

WIRRAL COUNCIL

PENSIONS COMMITTEE

29 MARCH 2011

SUBJECT:	GOVERNANCE AND RISK WORKING PARTY
WARD/S AFFECTED:	ALL
REPORT OF:	DIRECTOR OF FINANCE
RESPONSIBLE PORTFOLIO HOLDER:	COUNCILLOR GEOFFREY WATT
KEY DECISION?	NO

1.0 EXECUTIVE SUMMARY

- 1.1 This report provides Members with the minutes of the Governance and Risk Working party held on 26 January 2011

2.0 RECOMMENDATIONS

- 2.1 That Members agree the minutes.
- 2.2. That the next meeting of the Governance and Risk Working party be arranged for 14 July 2011.

3.0 REASON/S FOR RECOMMENDATION

- 3.1 Minutes of the Governance and Risk Working Party are reported to Pensions Committee to ensure appropriate reporting and scrutiny of issues addressed by the Working Party.

4.0 BACKGROUND AND KEY ISSUES

- 4.1 The inaugural meeting of the Governance and Risk Working Party was held on 26 January 2011.

5.0 RELEVANT RISKS

- 5.1 None

6.0 OTHER OPTIONS CONSIDERED

- 6.1 None

7.0 CONSULTATION

- 7.1 Members were consulted on the role and frequency of meetings of the working party.

8.0 IMPLICATIONS FOR VOLUNTARY, COMMUNITY AND FAITH GROUPS

8.1 None

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

9.1 None

10.0 LEGAL IMPLICATIONS

10.1 None

11.0 EQUALITIES IMPLICATIONS

11.1 None

11.2 Equality Impact Assessment (EIA)

(a) Is an EIA required? No

(b) If 'yes', has one been completed?

12.0 CARBON REDUCTION IMPLICATIONS

12.1 None

13.0 PLANNING AND COMMUNITY SAFETY IMPLICATIONS

13.1 None

FNCE/54/11

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APPENDICES

Minutes attached.

REFERENCE MATERIAL

SUBJECT HISTORY (last 3 years)

Council Meeting	Date
Pensions Committee	28 June 2010

Minutes of the Meeting of the Governance and Risk Working Party

Wednesday 26 January 2011

In attendance:

(Acting Chair)	
Councillor Geoffrey C.J. Watt (WBC)	Peter Mawdsley (Deputy Head of MPF)
Councillor Anne Ibbs (Sefton)	Gerard Moore (Financial Controller)
Councillor Ann McLachlan (WBC)	Donna Smith (Fund Accountant)
Councillor Cherry Povall (WBC)	Margaret Rourke (Member Services Manager)
Councillor Dennis Knowles (WBC)	Yvonne Caddock (Member Services Manager)
Councillor Tom Harney (WBC)	Kevin Greenough (Benefits Manager)
Peter Wallach (Head of MPF)	Phil Goodwin (Unison)
Ian Coleman (Director of Finance)	Emma Jones (PA to Head of MPF)
David Taylor-Smith (Deputy Director of Finance)	

Apologies were received from:

Councillor Bill Anderton (St. Helens)	Guy Hayton (Operations Manager)
Councillor Peter Johnson (WBC)	Leyland Otter (Senior Investment Manager)
Councillor H Smith (WBC)	David Walsh (Unite)
Councillor A Jones (WBC)	

Approval of Minutes (*Agenda point for forthcoming meetings*).

PJW advised the G&RWP that in future, rather than electronic copies, paper copies of the pack will be sent out to members in advance of forthcoming meetings.

1. Divisional Plan

PJW reported that the Divisional Plan is still in draft form and is awaiting the official Wirral Corporate Planning template before the final version is submitted. It has two principal activities:-

- a) Investment Management
- b) Pensions Administration

The Plan explains how the Division's activities and projects will be delivered. It presents the framework for monitoring, reviewing and reporting performance throughout the year and the key risks and constraints

Full details are contained within the G&RWP papers.

Action Points

None

2. CIPFA Benchmarking Report

PGM reported on the findings of the latest benchmarking study of costs of providing of pensions administration by local authority funds undertaken by CIPFA during 2010, including the benefits, membership and pension's payroll functions of the LGPS. It excludes investment activities and Fire Authority Pensions work.

Full details are contained within the G&RWP papers.

Action Points

- a) To examine ways of providing further information for benchmarking including take up of scheme AVCs, look at qualifications held by MPF staff, to look at length of service of MPF staff compared to other Funds.
- b) To examine ways to collate the net performance of funds' investment costs in future surveys.

3. Audit Plan

GFM reported on the Audit Plan in order to discuss how the fund was addressing significant risks identified by Audit Commission. GFM set out his proposed response to these risks. He will continue to review these risks as the audit progresses.

Full details are contained within the G&RWP papers.

Action Points

None

4. Employers Unfunded Pension Liabilities

PGM confirmed the current arrangements in place to monitor levels of unfunded liability and the procedures in place in order to reduce the risk of financial losses resulting in the failure of an employer to meet its financial obligations to the Fund.

PGM informed the panel that the Fund is seeking to be flexible whilst at the same time providing security. To do this it is best to maintain the existing policy of prioritising the need for a bond but if this is not possible to look at the alternatives including charges on property or other assets, parent company guarantees or escrow type cash deposit arrangements.

Full details are contained within the G&RWP papers including a note from Mercer the Fund Actuary on Alternatives to Bonds.

Action Points

None

5. Knowledge & Skills Framework

PJW presented his report which set out CIPFA recommendations and sought Members' views on the training plan and implementation of the Knowledge & Skills Framework. The Fund's training programme includes attendance at Committee and Working Parties as well as the training plan brought to Pensions Committee annually and the induction pack produced for new members of the Committee. The paper sets out the six areas of knowledge recommended by CIPFA.

PJW advised that a schedule of training events would be published in the Fund's annual report as part of compliance with the Framework.

Full details are contained within the G&RWP papers.

Action Points

- a) A training needs analysis is to be issued to assist members in identifying further training needs,
- b) Explore the appropriateness of online training tools that could be offered to members.

6. Internal Dispute Resolution Procedure

PGM reported the details of the way the Fund meets its obligation under the LGPS regulations in terms of dealing with disputes. Suitable persons are appointed to deal with the applications at both stage 1 and stage 2 and there are rules which the Fund employs in order to make certain decision in relations to complaints. There are also certain responsibilities which an Authority has to meet and these are all set out in the regulations.

Full details are contained within the G&RWP papers.

Action Points

None.

7. Risk Register

PJW went through the Fund's register of its principal risks and the controls and measures put in place to mitigate and manage them. It was brought to Pensions Committee a year ago and is a framework to assess the Fund's risks at a gross level, and a net level once controls have been put in place.

Full details are contained within the G&RWP pack.

Action Points

None.

8. Any Other business

None.

9. Programme of G&RWP meetings 2011.

It was concluded that there should be another G&RWP in approximately six months and meetings to take place on a bi-annual basis.

Action Points

Dates of forthcoming meetings to be issued.

Date of Next Meeting

To be determined.