

PENSIONS COMMITTEE

Tuesday, 23 March 2010

<u>Present:</u>	Councillor	AR McLachlan (Chair)	
	Councillors	G Watt W Duffey C Povall	H Smith F Doyle R Moon
	Deputies	A Bridson P Johnson A Jones	(for Cllr T Harney) (for Cllr Denis Knowles) (for Cllr G Davies)
	Councillors	R Oglethorpe, Liverpool City Council A Ibbs, Sefton Council J Brown, Non District Council Employer	

99 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 what they were.

Councillor Ibbs declared a personal interest in respect of agenda item 13 Admission Body Application -Taylor Shaw - St Wilfred's School and agenda item 14 Admission Body Application - Taylor Shaw – Meols Cop High School (see minutes 111 and 112 post), by virtue of being an elected member on Sefton Council. Councillor Ibbs also declared a personal interest in agenda item 17 Closure of Admission Body – Green Apprentices (see minute 115 post) by virtue of Sefton Council being one of the original founders of the Groundworks Trust.

100 MINUTES

The Director of Law, HR and Asset Management submitted the minutes of the meeting held 13 January 2010 for consideration.

Resolved – That the minutes be agreed.

101 LGPS REFORM UPDATE

The Director of Finance informed Members of developments following the introduction of the revised LGPS on 1 April 2008 by the Department for Communities and Local Government (DCLG).

He reported that the earliest non ill-health retirement age for those members who joined the Scheme prior to 1 October 2006 increases from age 50 to 55 with effect from 1 April 2010. Members who first joined the Scheme from 1 October 2006 have been subject to a minimum retirement age of 55 since they started.

The Director reported that this change will apply to staff under age 55 being made redundant or seeking voluntary or flexible retirement and to those seeking early payment of deferred benefits on compassionate grounds before age 55 where the award was made since 1 April 2008.

He reported that MPF had circulated details to employers setting out the important tax implications for individuals and potentially for employers of agreeing to release deferred benefits (other than on grounds of permanent ill health) from 6 April 2010 to Scheme members who have not attained age 55.

The Director reported that although the LGPS Regulations continue to permit deferred benefits to be paid to certain protected groups from age 50 (where they were awarded prior to 1 April 2008), new payment cases from 6 April 2010 will be treated as “unauthorised payments” under HMRC tax rules resulting in significant tax liability on the member and possibly on MPF which will be recoverable from the employer.

Resolved – That the report be noted.

102 **REVIEW OF UPDATED MYNERS PRINCIPLES & REVISED STATEMENT OF INVESTMENT PRINCIPLES (SIP)**

The Director of Finance submitted a report requesting approval of a revised Statement of Investment Principles (SIP) for Merseyside Pension Fund, stating compliance with the updated Myners Principles.

He reported that the the Pensions Committee had approved the previous edition of the SIP on 26 November 2007, in accordance with the LGPS Regulations and CIPFA guidance current at that time. This had required that the SIP stated compliance with the 10 Myners Principles, as outlined in the CIPFA Pensions Panel guidance document, *Principles for Investment Decision Making in the LGPS 2002*.

The Director of Finance had reported to Pensions Committee on 24 June 2008 that HM Treasury had consulted over a proposed update to the Myners Principles. The proposal had been to consolidate the previous ten into six high level principles that would provide pension fund trustees with an authoritative guide to best practice for investment decision-making and governance. The purpose of the update had been to promote wider pensions industry acceptance and ownership of the Principles by making them more flexible, and through the ‘comply or explain’ approach, to encourage the industry to develop a higher quality body of guidance for trustees.

He reported that the LGPS regulatory framework had incorporated the original ten Myners Principles since 2002, requiring funds to report their compliance as part of their SIP. The amended LGPS (Management & Investment of Funds) Regulations 2009 required adoption of the updated six Principles. A broad consensus had emerged from the consultation process that the LGPS would benefit from continuing to apply updated Myners Principles.

The Director of Finance submitted details of the updated Principles set against existing MPF policy documents and practice. He commented that in addition to the integration of the six principles (where not previously featured), the revised SIP contained a number of changes.

Resolved –

1. That the revision to the Myners Principles be noted.

2. That the publication of the revised Statement of Investment Principles be approved.

103 TENDERS FOR SERVICES

The Director of Finance submitted a report is to inform Members of the proposed timescales for four contracts, covering Property Estate Management, Global Custodian Services, Actuarial Services and the provision of Investment Advice.

Resolved – That the timescales for the procurement of contracts for Estate Management, Global Custody, Actuarial Services and Investment Advice be approved.

104 NATIONAL ASSOCIATION OF PENSION FUNDS CONFERENCE

The Director of Finance submitted a report advising members of the NAPF Local Authority Conference, to be held in Birmingham from 17 May to 19 May 2010.

Resolved – That a delegation attends this Conference and that those members who wish to attend submit their names to the Director of Finance as soon as possible.

105 CIPFA ANNUAL CONFERENCE HARROGATE

The Director of Finance submitted a report requesting Members to consider whether there should be representation at the CIPFA Annual Conference to be held in Harrogate from 8 June to 11 June 2010.

Resolved – That the Chair of the Pensions Committee be delegated to attend the CIPFA Conference.

106 JUNE TRAINING EVENT

The Director of Finance submitted a report that informed Members of a training event at the Cunard Building arranged for 29 June 2010.

Resolved – That Members attend the training day on 29 June 2010.

107 KNOWLEDGE AND SKILLS FRAMEWORK FOR THE LGPS

The Director of Finance submitted a report informing Members of the publication of a Knowledge and Skills Framework.

He reported that the policy and regulatory emphasis on the need for good governance arrangements in the LGPS, and the conduct of business likely to achieve this, was well established. A key component in delivering good governance was to ensure that the members of decision-making bodies, as well as those that advise and support them, were equipped with the necessary knowledge and skills to effectively perform this function.

The Director of Finance reported that the CIPFA Guide to the Application of the Myners Principles re-emphasised this point; the guidance for applying Principle 1: Effective decision-making recommends that skills and knowledge audits be conducted at regular intervals. Pensions Committee already approved an annual training programme that encompasses the scope of its work and the most relevant pensions issues, as well as providing tailored training opportunities to individual Committee Members.

He reported that, however, at present this is not accompanied by a formal update of training and development needs or a measure of progress made. CIPFA advised that it would represent good practice for the Committee to demonstrate that it is actively managing the development of its Members, and for a statement to this effect to be included in the Annual Report. This would enhance the accountability of the Committee, by virtue of being able to further demonstrate competency to its stakeholders.

The Director of Finance reported that in the absence of any detailed definition of what knowledge and skills were actually required to carry out particular roles, it was difficult to ascertain the effectiveness of the training provided. Likewise, it was difficult for a decision-making body to determine the adequacy of its internal resources, without recourse to a description of the right skill set for public sector pensions finance professionals. To address these difficulties CIPFA, through the CIPFA Pensions Panel has developed a technical knowledge and skills framework.

Resolved –

1. That the publication of the Knowledge & Skills Framework and its relevance in assisting members to perform their governance role be noted.

2. That the Framework be adopted.

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

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

109 **CUNARD BUILDING LIVERPOOL REFURBISHMENT**

The Director of Finance submitted a report that informed Members of the outcome of the recent tendering exercises in respect of external repairs and internal refurbishment works to the common areas of the Cunard Building. The tendering exercises were conducted by CB Richard Ellis (CBRE).

Resolved - That the lowest tenders for the refurbishment contracts at the Cunard Building, Liverpool be accepted for:

- **External Repairs**
- **Glass Partitions**
- **Asbestos Works**
- **Toilet Refurbishment**

110 PASSIVE MANAGEMENT

The Director of Finance submitted a report requesting that Members approve the deferment of the commencement of the procurement exercise for passive management until after the review of asset allocation following the triennial valuation and to extend the existing contract with Legal and General.

Resolved –

1. That the commencement of the procurement exercise for passive management be deferred until after the review of asset allocation following the triennial valuation.

2 That the existing Legal and General contract be extended on a rolling basis to 31 December 2011 with the expectation that new contracts will be in place before that date.

111 ADMISSION BODY APPLICATION - TAYLOR SHAW - ST WILFRID'S SCHOOL

The Director of Finance submitted a report informing Members of his decision taken under delegation, to approve the application received from Taylor Shaw a Transferee Admission Body for admission to Merseyside Pension Fund. The Company had taken over the catering services contract at St Wilfrid's School from 14 June 2008.

Resolved –

That the application for admission body status, received from Taylor Shaw be noted.

112 ADMISSION BODY APPLICATION - TAYLOR SHAW - MEOLS COP HIGH SCHOOL

The Director of Finance submitted a report informing Members of his decision taken under delegation, to approve the application received from Taylor Shaw for admission to Merseyside Pension Fund as a Transferee Admission Body. The company had secured the catering services contract at Meols Cop High School from 1 September 2009.

Resolved –

That the approval of the application for admitted body status received from Taylor Shaw be noted.

113 PRIVATE EQUITY INVESTMENT

The Director of Finance submitted a report requesting that Members approve a new programme for Private Equity investment for 2010. The report covered the background to the previous private equity plan, a cash flow analysis from Capital Dynamics, conclusions, and a new programme for 2010.

He reported that Members had approved a private equity programme for 2008-11 at the meeting of the Pensions Committee on 24 June 2008. The intention of this plan was to increase the allocation to private equity from 3% to 4% over a five year period. The plan made assumptions regarding the rate of return achieved by MPF overall and the rate of investment and performance by private equity based on long term averages with exchange rates being stable. The Pensions Committee had agreed to receive reports on private equity commitments on an annual basis.

Resolved -

- 1. That the private equity programme for 2010 be approved.**
- 2. That an annual programme for private equity which will be in line with a long term strategy consistent with that reported previously be submitted to the Pensions Committee.**

114 CLOSURE OF ADMISSION BODY - THE PEOPLE'S CENTRE

The Director of Finance submitted a report that informed Members that the employment of the last contributing active member of The People's Centre, a Community Admission Body, had been terminated on 30 November 2009 resulting in the simultaneous closure of the admission agreement.

Resolved –

- 1. That the report be noted.**
- 2. That the Director of Finance submits further information to the Pensions Committee confirming progress in achieving recovery of the amount owed to the Fund by the People's Centre as soon as possible.**

115 CLOSURE OF ADMISSION BODY - GREEN APPRENTICES

The Director of Finance submitted a report that informed the Pension Committee that the employment of the one and only contributing active member of Green Apprentices, a Community Admission Body, had been terminated on 31 May 2009 resulting in the closure of the admission agreement.

Resolved –

- 1. That the report be noted.**
- 2. That the Director of Finance submits further information to the Pensions Committee to confirm progress in achieving recovery of the amount owed to the Fund by Green Apprentices as soon as it is available.**

116 NON - RECOVERY OF OVERPAYMENT OF DEATH GRANT AND PENSIONS

The Director of Finance submitted a report that outlined details of an overpayment arising from the death of a pensioner, and the subsequent attempts that had been made to recover the sum of £13,133.75 from the Executors of the Estate. He recommended that in accordance with a recommendation of the Director of Law that the overpayment of £13,133.75 be written off.

Resolved – That the recommendation of the Director of Law that the sum of £13,133.75 be written off as recovery was impracticable be confirmed.

117 **MINUTES OF INVESTMENT MONITORING WORKING PARTY 24 FEBRUARY 2010**

The Director of Finance submitted the minutes of the Investment Monitoring Working Party which had been held on 24 February 2010.

Resolved – That the minutes of the Investment Monitoring Working Party be agreed.

118 **VOTE OF THANKS**

The Chair reported that this was the final meeting of the municipal year and thanked all members and officers for their support and hard work throughout the year. The Chair further offered her best wishes to those Members seeking re-election in the forthcoming elections, to Jayne Brown who had served on the Committee for 4 years and would not be seeking re-election in May and also to the Trades Union for its commitment to the Pensions Committee.