

PENSIONS COMMITTEE

Wednesday, 14 January 2009

<u>Present:</u>	Councillor	AR McLachlan (Chair)	
	Councillors	G Davies F Doyle W Duffey T Harney	R Moon L Rowlands H Smith G Watt
	Councillors	A Ibbs, Sefton Council N Keats, Knowsley Council R Oglethorpe, Liverpool City Council	
<u>In attendance:</u>		Phil Goodwin (UNISON)	
<u>Apologies</u>	Councillors	J Brown Councillor D Kirwan	Councillor G Pearl (St Helens Council)

64 MINUTES

The Director of Law, HR and Asset Management submitted the minutes of the meeting held 17 November 2008.

Resolved – That the minutes be received.

65 DECLARATIONS OF INTEREST

Members were asked to consider whether they had any personal or prejudicial interests in connection with any item on the agenda and if so to declare them and state the nature of the interest.

No declarations were made.

66 FUTURE COST SHARING IN THE LGPS

The Director of Finance submitted a report informing Members of the statutory consultation exercise being undertaken by the Department for Communities and Local Government (DCLG) on draft proposals to amend the LGPS from 1 April 2009 to set up the framework for future cost sharing.

He requested Pensions Committee to agree that a response be submitted expressing concern about the practicality of the proposed timetable.

Resolved - That this committee agrees that a response to the consultation on future cost sharing in the LGPS be submitted expressing concern about the practicality of the proposed timetable.

67 **LGPS REFORM UPDATE**

The Director of Finance submitted a report on progress with Scheme reform including new draft LGPS (Miscellaneous) Regulations and the LGPS (Administration) (Amendment) Regulations 2008.

Resolved - That this Committee notes the report and agrees that a technical response be submitted to the DCLG consultation on the draft Miscellaneous Regulations.

68 **MANAGEMENT OF FIXED INCOME**

The Director of Finance submitted a report requesting approval to the commencement of a procurement exercise to appoint investment managers for active fixed income using Hymans Robertson as consultants.

Resolved - That the commencement of the procurement exercise to select investment managers for active fixed income be approved.

69 **CONTRACTS FOR PROPERTY SERVICES**

The Director of Finance submitted a report updating Members on three contracts for property services in respect of property investments.

He requested the committee to agree to an extension for the Property Valuation contract.

Resolved –

1. That a one year extension to the Property Valuation contract, to cover the valuations due in March and September 2009 be agreed.

2. That the take up of the additional two year option to 31 January 2011 of the Estate Management contract be noted.

70 **TREASURY MANAGEMENT POLICY AND STRATEGY 2009/10**

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 2009/10.

Resolved - That the policy statement, and annual plan and strategy for the treasury management function for 2009/2010 be approved.

71 **GOVERNANCE COMPLIANCE STATEMENT**

The Director of Finance submitted a report providing details of the Statutory Guidance issued on Governance Compliance Statements by the Department for Communities and Local Government (DCLG) on 3 December 2008 and the results of consultation undertaken with Employee Representatives regarding their role in relation to pensioners and deferred pensioners.

Resolved – That the report be noted.

72 **ANNUAL GOVERNANCE REPORT ACTION PLAN**

The Director of Finance submitted a report informing Members of the agreed Action Plan following the issuing of the Annual Governance Report by the Audit Commission in September 2008.

Resolved – That the Action Plan be noted.

73 **RECLAMATION OF EUROPEAN WITHHOLDING TAX**

The Director of Finance submitted a report informing Pensions Committee of the engagement of KPMG to assist in the recovery of withholding taxes (WHT) suffered on EU sourced dividend income received in recent years, and non-recoverable under existing Double Tax Agreements. The claims had been lodged with the tax authorities in EU Member States where such withholding taxes have been levied. He reported that the weight of past EU case law and current actions being taken by pension funds and the EU Commission across Europe provided support for the claims.

The Director requested Pensions Committee to note the exception to the procurement procedure

Resolved - That the decision to engage KPMG to undertake the reclamation of European WHT be noted.

74 **ILL HEALTH RETIREMENT REGULATIONS**

The Director of Finance submitted a report informing the Pensions Committee of the circulation by the Department for Communities and Local Government (DCLG) of the promised Statutory Guidance on the new ill health retirement arrangements introduced on 1 April 2008.

Resolved – That the report be noted.

75 **MEMBERS TRAINING 2009**

The Director submitted a report informing Pensions Committee that as a consequence of Myners' recommendations, there was an increasing focus from the

Department for Communities and Local Government (DCLG) on the expertise of trustees and the need for training on an ongoing basis.

He reported that the Pension Fund arranged internal and external training events throughout the year with separate reports being submitted to Pensions Committee authorising attendance at those events.

The Director reported upon the anticipated training programme as outlined in Appendix 1 to his report. As the Pension Fund became aware of other appropriate events, Members would be advised at the time.

He reported that Officers were also looking to provide Members with bespoke training opportunities, principally provided by the Local Government Employers (LGE), once the governance and induction arrangements had been formalised.

Resolved – That the training programme be agreed.

76 **PENSION FUND BUDGET 2009 - 2010**

The Director of Finance submitted a report and appendix outlining the proposed Pension Fund Budget incorporating the administration and investment costs for 2009-10, and also the revised budget for 2008-09.

Resolved – That the estimates for 2009-10 be approved

77 **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.

78 **ARRIVA BUS COMPANY BOND REQUIREMENT**

The Director of Finance submitted a report informing Members of a request received from the bus company Arriva which was an admission body for a variation in the mortality assumptions to be used by the Fund Actuary in the determination of its bond/indemnity requirement.

Resolved -

1. That the request from Arriva that for the purposes of determining a bond or indemnity requirement on termination basis in respect of the unfunded pensions liability for the Company, and that the alternate bespoke mortality assumptions proposed by them for bus companies be used by the Fund Actuary be approved

2. That it be noted that the Fund Actuary had agreed that having regard to all the circumstances such a decision would be reasonable subject to the provisos outlined

79 **WRITE OFF OF PROPERTY ARREARS**

Resolved - That the write-off of uncollectable property income amounting to £102,754.41 be approved.

80 **CUNARD BUILDING BOILER REPLACEMENT**

The Director of Finance submitted a report informing Pensions Committee of the outcome of the recent tendering exercise in respect of replacing the boilers and control equipment in the Cunard Building owned by MPF as part of the direct property investment portfolio. The tendering exercise had been conducted on behalf of MPF by CB Richard Ellis (CBRE).

Resolved - That the acceptance under delegation of the lowest tender in the sum of £131,912 plus £13,000 contingency plus VAT for the replacement of the boiler and control equipment at the Cunard Building be noted.

81 **ADMISSION BODY APPLICATION - BALFOUR BEATTY WORKPLACE**

The Director of Finance submitted a report informing Members of a decision taken under delegation, to approve the application received from Balfour Beatty Workplace (BBW), for admission to Merseyside Pension Fund.

He reported that the Company would be undertaking the hard facilities management of Knowsley Council schools from 1 January 2009.

Resolved - That the approval of the application for admission body status, received from Balfour Beatty Workplace be noted.

82 **INDEPENDENT ADVISERS - EXTENSION TO CONTRACTS**

The Director of Finance submitted a report seeking approval to extend by 12 months, contracts with the independent advisers and to increase their remuneration to £15,000 p.a.

He reported that he would be undertaking a procurement exercise with a view to appointing independent adviser(s) for a five year term commencing February 2010.

Resolved

1. That the extension of advisers' contracts for a further 12 months and an increase in remuneration to £15,000 p.a. be agreed.

2. That a further report on the procurement exercise in respect of independent adviser(s) be submitted to a future meeting of the Pensions Committee.

83 **MINUTES OF INVESTMENT MONITORING WORKING PARTY HELD 26 NOVEMBER 2008**

The Director of Finance submitted the minutes of the Investment Monitoring Working Party meeting held 26 November 2008.

Resolved – That the minutes be agreed.

84 **PENSIONS ADMINISTRATION IT SYSTEM**

The Director of Finance submitted a report updating Pensions Committee on the procurement of a pension administration and integrated pensioner payroll IT system.

Resolved - That tender details now reported for the provision of a pensions administration and pensioner payroll solution for a period of five years from 1 January 2010 be accepted.

85 **ANY OTHER URGENT BUSINESS APPROVED BY THE CHAIR**