



Pensions Committee

Date:	Wednesday, 14 January 2009
Time:	6.00 pm
Venue:	Committee Room 1 - WTH

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AGENDA

PENSIONS COMMITTEE BRIEFING

PLEASE NOTE THAT THERE WILL BE A BRIEFING BEFORE PENSIONS COMMITTEE IN COMMITTEE ROOM 1 AT 4.30PM.

LIGHT REFRESHMENTS WILL BE AVAILABLE DURING THE BRIEFING.

1. MINUTES (Pages 1 - 4)

To receive the minutes of the meeting held 17 November 2008.

2. DECLARATIONS OF INTEREST

Members are asked to consider whether they have personal or prejudicial interests in connection with any item(s) on this agenda and, if so, to declare them and state what they are.

3. LGPS REFORM UPDATE (Pages 5 - 16)

4. FUTURE COST SHARING IN THE LGPS (Pages 17 - 24)

5. MANAGEMENT OF FIXED INCOME (Pages 25 - 28)

6. CONTRACTS FOR PROPERTY SERVICES (Pages 29 - 32)

7. **TREASURY MANAGEMENT POLICY AND STRATEGY 2009/10 (Pages 33 - 48)**
8. **GOVERNANCE COMPLIANCE STATEMENT (Pages 49 - 76)**
9. **ANNUAL GOVERNANCE REPORT ACTION PLAN (Pages 77 - 80)**
10. **RECLAMATION OF EUROPEAN WITHHOLDING TAX (Pages 81 - 86)**
11. **ILL HEALTH RETIREMENT REGULATIONS (Pages 87 - 122)**
12. **MEMBERS TRAINING 2009 (Pages 123 - 126)**
13. **EXEMPT INFORMATION - EXCLUSION OF MEMBERS OF THE PUBLIC**

The public may 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.

14. **INDEPENDENT ADVISERS - EXTENSION TO CONTRACTS (Pages 127 - 128)**
15. **WRITE OFF OF PROPERTY ARREARS (Pages 129 - 134)**
16. **ARRIVA BUS COMPANY BOND REQUIREMENT (Pages 135 - 140)**
17. **ADMISSION BODY APPLICATION - BALFOUR BEATTY WORKPLACE (Pages 141 - 144)**
18. **CUNARD BUILDING BOILER REPLACEMENT (Pages 145 - 148)**
19. **MINUTES OF INVESTMENT MONITORING WORKING PARTY HELD 26 NOVEMBER 2008 (Pages 149 - 156)**
20. **ANY OTHER URGENT BUSINESS APPROVED BY THE CHAIR**

PENSIONS COMMITTEE

Monday, 17 November 2008

Present:

Councillor AR McLachlan (Chair)

Councillors	G Davies	R Moon
	F Doyle	L Rowlands
	W Duffey	H Smith
	T Harney	G Watt
	D Kirwan	

Co-opted Members	J Brown, Non District Council Employer Sefton Council Council Council Council	A Ibbs, Knowsley R Oglethorpe, Liverpool City G Pearl, St Helens Council
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In Attendance	Phil Goodwin David Walsh
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52 MINUTES

The Director of Law, HR and Asset Management submitted the minutes of the meeting held 29 September 2008 which had been received by Council.

Resolved – That the minutes be received.

53 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.

54 EMPLOYER REPRESENTATION ON PENSIONS COMMITTEE

The Director of Finance submitted a report informing Members of the result of the exercise carried out to seek nominations for a deputy to the non district council representative on the Pensions Committee.

He reported that Members considered a request for an increase to the representation of the non district council employers on the Pensions Committee at the meeting held on 29 September 2008 but rejected the proposal that an additional representative should be appointed and instead agreed that a deputy be appointed for the non district council employers representative to attend meetings when Jayne Brown was

unable to do so (Minute 37 refers)..

The Director informed members that he had written to the 111 non district council employers including educational institutions, voluntary organisations, private contractors undertaking best value contracts for local authorities, housing organisations and a number of other commercial organisations, to seek nominations for the role.

He reported that up to the date of this meeting no such nominations had been received by the specified closing date of 27 October 2008. Therefore a ballot will not now take place and no deputy will be appointed at this time.

Resolved – That the report be noted.

55 **LGPS REFORM UPDATE**

The Director of Finance submitted a report informing Members of progress with the production of regulations by the Department for Communities and Local Government (DCLG) in connection with the introduction of the revised LGPS from 1 April 2008.

Resolved – That the report be noted.

56 **APPOINTMENT OF CONSULTANTS FOR SELECTION OF INVESTMENT MANAGERS**

The Director of Finance submitted a report requesting that Members approve a procurement exercise to maintain a framework list of transition managers for the purpose of moving assets between investment managers in a cost effective manner following changes in investment strategy.

Resolved - That the procurement process for the selection of a retained list of transition managers be approved.

57 **LGC PENSION FUND INVESTMENT CONFERENCE**

The Director of Finance submitted a report requesting the Committee to consider if it wished to be represented at the Pension Fund Investment Conference organised by Local Government Chronicle to be held in Chester on 26-27 February 2009, and if so, to determine the number and allocation of places.

Resolved – That the Chair, Vice-Chair and one member from each political party attend the conference plus one co-opted member.

58 **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.

59 **CUNARD BUILDING, LIVERPOOL**

The Director of Finance submitted a report informing Members of the outcome of the recent tendering exercise in respect of the reinstatement, repair and redecoration work to the Cunard Building which is 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 now reported for the reinstatement, repair and redecoration work at the Cunard Building, Liverpool be noted.

60 **REVIEW OF POTENTIAL UNFUNDED LIABILITIES FOR ADMISSION BODIES**

The Director of Finance submitted a report informing Members of the details of the annual review of potential unfunded liabilities for admission bodies, undertaken by the Actuary Mercer, following an actuarial review of the Fund as at 31 March 2008.

Members were recommended to confirm that having regard to the current difficult financial circumstances that bond requirements are not increased based on the latest figures provided by the Actuary but instead are retained at the 2007 levels for the remainder of this financial year.

Resolved -

1. That having regard to the current difficult financial circumstances bond requirements be not increased based on the latest figures provided by the Actuary but instead be retained at the 2007 levels for the remainder of this financial year.

2. That action be taken to ensure that any bodies that have not already done so provide the increased level of bond recommended at March 2007 and that a further review be undertaken at March 2009.

3. That the potential liabilities of admission bodies continue to be monitored on a regular basis.

61 **MINUTES OF INVESTMENT WORKING PARTY MEETING HELD ON 22 OCTOBER 2008**

The Director of Finance submitted the minutes of the Investment Monitoring Working Party held on 22 October 2008.

Resolved – That the minutes be agreed.

62 **MANAGEMENT OF UK EQUITIES**

The Director of Finance submitted a report requesting that Members agree, subject to appropriate due diligence, four investment mandates for UK equities.

Resolved - That subject to appropriate due diligence, the appointment of the four investment mandates for UK equities now submitted be agreed.

63 **MANAGEMENT OF EUROPEAN EQUITIES**

The Director of Finance submitted a report requesting that Pensions Committee approve, subject to appropriate due diligence, the appointment of Unigestion to a mandate to manage European Equities.

Resolved - That this committee approves, subject to appropriate due diligence, the appointment of the investment mandate for European equities now submitted.

WIRRAL COUNCIL

PENSIONS COMMITTEE

14 JANUARY 2009

REPORT OF THE DIRECTOR OF FINANCE

LGPS REFORM UPDATE

1. EXECUTIVE SUMMARY

- 1.1. This report informs Members of progress with the production of regulations and other guidance by the Department for Communities and Local Government (DCLG) in connection with the introduction of the revised LGPS from 1 April 2008.
- 1.2 Members are requested to agree that a technical response be submitted on the Draft Miscellaneous Regulations.

2. BACKGROUND

- 2.1 The Pensions Committee last considered progress in implementing the new regulations as part of the reform of the LGPS, on 17 November 2008 (Minute 55 refers).
- 2.2 The DCLG circulated a set of draft LGPS (Miscellaneous) Regulations 2009, on 28 November 2008 (Appendix 1 attached).

These Miscellaneous Regulations will amend four sets of Regulations, which currently provide the overall regulatory framework for the LGPS in England and Wales, as follows:

- one regulation amends the 1997 Regulations
- seven regulations amend the Benefits Regulations
- one regulation amends the Transitional Regulations
- ten regulations amend the Administration Regulations

There are a further five regulations which update the Local Government (Early Termination of Employment) (Discretionary Compensation) (England and Wales) Regulations 2006, bringing them up to date by replacing references to the 1997 Regulations with references to the Benefits Regulations or the Administration Regulations as appropriate

- 2.3 The amendments are necessary to make some corrections and cross-references, to clarify detailed aspects of the extant provisions, to restore minor omitted aspects of the 1997 Scheme, to provide clearer definitions, to revise the Scheme consequent to taxation changes and to introduce some new provisions.

- 2.4 Under the draft proposals Regulation 12 allows authorities to convert pensioner members' "compensatory added years" into "augmented service". This amendment should promote effective administration, with the value of payments received by the member remaining unaltered;

Regulation 11 adjusts the circumstances in which a member may choose to have the average of any three consecutive years' pensionable pay within their final ten used as the basis for their pension, rather than using the final year's pay;

The draft regulation still fails to properly protect members who suffer a restriction rather than an actual reduction in their pensionable pay and requires further redrafting.

Currently only membership accrued after 5 April 1988 is taken into account in calculating survivor benefits for civil partners or nominated cohabiting partners.

Regulations 13 and 20 - 22 establish the framework for members to make additional payments so that periods of their pre-1988 service are counted as regards survivor benefits for such partners, further promoting equality in this area;

Regulation 23 makes it clear that "other money purchase schemes" may be paid by a member into their additional voluntary contribution arrangements;

This proposal is contrary to the policy previously agreed by the Local Government Employers organisation, as it will enable members to take more tax free cash from Free Standing AVCs and reduce the potential savings to employers from employees commuting Scheme pension to lump sum at £1 to £12.

- 2.5 The DCLG has also invited comments on the aggregation of LGPS membership. The most immediately relevant Regulations in this area are Regulation 16 of the Administration Regulations and **Regulation 4** of the Transitional Regulations. Under **Regulation 16** deferred LGPS members may, within the first 12 months of any new local government employment, choose to aggregate only their immediately previous period of membership.

However, Regulation 4 omits this stipulation, permitting deferred members simply to aggregate membership of the "1997 Scheme" within 12 months of resuming active membership. The current Regulations do not deal with deferred members who have deferred benefits under the 1995 Regulations or under any earlier LGPS Regulations, nor do they deal with individuals who were entitled to a refund under the 1997 Regulations and who, on resuming local government employment on 1 April 2008 or later, wish to use their "frozen refund" to buy LGPS membership.

The DCLG is aware that some authorities are allowing members to aggregate any of their previous periods of service, not just the one that was immediately previous. It could be argued that this policy supports equality, as women seem to be more likely to choose to move into lower-paid employment at some stage of their career.

DCLG therefore welcome comments on:

- whether the regulations should be amended in the interests of equality
- whether they need to be amended to improve the overall clarity of the provisions on aggregation.
- Comments on the draft regulations are requested by 20 February 2009.

III Health Regulations

- 2.6 The required statutory guidance on ill health and promised model certificates has now been issued by the DCLG and is the subject of a separate report to this Committee.

An Ill Health Monitoring Group established by the DCLG has continued to meet on a number of occasions to consider the collection of required data to test the operation of the new ill health regime and to recommend any further changes to the regulations that are necessary.

Government Actuary's Department (GAD) Guidance

- 2.7 The DCLG has circulated further guidance issued by the GAD on dealing with cash equivalent transfers for pensioners undergoing divorce and pensions sharing and updated guidance on transfers out and transfers in.

Final guidance on dealing with the tax implications for high earners and the HM Revenue & Customs protections available to such scheme members is still awaited. MPF is taking steps to remind eligible members of the April 2009 deadline to apply for protection available under the 2004 Finance Act.

3. OTHER OUTSTANDING MATTERS

Pensions Administration Strategy

- 3.1. The expected guidance from DCLG on drawing up a Pensions Administration Strategy Plan to formalise administrative arrangements and service standards between the Pension Fund and participating employers has still not been published.

Cost Sharing Mechanism

- 3.2. The DCLG has circulated on 27 November 2008 draft regulations for consultation which will establish the framework for future cost sharing and illustrations of how it may operate in practice. The closing date for responses to the consultation is 23 January 2009. The matter is the subject of a separate report to this Committee. Meetings of the LGPS Policy Review Group are continuing, to discuss various issues including agreement on the details of how the cost sharing mechanism will operate.

85 Year Rule Protection

- 3.3. The outcome of the consultation on extension of full “85 Year Rule” protection to those who would satisfy the requirements by 31 March 2020 rather than 31 March 2016 is still awaited from DCLG. In the meantime tapering protection has been applied in accordance with the Regulations for those members who would not have satisfied the 85 year rule until the period 1 April 2016 to 31 March 2020.

COUNCILLORS PENSIONS

- 3.4. The new regulations still do not deal with arrangements for councillors pensions and provision remains subject to the 1997 Regulations.

The DCLG had confirmed that it expected to publish a response to the issues raised by the report by the Councillors Commission and begin to consult on proposals for future pensions arrangements for elected Members. To date no response has been published. The results of the Local Government Employers Organisation (LGE) survey into which councils have offered membership of the LGPS to councillors and take up are still awaited.

4. ADMITTED BODY STATUS REVIEW

- 4.1. Following the informal consultation exercise undertaken in April this year the DCLG published a report on 2 October 2008 setting out its key findings from the consultation.

Final proposals are still to be formulated by DCLG which will be the subject of a future statutory consultation in advance of changes to the regulations.

5. FINANCIAL IMPLICATIONS

- 5.1 A number of the outstanding issues referred to in this report may well have implications on future funding, including future ill health costs, the final costs of “85 Year Rule” protection depending on whether full protection is extended to 2020 and actual yields from employee contributions and take up of the pension to lump sum commutation option if the change proposed to Regulation 23 is made.
- 5.2 At the Policy Review Group Meeting on 14 October 2008 the Government Actuary’s Department presented a paper on the potential actuarial assumptions to be adopted within a “dry run” modelling exercise in autumn 2008 based on data provided by Funds (including Merseyside). The outcome of this exercise will be reported back to the Policy Review Group early in 2009.
- 5.3 It will not be until the 31 March 2010 actuarial valuation, after which time the cost sharing mechanism will be implemented, that the long term future costs of the revised LGPS are likely to become clear.

6. STAFFING IMPLICATIONS

6.1. There are none directly arising from this report.

7. EQUAL OPPORTUNITY IMPLICATIONS

7.1. There are none arising from this report.

8. COMMUNITY SAFETY IMPLICATIONS

8.1. There are none arising from this report.

9. HUMAN RIGHTS IMPLICATIONS

9.1. There are none arising from this report.

10. LOCAL AGENDA 21 IMPLICATIONS

10.1. There are none arising from this report.

11. PLANNING IMPLICATIONS

11.1. There are none arising from this report.

12. MEMBER SUPPORT IMPLICATIONS

12.1. There are none arising from this report.

13. BACKGROUND PAPERS

13.1. DCLG letter dated 28 November 2008 – Draft LGPS Miscellaneous Regulations 2009.

14. RECOMMENDATION

14.1 That Members agree that a technical response be submitted on the Draft Miscellaneous Regulations.

IAN COLEMAN
DIRECTOR OF FINANCE

FNCE/309/08

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Addressees as below

28 November 2008

Dear Colleague,

**DRAFT LOCAL GOVERNMENT PENSION SCHEME
(MISCELLANEOUS) REGULATIONS 2009**

1. I attach, with Ministers' agreement, draft proposals for further amendments to the Local Government Pension Scheme (LGPS) Regulations as set out below. It is intended that these Regulations would take effect either from 1 April 2008 or 1 April 2009 as indicated in the draft SI.

2. Your comments are invited by 20 February 2009. Stakeholders who wish to discuss the proposals are invited to get in touch without delay to allow discussions to take place within the consultation period.

3. These Miscellaneous Regulations will amend four sets of Regulations, which currently provide the overall regulatory framework for the LGPS in England and Wales, as follows :

- one regulation amends the Scheme's old 1997 Regulations
- seven regulations amend the current Benefits Regulations
- one regulation amends the Transitional Regulations
- ten regulations amend the current Administration Regulations

There are a further five regulations which update the Local Government (Early Termination of Employment) (Discretionary Compensation) (England and Wales) Regulations 2006, bringing them up to date by replacing references to the old 1997 Regulations with references to the Benefits Regulations or the Administration Regulations as appropriate.

4. The amendments are necessary to make some corrections and cross-references, to clarify detailed aspects of the Scheme's extant provisions, to restore minor omitted aspects of the 1997 Scheme, to provide clearer definitions, to revise the Scheme consequent to taxation changes and to introduce some new provisions, as described below.

5. The more significant amendments are as follows :

Regulation 2 makes an amendment to the LGPS Regulations 1997 necessitated by the Valuation Office Agency assuming responsibility for Rent Officers' support staff, enabling members to remain in the LGPS.

Regulations 3 to 7 amend the "Discretionary Compensation Regulations" and more specifically tidy up the cross referenced definitions in those Regulations;

Regulations 8-15 amend the LGPS Benefit Regulations, specifically as follows:

Regulations 8-9 are technical provisions;

Regulation 10 introduces a provision specifically for a protected group employed by the Environment Agency, and consequential changes to regulation 4 of the Benefits Regulations;

Regulation 11 adjusts the circumstances in which a member may choose to have the average of any three consecutive years' pensionable pay within their final ten used as the basis for their pension, rather than using the final year's pay;

Regulation 12 allows authorities to convert pensioner members' "compensatory added years" into "augmented service". This amendment should promote effective administration, with the value of payments received by the member remaining unaltered;

Currently only membership accrued after 5 April 1988 is taken into account in calculating survivor benefits for civil partners or nominated cohabiting partners. Regulations 13 and 20 - 22 establish the framework for members to make additional payments so that periods of their pre-1988 service are counted as regards survivor benefits for such partners, further promoting equality in this area;

Regulation 14 extends the range of individuals to whom a child's pension can be paid;

Regulation 15 enables the Environment Agency to discharge their obligations to pay pensions administering authorities in respect of certain pensions increase costs by making appropriate lump sum payments. The value of payments received by members would be unaffected.

Regulation 16 amends the Transitional Regulations to simplify death grant due on the death of deferred members by stating that it should be a sum equal to their retirement pension multiplied by five. This amendment would confirm the practice which has already been adopted by a number of authorities.

Regulations 17 to 26 amend the Administration Regulations as follows:

Regulations 17 and 18 are technical changes;

Regulation 19, which amends regulation 12, enables certain former staff of the Commission for Social Care Inspection to remain members of the LGPS when they transfer to the Care Quality Commission. This measure is being proposed with the

agreement of the Commission. The proposed new regulation 12(6)(d) is likely to be withdrawn before these Regulations are finalised as it will become unnecessary. A new Regulation 16 (7) of the LGPS (Administration) Regulations 2008, is to be contained in the LGPS (Administration) (Amendment) Regulations 2009 as consultation responses for provisions in those draft Regulations supported a new measure to provide that regulation 16 (6) does not apply to a member whose employment is TUPE transferred, or is treated as if it were being TUPE transferred, to another employer participating in the Scheme. If Ministers agree, the intention is that the LGPS (Administration) (Amendment) Regulations 2009 will be made and laid in January 2009 and Regulation 16 (7) would come into effect retrospectively from June 2008.

Regulation 20 makes a technical change to the definition of payment period;

Regulations 21-22 introduce consequential changes to provisions allowing members to buy extra pension linked to survivor benefits and discontinuance of payments where a member dies or retires on ill health grounds;

Regulation 23 makes it clear that “other money purchase schemes” may be paid by a member into their additional voluntary contribution arrangements;

Regulation 24 recasts the provision requiring employer payments following exercise of their discretion to augment membership or award extra pension;

Regulation 25 enables the Environment Agency to alter the arrangements for dealing with payments to members which have arisen from water industry reorganisation and

Regulation 26 states that the guaranteed minimum pension is not to be put into payment when a member moves between LGPS-related employments in the first five years after they have attained the state pensionable age.

6. There is one further issue on which we would welcome comments during the consultation period and that concerns the aggregation of LGPS membership. The most immediately relevant Regulations in this area are Regulation 16 of the Administration Regulations and Regulation 4 of the Transitional Regulations. Under Regulation 16 deferred LGPS members may, within the first 12 months of any new local government employment, choose to aggregate only their immediately previous period of membership. However, Regulation 4 omits this stipulation, permitting deferred members simply to aggregate membership of the “1997 Scheme” within 12 months of resuming active membership. The current Regulations do not deal with deferred members who have deferred benefits under the 1995 Regulations or under any earlier LGPS Regulations, nor do they deal with individuals who were entitled to a refund under the 1997 Regulations and who, on resuming local government employment on 1 April 2008 or later, wish to use their “frozen refund” to buy LGPS membership.

7. We are aware that some authorities are allowing members to aggregate any of their previous periods of service, not just the one that was immediately previous. It could be argued that this policy supports equality, as women seem to be more likely

to choose to move into lower-paid employment at some stage of their career. We therefore welcome comments on :

- whether the regulations should be amended in the interests of equality
- whether they need to be amended to improve the overall clarity of the provisions on aggregation
- any other aspects of this issue.

8. Your comments should be sent by 20 February 2009 to Philip Perry, Workforce, Pay & Pensions division, Department for Communities & Local Government, Zone 5/G6, Eland House, Bressenden Place, London SW1E 5DU. Electronic responses can be sent to philip.perry@communities.gsi.gov.uk

Yours sincerely

Philip Perry

The consultation is addressed to:

The Chief Executive of:

County Councils (England)
District Councils (England)
Metropolitan Borough Councils (England)
Unitary Councils (England)
County and County Borough Councils in Wales
London Borough Councils
South Yorkshire Pension Authority
Tameside Metropolitan Borough Council
Wirral Metropolitan Borough Council
Bradford Metropolitan City Council
South Tyneside Metropolitan Borough Council
Wolverhampton Metropolitan Borough Council
London Pension Fund Authority
Environment Agency

Town Clerk, City of London Corporation
Clerk, South Yorkshire PTA
Clerk, West Midlands PTA

Fire and Rescue Authorities in England and Wales
Police Authorities in England and Wales
Audit Commission
National Probation Service for England and Wales
New Towns Pension Fund

Local Government Association (LGA)

Employers' Organisation
LGPC

ALACE
PPMA
SOLACE
CIPFA

Association of Colleges
Association of Consulting Actuaries
Association of District Treasurers
Society of County Treasurers
Society of Welsh Treasurers
Society of Metropolitan Treasurers
Society of London Treasurers
Society of Chief Personnel Officers
Association of Educational Psychologists

NALC
Society of Local Council Clerks

Trades Union Congress	UCATT
UNISON	GMB
NAEIAC	NAPO
AMICUS	TGWU

Equality and Human Rights Commission

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WIRRAL COUNCIL

PENSIONS COMMITTEE

14 JANUARY 2009

REPORT OF THE DIRECTOR OF FINANCE

FUTURE COST SHARING IN THE LGPS

1. EXECUTIVE SUMMARY

- 1.1. This report is to inform 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.
- 1.2 Members are requested to agree that a response be submitted expressing concern about the practicality of the proposed timetable.

2. BACKGROUND

- 2.1 Members previously considered this matter at the 31 March 2008 meeting of the Committee (Minute 105 refers) and the 24 June 2008 meeting (Minute 11 refers).
- 2.2 Regulation 40 of the Local Government Pension Scheme (Benefits, Membership and Contributions) Regulations currently states that:

“Administering and employing authorities shall have regard to guidance to be issued by the Secretary of State, before 31 March 2009, as to the manner in which the costs of the Scheme will be met after 31 March 2010”.
- 2.3. The letter dated 27 November 2008 circulated by the DCLG (Appendix 1 attached) sets out the policy context for the introduction of the cost sharing mechanism
- 2.4. The proposed amendments remove the current regulation 40 and replace this with a requirement that:
 - (a) Authorities have regard to guidance on how future costs will be met (New Regulation 36A(1) refers
 - (b) Administering Authorities provide the Secretary of State with the financial and other data by 31 July 2010 to enable the future service cost of the Scheme to be calculated (New Regulation 36A(2)).
 - (c) The Government Actuary’s Department (GAD) carry out an actuarial valuation of the combined English and Welsh Funds, and produce an overall future service cost for the Scheme by 31 December 2010, for the next triennium period (New Regulation 36A (3) and (5) setting out the assumptions made).

- 2.5. The proposed deadline for submission of data to the Secretary of State is ambitious and probably unrealistic, as it is dependent on Funds obtaining pay and contribution information from all of their employers as at 31 March 2010, updating this information and resolving any queries that arise before 31 July 2010 and for the GAD to then calculate a combined future service cost by 31 December 2010. I believe that extending both of these deadlines by three months would be more realistic.
- 2.6. The DCLG letter confirms that following the earlier consultation exercise carried out in Summer 2008 and in view of the lack of any firm agreement between the various stakeholders on the details of what costs should be shared that progress with this issue is to be made incrementally. The proposed statutory instrument is the first stage of this process setting out the regulatory framework. The GAD has also produced a set of illustrative examples of how cost sharing and employer cost capping could work in practice once the details and assumptions have been agreed.
- 2.7. It was agreed by the Policy Review Group that it would be helpful to carry out a dry run to construct a model fund based on the 2007 Actuarial valuation data. This is now underway and the results will provide the opportunity to test varying sensitivities of a national model fund. The final details and starting position for the new model fund are not expected to be put into place until the 2010 valuation with the first real cost sharing taking effect from the 2013 valuation.
- 2.8. The DCLG has pointed out that having regard to all the relevant circumstances and funding pressures facing Funds that in the meantime it may be necessary to introduce benefit changes or other cost saving measures in advance of cost sharing.

3. FINANCIAL IMPLICATIONS

- 3.1. The objective of the introduction of a cost sharing arrangement is to ensure the long term sustainability of the Pension Scheme and to ensure that scheme members in future share in any agreed cost increase that arise.

4. STAFFING IMPLICATIONS

- 4.1. There are none directly arising from this report.

5. EQUAL OPPORTUNITY IMPLICATIONS

- 5.1. There are none arising from this report.

6. COMMUNITY SAFETY IMPLICATIONS

- 6.1. There are none arising from this report.

7. HUMAN RIGHTS IMPLICATIONS

- 7.1. There are none arising from this report.

8. LOCAL AGENDA 21 IMPLICATIONS

8.1. There are none arising from this report.

9. PLANNING IMPLICATIONS

9.1. There are none arising from this report.

10. BACKGROUND PAPERS

10.1 DCLG letter dated 27 November 2008 "Sustaining the LGPS in England and Wales".

11. MEMBER SUPPORT IMPLICATIONS

11.1. There are none arising from this report.

12. RECOMMENDATION

12.1 That Committee agree a response to the consultation on future cost sharing in the LGPS be submitted expressing concern about the practicality of the proposed timetable.

IAN COLEMAN
DIRECTOR OF FINANCE

FNCE/302/08

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Workforce Pay and Pensions

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Direct line: 020 7944 6015

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Web site: www.communities.gov.uk

27 November 2008

Appendix 1

Dear Colleague

SUSTAINING THE LOCAL GOVERNMENT PENSION SCHEME IN ENGLAND AND WALES

1. I attach, with Ministers' agreement, draft proposals for further amendments to the Local Government Pension Scheme (LGPS) Regulations as set out below. It is intended that these Regulations would take effect from 1 April 2009.
2. Responses to this statutory consultation exercise are now invited by **23 January 2009**. The next step will be to proceed to the making and laying of regulations as soon as possible thereafter with an effective date of 1st April 2009.

Introduction

3. Communities and Local Government (CLG) is committed to the introduction of a cost sharing mechanism for the LGPS in England and Wales, by 31 March 2009. In order to take this commitment forward, CLG carried out an informal consultation to seek the views of stakeholders on '*Sustaining The Local Government Pension Scheme*'. This exercise closed on 30 May 2008. The initial analysis of response received indicates a broad consensus among interested parties on the principle of cost sharing.

4. The summary of that informal consultation exercise was placed on the CLG website at www.xoq83.dial.pipex.com. This paper takes into account not only the constructive recommendations received from respondees to the recent informal consultation exercise, but a further consideration of key issues from recent Policy Review Group and subsequent bilateral meetings with the key interested parties.

The policy context

5. The Government's policy objective for the Local Government Pension Scheme is for it to remain affordable, viable and fair to all – employees, employers and taxpayers. This

objective is shared by stakeholders across the Scheme and, in policy terms, it continues to provide a clear context for on-going Scheme reforms and amendments.

6. In his Statement to Parliament on 23 November 2006, (Hansard Official Record 70WS, 71WS and 72WS) the then Local Government Minister, Phil Woolas MP, confirmed the continued provision of good quality pensions for the local government workforce, and other employees eligible for LGPS membership, through benefits provided by an equality-proofed, final salary, pension framework:

The regulatory context

7. The regulations outlining the new-look Local Government Pension Scheme (LGPS), the *Local Government Pension Scheme (Benefits, Membership and Contributions) 2007 Regulations* (SI 2007/1166) came into effect on 1 April 2008. These deliver on the Government's promise that the new-look Local Government Pension Scheme be affordable, viable, and fair to tax-payers who ensure its continued security and stability.

8. The cost-share arrangements when finally introduced are intended to both inform, and take account of future actuarial valuation exercises for the Scheme. The new arrangements are intended to be in place, therefore, when individual fund actuaries consider new employer contribution rates following each fund's valuation. Similarly, the outcomes of the future valuation exercises will need to be reflected in final decisions on the form and content of the cost-share arrangements themselves and how they will impact in turn on successive valuations.

Consultation Draft Statutory Instrument

9. The draft Statutory Instrument which is the subject of this formal consultation phase of the process of introducing cost sharing arrangements is attached at **Annex A**. As we have already consulted on and considered the policy implications of moving forward on a cost sharing process to ensure the ongoing sustainability of the LGPS, views are now sought on the applicability of the regulatory provisions rather than re-examining in detail policy issues and the administrative process which will follow the adoption of the proposed approach.

10. The nature of responses to the consultation and our discussions with the PRG indicate that progress needs to be made incrementally to ensure both full understanding of the longer term aim of maintaining a sustainable defined benefit pension scheme and, more pertinently, the results of any data collecting and modelling. This is of particular importance when decisions made will influence the future design of the overall benefit package or the cost which members may be required to bear in providing an affordable and viable defined benefit pension arrangement going forward.

11. The SI concentrates on key points where it is felt a regulatory framework is essential, and introduces regulations which

- Delete current regulation 40 of the LGPS (Benefits etc) Regulations which required guidance to be provided by 31 March 2009;

and replace this with requirement that

- Authorities have regard to guidance on how future costs will be met [36A(1)]
- Administering Authorities provide the S of S with the financial and other data by 31st July 2010 to enable the future service cost of the scheme to be calculated [36A (2)];
- GAD carry out actuarial valuation of combined English and Welsh funds, and produce an overall future service cost certificate for the Scheme by 31st December 2010, which sets out cost of future accrual of pension liabilities for next triennium [36A (3) and (5)];
- The valuation leading to the production of this certificate must set out the assumptions used [(36A (4) and (6))].

12. The purpose of these provisions is to pave the way for the establishment of a national model fund to be used by the Secretary of State for determining benchmark and overall costs of the LGPS going forward. It may be helpful for consultees to look at the illustrative examples prepared by the GAD on cost-sharing and cost-capping at **Annex B**.

13. The regulation will put in place a duty on funds to provide to CLG the same data made available to their actuary as at the 2010 and subsequent actuarial valuations. This is seen as essential in order to ensure that the data to be used in modelling represents 100% of the Scheme's membership. In previous evidence gathering exercise the obligation was not present and it led to degrees of uncertainty in the selection methods used and the resultant extrapolations. This should remove that hurdle and the scope for ultimately fruitless discussions on the validity of available data sets.

14. The regulation also sets out specific milestones and the timetable within which all the specified parties must comply in order for the Secretary of State to establish a model fund which will be the tool used to benchmark the Scheme costs relative to future service accrual. The regulatory timetable imposes a transparent framework and discipline within which we must all operate. It also recognises the important statutory responsibility of the Secretary of State in operating as the regulator and administrator/trustee of the Scheme.

15. It is envisaged that the guidance that will flow from the modelling exercise and ongoing consultations with the parties about the assumptions to be used, could, subject to Ministerial approval, establish a series of "traffic light warnings", the parameters within which the cost sharing mechanism will operate and the triggers for taking action. This approach specifically excludes an overly simplistic formulaic approach to triggering of cost sharing processes, and recognises the very nature of the LGPS and the extent to which all interested parties be given the opportunity to be actively involved in the future decision making processes. Working from the establishment of a baseline benchmark cost, which will be an intrinsic part of any national model, those interested parties with whom the Secretary of State will consult further will play an active role in monitoring and handling any fine tuning which will be an essential part of maintaining the ongoing stability and sustainability of the pension scheme at future actuarial valuations. In practical terms this may need to be a designated group, which will have to act with due regard to realistic timetabling set out in the proposed regulation.

16. In the worst cases, and based on validated evidence of trends within the scheme, there may need to be action to either amend the overall benefit package or vary contribution rates and overall employee contribution yields. At another extreme, decisions would need to be taken on whether it would be prudent in the short term to reduce contribution yields or consider improvements to the benefits package. However, if agreement cannot be reached decisions will need to be considered in the interest of members and beneficiaries but with due regard to external parties who contribute to the cost of the LGPS.

A Dry Run - Autumn 2008

17. The PRG meeting on 3rd July 2008 considered the initial results of the informal consultation exercise. It was agreed that to assist in a full understanding of what is being proposed then it would be helpful that alongside the first stages of an incremental approach, put in place by this statutory consultation, it would be helpful to all interested parties to carry out a dry run to construct a model fund based on the 2007 actuarial valuation data. This dry run is to operate in parallel with this statutory consultation and would then inform both the PRG and ultimately Ministers and all interested parties of issues to be considered, problems to be tackled and the communication strategies required once the statutory framework is in place.

18. All administering authorities have already been asked to release their 2007 actuarial valuation data through their actuaries for the Government Actuary's Department to carry out the dry run. The actuaries (subject to agreement of clients) have provided data in line with specifications agreed with the Government Actuary's Department, using previously cleansed data covering the aggregate of all LGPS fund liabilities in England and Wales.

19. From the outcomes of the dry run the PRG will evaluate the structure and risk elements that are included in the national model. The dry run will also provide the opportunity to test varying sensitivities, leading to better understanding of the structure and function of the eventual national fund.

Responses to the Consultation

20. Please send your responses to the this consultation and in particular the draft Statutory Instrument to Divya Patel, Workforce Pay and Pensions 2, 5th Floor, Eland House, Bressenden Place, London SW1E 5DU (email: Divya.Patel@communities.gsi.gov.uk) no later 23rd January 2009.

21. If you have any queries concerning the consultation, please contact Brian Town as above.

Yours sincerely

Brian Town
**Communities and Local Government
Workforce Pay and Pensions 2**

WIRRAL COUNCIL

PENSIONS COMMITTEE

14 JANUARY 2009

REPORT OF THE DIRECTOR OF FINANCE

MANAGEMENT OF FIXED INCOME

1. EXECUTIVE SUMMARY

- 1.1. This purpose of this report is to request that Members approve the commencement of a procurement exercise to appoint investment managers for active fixed income using Hymans Robertson as consultants.

2. BACKGROUND

- 2.1 MPF has an 8% allocation to active fixed income and currently employs Schroders and Legal & General to manage these assets. There are two parallel mandates with a benchmark of 50% UK Government Bonds and 50% Corporate Bonds and an out-performance target of 1% per annum on a three year rolling basis.
- 2.2 At Pensions Committee on 2 July 2007 it was resolved that these mandates would be subject to review during 2009. Members should be aware that following the review of asset allocation following the actuarial valuation Pensions Committee retained these mandates at its meeting on 26 November 2007.
- 2.3 MPF has a framework list of consultants for the selection of investment managers, these are; Hymans Robertson, HSBC Actuaries and Consultants, Hewitt Bacon & Woodrow and B Finance.

3. PROCUREMENT EXERCISE

- 3.1 Hymans Robertson were selected from the framework list to be consultants for this exercise, as they had the better understanding of requirements and quoted the lowest fee of the two proposals requested.
- 3.2 The procurement process being followed is the open OJEU process. The process will be run with Hymans Robertson providing support in producing documentation and assessment of tenders. The recommendation to Members will be made after deliberation by a panel of officers, consultants and the independent advisers.
- 3.3 The tender documentation will focus on identifying firms that are of sufficient size, financial and regulatory standing to run this mandate and can demonstrate an ability to achieve investment targets.

- 3.4 The recommended criteria to be used to select the manager are as detailed below.

Factor	Criteria	Weighting
Price	Net Cost on an annual basis as a proportion of assets after taking into account estimate of out performance	10%
Technical	Quantitative assessment of ability to meet investment targets	40%
Quality	Qualitative assessment of ability to deliver investment targets	50%

4. TIMESCALE

- 4.1 The procurement exercise will take approximately six months to complete and I would expect to make recommendations to the Pensions Committee for appointment of investment managers in June 2009. An estimated timetable is outlined below.

Task	Complete by
1 Issue of OJEU Notice – Open Procedure	30 January 2009
2 Develop Tender Documentation, scoring matrix and evaluation criteria	30 January 2009
3 Issue of Tender Documents	30 January 2009
4 Last Date for requesting Tenders	17 March 2009
5 Return of Tender Documents (52 days)	23 March 2009
6 Hymans Assess tenders	6 April 2009
7 Long List Review	8 April
8 Short List Selection.	15 April 2009
9 Shortlist Interviews	May 2009
10 Due Diligence/Site Visits.	May 2009
11 Final Analysis/Post on Server	1 June 2009
12 Pensions Committee	June 2009
13 Award of Contract	July 2009
14 10 day stand still period	July 2009
15 Award Notice to OJEU	July 2009
16 CONTRACT START DATE	July 2009
17 Transition of Funds	July 2009

5. FINANCIAL IMPLICATIONS

- 5.1. The fee that will be charged by Hymans Robertson for consultancy services for this exercise is £40,000.
- 5.2. There will be financial implications from the appointment of the managers and these will be reported to Committee before appointment.

6. STAFFING IMPLICATIONS

- 6.1. There are none arising directly from this report.

7. EQUAL OPPORTUNITY IMPLICATIONS

- 7.1. There are none arising directly from this report.

8. HUMAN RIGHTS IMPLICATIONS

- 8.1. There are none arising directly from this report.

9. COMMUNITY SAFETY IMPLICATIONS

- 9.1. There are none arising directly from this report.

10. LOCAL MEMBER SUPPORT IMPLICATIONS

- 10.1. There are none arising directly from this report.

11. LOCAL AGENDA 21 IMPLICATIONS

- 11.1. There are no implications in this report.

12. PLANNING IMPLICATIONS

- 12.1. There are none arising directly from this report.

13. BACKGROUND PAPERS

- 13.1. Asset Allocation 26 November 2007

14. RECOMMENDATION

- 14.1. That Members approve the commencement of the procurement exercise to select investment managers for active fixed income.

IAN COLEMAN
DIRECTOR OF FINANCE

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WIRRAL COUNCIL

PENSIONS COMMITTEE

14 JANUARY 2009

REPORT OF THE DIRECTOR OF FINANCE

CONTRACTS FOR PROPERTY SERVICES

1. EXECUTIVE SUMMARY

- 1.1. The purpose of this report is to update Members on three contracts for property services in respect of property investments. Members are requested to agree an extension for the property valuation contract.

2. BACKGROUND

- 2.1. Merseyside Pension Fund has three major contracts for services in respect of investments in property. They cover the bi-annual valuation of direct properties, the Estate Management of those properties, and Strategic Property Investment Advice

3. DETAILS OF CONTRACTS

3.1. Property Investment Valuation

- 3.1.1. On 18 December 2003, the Pensions Committee awarded the above contract to Colliers CRE.
- 3.1.2. Subsequent to the awarding of this contact, I determined that for performance measurement purposes, a further valuation was necessary at the mid-year (end of September). This is a less intensive exercise than the March valuation at the end of the financial year which involves a visual inspection of each property. However, the more detailed March valuation forms the starting point for the September exercise. The first additional valuation took place in September 2005.
- 3.1.3. Originally it was expected that a new contract would be awarded, to commence with the March 2009 valuation. However, in view of the current volatility in the commercial property market, a consistent approach between valuations would provide MPF with additional assurance. It is therefore recommended that a one year extension to the existing contract be agreed, to cover the March and September 2009 valuations.
- 3.1.4 If agreed, I will initiate a tender exercise, for a new contract to commence with the March 2010 property valuation.

3.2. Property Estate Management

- 3.2.1. On 23 November 2004, the Pensions Committee awarded the above contract to CB Richard Ellis, for a four year period with an option of a maximum two year extension.
- 3.2.2. As I am satisfied with the current standard of performance, I propose to take up the option of the two year extension.
- 3.2.3. I shall therefore in due course initiate a tender process for a contract for property estate management to commence 1 February 2011.

3.3. Strategic Property Investment Advice

- 3.3.1. On 18 December 2003, the Pensions Committee awarded the above contract to Cordea Savills LLP. The current contract expires on 30 June 2009, and a procurement process has now commenced. It covers strategic advice on property investment in general, and detailed advice on sales and purchases of individual UK properties. It excludes advice on indirect property holdings which are managed by the in-house team

4. FINANCIAL IMPLICATIONS

- 4.1. The majority of the costs of these contracts are funded from the revenue budget. However, certain elements of costs may be capitalised as part of the purchase costs of a property, or shown as a cost against sale proceeds.

5. STAFFIING IMPLICATIONS

- 5.1. There are none arising directly from this report.

6. EQUAL OPPORTUNITY IMPLICATIONS

- 6.1. There are none arising directly from this report.

7. COMMUNITY SAFETY IMPLICATIONS

- 7.1. There are none arising directly from this report.

8. HUMAN RIGHTS IMPLICATIONS

- 8.1. There are none arising directly from this report.

9. LOCAL AGENDA 21 IMPLICATIONS

- 9.1. There are none arising directly from this report.

10. **PLANNING IMPLICATIONS**

10.1. There are none arising directly from this report.

11. **LOCAL MEMBER SUPPORT IMPLICATIONS**

11.1. There are no specific implications for any Member or Ward.

12. **BACKGROUND PAPERS**

12.1. None were used in the preparation of this report.

13. **RECOMMENDATIONS**

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

13.2. That Members note the take up of the additional two year option to 31 January 2011 of the Estate Management contract.

IAN COLEMAN
DIRECTOR OF FINANCE

FNCE/293/09

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WIRRAL COUNCIL

PENSIONS COMMITTEE

14 JANUARY 2009

REPORT OF THE DIRECTOR OF FINANCE

TREASURY MANAGEMENT POLICY AND STRATEGY 2009/10

1. EXECUTIVE SUMMARY

- 1.1 The purpose of this report is to seek 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.

2. BACKGROUND

- 2.1 At its meeting on 29 January 2003 the Pensions Committee approved a treasury management policy statement, which sets out a framework for treasury management operations. This policy statement requires that the Pensions Committee approves an annual plan and strategy. The plan and strategy was last approved by the Pensions Committee at its meeting on 28 January 2008.

- 2.2 The treasury management policy statement is also due for review.

3. ECONOMIC CLIMATE

- 3.1 The UK, Eurozone and US economies contracted in the third quarter of 2008. Globally, the economic outlook is poor as debt and deficits hit economic activity and growth.
- 3.2 Financial markets are going through a period of unprecedented volatility. Governments around the world have been intervening in financial markets in an attempt to improve liquidity and restore confidence in the financial market.
- 3.3 Interest rates have fallen sharply and although LIBOR has improved, the gap is still wide and is not yet considered normal. Financial institutions are still cautious of lending to one another and credit conditions remain challenging.

4. POLICY STATEMENT

- 4.1 The policy statement is attached as Appendix 1 to this report.

5. PLAN AND STRATEGY

- 5.1 MPF will comply with the twelve treasury management practices set out in the treasury management policy statement.
- 5.2 The portfolio arrangements outlined in schedule 1 to the policy statement and shown below will be maintained. The purpose of the ranges around the core positions is to allow the internal investment team to effectively manage the uncertainties currently being faced in the financial environment. The core position remains at 1% of Fund assets following the change to the strategic benchmark approved on 26 November 2007.

	Core Position	Range
	%	%
Call Funds/Overnight maturities	0.5	0.5 – 1.0
Deposits 1 month to 6 months	0.25	0.0 – 0.5
Deposits up to one year	0.25	0.0 – 0.25
TOTAL	1.0	

- 5.3 The main aims when managing liquid resources are:
- the security of capital
 - the liquidity of investments
 - matching inflows from lendings to predicted outflows
 - an optimum return on investments commensurate with proper levels of security and liquidity.
- 5.4 The internal investment team uses a variety of sources of information in the treasury management decision making process, including internal research, and advice from brokers, cash managers and treasury management consultants.
- 5.5 The Audit Commission is currently reviewing treasury management in Local Authorities including Pension Funds and is expected to publish a report and best practice in 2009. MPF will endeavour to both comply with and provide examples of best practice, as expected to be set out in this publication.

6. FINANCIAL AND STAFFING IMPLICATIONS

- 6.1 There are none arising directly out of this report.

7. EQUAL OPPORTUNITY IMPLICATIONS

7.1. There are none arising from this report.

8. COMMUNITY SAFETY IMPLICATIONS

8.1. There are none arising from this report.

9. LOCAL MEMBER SUPPORT IMPLICATIONS

9.1. This report has no particular implications for any Members or wards.

10. LOCAL AGENDA 21 IMPLICATIONS

10.1. There are none arising from this report.

11. PLANNING IMPLICATIONS

11.1. There are none arising from this report.

12. BACKGROUND PAPERS

12.1 Treasury Management Policy Statement - January 2003.

12.2 Treasury Management in the Public Services: Code of Practice – CIPFA 2002.

13. RECOMMENDATION

13.1 That Members approve the policy statement, and annual plan and strategy for the treasury management function for 2009-10.

IAN COLEMAN
DIRECTOR OF FINANCE

FNCE/306/08

MERSEYSIDE PENSION FUND
TREASURY MANAGEMENT POLICY STATEMENT

1. INTRODUCTION

- 1.1 Merseyside Pension Fund adopts the key recommendations of 'CIPFA's Treasury Management in the Public Services: Code of Practice' (the Code), as described in Section 4 of that Code.
- 1.2 Accordingly the Fund will create and maintain, as the cornerstones for effective treasury management:
- This treasury management policy statement stating the policies and objectives of its treasury management activities
 - Suitable treasury management practices (TMPs), setting out the manner in which this organisation will seek to achieve these policies and objectives, and prescribing how it will manage and control these activities.

2. DELEGATION

- 2.1 Pensions Committee will receive reports on its treasury management policies, practices and activities including an annual strategy and plan in advance of the year and an annual report after its close.
- 2.2 Pensions Committee is responsible for the implementation and monitoring of its treasury management policies and practices and will delegate execution and administration of treasury management decisions to the Director of Finance who will act in accordance with this policy statement, TMPs and CIPFA's Standard of Professional Practice on Treasury Management.

3. DEFINITION

- 3.1 Treasury management activities are defined as:
The management of the Fund's cash flows, its banking, money market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks.

- 3.2 The Fund regards the successful identification, monitoring and control of risk to be the prime criterion by which the effectiveness of its treasury management activities will be measured. Accordingly, the analysis and reporting of treasury management activities will focus on the risk implications for the Fund.
- 3.3 The Fund acknowledges that effective treasury management will provide support towards the achievement of its business and service objectives. It is therefore committed to the principles of achieving best value in treasury management and to employing suitable performance measurement techniques within the context of effective risk management.

TREASURY MANAGEMENT PRACTICES (TMPs)

4. TMP 1: RISK MANAGEMENT

- 4.1 The Director of Finance will design, implement and monitor all arrangements for the identification, management and control of treasury management risk and will report annually on the adequacy/suitability thereof, and will report, as a matter of urgency, the circumstances of any actual or likely difficulty in achieving the Fund's objectives
- 4.2 The Fund will ensure that it has adequate though not excessive cash resources to enable it at all times to have the level of funds available to it, which are necessary for the achievement of its business objectives.
- 4.3 The Fund will manage its exposure to interest rates with a view to securing its interest revenue as far as is possible within cash flow constraints and permissible instruments.
- 4.4 It will manage its exposure to fluctuations in exchange rates. In general, the Fund will only hold foreign currencies to fund pending investment transactions thus limiting the exposure of treasury management activities to fluctuations in exchange rates so as to minimise any detrimental impact.
- 4.5 The effects of varying levels of inflation are not considered to impact directly on the Fund's treasury management activities, which are primarily influenced by cashflows. The Fund's asset allocation is the integral part of its strategy to managing its overall exposure to inflation.

- 4.6 The Fund will achieve these objectives by the prudent use of its approved investment instruments, methods and techniques, primarily to create stability and certainty of costs and revenues, but at the same time retaining a sufficient degree of flexibility to take advantage of unexpected, potentially advantageous changes in the level and structure of interest rates, exchange rates or inflation. The above are subject at all times to the consideration and, if required, approval of any policy or budgetary implications.
- 4.7 The Fund regards a prime objective of its treasury management activities to be the security of the principal sums it invests. Accordingly, it will ensure that its counterparty lists and limits reflect a prudent attitude towards organisations with whom funds may be deposited, and will limit its investment activities to the instruments, methods and techniques referred to in TMP 4 and listed in the schedule (2.1, 2.2) to this document. It also recognises the need to have, and will therefore maintain, a formal counterparty policy in respect of those organisations with whom it may enter into financing arrangements.
- 4.8 The Fund will ensure that all of its treasury management activities comply with its statutory powers and regulatory requirements. It will demonstrate such compliance, if required to do so, to all parties with whom it deals in such activities. In framing its counterparty list it will ensure that there is evidence of counterparties' powers, authority and compliance in respect of the transactions they may effect with the organisation, particularly with regard to duty of care and fees charged.
- 4.9 The Fund recognises that future legislative or regulatory changes may impact on its treasury management activities and so far as it is reasonably able to do so will seek to minimise the risk of these impacting adversely on the organisation.
- 4.10 The Fund will ensure that it has identified the circumstances, which may expose it to the risk of loss through fraud error, corruption or other eventualities in its treasury management dealings. Accordingly, it will employ suitable systems and procedures, and will maintain effective contingency management arrangements, to these ends.
- 4.11 The Fund will seek to ensure that its stated treasury management policies and objectives will not be compromised by adverse market fluctuations in the value of the principal sums it invests, and will accordingly seek to protect itself from the effects of such fluctuations.

5. TMP 2: Best Value and Performance Measurement

- 5.1 This organisation is committed to the pursuit of best value in its treasury management activities. Accordingly the treasury management will be the subject of ongoing analysis of the value it adds. It will be the subject of regular examinations of alternative methods of service delivery and the scope for other potential improvements. The performance of the treasury management function will be measured using the criteria set out in the schedule (3.1) to this document.

6. TMP 3: Decision Making and analysis

- 6.1 The Fund will maintain full records of its treasury management decisions, and of the processes and practices applied in reaching these decisions, both for the purposes of learning from the past, and for demonstrating that reasonable steps were taken to ensure that issues relevant to those decisions were taken into account at the time. The issues to be addressed and processes and practices to be pursued in reaching decisions are detailed in the schedule (8.1, 8.2, 8.3) to this document.

7. TMP 4: Approved Instruments, methods and techniques

- 7.1 The Fund will undertake its treasury management activities by employing only those instruments, methods and techniques detailed in the schedule (2.1, 2.2) to this document.

8. TMP 5: Organisation, clarity and segregation of responsibilities, and dealing arrangements

- 8.1 The Fund considers it essential for the purposes of effective control and monitoring of its treasury management activities, for the reduction of the risk of fraud or error, and for the pursuit of optimum performance, that these activities are structured and managed in a fully integrated manner and that there is at all times clarity of treasury management responsibilities.
- 8.2 The principle on which this will be based is a clear distinction between those charged with setting treasury management policies and those charged with implementing and controlling these policies, particularly with regard to the execution and transmission of funds, the recording and administering of treasury management decisions, and the audit and review of the treasury management function.

- 8.3 If and when the Fund intends, as a result of a lack of resources or other circumstances to depart from these principles, the responsible officer will ensure that the reasons are properly reported and the implications properly considered and evaluated.
- 8.4 The responsible officer will ensure that there are clear written statements of the responsibilities for each post engaged in treasury management and the arrangements for absence cover. The present arrangements are detailed in the schedule (4.4, 4.5) to this document.
- 8.5 The responsible officer will ensure there is proper documentation for all deals and transactions, and that procedures exist for the effective transmission of funds. The present arrangements are detailed in the schedule to this document.
- 8.6 The delegations to the responsible officer in respect of treasury management are set out in the schedule (4.1, 5.1) to this document. The responsible officer will fulfil all such responsibilities in accordance with this policy statement and TMPs and the CIPFA Standard of Professional Practice on Treasury Management.

9. TMP 6: Reporting Requirements and Management Information Requirements

- 9.1 The Fund will ensure that regular reports are prepared and considered on the implementation of its treasury management policies; on the effects of decisions taken and transactions executed in pursuit of these policies; on the implications of changes, particularly budgetary, resulting from regulatory, economic, market or other factors affecting its treasury management activities; and on the performance of the treasury management function.
- 9.2 Pensions Committee will receive an annual report on the strategy and plan to be pursued in the coming year.
- 9.3 An annual report on the performance of the treasury management function, on the effects of the decisions taken and the transactions executed in the past year, and on any circumstances of non-compliance with the Fund's treasury management policy statement and TMPs, will be sent to the Pensions Committee.

10. TMP 7: Budgeting, accounting and audit arrangements

- 10.1 The budget for the treasury management function will be included as part of the budget for the internal investment management team which is submitted to Pensions Committee on an annual basis.
- 10.2 The Fund will ensure that its auditors and those charged with regulatory review have access to all information and papers supporting the activities of the treasury management function as are necessary for the proper fulfilment of their roles, and that such information and papers demonstrate compliance with external and internal policies and approved practices. The information made available under present arrangements is detailed in the schedule (9.1) to this document.

11. TMP 8: Cash and cash flow management

- 11.1 All monies in the hands of the Fund will be under the control of the Director of Finance and will be aggregated for cash flow and investment purposes. Cash flow projections will be prepared on a regular and timely basis, and the responsible officer will ensure that these are adequate for the purposes of monitoring compliance with liquidity risk management. The present arrangements for preparing cash flow projections are set out in the schedule (6.1, 6.2) to this document.

12. TMP 9: Money Laundering

- 12.1 The Fund is alert to the possibility that it may become subject of an attempt to involve it in a transaction involving the laundering of money. Accordingly it will maintain procedures for verifying and recording the identity of Counterparties and will ensure that staff involved in this are properly trained.

13. TMP 10: Staff Training and Qualifications

- 13.1 The Fund recognises the importance of ensuring that all staff involved in the treasury management function are fully equipped to undertake the duties and responsibilities allocated to them. It will therefore seek to appoint individuals who are both capable and experienced and will provide training for staff to enable them to acquire and maintain an appropriate level of expertise, knowledge and skills. The Director of Finance will recommend and implement the necessary arrangements. The present arrangements are set out in the schedule (4.5) to this document.

14. TMP 11: Use of external service providers

- 14.1 This organisation recognises the potential value of employing external providers of treasury management services, in order to acquire access to specialist skills and resources. When it employs such service providers, it will ensure it does so for reasons, which will have been submitted to a full evaluation of the costs and benefits. It will also ensure that the terms of their appointment and the methods by which their value will be assessed are properly agreed and documented, and subjected to regular review.
- 14.2 The Fund will ensure, where feasible and necessary that a spread of service providers is used, to avoid over-reliance on one or a small number of companies. Where services are subject to formal tender or re-tender arrangements, legislative requirements will always be observed. The monitoring of such arrangements rests with the Director of Finance and details of the current arrangements are set out in the schedule (7.2, 7.3) to this document.

15. TMP 12: Corporate Governance

- 15.1 The Fund is committed to the pursuit of proper corporate governance throughout its businesses and services, and to establishing the principles and practices by which this can be achieved. Accordingly the treasury management function and its activities will be undertaken with openness and transparency, honesty, integrity and accountability.
- 15.2 The Fund has adopted and has implemented the key recommendations of the Code. This together with the other arrangements detailed in the schedule to this document, are considered vital to the achievement of proper corporate governance in treasury management, and the Director of Finance will monitor and, if necessary, report upon the effectiveness of these arrangements.

MERSEYSIDE PENSION FUND: SCHEDULE TO TREASURY MANAGEMENT POLICY

SCHEDULE 1: PORTFOLIO ARRANGEMENTS FOR LIQUID RESOURCES

- 1.1 The Fund requires liquid resources to meet pension payments and administrative expenses. The cash flows from realisation and purchase of investments can be large and concentrated and the Fund needs to maintain facilities and resources to meet these.

- 1.2 The Fund's cash flows are in balance, with outflows to pensioners matched by income from contributions. In an environment where a significant proportion of investment income is directly re-invested the levels of liquid resources held need to be adequate. Pensions Committee and the Investment Monitoring Working Party have agreed the following base portfolio.

	Core Position	Range
	%	%
Call Funds/Overnight maturities	0.5	0.5 – 1.0
Deposits 1 month to 6 months	0.25	0.0 – 0.5
Deposits up to one year	0.25	0.0 – 0.25
TOTAL	1.0	

**SCHEDULE 2:
APPROVED INSTRUMENTS AND TECHNIQUES**

- 2.1 The Fund will use the following instruments for its internally managed treasury management activities.

AAA rated money market/call funds
 Fixed term deposits with counterparties
 Forward Fixed term deposits with counterparties
 Structured Fixed term deposits with counterparties (See Note 1)
 Cash at bank (RBS)

Note 1 These are effectively loans which give MPF or borrower the option to cancel agreement or renegotiate duration/interest rate of the loan at fixed periods agreed at commencement of loan. These products allow the internal team the opportunity to gain additional yield if their view on interest rates is correct, as the counterpart will have a contrarian view on either the direction or speed of interest rate changes.

- 2.2 The Fund will permit external fund managers to use all instruments permitted under the Investment Manager Agreement.

SCHEDULE 3: PERFORMANCE MEASUREMENT

- 3.1 The performance of the Fund's investments are independently measured by WM Company. The performance of cash will be included as part of this process and be benchmarked against an appropriate inter-bank rate. This performance measurement is subject to scrutiny by Pensions Committee and Investment Monitoring Working Party.
- 3.2 The costs of investment management are subject to internal and external monitoring and comparison with other pension funds. The treasury management function will be considered as part of this monitoring and comparison.
- 3.3 The treasury management function will be subject to the best value review process as part of the Best Value reviews of investment management.

SCHEDULE 4: MANAGEMENT ARRANGEMENTS FOR TREASURY MANAGEMENT

- 4.1 The structure for the treasury management functions is as follows.

Pensions Committee

Oversees all aspects of Merseyside Pension Fund on behalf of Wirral Council and the other admitted bodies. Reviews investment strategy and overall administration of the Fund.

Investment Monitoring Working Party

Makes recommendations to Pensions Committee following consultation with in-house managers and external advisers.

Fund Operating Group

Includes reviewing the day to day operation of the investments function.

Financial Controller

Responsible for team that undertakes treasury management activities.

- 4.2 The current day to day transactions for treasury management are executed by the Fund Accountant (Compliance) or her delegate supervised by the Financial Controller.
- 4.3 The transmission of Funds is carried out by the settlements team through electronic banking system and the recording of transactions is monitored by the Fund Accountant (Operations) ensuring an adequate separation of duties in the system.

- 4.4 There are sufficient staff employed in the process to cover absences and maintain a separation of duties; the duties of staff are outlined in their job descriptions.
- 4.5 The staff involved in the system have an adequate level of relevant qualifications. Further training, as required, is made available as part of ongoing staff development.

Director of Finance	CPFA
Head of Pension Fund	FSI, ACIB
Financial Controller	CPFA
Fund Accountant (Compliance)	CPFA
Fund Accountant (Operations)	CIMA
Senior Settlements Officer	AAT
Compliance & Valuations Officer	ASI
Investment Assistant	

**SCHEDULE 5:
COUNTERPARTY LIST**

- 5.1 The Fund has the following range of approved maximum limits for counterparties subject to meeting the high credit criteria determined by the Fund

CATEGORY	LIMIT Per Institution
Fund's Bank	£30m
Fund's Custodian	£30m
Approved Banks	£20m
Approved Building Societies	£15m
Local Authorities	£20m
Money Market Funds with a Constant Net Asset Value	£30m

- 5.2 Under exceptional circumstances e.g. transitional arrangements on appointment of new Investment Managers, these limits may be exceeded for a limited period with the prior written approval of the Head of Pension Fund and FOG. Such instances will be reported to the next Investment Monitoring Working Party.
- 5.3 Counterparties are reviewed on a regular basis using a range of information sources, including credit rating agencies, internal research, advice from brokers and advice given to Wirral Council by their treasury management consultants. The approved list is maintained on an internal spreadsheet.

SCHEDULE 6: CASH FLOW

- 6.1 Given the unpredictable nature of cashflows in investment management the Fund is not able to forecast cash flows precisely. The Fund has designed its cash portfolio to meet the principal material predictable cash flows e.g. pension pay days, and retains a sufficient level of liquidity to cover other calls on cash.
- 6.2 The investments office maintains cash flow statements on a weekly and monthly basis for predictable cashflows and uses this as a tool to assist the treasury management function.

SCHEDULE 7: USE OF EXTERNAL PROVIDERS

- 7.1 The main providers of services to the Fund are money market brokers. As the Fund does not borrow funds it does not pay commission to the brokers. The performance of brokers is under regular review by staff.
- 7.2 The Fund's main clearing bank contract is the subject of regular tendering exercises.
- 7.3 The Fund's Custodian Bank contact is the subject of regular tendering exercises.

SCHEDULE 8: DECISION MAKING

- 8.1 Decision-making is delegated as indicated in the management arrangements set out in schedule 4. Day to day decisions are constrained by the risk controls set out in the other schedules such as approved instruments and counterparties etc.
- 8.2 Tactical decision making by officers will seek to use advice from brokers to meet cashflows whilst gaining maximum return within risk constraints. Officers will have access to up to date market information.
- 8.3 Strategic decision making by officers and members will seek to set in place a plan that meets the needs of the Pension Fund in relation to its overall investment plan. The external advisers to the Fund (actuary and independent advisers) will help ensure that decisions are well informed.

SCHEDULE 9: CORPORATE GOVERNANCE AUDIT AND COMPLIANCE

- 9.1 The Fund is administered by Wirral Council and is subject to its corporate governance arrangements including regular internal audit and annual external audit. The treasury management function will be examined by both of these audits regularly as a high priority area. The Director of Finance will ensure that all documentation listed below is made available to auditors.
- Internal policies
 - Internal records of deals
 - Counterparty confirmations

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WIRRAL COUNCIL

PENSIONS COMMITTEE

14 JANUARY 2009

REPORT OF THE DIRECTOR OF FINANCE

GOVERNANCE COMPLIANCE STATEMENT

1. EXECUTIVE SUMMARY

- 1.1. This report provides 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.

2. BACKGROUND

- 2.1. The Pensions Committee previously considered this matter on 29 September 2008 (Minute 36 refers) when I reported that the DCLG had issued draft statutory guidance on governance compliance.
- 2.2 The final Statutory Guidance on Governance Compliance was circulated to Administering Authorities by the DCLG under cover of its letter dated 3 December 2008. (Appendix 1 attached).

At the meeting held on 29 September 2008 the Committee was informed that although Merseyside Pension Fund is compliant with the majority of the draft statutory guidance it did not fully comply in the following areas: -

- Confirmation of arrangements for representation for pensioner and deferred members.
- Consolidated documentation to ensure Members of the Pensions Committee are fully aware of the status, role and function they are required to perform.
- Documentation on the policy of voting rights for Committee Members including justification for any restrictions.
- Documentation on the policy for training, facility time and reimbursement of expenses for all Members of the Committee.

3. UPDATE ON PROGRESS MADE WITH ACHIEVING FULL COMPLIANCE

- 3.1. The Committee has previously agreed provision for three employee representatives nominated by trade unions who currently have observer status (without voting rights).
- 3.2. One of the issues to be addressed in order for MPF to achieve full compliance was whether it would be appropriate and whether the employee representatives would be prepared to accept that their role should encompass representation for pensioner and deferred members.
- 3.3. I have held discussions with the two employee representatives currently appointed to the Committee and they have both agreed to undertake the task of representing the interests of pensioner and deferred members. This fact will be publicised to members via the website and Scheme newsletters.
- 3.4. Having regard to the results of the consultation with stakeholders last year as to whether voting rights should be extended to employee representatives, Committee agreed to retain for the time being the current arrangements in respect of observer status for employee representatives and this fact needs to be set out when the Compliance Statement is next updated.
- 3.5. Further work is still required to produce consolidated documentation which clearly sets out the existing policy on training, expenses and the status and role of Committee Members.
- 3.6. The deadline for the publication of a Governance Compliance statement had been postponed by the DCLG until 1 November 2008. MPF and a number of other administering authorities have already submitted compliance statements to the DCLG based on the original draft guidance and this will be updated as soon as the outstanding required documentation changes are completed.

4. FINANCIAL IMPLICATIONS

- 4.1. There are none directly arising from this report.

5. STAFFING IMPLICATIONS

- 5.1. There are none arising from this report.

6. EQUAL OPPORTUNITY IMPLICATIONS

- 6.1. There are none arising from this report.

7. COMMUNITY SAFETY IMPLICATIONS

- 7.1. There are none arising from this report.

8. HUMAN RIGHTS IMPLICATIONS

- 8.1. There are none arising from this report.

9. **PLANNING LOCAL AGENDA 21 IMPLICATIONS**

9.1. There are none arising from this report.

10. **LOCAL AGENDA 21 IMPLICATIONS**

10.1. There are none arising from this report.

11. **MEMBER SUPPORT IMPLICATIONS**

11.1. There are none arising from this report.

12. **BACKGROUND PAPERS**

12.1 DCLG letter dated 3 December 2008 - LGPS Governance Compliance Statements - Statutory Guidance.

13 **RECOMMENDATION**

13.1 That Members note the report.

IAN COLEMAN
DIRECTOR OF FINANCE

FNCE/304/09

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3 December 2008

To : addressees below

Our Ref:
Your Ref:

Dear Colleague,

**LOCAL GOVERNMENT PENSION SCHEME
GOVERNANCE COMPLIANCE STATEMENTS – STATUTORY GUIDANCE**

1. Further to my letter of 21st July 2008, I enclose with Ministers' agreement, the statutory guidance issued for the purposes of regulation 31(3)(c) of The Local Government Pension Scheme (Administration) Regulations 2008.

2. Four responses to our letter of 21st July were received and individual responses will be sent shortly in answer to the points they raised. I am able to confirm, however, that the final version attached to this letter is essentially the same as the one issued for consultation back in July, except for a few minor typographical and formatting corrections.

2. A significant number of administering authorities have already submitted their compliance statements based on the first draft issued in October 2007 and the version which accompanied the statutory consultation in July this year. It is hoped that publication of the final version will now enable the remainder of authorities to finalise their statements and publish them by the closing date of 1st November.

3. Once all the statements have been submitted to us, we will analyse the outcomes with the view of publishing the results by the end of the year. This exercise will enable us to assess what progress has been made since we last surveyed authorities governance arrangements in 2006 and, in addition, will help us to highlight any areas where further work is necessary to bring all pension fund authorities up to best practice standards. We will continue to work closely with key stakeholders in taking this exercise forward.

4. For enquiries on this letter or the attached statutory guidance, please e-mail me (Robert.Holloway@communities.gsi.gov.uk) or telephone 0207 944 5998. Alternatively, contact Margaret.dunleavy@communities.gsi.gov.uk (telephone 0207

944 6012). A copy of this letter and the guidance will be available in the “What’s New – 2008” section of our web site at www.xog83.dial.pipex.com

Yours sincerely

Bob Holloway

Addressed to :-

The Chief Executive of:-

County Councils (England)
District Councils (England)
Metropolitan Borough Councils (England)
Unitary Councils (England)
County and County Borough Councils in Wales
London Borough Councils

South Yorkshire Pensions Authority
Tameside Metropolitan Borough Council
Wirral Metropolitan Borough Council
Bradford Metropolitan City Council
South Tyneside Metropolitan Borough Council
Wolverhampton Metropolitan Borough Council
Middlesborough Council
London Pensions Fund Authority
Environment Agency.
Town Clerk, City Of London Corporation
Clerk, South Yorkshire PTA
Clerk, West Midlands PTA

The Secretaries of:-

Local Government Association
LGPC
SOCPO
SOLACE
ALACE
CIPFA
New Towns Pension Fund
Trades Union Congress
UNISON

TGW
GMB
MPO
Audit Commission
UCEA

The Secretaries of:-

Investment Management Association (IMA)
Association of British Insurers (ABI)
National Association of Pension Funds (NAPF)

London Investment Banking Association (LIBA)
Financial Services Authority (FSA)

Society of County Treasurers
Society of London Treasurers
Society of Welsh LA PF Treasurers
CIPFA (Scotland)
Strathclyde Pension Fund
Melton Borough Council

PIRC
LAPFF
Hymans Robertson
Legal & General
Hermes Focus Asset Management Ltd
Northern Global Trust Advisors Ltd

Government Departments:-

GAD
DOE (NI)
SPPA

Bob Holloway

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**LOCAL GOVERNMENT PENSION SCHEME
GOVERNANCE COMPLIANCE STATEMENTS
STATUTORY GUIDANCE – NOVEMBER 2008**

PART I

INTRODUCTION

1. This guidance is issued to all administering authorities in England and Wales with statutory responsibilities under the Local Government Pension Scheme (“LGPS”) and other interested parties listed at Annex B. It deals with the compliance standards against which LGPS administering authorities are to measure their governance arrangements.
2. The guidance includes a combination of descriptive text explaining the rationale of each compliance principle, and also a description of the relevant statutory provision of The Local Government Pension Scheme (Administration) Regulations 2008 (“the 2008 regulations”) (Regulation 31 refers), and its predecessor, regulation 73A of The Local Government Pension Scheme Regulations 1997 (as amended), that requires LGPS administering authorities to measure their governance arrangements against the standards set out in this statutory guidance. Where compliance does not meet the published standard, there is a requirement under Regulation 31(3)(c) to give, in their governance compliance statement, the reasons for not complying.
3. The Secretary of State will keep the content of the guidance under review in the light of administering authorities and other interested parties’ experience of applying the best practice standards. The guidance will be updated as necessary to reflect this and subsequent legislative changes.

BACKGROUND

4. The LGPS is a common scheme throughout England and Wales, administered by 89 individual pension funds, which includes the Environment Agency. In the context of the UK public pensions sector, it is atypical in being funded with assets in excess of £100bn. Viewed in aggregate, the LGPS is the largest funded occupational pension scheme in the UK.
5. As a statutory public service scheme, the LGPS has a different legal status compared with trust based schemes in the private sector. Matters of governance in the LGPS therefore need to be considered on their own merits and with a proper regard to the legal status of the scheme. This includes how and where it fits in with the local democratic process through local government law and locally elected councillors who have the final responsibility for its stewardship and management. The LGPS is also different in the respect that unlike most private sector schemes where the accrued benefits payable to members are always subject to the risk of scheme under-performance or even failure, the accrued benefits paid by local authorities are established and payable according to statute and underpinned from local authority revenue and not the pension funds themselves. In simple terms, the pension funds exist to defray the pension costs incurred by the local authority . On this basis, it is the

local authority itself, and local council tax payers, who bear the financial and investment risks of the scheme.

6. The word “trustee” is often used in a very general sense to mean somebody who acts on behalf of other people but in pensions law it has a more specific meaning. Most occupational pension schemes, primarily in the private sector, are established under trust law. Under a trust, named people (trustees) hold property on behalf of other people (beneficiaries). Trustees owe a duty of care to their beneficiaries and are required to act in their best interests, particularly in terms of their investment decisions. Although those entrusted to make statutory decisions under the LGPS are, in many ways, required to act in the same way as trustees in terms of their duty of care, they are subject to a different legal framework, which derives from public law. In particular, local authority councillors are subject to all the normal duties and responsibilities that come with their office. But they are not trustees in the strict legal sense of that word.

7. Trustees of private sector schemes ensure better scheme security, prevent employer-led actions which could undermine a scheme’s solvency and seek to ensure that investment and other decisions are both prudent and fair. While the public law framework applying to LGPS schemes will require similar standards of behaviour and practice by members of pension committees, who in this respect also fulfil a fiduciary role, a key distinction to be made is that LGPS benefits are established and paid under statute. Administering authorities are therefore subject to a statutory obligation that they are required to meet, irrespective of their scheme’s investment performance or general funding position. As such, scheme members in the LGPS are not subject to the same type of benefit risk as those in trust-based pension schemes. The entitlements and benefits payable to scheme members in trust based schemes are, potentially at least, more volatile and dependent ultimately on the effectiveness and stewardship of their trustees working as they must under the constraints of the employers’ overall covenant standing behind the scheme. This perceived risk to security was the main motivation for the inclusion of the member-nominated trustee provisions in the Pensions Act 1995 as a result of which the principle that scheme beneficiaries should be part of the decision making process became established. But even member nominated trustees must act in the interest of the beneficiaries and must not take decisions out of self-interest or because they have in mind a particular agenda. The Pensions Act 2004 simply extends that status.

8. On the one hand, elected councillors have legal responsibilities for the prudent and effective stewardship of LGPS funds and in more general terms, have a clear fiduciary duty in the performance of their functions. However, it is equally clear that the beneficiaries of the scheme have an interest in the beneficial title to the assets and the legal right to require that the assets are held and managed on their behalf in accordance with the governing legal instrument, in this case, the LGPS regulations. In this respect, elected councillors have a duty of care that goes beyond the strict fiduciary duty to employers and tax payers. Although there is no one single model in operation throughout the 89 LGPS fund authorities in England and Wales, most funds are managed by a formal committee representing the political balance of that particular authority. Under section 101 of the Local Government Act 1972, a local authority can delegate their pension investment functions to the Council, committees,

sub-committees or officers, but there are a small number of LGPS fund authorities which are not local authorities and therefore have their own, distinct arrangements.

9. It is also relevant to note that under The Local Authorities (Functions and Responsibilities) (England) Regulations 2000 (SI 2000 No 2853) and The Local Authorities Executive Arrangements (Functions and Responsibilities) (Wales) Regulations 2001 (Welsh SI 2001 No 2291), statutory decisions taken under schemes made under sections 7, 12 or 24 of the Superannuation Act 1972, are not the responsibility of the executive arrangements introduced by the Local Government Act 2000. This means, for example, that the executive cannot make decisions in relation to discretions to be exercised under the LGPS, or make decisions relating to the investment of the pension fund and related matters. These functions have continued to be subject to the same legislative framework as they were before the passing of the Local Government Act 2000, including delegations under section 101 of the Local Government Act 1972. Such delegations vary from local authority to local authority depending on local circumstances. However, the Secretary of State has advised that where such decisions were delegated to committees or to officers, then those delegations should continue. (see paragraphs 5.10 and 5.11 of the Statutory Guidance to English Local Authorities – New Council Constitutions : Guidance Pack Volume 1)

10. Under section 102 of the Local Government Act 1972, it is for the appointing council to decide upon the number of members of a committee and their terms of office. They may include committee members who are not members of the appointing council and such members may be given voting rights by virtue of section 13 of the Local Government and Housing Act 1989. On this basis, it is open to pension committees to include representatives from district councils, scheme members and other lay member representatives, with or without voting rights, provided that they are eligible to be committee members (eligibility rules are set out in section 15 of the Local Government and Housing Act 1989).

STATUTORY BACKGROUND

11. In response to proposals issued by the former Office of the Deputy Prime Minister, the Local Government Pension Scheme Regulations 1997 were amended to require LGPS administering authorities to publish details of their governance and stewardship arrangements by 1 April 2006. The purpose of this first step was to gauge progress made in improving the breadth of representation on LGPS committees in general and to assess what action, if any, should be taken to ensure that all committees operate consistently at best practice standards. On 30 June 2007, the 1997 regulations were further amended to require administering authorities to report the extent of compliance against a set of best practice principles to be published by CLG, and where an authority has chosen not to comply, to state the reasons why. The first such statement must be published by 1st August 2008.

12. With effect from 1 April 2008, the responsibility to review and, where necessary, revise their governance compliance statements published under Regulation 73A of The Local Government Pension Scheme Regulations 1997, is set out in Regulation 31 of the 2008 regulations :-

“Pension funds : governance compliance statement

31—(1) This regulation applies to the written statement prepared and published by an administering authority under regulation 73A of the 1997 Regulations (1).

(2) The authority must—

- (a) keep the statement under review;
- (b) make such revisions as are appropriate following a material change in respect of any of the matters mentioned in paragraph (3); and
- (c) if revisions are made—
 - (i) publish the statement as revised, and
 - (ii) send a copy of it to the Secretary of State.

(3) The matters are—

- (a) whether the authority delegates its function, or part of its function, in relation to maintaining a pension fund to a committee, a sub-committee or an officer of the authority;
- (b) if it does so—
 - (i) the terms, structure and operational procedures of the delegation,
 - (ii) the frequency of any committee or sub-committee meetings,
 - (iii) whether such a committee or sub-committee includes representatives of employing authorities (including authorities which are not Scheme employers) or members, and, if so, whether those representatives have voting rights;
- (c) the extent to which a delegation, or the absence of a delegation, complies with guidance given by the Secretary of State and, to the extent it does not so comply, the reasons for not complying.

(4) In reviewing and making revisions to the statement, the authority must consult such persons as it considers appropriate.

It is important to note that the scope of this statutory guidance is restricted, by virtue of regulation 31(3)(c) above, to issues concerning the extent to which the way in which an authority has chosen to delegate its functions complies with the best practice principles set out below. Although outside the scope of regulation 31(3)(c), we think it is good practice for LGPS fund authorities as part of their governance and stewardship arrangements, to have robust risk management processes and policies to manage conflicts of interest in place. However, these are separate and specialist topics and so are not covered in depth here. We intend to work with CIPFA and other relevant parties on these topics to develop supplementary general advice and guidance notes on these important governance matters for LGPS funds.

PURPOSE

13. The purpose of this guidance is two fold. Firstly, Part II of the guidance provides a detailed description of each of the best practice principles against which compliance is to be measured (with each of the principles being set out in **bold type**) and secondly, it includes guidance on how the compliance statement in Part II should be completed.

TERMINOLGY

14. Throughout this paper, the distinction is made between those committees or sub-committees that have been formally constituted under 101 of the Local Government Act 1972 (“main committees”) and other committees or panels that have been established outside of that provision (“secondary committees”). Unless reference is made to “elected members”, the word “member” where it appears in the text is used to denote any member of a main or secondary committee, whether elected or not.

POSITION OF NON-LOCAL AUTHORITY ADMINISTERING AUTHORITIES

15. Regulation 73A of the Local Government Pension Scheme Regulations 1997 and this guidance made under powers granted by Regulation 73A(1)(c) of those regulations apply equally to all LGPS administering authorities in England and Wales. It is recognised, however, that a small number of administering authorities are not constituted as local authorities and are not therefore subject to the legal framework imposed on local authorities and their committees by local government legislation. In these cases, the authorities concerned are still required to measure the extent to which they comply with the principles set out in Part II of this guidance and where they are unable to comply, for example, because of their special position, to explain this when giving reasons for being unable to comply.

SUGGESTED READING

16. Although not a formal part of this guidance, it is recommended that administering authorities and other stakeholders should be aware of the contents of the following documents :-

- a) Good Governance Standards for Public Services (Office for Public Management (Alan Langlands – January 2005)
- b) Code of Corporate Governance in Local Government (CIPFA/SOLACE – 2007)
- c) Institutional Investment in the UK – A Review (HM Treasury – March 2001)
- d) Local Government Pension Scheme : Pension Fund Decision Making – Guidance Note (CIPFA Pensions Panel – 2006)
- e) Guidance for Chief Finance Officers : Principles for Investment Decision Making in the Local Government Pension Scheme in the UK (CIPFA Pensions Panel – 2001)
- f) Regulatory Code of Practice no 7 : Trustee Knowledge and Understanding. The Pensions Regulator, May 2006)
- g) Institutional Investment in the UK – Six years on (NAPF, November 2007)
- h) Updating the Myners principles : a consultation (HM Treasury, DWP, The Pensions Regulator, March 2008)

PART II - THE PRINCIPLES

Part II/A - Structure

17. Elected members have legal responsibilities for the prudent and effective stewardship of LGPS pension funds and, in more general terms, have a clear fiduciary duty to participating employers; local tax payers and scheme beneficiaries, in the performance of their functions. Although there is no one single model in operation throughout the 89 fund authorities in England and Wales, most funds are managed by a formal committee representing the political balance of that particular authority. Under section 101 of the Local Government Act 1972, a local authority can delegate their statutory functions to the Council, committees, sub-committees or to officers, but there are a small number of fund authorities which are not local authorities and therefore have their own, distinct arrangements (see para 15 above).

18. The formal committee structures operated by individual pension fund authorities reflect local circumstances and priorities and it is not the remit of this guidance to prescribe a “one size fits all” approach. The evidence collected by Communities and Local Government in 2006 indicated that the overwhelming majority of these committees operate efficiently and effectively despite the variations in their constitution, composition and working practices. The intention is not therefore to level out these differences but instead to ensure that these different structures reflect the best practice principles described below :-

a. The management of the administration of benefits and strategic management of fund assets clearly rests with the main committee established by the appointing council.

b. That representatives of participating LGPS employers, admitted bodies and scheme members (including pensioner and deferred members) are members of either the main or secondary committee established to underpin the work of the main committee.

c) That where a secondary committee or panel has been established, the structure ensures effective communication across both levels.

d) That where a secondary committee or panel has been established, at least one seat on the main committee is allocated for a member from the secondary committee or panel.

Part II/B - Committee Membership and Representation

19. Under section 102 of the Local Government Act 1972, it is for the appointing council to decide upon the number of members of a committee and their terms of office. They may include committee members who are not members of the appointing council and such members may be given voting rights (see Part II/C) by virtue of section 13 of the Local Government and Housing Act 1989. On this basis, it is open to

pension committees to include representatives from district councils, scheme member and other lay member representatives, with or without voting rights, provided that they are eligible to be committee members (eligibility rules are set out in section 15 of the Local Government and Housing Act 1989)

20. The number of stakeholders affected by the local management of the pension scheme and governance of pension funds is vast and it is accepted that it would be impractical to expect individual committee structures to encompass every group or sector that has an interest in the decisions that fall to be made under the scheme's regulations. The following principles are therefore intended to ensure that the composition of committees, both formal and secondary, offers all key stakeholders the opportunity to be represented. For example, deferred and pensioner scheme members clearly have an interest in the performance of pension committees but it would be impractical in many cases to expect them to have direct representation on a committee. Instead, there is no reason why a representative of active scheme members couldn't also act on behalf of deferred and pensioner scheme members. Similarly, a single seat in the committee structure could be offered to somebody to represent the education sector as a whole, rather than having individual representatives for FE Colleges, Universities, academies, etc.

21. An independent professional observer could also be invited to participate in the governance arrangement to enhance the experience, continuity, knowledge, impartiality and performance of committees or panels. Such an appointment could improve the public perception that high standards of governance are a reality and not just an aspiration. Moreover, the independent observer would be ideally placed to carry out independent assessments of compliance against the Myners' principles, both in terms of the 2004 follow up report and the latest NAPF consultation on next steps, together with other benchmarks that the fund authority's performance is measured against. The management of risk is a cornerstone of good governance and a further role for the independent observer would be to offer a practical approach to address and control risk, their potential effects and what should be done to mitigate them and whether the costs of doing so are proportionate. It is accepted, however, that certain fund authorities may have devised, or wish to devise, other ways of ensuring the effective scrutiny of their decision-making and performance and it should therefore be borne in mind that the appointment of an independent observer is not to be taken as an absolute requirement in this guidance, provided that authorities are satisfied that their alternative arrangement would match the sort of standards rehearsed in the NAPF's follow-up report on the Myners' principles (recommendation 7) and the government's response to it published in March 2008.

a) That all key stakeholders are afforded the opportunity to be represented within the main or secondary committee structure. These include :-

- i) employing authorities (including non-scheme employers, eg, admitted bodies);**
- ii) scheme members (including deferred and pensioner scheme members),**
- iii) where appropriate, independent professional observers, and**
- iv) expert advisors (on an ad-hoc basis).**

b) That where lay members sit on a main or secondary committee, they are treated equally in terms of access to papers and meetings, training and are given full opportunity to contribute to the decision making process, with or without voting rights.

Part II/C - Selection and role of lay members

22. It is important to emphasise that it is no part of the fund authority's remit to administer the selection process for lay members sitting on main or secondary committees or to ensure their attendance at meetings, unless they wish to do so. Their role is to determine what sectors or groups are to be invited to sit on LGPS committees or panels and to make places available. Effective representation is a two way process involving the fund authorities providing the opportunity and the representative bodies initiating and taking forward the selection process under the general oversight of the fund authority.

23. Members of a main decision-making LGPS committee are in a similar position as trustees in the private sector. Trustees owe a duty of care to their beneficiaries and are required to act in their best interests at all times, particularly in terms of their investment decisions. They are not there to represent their own local, political or private interest. On a main committee in the LGPS, the fiduciary duty to employers, taxpayers and scheme beneficiaries must always be put before the interests of individuals, individual groups or sectors represented on the committee, whereas on secondary committees or panels that are not subject to the requirements of the Local Government Act 1972, private interests can be reflected in proceedings.

a) That committee or panel members are made fully aware of the status, role and function they are required to perform on either a main or secondary committee.

b) That at the start of any meeting, committee members are invited to declare any financial or pecuniary interest related to specific matters on the agenda

Part II/D – Voting

24. Although the 2006 survey conducted by Communities and Local Government revealed that formal votes taken by LGPS committees were rare, it is important to set out the legal basis on which voting rights are, or may be prescribed to elected and lay members.

Elected members of the administering authority

a) All elected members sitting on LGPS committees have voting rights as a matter of course. Regulation 5(1)(d) of the Local Government (Committee and Political Groups) Regulations 1990 (SI No 1553/1990) provides that voting rights will be given to a person appointed to a sub committee of a committee established under the Superannuation Act 1972 who is a member of the authority which appointed the committee.

Elected members of authorities other than the administering authority and lay members

b) Under sections (13)(1)(a) and (2)(a) of the Local Government and Housing Act 1989, a person who is a member of a committee appointed by an authority under the Superannuation Act 1972 but who is not a member of that authority, shall be treated as a non-voting member of that committee. However, the provisions of section 13(3) and (4) of the 1989 Act allow an administering authority discretion as to whether or not a member of a committee is treated as a voting or non-voting member.

Lay members of advisory panels, etc

c) Because they are not formally constituted committees, secondary committees or panels on which lay members sit are not subject to the restrictions imposed by the Local Government Act 1972 on voting rights. In these circumstances, there is nothing to prevent voting rights being conferred by the administering authority on all lay members sitting on panels or informal committees outside the main decision making committee.

25. The way in which an administering authority decides to exercise its discretion and confer voting rights on lay members is not a matter for which the Secretary of State, under his regulations making powers under the Superannuation Act 1972, has any remit. The issue of whether voting rights should be conferred on district council or scheme member representatives, for example, is a matter for individual administering authorities to consider and determine in the light of the appointing council's constitution. Regulation 73A(1)(b)(iii) of the 1997 Regulations already requires an administering authority to include in their statement details of the extent to which voting rights have been conferred on certain representatives, but does not extend to the need to give reasons where this is not the case.

a) The policy of individual administering authorities on voting rights is clear and transparent, including the justification for not extending voting rights to each body or group represented on main LGPS committees.

Part II/E – Training/Facility time/Expenses

26. In 2001, the Government accepted the ten investment principles recommended by Paul Myners in his report, "Institutional Investment in the UK". The first of those principles, "Effective Decision Making", called for decisions to be made only by persons or organisations with the skills, information and resources necessary to take them effectively. Furthermore, where trustees - or in the case of the LGPS, members of formal committees - take investment decisions, that they have sufficient expertise to be able to evaluate critically any advice they take.

27. The Local Government Pension Scheme (Management and Investment of Funds) Regulations 1998 (as amended) already requires administering authorities to report the extent of compliance with this principle. But on the wider issue of governance, it is equally important that they report on the extent to which training facilities, etc, are extended to lay members sitting on either main or secondary LGPS committees.

28. If all stakeholders represented on LGPS committees or panels are to satisfy the high standards set out in the Myners' set of investment principles, it follows that equal opportunity for training, and hence facility time, should be afforded to all lay members. They too should have access to the resources that would enable them to evaluate the expert advice commissioned by the main investment committee and to comment accordingly. But the way that is achieved at local level is not a matter for national prescription, in particular, the policy adopted by individual administering authority or local authority on the reimbursement of expenses incurred by committee or panel members. On this basis, the best practice standard which administering authorities are required to measure themselves focuses on the extent to which they have a clear and transparent policy on training, facility time and reimbursement of expenses and whether this policy differs according to the type of member, for example, elected member or scheme member representative.

a) That in relation to the way in which statutory and related decisions are taken by the administering authority, there is a clear policy on training, facility time and reimbursement of expenses in respect of members involved in the decision-making process.

b) That where such a policy exists, it applies equally to all members of committees, sub-committees, advisory panels or any other form of secondary forum.

c) That the administering authority considers the adoption of annual training plans for committee members and maintains a log of all such training undertaken.

Part II/F – Meetings (frequency/quorum)

29. From the evidence collected in 2006 by Communities and Local Government, it is clear that the majority of administering authorities who have introduced a multi-level committee structure operate different reporting/meeting cycles for each committee or panel. In the case of main, formal committees, these tend to meet, on average, at least quarterly, though there are a few examples where meetings are held less often. As a general rule, it is expected that main committees should meet no less than quarterly. Although it is important that any secondary committees or panels should also meet on a regular and consistent basis, it is accepted that there should be no compulsion or expectation that there should be an equal number of main and secondary committee meetings. But as a matter of best practice, it is expected that secondary meetings should be held at least bi-annually.

30. Although the overwhelming majority of administering authorities operate effective representation policies, the evidence collected in 2006 by Communities and Local Government revealed a small handful of authorities who restrict membership of their committee's to elected members only. In legal terms, this is permissible, but in terms of best practice, it falls well short of the Government's aims of improving the democratisation of LGPS committees. In those cases where stakeholders, in particular, scheme members, are not represented, it is expected that administering authorities will provide alternative means for scheme employers, scheme members, pensioner members, for example, to be involved in the decision-making process. This may take the form of employer road-shows or AGMs where access is open to all

and where questions can be addressed to members of the main committee. It must be emphasised, however, that road shows or AGMs are not seen as viable alternatives to the participation of scheme member representatives within an authority's governance arrangement. They are, in effect, to be seen as a matter of last resort in the hopefully unlikely situation where an authority has decided to exclude scheme member representatives from either their main or sub-committee.

a) That an administering authority's main committee or committees meet at least quarterly.

b) That an administering authority's secondary committee or panel meet at least twice a year and is synchronised with the dates when the main committee sits.

c) That an administering authority who does not include lay members in their formal governance arrangements, must provide a forum outside of those arrangements by which the interests of key stakeholders can be represented

Part II/G - Access

31. The people to whom the appointing council entrust with taking investment, and other statutory decisions, is a matter for that council to consider and determine. However, it is important that others, outside that formal decision-making process but involved in some capacity in the general governance arrangement, have equal access to committee papers and other documents relied on by the main committee in taking its decisions.

32. The fact that voting rights are not conferred on individual lay members should not put them on any less footing than those members who serve on the main committee with full voting rights. Secondary panels or committees have a clear role to underpin and influence the work of the main committee and can only do so where there is equal access.

a) That subject to any rules in the councils constitution, all members of main and secondary committees or panels have equal access to committee papers, documents and advice that falls to be considered at meetings of the main committee.

Part II/H – Scope

33. Traditionally, LGPS committees have focussed on the management and investment of the funds under their supervision, with questions arising from the main scheme dealt with by officers with delegated authority under the council's constitution. In recent times, however, and reflecting the trend towards de-centralisation, administering authorities have become responsible for formulating a significant number of policy decisions on issues like abatement, compensation and the exercise of discretions under the scheme's regulations. These are key decisions which should be subject to the rigorous supervision and oversight of the main committee. And with the prospect of some form of cost sharing arrangement to be in place by March 2009, it is clear that there are other key scheme issues, outside the investment

field, that main committees may need to address in the future. Given the not insignificant costs involved in running funds, LGPS committees and panels need to receive regular reports on their scheme administration to ensure that best practice standards are targeted and met and furthermore, to satisfy themselves and to justify to their stakeholders that the fund is being run on an effective basis. This would involve reviewing the committee's governance arrangements and the effective use of its advisers to ensure sound decision making. Here, the use of an independent professional observer, free of conflicts of interest, would enable a wholly objective approach to be taken to the stewardship of the fund.

34. All this points to LGPS committees perhaps becoming more multi-disciplined than they have been in the past, with a consequential impact on, for example, membership and training. For example, if decisions are to be taken by LGPS committees that could impact on the cost-sharing mechanism, it is reasonable to expect scheme member representatives to be present on those decision making committees, given that those decisions could have a direct impact on the position of scheme members under the scheme.

35. Although the future may see LGPS committees having a broader role than at present, individual administering authorities may adopt different strategies to meet these new demands. The more traditional approach might be to extend the scope of existing investment committees to include general scheme and other administrative issues. But already, there is evidence to suggest that some administering authorities have opted instead to establish new sub committees to deal solely with the administration and communication of members' benefits or other scheme issues. The purpose of this guidance is not to prescribe the way in which administering authorities develop and adapt to scheme developments. Instead, the intention is to increase the awareness that administering authorities and their committees must be flexible and willing to change to reflect scheme changes and wider pensions issues.

a) That administering authorities have taken steps to bring wider scheme issues within the scope of their governance arrangements

Part II/I – Publicity

36. A key component in improving the democratisation of LGPS governance arrangements is to increase the awareness that opportunities exist for scheme member representatives and LGPS employers, for example, to become part of these arrangements. But the onus for increasing awareness should not rest entirely with the administering authority. It is just as much the role of scheme member representatives and scheme employers to keep abreast of developments in this field and to play an active part in the selection and appointment of committee or panel members. This is best left to local choice and discretion. However, administering authorities are reminded that under Regulation 76B(1)(e) of the 1997 Regulations, the latest version of their Governance Compliance Statement must be included in their Pension Fund Annual Report.

a) That administering authorities have published details of their governance arrangements in such a way that stakeholders with an interest in the way in

which the scheme is governed, can express an interest in wanting to be part of those arrangements.

Annexe A : Compliance Statement

Principle A – Structure

	Not Compliant*				Fully Compliant
a)					
b)					
c)					
d)					

* Please use this space to explain the reason for non-compliance (regulation 73A(1)(c)/1997 Regulations/regulation 31(3)(c)/2008 Regulations)

Please use this space if you wish to add anything to explain or expand on the ratings given above :-

Annexe B – Summary of CLG’s 2006 Survey on Governance

LOCAL GOVERNMENT PENSION SCHEME GOVERNANCE SURVEY - A SUMMARY

On 31 March 2006, LGPS administering authorities in England and Wales were required to publish details of their governance arrangements. This paper summarises the results of the survey. For the purposes of the paper, “representation” is taken to mean either attendance of scheme members (or their representatives) on formal investment/pension committees; attendance on secondary, formal committees; attendance on informal, advisory panels or the opportunity to attend annual general meetings, employer/scheme road shows, etc. A list of LGPS funds showing the extent of representation across these four areas is attached.

1. Main findings

- a). Percentage of fund authorities with representation on main committee = 84%
- b) Percentage of fund authorities with representation on second committees = 11%
- c) Percentage of fund authorities with representation on advisory panels = 15%
- d) Percentage of fund authorities with representation at AGMs, etc = 18%
- e) Percentage of fund authorities with none of the above = 15% (11 authorities)

(English shire counties = 4 authorities)

(London Boroughs = 6 authorities)

(Mets + others = 0 authorities)

(Welsh Unitaries = 1 authority)

2. Membership of Committees

- a) Average Number of members on all main committees= 10 (range = 3 to 20)
- b)) English shire counties = 11 (range = 5 to 20)
- c) London Boroughs = 8 (range = 4 to 15)
- d) Mets + others = 15 (range = 10 to 20)
- e) Welsh Unitaries = 8 (range = 3 to 16)

3. Frequency of Committee Meetings

- a) 86% of committees meet at least Quarterly
- b) 2 committees meet twice per annum

- c) 3 committees meet five times per annum
- d) 5 committees meet six times per annum

4. Voting Rights

a) 4 authorities have conferred voting rights on lay members :-

- English shire counties = 2
- London boroughs = 0
- Mets and others = 2
- Welsh Unitaries = 0

b) 5 authorities have conferred voting rights to lay members on advisory panels :-

- English shire counties = 1
- London boroughs = 0
- Mets and others = 2
- Welsh Unitaries = 2

5. Number of “trustees”

a) Total number of members on main committees = 900

b) Total number of elected members on main committees = 650 (72%)

c) Number of lay members on main committees = 250 (28%)

6. Correlation between Governance and Funding levels

a) No representation - Average funding level = 73% (range = 62% to 79%)

b) 1 item of representation - Average funding level = 72.3% (range = 61% to 88%)

c) 2 items of representation - Average funding level = 76.5% (range = 64% to 94%)

d) 3 items of representation - Average funding level = 83.5% (range = 74% to 93%)

e) 4 items of representation - Average funding level = 79.5% (range = 77% to 82%)

(Average funding level of all funds in England and Wales = 73.4%)

7. Correlation between Governance and Investment Returns

a) No representation (11 funds) 03/04 Average = 25.7% (range = 22% to 30%)
04/05 Average = 13% (range = 10% to 17%)

b) 1 item of representation (47 funds) 03/04 Average = 25.4% (range = 20% to 30%)
04/05 Average = 13.1% (range = 9% to 20%)

- c) 2 items of representation (19 funds) 03/04 Average = 23.5% (range = 20% to 29%)
04/05 Average = 11.7% (range = 7% to 15%)
- d) 3 items of representation (2 funds) 03/04 Average = 24.5% (range = 24% to 25%)
04/05 Average = 12.5% (range = 12% to 13%)
- e) 4 items of representation (2 funds) 03/04 Average = 23% (range = 22% to 24%)
04/05 Average = 13.5% (range = 13% to 14%)

REPRESENTATION LEVELS IN THE LGPS (ENGLAND & WALES)

LGPS Funds with no form of representation :-

Buckinghamshire County Council
 Cambridgeshire County Council
 West Sussex County Council
 Worcestershire County Council
 Hackney London Borough
 Hounslow London Borough
 Kensington & Chelsea London Borough
 Corporation of London
 Redbridge London Borough
 Wandsworth London Borough
 City & County of Swansea

LGPS Funds with 1 form of representation :-

Berkshire Pension Fund
 Cheshire County Council
 Cornwall County Council
 Devon County Council
 Durham County Council
 East Riding County Council
 Essex County Council
 Gloucestershire County Council
 Hampshire County Council
 Hertfordshire County Council
 Kent County Council
 Lincolnshire County Council
 Teeside Pension Fund
 Norfolk County Council
 Northumberland County Council
 Oxfordshire County Council
 Somerset County Council
 Suffolk County Council
 Surrey County Council
 Warwickshire County Council

Wiltshire County Council
Barking London Borough
Barnet London Borough
Bexley London Borough
Bromley London Borough
Camden London Borough
Croydon London Borough
Ealing London Borough
Enfield London Borough
Hammersmith & Fulham London Borough
Haringey London Borough
Harrow London Borough
Havering London Borough
Hillingdon London Borough
Lambeth London Borough
Lewisham London Borough
Merton London Borough
Newham London Borough
Richmond-Upon-Thames London Borough
Southwark London Borough
Sutton London Borough
Tower Hamlets London Borough
Waltham Forest London Borough
City & County of Cardiff Council
Rhondda, Cynon & Taff CBC
Gwynedd Pension Fund
Dyfed Pension Fund
Torfean County Borough Council

LGPS Funds with 2 forms of representation :-

Bath & NE Somerset Council (Avon Pension Fund)
Bedfordshire County Council
Cumbria County Council
Derbyshire County Council
Dorset County Council
East Sussex County Council
Isle of Wight County Council
Lancashire County Council
Leicestershire County Council
Nottinghamshire County Council
Staffordshire County Council
Shropshire County Council
Brent London Borough
Islington London Borough
Merseyside Pension Fund
Tyne & Wear Pension Fund
London Pensions Fund Authority
Environment Agency
Clwyd Pension Fund

South Yorkshire PTA

LGPS Funds with 3 forms of representation:-

West Midlands Pension Fund
Tameside Pension Fund

LGPS Funds with 4 forms of representation :-

West Yorkshire Pension Fund
South Yorkshire Pension Fund

Note 1

Information relating to the following LGPS funds was not available at the time the survey was conducted :-

Northamptonshire County Council
North Yorkshire County Council
Greenwich London Borough
Royal Borough of Kingston Upon Thames
City of Westminster
Powys County Council

Note 2

The four forms of representation referred to above include :-

- membership of scheme members (or their representatives) on formal investment/pension committees;
- membership of scheme members (or their representatives) on secondary, formal committees;
- membership of scheme members (or their representatives) on informal, advisory panels, or
- the opportunity to attend annual general meetings, fund roadshows, etc.

**Department for Communities and Local Government
Workforce Pay & Pensions Division
September 2008**

WIRRAL COUNCIL

PENSIONS COMMITTEE

14 JANUARY 2009

REPORT OF THE DIRECTOR OF FINANCE

ANNUAL GOVERNANCE REPORT ACTION PLAN

1. EXECUTIVE SUMMARY

- 1.1 The purpose of this report is to inform Members of the agreed Action Plan following the issuing of the Annual Governance Report by the Audit Commission in September 2008.

2. BACKGROUND

- 2.1. On 29 September 2008 Pensions Committee received the Annual Governance Report from the Audit Commission for the financial year ended 31 March 2008 (minute 32 refers).
- 2.2 Included within the body of that report were five recommendations which the Audit Commission believed would improve financial control.
- 2.3 Officers of MPF have agreed these recommendations, and have met with the Audit Commission to agree an Action Plan to bring about the desired improvements. This is set out as Appendix 1.
- 2.4 All recommendations in the Action Plan are considered achievable, although two recommendations require information from third parties, with no guarantee that the information will be forthcoming.

3 FINANCIAL IMPLICATIONS

- 3.1. There are none arising directly from this report.

4. STAFFING IMPLICATIONS

- 4.1. There are none arising directly from this report.

5. EQUAL OPPORTUNITY IMPLICATIONS

- 5.1. There are none arising directly from this report.

6. COMMUNITY SAFETY IMPLICATIONS

6.1. There are no specific implications arising from this report.

7. LOCAL MEMBER SUPPORT IMPLICATIONS

7.1. There are no specific implications for any Member or Ward.

8. LOCAL AGENDA 21 IMPLICATIONS

8.1. There are no specific implications arising from this report.

9. PLANNING IMPLICATIONS

9.1. There are no specific implications arising from this report.

10. BACKGROUND PAPERS

10.1. Annual Governance Report - Audit Commission - September 2008.

11. RECOMMENDATION

11.1. That Members note the Action Plan

IAN COLEMAN
DIRECTOR OF FINANCE

FNCE/292/08

ANNUAL GOVERNANCE REPORT: MERSEYSIDE PENSION FUND

APPENDIX 1: ACTION PLAN

Recommendations included in Annual Governance Report	Priority	Responsibility	Agreed	Comments	Date
R1 Improve quality assurance processes within and co-ordination between MPF and Wirral Financial Services to ensure full SoRP compliance and consistency between the statements.	Medium	Financial Controller	Yes	Appropriate liaison with Chief Accountant for production of accounts for year ending 31 March 2009.	June 2009
R2 Arrange for the Global Custodian to provide definitive information at the year end on the investments for which they are responsible as custodian and those for which an accountancy only service is provided.	High	Compliance Officer	Yes	Discussions ongoing with Custodian to ensure this differentiation is more explicit. This will also indicate custodied cash awaiting investment.	March 2009
R3 Review the arrangements for recording property investments and maintain individual property records within an asset register to support the investment ledger.	High	Property Manager	Yes	An asset register specific to direct property holdings will be produced.	March 2009
R4 Obtain year end valuations for all investments.	High	Compliance Officer	Yes	Year end valuations are always sought for all investments.	March 2009
R5 Ensure related party declarations are obtained from all Members of the Pensions Committee.	Medium	Financial Controller and all Committee Members	Yes	Members will be urged to return their declarations by mid-April.	April 2009

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WIRRAL COUNCIL

PENSIONS COMMITTEE

14 JANUARY 2009

REPORT OF THE DIRECTOR OF FINANCE

RECLAMATION OF EUROPEAN WITHHOLDING TAX

1. EXECUTIVE SUMMARY

- 1.1 This paper informs Members 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 are lodged with the tax authorities in EU Member States where such withholding taxes have been levied. The weight of past EU case law and current actions being taken by pension funds and the EU Commission across Europe provides support for the claims.
- 1.2 Members are requested to note that the engagement of KPMG is an exception to the procurement procedure. The reasons for this are two fold:
- There is only one viable supplier (5.1.1 Contract Procedure Rules)
 - The supply is required so urgently that it is not possible to invite tenders (5.1.3 Contract Procedure Rules)

2. BACKGROUND

- 2.1 KPMG recently approached the MPF to advise that they are acting for a number of UK pension funds who are seeking to recover withholding tax on EU sourced dividend income received in recent years. KPMG consider that these claims have the potential to add significant value to pension funds and there have been a number of recent developments on these claims which are listed below.
- a. As well as repayments received for some UK pension funds on their claims made in Norway, more recently a KPMG client has received repayments from the Polish Tax Authorities on their Fokus Bank claims in Poland. This is an important development as the Polish Tax Authorities did not challenge the claims made.
 - b. For claims made in 2008, there is a one off opportunity to extend claims made in France back to 1 January 2003. This opportunity ceased on 1 January 2009 when the time limits reverted to the normal domestic time limits (ie one to two years).

- c. The EU Commission has now commenced infringement (of EU Law) proceedings against EU Member States whom it considers discriminate against non-resident investors, and particularly pension funds, by applying a higher level of taxation on outbound dividend payments. Such action has commenced against Austria, Czech Republic, Denmark, Estonia, Finland, Germany, Italy, Lithuania, The Netherlands, Poland, Portugal, Slovenia, Spain & Sweden. This action by the Commission is likely to drive forward changes to WHT rates across Europe and should eventually benefit MPF with lower tax rates. However this action will not enable MPF to recover WHT that has been suffered historically, up to any point where there is a change in law, and has remained unclaimed.
 - d. The Dutch reduced the withholding tax rate on dividend payments to pension funds to 0% with effect from 1 January 2007.
 - e. One UK local authority pension fund client of KPMG has now agreed to act as the test claimant for claims brought in the Netherlands and is party to a cost sharing agreement with other UK pension funds to reduce the costs to each fund for taking their claims forward. This agreement is open for MPF to share. This case will proceed in the next few months and will be representative for over 60 UK pension funds who have filed claims in the Netherlands. It is likely to take two to three years before the claims are settled due to the length of time litigation will take.
- 2.2 As MPF is involved in stock lending arrangements the dividend income calculated in appendix 1 excludes any manufactured overseas dividends (MODs) received throughout the claim period. However all MOD income received since April 2002 (in respect of any stocks out on loan, not just European Markets) should be included in a claim against the UK tax authorities who impose the WHT on MODs that MPF has received.
- 2.3 KPMG in the UK have now filed claims across Europe for over 60 UK pension funds, including 19 local authority funds.

3. ACTION TAKEN

- 3.1 In view of the need to file claims by 31 December, 2008 MPF has been urgently obtaining archive information from current and previous custodians in order to meet tax filing deadlines.
- 3.2 MPF has obtained a cost benefit analysis from KPMG to establish the potential quantum of any claims and the likely costs.
- 3.3 Based on a cost benefit analysis undertaken on MPF, KPMG estimate that claims are potentially worth in excess of £1.5m after costs with the value increasing year on year. The exact amount will depend on individual investment strategies. The detail of this is set out in appendix 1. Overall, numerous pension and investment funds have filed these claims on a Europe wide basis.
- 3.4 In view of the favourable cost benefit analysis, the tight filing deadlines, KPMG's expertise in this area and the opportunity to defray costs by joining with other institutions for whom KPMG are acting, I took the decision to engage them to undertake this work for MPF. The Chair of the Pensions Committee was consulted prior to this decision being taken.

4. FINANCIAL AND STAFFING IMPLICATIONS

- 4.1 The costs of filing the claims are approximately £15,000 per territory. Full details are in appendix 1. It should be emphasised that there is no certainty of success but, as explained in the report, KPMG believes that there is a growing body of case law which points to a successful outcome. There are already instances where tax authorities have rebated WHT to claimants.
- 4.2 Any additional work required will be on the basis of time cost at prevailing KPMG chargeout rates.
- 4.3 Whilst it is likely that litigation will be required in some territories, KPMG have already established cost sharing arrangements which will defray costs to MPF and liabilities will be capped should there be an unsuccessful outcome. Litigation costs are likely to be approximately £17,500 per territory.
- 4.4 There is no obligation for the MPF to proceed to litigation. This decision can be reassessed at the time in the light of future developments.

5. EQUAL OPPORTUNITY IMPLICATIONS

- 5.1. There are none arising from this report.

6. COMMUNITY SAFETY IMPLICATIONS

- 6.1. There are none arising from this report.

7. LOCAL MEMBER SUPPORT IMPLICATIONS

- 7.1. This report has no particular implications for any Members or wards.

8. LOCAL AGENDA 21 IMPLICATIONS

- 8.1. There are none arising from this report.

9. PLANNING IMPLICATIONS

- 9.1. There are none arising from this report.

10. BACKGROUND PAPERS

- 10.1 Technical reports from KPMG regarding the legal basis for claims.

11. RECOMMENDATION

- 11.1 That Members note the decision to engage KPMG to undertake the reclamation of European WHT.

IAN COLEMAN
DIRECTOR OF FINANCE

FNCE/311/08

Merseyside Pension Fund: cost benefit analysis

<i>Territory</i>	<i>Germany</i>	<i>France</i>	<i>Spain</i>	<i>Netherlands</i>	<i>Italy</i>	<i>Norway NOK</i>
Claim Value €	613,167	552,454	432,276	130,940	382,172	453,540
	£	£	£	£	£	£
GBP	533,189	480,395	375,892	113,861	332,323	50,000
Making claim						
Claim cost	11,000	12,000	10,500	10,000	10,000	9,000
French Domiciliation (address)		1,000				
Technical Report	5,000	5,000	4,500	3,000	3,000	0
Pursuing claims						
GFA joining Fee	5,000	2,500	2,500	2,500	2,500	0
	15,000	15,000	15,000	15,000	15,000	0
Claim value less costs	497,189	444,895	343,392	83,361	301,823	41,000

- Notes
1. Figures exclude interest receivable (this will increase claims)
 2. GFA fees for test case assume that the overseas tax authorities will agree a test case system that KPMG have 21 members in the syndicate (certainly the case for DE, FR, N).
 3. There may be appeal costs to be incurred before a test case position can be reached (eg Spain, here KPMG have reduced GFA case contribution fees to compensate)
 4. For Italy an alternative claim value of £88,620 is provided in the event that only 4% rather than 15% were repaid (Italian pension funds are taxed at a maximum rate of 11%).
 5. There is no technical report for Norway as claims are being made under domestic legislation. There is no syndicate in the GFA for Norway as no litigation is expected at present.
 6. There may be legal costs to obtain the appropriate Power of Attorney for the Spanish claim and costs of obtaining vouchers.
 7. An alternative to the GFA may be available in the Netherlands to benefit from the test case decision without joining the GFA, claimants who choose this alternative will not be kept up to date with the progress of the test case.
 8. May be worthwhile deferring Norwegian claim until 2009 dividends are received and the Norwegian tax authorities have reached a decision on application of their tax rules to UK pension funds.

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WIRRAL COUNCIL

PENSIONS COMMITTEE

14 JANUARY 2009

REPORT OF THE DIRECTOR OF FINANCE

ILL HEALTH RETIREMENT REGULATIONS

1. EXECUTIVE SUMMARY

- 1.1. This report informs Members 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.

2. BACKGROUND

- 2.1. The DCLG originally issued the LGPS (Benefits, Membership and Contributions) Regulations 2007 on 4 April 2007, dealing with the introduction of new tiered ill health regulations from 1 April 2008.
- 2.2. Members last considered this matter at the meeting held on 29 September 2008 (Minute 35 refers).

3. STATUTORY GUIDANCE

- 3.1. A draft version of the Statutory Ill Health Guidance was issued by the DCLG on 1 July 2008 and a response was submitted by MPF on 7 August 2008, raising several technical issues.
- 3.2. The DCLG circulated the final version of the Statutory Guidance issued under Regulation 56(3) of the LGPS Administration Regulations 2008, on 24 November 2008 (Appendix 1 to 4 attached). The latest version of the guidance is little changed from the earlier draft issued.
- 3.3. Employers, administering authorities and Independent Registered Medical Practitioners (IRMPs) must have regard to this guidance when carrying out their functions under Regulation 20 of the LGPS (Benefits, Membership and Contributions) Regulations 2007 (SI 2007/1166) as amended by the LGPS (Amendment) Regulations 2008 (SI 2008/1083), and Regulation 56 of the LGPS (Administration) Regulations 2008.
- 3.4. The background to and rationale for the introduction of the tiered arrangement is set out at annexe A of the letter. Two model ill health certificates are provided at annexe B and C of the letter.

4. FINANCIAL IMPLICATIONS

- 4.1. The Actuary incorporated assumptions of the impact of the new regulations when completing the 31 March 2007 Actuarial Valuation to determine employers' contribution rates for the period 1 April 2008 to 31 March 2011. These may need to be revised at the next valuation depending on actual experience.
- 4.2. It will not be until the 31 March 2010 actuarial valuation, at which time the cost sharing mechanism will also be implemented, that the long term future costs of the LGPS including the ill health changes are likely to become clear. The long term cost implications for employers and future funding implications of these changes will be reviewed as part of the Cost Sharing Arrangements by the Local Government Review Group in the light of experience.
- 4.3 The Ill Health Working Party set up by the DCLG and the Policy Review Group will be collecting data from Pension Funds and employers on the actual experience of ill health awards made under the new regulations and considering whether any further changes are necessary.

5. STAFFING IMPLICATIONS

- 5.1. As previously reported the Implementation of the amended ill health regulations including a more complicated tiered award system and the tier 3 review requirement is likely to increase the workload for both the Pension Fund and the employers and result in increased appeals.

6. EQUAL OPPORTUNITY IMPLICATIONS

- 6.1. There are none arising from this report.

7. COMMUNITY SAFETY IMPLICATIONS

- 7.1. There are none arising from this report.

8. HUMAN RIGHTS IMPLICATIONS

- 8.1. There are none arising from this report.

9. LOCAL AGENDA 21 IMPLICATIONS

- 9.1. There are none arising from this report.

10. PLANNING IMPLICATIONS

- 10.1. There are none arising from this report.

11. BACKGROUND PAPERS

- 11.1 DCLG Letter dated 24 November 2008 - Ill Health Statutory Guidance.

12. **MEMBER SUPPORT IMPLICATIONS**

12.1. There are none arising from this report.

13. **RECOMMENDATION**

13.1 That Members note the report.

IAN COLEMAN
DIRECTOR OF FINANCE

FNCE/307/09

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24 November 2008

All LGPS Pension Managers
in England and Wales

Our Ref:
Your Ref:

Dear Pension Manager

Local Government Pension Scheme - Ill Health Statutory Guidance

I attach a copy of the Local Government Pension Scheme Ill Health Statutory Guidance. **Please pass a copy of this guidance to every employer participating in your Fund, your appointed independent registered medical practitioners, and other interested parties who need to use the guidance.**

This guidance is issued, under Regulation 56(3) of the Local Government Pension Scheme (Administration) Regulations 2008, to all administering authorities, employing authorities, other employers who are admitted to the Local Government Pension Scheme (LGPS), Independent Registered Medical Practitioners (IRMP) and other relevant interested parties in England and Wales with statutory responsibilities under the new LGPS that came into effect on 1 April 2008.

Employers, administering authorities and IRMPs must have regard to this guidance when carrying out their functions under Regulation 20 of the LGPS (Benefits, Membership and Contributions) Regulations 2007 (SI 2007/1166) as amended by the LGPS (Amendment) Regulations 2008 (SI 2008/1083), and Regulation 56 of the LGPS (Administration) Regulations 2008.

In this guidance, the term 'employer' relates to local authority employing authorities and other employers participating in the Scheme.

This guidance includes details of the relevant statutory provisions and an explanation of the operation of the new ill-health retirement benefit provisions as they apply from 1 April 2008. The background and policy development for the new ill health framework is at Annex A. Two model ill health certificates are provided at Annex B and C to assist employers participating in the scheme, and independent doctors will need to complete a certificate for each ill health retirement case.

The Ill Health Monitoring Group (IHMG) has been set up to evaluate the effectiveness of the new LGPS ill health framework, and the Group will ask for relevant data about the application of the new regulations to inform their work. The IHMG is able to make recommendations for changes to the regulatory framework in the light of experience of implementing the new ill health provisions.

The Secretary of State will keep the content of the guidance under review and will update it as necessary, in the light of recommendations from the IHMG, or experience of administering authorities, employers, IRMPs and others, in the application of this guidance.

The guidance will shortly be available on the website at <http://www.xoq83.dial.pipex.com/index.htm>

Yours faithfully

Lynda Jones

Lynda Jones

LOCAL GOVERNMENT PENSION SCHEME (LGPS)

GUIDANCE ON THE APPLICATION OF THE LGPS ILL HEALTH REGULATIONS WHICH TOOK EFFECT FROM 1 APRIL 2008

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THIS ILL HEALTH GUIDANCE REFLECTS THE REGULATORY PROVISIONS OF THE LOCAL GOVERNMENT PENSION SCHEME (BENEFITS, MEMBERSHIP AND CONTRIBUTIONS) REGULATIONS 2007 (SI 2007/1166), AS AMENDED BY THE LOCAL GOVERNMENT PENSION SCHEME (AMENDMENT) REGULATIONS 2008 (SI 2008/1083)

GUIDANCE ON THE LGPS ILL HEALTH RETIREMENT PENSION PROVISIONS

1. This guidance is issued, under Regulation 56(3) of the Local Government Pension Scheme (Administration) Regulations 2008, to all administering authorities, employing authorities, other employers who are admitted to the Local Government Pension Scheme (LGPS), Independent Registered Medical Practitioners (IRMP) and other relevant interested parties in England and Wales with regulatory responsibilities under the new LGPS that came into effect on 1 April 2008.

2. Employers and IRMPs must have regard to this guidance when carrying out their functions under Regulation 20 of the LGPS (Benefits, Membership and Contributions) Regulations 2007 (SI 2007/1166) as amended by the LGPS (Amendment) Regulations 2008 (SI 2008/1083), and Regulation 56 of the LGPS (Administration) Regulations 2008.

3. In this guidance, the term 'employer' relates to local authority employing authorities and other employers participating in the Scheme.

4. This guidance includes details of the relevant regulatory provisions and an explanation of the operation of the new ill-health retirement benefit provisions as they apply from 1 April 2008. The background and policy development for the new ill health framework is at Annex A. Two model ill health certificates are provided at Annex B and C to assist employers participating in the scheme, and independent doctors will need to complete a certificate for each ill health retirement case.

5. The Ill Health Monitoring Group (IHMG) has been set up to evaluate the effectiveness of the new LGPS ill health framework, and the Group will ask for relevant data about the application of the new regulations to inform their work. The IHMG is able to make recommendations for changes to the regulatory framework in the light of experience of implementing the new ill health provisions.

6. The Secretary of State will keep the content of the guidance under review and will update it as necessary, in the light of recommendations from the IHMG, or experience of administering authorities, employers, IRMPs and others, in the application of this guidance.

7. Unless a specific reference is made to regulations by their full title, the reference is to a regulation of the LGPS (Benefits, Membership and Contributions) Regulations 2007 (SI 2007/1166), as amended by the LGPS (Amendment) Regulations 2008 (SI 2008/1083) ("the Benefits Regulations").

Section 1 - The Legal Framework

8. The regulatory provisions governing ill health retirements under the LGPS with effect from 1 April 2008 are set out in regulations 20 and 31 of The Local Government Pension Scheme (Benefits, Membership and Contributions) Regulations 2007 (SI 2007/1166), as amended by The Local Government Pension Scheme (Amendment) Regulations 2008 (SI 2008/1083), and in regulation 56 of the Local Government Pension Scheme (Administration) Regulations 2008 (SI 2008/239) as amended by The Local Government Pension Scheme (Amendment) Regulations 2008 (SI 2008/1083) :-

A : Entitlement on ceasing employment early owing to ill health:-

“20.—(1) If an employing authority determine, in the case of a member who satisfies one of the qualifying conditions in regulation 5—

- (a) to terminate his employment on the grounds that his ill-health or infirmity of mind or body renders him permanently incapable of discharging efficiently the duties of his current employment; and
- (b) that he has a reduced likelihood of obtaining any gainful employment before his normal retirement age,

they shall agree to his retirement pension coming into payment before his normal retirement age in accordance with this regulation in the circumstances set out in paragraph (2), (3) or (4), as the case may be.

(2) If the authority determine that there is no reasonable prospect of his obtaining any gainful employment before his normal retirement age, his benefits are increased—

- (a) as if the date on which he leaves his employment were his normal retirement age; and
- (b) by adding to his total membership at that date the whole of the period between that date and the date on which he would have retired at normal retirement age.

(3) If the authority determine that, although he cannot obtain gainful employment within three years of leaving his employment, it is likely that he will be able to obtain any gainful employment before his normal retirement age, his benefits are increased—

- (a) as if the date on which he leaves his employment were his normal retirement age; and
- (b) by adding to his total membership at that date 25% of the period between that date and the date on which he would have retired at normal retirement age.

(4) If the authority determine that it is likely that he will be able to obtain any gainful employment within three years of leaving his employment, his benefits—

- (a) are those that he would have received if the date on which he left his employment were the date on which he would have retired at normal retirement age; and
- (b) unless discontinued under paragraph (8), are payable for so long as he is not in gainful employment.

(5) Before making a determination under this regulation, an authority must obtain a certificate from an independent registered medical practitioner qualified in occupational health medicine as to whether in his opinion the member is suffering from a condition that renders him permanently incapable of discharging efficiently the duties of the relevant employment because of ill-health or infirmity of mind or body and, if so, whether as a result of that condition he has a reduced likelihood of obtaining any gainful employment before reaching his normal retirement age.

(6) A person who receives benefits under paragraph (4) shall—

- (a) inform the authority if he obtains employment; and
- (b) answer any inquiries made by the authority as to his current employment status, including as to his pay and working hours.

(7) (a) Once benefits have been in payment to a person for 18 months, the authority shall make inquiries as to his current employment.

(b) If he is not in gainful employment, the authority shall obtain a further certificate from an independent registered medical practitioner as to the matters set out in paragraph (5).

(8) (a) The authority shall discontinue the payment of benefits under paragraph (4) if they consider—

(i) that the person is in gainful employment; or

(ii) in reliance on the certificate obtained under paragraph (7)(b), that he is capable of obtaining such employment

and may recover any payment made in respect of any period before discontinuance during which they considers him to have been in gainful employment.

(b) The authority shall in any event discontinue the payment of benefits under paragraph (4) after they have been in payment to a person for three years.

(c) The authority shall forthwith notify the appropriate administering authority of any action they have taken under this paragraph.

(9) A person in respect of whom the payment of benefits is discontinued under paragraph (8) shall be treated as a pensioner member with deferred benefits from the date the suspension takes effect, and shall not be eligible to receive benefits under paragraph (4) in respect of any future period.

(10) If a person in respect of whom the payment of benefits is discontinued under paragraph (8) subsequently becomes an active member of the Scheme, his earlier period of active membership in respect of which benefits were paid under paragraph (4) shall not be aggregated with his later active membership.

(11) (a) An authority which has made a determination under paragraph (4) in respect of a member may make a subsequent determination under paragraph (3) in respect of him.

(b) Any increase in benefits payable as a result of any such subsequent determination is payable from the date of that determination.

(12) (a) Subject to sub-paragraph (b) and to paragraph (13), in the case of a member in part-time service, the period to be added under paragraph (2)(b) or (3)(b), as the case may be, is calculated in accordance with regulation 7(3) as if he had remained in such part-time service until his normal retirement age.

(b) If the certificate obtained under paragraph (5) states that, in the medical practitioner's opinion, the member is wholly or partly in part-time service as a result of the condition that has caused him to be incapable of discharging efficiently the duties of the relevant local government employment, no account shall be taken of such reduction in his service as is attributable to that condition.

(13) But if, in the case of a person who is a member before 1st April 2008, and who has attained the age of 45 before that date, the period to be added under paragraph (2)(b) or (3)(b) is less than the period that would have been added had regulation 28 of the 1997 Regulations applied, then his benefits are increased by adding the latter period.

(14) In this regulation –

“gainful employment” means paid employment for not less than 30 hours in each week for a period of not less than 12 months;

“permanently incapable” means that the member will, more likely than not, be incapable until, at the earliest, his 65th birthday; and

“qualified in occupational health medicine” means—

(a) holding a diploma in occupational medicine (D Occ Med) or an equivalent qualification issued by a competent authority in an EEA State; and for the purposes of this definition, “competent authority” has the meaning given by the General and Specialist Medical Practice (Education, Training and Qualification) Order 2003(1); or

(b) being an Associate, a Member or a Fellow of the Faculty of Occupational Medicine or an equivalent institution of an EEA State.

(15) Where, apart from this paragraph, the benefits payable to a member in respect of whom his employing authority makes a determination under paragraph (1) before 1st October 2008 would place him in a worse position than he would otherwise be had the 1997 Regulations continued to apply, then those Regulations shall have effect in relation to him as if they were still in force instead of the preceding paragraphs of this regulation.”.

(1) S.I. 2003/1250.

B : Entitlement after ceasing employment early owing to ill health:-

(Regulation 31 of the benefits regulations)

“31.—(1) Subject to paragraph (2), if a member who has left his employment before he is entitled to the immediate payment of retirement benefits (apart from this regulation) becomes permanently incapable of discharging efficiently the duties of that employment because of ill-health or infirmity of mind or body he may ask to receive payment of his retirement benefits immediately, whatever his age.

(2) Before determining whether to agree to a request under paragraph (1), an authority must obtain a certificate from an independent registered medical practitioner qualified in occupational health medicine as to whether in his opinion the member is permanently incapable of discharging efficiently the duties of the relevant employment because of ill-health or infirmity of mind or body and, if so, whether that condition is likely to prevent the member from obtaining gainful employment (whether in local government or otherwise) before reaching his normal retirement age, or for at least three years, whichever is the sooner .

(3) In this regulation, “gainful employment”, “permanently incapable” and “qualified in occupational health medicine” have the same meaning as in regulation 20.”.

C : First instance determinations: ill-health :-

(Regulation 56 of the Local Government Pension Scheme (Administration) Regulations 2008 (SI 2008/239) (“the Administration Regulations”) as amended by regulation 24 of the Local Government Pension Scheme (Amendment) Regulations 2008)(SI 2008/1083).

“56.—(1) An independent registered medical practitioner from whom a certificate is obtained under regulation 20(5) of the Benefits Regulations in respect of a determination under paragraph (2), (3) or (4) of that regulation (early leavers: ill-health) must be in a position to declare that—

(a) he has not previously advised, or given an opinion on, or otherwise been involved in the particular case for which the certificate has been requested; and

(b) he is not acting, and has not at any time acted, as the representative of the member, the employing authority or any other party in relation to the same case,

and he must include a statement to that effect in his certificate.

(2) If the employing authority is not the member’s appropriate administering authority, it must first obtain that authority’s approval to its choice of registered medical practitioner for the purposes of regulation 20 and 31 of the Benefits Regulations.

(3) The employing authority and the independent registered medical practitioner must have regard to guidance given by the Secretary of State when carrying out their functions under this regulation or, in the case of the employing authority, when making a determination under regulation 20 of the Benefits Regulations.”

Section 2 - General Guidance

Part I - Role of the employer

9. In the context of ill health retirements, the role of the employer begins a long time before employment has been terminated and the question of entitlement to an ill health retirement benefit arises. The management of ill health in the work force and, in particular, during the period leading up to termination of employment, is outside the scope of this guidance. The “prevention and management of sick absence” replaced the “management of Ill health handbook” and was published by the Local Government Employers in 2007. The handbook does not, however, contain details of the changes to the ill-health retirement benefits from 1 April 2008.

Change in process for the employer in the 2008 ill health provisions

10. Under the 1997 Scheme regulations, any question concerning entitlement to an ill-health retirement benefit could only be decided when a member had left local government employment on the grounds of permanent ill health. Whilst this did not prevent an employer and medical advisers from looking onto the question of entitlement to an ill health pension and grant beforehand, in regulatory terms, the actual decision about entitlement and any appeal arising from the determination of that question could only have been made on or after the member left employment. Concerns have been raised in the past about the effect that certain decisions made by the courts and the Pensions Ombudsman might have on this separation between the “leaving employment” and the “entitlement to pension benefit” question that has been part of the scheme’s regulations for a considerable time. The ill health provisions in Regulation 20 now require the employer to commence medical processes prior to any termination of employment on ill health grounds.

11. Responsibility for deciding the grounds on which the employment of a scheme member has been terminated rests solely with the employer (Reg 20 (1)). But an employer cannot make a determination under Regulation 20 unless they have obtained a certificate from an independent registered medical practitioner (“IRMP”) qualified in occupational health medicine (Regulation 20 (5) and (14 (a) and (b))).

12. It is also important to note that all the regulations referred to in this guidance are subject to the civil law burden of proof. As such, the determination of questions is based on the “balance of probabilities” test and not on the stricter criminal law test of “beyond reasonable doubt”.

Part II - Questions for the employer to determine

13. Under Regulation 20, the appropriate employer is required to consider and decide a number of questions before entitlement to an ill health retirement benefit under that regulation can be awarded. These include :-

- a) is the length of total membership at least three months or a transfer value is credited to the member? (but see the Benefits Regulations 5 (1)(a) and 20(1)); and
- b) does the member's ill health or infirmity of mind or body render him permanently incapable of discharging efficiently the duties of his current employment? (Regulation 20(1)(a)); and
- c) does the member have a reduced likelihood of obtaining gainful employment (whether in local government or elsewhere) before his normal retirement age? (Regulation 20(1)(b)).

(Note: see explanations concerning 'gainful employment' and 'reduced likelihood' at paras 24 and 28 below)

14. If the answers to all three questions are in the affirmative, there is a prima facie entitlement to payment of an ill-health benefit under Regulation 20. To decide the level of benefit, the employer must further decide which of the following three situations applies:-

- a) is there no reasonable prospect of the member obtaining any gainful employment before reaching his Normal Retirement Age (NRA) (i.e. age 65)? In these circumstances, the member receives benefits based on his accrued rights up to the date of termination and enhancement equal to all his prospective service from that date to his NRA. (Regulation 20(2); or
- b) is the member is judged to be incapable of obtaining gainful employment within three years of leaving local government employment, but is thought likely to be able to do so before reaching his NRA? In these circumstances benefits equal to his accrued rights and an enhancement of 25% of his prospective service to NRA will be awarded. (Regulation 20(3)), or
- c) Is the member likely to recover sufficiently from his incapacity to enable him to be capable of obtaining gainful employment within three years of leaving local government employment? In these circumstances, benefits equal to his accrued rights, with no enhancement, will be awarded. (Regulation 20(4)).

15. Additional questions concerning part time employment and the protection rights of certain members fall to be considered by virtue of Regulations 20(12), (13) and (15) respectively.

Entitlement to payment of deferred benefits on the grounds of ill health

16. Under Regulation 31 of the Benefits Regulations, an ill health benefit can also be paid to a member, who has left a local government employment with an entitlement to a deferred benefit, and becomes permanently incapable of discharging efficiently the duties of their former employment before becoming entitled to payment of that deferred benefit. The member has to apply for the early release of the deferred benefit and payment would be from the date of the application. By virtue of regulation 31(2), the early payment of deferred benefits can only be made in circumstances where the IRMP has certified that the member's condition is likely to prevent him from obtaining gainful employment, whether in local government employment or elsewhere, before reaching his normal retirement age or for at least three years, whichever is the sooner. In other words, the deferred pensioner member would have to satisfy the criteria set out in regulation 20(2) or (3).

Payments

17. Ill health retirement benefit payments are made by the relevant LGPS administering authority following notification of the determination by the employer (regulation 64 of the administration regulations).

Part III - The role and status of the independent registered medical practitioner

18. The introduction of the certification of ill health retirements by an independent registered medical practitioner qualified in occupational health was one of the 35 recommendations made in the HM Treasury review. It has been a feature of the 1997 scheme regulations for a number of years and is carried forward into the new scheme arrangements in Regulation 20(5). This regulation sets out the questions that the IRMP must address in his certificate but provisions relating to the doctor's certification are also set out in the Local Government Pension Scheme (Administration) Regulations 2008. In particular, regulation 56(1) of those regulations requires the IRMP to include a statement confirming his independent status in his certificate under regulation 20 (5). The IRMP may be asked to sign the certificate required under regulation 20 (5) and it is recommended that the IRMP complies with this request.

19. Regulation 20(14) of the Benefits Regulations defines what is meant by "qualified in occupational health medicine".

Part IV - Questions for the independent registered medical practitioner

20. In many respects, these reflect the questions that the employer is ultimately responsible for deciding but it is important to bear in mind that the independent doctor is not being asked to confirm the termination or otherwise of the member's employment. Under Regulation 20(5), the role of the IRMP is to certify whether or not, in his opinion, on the balance of probabilities, the criteria for entitlement to an ill health benefit are satisfied in any individual case. On this basis, the questions to be considered by the IRMP doctor are:-

- a) is the member **permanently** incapable of discharging efficiently the duties of the relevant local government employment because of ill health or infirmity of mind or body (**Regulation 20(5)**) and, if so –
- b) whether this has resulted in a reduced likelihood of **obtaining any gainful employment** and, if so :-
 - whether there is no reasonable prospect of his obtaining any gainful employment before his normal retirement age (**Regulation 20(5) when read in conjunction with Regulation 20(2)**), or
 - Whether, although there is no prospect of obtaining gainful employment within three years, there is a reasonable prospect of his obtaining gainful employment before reaching his normal retirement age. (**Regulation 20(5) when read in conjunction with Regulation 20(3)**);or
 - whether there is a reasonable prospect of his obtaining gainful employment within three years of leaving local government employment (**Regulation 20(5) when read in conjunction with Regulation 20(4)**).

- c) in the case of a member who is wholly or partly in part-time service, was this as a result of the condition that had caused him to be permanently incapable of discharging efficiently his current employment? (Regulation 20(12)(b)).
- d) under regulation 20(5), the IRMP is also asked to consider whether or not there is a reduced likelihood of obtaining gainful employment. But, in the context of regulation 20(8)(a)(ii) (action at the review) and the definition of “reduced likelihood” below, it is clear that if the IRMP says there is no reduced likelihood of obtaining gainful employment, then this means that regulation 20(8)(a)(ii) is satisfied. This means that a 3rd tier benefit should be discontinued following the 18 month review, if the employer, based on the opinion of the certifying doctor, determines that the member is now capable of obtaining gainful employment.
- e) regulation 20(15) provides that for determinations made by the employer up to and including 30th September 2008, the employer will need to consider a member’s entitlement under both the current provisions of regulation 20 and the former ill-health provisions of the 1997 Scheme regulations (see para. 48 below). This does mean that, for this limited period, IRMPs will need to consider the permanency question both in relation to a member’s actual local authority employment and any comparable employment for the purposes of regulation 27 of the 1997 Scheme regulations. Under those regulations, the term “comparable employment” was defined as any other comparable employment with his employing authority as follows:

"comparable employment" means employment in which, when compared with the member's employment

(a) the contractual provisions as to capacity either are the same or differ only to an extent that is reasonable given the nature of the member's ill-health or infirmity of mind or body; and

(b) the contractual provisions as to place, remuneration, hours of work, holiday entitlement, sickness or injury entitlement and other material terms do not differ substantially from those of the member's employment.

21. It is important at this stage to highlight the fact that both regulations 20(1) and (5) restrict entitlement considerations to medical factors. Although regulation 20(1) enables the authority to make an award where a member, amongst other things, “...has a reduced likelihood of obtaining any gainful employment”, it is important to note that by virtue of the conjunctive “and” at the end of regulation 20(1)(a), any “reduced likelihood” for the purposes of regulation 20(1)(b) must be as a direct result of the permanent incapacity referred to in regulation 20(1)(a). On this basis, non-medical factors such as the availability of gainful employment in a particular area, are not relevant factors for the purposes of regulation 20(1). The same rule applies to regulation 20(5), except here, the relevant conjunctive is “and, if so, whether as a result of that condition”.

Part V - Definitions

22. It is important that all parties are clear about the meanings behind the terms used in either the regulations or this guidance. The examples given below expand on the definitions given in regulation 20(14), but others refer to words or phrases that are not defined but which merit explanation.

23. The term “**permanently incapable**” is defined in regulation 20(14) as meaning “that the member will, more likely than not, be incapable until, at the earliest, his 65th birthday.” In addressing questions about permanent incapacity, whether in terms of the local government employment or gainful employment elsewhere, consideration must therefore be given not to the immediate or foreseeable future, but to the date when the member attains their NRA.

24. The term “**gainful employment**” is defined by Regulation 20(14) as “paid employment for not less than 30 hours in each week for a period of not less than 12 months”. This term is **not** to be confused with the concept of “comparable employment” which was a feature of the 1997 Scheme from 1999. From 1 April 2008, the IRMP will be required to judge the member’s capability of obtaining any gainful employment - rather than one based on the type of local government formerly held by the member. This reflects government policy whereby public service ill health pensions are to be paid not only on the basis of ability to undertake the member’s current employment, but also other employment in the general workforce.

25. **Significance of ‘3 years’**. The level of benefits payable under regulation 20 are dependant upon the duration of the “reduced likelihood” of obtaining gainful employment, having taken into account the medical condition at the time when the employer determines to terminate a member’s employment. Originally, the view was taken that the regulations should rely on the concept of a “reasonable period” to distinguish 2nd tier from 3rd tier cases. In the light of representations made by interested parties, the decision was taken that any reference to a reasonable period should be replaced with a fixed period of time, applied consistently across all cases. Three years represents a “reasonable period” distinction for the purposes of considering either a 2nd or 3rd tier award (Regulation 20 (3) and (4)). The regulations also provide for a limit of 3 years for payment of 3rd tier benefits (Regulation 20 (8(b))).

26. “**Obtaining**”. It is important to highlight the fact that both regulations 20(1) and (5) restrict entitlement considerations to medical factors. The IRMP will wish to consider, in the context of regulations 20 and 31, that the word “obtaining” may be taken to include the capacity of the individual in question to carry out gainful employment, taking into account the full medical effects of the condition which gave rise to the retirement on the grounds of permanent ill health. In some cases, the condition may comprise certain medical or physical impediments which have a bearing on the individual’s capacity to obtain gainful employment. For example, a person who is house-bound or unable to travel because of the medical condition, but is otherwise capable of carrying out gainful employment, is likely to have a reduced likelihood of obtaining gainful employment for the purposes of regulations 20 and 31. The regulations therefore allow for the possibility that certain individuals with a permanent incapacity, although theoretically having the capacity to carry out gainful employment, may not in practice be able to obtain it because of the full medical effects of their condition.

27. Non-medical factors, such as the general availability of gainful employment in a particular area or the attitude of employers to certain conditions, **would not be material factors and should not be part of the IRMP’s consideration**, while the effect a medical condition would have on their practical ability to obtain gainful employment would. The same would apply to the individual’s own attitude towards their condition, which could be a limiting factor to obtaining gainful employment, although it is recognised that in some cases, the member’s attitude may constitute a medical condition in itself and the IRMP could be asked to make a judgement about this.

28. **“Reduced likelihood”**. From the outset, the policy objective has always been to encourage a return to work for those people who have left their local government employment because of ill health but who are otherwise capable of carrying out a wide range of employment elsewhere. Regulation 20 does not, therefore, provide an ill health retirement benefit to any member whose employment was terminated on the grounds of ill health or infirmity of mind or body which renders him permanently incapable of discharging efficiently the duties of his current employment, but he does not have a reduced likelihood of obtaining gainful employment (20(1)). In such circumstances, the member would be regarded as immediately capable of obtaining gainful employment as defined in regulation 20(14). “Immediately” means at the point the member’s employment is terminated. It follows that a 1st, 2nd or 3rd tier pension can only be awarded to a member whose likelihood of obtaining gainful employment is reduced because of that permanent incapacity.

Section 3 – The Regulations in practice

Part VI – The first tier

29. Regulation 20(2) provides for payment of a first tier ill-health retirement pension where :-

- a) the member has a qualifying period of at least 3 months or a transfer value is credited to the member (but see the Benefits Regulations, regulation 5 (1));
- b) a certificate has been obtained under regulation 20(5);
- c) based on that certificate, the employer has decided to terminate the member’s employment on the grounds that his ill health or infirmity of mind or body renders him permanently incapable of discharging efficiently the duties of his current employment and, because of that condition, he has a reduced likelihood of obtaining any gainful employment before normal retirement age (regulation 20(1) (a) and (b), and
- d) the authority determines that there is no reasonable prospect of him obtaining any gainful employment before normal retirement age (regulation 20(2).

30. Where a first tier pension is awarded under regulation 20(2), the member’s normal benefits are increased as if the date on which he left local government employment was his normal retirement age and by adding to the total membership at that date the whole of the prospective service up to normal retirement age. Regulation 20(12) makes provision for a different calculation in the case of a member in part-time service. A first tier pension is not subject to any review mechanism.

Part VII – The second tier

31. Regulation 20(3) provides for payment of a second tier ill health retirement pension where the circumstances are the same as those described in the first three bullet points in paragraph 29 above, but the employing authority determines it is likely that the member will become capable of obtaining gainful employment before their normal retirement age but cannot obtain gainful employment within three years of their leaving local government employment.

32. Where a second tier pension is awarded under regulation 20(3), the member’s normal benefits are increased by adding to the member’s total membership at the time of leaving, 25% of their prospective service to normal retirement - subject to the provisions of regulation 20(12) if

the service in question was part-time. A second tier pension is not subject to any review mechanism.

Part VIII – The third tier

33. The 3rd tier provides retirement benefits for a member who is judged by an IRMP to be permanently incapable of their local authority employment and has a reduced likelihood of obtaining gainful employment before his normal retirement age, but is also medically considered capable of obtaining gainful employment within three years of leaving employment. The member would be entitled to their accrued LGPS pension benefits, with no enhancement, and payments are made until such time as the member obtains gainful employment. Payments would be discontinued if, following a review, under regulations 20 (7) (a) and (b), the IRMP certificate is to the effect that the member is now capable of gainful employment. 3rd tier payments cannot, in any event, continue beyond three years (regulation 20 (8) (b)).

34. All ill health payments are made by the relevant LGPS administering authority following notification of the determination by the employer (regulation 64 of the administration regulations).

Requirement to obtain a certificate from an Independent Registered Medical Practitioner qualified in occupational health medicine (IRMP)

35. Regulation 20(5) requires an employer to obtain a certificate from an IRMP qualified in occupational health medicine.

Return to gainful employment

36. The member with 3rd tier benefits is required to notify the previous employer when employment is obtained and provide details, including the pay and working hours, of that employment. The employer considers the details regarding that employment and, if they decide this is gainful employment as defined in paragraph 20 (14) of the Benefits Regulations, payments are discontinued. The employer should notify the relevant administering authority without delay when payments are to be stopped, and payments should be stopped from the date when gainful employment commenced (see para 38 concerning the treatment of overpayments).

The Review mechanism

37. 1st and 2nd tier ill health benefits are not reviewable but 3rd tier benefits are subject to a review. Under regulation 20(7)(a), the previous employer needs to undertake a review when 3rd tier payments have been made for 18 months. The employer should write to the 3rd tier member asking for details of their employment status. If, from the information provided, the employer decides that gainful employment had been obtained, the 3rd tier payments are discontinued.

Repayment of overpaid payments

38. The date of return to gainful employment will determine the date payments should be stopped and the employing authority is required to notify the relevant administering authority without delay when 3rd tier payments should be discontinued and from what date (regulation (20 (8) (c)). If payments have continued when gainful employment has been found, the employer has powers to recover any overpayment from the 3rd tier member under regulation 20(8)(a). Employers are recommended to pass the amount of the recovered 3rd tier payments, without delay, to the relevant pension fund.

3rd tier member returns to local government employment

39. Regulation 20(10), requires that when benefits are stopped and the 3rd tier member subsequently becomes an active member of the LGPS, the earlier period of membership which resulted in 3rd tier benefits is not aggregated with the later active membership.

Status of member when payments cease

40. The status of a 3rd tier member whose benefits are stopped is 'a pensioner member with deferred benefits', and he is not eligible to receive 3rd tier payments in respect of any future period, regulation 20(9) refers.

Seeking a further opinion from an IRMP

41. If, as a result of the employer's enquiry at the review, it is found that a 3rd tier member has not found gainful employment, the employer is required by regulation 20(7)(b) to seek a further opinion from an IRMP concerning the condition which resulted in the 3rd tier membership.

42. The same IRMP can sign the certificate that resulted in the first determination and the certificate at the 3rd tier review. This is because the provision to obtain a further certificate from the IRMP is under regulation 20(7) (b) which means that 56(1) of the LGPS Administration Regulations does not apply. There is, effectively, no requirement that the IRMP has to be able to certify at a 3rd tier review that they have not previously advised, given an opinion on, or otherwise been involved in the case.

Employers' ability to uplift the member from 3rd tier to a 2nd tier following the review (Regulation 20 (11))

43. The employer can determine that a member with 3rd tier benefits can receive the enhanced 2nd tier benefits upon the certification by the IRMP following the review or at any time, even if the payment of the 3rd tier benefit has been discontinued. The employer must take the same steps when determining the 2nd tier concerning certification by an IRMP. The date of the second determination will decide the date from which the uplift to 2nd tier will be put into payment. There is no provision to make a determination for a 1st tier payment at the review or a subsequent occasion. If at the 3rd tier review or subsequently, the IRMP judges that the member is, because of the condition resulting in 3rd tier benefits, now permanently incapable of their local authority employment and has no prospect of obtaining gainful employment before normal retirement age, the employer only has powers to award a 2nd tier enhanced pension from the date of the later determination and can do this where the medical certification justifies it. The 2nd tier determination may be considered when 3rd tier payments are ongoing or have been discontinued. Also, the employer is not prevented from seeking a medical reassessment during the three year period should this be requested by the member.

Part IX – Special considerations

Member reduces their hours because of the ill health condition which subsequently results in ill health retirement

44. Where a member is awarded ill health retirement benefits but, prior to their leaving employment, they have had to reduce their hours as a result of the condition that lead to the ill health retirement award, no account is taken of the reduction in hours. The member's reduction in service which is accrued between the date of the reduction in hours and the date they leave employment is ignored for the purposes of calculating his ill health benefits. The IRMP has to certify that the reduction in hours is as a result of the condition that causes him to be permanently incapable of the relevant local government employment and have a reduced likelihood of obtaining gainful employment, in accordance with regulation 20 (12) (b). If this is certified, the employer can make a determination, and the ill health pension will be calculated based on accrued service with no reduction in service because of the reduction in hours; this applies to past service and, where appropriate, any future service enhancement for a 2nd or 1st tier award.

45. If a member who is employed at the outset on a part time basis because of an ill health condition, further reduces their hours as a result of that ill health condition, and this is certified to be the case by an IRPM, no account is taken of that further reduction when calculating an ill health retirement award. This applies for both past service and, where appropriate, any future service enhancement for a 2nd or 1st tier award. The calculation is based on the pre reduction part time service.

46. If, after starting part-time employment, there is no subsequent reduction in the member's part time hours as a result of the ill health condition that is being assessed for ill health retirement, regulation 20 (12) (b) will not apply as there has been no reduction in the current service as a result of the condition resulting in ill health retirement.

Treatment of those aged 45 before 1 April 2008 - 1st and 2nd tier determination

47. Under regulation 20(13), protection is given for a person who was both a member and aged 45 before 1 April 2008, and where there is entitlement to enhanced ill health retirement benefits (i.e. a 1st or 2nd tier award). This protection means that the member should be in no worse a position than they would have been had Regulation 28 of the 1997 Regulations applied and the conditions of that regulation were met. The employer will be required to establish entitlement under the 1997 regulations and the 2007 Benefit Regulations as amended, and award the greater of the benefits.

Transitional protections

48. Under regulation 20 (15), transitional protections apply for determinations made before 1 October 2008 to provide that if the benefits payable to a member under the amended regulation 20 would place him in a worse position than he would otherwise be had the 1997 Regulations continued to apply, then those Regulations shall apply as if they were still in force. For all practical purposes, Regulation 27 of the 1997 Regulations remains in force in the transitional period.

49. This means that the employer needs to consider whether the employee would be entitled to ill health benefits under Regulation 20 of the benefit regulations as amended by the LGPS (Amendment) Regulations 2008. The employer also needs to consider whether the member is entitled to ill health benefits under the 1997 Regulations. A calculation of any benefits payable, under the two sets of regulations, is made and any enhancement of prospective service for both calculations is at the 1/60th accrual rate. A comparison should then be made and the member is awarded the greater amount.

50. Until the end of September 2008, the ill health certificate to be completed by the independent registered medical practitioner will need to include questions about whether the member would meet the ill health definition in the LGPS Regulations 1997 as well as ill health questions relating to the Benefits Regulations 2007 (as amended).

51. For example, in the transitional period, a member who qualifies for a 3rd tier pension and would also qualify for an enhancement of 6 2/3 under the 1997 Regulations, would receive a 1997 Regulation non reviewable, permanent pension with the enhancement calculated at 1/60th accrual.

How to assess 'gainful employment' if a member in receipt of a 3rd tier pension informs the employer that they have a short term contract.

52. It would be unreasonable for an employer to assume that a person is in gainful employment having notified them that they have just entered a short term contract of employment for, say, six months. Whether that contract will be renewed or not, would be pure conjecture and should not, therefore, fall to be considered. Even if a 3rd tier member had served two months of the six month contract, it follows that the definition of gainful employment has not been satisfied. Neither would it be reasonable to make any assumption that four months on, the contract might be reviewed for a further six months which could arguably bring it within the gainful employment definition.

53. Where the employer is notified of a member's employment showing contract details of 30 hours or more in each week, for a period less than 12 months, the 3rd tier payments should not be stopped but the employer should check the current employment status with the member at the point the contract is due to end. If it is found that a further contract has been obtained, and this was again for 30 hours or more in each week, for a period less than 12 months, it will be reasonable to stop payments when a continuous 12 month period has been undertaken, as the gainful employment test will have been satisfied.

54. Under some contracts, the hours may be variable and this may cause some difficulty in deciding whether, over the future, the 30 hour test is satisfied over a 12 month period. If employment was obtained some time ago, it should be possible to ascertain a pattern of working from the variable hours worked up to that point and to base a decision on that evidence. A better way forward would be to defer any decision until later in the employment when evidence about working hours has been established.

55. In other words, taking short term contracts may avoid the 3rd tier pension being suspended in the short time, but once the employment in individual contracts for 30 hours or more in each week have been undertaken over a continuous 12 month period, the definition of gainful employment would be satisfied.

56. In any event, if it is clear from the outset that the member has obtained employment with a specified period of less than 12 months, the employer will wish to ask the member in receipt of a

3rd tier pension, to let them know their employment status at the end of the period of the first short term contract, and subsequent contracts until the gainful employment test has been met.

57. The view is also taken that the words “in each week” where they appear in the definition of “gainful employment” in regulation 20(14) means in each week throughout the 12 month period, rather than in each week where there is a contract of employment. Otherwise, the definition would be satisfied by a person taking just a one month contract of employment for 35 hours a week.

58. Where a member notifies the previous employer that they have obtained employment, for example, 37 hours a week on an open contract ie one that has no specified end date, it would be reasonable for the employer to take the view that the gainful employment test was met and to discontinue payment of the 3rd tier benefits.

Regulation 31 – Early payment of pension by reason of ill health

59. A pensioner member whose 3rd tier benefits have ceased and who has deferred benefits is not precluded from applying under Regulation 31 as a result of a medical condition unrelated to the condition that resulted in 3rd tier payments. A member whose 3rd tier payments have ceased, is precluded from resumed 3rd tier payments under regulation 20 (9). If a pensioner member whose 3rd tier benefits have ceased, seeks release of benefits as a result of the condition that resulted in the 3rd tier payment, an employer should consider whether there is eligibility for a 2nd tier pension under Regulation 20 (11) (a).

Resolution of disagreements and Internal Dispute Resolution Procedure (IDRP)

60. Regulation 58 of the Administration Regulations enables a scheme member to make an application for any disagreement, between themselves and an employer or an administering authority, to be resolved about a matter in relation to the scheme. This includes any decision taken by an employer or administering authority under the LGPS ill health regulations regarding entitlement to an ill health retirement benefit at the date employment ends (regulations 55 (6) and (7), or the early payment of deferred retirement benefits on ill health grounds having already ceased that employment (regulation 31 of the Benefits Regulations). The IDRP arrangements also apply in cases where an employer or administering authority has failed to make a decision within any period prescribed by the scheme’s regulations.

61. Other decisions which fall within the scheme’s IDRP provisions include:-

- a) any disagreement with the entitlement level of 1st, 2nd or 3rd tier pension (regulations 20(2), (3) and (4) of the Benefits Regulations;
- b) whether a certificate has been obtained from an IRMP in compliance with the scheme’s regulations (regulation 20(5) of the Benefits Regulations and regulation 56 of the Administration Regulations);
- c) whether the employing authority has had regard to guidance in carrying out their functions under regulation 56 of the administration regulations or regulation 20 of the Benefits Regulations; and
- d) whether a 3rd tier pension should be suspended because the member has obtained gainful employment or, if not, is judged to be capable of obtaining such employment (regulation 20(8)) of the Benefits Regulations.

62. This list is by no means exhaustive and is only given as an illustration of some of the main decisions on ill health retirement pensions that fall within the scheme's IDRPs arrangements. It is also important to note that these arrangements do not apply directly to the opinions given by the IRMP because their role is to give an opinion on whether or not the medical criteria for entitlement to an ill health pension is satisfied. It is the scheme employer that has the regulatory responsibility to decide the entitlement question based on the certificate and/or report submitted by the IRMP and against whom any IDRPs dispute regarding entitlement to benefit rests.

63. Detailed guidance for both scheme employers and scheme members on the scheme's IDRPs arrangements can be found at <http://www.xoq83.dial.pipex.com/empgb.htm> (scheme members) and <http://www.xoq83.dial.pipex.com/idrpguide.pdf> (scheme employers). The guides also refer to the role of the Pensions Ombudsman.

Exchange of information by authorities

64. Regulation 64 of the administration regulations requires employers to provide the relevant administering authority with such information as it needs to discharge its Scheme functions.

Section 4 – Documentation

65. The regulations themselves do not prescribe the precise format of the certificate that the IRMP is required to provide under Regulation 20(5), although the overall content is set out in the regulation itself. To assist practitioners in this process, examples of pro-forma certificates are included at **Annex B and C**. Individual employers, in consultation with their medical advisers, and IRMP, may wish to adapt the example to reflect local circumstances and procedures provided that the content complies fully with the scheme's regulatory requirements. In addition, a complete suite of forms including action at the review, reapplication by 3rd tier member whose benefits are discontinued etc, can be provided for employers from their administering authority.

Annex A

Background and policy formulation for the current ill health framework

66. In July 2000, HM Treasury published its review of ill-health retirement in the public sector. The 35 recommendations of the report were accepted in full by the Government and government departments responsible for public service pension schemes were tasked to come forward with individual action plans to implement the report's recommendations. The then DETR's action plan was agreed and published in October 2001.

67. The Department's action plan to implement the inter-Departmental report into ill health retirements in the public sector 2000, included an undertaking to prepare a discussion paper outlining the scope for introducing four changes to the arrangements for the payment of ill-health retirement benefits under the Local Government Pension Scheme Regulations 1997.

68. The four recommendations included in the Action Plan relevant to this guidance were :-

- **Recommendation 27 -** To examine the scope for introducing a two-tier ill-health retirement provision into the LGPS;
- **Recommendation 28 –** To introduce the facility to review the levels of ill-health retirement benefit during retirement;
- **Recommendation 29 –** To consider the role of abatement in the context of ill-health retirement, and
- **Recommendation 34 –** To consider the scope for introducing a more efficient system for awarding enhanced membership on ill-health retirement with less incentive for members to seek ill-health retirement at specific ages.

The rationale for a multi tier ill-health pension provision

69. In common with most other occupational pension schemes in the public sector, the LGPS has historically assessed entitlement to ill-health retirement benefits on the individual employee's capacity to perform efficiently the duties of their former employment. However, the LGPS is different to the extent that since April 1999, it has also required employers to consider the capacity to undertake other local government employments that are comparable on the basis of pay, location, training/skill levels, etc. But that apart, there remained the problem envisaged by the July 2000 report that the LGPS, in common with most other occupational pension schemes in the public sector, failed to address the issue of a person's ability to perform a wide range of jobs in the employment sector as a whole.

70. The proposal to introduce a two-stage level of ill-health retirement benefit entailed the introduction of a new upper level of benefit LGPS members whose condition rendered them permanently incapable of any work, whether in local government or elsewhere. For the remainder whose incapacity meant that they were still capable of performing work elsewhere, the second level of benefit would be assessed on a case by case basis according to a number of factors, including the degree of incapacity and the extent to which this might affect future earning potential. But given the Government's aim of reducing the levels of ill-health retirement and of retaining people in the workforce up to their normal retirement age and possibly beyond, the scope for introducing a series of measures designed to ease the transition between work

and retirement and to retain staff in employment despite their inability to perform their current duties because of ill-health would have to be explored.

71. Although the HM Treasury review focussed its attention on a two tier ill-health pension arrangement, the working group set up by the then DETR to take forward implementation of the action plan considered that the range of incapacities covered by the second tier - from those just short of meeting the top tier criteria and those who would be capable of obtaining gainful employment within a reasonable period after ceasing their local government employment on permanent ill-health grounds - was such that a three tier provision might be more appropriate.

72. It was also suggested that there could be a role for some form of income-protection arrangement as a way of managing long term sickness absence and ensuring that other alternatives to ill-health retirement, eg, re-training, rehabilitation, re-deployment and flexible retirement, were fully explored before employment is finally terminated on grounds of incapacity.

Policy development

73. After consideration of the views expressed by interested parties, Ministers came forward, in April 2007, with a two tier arrangement as set out in the Local Government Pension Scheme (Benefits, Membership and Contributions) Regulations 2007 (*benefit regulations*). A 1st tier member will receive their accrued pension entitlements plus a service enhancement of all (100%) of their prospective membership to their normal retirement date. A 2nd tier member with a lower level of incapacity will receive 25% of that prospective membership along with their accrued pension entitlements.

74. The final element of ill health remained to be decided. CLG explored with key stakeholders the scope for a form of income replacement allowance, outside the pension scheme and to be paid by employers from their revenue. However, agreement was not reached. As new tax rules, introduced in the 2007 Finance Act, did not preclude the cessation of a pension, consideration of a 3rd tier within the LGPS was then an option.

75. In November 2007, interested parties were consulted on a reviewable third tier of ill health retirement benefit for a Scheme member who leaves employment because they are assessed by an independent occupational health practitioner as being permanently incapable of their current job but medical evidence indicates that they are capable of obtaining alternative employment within three years of their leaving.

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***Example III Health Retirement Certificate for a Current Employee –
England and Wales – for determinations made after 30 September 2008.***

Medical certificate to be provided by an independent, approved, duly qualified registered medical practitioner in accordance with regulation 20 of the Local Government Pension Scheme (Benefits, Membership and Contributions) Regulations 2007 (as amended) in respect of a current employee.

Part A: To be completed by the employer

Surname of employee:

Forenames:

Mr / Mrs / Miss / Ms*

Date of birth:

NI Number:

Home address:

Employer:

Place of work:

Nature of employment (job description attached):

Have the employee's contractual hours been reduced as a result of their ill health or infirmity or mind or body? Yes / No * (If 'Yes', please attach a statement providing background details e.g. factors that led to the reduction in hours, date(s) reduction(s) in hours occurred. This is to assist the registered medical practitioner when answering questions B8/B9).

(*delete as appropriate)

Part B: To be completed by the approved (1) registered medical practitioner. Please tick appropriate boxes.

Please tick either B1 or B2

I certify that, in my opinion, the employee named in Part A

B1: IS B2: IS NOT

on the balance of probabilities, permanently incapable (2) of discharging efficiently the duties of his / her employment with his / her employer because of ill health or infirmity of mind or body.

If B1 has been ticked, please tick B3 or B4

I certify that, in my opinion, as a result of that ill health or infirmity the employee named in Part A

B3: DOES B4: DOES NOT

have a reduced likelihood of being capable of obtaining (3) other gainful employment (4), whether in local government or elsewhere, before age 65.

If B3 has been ticked I further certify that, in my opinion:

B5: As a result of their ill health or infirmity, there is no reasonable prospect of the employee named in Part A being capable of obtaining (3) gainful employment (4) before age 65.

OR

B6: Although, as a result of their ill health or infirmity, the employee named in Part A cannot obtain (3) gainful employment (4) within the next three years he / she is likely to be capable of gainful employment (4) at some time thereafter and before age 65.

OR

B7: Having considered their ill health or infirmity, the employee named in Part A is likely to be capable of obtaining (3) gainful employment (4) within the next three years.

If B3 has been ticked and the contractual hours of the person named in Part A have been reduced by the employer (as indicated in Part A) please tick B8 or B9

I certify that, in my opinion, the employee named in Part A

B8: **IS** B9: **IS NOT**

in part-time service wholly or partly as a result of the condition that has caused him / her to be permanently incapable of discharging efficiently the duties of his / her employment (5).

General statement

I do / do not* attach a copy of my full report / assessment and I certify that:

I have not previously advised, or given an opinion on, or otherwise been involved in this case

AND

I am not acting, and have not at any time acted, as the representative of the employee named in Part A, the employer or any other party in relation to this case

AND

I hold a diploma in occupational health medicine (D Occ Med) or an equivalent qualification issued by a competent authority in an EEA State, which has the meaning given by the General and Specialist Medical Practice (Education, Training and Qualification) Order 2003, or I am an Associate, a Member or a Fellow of the Faculty of Occupational Medicine or of an equivalent institution in an EEA State

AND

I have given due regard to the guidance issued by the Secretary of State when completing this certificate.

..... Date:

Signature of independent registered medical practitioner

.....
Printed name of independent registered medical practitioner

(* delete as appropriate)

Important notes:

- (1) The independent registered medical practitioner signing the certificate must have been approved for this purpose by the Pension Fund administering authority.
- (2) 'Permanently incapable' means that the person will, more likely than not, be incapable until, at the earliest, their 65th birthday.
- (3) The independent registered medical practitioner is providing an opinion on the person's capability of obtaining gainful employment based solely on the effect the medical condition has on the ability to undertake gainful employment.
- (4) 'Gainful employment' means paid employment (whether in local government or elsewhere) for not less than 30 hours in each week for a period of not less than 12 months. It does not have to be employment that is commensurate in terms of pay and conditions with that of the person's current employment.
- (5) If the reason that the contractual hours have been reduced is wholly or partly as a result of the condition that has caused him / her to be permanently incapable of discharging efficiently the duties of his / her employment, then the Pension Fund administering authority will ignore the reduction in hours when calculating the pension benefits due to the scheme member.

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Example 3rd Tier III Health Retirement Review Certificate for a Current 3rd Tier Pensioner – England and Wales – Review taking place within 3 years of date of cessation of employment.

Medical certificate to be provided by an independent, approved, duly qualified registered medical practitioner in accordance with regulation 20 of the Local Government Pension Scheme (Benefits, Membership and Contributions) Regulations 2007 (as amended) in respect of a 3rd tier pensioner whose pension is currently in payment.

Part A: To be completed by the employer

Surname of former employee:

Forenames:

Mr / Mrs / Miss / Ms*

Date of birth:

NI Number:

Home address:

Former Employer:

Former position (post title):

Nature of former employment (job description attached):

Date of cessation of former position:

The former employee named above was, at the date of cessation of their former position, certified as being, on the balance of probabilities, permanently incapable (1) of discharging efficiently the duties of his / her employment with his / her employer because of ill health or infirmity of mind or body, and that, although having a reduced likelihood of being capable of obtaining other gainful employment (2), whether in local government or elsewhere, before age 65, it was nevertheless likely that he / she would be capable of obtaining gainful employment (2) within 3 years of the date of cessation of employment. He / she was awarded a short-term, reviewable, 3rd tier pension. It is now necessary to review, in accordance with regulation 20 of the Local Government Pension Scheme (Benefits, Membership and Contributions) Regulations 2007, whether he / she is still capable of obtaining (7) gainful employment (2) within 3 years of the date of cessation of employment.

(*delete as appropriate)

Part B: To be completed by the approved (3) registered medical practitioner. Please tick appropriate boxes.

Please tick either B1 or B2

I certify that, in my opinion, having considered their ill health or infirmity, the former employee named in Part A

B1: **IS STILL** B2: **IS NOT** (4)

likely to be capable of obtaining (7) gainful employment (2) within three years of the date of leaving shown in Part A.

If B1 has been ticked, please tick B3 or B4

I certify that, in my opinion, the former employee named in Part A

B3: **IS CURRENTLY CAPABLE OF OBTAINING (7) GAINFUL EMPLOYMENT (2)(5)**

B4: **IS NOT CURRENTLY CAPABLE OF OBTAINING (7) GAINFUL EMPLOYMENT (2) BUT IS LIKELY TO BE CAPABLE OF DOING SO WITHIN THREE YEARS OF THE DATE OF LEAVING SHOWN IN PART A. I WOULD LIKE TO REVIEW THIS CASE [ENTER DATE, BEING A DATE GREATER THAN 18 MONTHS BUT LESS THAN THREE YEARS AFTER THE DATE OF LEAVING SHOWN IN PART A] (6)**

General statement

I do / do not* attach a copy of my full report / assessment and I certify that:

I hold a diploma in occupational health medicine (D Occ Med) or an equivalent qualification issued by a competent authority in an EEA State, which has the meaning given by the General and Specialist Medical Practice (Education, Training and Qualification) Order 2003, or I am an Associate, a Member or a Fellow of the Faculty of Occupational Medicine or of an equivalent institution in an EEA State

AND

I have given due regard to the guidance issued by the Secretary of State when completing this certificate.

..... Date:
Signature of independent registered medical practitioner

.....
Printed name of independent registered medical practitioner

(* delete as appropriate)

Important notes:

- (1) 'Permanently incapable' means that the former employee was, more likely than not, incapable until, at the earliest, their 65th birthday.
- (2) 'Gainful employment' means paid employment (whether in local government or elsewhere) for not less than 30 hours in each week for a period of not less than 12 months. It does not have to be employment that is commensurate in terms of pay and conditions with that of the employee's former employment.
- (3) The independent registered medical practitioner signing the certificate must have been approved for this purpose by the Pension Fund administering authority.
- (4) If Box B2 is ticked, the former employer can determine to award an enhanced (2nd tier) ill health pension, payable from the date of their determination.
- (5) If Box B3 is ticked, the 3rd tier ill health pension will cease to be payable immediately (or, if later, from the date 18 months after the date of leaving shown in Part A).
- (6) If Box B4 is ticked, the 3rd tier ill health pension will continue in payment but the case is to be referred back to the independent medical practitioner at the time indicated by the independent medical practitioner for a further review (unless the pension is stopped before then upon the former employee obtaining gainful employment).
- (7) The independent registered medical practitioner is providing an opinion on the former employee's capability of obtaining gainful employment based solely on the effect the medical condition has on the ability to undertake gainful employment.



WIRRAL COUNCIL

PENSIONS COMMITTEE

14 JANUARY 2009

REPORT OF THE DIRECTOR OF FINANCE

MEMBERS TRAINING 2009

1. EXECUTIVE SUMMARY

- 1.1 Members are requested to agree the training programme anticipated for 2009.

2. BACKGROUND

- 2.1 As a consequence of Myners' recommendations, there is 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. The Pension Fund arranges internal and external training events throughout the year. Separate papers, to authorise attendance at these events, are put to Committee on an event by event basis.

3. TRAINING PROGRAMME

- 3.1 The anticipated training programme is attached as Appendix 1 to this report. As the Pension Fund becomes aware of other appropriate events, Members will be advised at the time.
- 3.2 Officers are also looking to provide Members with bespoke training opportunities, principally provided by the Local Government Employers (LGE), once the governance and induction arrangements have been formalised.

4. FINANCIAL AND STAFFING IMPLICATIONS

- 4.1 The anticipated costs of the programme will be included in the training budget for 2009.

5. EQUAL OPPORTUNITY IMPLICATIONS

- 5.1. There are none arising from this report.

6. COMMUNITY SAFETY IMPLICATIONS

- 6.1. There are none arising from this report.

7. LOCAL MEMBER SUPPORT IMPLICATIONS

7.1. This report has no particular implications for any Members or wards.

8. LOCAL AGENDA 21 IMPLICATIONS

8.1. There are none arising from this report.

9. PLANNING IMPLICATIONS

9.1. There are none arising from this report.

10. BACKGROUND PAPERS

10.1 None were used in the preparation of this report.

11. RECOMMENDATION

11.1 That Members agree the training programme.

IAN COLEMAN
DIRECTOR OF FINANCE

FNCE/298/08

APPENDIX 1

<u>Month (2009)</u>	<u>Event</u>	<u>Representation*</u>
26/27 February	LGC Investment Summit, Chester	Party Spokespersons
May	NAPF Local Authority Conference, Birmingham	Chair
June	Internal Training Day, Liverpool, involving other local authorities	All Members
23-25 June	CIPFA Conference, Manchester	Chair
10/11 September	LGC Investment Seminar, Newport	Party Spokespersons
September	Internal Training Day, Liverpool, involving other local authorities	All Members
October	LGPS Annual Conference.	All Members
November	Annual Employers Conference, Liverpool	All Members
December	LAPFF Annual Conference, Bournemouth	Chair

***Representation reflects previous attendance at these events**

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