurate exit debts owing if bodies participation of the scheme ceased at 31 March 2012. However the figures provide the Fund and bodies with a reasonable basis to determine the contingent funding obligations and provide adequate risk coverage.
- 2.6 On a general basis the bond requirements have significantly increased from the 2010 bond levels which are currently in force. The bond amounts calculated at 31 March 2011 review were less than the 2010 liability figures, due to the impact of the change of indexation of pension benefits from RPI to CPI, which had a positive effect on long term funding and liabilities. However the Committee resolved on 27 June 2011 that it was prudent to defer any reductions to the existing bond coverage depending on the outcome of the judicial review on the indexation of Public Sector Pensions.
- 2.7 The Actuary has calculated the potential unfunded liabilities as follows:
- i. The cost of providing immediate benefits to those members age 55 or over in the year 1 April 2012 to 31 March 2013
 - ii. Less, 50% of the potential savings that may materialise in respect of members under age 55 with deferred benefits.
 - iii. Plus the existing surplus or deficit at 31 March 2012.
- The deficit will normally be recovered over a 15 year period by the payment of annual lump sum cash amounts which include allowances for assumed future pay inflation.
- 2.8 On the termination of a Transferee Admission Body (TAB) agreement, the Regulations provide that the contribution rate for the relevant Scheme employer is revised to recover any unfunded pension liabilities that cannot be recovered either from the TAB or from any bond provided. The need to carry out an actuarial risk assessment and the level of required bond provision in these cases is a matter for the relevant Scheme employer to determine. In order to inform the employers of the extent of the unfunded liabilities the Actuary has calculated the potential costs for each TAB and the Fund will

notify the transferor scheme employer of the amounts identified in due course.

- 2.9 The actual unfunded liabilities for each body would not be known until the body closed and precise calculations are done at that time.
- 2.10 A number of admission bodies have found it difficult to obtain from financial institutions the required financial guarantees or indemnities previously recommended by the Actuary and alternatives such as charges against property or parent company guarantees have been agreed in a number of cases with the Fund.
- 2.11 I believe that it is likely that in view of the current stringent credit measures imposed by banks and financial institutions that many admission bodies will find it difficult to obtain the indicated increased indemnities at this time. There would also be a real likelihood of pushing a number of these organisations into closure, faced with a requirement to provide such further increased guarantees against what are only estimated potential liability figures.
- 2.12 Having regard to the current circumstances, therefore, I would recommend that bond requirements are not increased based on the latest figures provided by the Actuary but are retained at the 31/03/2010 levels. A further review will be undertaken at 31/3/2013 as part of the actuarial valuation and the level of bonds required should be reconsidered having regard to the outcome of the funding consultation and the financial position at that time.
- 2.13 For any admission body that does not have either a local authority guarantor or a bond or indemnity the employer contribution rate remains subject to a risk premium loading to aim to achieve a funding level of 120% of the active member's liabilities over the long term (normally 15 years).
- 2.14 In order to mitigate risk of future unrecoverable debt from employers, any new admissions of Community Admission Bodies will be required to fund on a least risk basis to minimise the possibility of unfunded pension's liabilities resulting in the event of closure. The opportunity to fund on this basis whereby the employer's assets will then be deemed to be invested in Government bonds in order to minimise risk on closure has also been made available to existing admission bodies.

3.0 RELEVANT RISKS

- 3.1 The provision of adequate guarantees reduces the financial risk to all scheme employers from subsuming pension costs for employers exiting the Fund. If compelled to implement the increased financial indemnities organisations may face significant financial hardship which may possibly lead to the employer's insolvency or bankruptcy. The contingent termination debts would actually crystallise leaving the Fund with immediate unrecoverable debt with responsibility for honouring the pension promises made to the employees.

4.0 OTHER OPTIONS CONSIDERED

4.1 None.

5.0 CONSULTATION

5.1 The Fund consulted with employers during autumn 2010 before updating the Funding Strategy Statement which includes the methodology for determination of bond requirements.

6.0 IMPLICATIONS FOR VOLUNTARY, COMMUNITY AND FAITH GROUPS

6.1 None arising from this report.

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

7.1 In the event that the increased bond coverage is sought Officers of MPF and the Legal Monitoring Officer will be required to engage in prolonged negotiations with employers. This is likely to result in non compliance of the employer on the grounds of affordability or the inability to obtain a bond from an appropriate provider

8.0 LEGAL IMPLICATIONS

8.1 None arising from this report.

9.0 EQUALITIES IMPLICATIONS

9.1 None arising from this report.

9.2 Equality Impact Assessment (EIA)

(a) Is an EIA required? No

10.0 CARBON REDUCTION IMPLICATIONS

10.1 None arising from this report.

11.0 PLANNING AND COMMUNITY SAFETY IMPLICATIONS

11.1 None arising from this report.

12. RECOMMENDATIONS

12.1 Members are recommended to consider, having regard to the current difficult financial circumstances and the reasonableness and practicality of implementation, that the bond requirements for Community Admission Bodies are not increased but instead are retained at the current 2010 levels. However, Employers will be informed of the potential unfunded liabilities to increase awareness of their financial obligations.

12.2 The level of funding guarantees provided by local authorities or other statutory bodies to the Fund will however continue to be increased in accordance with the amount of the unfunded liability.

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APPENDICES

Exempt Appendices included in committee papers

SUBJECT HISTORY (last 3 years)

Council Meeting	Date
Pensions Committee Review of Potential Unfunded Liabilities For Admission Bodies	27 June 2011

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By virtue of paragraph(s) 3 of Part 1 of Schedule 12A
of the Local Government Act 1972.

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of the Local Government Act 1972.

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WIRRAL COUNCIL

PENSIONS COMMITTEE

18 SEPTEMBER 2012

SUBJECT:	ANNUAL EMPLOYERS' CONFERENCE
WARDS AFFECTED:	ALL
REPORT OF:	INTERIM 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 15 November 2012.

2.0 BACKGROUND AND KEY ISSUES

- 2.1 The 2012 conference will be held at Aintree Racecourse on Thursday 15 November.
- 2.2 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 Fund Actuary and Jeff Houston, Head of Pensions at the Local Government Association.
- 2.3 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.
- 2.4 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.

3.0 RELEVANT RISKS

- 3.1 There are none arising directly from this report.

4.0 OTHER OPTIONS CONSIDERED

- 4.1 Other venues have been considered for appropriateness, location, transport links and a cost comparison to assess value for money.

5.0 CONSULTATION

- 5.1 An online survey was taken of previous delegates in 2010 and 87% rated Aintree Racecourse as excellent or very good venue. The location, public transport links and overall quality of Aintree Racecourse was commended.
- 5.2 Feedback from delegates in 2011 further supported the previous year's survey of the choice of venue as 94% rated it as good or excellent.

6.0 IMPLICATIONS FOR VOLUNTARY, COMMUNITY AND FAITH GROUPS

6.1 There are none arising from this report.

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

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

8.0 LEGAL IMPLICATIONS

8.1 There are none arising from this report.

9.0 EQUALITIES IMPLICATIONS

9.1 Has the potential impact of your proposal(s) been reviewed with regard to equality?

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

10.0 CARBON REDUCTION IMPLICATIONS

10.1 None arising from this report

11.0 PLANNING AND COMMUNITY SAFETY IMPLICATIONS

11.1 None arising from this report

12.0 RECOMMENDATION

12.1 That Members note the report.

13.0 REASON FOR RECOMMENDATION

13.1 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.

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WIRRAL COUNCIL

PENSIONS COMMITTEE

18 SEPTEMBER 2012

SUBJECT:	DRAFT ANNUAL REPORT
WARDS AFFECTED:	ALL
REPORT OF:	INTERIM 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 Draft Annual Report of Merseyside Pension Fund for 2011/12.
- 1.2 A copy of the Annual Report will be available for Members at the meeting.

2.0 BACKGROUND AND KEY ISSUES

- 2.1 The LGPS regulations require the Pension Fund Annual Report to contain the Fund Account and Net Asset Statement with supporting notes and disclosures, prepared in accordance with proper practices.
- 4.2 International Standards on Auditing (UK&I) 720 requires that auditors read any information published with the accounts. It also states the auditor should not issue an opinion until that other information is published.

3.0 RELEVANT RISKS

- 3.1 There are none rising directly from this report.

4.0 OTHER OPTIONS CONSIDERED

- 4.1 Not relevant for this report.

5.0 CONSULTATION

- 5.1 Not relevant for this report.

6.0 IMPLICATIONS FOR VOLUNTARY, COMMUNITY AND FAITH GROUPS

- 6.1 There are no implications arising directly from this report.

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

- 7.1 There are no implications arising directly from this report.

8.0 LEGAL IMPLICATIONS

- 8.1 There are no implications arising directly from this report.

9.0 EQUALITIES IMPLICATIONS

9.1 Has the potential impact of your proposal(s) been reviewed with regard to equality?

Not relevant for this report.

10.0 CARBON REDUCTION IMPLICATIONS

10.1 None arising from this report

11.0 PLANNING AND COMMUNITY SAFETY IMPLICATIONS

11.1 None arising from this report

12.0 RECOMMENDATION

12.1 That Members approve the Draft Annual Report of Merseyside Pension Fund for publication.

13.0 REASON FOR RECOMMENDATION

13.1 Regulation 34 of the Local Government Pensions Scheme (LGPS) Administration Regulations requires local authorities to produce an Annual Report for the year to 31 March by 1 December of that year.

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**WIRRAL COUNCIL
PENSION COMMITTEE
18 SEPTEMBER 2012**

SUBJECT:	ADMISSION BODY APPLICATION BALFOUR BEATTY WORKPLACE LTD – WIRRAL COUNCIL – PREMISES OFFICER CONTRACT
WARDS AFFECTED:	ALL
REPORT OF:	INTERIM DIRECTOR OF FINANCE
RESPONSIBLE PORTFOLIO HOLDER:	
KEY DECISION	NO

1.0 EXECUTIVE SUMMARY

- 1.1 This report informs members of my decision taken under delegation to approve the application received from Balfour Beatty Workplace Limited for admission to Merseyside Pension Fund as a Transferee Admission Body. The company has secured a premises officer contract with Knowsley Council – Springfield and the Elms School for the period from 6 August 2012 to 31 August 2034.
- 1.2 The appendix attached to the report contains 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 BACKGROUND

- 2.1 The application is to provide pension provision for two transferred staff members who were previously employed by Knowsley Council and wish to continue to participate in the local government pension scheme.
- 2.2 Balfour Beatty Workplace Ltd is a private Limited Company, with a Company number of 00598379 and the date of incorporation was 4 February 1958.
- 2.3 The principal activity of the company is the operation and maintenance of building support services.

3.0 RELEVANT RISKS

- 3.1 The potential risk of financial loss to MPF 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 the bond provider.

4.0 OTHER OPTIONS CONSIDERED

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

5.0 CONSULTATION

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

6.0 IMPLICATIONS FOR VOLUNTARY, COMMUNITY AND FAITH GROUPS

- 6.1 None arising from this report.

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

- 7.1 Balfour Beatty Workplace Ltd already has a Knowsley Council contractor admission agreement in place with the Fund, which is operating in accordance with the legal agreement.
- 7.2 The transfer of past service liabilities are to proceed on a fully funded basis and will have no immediate impact on Knowsley Council's current assessed contribution rate.
- 7.3 Any outstanding contributions either not recovered from the contractor or any bond provision at closure will ultimately fall to Knowsley Council.

8.0 LEGAL IMPLICATIONS

- 8.1 The Legal documents to be drafted and approved by Wirral's Legal Department.

9.0 EQUALITIES IMPLICATIONS

- 9.1 Has the potential impact of your proposal(s) been reviewed with regard to equality?

No, as there are no equalities implications as employees retain access to the LGPS.

10.0 CARBON REDUCTION IMPLICATIONS

- 10.1 None arising from this report.

11.0 PLANNING AND COMMUNITY SAFETY IMPLICATIONS

- 11.1 None arising from this report.

12.0 RECOMMENDATION

12.1 It is recommended that the members of the Pension Committee note the approval of the application for admission to the Merseyside Pension Fund of Balfour Beatty Workplace Ltd.

13.0 REASON FOR RECOMMENDATION

13.1 The application for admission meets all prescribed regulatory and financial requirements under the Local Pension Scheme Regulations and 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.

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APPENDICES

Exempt Appendix included in committee papers.

REFERENCE MATERIAL

The report produced by Mercer Limited the Fund Actuary, dated 10 February 2012, was used in producing this report.

SUBJECT HISTORY (last 3 years)

Council Meeting	Date

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**WIRRAL COUNCIL
PENSION COMMITTEE
18 SEPTEMBER 2012**

SUBJECT:	ADMISSION BODY APPLICATION HEALTH MANAGEMENT LTD – LIVERPOOL CITY COUNCIL OCCUPATIONAL HEALTH SERVICES
WARD/S AFFECTED:	ALL
REPORT OF:	INTERIM DIRECTOR OF FINANCE
RESPONSIBLE PORTFOLIO HOLDER:	
KEY DECISION?	NO

1.0 EXECUTIVE SUMMARY

- 1.1 This report informs members of my decision taken under delegation, to approve the application received from Health Management Ltd for admission to Merseyside Pension Fund as a Transferee Admission Body. The company has secured the occupational health services contract at Liverpool City Council from 1 September 2012 for three years initially with an option for a further one year extension.
- 1.2 The appendix attached to the report contains 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 BACKGROUND AND KEY ISSUES

- 2.1 The application is to provide pension provision for one transferred staff member who was previously employed by Liverpool City Council and wishes to continue to participate in the local government pension scheme.
- 2.2 Health Management Limited is a private limited company registered in England and Wales, with a Company number of 04369949.
- 2.3 The principal activity of the company is the provision of occupational health and medical advice to corporate organisations.

3.0 RELEVANT RISKS

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

4.0 OTHER OPTIONS CONSIDERED

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

5.0 CONSULTATION

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

6.0 IMPLICATIONS FOR VOLUNTARY, COMMUNITY AND FAITH GROUPS

- 6.1 None arising from this report.

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

- 7.1 The transfer of past service liabilities are to proceed on a fully funded basis and will have no impact on Liverpool Councils employer contribution.

8.0 LEGAL IMPLICATIONS

- 8.1 The Legal documents to be drafted and approved by Wirral's Legal Department.

9.0 EQUALITIES IMPLICATIONS

- 9.1 Has the potential impact of your proposal(s) been reviewed with regard to equality?

No, as there are no equalities implications as employees retain access to the LGPS.

10.0 CARBON REDUCTION IMPLICATIONS

- 10.1 None arising from this report.

11.0 PLANNING AND COMMUNITY SAFETY IMPLICATIONS

- 11.1 None arising from this report.

12.0 RECOMMENDATION

12.1 It is recommended that the members of the Pension Committee note the approval of the application for admission to the Merseyside Pension Fund of Health Management Ltd.

13.0 REASON FOR RECOMMENDATION

13.1 The application for admission meets all prescribed regulatory and financial requirements under the Local Government Pension Scheme Regulations and 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.

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APPENDICES

Exempt Appendix included in committee papers.

REFERENCE MATERIAL

The report produced by Mercer Limited the Fund Actuary, dated 28 March 2012, was used in producing this report.

SUBJECT HISTORY (last 3 years)

Council Meeting	Date

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WIRRAL COUNCIL

PENSIONS COMMITTEE

18 SEPTEMBER 2012

SUBJECT:	NAPF ANNUAL CONFERENCE
WARD/S AFFECTED:	ALL
REPORT OF:	INTERIM DIRECTOR OF FINANCE
RESPONSIBLE PORTFOLIO HOLDER	
KEY DECISION?	NO

1.0 EXECUTIVE SUMMARY

1.1 This report recommends the Committee to consider attendance by Members at the National Association of Pension Funds (NAPF) Annual Conference, to be held in Liverpool from 17 to 19 October 2012.

2.0 BACKGROUND AND KEY ISSUES

2.1 MPF is a member of NAPF and its annual conference provides a forum for topical issues affecting public and private pension funds to be discussed and addressed.

2.2 Attendance would be beneficial to Members in fulfilling the Committee's Knowledge and Skills objectives as set out by CIPFA.

2.3 Whilst not all topics and presentations are relevant to Members, there are a number of useful subjects on the agenda and several high profile speakers including the Minister of State for Pensions, the Shadow Pensions Minister, Gabriel Bernardino (Chair of the European Insurance and Occupational Pensions Authority) and Lord Mandelson. As the event is local, Members will be able to limit their attendance to relevant sessions as appropriate.

2.4 Members must be registered for the event in order to attend.

3.0 RELEVANT RISKS

3.1 There are none arising from this report.

4.0 OTHER OPTIONS CONSIDERED

4.1 No other options have been considered.

5.0 CONSULTATION

5.1 There has been no consultation undertaken or proposed for this report. There are no implications for partner organisations arising from this report.

6.0 IMPLICATIONS FOR VOLUNTARY, COMMUNITY AND FAITH GROUPS

6.1 There are none arising from this report.

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

7.1 NAPF membership allows for free conference places. Travelling costs will be minimal.

8.0 LEGAL IMPLICATIONS

8.1 There are none arising from this report

9.0 EQUALITIES IMPLICATIONS

9.1 Has the potential impact of your proposal(s) been reviewed with regard to equality?

(b) No because there is no relevance to equality.

10.0 CARBON REDUCTION IMPLICATIONS

10.1 There are no carbon usage implications, nor any other relevant environmental issues arising from this report.

11.0 PLANNING AND COMMUNITY SAFETY IMPLICATIONS

11.1 There are none arising from this report.

12.0 RECOMMENDATIONS

12.1 That attendance at the NAPF conference by Members be approved.

12.2 That Members wishing to attend the conference notify the Head of Pension Fund to enable the necessary registration and administration to be undertaken.

13.0 REASON FOR RECOMMENDATIONS

13.1 Attendance at this conference will assist Members in fulfilling the Committee's Knowledge and Skills objectives as set out by CIPFA.

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APPENDICES

Appendix 1

REFERENCE MATERIAL

SUBJECT HISTORY (last 3 years)

Council Meeting	Date

Wednesday 17 October

08:30	Registration open		
09:00 - 12:45	<i>Trustee Learning Zone</i> - View details	09:00 - 12:45	<i>Fringe meetings</i> - View details
10:00	Exhibition open, refreshments served in the exhibition hall		
12:00 - 13:30	Lunch in the exhibition hall		
<i>Plenary 1</i> 13:30 - 14:00	<i>Chairman's welcome and introduction</i> Mark Hyde Harrison, Chairman, NAPF		
<i>Plenary 2</i> 14:00 - 14:45	<i>Politics, power and the economy: what next for Britain and the EU?</i> With the Eurozone on the brink and the future of the EU itself at stake, we get the ultimate insider briefing on the political and economic crisis gripping Brussels and Westminster. <i>Lord Mandelson, former EU Commissioner</i> Chaired by: Mark Hyde Harrison, Chairman, NAPF		
14:45 - 15:30	Refreshments in the exhibition hall		
<i>Plenary 3</i> 15:30 - 16:00	<i>Keynote address</i> Session to be confirmed.		
<i>Plenary 4</i> 16:00 - 16:45	<i>The view from Frankfurt</i> Europe's top pensions regulator explains how EIOPA is reshaping the framework for your pension scheme and gives us an inside perspective on moves towards the new EU pensions Directive. <i>Gabriel Bernardino, Chair of the European Insurance and Occupational Pensions Authority (EIOPA)</i> Chaired by: Joanne Segars, Chief Executive, NAPF		
<i>Plenary 5</i> 16:40 - 17:20	<i>Living longer, working longer, saving more</i> <i>Money Saving Expert, author, journalist and campaigning TV and radio presenter, Martin Lewis</i> , shares his view of the changes and challenges we face in the ways we live, work and save. Chaired by: Joanne Segars, Chief Executive, NAPF		

17:30 - 18:30	<i>Fringe meetings</i> - View details
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18:30 - 19:30	Welcome Drinks Reception in the exhibition hall hosted by the City of Liverpool		

Thursday 18 October

07:30	Registration open			
07:45 - 08:45	NAPF fund member breakfast - for NAPF fund members by invitation only			
08:45	Exhibition open			
<i>Plenary 6</i> 09:00 - 09:40	<p>Auto-enrolment - ready, steady, go! With auto-enrolment launching officially on 1 October, two schemes in the first 'wave' share the lessons they have learnt and their 'do's and don'ts' for other schemes following their footsteps. <i>David Brennan, J Sainsbury</i> <i>Tim Jones, NEST Corporation</i> Chaired by: <i>Joanne Segars, Chief Executive, NAPF</i></p>			
	DB STREAM	DC STREAM	PENSIONS & EMPLOYEE BENEFIT STREAM	FD STREAM
	Sponsored by <input type="text"/>	Sponsored by <input type="text"/>	Sponsored by <input type="text"/>	Sponsored by <input type="text"/>
	Media Partner: tbc	Media Partner: <input type="text"/>	Media Partner: <input type="text"/>	Media Partner: <input type="text"/>
09:45 - 10:30 Session 1	<p>Data: the good, bad and the ugly What does 'best look like' when it comes to managing your scheme's data?</p>	<p>Helping employers ensure value for money for their members A new charges code of practice is being designed to drive up transparency for employers choosing a pension scheme for auto-</p>	<p>Business benefit or blind faith? From 2012, providing a workplace pension will be</p>	<p>The economy: knowns and unknowns for investors With the European and global outlook</p>

	<p>A scheme manager shares his/her top tips and the Pension Protection Fund (PPF) draws on its experience of data retrieval from schemes in its assessment process.</p> <p>Rob Haslingden, Experian David Heslop, PPF <i>Chaired by: David Rowley, Pensions Week</i></p>	<p>enrolment. We will hear from industry representatives how providers plan to communicate costs, charges and value for money going forward and the steps they are taking to implement the new code of practice.</p> <p>Stephen Gay, ABI Lesley Williams, Whitbread and Vice-Chairman, NAPF Retirement Policy Council <i>Chaired by: Alan Woods, Independent Adviser to the NAPF</i></p>	<p>compulsory, and employers may take some persuading to do any more than the minimum. How can providing good pensions still play a role in active workforce strategies in this new environment, and what's in it for the business at the end of the day?</p> <p>Paul Armitage, JLT Benefit Solutions Gary Dewin, The Co-operative Group John Wilson, JLT Benefit Solutions <i>Chaired by: David Astley, NAPF Retirement Policy Council</i></p>	<p>uncertain, two experts share their thoughts on the current economic climate and potential scenarios for investors.</p> <p>Paul Mortimer-Lee, BNP Paribas Co-speaker tbc <i>Chaired by: David McGibbon, NAPF Investment Council</i></p>
10:30 - 11:15	Refreshments in the exhibition hall			
11:15 - 12:00 Session 2	<p>The good trustee's guide to fiduciary management Fiduciary management allows trustees to delegate complex</p>	<p>Long term saving from a short term perspective The next generation of savers will, almost irrespective of the jobs they take on, be automatically placed in a pension plan by their employer. Using only the control group of his own</p>	<p>What's age got to do with it? Our panel of experts provide case studies and advice on innovation</p>	<p>The economy: what it means for derisking your scheme The first session in this stream assessed the economy's</p>

	<p>investment decisions to the experts, but it doesn't let trustees off the hook altogether. This session asks what good governance looks like in a fiduciary management world and shows how you can get delegation right.</p> <p>Sion Cole, Aon Hewitt</p> <p>Co-speaker tbc <i>Chaired by:</i> <i>Darren Philp, Director of Policy, NAPF</i></p>	<p>family, the presenter will explore the subject from the perspective of some very young minds!</p> <p>Philippa Cochrane, Scottish Book Trust</p> <p>Jamie Jenkins, Standard Life</p> <p><i>Chaired by: Mark Cobby, Financial News</i></p>	<p>strategies for communicating and engaging with different groups of employees on pensions and employee benefits - focussing on how communication with employees might need to change and adapt across their life cycle.</p> <p>Nigel Ferrier, Ferrier Pearce</p> <p>Geoff McKenzie, Vodafone</p> <p>Alex Thurley-Ratcliff, Shilling Communication</p> <p><i>Chaired by: Dan Torjussen-Proctor, Business Development Director, NAPF</i></p>	<p>impact on investments; now we look specifically at how the economy will help or hinder your journey towards derisking. What do current gilt yields mean for your scheme liabilities and what is the industry's capacity to cope with what some predict will be an increased number of buyouts/ins?</p> <p>Mark Duke, Towers Watson</p> <p>Andrew Waring, MNOFF</p> <p><i>Chaired by: Bruce Garner, NAPF Retirement Policy Council</i></p>
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<p>Plenary 7 12:05 - 12:35</p>	<p>Keeping the Coalition in check</p> <p>A year after his pensions debut at the 2011 NAPF Conference, the Shadow Pensions Minister sets out what he has learnt since picking up the reins and outlines his priorities for getting people saving.</p> <p>Gregg McClymont MP, Shadow Pensions Minister <i>Chaired by: Joanne Segars, Chief Executive, NAPF</i></p>
<p>12:35 - 13:45</p>	<p>Lunch in the exhibition hall</p>

<p>13:45 - 14:30 Session 3</p>	<p>Of Brussels and Barnier: what the new EU pensions directive means for your scheme The European Commission's overhaul of the IORP Directive will set a new framework for scheme funding, governance and communications. Learn more about the likely impact and how you can get involved in the debate. Tom Merchant, USS Co-speaker tbc <i>Chaired by: James Walsh, Senior Policy Adviser: Workplace Pensions, NAPF</i></p>	<p>Making the most of your pension pot at retirement The benefits of shopping around for an annuity at retirement are significant. How can industry-led solutions give DC pension scheme members access to the whole of market guidance and advice at retirement in a targeted and cost-effective way? Alan Higham, Annuity Direct Julian Webb, FIL Investment Management Co-speaker tbc <i>Chaired by: Mel Duffield, Head of Research and Strategic Policy, NAPF</i></p>	<p>Knowledge is power - making the member data work for you How can liberating member data give employers greater control, give employees better engagement with their savings and benefits, drive up efficiencies and drive down costs? Speakers tbc <i>Chaired by: Darren Philp, Director of Policy, NAPF</i></p>	<p>Session to be confirmed.</p>
<p>14:35 - 15:15 Session 4</p>	<p>Managing DB risk in the mid market Some de-risking options are seen as the preserve of the largest schemes, but how can other schemes benefit from the latest approaches to managing risk? Hear from those who have been there and done it with schemes in the middle of the market. Steve Balmont,</p>	<p>Where is risk in DC? Investment is all about risk - from short term volatility to long term inflation - and DC is no different. What are the risks, why do people tend to 'set and forget' in their default strategies and what are the things to consider in taking alternative approaches? What is the consumer perspective on risk in DC, and what can the industry do to shore up confidence in pension saving? Andrew Dickson, Standard Life Investments Jeff Prestridge, Mail on Sunday <i>Chaired by: Jerry Gandhi,</i></p>	<p>Is the future flexible? How are flexible benefits packages developing to help employers deliver auto-enrolment, and will we see a shift towards flex systems as the advantages of these packages become clear? Will flexible</p>	<p>Incentivised transfers: has the code cracked it? What difference has the new industry Code of Practice made to Enhanced Transfer exercises and Pension Increase Exchanges? One of the Code's author's and a finance</p>

	<p>Law Debenture Paul McGlone, Aon Hewitt <i>Chaired by:</i> <i>Stella Eastwood,</i> <i>NAPF</i> <i>Retirement</i> <i>Policy Council</i></p>	<p><i>NAPF Retirement Policy</i> <i>Council</i></p>	<p>benefits be a game changer for take-up of pensions? Jenny Davidson, CSC Matt Waller, Benefex <i>Chaired by:</i> <i>Emma</i> <i>Douglas,</i> <i>NAPF</i> <i>Retirement</i> <i>Policy</i> <i>Council</i></p>	<p>director reflect on its impact. Margaret Snowdon, Lucida David Saunders, Sackers <i>Chaired by:</i> <i>Jane</i> <i>Samsworth,</i> <i>NAPF</i> <i>Retirement</i> <i>Policy Council</i></p>
<p>15:15 - 16:00</p>	<p>Refreshments in the exhibition hall</p>			
<p>16:00 - 16:40 Session 5</p>	<p>Employer covenant: despatches from the front line What is best practice in assessing, monitoring and managing the sponsor's support for a DB scheme? Hear from people who live and breathe employer covenant issues on a daily basis. Peter Thompson, BESTrustees Co-speaker tbc <i>Chaired by: Joy Moore, NAPF Retirement Policy Council</i></p>	<p>The 6 Ps for good DC This session will hear from the Pensions Regulator on how their '6 principles' for DC are developing and from two employers/schemes on what they are likely to mean in practice across both trust based and contract based schemes. To what extent are schemes already ahead or behind the curve? Darran Burton, the Pensions Regulator Janis Ireland, Heineken Co-speaker tbc <i>Chaired by: Richard Butcher, NAPF Retirement Policy Council</i></p>	<p>Picking a pension - made simple This session gives you 10 top tips when choosing a pension scheme for auto-enrolment. What might be special about your workforce that means that one provider might be more suitable than another, and what are the elephant traps to avoid? Speakers tbc <i>Chaired by: David Woods, HR magazine</i></p>	<p>Defined ambition - what's in it for FD's? With the Pensions Minister talking about a new generation of risk-sharing pension schemes, could 'defined ambition' help FDs t manage liabilities and corporate balance sheets? Francois Barker, Eversheds Co-speaker tbc <i>Chaired by: Adam Walker, Chairman, NAPF Liverpool Local Group</i></p>

Plenary 8 16:45 - 17:05	An NAPF view Joanne Segars, Chief Executive, NAPF
Plenary 9 17:05 - 17:55	Keynote address Steve Webb MP, Minister of State for Pensions <i>Chaired by: Joanne Segars, Chief Executive, NAPF</i>
18:00 - 18:30	Launch of the new NAPF Made Simple Guides on the NAPF stand in the exhibition hall
19:30 - 23:00	Conference Gala Dinner sponsored by Neptune Investment Management at Liverpool Cathedral <i>Dress code: lounge suits</i>

Friday 19 October

08:15	Registration open
08:30 - 09:00	NAPF Annual General Meeting
09:00	Exhibition open
Plenary 10 09:15 - 10:00	<i>Predicting impossible futures - navigating turbulent times</i> Europe's trendspotter takes you on a thrill-ride driven by two questions "What's going on in the world?" and "Where are we heading?" Magnus Lindkvist <i>Chaired by: Mark Hyde Harrison, Chairman, NAPF</i>
Plenary 11 10:00 - 10:30	<i>Balloon debate</i> What is the key to reinvigorating workplace pensions? Vote, vote and vote again to decide which of our experts has made the best pitch on the future of pensions and which should be 'eliminated' from the NAPF's metaphorical ballon. No hot air please! Emma Douglas, Mercer Robin Ellison, Pinsent Masons Steve Rumbles, BlackRock <i>Chaired by: Mark Hyde Harrison, Chairman, NAPF</i>
10:30 - 11:15	Refreshments in the exhibition hall
Plenary 12 11:15	<i>Lessons from afar</i> The UK pensions landscape is going through a period of significant change. What lessons can we learn from the US and Australia? What are the pitfalls to avoid? Nancy Heller, TIAA-CREF

- 12:00	Co-speaker tbc <i>Chaired by: Mark Hyde Harrison, Chairman, NAPF</i>
Plenary 13 12:00 - 12:45	Keynote address - The Wonders of Life The renowned physicist and popular scientist shares his view of Man's place in the Universe. Professor Brian Cox <i>Chaired by: Mark Hyde Harrison, Chairman, NAPF</i>
12:45 - 13:00	Closing comments Mark Hyde Harrison, Chairman, NAPF
13:00 - 14:00	Lunch in the exhibition hall and close of conference

WIRRAL COUNCIL

PENSIONS COMMITTEE

18 SEPTEMBER 2012

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

1.0 EXECUTIVE SUMMARY

- 1.1 This report informs the Committee that Merseyside Pension Fund has been shortlisted in the DB Communications (public) category at the Pension Scheme of the Year Awards 2012.
- 1.2 It also requests Members approve attendance by the Chair to represent the Fund at the ceremony.

2.0 BACKGROUND AND KEY ISSUES

- 2.1 The awards have been held for a number of years and are intended to celebrate the highest levels of achievement in local government pension funds. The Fund's submission highlighted the scope and variety of the Fund's communications with stakeholders and the recent decision by the LGE to ask the Fund to host the LGPS 2014 Reform website on behalf of itself and the Trades Unions.
- 2.2 The awards ceremony is to take place on 20 September at the Brewery in London.

3.0 RELEVANT RISKS

- 3.1 There are none arising from this report.

4.0 OTHER OPTIONS CONSIDERED

- 4.1 No other options have been considered.

5.0 CONSULTATION

- 5.1 There has been no consultation undertaken or proposed for this report. There are no implications for partner organisations arising from this report.

6.0 IMPLICATIONS FOR VOLUNTARY, COMMUNITY AND FAITH GROUPS

- 6.1 There are none arising from this report.

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

7.1 There was no charge for entering the awards competition or for attendance at the awards ceremony. The cost of travel to London and overnight accommodation can be met from within the existing budget provision.

8.0 LEGAL IMPLICATIONS

8.1 There are none arising from this report

9.0 EQUALITIES IMPLICATIONS

9.1 Has the potential impact of your proposal(s) been reviewed with regard to equality?

(b) No because there is no relevance to equality.

10.0 CARBON REDUCTION IMPLICATIONS

10.1 There are no carbon usage implications, nor any other relevant environmental issues arising from this report.

11.0 PLANNING AND COMMUNITY SAFETY IMPLICATIONS

11.1 There are none arising from this report.

12.0 RECOMMENDATION

12.1 That attendance at the awards ceremony be approved.

13.0 REASON FOR RECOMMENDATION

13.1 To ensure the Fund is represented at the awards ceremony.

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APPENDICES

None

REFERENCE MATERIAL

SUBJECT HISTORY (last 3 years)

Council Meeting	Date

By virtue of paragraph(s) 3 of Part 1 of Schedule 12A of the Local Government Act 1972.

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