

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.