

PENSIONS COMMITTEE

Wednesday, 13 January 2010

<u>Present:</u>	Councillor	AR McLachlan (Chair)	
	Councillors	G Watt T Harney W Duffey C Povall D Knowles	G Davies H Smith F Doyle R Moon
	Councillors	N Keats, Knowsley Council A Ibbs, Sefton Council	
	UNISON	Phil Goodwin	
<u>Apologies</u>	Councillors	R Oglethorpe G Pearl	J Brown

78 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 Keats declared a prejudicial interest in respect of minute 94 Transfer Body Application – Research Machines by virtue of being an elected member on Knowsley Council.

79 MINUTES

The Director of Law, HR and Asset Management submitted the minutes of the meeting held 17 November 2009 for consideration.

Resolved – That the minutes be agreed.

80 MERSEYSIDE PENSION FUND - AUDIT OPINION PLAN 2009-2010

The Director of Finance submitted a report commenting on the Audit Commission Audit Opinion Plan for the financial year 2009-2010.

He reported that the Opinion Plan had been produced to give Members an early indication of the scope, range, purpose, process, timescales and planned outputs for the audit and opinion on the closure of accounts for the current financial year.

The Director reported that whilst following certain standard approaches, the Plan reflected the outcome of detailed discussions with the MPF.

He reported that the MPF was obliged to advise the Auditor of any additional risks arising, or expected to arise during the year of audit.

The Director reported that the Auditor had agreed other amendments to the draft report, which now indicated the levels of materiality and triviality, and also recognised that there may be various adjustments required to the initial draft accounts during the course of the audit to reflect further information not previously available.

Resolved – That the Audit Opinion Plan for the financial year 2009-2010 be noted.

81 2009-2010 AUDIT OPINION PLAN - 13 JANUARY 2010

The District Auditor gave a detailed presentation on the 2009 – 2010 Audit Opinion Plan including the risk assessment and audit fees.

Resolved – That the District Auditor be thanked for her report.

82 PENSION FUND BUDGET 2010 - 2011

The Director of Finance submitted a report outlining the proposed Pension Fund budget incorporating the administration and investment costs for 2010 - 2011, and also showed a revised budget for 2009-10.

He reported that final guidance from the Department for Communities and Local Government was still awaited regarding the content of Pension Fund Annual Reports.

The Director reported that this may contain elements which related to the content of annual budgets, particularly with regard to the payment of benefits, transfer values and contributions.

He reported that such elements had never previously featured in Pension Fund budgets. Their main impact would affect individual employers as part of the Triennial Valuation, which sets contribution rates for each employer.

The Director reported that in the absence of this guidance the budget for 2010 – 2011 was being set, as previously, to reflect the administrative and investment management costs of the Pension Fund, and excluded benefits, transfer values and contributions.

Resolved – That the estimates for 2010-2011 be approved.

83 LGPS REFORM UPDATE

The Director of Finance submitted a report updating Pensions Committee on developments following the introduction of the revised LGPS on 1 April 2008 by the Department for Communities and Local Government (DCLG).

Resolved – That the report be noted.

84 TREASURY MANAGEMENT POLICY AND STRATEGY 2010/11

The Director of Finance submitted a report requesting approval of the treasury management policy statement and the treasury management annual plan and strategy for Merseyside Pension Fund for the financial year 2010 - 2011.

He reported that at its meeting held 29 January 2003 Pensions Committee approved a treasury management policy statement, which set out a framework for treasury management operations.

The Director reported that the policy statement required that the Pensions Committee approves an annual plan and strategy. The plan and strategy were last approved by Pensions Committee at its meeting held 14 January 2009.

He reported that the treasury management policy statement was also due for review and that in November 2009 CIPFA had published a fully revised code of practice for treasury management in the public services following the report "Risk and Return" from the Audit Commission.

Resolved

1. That the policy statement and annual plan and strategy for the treasury management function for 2010 - 2011 be approved.

2. That for the avoidance of doubt, it be confirmed authorised signatories have delegated powers to open and close bank and deposit accounts.

85 THE LOCAL GOVERNMENT PENSION SCHEME (MANAGEMENT AND INVESTMENT OF FUNDS) REGULATIONS 2009

The Director of Finance submitted a report informing Pensions Committee of the Regulations replacing the Local Government Pension Scheme (Management and Investment of Funds) Regulations 1998.

He reported that the Regulations were primarily a consolidation of the LGPS Regulations 1998 with the numerous instruments which had amended them.

The Director reported that a decision had also been taken to update the 1998 Regulations and to make a small number of more substantive changes.

Resolved – That the new Investment Regulations be noted.

86 DRAFT LGPS (MISCELLANEOUS) REGULATIONS 2010

The Director of Finance submitted a report informing Members of draft proposals for further amendments to the Local Government Pension Scheme (LGPS) Regulations.

He requested Pensions Committee to agree that a response be prepared and submitted to CLG on any technical issues that are identified with the amendments proposed.

Resolved –

That this Pensions Committee agrees that a response be submitted on any technical issues identified with the amendments proposed.

87 TRUSTEE TRAINING FUNDAMENTALS REFRESHER COURSE

The Director of Finance submitted a report regarding a fundamentals course which was run on an annual basis by Local Government Employers (LGE) and provided an insight into Local Government Pension Scheme (LGPS) "trusteeship" for newly Elected Committee Members.

He reported that LGE was now offering a one day refresher course for those Members who attended the three day course between 2002 and 2007.

Resolved – That those members who wished to attend submit their names to the Director of Finance as soon as possible.

88 MEMBERS' TRAINING 2010

The Director of Finance submitted a report and a supporting appendix outlining the anticipated Member training programme for 2010

He reported that it comprised a series of internal and external training events throughout the year. Separate papers to authorize attendance at those events, would be submitted to Pensions Committee on an event by event basis.

The Director reported that as a supplement to its recently published guidance on applying the updated Myners Principles, CIPFA Pensions Panel intended to publish a knowledge and skills framework for officers and elected Members serving in the LGPS. This would enable MPF to conduct a self-assessment exercise within the framework.

He requested members of the Pensions Committee to indicate their willingness to participate in such an exercise, and to note that the outcome could lead to revisions being made to the training programme.

Resolved -

1. That the training programme for 2010 be approved.

2. That it be noted that the programme may be subject to revision, following the publication of the CIPFA knowledge and skills framework for the LGPS.

89 INVESTMENT SEMINAR - PRESENTATION BY ROBERT WESTCOTT

The Director of Finance submitted a report informing Pensions Committee of a seminar to be hosted at the Cunard Building on 26 January 2010 to which all members were invited.

He reported that for the past three years Pioneer Investments had hosted a presentation by Robert Westcott at the Cunard Building as part of their Colloquia

Exchange Series. MPF has assisted Pioneer with setting up this event which had been attended by Members and officers from LGPS Funds in the Northwest.

Resolved - That Members attend the Seminar.

90 SEMINAR - FUTURE OF GOVERNANCE IN PUBLIC SECTOR PENSIONS

The Director of Finance submitted a report advising Members of a seminar on the Future of Governance in Public Sector Pensions offered by CIPFA to be held in London on 27 January 2010.

Resolved – That those members who wish to attend submit their names to the Director of Finance as soon as possible.

91 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.

92 REVIEW OF SCHEME ADDITIONAL VOLUNTARY CONTRIBUTIONS (AVC) ARRANGEMENTS - CHOICE OF FUNDS TO BE OFFERED

The Director of Finance submitted a replacement report outlining modified proposed changes to the arrangements for the provision of Scheme Additional Voluntary Contributions (AVCs)

Resolved –

That this Pensions Committee accepts and implements the changes proposed by HSBC in its report dated November 2009 to the Scheme AVC arrangements in respect of the following matters:-

a. The introduction of bespoke Lifestyle options for new AVC applications with a range of cautious, balanced and adventurous investment choice alternatives (as set out in appendices I to III of the HSBC report) to replace the existing Lifestyle options offered by both Companies.

b. Members with existing Lifestyle accounts would have the option of switching at their own choice to the new arrangements subject to any charges incurred.

c. The introduction of default investment choices with both Prudential and Standard Life, utilising the balanced bespoke Lifestyle options for new cases that arise where members fail to make a positive choice of investment fund.

d. To vary the ranges of individual investment choice available to members by the addition of seven Prudential funds and the removal of ten Standard Life funds.

93 **TRANSFEREE ADMISSION BODY APPLICATION - RESEARCH MACHINES**

The Director of Finance submitted a report informing Pensions Committee of his decision taken under delegated authority, to approve an application received from Research Machines, for admission to Merseyside Pension Fund.

He reported that Research Machines had taken over the provision of ICT facilities and services at Knowsley schools from 22 June 2009.

Councillor N Keats declared a prejudicial interest in this matter by virtue of being an elected member on Knowsley Council.

Resolved –

That the approval of the application from Research Machines for admission to the Fund be noted.

94 **APPOINTMENT OF INDEPENDENT PROPERTY VALUER**

The Director of Finance submitted a report recommending the appointment of Colliers CRE for a four year mandate as Independent Property Valuer following a comprehensive tendering exercise.

Resolved - That the appointment of Colliers CRE as the Independent Property Valuer for a period of four years from 1 February 2010 with an option to extend for a further two years be approved.

95 **INDEPENDENT ADVISERS**

The Director of Finance submitted a report informing Members of the outcome of a procurement exercise in respect of the provision of independent investment advice to the Pension Fund.

Resolved - That Mr Noel Mills be appointed as an independent investment adviser to the Pension Fund.

96 **CROMWELL HOUSE, HOOK, HAMPSHIRE - REFURBISHMENT WORKS**

The Director of Finance submitted a report informing Pensions Committee of the outcome of a recent tendering exercise in respect of refurbishment works at Cromwell House, Hook, Hampshire a property owned by MPF as part of its direct property investment portfolio.

He reported that the tendering exercise had been conducted on behalf of MPF by CB Richard Ellis (CBRE).

Resolved - That the lowest tender for refurbishment works at Cromwell House, Hook, Hampshire in the sum now reported be approved.

97 WRITE OFF OF PROPERTY RENTAL ARREARS

The Director of Finance submitted a report requesting approval by Pensions Committee to write off un-collectable rental arrears in the sum now reported from tenants located in MPF properties.

Resolved - That the write-off of the un-collectable property rental income in the sum now reported be approved.

98 MINUTES OF THE INVESTMENT MONITORING WORKING PARTY MEETING HELD 24 NOVEMBER 2009

The Director of Finance submitted the minutes of the Investment Monitoring Working Party held 24 November 2009.

Resolved – That the minutes be agreed.