



Pensions Committee

Date:	Monday, 6 April 2009
Time:	6.00 pm
Venue:	Committee Room 1 - WTH

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AGENDA

BRIEFING BEFORE PENSIONS COMMITTEE

Please note that there will be a briefing before Pensions Committee at 4.30 in the same room.

Light refreshments will be available during the briefing.

1. 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.

2. MINUTES (Pages 1 - 6)

To receive the minutes of the meeting held on 14 January 2009.

3. FINANCE DEPARTMENT PLAN 2009/10 (Pages 7 - 34)

4. POLICY ON COMMUNICATIONS WITH MEMBERS AND EMPLOYING AUTHORITIES (Pages 35 - 48)

5. LGPS REFORM UPDATE (Pages 49 - 60)

6. UPDATED GOVERNANCE COMPLIANCE STATEMENT (Pages 61 - 74)

7. INVESTMENT REGULATIONS CONSULTATION (Pages 75 - 96)

8. **STRATEGIC PROPERTY ADVISERS (Pages 97 - 100)**
9. **NATIONAL ASSOCIATION OF PENSION FUNDS CONFERENCE (NAPF) (Pages 101 - 102)**
10. **CIPFA ANNUAL CONFERENCE (Pages 103 - 104)**
11. **JULY TRAINING EVENT (Pages 105 - 108)**
12. **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.

13. **THEMATICS FUND OF FUNDS PORTFOLIO (Pages 109 - 112)**
14. **ADMISSION APPLICATION - COLAS (Pages 113 - 114)**
15. **ADMISSION APPLICATION - ASSOCIATED CLEANING CONTRACTORS (Pages 115 - 116)**
16. **VENTURE HOUSE NEWBURY (Pages 117 - 118)**
17. **MINUTES OF INVESTMENT MONITORING WORKING PARTY 25 FEBRUARY 2009 (Pages 119 - 126)**
18. **ANY OTHER URGENT BUSINESS APPROVED BY THE CHAIR**
19. **RECLAMATION OF UK WITHHOLDING TAX (Pages 127 - 130)**

PENSIONS COMMITTEE

Wednesday, 14 January 2009

Present:

Councillor AR McLachlan (Chair)

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

Councillors A Ibbs, Sefton Council
N Keats, Knowsley Council
R Oglethorpe, Liverpool City Council

In attendance:

Phil Goodwin
(UNISON)

Apologies

Councillors J Brown Councillor G Pearl (St
Councillor D Kirwan Helens Council)

64 MINUTES

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

Resolved – That the minutes be received.

65 DECLARATIONS OF INTEREST

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

No declarations were made.

66 FUTURE COST SHARING IN THE LGPS

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

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

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

67 **LGPS REFORM UPDATE**

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

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

68 **MANAGEMENT OF FIXED INCOME**

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

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

69 **CONTRACTS FOR PROPERTY SERVICES**

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

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

Resolved –

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

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

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

The Director of Finance submitted a report requesting approval of the treasury management policy statement and the treasury management annual plan and strategy for Merseyside Pension Fund for the financial year 2009/10.

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

71 **GOVERNANCE COMPLIANCE STATEMENT**

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

Resolved – That the report be noted.

72 **ANNUAL GOVERNANCE REPORT ACTION PLAN**

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

Resolved – That the Action Plan be noted.

73 **RECLAMATION OF EUROPEAN WITHHOLDING TAX**

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

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

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

74 **ILL HEALTH RETIREMENT REGULATIONS**

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

Resolved – That the report be noted.

75 **MEMBERS TRAINING 2009**

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

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

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

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

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

Resolved – That the training programme be agreed.

76 **PENSION FUND BUDGET 2009 - 2010**

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

Resolved – That the estimates for 2009-10 be approved

77 **EXEMPT INFORMATION - EXCLUSION OF MEMBERS OF THE PUBLIC**

Resolved – That the public be excluded from the meeting on the grounds that the following matters to be considered contain exempt information by virtue of paragraph 1 of Part 1 of Schedule 12A of the Local Government Act 1972.

78 **ARRIVA BUS COMPANY BOND REQUIREMENT**

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

Resolved -

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

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

79 **WRITE OFF OF PROPERTY ARREARS**

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

80 **CUNARD BUILDING BOILER REPLACEMENT**

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

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

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

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

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

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

82 **INDEPENDENT ADVISERS - EXTENSION TO CONTRACTS**

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

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

Resolved

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

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

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

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

Resolved – That the minutes be agreed.

84 **PENSIONS ADMINISTRATION IT SYSTEM**

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

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

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

WIRRAL COUNCIL

PENSIONS COMMITTEE

6 APRIL 2009

REPORT OF THE DIRECTOR OF FINANCE

FINANCE DEPARTMENT PLAN 2009/10

1. EXECUTIVE SUMMARY

- 1.1. This report sets out how the Finance Department will contribute to the overall delivery of Council aims and priorities during 2009/10, in the context of the Corporate Plan.
- 1.2. The Departmental Plan contains a number of objectives which link to the aims and priorities of the Council. They include targets against which performance and achievement will be measured.
- 1.3. The document informs the annual budgeting process and provides the basis for detailed service plans which identify how the various divisions and sections will deliver the aims and objectives of the Department. This in turn will flow through into the individual team members' Key Issue Exchange process.

2. INTRODUCTION

- 2.1. This report sets out the strategic direction of the Finance Department and provides the links to the Corporate Plan and other critical plans and identifies the targets, indicators and significant projects which will determine the demands upon resources. The full report is provided at Appendix 1.
- 2.2. The report is structured around the following aspects:
 - Plans for 2009-10
 - Finance Department Overview
 - Outcomes Framework
 - Financial Summary
 - Managing Staff, Assets and Risks

3. FINANCIAL AND STAFFING IMPLICATIONS

- 3.1. The detailed financial and staffing implications, including training needs, will be set within the overall budget allocation process. This will include the impact of service improvements and efficiencies.

4. EQUAL OPPORTUNITY IMPLICATIONS

4.1. There are no equal opportunity implications.

5. HUMAN RIGHTS IMPLICATIONS

5.1. There are no human rights implications

6. LOCAL MEMBER SUPPORT IMPLICATIONS

6.1. There are no specific Member support implications.

7. LOCAL AGENDA 21 STATEMENT

7.1. There are no local agenda 21 implications.

8. PLANNING IMPLICATIONS

8.1. There are no planning implications.

9. COMMUNITY SAFETY IMPLICATIONS

9.1. There are no community safety implications

10. BACKGROUND PAPERS

10.1. Corporate Plan - February 2009

11. RECOMMENDATION

11.1. That Members review and comment on the Finance Department Plan 2009/10.

IAN COLEMAN
DIRECTOR OF FINANCE

DRAFT



**FINANCE DEPARTMENT
DEPARTMENTAL PLAN**

2009-2010

FINANCE DEPARTMENT – DEPARTMENTAL PLAN CONTENTS

1. **Our Plans for 2009-2010**
2. **Departmental Overview**
3. **Delivering Our Plans - Outcomes Framework**
4. **Delivering Our Plans – Financial Summary**
5. **Delivering Our Plans - Managing Staff, Assets and Risks**

1. OUR PLANS FOR 2009-2010

1.1 The Council's Corporate Plan

Wirral's Local Strategic Partnership, which brings together community, private, public and voluntary agencies, has produced a Community Strategy 'Getting Better Together' which sets out a 10 year vision to **'make Wirral a better place in which to live, work and invest'**. It identifies 8 themes for action which reflect local priorities and provide a framework for improving the economic, environmental and social well-being of local people.

The Council's Corporate Plan, agreed in March 2008 and reaffirmed in September 2008, identifies a vision for Wirral of **'a more prosperous and equal Wirral, enabling all communities and people to thrive and achieve their full potential.'** The Corporate Plan identifies five strategic objectives, with aims for 2008-13 and immediate priorities for improvement.

Underpinning the Corporate Plan are a number of key strategies which are reviewed annually. These strategies include:

- Medium Term Financial Strategy
- People Strategy
- Customer Access Strategy
- ICT Strategy
- Risk Strategy
- Asset Management Strategy

The Corporate Plan is reviewed annually and the budget agreed each year. Departmental plans are linked to the budget.

The Departmental Plans, which are also reviewed annually, identify how each department delivers corporate and departmental objectives within the resources available (people, finance and assets) and within a risk managed environment.

1.2 Summary of contribution to LAA improvement priorities

The council has signed up to deliver Wirral's Local Area Agreement as a member of the Local Strategic Partnership.

In 2009-10, the Finance department does not lead on the delivery of any of the LAA improvement priorities and targets. The department contributes to the delivery of the LAA through financial management and customer services support.

2. FINANCE DEPARTMENT OVERVIEW

The six service areas within the Finance Department are:

- Financial Services
- Information Technology Services
- Merseyside Pension Fund
- Revenues, Benefits and Customer Services
- Support Services
- Change Team

The Department employs over 800 staff at its principal sites at Cleveland Street, Birkenhead, Castle Chambers, Liverpool and Cheshire Lines Building, Birkenhead. Staff are also located at One Stop Shops around the Borough and in other Departments supporting Information Services. The core functions of the Finance Department include administering Council Tax and Business Rates, paying Housing and Council Tax Benefits and managing the Merseyside Pension Fund.

The Director of Finance is statutorily responsible for the proper administration of the Authority's financial affairs. This includes setting and monitoring compliance with appropriate financial management standards, advising on the corporate financial position and on the key financial controls necessary to secure sound financial management; providing financial information; preparing the revenue budget and capital programme, treasury management, and ensuring that an adequate and effective system of internal audit is in place.

The Department is leading a significant number of Change Programme Initiatives. In addition it plays a role in supporting other Departments delivering the major projects identified to generate efficiency savings.

The Departmental Plan will be updated as necessary as the implementation of these initiatives evolves. Members will be kept closely informed of this through the regular reporting process.

2.1 Summary of key outcomes relating to improvement priorities for 2009-10

The council has a number of improvement priorities for 2009-10. The department leads on the following areas within the Strategic Objective of 'Create an Excellent Council':

Maintain a sustainable and stable budget, providing value for money

Improve the Council's budgeting process to fully reflect its priorities

In 2009-10, the department will deliver the following activities and key outcomes in relation to these improvement priorities:

- Value For Money and cost comparisons
- Financial Strategy - medium term financial plan and budgeting process

The department also makes a contribution to the following:

Reducing the Council's carbon footprint:

- Environmental Management System

Improve the use of the Council's land and assets:

- Change Programme 2009/2012
- Capital Strategy
- Corporate Risk Strategy
- Internal Audit Plan

3. DELIVERING OUR PLANS – OUTCOMES FRAMEWORK

Projects, activities and related Performance Indicators marked in **bold** and with an asterisk (*) are those which feature in the Corporate Plan.

Strategic Objective	Aims / 2009-10 Priorities in bold	We will deliver: Projects and/or Activities	Code	We will measure our success by - related Performance Indicators	Lead Portfolio	Lead Service Area	Who else is required?
To create more jobs, achieve a prosperous economy and regenerate Wirral	Reduce worklessness	Reducing Worklessness <ul style="list-style-type: none"> Customer Services and Benefits Service joint working with Department for Work and Pensions (DWP) 	FIN NC 1.1	National project – no PIs yet determined	Community and Customer Engagement		DWP
	Reduce the council's carbon footprint	Environmental Management System (EMS) plan <ul style="list-style-type: none"> Finance Department components 	FIN IMP 2.1	EMS audit Maintain Environmental Management System (ISO 14001) status	Finance and Best Value	SS	All service areas
Create an excellent council	Improve the use of the Council's land and assets	*Use of Resources (CAA) <ul style="list-style-type: none"> Delivery of action plan 	FIN IMP 2.2	*Achievement of action plan targets	Corporate Resources	FS	All departments
	Improve the use of the Council's land and assets	*Change Programme 2009/2012 (Cabinet 081210) – Customer Access Strategy <ul style="list-style-type: none"> Initially using Streetscene services 	FIN NC 1.2	Quarterly review and progress report *Achievement of action plan targets	Finance and Best Value	RBCS	All departments
	Improve the use of the Council's land and assets	*Change Programme 2009/2012 (Cabinet 081210) – Common Administrative Processes including the key projects of: <ul style="list-style-type: none"> Highways and Engineering Services contract arrangements (HESPE) Human Capital Management (HCM) and payment of expenses Integrated Financial Systems (IFS) 	FIN NC 1.3	Quarterly review and progress report against key project milestones *Achievement of action plan targets *LOCAL 2069 - visits to the Council's website	Finance and Best Value	FS	All departments
	Improve the use of the Council's	*Change Programme 2009/2012 Strategic Asset Review (Cabinet	FIN NC 1.4	*Achievement of action plan targets	Finance and Best	SS	

Strategic Objective	Aims / 2009-10 Priorities in bold	We will deliver: Projects and/or Activities	Code	We will measure our success by - related Performance Indicators	Lead Portfolio	Lead Service Area	Who else is required?
	land and assets	081127 – a catalyst for changing how people work and how services are accessed <ul style="list-style-type: none"> Finance department components 			Value		
	Improve the use of the Council's land and assets	*Change Programme (Cabinet 081210) 2009/2012 ICT Technological Developments the work necessary to keep computers and software functioning and up to date, including: <ul style="list-style-type: none"> Government Connect - secure exchange of data with public sector partners 	FIN NC 1.5	*Achievement of action plan targets Quarterly review and progress report against key project milestones System availability	Finance and Best Value	ITS	
	Improve the use of the Council's land and assets	ICT Strategy and Development Plan (in addition to Change Programme) <ul style="list-style-type: none"> Support for change programme projects including: <ul style="list-style-type: none"> common administrative processes Customer Access Strategy Infrastructure development to support asset review and enable resilient agile working Continuous review of operation and services Help Desk remote support project Application monitoring to improve performance 	FIN IMP 2.3	Programme agreed by March each year. Quarterly monitoring and reporting Complete projects to specification within agreed timescales and budget Customer satisfaction (new PI)	Finance and Best Value	ITS	
	Improve the use of the Council's land and assets	*Capital Strategy <ul style="list-style-type: none"> Improved decision making e.g. capital programme Continue to assess Capital Programme bids against updated and appropriate priorities 	FIN IMP 2.4	Programme agreed by March each year. Quarterly monitoring and reporting and annual report	Finance and Best Value	FS	All departments
	Improve the use	*Corporate Risk Strategy	FIN RI	Review by July each year.	Finance	FS	All

Strategic Objective	Aims / 2009-10 Priorities in bold	We will deliver: Projects and/or Activities	Code	We will measure our success by - related Performance Indicators	Lead Portfolio	Lead Service Area	Who else is required?
	of the Council's land and assets	<ul style="list-style-type: none"> Regularly refresh risk register in light of corporate priorities 	3.1	Quarterly monitoring and reporting and annual report	and Best Value		departments
	Improve the use of the Council's land and assets	*Internal Audit Plan <ul style="list-style-type: none"> Develop and deliver programme based on risk 	FIN RI 3.2	*LOCAL 2060 - completion of all high risk systems identified in the Audit Plan Monthly monitoring and reporting and annual report	Finance and Best Value	Internal audit	All departments
	Improve the use of the Council's land and assets	Equality and Diversity (see also Section 5.3) <ul style="list-style-type: none"> Departmental Equality Group work programme and Action Plan 	FIN IMP 2.5	Achievement of Action Plan targets	Community and Customer Engagement	SS	
	Improve the use of the Council's land and assets	Workforce Development <ul style="list-style-type: none"> Workforce Development Plan (WDP) Investors in People 	FIN IMP 2.6	Implementation of WDP Staff feedback Retention of IiP status	Finance and Best Value	SS	
	Maintain a sustainable and stable budget providing value for money	*Value For Money and cost comparisons <ul style="list-style-type: none"> Deliver value for money (VFM) through procurement, collaboration and change; increase the level of general balances 	FIN IMP 2.7	*NI 179 - value of cash-releasing value for money gains Efficiency statement on Council tax bill *LOCAL 2067 - efficiencies gained through procurement *LOCAL 2080 - the percentage of invoices for commercial goods and services which were paid by the authority within 30 days of such invoices being	Finance and Best Value	FS	All departments

Strategic Objective	Aims / 2009-10 Priorities in bold	We will deliver: Projects and/or Activities	Code	We will measure our success by - related Performance Indicators	Lead Portfolio	Lead Service Area	Who else is required?
				received by the authority.			
	Maintain a sustainable and stable budget providing value for money	Value for Money (Finance Department specific) <ul style="list-style-type: none"> • review of payment options throughout Council services • transfer of services to cheapest access channels • Council tax collection and administration • Administration of Housing and Council tax benefit • Discretionary rate relief 	FIN IMP 2.8		Finance and Best Value	FS	All service areas
	Maintain a sustainable and stable budget providing value for money	*Benefits Service Delivery Projects include: <ul style="list-style-type: none"> • *maximising delivery of Housing Benefits service including Local Housing Allowance • *maximising revenue collection 	FIN NC 1.6	*NI 180 - changes of circumstance *NI 181 - time taken to process new claims *LOCAL 2073 - Council Tax collected	Finance and Best Value	RBCS	DWP
	Improve the council's budgeting process to fully reflect its priorities	Financial Strategy *Medium Term Financial Plan <ul style="list-style-type: none"> • Continue to develop and regularly review the medium term (3 year) financial plan; achieve identified savings • Create a sustainable budget Budget agreed by March each year • Treasury Management Policy 	FIN RI 3.3	Review by July each year. Quarterly monitoring and reporting *LOCAL 2068 - Section 25 report	Finance and Best Value	FS	All departments
	Improve accountability, accessibility and openness and involve those who use our services in their design and delivery	Customer Access Strategy (in addition to change programme) Projects include: <ul style="list-style-type: none"> • *Delivery of customer care standards across the Council 	FIN IMP 2.9	*NI 14 - reducing avoidable contact *LOCAL 2004 - no. of complaints *LOCAL 2063 - calls handled through the Call	Community and Customer Engagement	RBCS	ITS All Council departments

Strategic Objective	Aims / 2009-10 Priorities in bold	We will deliver: Projects and/or Activities	Code	We will measure our success by - related Performance Indicators	Lead Portfolio	Lead Service Area	Who else is required?
		<ul style="list-style-type: none"> Tax and benefits review – e-enablement, front line delivery, and integrating working practices 		Centre LOCAL 2071 - satisfaction with overall service provided by the Council LOCAL 2072 - satisfaction with handling of complaints LOCAL 2070 - registrations onto E-Citizen Revenues and Benefits system			
	Improve accountability, accessibility and openness and involve those who use our services in their design and delivery	*Access to Services inspection <ul style="list-style-type: none"> Delivery of action plan 	FIN IMP 2.10	*Achievement of action plan targets	Community and Customer Engagement	RBCS	All departments
	Improve accountability, accessibility and openness and involve those who use our services in their design and delivery	Merseyside Pension Fund Activities include: <ul style="list-style-type: none"> Pension Fund investment performance Pensions administration Improving Pensions Scheme take-up levels Electronic data exchanges 	FIN IMP 2.11	LOCAL 2041 - investment performance	Finance and Best Value	MPF	Pension scheme employers ITS
	Improve accountability, accessibility and openness and involve those who use our services in their design and delivery	Access to Information <ul style="list-style-type: none"> Data Protection Freedom of Information 	FIN RI 3.4	LOCAL 2056 - requests processed within 40 calendar days LOCAL 2057 - requests processed within 20 working days	Finance and Best Value	SS	All departments
	Improve partnership working with the public, private & voluntary sectors	Partnership development <ul style="list-style-type: none"> One Stop Shop surgeries and outreach 	FIN IMP 2.12	Number of surgeries and customer take-up	Community and Customer Engagement	RBCS	Other Public & Voluntary Sector bodies

3.1 Performance Indicators

The Finance Department is responsible for the following Performance Indicators. Corporate Plan indicators are shown in **bold**. The annual targets will be reviewed and revised as part of the budget planning process.

PI No.	Title	09/10 target	10/11 target	11/12 target	Service Area	Portfolio
NI 14	Reducing avoidable contact, minimising the proportion of customer contact that is of low or no value to the customer	100	100	100	RBCS	CCE
NI 179	Value for money – total net value of on-going cash-releasing value for money gains that have impacted since the start of the 2008-9 financial year	£10m	£10m	£10m	FS	FBV
NI 180	The number of changes of circumstances which affect customers' HB/CTB entitlement within the year	1.08	1.08	1.08	RBCS	FBV
NI 181	Time taken to process Housing Benefit/Council Tax Benefit new claims and change	15.9	15.4	14.9	RBCS	FBV
LOCAL 2004	Number of complaints registered on Council's procedure	908	883	858	RBCS	CCE
DEPT 2007	Percentage of transactions/enquiries resolved at first point of contact. This includes by telephone, letter, email or Internet	75	76	76	RBCS	CCE
DEPT 2010b	Percentage of people waited under 15 minutes to be seen by an adviser	90	91	92	RBCS	CCE
DEPT 2010c	Percentage of people who felt that they were dealt with in a positive and in a welcoming manner	99.6	99.6	99.7	RBCS	CCE
DEPT 2010d	Percentage of customer interview times within 20 mins at One Stop Shop	82	83	84	RBCS	CCE
DEPT 2015a	Improving Customer Services: Achievement of service standards in customer services strategy/pledge: The percentage of complaints responded to within 15 working days	88	90	92	RBCS	CCE
DEPT 2019	Percentage of District Valuer Alterations actioned within 15 days	96	96	98	RBCS	FBV
DEPT 2020	Percentage of sundry debt arrears outstanding by year end	20	20	20	RBCS	FBV

PI No.	Title	09/10 target	10/11 target	11/12 target	Service Area	Portfolio
LOCAL 2041	Investment performance as a movement from strategic benchmark	1.25	1.25	1.25	MPF	FBV
DEPT 2046	Payment of creditors by BACS	82	84	86	SS	FBV
DEPT 2055	Improving customer services: achievement of service standards in customer services strategy/pledge: The percentage of emails responded to within 15 days	78	80	82	RBCS	CCE
LOCAL 2056	Percentage of requests regarding Data Protection processed within 40 calendar days	95	95	95	SS	FBV
LOCAL 2057	Percentage of requests regarding Freedom of Information processed within 20 working days	95	95	95	SS	FBV
LOCAL 2060	Completion of all HIGH RISK systems identified in the Audit Plan	100	100	100	Internal audit	FBV
DEPT 2061	Number of active annual benefit statements issued v estimated target total of 51,163	51,163	51,163	51,163	MPF	FBV
DEPT 2062	Number of deferred annual benefit statements issued v estimated target total of 22,810	22,810	22,810	22,810	MPF	FBV
LOCAL 2063	Percentage of calls handled through the Call Centre	95	95	95	RBCS	CCE
LOCAL 2065	Days absence against numbers in post	tbc	tbc	tbc	SS	FBV
LOCAL 2067	Efficiencies gained through procurement	£1m	£1m	£1m	SS	FBV
LOCAL 2068	Section 25 report from Section 151 Officer	1	1	1	FS	FBV
LOCAL 2069	Number of visits to the Council's website	65,219	68,713	72,206	RBCS	CCE
LOCAL 2070	Number of registrations onto E-Citizen Revenues and Benefits system	5,000	7,500	10,000	RBCS	CCE
LOCAL 2071	The percentage of citizens satisfied with the overall service provided by the Council	66	67	67	RBCS	CCE
LOCAL	Percentage of those making complaints satisfied with the handling of those complaints	35	40	45	RBCS	CCE

PI No.	Title	09/10 target	10/11 target	11/12 target	Service Area	Portfolio
2072						
LOCAL 2073	Percentage of Council Tax collected	97.0	97.2	97.3	RBCS	FBV
DEPT 2074	The percentage of non-domestic rates due for the financial year which were received by the authority.	96.5	96.5	97.0	RBCS	FBV
DEPT 2075	Housing Benefit and Council Tax Security: The number of fraud investigations per 1000 caseload	25	25	25	RBCS	FBV
DEPT 2076	Housing Benefit and Council Tax Security: The number of prosecutions and sanctions per 1000 caseload	5	5	5	RBCS	FBV
LOCAL 2080	The percentage of invoices for commercial goods and services which were paid by the authority within 30 days of such invoices being received by the authority	90	90	90	SS	FBV

4. Delivering Our Plans – Financial Summary

Please note that detailed budgets will be considered by Cabinet and Council in February and March and this section of the business plan will be revised accordingly.

4.1 Revenue

4.1.1. FINANCE DEPARTMENT POSITION AS AT 31 OCTOBER 2008

	2009/10 £000	2010/11 £000	2011/12 £000
Base budget	21,047.7	18,663.5	19,448.8
Increased Requirements			
Pay	533.5	533.5	533.5
Prices	277.0	277.0	277.0
Efficiency Investment Fund	2,900.0		
Deputy Print Manager	39.6		

Energy and Fuel	199.3		
Harmonisation of Pay	234.7		
Insurance	2.4		
Benefits Subsidy	700.0		
Admin Buildings Recharge	30.5		
Transfers from Departments	278.4		
Decreased Requirements			
Income Inflation	-25.2	-25.2	-25.2
Depreciation & Impairment	-13.4		
Inter Committee Recharges	-1,451.4		
Central Service Recharges	-886.0		
Efficiency Savings			
- Cabinet 16 Oct 2008	-810.0		
- Cabinet 06 Nov 2008	-3,340.0		
- Cabinet 27 Nov 2008	-140.0		
Transfer to other Departments	-913.6		
Base budget	18,663.5	19,448.8	20,234.1

The key budget issues for the Department are summarised as follows:

GROWTH

Description	£000	Details
Energy Investment Fund	2,900	Delivery of Efficiency Plan
Deputy Print Manager	40	Financed from surplus on printing trading account

Benefits Subsidy	700	DWP reduction in income 3% per year from 08/09
------------------	-----	--

SAVINGS

Description	£000	Details
Cash Handling	10	Reduced cashiers cash handling charges
DWP Grant	600	Housing Benefit and Council Tax improved use of technology
Student Awards	50	Student Awards no longer processed by one Stop Shops
Corporate ICT Staff Savings	100	Creation of Corporate ITU unit
ITS Hardware Review	50	Re-tendering IT hardware and storage capacity contract
WPH Cash Handling	140	Increased income from WPH after closure of their cash offices
Procurement Efficiencies	1,500	Corporate Procurement Efficiencies
Procurement and Creditors	1,022	Funding of Procurement and Creditors from Efficiency and Investment Fund in 2008/09
Change Team	635	Funding of Change Team from Efficiency and Investment Fund in 2008/09
Customer Services Development	183	Funding of Customer Services Development from Efficiency and Investment Fund in 2008/09

4.1.2 TREASURY MANAGEMENT - POSITION AS AT 31 OCTOBER 2008

SUMMARY

The Treasury Management budget is projected to produce an underspend this year largely as a consequence of increased income from investments and improved management of the cash flow. These areas of potential volatility / variation and continue to be closely monitored as they fluctuate based upon changes in the global economy. The investment with an Icelandic bank continues to be the subject of regular communication with the administrators appointed to resolve the bank's affairs.

	2009/10 £000	2010/11 £000	2011/12 £000
Base budget	11,754.8	7,756.5	10,741.2
Increased Requirements			
Pay	51.3	51.3	51.3
Prices	33.4	33.4	33.4
Capital Financing Growth			
- Cabinet 10 Dec 2008	3,200.0	2,900.0	2,300.0
Transfers from Departments	797.1		
Inter Committee Recharges	454.2		
Central Service Recharges	136.9		
Decreased Requirements			
Admin Buildings Recharge	-8.4		
Transfers to other Departments	-222.2		
Capital Recharges	-7,740.6		
Efficiency Savings			
- Cabinet 16 Oct 2008	-500.0		
Removal of previous years Policy Option	-200.0		
Base budget	7,756.5	10,741.2	13,125.9

The key budget issues for the Department are summarised as follows:

POLICY OPTIONS

The following policy options have been excluded from the base budget for 2009/10:

Description	£000	Details
Revenue Matched Funding	200	1 year policy option in 2008/09

GROWTH

Description	£000	Details
Capital Programme 2009-10	3,200	Increased interest and loan repayments

SAVINGS

Description	£000	Details
Temporary Borrowing	500	Reduction in Treasury Management temporary borrowing costs

4.2 Capital

The Finance department has no specific capital schemes.

4.3 Value for Money

The council is committed to providing value for money services. To this end, the department undertakes to review those service areas identified as being of relatively high spend (when compared with others). These areas are as follows:

- review of payment options throughout Council services
- transfer of services to cheapest access channels
- Council tax collection and administration
- Administration of Housing and Council tax benefit
- Discretionary rate relief

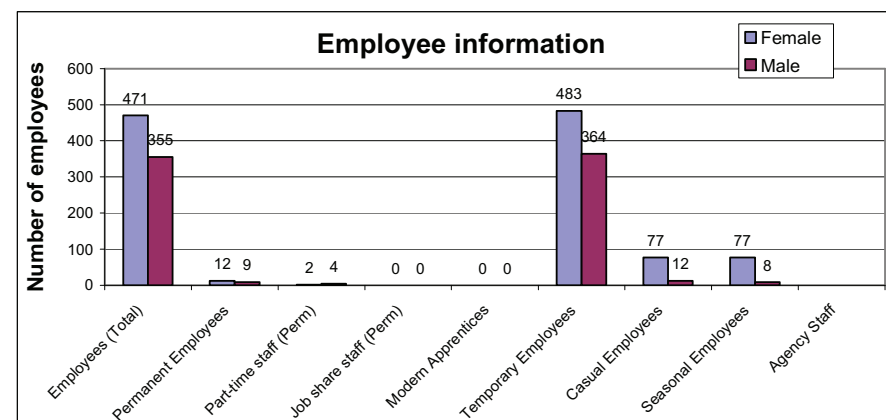
5. DELIVERING OUR PLANS - MANAGING STAFF, ASSETS AND RISKS

5.1 HR / Workforce Plans

Finance Department Workforce Profile:

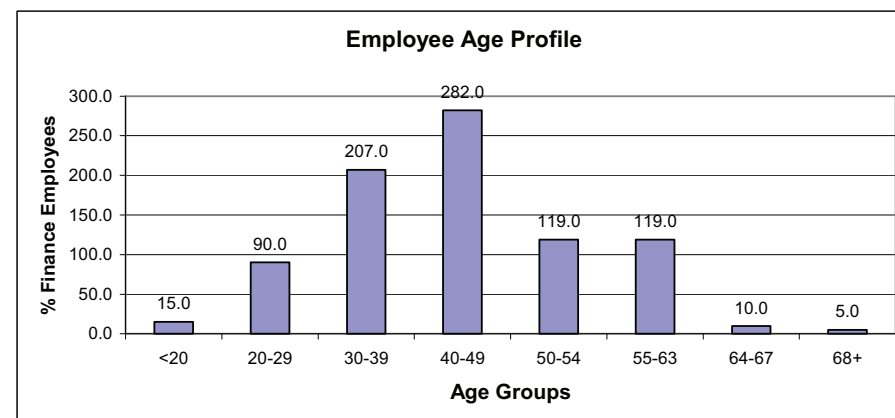
Employee Information as at 11-11	Female	FTE	%	Male	FTE	%
Employees (Total)	471	400.20	55.54%	355	346.80	41.86%
Permanent Employees	12	11.33	1.42%	9	7.29	1.06%
Part-time staff (Perm)	2	2.00	0.24%	4	4.00	0.47%
Job share staff (Perm)	0	0.00	0.00%	0	0.00	0.00%
Modern Apprentices	0	0.00	0.00%	0	0.00	0.00%
Temporary Employees	483	411.53	56.96%	364	354.11	42.92%
Casual Employees	77	45.07	9.08%	12	7.83	1.42%
Seasonal Employees	77	39.01	9.08%	8	4.00	0.94%
Agency Staff			N/A			N/A

Totals
826.00
21.00
6.00
0.00
0.00
847.00
89.00
85
0
853.00



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Employee Profiles - as at : 11-11-	Female	%	Male	%	total	%
<20	8.00	0.94%	7.00	0.83%	15.0	1.8
20-29	44.00	5.19%	46.00	5.42%	90.0	10.6
30-39	111.00	13.09%	96.00	11.32%	207.0	24.4
40-49	160.00	18.87%	122.00	14.39%	282.0	33.3
50-54	72.00	8.49%	47.00	5.54%	119.0	14.0
55-63	76.00	8.96%	43.00	5.07%	119.0	14.0
64-67	7.00	0.83%	3.00	0.35%	10.0	1.2
68+	5.00	0.59%	0.00	0.00%	5.0	0.6
	44.00		28.00		847.00	



5.1.2. Table highlighting the workforce implications of projects and activities identified in the departmental outcomes framework.

Projects and activities	Workforce Impact	Planned Actions	Financial Implications
Change	Changes to staffing levels Need for sustained motivation and smarter working	Review and enhance communication and support Maximise use of technology	Change programme
Changes to legislation and regulation	New knowledge and skills required, potential increase in workload in some areas	Service plans to identify resource and workload issues from legislation changes Ensure staff have opportunities to gain appropriate knowledge and experience	Existing resources
Fluctuations in volumes of work across service areas	Increase in range of functions required – adaptable staff	Remodelling of staffing structure (MPF and ITS)	Existing resources
Automation of clerical and repetitive tasks	Reduction in staffing levels	Remodelling of staffing structure Software and training	Change programme
Requirement for a more highly skilled workforce; increased requirement for skills such as project management	New skills required	Training opportunities Keep technical skills up to date Encourage staff to undertake formal qualifications Further embed project management approach	Existing resources
Introduction of new ways of working	New technology and ways of working	Review and enhance communication and support Maximise use of technology	Capital programme – strategic asset review - ICT
Front of house - increased self access, extended hours	More varied work patterns	Review and enhance communication and support	Capital programme – strategic asset review - ICT
Increased working with delivery partners	New skills required	Training and development programme	Existing resources

5.1.3. Table showing other key workforce issues which may have an impact on delivering departmental outcomes

Workforce Issue	Planned Actions	Financial Implications	Related Risks
Age profile of workforce	Identify key areas and relevant staff for development to ensure capacity covered in relevant areas Explore graduate recruitment, modern apprenticeships and school placements	Existing resources	Potential shortage of skills in key areas; impact on service delivery
Over-reliance on key personnel	Identify key areas and relevant staff for development Review staffing structure	Existing resources	Services, projects and activities not delivered to specification; impact on health of staff
Turnover of staff	Review turnover to identify specific areas Optimise use of non-financial benefits such as flexible working, work/life balance etc.	Existing resources	Potential shortage of skills in key areas; impact on service delivery
Diversity profile of senior posts	Identify key areas and relevant staff for development	Existing resources	Failure to fully reflect profile of service users, potentially reducing access to services
Staff survey outcomes	Review and enhance communication and support Further develop recognition of staff achievements	Existing resources	Impact on staff morale and service delivery

5.2 **Asset Management**

The Finance Department occupies the following buildings:

Cleveland Street (Treasury building and Municipal Building), Birkenhead; Castle Chambers, Liverpool; and Cheshire Lines Building, Birkenhead. Staff are also located at One Stop Shops around the Borough and in other Departments supporting Information Services.

The department manages the Conway Building.

All these premises are included in the Strategic Asset Review.

5.3 Equality and Diversity

Wirral Council is committed to ensuring equality of opportunity and promoting diversity are at the core of everything it does as an employer, service provider, commissioner and in its community leadership role. The council has an equality and diversity framework as set out by its Corporate Equality Policy, Strategy and Action Plan (the latter will be replaced by the Equality Watch Scheme from April 2009).

Each department has an equality action plan in place as part of this framework, which takes into account any actions identified through the Equality Impact Assessment process. Key projects or activities from this action plan may also appear in the departmental plan outcomes framework which can be found in section 3.

5.3.1 Equality Impact Assessments (EIAs) completed by the Finance Department to date

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<p>Revenues, Benefits and Customer Services:</p> <ul style="list-style-type: none"> • Housing Benefits • Council Tax • Business Rates • Call Centre • One Stop Shops 	<p>Internal Audit Financial Services Information Technology Service Merseyside Pension Fund Change Team</p>	<p>Support Services:</p> <ul style="list-style-type: none"> • Procurement and payments • Payroll • Records Management • Compliance • Support Services (other)
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5.3.2 Equality Impact Assessments planned for 2009-10

- Capital Strategy
- Customer Access Strategy
- Corporate Risk Strategy
- Strategic Asset Review (Finance department component)
- All new projects

5.3.3 Departmental Equality Group Work Programme and Action Plan – summary

In anticipation of achieving level 3 of the Equality Standard for Local Government in March 2009, the department will look to consolidate this in 2009/10 through the following activities. All projects and activities feature in section 3 (outcomes) of this

departmental plan. Those projects and activities which were identified as a result of the Equality Impact Assessment process are marked with an asterisk *.

Corporate Equality and Diversity Aim	Departmental Project and/or Activity
1. Workforce	<p>*Awareness and training: all staff - Elumos e-learning – implementation, monitoring and review</p> <p>*Develop and implement Equalities and Diversity training strategy for Finance department</p> <p>Develop the capacity of the Departmental Equalities Group (DEG)</p>
2. Corporate Governance	<p>*Joint working with voluntary and community sectors – further development through customer services</p> <p>Corporate strategies and guidance - Continue to strengthen Equalities and Diversity components of corporate policies (Finance dept lead)</p>
3. Access	<p>Access to Services inspection: Identify and respond to Equalities and Diversity issues arising from Access to Services inspection report</p> <p>*Review and refresh Equality Impact Assessment programme including corporate policies and strategies (Finance Dept lead).</p> <p>*One Stop Shops – development of outreach and mobile working</p>
4. Communication	<p>*Review and strengthen reporting and communication routes</p>
5. Customers	<p>*Customer satisfaction and feedback used to inform service delivery and development</p> <p>*Merseyside Pension Fund: improving Pension Scheme take-up levels and maximising provision</p> <p>*Customer insight – improve quality and develop use of information</p>

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5.4 Significant impact on other departments

The work of the Finance Department extends across all Council departments. Those areas of work which will have a significant impact on all departments include the following.

- **Use of Resources action plan**

- **Change Programme (including Customer Access Strategy, ICT Technological Developments, and Common Administrative Processes)**
- **Access to Services action plan**
- **Capital Strategy**
- **Corporate Risk Strategy**
- **Value for Money**
- **Financial Strategy**

5.5 Risk Management

5.5.1 Finance Department Risk Register - Key / Overarching Risks

Themes (column 1):
 1. People and Management
 2. Investment
 3. Continuity and Resilience
 4. Systems and Processes

Categories (column 5):
 People (P)
 Regulatory (R)
 Operational (O)
 Info/tech (I)
 Financial (F)

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The me	Description of Risk	Res pon sible	Consequences	Ca te go ry	Existing Control Measures	Net Likeli hood Score	Net Imp act Sco re	Net Total risk score	Risk Revie w Frequ ency	Additional Control Measures Planned (including code reference to outcomes framework)	Tar get Dat e
1.1	Potential shortage of skills in key areas due to age profile and staff turnover	SR	Poor standards of service; cost and negative publicity from errors made; major activities / projects not completed to specification	P	Discipline of workforce planning process	3	4	12	every month	Implement Workforce Development Plan; implement Equality and Diversity Action Plan FIN IMP 2.6; FIN IMP 2.5	
1.2	Over reliance on key personnel	SR	Major activities / projects not completed to specification; health impact on staff involved	P	Workforce planning and training	2	5	10	every month	Implement Workforce Development Plan FIN IMP 2.6	
1.3	Failure to identify and respond effectively to changing legislation	SR	Central Govt. targets not met.; fines / penalties imposed; poor publicity; negative impact on CAA score	R	Awareness of changes maintained through relevant professional bodies and information sharing; key members of staff are trained to deal with changes; EIA programme	2	4	8	every month	Implement Workforce Development Plan; policy scanning function; implement Equality and Diversity Action Plan FIN IMP 2.6; FIN IMP 2.5	
1.4	Failure to manage fluctuations in volumes of work	SR	Backlog and inability to access service at a key time	O	Regular communication with service providers	3	4	12	every month	Implement Workforce Development Plan FIN IMP 2.6	
2.1	Insufficient / incomplete market information for the pension fund	PW	Negative impact on investment returns	I	MPF Investment Strategy; use of external fund managers; continuous review of all information sources;	2	5	10	every month	FIN IMP 2.11	

The me	Description of Risk	Responsible	Consequences	Category	Existing Control Measures	Net Likelihood Score	Net Impact Score	Net Total risk score	Risk Review Frequency	Additional Control Measures Planned (including code reference to outcomes framework)	Target Date
					standing item on monthly investment team meeting agenda						
2.2	Financial failure of an institution in which funds have been invested	TS PW	Financial loss; impact on reputation through negative publicity	O	Counterparty list; Treasury Management Policy; MPF Investment Strategy	3	5	15	every month	FIN RI 3.3 FIN IMP 2.11	
2.3	Investment returns behind benchmark	TS PW	Budget impact with higher contributions	F	Treasury Management Policy; MPF Investment Strategy - use of external advisers, regular monitoring by Pensions Committee; standing item on monthly FOG agenda	3	5	15	every month	FIN RI 3.3 FIN IMP 2.11	
3.1	Failure of key suppliers to deliver.	IEC	Potential disruption to service provision; poor bargaining position	O	Development of robust contracts and collaborative arrangements; defined project management approach	2	5	10	every month	Reciprocal agreements for service provision; further embed project management approach FIN IMP 2.7	
3.2	Failure of management to prepare for major interruptions to service provision.	IEC	Greater / longer disruption to service; increased costs to restore service	P	Contingency plans in some sections / services. Succession planning. Specific arrangements for IT resilience.	4	5	20	every month	IT Services – review future Data Centre requirements with external assistance; implement Workforce Development Plan FIN NC 1.5; FIN IMP 2.6	
4.1	Inability to deliver change management programme	DS	Failure to maximise opportunities / improve service provision; increased costs	P	Defined project management approach; key staff trained in project management techniques	3	4	12	every month	Further embed project management approach; defined approach to authorisation and governance of projects	
4.2	Poor contract management e.g. pension fund	IEC	Maximum value not derived from contractors; n negative publicity (mistakes, poor	O	Defined project management approach; specific performance	3	4	12	every month	Further embed project management approach; further develop role of	

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The me	Description of Risk	Responsible	Consequences	Category	Existing Control Measures	Net Likelihood Score	Net Impact Score	Net Total risk score	Risk Review Frequency	Additional Control Measures Planned (including code reference to outcomes framework)	Target Date
	mandates, partnership arrangements		service levels)		management arrangements for some contracts.					Corporate Procurement Unit FIN IMP 2.6	
4.3	Failure by Chief Officers to effectively control expenditure	IEC	Service and financial impact	F	Financial Strategy; regular review; scrutiny by Cabinet; responsibilities in Constitution; monthly member statement	3	4	12	every month	FIN RI 3.3	
4.4	Major failure in data security	SR	Reputational risk	O	Communications policy; dedicated press/PR officer	2	5	10	every month	FIN RI 3.4; FIN NC 1.5 (personal data aspect)	
4.5	Failure to communicate with and manage the involvement of stakeholders (inc other departments)	IEC	Failure to complete projects and activities to specification	O	Defined project management approach	3	4	12	every month	FIN IMP 2.6	

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5.5.2 Wirral Council - Corporate Risk Register – November 2008

Corporate risks where the Finance Department already has responsibility for managing the risk or makes a significant contribution.

No.	Description	Officer Responsible	Gross Score	Risk	Net Risk Score	Additional Control Action Planned in 2008/09 (including code reference to outcomes framework)
3.	Key Council services are not resilient to disruption and business continuity arrangements are inadequate.	Chief Officers' Management Team (COMT)	5 x 5 = 25		2 x 4 = 8	• ICT Strategy and Development Plan - FIN IMP 2.3
5.	The Council does not maintain arrangements for good corporate governance.	Stephen Maddox	5 x 5 = 25		2 x 5 = 10	• Implement enhanced risk-based audit programme – FIN RI 3.2 • Produce annual governance statement • Deliver risk management training for Members • Review corporate risk management strategy – FIN RI 3.1

No.	Description	Officer Responsible	Gross Risk Score	Net Risk Score	Additional Control Action Planned in 2008/09 (including code reference to outcomes framework)
7.	Failure to achieve sustainable budgets, in line with priorities and take difficult decisions.	Chief Officers Management Team (COMT)	5 x 5 = 25	2 x 5 = 10	<ul style="list-style-type: none"> Identify specific projects for investment Refine / review financial management report content Review Medium Term Financial Plan – FIN RI 3.3 Review Capital Strategy - FIN IMP 2.4
8.	The strategies supporting our key priorities are not executed effectively.	Chief Officers Management Team (COMT)	5 x 5 = 25	2 x 5 = 10	<ul style="list-style-type: none"> Undertake review of individual strategies
9.	Partnerships are not well planned and we do not work effectively with others.	Jim Wilkie	5 x 5 = 25	2 x 5 = 10	<ul style="list-style-type: none"> Deliver enhanced guidance and training regarding grants
12.	We do not fully exploit all available resources, including technology.	Chief Officers (COMT)	4 x 5 = 20	2 x 4 = 8	<ul style="list-style-type: none"> Undertake review of individual strategies Further integration of key strategies and plans
14.	Failure to plan and manage performance (CPA) and finances in accordance with plans and budgets.	Individual Chief Officers	5 x 5 = 25	3 x 4 = 12	<ul style="list-style-type: none"> Implement Use of Resources Action Plan – FIN IMP 2.2
16.	Major error in investments and administration of Merseyside Pension Fund.	Ian Coleman	4 x 5 = 20	2 x 5 = 10	<ul style="list-style-type: none"> Update Statement of Investment Principles Implement Investment Accounting software Governance representation FIN IMP 2.11
24.	Economic volatility and a downturn in the economy impacts on the Council's financial management and investment priorities	Ian Coleman	5 x 5 = 25	3 x 5 = 15	<ul style="list-style-type: none"> Review treasury management policies Enhance monitoring of key budget areas Invest in lower risk / lower return areas FIN RI 3.3
29.	Serious failure in information governance				<ul style="list-style-type: none"> Government Connect in place – FIN NC 1.5

WIRRAL COUNCIL

PENSIONS COMMITTEE

6 APRIL 2009

REPORT OF THE DIRECTOR OF FINANCE

POLICY ON COMMUNICATIONS WITH MEMBERS AND EMPLOYING AUTHORITIES

1. EXECUTIVE SUMMARY

- 1.1 In accordance with the Scheme Regulations the Authority is required to regularly review and publish a statement of policy concerning how it communicates with members and employing authorities.
- 1.2 Members are recommended to approve the draft updated statement on Communication Policy attached (Appendix 1).

2. BACKGROUND

- 2.1 Administering authorities have been required to publish a Communications Policy Statement since 1 April 2006 with the requirements previously set out in Regulation 106B of the LGPS Regulations 1997.
- 2.2 Following consultation with stakeholders the content of the current statement was agreed by Committee on 7 March 2006 (Minute 72 refers). A reformatted version in line with an updated design style was published in November 2007.
- 2.3 Since 1 April 2008 the regulatory requirement has been contained in Regulation 67 of the Local Government Pension Scheme (Administration) Regulations 2008, which sets out that:-

The Administering Authority -

- (a) must keep the statement under review,
- (b) must make such revisions as are appropriate following a material change in its policy on any of the matters mentioned in the following paragraph; and
- (c) if revisions are made, publish the statement as revised.

The matters are—

- (a) the provision of information and publicity about the Scheme to members, representatives of members and employing authorities;
- (b) the format, frequency and method of distributing such information or publicity; and
- (c) the promotion of the Scheme to prospective members and their employers.

2.4 The updated Communications Policy Statement reflects a number of developments that have taken place including; new initiatives such as the Scheme DVD, the technical newsletter "Update" now produced for employers and the appointment of a Press and Public Relations Officer to ensure press enquiries are dealt with appropriately. There is also an updated matrix showing details of the availability of MPF publications and frequency of production.

3. FINANCIAL IMPLICATIONS

3.1 There are none directly arising from this report. .

4. STAFFING IMPLICATIONS

4.1 There are no staffing implications.

5. EQUAL OPPORTUNITY IMPLICATIONS

5.1 There are no equal opportunity implications.

6. HUMAN RIGHTS IMPLICATIONS

6.1 There are no human rights implications.

7. CRIME AND DISORDER STRATEGY IMPLICATIONS

7.1 There are no crime and disorder implications.

8. LOCAL MEMBER SUPPORT IMPLICATIONS

8.1 There are no Member support implications.

9. LOCAL AGENDA 21 IMPLICATIONS

9.1 There are no agenda 21 implications.

10. PLANNING IMPLICATIONS

10.1 There are no planning implications.

11. BACKGROUND PAPERS

11.1 None were used in producing this report.

12. RECOMMENDATION

12.1 That Members approve the updated Communications Policy Statement.

IAN COLEMAN
DIRECTOR OF FINANCE

FNCE/53/09

Draft



Communications Policy

version 1.2, March 2009



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Improving Communications – Improving Services

The principal aim of the Fund is to provide secure pensions, effectively and efficiently administered at the lowest cost to the contributing employers.

The Fund is committed to providing comprehensive information to all stakeholders, through the most appropriate communication medium. Effective communication cannot be left to chance and this document outlines the methods the Fund uses to meet this objective.

This statement will outline the Funds policy on:

- information to members, representatives and employers.
- the format, frequency and method of distributing such information.
- the promotion of the Scheme to prospective members and their employing authorities.

The ‘Five Pillars’

The Fund has five key principles that support all of its communications.

That all communication:

- is factual and presented in plain language
- is looked upon as involving a dialogue with others
- is designed in a manner appropriate to its audience
- is planned, co-ordinated and evaluated
- exploits the developments and improvements of new technology.

Access to Communications

The Fund takes steps to make all possible and reasonable adjustments for people who require assistance in accessing our communications. A Welfare Officer is employed by the Fund who can, on request, arrange large print, audio or Braille versions of all our printed literature.



How does the Fund communicate with stakeholders?

Printed Literature

The Fund produces all paper based communications in a corporate style, be that brochures, guides or individual letters. A consistent approach is taken with colour coding to help differentiate literature for specific audiences. All key communications are produced in a printed format and distributed to members as appropriate.

Public Enquiry Counter

For those members who prefer 'face to face' communication the Fund's offices are centrally situated in Liverpool city centre and are easily accessible by public transport from all areas of Merseyside.

A public enquiry counter is situated on the 7th floor of Castle Chambers, 43 Castle Street, open from 9 to 5, Monday to Friday. Private interview rooms are available for members who wish to discuss confidential matters.

Appointments can be made to discuss specific pension options or problems and if necessary, appropriate staff can visit a workplace or members at home in cases of special need.

Internet

The Fund has a website (www.merseysidepensionfund.org.uk) that is extremely popular amongst members and other stakeholders as a source of information. Information updates and news items are rapidly added by Fund staff whilst retaining a consistent, professional and accessible format. Electronic copies of Fund literature, policies and reports are available for download; such as this Communications Policy Statement.

The Fund provides a number of online forms and secure areas on its website which allow Scheme members and employers, if they so wish, to conduct an increasing proportion of their pensions business without having to enter into paper-based correspondence. Scheme members have the opportunity to access their own records, calculate benefit estimates, projections and to update home address information.

Telephone

All Fund communications have a published telephone number. The number may be a general enquiry number, a workgroup or helpline number (such as Pensions Payroll) or in individual cases, a direct telephone number to the staff member responsible.

For training purposes and as part of its continual improvement programme, the Fund may monitor and record calls.

Fax, Mail and E-Mail

For general communications, the Fund has a central FAX number, email account and postal address.



Presentations & Courses

The Fund delivers standard or tailored presentations on a wide range of subjects for both Employers and their staff. These presentations are provided at the request of Employers at geographically convenient locations by Fund staff and other specialists.

The Fund pro-actively arranges courses on wider topic areas and invites appropriate third parties to assist Fund staff in presenting relevant information, workshop activities and also to provide relevant support materials to take home. Courses can be delivered at Employer sites or at the Fund premises in Liverpool city centre.

A list of presentations and courses is available from the Fund website and by request from the Communications team on 0151 242 1392.

Roadshows

The Fund can attend 'Roadshow' events arranged by employers where experts are present to give information to members and prospective members about the Scheme. These Roadshows can be run on a surgery basis with half-hour time slots for members and prospective members. This is particularly useful for employers with small numbers of staff.

Newsletters

Beeline is the Fund's in-house newsletter published three times a year. With an audience of Scheme members and eligible non-members the newsletter aims to provide topical news, engaging articles, competitions and the latest information about the Scheme and pensions in general.

Honeypot is the Fund's in-house newsletter for pensioners. Published twice a year, the newsletter proves to be a useful way of providing updates on relevant changes in legislation, topical news, competitions, letters and in general maintaining a dialogue with our pensioner members.

Deferred members receive a newsletter with their Annual Benefit Statement, again providing updates on relevant changes in legislation, topical news and reminding the member to keep the Fund notified of any future changes in address.

Annual Report & Accounts

The aim of the report is to highlight the important issues affecting the Fund over the previous twelve months, along with detail on both investment and administration performance.

The Report & Accounts are distributed at the annual employers' conference in November and posted to all Employers unable to attend. Additional copies are available on request and an electronic version is available for download from the website. A summary of key messages and facts are published in the newsletters at the earliest opportunity.

Member's Home Addresses

The Fund maintains the current home addresses of all members, this is used for distribution of all key communications with the exception of the beeline newsletter which is circulated by Employers. The Fund uses every opportunity to remind members on the importance of keeping the Fund informed of any change of address.

Who are the stakeholders of the Fund and what is provided to them?

Scheme Members

Starter Pack

Each member joining the Fund receives a Starter Pack, containing copies of the Employees Guide, forms for changing membership details and other useful, relevant information.

Certificate of Membership

Within thirteen weeks of joining the Fund, each Member receives a Certificate detailing their demographic and service information as provided by their Employer.

Benefit Statement

An Annual Benefit Statement is sent direct to the home address of all active members of the Scheme. A Benefit Statement is sent direct to the home of deferred members where a current address is known.

Welfare Officer

The Fund's Welfare Officer provides direct help and support to members, including those with a serious illness, and will also assist and advise employers.

Pensioners achieving their 100th birthday are visited by the Welfare Officer and a Senior Officer of the Fund where a presentation of a card, gift and photograph album is made.

Retirement Pack

All active members on reaching 58 years of age receive a comprehensive retirement pack providing information on the Scheme, the State Scheme and other important retirement issues for consideration.

Pay Advice / P60

The Fund issues pay advices to Scheme pensioners three to four times a year. This is utilised as an effective method of communication as messages can be attached reminding pensioners of the importance of keeping their information up-to-date. Where appropriate, other communications, such as the Beeline newsletter, are included under the same cover of the pay advice.

Scheme pensioners can access an electronic history of pay advice and P60 from the Fund website. Protected by a secure personal identity number (PIN) and password, an application form for Internet access is available on the website.

Pensioners Living Abroad

The Fund undertakes an annual correspondence exercise in order to establish the continued existence of pensioners living abroad.

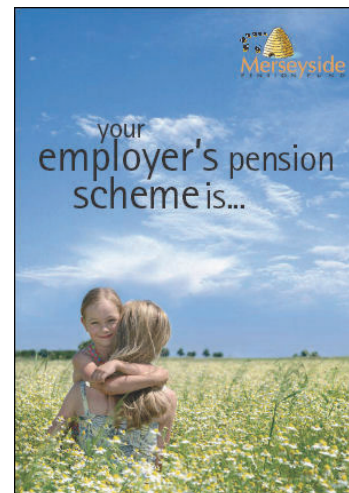
Prospective Members

Scheme Booklet

The Fund produces an information booklet on the Local Government Pension Scheme. This should be provided by Scheme Employers to all new employees as part of their offer of employment, terms and conditions.

Promotional Campaigns

Periodically the Fund produces dedicated marketing literature that is sent to those who choose not to join or opt to leave the Scheme. This literature promotes the benefits of having an occupational pension and gives the person an option to join the Scheme.



Pay Advice

Periodically, the Fund in collaboration with Scheme Employers identifies prospective members and utilises the payroll process to distribute targeted communications.

Training & Induction

The Fund works with Scheme Employers and Trade Unions to ensure that all interested parties are kept up-to-date on the latest Scheme regulations and the advantages of being a member of an occupational pension scheme.

This training also covers the key points that should be covered as part of the induction of new employees and members to the Scheme.

Scheme DVD

The Fund has a DVD that explains the benefits of the Scheme to members or prospective members, including an explanation of the changes introduced in April 2008. The video can also be played over the internet via the Fund's website.



Other Employer Communications

The increasing role of communication within all organisations mean that more Employers have staff newsletters, intranets and other broadcast communications. The Fund actively works with Employers to provide their employees with the best information and opportunities in regard to the Scheme.

Employing Authorities

Annual Conference

A conference is held annually for all Scheme employers at which detailed investment, financial and administrative reports are presented by Fund managers. Other speakers are invited from government agencies and organisations connected to the pensions industry.

Employers' Guide

An Employers' Guide is issued to all employers, detailing the processes, procedures and forms required to effectively discharge their pension administration responsibilities. An indexed and searchable electronic version of the Guide will be available during 2009 on the website following its update to the 2008 Regulations.

Each employer has a named member of staff who performs the duty of a Pensions Liaison Officer. The primary contact for the Fund, this person is contactable by e-mail, telephone and in-person to assist the Fund in communication and supporting members.

Service Standards Charter

Published as part of the Employers' Guide, the Fund has a detailed charter on service standards. The key performance targets are published in the Annual Report & Accounts and delivered as part of a presentation at the Annual Conference.

Serious Illness Training

The Fund provides specialist training for employers, working with Occupational Health on how to communicate and advise members with a serious illness.

Technical Newsletter

A technical newsletter, called 'Update' is periodically sent to all employers. It aims to inform employers on common problems, issues, queries and regulatory changes. The newsletter is also used to communicate any consultations in regard to policy and regulations.

Newsflash Posters

The Fund on occasion issues 'Newsflash' communications to alert both members and employers of changes in pension administration or legislation. Electronic versions are always available on the website, and large printed posters are distributed to employers for display on notice boards in staff areas.

Pension Liaison Officers Group

The Fund aims to hold three meetings each year with larger Scheme employers to discuss the topics of legislation, pension regulation, administration and other issues raised by the employers or the Fund. Smaller Scheme employers have an elected representative on the Pensions Committee to act on their behalf.

Pensions Committee

The Committee is comprised of fifteen members, representing the principal employing authorities and non-Scheme employers in the Fund. Trade Union representatives of Scheme members are invited as observers and the meetings are open to the public.

Meeting at least five times a year, the detail of meetings and all minutes are available from the Wirral Council website (www.wirral.gov.uk/minute/)

The Fund has an ongoing training programme for Members and Officers to ensure that decision making is on an informed basis. Training seminars are delivered by senior members of the internal team and external experts including senior officials from the Department of Communities and Local Government. Trade Union observers are invited to attend the sessions. Elected members are also encouraged to attend national training courses arranged by the LGPC and other national bodies

Access to Computerised Pensions Administration System

Each large employer is provided with a dedicated computer and printer to access the pension records of their current employees, providing the facility to provide estimates direct to employees.

Fund Staff

Administering Authority

Wirral Metropolitan Borough Council is the Administering Authority for Merseyside Pension Fund. The Council has delegated to the Pensions Committee various powers and duties in respect of its administration of the Fund. All Fund Staff are employed by Wirral Council.

Fund Operating Group

The Fund is managed by the Pension Administration and Investments sections whose senior officers report to the Assistant Director of Finance – Pensions.

The Fund Operating Group comprises the Director of Finance, Deputy Director of Finance Assistant Director of Finance – Pensions, Divisional Managers and other senior staff. It meets on a monthly basis and discusses items of a strategic nature.

Training & Support

The Fund seeks to continually improve the capacity of staff to communicate effectively and to understand the importance of good communications. Both general and pensions-specific training is provided to all staff as part of the Fund's commitment to continual improvement.

Intranet & E-mail

Each member of staff has access to e-mail and the Fund's 'intranet' which contains electronic copies of all key documentation, procedure manuals, minutes of meetings and circulars.

Section Head Meetings

Senior staff meet regularly to share information, work programmes and developments in legislation, regulations and administration. This ensures a shared understanding of any issues and ensures each section's involvement in their solution.

Key Issues Exchange

A key issues exchange will annually review an individual's contribution to key priorities, corporate objectives and the departmental service plans over the previous 12 months and agree their contribution over the coming year through individual performance targets.

Liaison with other authorities and bodies

Trade Unions

Trade Unions are valuable ambassadors for the Pension Scheme. They ensure that details of the Local Government Pension Scheme's availability are brought to their members' attention and assist in negotiations under TUPE (change of Employer) transfers in order to ensure, whenever possible, continued access to the Local Government Pension Scheme.

Press & the Media

The Fund actively engages with the press and other media organisations in order to ensure clarity, facts and fair representation. Enquiries from these bodies are dealt with by the Press & PR Officer on 0151 691 8088.

National Information Forum (NIF)

Representatives of the Fund attend the regular meetings of the National Information Forum, which it was instrumental in establishing to promote best practice in communications with members.

Shrewsbury Regional Pension Officers Group

Representatives of the Fund meet on a quarterly basis with other local authority funds in the West Pennines region to discuss technical queries and legislation matters of common interest. The Deputy Head of Pension Fund also represents the Region at the LGPC Technical Advisory Group meetings held in London.



Availability of Fund publications in their various forms with their frequency and review periods.

Communication material	Paper based	Electronic Form (pdf)	Website	Frequency	When reviewed
Promotional Leaflet	✓	✓	✓	Constantly Available	Annually
Employees' Guide	✓	✓	✓	Constantly Available	Annually
Increasing your Benefits	✓	✓	✓	Constantly Available	Annually
Leavers Leaflet	✓	✓	✓	Constantly Available	Annually
Planning your Retirement	✓	✓	✓	Constantly Available	Annually
Employers Guide	✓	Available 2009	Available 2009	Constantly Available	As required
Benefit Statements	✓	With no personal details	✓	Annually	Annually
Pay Advice / P60	✓	With no personal details	✓	Three times a year	Annually
Information Sheets (various)	✓	✓	✓	Constantly Available	As required
Beeline Newsletter	✓	✓	✓	Three times a year	Three times a year
The Honeypot Newsletter	✓	✓	✓	Twice a year	Twice a year
Technical Newsletter	✓	✓	✓	As required	As required
Pension Committee Minutes	✓	✓	✓	Five times a year	Five times a year
Annual Report	✓	✓	✓	Annually	Annually
Valuation Report	✓	✓	✓	3 years	3 years
Fund Policies	✓	✓	✓	3 years	3 years
Press Articles	✓	✓	✓	As required	After each publication

Confidentiality

The Fund is registered under the Data Protection Act 1998 as part of Wirral Council. Information on members and organisations is treated with respect by all staff.

Disclosure

The Fund may, if it chooses, pass certain details to a third party, if the third party is carrying out an administrative function of the Fund, for example, the Fund's AVC provider.

The Fund is under a duty to protect the public funds it administers and to this end may use information for the prevention and detection of fraud. In fulfilling this role, information may be exchanged with other agencies, but solely for these purposes.

Freedom of Information

This Communication Policy Statement identifies the classes of information that the Fund publishes or intends to publish in compliance with the Freedom of Information Act. Anyone has a right under the Freedom of Information Act, to request any information held by the Fund which is not already made available. Requests should be made in writing to the Deputy Head of the Fund at the address below.

A fee may be charged and the Fund reserves the right to refuse a request if the cost of providing the information is disproportionately high; if following prompting the request is unclear; and when the requests are vexatious or repeated.

Further Information

The authority administering the Local Government Pension Fund within Merseyside is Wirral Council. If you would like more information about the Scheme then please contact us at the following address:

Address:

Merseyside Pension Fund
PO Box 120
7th Floor
Castle Chambers
43 Castle Street
Liverpool
L69 2NW

Opening Hours:

Monday - Friday 9.00am - 5.00pm

Phone: 0151 242 1390

Fax: 0151 236 3520

Email: mpfadmin@wirral.gov.uk



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WIRRAL COUNCIL

PENSIONS COMMITTEE

6 APRIL 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) following the introduction of the revised LGPS on 1 April 2008.

2. BACKGROUND

- 2.1 The Pensions Committee last considered progress in implementing the new regulations as part of the reform of the LGPS, on 14 January 2009 (Minute 67 refers).
- 2.2 As agreed MPF submitted a response to the DCLG on a number of technical issues in connection with the draft LGPS (Miscellaneous) Regulations 2009 and a copy of the response is attached at appendix 1.

III Health Retirement Regulations

- 2.3 The Ill Health Monitoring Group set up by the DCLG had requested data on the experience of the new ill health regulations in practice from employers and administering authorities. The results obtained nationally have however been unsatisfactory and inconclusive and so a further attempt at obtaining consistent data will take place during April 2009.

Government Actuary's Department (GAD) Guidance

- 2.4 Further guidance is still awaited from the DCLG and the GAD on dealing with certain cash equivalent transfers and pensions sharing on divorce cases.
- 2.5. 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 has taken steps to remind eligible members of the 6 April 2009 deadline to apply for protection available under the Finance Act 2004.

3. OTHER OUTSTANDING MATTERS

Pensions Administration Strategy Plan

- 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 yet been published. It is intended that MPF will nevertheless consult with stakeholders on developing a Strategy Plan during the current year.

Cost Sharing Mechanism

- 3.2. Members considered at the 14 January 2009 meeting of the Pensions Committee the draft regulations dealing with establishing a framework for Cost Sharing which were circulated for consultation by the DCLG on 27 November 2008.
- 3.3. A copy of the response dated 20 January 2009 to the consultation submitted to DCLG is attached at Appendix 2.
- 3.4. It appears that despite widespread concerns raised about the proposed timetable for submission of data for cost sharing purposes that the DCLG is not willing to reconsider its proposals. The Department has circulated a letter dated 11 February 2009 on LGPS Data Quality to all local authorities (Appendix 3 attached), reminding them of the need to improve the quality of data flows between employers and administering authorities in order to comply with its published cost sharing timetable.
- 3.5. Meetings of the LGPS Policy Review Group are still continuing, to discuss various issues including agreement on the details of how the cost sharing mechanism will operate.

85 Year Rule Protection

- 3.6. The final decision on the possible extension of full "85 year Rule" protection to those members who would satisfy the requirements by 31 March 2020 rather than 31 March 2016 is still awaited from DCLG.

Councillors Pensions

- 3.7. The new regulations currently still do not deal with arrangements for councillors' pensions and provision remains subject to the 1997 Regulations. The DCLG has confirmed that it intends to carry out consultation later this year on proposals for future pension arrangements for elected members

4. ADMITTED BODY STATUS REVIEW

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

4.2 Although guidance on dealing with admission matters has been issued final proposals are still to be formulated by DCLG which should be the subject of a future statutory consultation in advance of changes to the regulations.

5. FINANCIAL IMPLICATIONS

5.1 There are none directly arising from this report.

5.2 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.

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 letters dated 6 and 11 February 2009.

14. **RECOMMENDATION**

14.1 That Members note the report.

IAN COLEMAN
DIRECTOR OF FINANCE

FNCE/55/09

Mr Philip Perry
Workforce Pay & Pensions Division
Department for Communities & Local
Government
Zone 5/G6, Eland House,
Bressenden Place,
London,
SW1E 5DU

Our Ref: PS/PM

Your Ref:

Direct Line: 0151 242 1390

Please ask for: Peter Mawdsley

Date: 16 February 2009

Dear Mr Perry,

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

I refer to your letter dated 28 November 2008 in which you invited comments on proposed amendments to the LGPS Regulations.

Please note that the following comments on technical issues are submitted on behalf of Wirral Council in its roles as a district council and as the Administering Authority of the Merseyside Pension Fund.

Regulation 11 - (changes to regulation 10) the circumstances when the average of any three consecutive years' pensionable pay within their final ten can be used - still requires further clarification to ensure that members who suffer a restriction or reduction in their pay rather than purely a reduction are protected. The change should be effective from 1 April 2008.

The regulation should also confirm to who an election under it should be made and in what timescale and what the position should be if a member dies in service without having made an election who would have benefited from the provision.

The Authority would support the proposal that regulation 10(1) be amended by the addition of a sub paragraph (d) to include a restriction or reduction in pay instigated by the employer, as a result of the removal of a contractual payment or benefit.

Sub paragraph 10 (2) should be amended to also exclude a reduction in pay which immediately follows a period in which the member's pay was temporarily increased. The treatment of a reduction which may be experienced during the run up to retirement in respect of variable performance related pay should be clarified.

The Authority would support the proposal made by the LGE in its recent paper on Final Pay to deal with the discrepancies that exist between Regulations 8 and 10 of the BMC Regulations 2007.

It would also be helpful if Regulation 4(2) of the BMC Regulations 2007 (meaning of pensionable pay) was amended to confirm whether or not lump sum payments to buy out a pensionable payment or benefit are pensionable or not.

Regulation 12B - (conversion of discretionary compensation into membership). The potential implications of such a decision in terms of possible the HMRC Lifetime Allowance test and for members in relation to Pensions Sharing on Divorce should be spelt out to all parties.

Regulations 13 - (election to pay additional pension: survivors benefits) Should reference to before 4th April 1988 be amended to before 6th April 1988?

The Authority would support the view that to only provide such an option to provide extra pension to members with a co-habiting partner or civil partner does not seem equitable and that on equality grounds the regulation should also allow a spouses pension to be increased in the same way.

It seems strange that the purchase of up to £5,000 of additional survivor's pension is completely unrelated to the actual length of the pre 6th April 1988 membership of the member in the Scheme. This contrasts with the past treatment of female scheme members who could only uprate their actual pre 6th April 1988 membership for widower's pension purposes.

Although new regulation 14A sets out the rules for paying ARCS for additional survivor's pension regulation 24(2) of the BMC Regulations 2007 should also set out how the benefits are payable.

Regulation 16 - death grants for deferred members and **Regulation 26** GMP's should both be effective from 1 April 2008.

Regulation 23 - (other money purchase schemes may be paid by a member into their additional voluntary contribution arrangement).

The change proposed is not in line with the latest agreed and stated intention of the DCLG that it should only be possible to transfer LGPS AVCs into the LGPS AVC arrangement and that other free standing AVCs and other money purchase arrangements should instead purchase membership under regulation 83 of the administration regulations.

Paragraph 6 of the covering letter referred to possible changes to **Regulation 16 and Transitional Regulation 4** - dealing with aggregation of LGPS membership.

Under regulation 16 deferred members may within the first 12 months of any new local government employment choose to aggregate only their immediately previous period of membership but (TP) Regulation 4 permits members simply to aggregate membership of the 1997 Scheme within 12 months of resuming active membership.

Some authorities are also allowing members to aggregate any of their previous periods of service, not just only the one that was immediately previous. Also although employers have discretion to extend the 12 months deadline to enable members to choose to aggregate the immediately previous deferred benefit many are not prepared to do so because of the cost implications.

It is noted that the current regulations do not deal with members who have deferred benefits under the 1995 or earlier regulations or those who have frozen refunds.

The Authority would support the proposal by the LGE that to avoid confusion and differential treatment, that the Transitional Provisions Regulations should provide that Regulation 16 of the Administration regulations should equally apply to those who left with deferred benefits under the 1997 Regulations or earlier regulations and who rejoin the LGPS on or after 1 April 2008. The Rules on aggregation should equally apply to aggregation of a frozen refund.

This is an area of great confusion with many Funds faced with employees who were transferred under best value type outsourcing contracts who although they were allowed to remain in the LGPS by virtue of admission agreements chose to retain separate deferred benefits as they had concerns about the security of their terms and conditions with the new private companies. A number of these staff have subsequently been transferred on one or more occasions to different contractors on re-tendering of contracts and opted to retain separate deferred benefits each time. A number of these staff now find themselves facing redundancy and the financial implications of their past decisions not to aggregate their earlier periods of membership resulting in no entitlement to draw pension benefits for large periods of their employment which remain deferred until age 60 or later. The Authority would support a wider debate on the whole area of aggregation of previous periods of membership and rules on transfers in, having regard to the current discussions about the future of the Club Arrangements.

If you require any further information or assistance please do not hesitate to contact me.

Yours sincerely

Deputy Head of Pension Fund

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Divya Patel
DCLG Workforce Pay & Pensions 2
5th Floor,
Eland House,
Bressenden Place,
London
SW1E 5DU

Our Ref: PS/PM
Your Ref:
Direct Line: 0151 242 1390
Please ask for: Peter Mawdsley

Date: 20 January 2009

Dear Divya,

SUSTAINING THE LOCAL GOVERNMENT PENSION SCHEME IN ENGLAND AND WALES

I refer to your letter dated 27 November 2008 which invited responses to the consultation exercise on the draft LGPS (Amendment) Regulations 2009.

I am grateful for the opportunity to make the following comments on the consultation letter and draft statutory instrument on behalf of the Authority in its role as Administering Authority for the Merseyside Pension Fund.

The Fund welcomes the recognition of employer concerns over affordability and proposals to introduce a cost sharing arrangement to deal equitably with future increases in certain agreed pension costs between employers and employees.

We are however concerned about the practicality of the proposed timetable for the submission of relevant data to the DCLG as we have significant difficulty obtaining required year end contribution and pay information promptly from a number of the 150 or so separate employers and would expect this is a widespread nationwide issue.

We believe that the proposed 31 July 2010 deadline for submission to the DCLG is unrealistic and would not allow sufficient time for Funds to check and cleanse data before submitting it, which could impact on the quality of the results from the Dummy Model Fund. We would support the comments of the Fund actuary that the proposed deadline may prejudice both the quality and completeness of the data provided for the Model Fund exercise. We would also query whether the deadline is unnecessary if the first impact of cost sharing is not to take effect until the 2013 valuation, based on differences between the 2010 and 2013 valuation results.

We would support alternative suggestions to either:

Put back the submissions deadlines by at least three months to 31 October 2010, although this would be likely to delay the following processes including the issue by the GAD of the Model Fund valuation by 31 December 2010, or

To instead use contributions and pay data from the preceding valuation year (31 March 2009) with any appropriate estimated adjustments to account for known changes such as later pay awards made or changes in market conditions etc and to start cost sharing based on the Model Fund from the 2010 valuation. Existing software enables Funds to run a movements analysis or a valuation extract program at any year end.

If this approach were adopted and comparison was made between the results of the 2007 actuarial valuation and 31 March 2009 data for the Model Fund it would allow an earlier implementation of cost sharing to feed into the 2010 valuation results.

The Fund does however recognise that the actuarial assumptions to be used in the process will be critical in determining the results for the Model Fund and the success of any cost sharing arrangement and that at the present time the details of these still remain to be agreed between the various stakeholders.

Please do not hesitate to contact me if you require any further information or assistance.

Yours sincerely

Deputy Head of Pension Fund

TBJ Crossley

Chief Executives of Local Authorities in England
and Wales

Deputy Director
Workforce, Pay and Pensions
Zone 5/F5 Eland House
Bressenden Place
London SW1E 5DU

Direct line: 020 7944 5970
Fax: 020 7944 6019

Web sites: www.communities.gov.uk

11 February 2009

Dear Colleague,

LOCAL GOVERNMENT PENSION SCHEME – DATA QUALITY

The department recently concluded a statutory consultation exercise about future cost sharing arrangements for the Local Government Pension Scheme (LGPS) to provide the initial stages in its full introduction and implementation in England and Wales.

The first steps are to put in place a statutory requirement for each LGPS pension fund authority to provide the Secretary of State with the same data they provide their fund actuary at the time of the actuarial valuation due next at 31 March 2010. This allows a national model fund to be set up from which it will be possible to determine equitably the cost both to employees and employers of future accruals of pension rights and the experience and on-going effects of actuarial valuation exercises.

Responses to the current consultation highlighted issues relating to the provision of quality data. In particular, it has been suggested that LGPS pension funds cannot comply with the originally proposed date of 31 July in the draft regulations because the data would not be in a cleansed format suitable for the proposed statutory cost-share exercise.

This early warning about data quality in the proposed statutory timetable adds weight to administering authorities' insistence about receiving consistent quality data within a reasonable time scale, not just for the new cost share arrangements but also for their normal day to day management and operation of the Scheme, especially when managing administration agreements with employers.

Administering a pension scheme the size of the LGPS is a major and costly business. The most recent data available shows expenditure on administration of the LGPS in England and Wales totalled £113 million. It is vital, therefore, that the processes involved in sharing and providing data (principally HR and payroll information) is managed to the highest standards to protect funds from irregularities (including overpayments and potential fraud) but, perhaps, more importantly to ensure that statutory responsibilities are undertaken in the most efficient and value for money manner.

There is some concern that if this is not necessarily the case it could mean that employers are having to pay a higher, contribution rate than may be strictly necessary since the actuary, for example, is obliged to make more cautious assumptions based on non-validated items. Applying targeted resources to improve the level and standards of data quality in order to provide correct data and within acceptable timescales to the administering authority may actually result in savings for each individual employer.

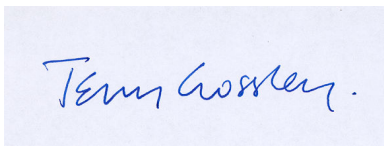
Regulatory steps have been introduced to the LGPS to improve data through the obligation to provide annual benefit statements and more latterly a provision to allow pension funds can enter into formal service level agreements with employers with the aim of improving data quality and controlling costs.

Continuing in this vein, the department, sees it as vital, in the period between now and the next actuarial valuation in 31 March 2010, that positive action is taken at both administering authority **and** at employing authority/employer level to improve the quality and timeliness of data flows and so help to achieve much smoother valuation exercises. This in turn will achieve the benefit of helping to ensure a more accurate and efficient modelling exercise for the cost-sharing process which, of course, becomes an essential step towards maintaining Scheme cost stability, affordability and sustainability.

It would be helpful to know if you were able to advise what steps your authority has taken to put in place an administration agreement with scheme employers, and what steps you propose to take to improve the quality of regular data flows to meet the challenges set out above in the context of the upcoming cost-share arrangements.

I am sending copies of this letter to Scheme pension managers and to members of the Association of Consulting Actuaries Local Government sub-committee.

Yours sincerely,

A rectangular box containing a handwritten signature in blue ink that reads "TBJ Crossley".

TBJ Crossley

WIRRAL COUNCIL

PENSIONS COMMITTEE

6 APRIL 2009

REPORT OF THE DIRECTOR OF FINANCE

UPDATED GOVERNANCE COMPLIANCE STATEMENT

1. EXECUTIVE SUMMARY

- 1.1. This report provides details of the updated Governance Compliance Statement which MPF is required to publish to reflect recent changes made in order to ensure full compliance with the best practice standards issued by the Department for Communities and Local Government (DCLG).
- 1.2. Members are recommended to approve the updated Compliance Statement attached (Appendix 1).

2. BACKGROUND

- 2.1. The Pensions Committee last considered this matter at its meeting on 14 January 2009 (Minute 71 refers), when I reported that the DCLG had issued statutory guidance on governance compliance with the requirements set out in Regulation 31 of the LGPS (Administration) Regulations 2008.
- 2.2. The current Governance Compliance Statement was agreed by the Pensions Committee on 28 January 2008 (Minute 79 refers) and confirmed at that time that MPF was not fully compliant 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. PROGRESS MADE WITH ACHIEVING FULL COMPLIANCE

- 3.1. MPF is now fully compliant with the latest best practice guidance issued by the DCLG on 3 December 2008 and a revised compliance statement confirming this is attached at appendix 1 to this report.

- 3.2. Following discussions with the two employee representatives currently appointed to the Committee 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 MPF website and Scheme newsletters.
- 3.3. Having regard to the results of the consultation with stakeholders in 2008 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 is set out in the revised Compliance Statement which is attached for approval.
- 3.4. Consolidated documentation which clearly sets out the existing policy on training, expenses and the status and role of Committee Members was circulated to Members at the 14 January 2009 meeting of the Committee. This **Members' Induction Pack** has also since been made available electronically on a secure area of the MPF website.

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 and Statutory Guidance Note.

13 **RECOMMENDATION**

13.1 That Members approve the updated governance compliance statement.

IAN COLEMAN
DIRECTOR OF FINANCE

FNCE/59/09

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APPENDIX 1

Merseyside Pension Fund

Governance Compliance Statement (Updated 6 April 2009)

Part II/A - Structure

- 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.**

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

Reason for non-compliance (Regulation 31 of the Administration Regulations 2008 Regulation 73A(1)(c) 1997 Regulations):

Comments on ratings given above:

Part II/B - Representation

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) 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.

	Not Compliant				Fully Compliant
a)					√
b)					√

Reason for non-compliance (Regulation 31 of the Administration Regulations 2008 Regulation 73A(1)(c) 1997 Regulations):

Comments on ratings given above:

Part II/C - Selection and role of lay members

- 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.**

	Not Compliant				Fully Compliant
a)					√

Reason for non-compliance (Regulation 31 of the Administration Regulations 2008 Regulation 73A(1)(c) 1997 Regulations):

Comments on ratings given above:

Part II/D – Voting

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.

	Not Compliant				Fully Compliant
a)					√

Reason for non-compliance (Regulation 31 of the Administration Regulations 2008 Regulation 73A(1)(c) 1997 Regulations):

Comments on ratings given above:

Having regard to the results of consultation undertaken with stakeholders 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. The responses received from stakeholders to the consultation were supportive of the current position with no dissatisfaction expressed with the current arrangements.

Part II/E – Training/Facility time/Expenses

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.

	Not Compliant				Fully Compliant
a)					√
b)					√

Reason for non-compliance (Regulation 31 of the Administration Regulations 2008 Regulation 73A(1)(c) 1997 Regulations):

Comments on ratings given above:

Part II/F – Meetings (frequency/quorum)

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 administering authorities who do not include lay members in their formal governance arrangements, provide a forum outside of those arrangements by which the interests of key stakeholders can be represented

	Not Compliant				Fully Compliant
a)					√
b)					√
c)					√

Reason for non-compliance (Regulation 31 of the Administration Regulations 2008 Regulation 73A(1)(c) 1997 Regulations):

Comments on ratings given above:

Part II/G - 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.

	Not Compliant				Fully Compliant
a)					√

Reason for non-compliance (Regulation 31 of the Administration Regulations 2008 Regulation 73A(1)(c) 1997 Regulations):

Comments on ratings given above:

Part II/H – Scope

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

	Not Compliant				Fully Compliant
a)					√

Reason for non-compliance (Regulation 31 of the Administration Regulations 2008 Regulation 73A(1)(c) 1997 Regulations):

Comments on ratings given above:

Part II/I – Publicity

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.

	Not Compliant				Fully Compliant
a)					√

Reason for non-compliance (Regulation 31 of the Administration Regulations 2008 Regulation 73A(1)(c) 1997 Regulations):

Comments on ratings given above:

Details of the governance arrangements, full contact details for Committee Members, and agenda and minutes of Committee meetings are available on the Fund's website.

Updated Version 6 April 2009

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WIRRAL COUNCIL

PENSIONS COMMITTEE

6 APRIL 2009

REPORT OF THE DIRECTOR OF FINANCE

INVESTMENT REGULATIONS CONSULTATION

1. EXECUTIVE SUMMARY

1.1. The Department for Communities and Local Government (DCLG) published draft regulations on 6 February 2009 to consolidate the Local Government Pension Scheme (Management and Investment of Funds) Regulations 1998 (“the investment regulations”) SI 1998/1831, and to make various amendments. A consultation exercise was open until 3 April 2009.

1.2 This report outlines the scope of the proposals, details the proposed regulations, the key proposals, and the response. Members are requested to agree the response.

2. SCOPE OF PROPOSALS

2.1 This consultation exercise is primarily a consolidation of the 1998 regulations, as amended, but does include several proposals on separate bank accounts, borrowing, and employer-related loans, which the DCLG decided should be taken forward for consideration by interested parties

3. THE PROPOSED REGULATIONS

3.1 The intention is for the Regulations to come into effect later in 2009. **Regulations 11 to 14 of the LGPS (Miscellaneous) Regulations 2008**, SI 2008/2425, made minor amendments to the investment regulations, to update references they contain to the other regulations for the Scheme. The draft investment regulations now reflect those earlier changes.

4. **KEY PROPOSALS**

Separate bank account for the pension fund - regulation 6

- 4.1 The intention of this amendment is to improve the transparency of cash transactions between pension funds and general local authority accounts, and follows long-standing Audit Commission best practice. Many administering authorities including Wirral already have a separate bank account and the only significant concern expressed by those who do not is that the amending regulations must allow sufficient lead-in time to enable authorities to introduce new arrangements without any detriment to their investment strategies. In addition to any general comments about this proposal, consultees were also invited to comment on what would be a suitable and practical lead-in time before any change took effect.
- 4.2 Wirral already operates separate bank accounts and therefore supports this amendment.

Temporary borrowing power- regulation 15

- 4.3 Regulation 15 proposes that the Administering Authority should have an explicit, but limited, power to borrow for the purposes of its pension fund. Borrowing in order to invest on behalf of the pension fund would not be allowed.
- 4.4 It is understood that there can be occasions where limited short-term borrowing does, unexpectedly, prove to be necessary for cash flow purposes - for instance as a part of transition management when the allocation of fund assets is being changed, or to ensure that all scheme benefit payments can be made on time. The pension fund needs to have identifiable known income it will receive shortly, with which repayment of the amount borrowed can be funded. The cost of the relevant loan repayments, and any interest payable, would be chargeable to the pension fund.
- 4.5 The amendment will therefore clarify the legal position of Part 1 of the Local Government Act 2003 which deals with the capital finance provisions of local government finance legislation and which provides a borrowing power for local authorities, but only in respect of their general local authority functions. The draft provision was recommended by CIPFA in July 2008 after its initial review of the extant regulations.
- 4.6 Merseyside Pension Fund supports the clarification provision of this proposed amendment.

Statement of Investment Principles (SIP): stock lending - regulation 11(2)(h)

- 4.7 Draft regulation **11(2)(h)** extends the existing regulation on this subject to require the statement of investment principles (SIP) to include information about the policy on the lending of stocks or other securities from the pension fund.

Stocklending – References to COLL

- 4.8 Draft regulation **3(7) & (8)** (definition of “investment”) update references to the relevant Financial Services Authority Sourcebook, now called COLL. They adapt COLL chapter 5.4 to the LGPS context, by making the Administering Authority responsible for compliance with the rules and guidance specified. The full contents of COLL 5.4 can be seen at <http://fsahandbook.info/FSA/html/handbook/COLL/5/4>
- 4.9 The DCLG does not think that regulation **3(8)** needs to include a reference to COLL 5.4.8G. It is only guidance, and the overall provisions of the LGPS investment regulations cover relevant points already. That approach can be reviewed, however, if consultees consider that a reference is necessary. Were a reference to 5.4.8G to be added to regulation 3(8), it would have to include appropriate modifications.
- 4.10 Consultees should note, and may have comments regarding, ways in which COLL chapter 5.4 is different from the equivalent section of the previous Sourcebook. Namely:
- Counterparties may now include certain USA broker-dealers and banks. The DCLG is minded to provide a modification in regulation 3(8) of the new investment regulations, so that COLL 5.4.4(1)(b) (iii) and (iv) would not in fact apply to LGPS Funds.
 - The difference in arrangements for stock lending transactions made through the Euroclear Programme are mentioned at 5.4.4(3)
 - Although as explained above this is unlikely to be relevant, 5.4.8(2) has guidance on how cash collateral can be reinvested.
- 4.11 These changes were explained in an FSA Quarterly Consultation which can be found on their website - FSA 06/18, (No.10) October 2006, paragraphs 6.28 to 6.41.

- 4.12 Merseyside Pension Fund supports the adaptation of COLL chapter 5.4 to the LGPS context. However, we do not entirely agree that reg 3(8) does not need to include reference to COLL 5.4.8G. Although this is only guidance, there has been some considerable doubt among parties - including auditors, regulators and practitioners - as to how cash collateral may be reinvested. The introduction of the guidance in 5.4.8(G) was made by the FSA after collaboration with industry participants. Prior to this there was no guidance as to how cash could be invested. It was therefore considered beneficial to have some opinion on this subject and the best reference was to follow the approved collateral items. If this reference were to be omitted and cash collateral be permitted, then alternative guidance should be provided.

Merseyside Pension Fund would also recommend that regulation 3(8) is not modified. Although it would not benefit at present, Merseyside Pension Fund sees no reason for DCLG to retain the exclusion of certain USA broker-dealers and banks as other corporate pension schemes do not have this restriction.

The SIP and risk - regulation 11(2)(c)

- 4.13 The Funding Strategy Statement already provides some related information on investment strategy and managing financial risks. Draft regulation 11(2)(c) proposes to extend the existing requirement for the statement of investment principles to cover the policy on risk, by adding the words “including the ways in which risks are to be measured and managed”. The amendment reflects a similar requirement on private sector pension schemes.

- 4.14 Merseyside Pension Fund supports the proposed amendment.

Reference to overriding regulations concerning employer-related investments - regulation 13(1)

- 4.15 The Explanatory Note to the existing regulations does mention that overriding regulations exist, the latest version being the Occupational Pension Scheme (Investment) Regulations 2005, SI 2005/3378 (“OPSIR”), but there is currently no reference to these in the body of the LGPS investment regulations.

To clarify the situation, draft regulation 13(1) contains a reference to the relevant provisions of OPSIR.

Further information about OPSIR is at **Annex B**. The full text can be seen at http://www.opsi.gov.uk/legislation/about_legislation.htm

4.16 Merseyside Pension Fund supports the proposed amendment.

Use of Fund Money by the Administering Authority - Revocation of existing regulations 3(4) and 12

4.17 A provision of this kind has featured in the relevant Superannuation Act or scheme regulations since 1937 (with changes to details as time went on), and is subject to the prudential requirements and limits in the current regulations as a whole.

4.18 Although it is perhaps arguable that such use represents a safe investment, with the daily interest rate payable being prescribed, after many changes over the years in the wider pensions world it has come to be seen by some commentators as being out of step to allow Administering Authorities to use pension fund money in this way. There is no obvious reason why the Administering Authority should be able to do so when other participating employers cannot. The DCLG has therefore concluded that when the 1998 regulations are revoked, existing regulations 3(4) and 12 will not be replicated in the new provisions.

4.19 A transitional provision is proposed at draft **regulation 16**. This is only intended to be used where appropriate and to enable such arrangements to be unwound in an orderly manner without detriment to the pension fund.

4.20 Merseyside Pension Fund supports the proposed amendment.

Other Issues - duty of care, governance

4.21 Regulation 4 of The Occupational Pension Schemes (Investment) Regulations 2005, which applies only to private sector schemes, imposes the following requirements:

“Investment by trustees

4.—(1) The trustees of a trust scheme must exercise their powers of investment, and any fund manager to whom any discretion has been delegated under section 34 of the 1995 Act(a) (power of investment and delegation) must exercise the discretion, in accordance with the following provisions of this regulation.

(2)

(3) The powers of investment, or the discretion, must be exercised in a manner calculated to ensure the security, quality, liquidity and profitability of the portfolio as a whole.”

The provision usefully summarises the fiduciary duty of private sector pension fund trustees, and the investment outcomes which the prudential investment provisions of such regulations would be seeking to achieve.

- 4.22 In 2008, the CIPFA Pensions Panel review of the LGPS investment regulations proposed, amongst other things, the following definition of “investments”:

“The assets of the pension fund must be invested in such a way as to ensure the security, quality, liquidity and profitability of the portfolio as a whole and, in doing so, take the appropriate market, risk and investment advice. In the event of a potential conflict of stakeholder interests, investments must be made in the sole financial interests of the fund.”

- 4.23 The DCLG has tended to take action to ensure that the LGPS reflects private sector best practice and sustains its position as an exemplar occupational scheme. On this basis, consultees were invited to consider whether a provision of this kind is desirable or necessary to clarify the duty of care owed by those responsible for investment decisions within the LGPS.

Consultees were invited to comment on the merits of this proposal; and, in particular, whether the approach taken by the 2005 regulations mentioned above, or the wording above suggested by CIPFA, is appropriate in the LGPS context. The CIPFA report was published on 28 January 2009.

- 4.24 Merseyside Pension Fund supports the proposed amendment.
- 4.25 The response submitted by the close of consultation on 3 April 2009 is attached as Appendix 2.

5. FINANCIAL AND STAFFING 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. None.

9. **PLANNING IMPLICATIONS**

9.1 There are no specific implications arising from this report.

10 **BACKGROUND PAPERS**

10.1 The Local Government Pension Scheme (Management and Investment of Funds) (Consolidated and Amendment) Regulations 2009 – DCLG February 2009.

10.2 LGPS Investment Regulations Options for Change – CIPFA November 2008.

11. **RECOMMENDATION**

11.1. That Members agree the response to the proposed amendments to the investment regulations.

IAN COLEMAN
DIRECTOR OF FINANCE

FNCE/73/09

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APPENDIX 1

6 February 2009

Addressees as below

Dear Colleague

The Local Government Pension Scheme (Management and Investment of Funds) (Consolidation) Regulations 2009

1. With Ministers' agreement, I enclose for your comments draft regulations which would consolidate the Local Government Pension Scheme (Management and Investment of Funds) Regulations 1998 ("the investment regulations"), SI 1998/1831, and also make various amendments.

SCOPE OF PROPOSALS

2. This consultation exercise is primarily a consolidation of the 1998 regulations, as amended, but does include several proposals on separate bank accounts, borrowing, and employer-related loans, which Ministers agreed last summer should be taken forward for consideration by interested parties. A list showing the content and order of the proposed consolidated regulations is attached at **Annex A**.
3. Your comments on the proposals are invited by **3 April 2009**. An eight weeks consultation period is being provided rather than twelve weeks, because what is being proposed has been informally in the public domain for some months. Consultees who wish to discuss the proposals are invited to contact the Department to allow any meetings to take place within the consultation period.

PART I - THE PROPOSED REGULATIONS

Introduction

4. The intention is for the Regulations to come into effect later this year.

5. Scheme interests will be aware that **regulations 11 to 14 of the LGPS (Miscellaneous) Regulations 2008**, SI 2008/2425, made minor amendments to the investment regulations, to update references they contain to the other regulations for the Scheme.¹ The draft investment regulations now reflect those earlier changes.

Key Proposals

Separate bank account for the pension fund - regulation 6

6. The intention of this amendment is to improve the transparency of cash transactions between pension funds and general local authority accounts, and follows long-standing Audit Commission best practice. We understand that many administering authorities already have a separate bank account and, from informal discussions with interested parties, the only significant concern expressed by those who do not is that the amending regulations must allow sufficient lead-in time to enable authorities to introduce new arrangements without any detriment to their investment strategies. In addition to any general comments about this proposal, consultees are therefore also invited to comment on what would be a suitable and practical lead-in time before any change took effect.

Temporary borrowing power- regulation 15

7. Regulation 15 proposes that a fund administering authority should have an explicit, but limited, power to borrow for the purposes of its pension fund. Borrowing in order to invest on behalf of the fund would not be allowed.
8. It is understood that there can be occasions where limited short-term borrowing does, unexpectedly, prove to be necessary for cash flow purposes - for instance as a part of transition management when the allocation of the fund's assets is being changed, or to ensure that all scheme benefit payments can be made on time. The pension fund needs to have identifiable known income it will receive shortly, with which repayment of the amount borrowed can be funded. The cost of the relevant loan repayments, and any interest payable, would be chargeable to the pension fund.
9. The amendment will therefore clarify the legal position of Part 1 of the Local Government Act 2003 which deals with the capital finance provisions of local government finance legislation and which provides a borrowing power for local authorities, but only in respect of their general local authority functions. The draft provision was recommended by CIPFA in July 2008 after its initial review of the extant regulations.

¹ CLG's letter of 17 September 2008 refers – paragraphs 5.19 and 5.20.

Statement of Investment Principles (SIP) : stock lending - regulation 11(2)(h)

10. Draft regulation **11(2)(h)** extends the existing regulation on this subject to require an authority's statement of investment principles (SIP) to include information about its policy on the lending of stocks or other securities from its LGPS pension fund.

Stocklending – References to COLL - regulation 3(8) & 3(9)

11. Draft regulation **3(7) & (8)** (definition of “investment”) update references to the relevant Financial Services Authority Sourcebook, now called COLL. They adapt COLL chapter 5.4 to the LGPS context, by making the administering authority responsible for compliance with the rules and guidance specified. The full contents of COLL 5.4 can be seen at <http://fsahandbook.info/FSA/html/handbook/COLL/5/4>
12. CLG does not think that regulation **3(8)** needs to include a reference to COLL 5.4.8G. It is only guidance, and the overall provisions of the LGPS investment regulations cover relevant points already. That approach can be reviewed, however, if consultees consider that a reference is necessary. Were a reference to 5.4.8G to be added to regulation 3(8), it would have to include appropriate modifications - paragraphs 1 and 2(b)(ii) of COLL 5.4.8G would therefore not apply.
13. Consultees should note, and may have comments regarding, ways in which COLL chapter 5.4 is different from the equivalent section of the previous Sourcebook. Namely:
 - Counterparties may now include certain USA broker-dealers and banks – see 5.4.4(1)(b) (iii) and (iv). CLG is minded to provide a modification in regulation 3(8) of the new investment regulations, so that COLL 5.4.4(1)(b) (iii) and (iv) would not in fact apply to LGPS Funds.
 - The difference in arrangements for stock lending transactions made through the Euroclear Programme are mentioned at 5.4.4(3)
 - (Although as explained above this is unlikely to be relevant, 5.4.8(2) has guidance on how cash collateral can be reinvested.)
14. These changes were explained in an FSA Quarterly Consultation which can be found on their website - FSA 06/18, (No.10) October 2006, paragraphs 6.28 to 6.41.

The SIP and risk - regulation 11(2)(c)

15. An authority's Funding Strategy Statement will already provide some related information on investment strategy and managing financial risks. Draft regulation 11(2)(c) proposes to extend the existing requirement for an administering authority's statement of investment principles to cover its policy on risk, by adding the words “including the ways in which risks

are to be measured and managed”. The amendment reflects a similar requirement on private sector pension schemes.

Reference to overriding regulations concerning employer-related investments - regulation 13(1)

16. The Explanatory Note to the existing regulations does mention that overriding regulations exist, the latest version being the Occupational Pension Scheme (Investment) Regulations 2005, SI 2005/3378 (“OPSIR”). But there is currently no reference to these in the body of the LGPS investment regulations.
17. To clarify the situation, draft regulation 13(1) contains a reference to the relevant provisions of OPSIR.
18. Further information about OPSIR is at **Annex B**. The full text can be seen at http://www.opsi.gov.uk/legislation/about_legislation.htm Use the advanced search, or follow the links from the home page to Legislation – Original – UK Statutory Instruments SIs – Year 2005 – No. 3378.

Use of Fund Money by the Administering Authority - Revocation of existing regulations 3(4) and 12

19. A provision of this kind has featured in the relevant Superannuation Act or scheme regulations since 1937 (with changes to details as time went on), and is subject to the prudential requirements and limits in the current regulations as a whole.
20. Although it is perhaps arguable that such use represents a safe investment, with the daily interest rate payable being prescribed, after many changes over the years in the wider pensions world it has come to be seen by some commentators as being out of step to allow administering authorities to use fund money in this way. There is no obvious reason why the administering authority should be able to do so when other participating employers cannot. CLG has therefore concluded that when the 1998 regulations are revoked, existing regulations 3(4) and 12 will not be replicated in the new provisions.
21. A transitional provision is proposed at draft **regulation 16**. This is only intended to be used where appropriate and to enable such arrangements to be unwound in an orderly manner without detriment to the fund.

PART II - OTHER FUTURE DEVELOPMENTS

Conflicts of Interest

22. The Pensions Regulator issued guidance for trust-based occupational schemes in 2008 as part of its Trustee Training Toolkit. (<http://www.thepensionsregulator.gov.uk/trustees/trusteeKnowledge/tku-02.aspx>.)

23. Within the LGPS, conflicts could potentially arise in relation to funding and investment matters between the administering authority and participating employers; or on administration, and for example on matters such as policies on discretions, between employers and scheme members.
24. Following the well-established tradition of adopting in the LGPS useful features of the regime for private sector occupational schemes, we intend to come forward in 2009 with scheme-specific best practice guidance to identify and manage potential conflicts of interest. Scheme interests will be consulted in the usual way before the guidance is issued.

Other Issues - duty of care, governance

25. Regulation 4 of The Occupational Pension Schemes (Investment) Regulations 2005, which applies only to private sector schemes, imposes the following requirements :

“Investment by trustees

4.—(1) The trustees of a trust scheme must exercise their powers of investment, and any fund manager to whom any discretion has been delegated under section 34 of the 1995 Act(a) (power of investment and delegation) must exercise the discretion, in accordance with the following provisions of this regulation.

(2)

(3) The powers of investment, or the discretion, must be exercised in a manner calculated to ensure the security, quality, liquidity and profitability of the portfolio as a whole.”

The provision usefully summarises the fiduciary duty of private sector pension fund trustees, and the investment outcomes which the prudential investment provisions of such regulations would be seeking to achieve.

26. More recently, the CIPFA Pensions Panel Working Group’s report on its 2008 review of the LGPS investment regulations proposes, amongst other things, the following definition of “investments” :

“The assets of the pension fund must be invested in such a way as to ensure the security, quality, liquidity and profitability of the portfolio as a whole and, in doing so, take the appropriate market, risk and investment advice. In the event of a potential conflict of stakeholder interests, investments must be made in the sole financial interests of the fund.”

27. CLG has tended to take action to ensure that the LGPS reflects private sector best practice and sustains its position as an exemplar occupational scheme. On this basis, consultees are invited to consider whether a provision of this kind is desirable or necessary to clarify the

duty of care owed by those responsible for investment decisions within the LGPS.

28. Consultees are therefore invited to comment on the merits of this proposal; and, in particular, whether the approach taken by the 2005 regulations mentioned above, or the wording above suggested by CIPFA, is appropriate in the LGPS context. CIPFA's report was published on 28 January 2009, and will be available on the Department's website. See the "What's New 2008-2009" page at www.xoq83.dial.pipex.com
29. Other developments within the general area of governance are expected to be considered during 2009, once CLG has had the opportunity to analyse the first governance compliance statements prepared by administering authorities in accordance with the relevant statutory guidance.

Use of information

30. This consultation will be available for viewing on the LGFPS website - www.xoq83.dial.pipex.com. A summary of responses will be published within 3 months of the close of the consultation on this website.
31. Information provided in response to this consultation, including personal information, may be published or disclosed in accordance with the access to information regimes (these are primarily the Freedom of Information Act 2000 (FOIA), the Data Protection Act 1998 (DPA) and the Environmental Information Regulations 2004).
32. If you want the information that you provide to be treated as confidential, please be aware that, under the FOIA, there is a statutory Code of Practice with which public authorities must comply and which deals, amongst other things, with obligations of confidence. In view of this it would be helpful if you could explain to us why you regard the information you have provided as confidential. If we receive a request for disclosure of the information we will take full account of your explanation, but we cannot give an assurance that confidentiality can be maintained in all circumstances. An automatic confidentiality disclaimer generated by your IT system will not, of itself, be regarded as binding on the Department.
33. The Department will process your personal data in accordance with the DPA and in the majority of circumstances this will mean that your personal data will not be disclosed to third parties.

Responses

34. **Your comments should be sent by 3 April 2009 to Margaret Dunleavy**, Workforce Pay and Pensions Division, Department for Communities and Local Government, Zone 5/F8, Eland House, 123

Victoria Street, London, SW1E 6DE. Electronic responses can be sent to margaret.dunleavy@communities.gsi.gov.uk

Yours faithfully,

Robert Holloway

List of Addressees

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
Homes and Communities Agency (New Towns Pension Fund)

Local Government Association (LGA)

Local Government Employers (LGE)
LGPC
Association of Colleges

ALACE
PPMA
SOLACE
CIPFA

Association of Consulting Actuaries
Association of District Treasurers
Society of County Treasurers
Society of Welsh Treasurers
Society of Metropolitan Treasurers
Society of London Treasurers

NALC
Society of Local Council Clerks

Trades Union Congress	UCATT
UNISON	GMB
NAEIAC	NAPO
UNITE	

GAD
SPPA
HMT

HMRC
DOE (NI)
DWP

Financial Services Authority (FSA)
Investment Management Association (IMA)
Association of British Insurers (ABI)
National Association of Pension Funds (NAPF)
London Investment Banking Association (LIBA)
LAPFF
PIRC

Hymans
Mercer
Hewitt
Barnett Waddingham
Linklaters
Pinsent Masons

Annex A - Contents of SI

The Local Government Pension Scheme (Management and Investment of Funds) (Consolidation and Amendment) Regulations 2009

Preliminary

1. Citation, application and commencement
2. General definitions
3. Definition of “investment”
4. Definition of “investment manager”

Management of pension fund

5. Management of Pension Fund
6. Separate bank account **NEW**
7. Choice of investment managers
8. Terms of appointment of investment managers
9. Review of investment manager’s performance

Use and investment of pension fund money

10. Investment of pension fund money
11. Statement of investment principles – **amendments at 11(2)(c) and 11(2)(h)**
12. Investments under section 11 of the Trustee Investments Act 1961
13. Restrictions on investments. See also Schedule 1 – **note 13(1)**
14. Requirements for increased limits
15. Power to borrow – **NEW**
16. Use of fund money by the administering authority – **NEW - transitional provision, consequent on proposed removal of current regulations 3(4) and 12**

Supplementary

17. Consequential amendments and revocations. See also Schedule 2.

SCHEDULE 1

LIMITS ON INVESTMENTS - This is in the form of a Table

EXCEPTIONS TO LIMITS IN THE TABLE

INTERPRETATION

Please Note

A reference in the draft SI to “paragraphs 1 to 3” of Schedule 1 will be to the relevant paragraphs in the part of the Schedule called EXCEPTIONS TO LIMITS IN THE TABLE. See the example in draft regulation 13(6).

Such a reference does **not** mean items 1 to 3 **of the Table** in the part of the Schedule called LIMITS ON INVESTMENTS

SCHEDULE 2 : CONSEQUENTIAL AMENDMENTS

Annex B

The Occupational Pension Scheme (Investment) Regulations 2005 (“OPSIR “), SI 2005/3378

Employer-related investments

Briefly, the key provisions are :

i) that “employer related loans” as defined there, are not allowed. *Reg 12(2)(b) and 12(4)*.

Such loans include, as explained at *reg 11(b) and 11(c)* respectively, any guarantees given to secure obligations of the employer, and third party loans. Also, by virtue of section 40(3) of the Pensions Act 1995, any unpaid debts owed to the scheme by participating employers *regulation 12(4)(a)*.

ii) any employer-related investment which is a transaction at an undervalue is forbidden, no fund resources can be used for this.² *Reg 12(3) and definition at reg 12(5)*. A transaction at an undervalue would seem to be when fund resources are given to the employer for nothing, or where the consideration received from the employer in return is less than the value in money or money’s worth of the fund resources handed over.

iii) other “employer related investments” as defined in OPSIR are limited to 5% of the “current market value of the resources of the scheme”. *Reg 12(2)(a)*

(Meaning that, for example, for the purposes of Schedule 1 of the LGPS investment regulations, any investments that are permissible “employer-related investments” in the OPSIR sense - would be limited to 5% of the fund.)

NOTE – This summary description does not in any way constitute legal advice. It is merely intended to give an informal outline of the scope of the OPSIR provisions. Any LGPS fund authority taking any investment decision on which OPSIR could have any bearing, should obtain their own legal and other relevant advice.

² Applies to any transaction on/after 6 April 1997.

APPENDIX 2

Ms Margaret Dunleavy
Workforce Pay and Pensions Division
Department for Communities and Local
Government
Zone 5/F8
Victoria Street
London
SW1E 6DE

Our Ref: MPF/PJW

Your Ref:

Direct Line: 0151 242 1309

Please ask for: Peter Wallach

Date: 13th March 2009

Dear Margaret

Consultation on the LGPS investment regulations

Thank you for your letter of 6 February 2009 regarding the draft regulations and, as requested, we would make the following comments.

Separate bank account for the pension fund - regulation 6

This appears to be in the spirit of UK or EU pensions legislation and would address concerns raised by some auditors that the lack of separation of bank accounts raises issues of transparency of pension fund operations. We are happy to support the inclusion of this new regulation.

With regard to the implementation timescales, the Fund is generally compliant with this requirement and would support an early deadline.

Temporary borrowing power- regulation 15

We support the limited scope this regulation which will usefully clarify an area where interpretation of the existing regulations has differed considerably.

Statement of Investment Principles (SIP) : stock lending - regulation 11(2)(h)

In the interests of greater transparency, we support the extension of the SIP to include a requirement for funds to make a statement on their securities lending policy and do not believe that compliance with this will prove onerous.

Stocklending – References to COLL - regulation 3(8) & 3(9)

Merseyside Pension Fund supports the adaptation of COLL chapter 5.4 to the LGPS context. However, we do not entirely agree that reg 3(8) does not need to include reference to COLL 5.4.8G. Although this is only guidance, there has been some considerable doubt among parties - including auditors, regulators and practitioners - as to how cash collateral may be invested. The introduction of the guidance in

5.4.8(G) was made by the FSA after collaboration with industry participants. Prior to this there was no guidance in CIS as to how cash could be invested. It was therefore considered beneficial to have some opinion on this subject and the best reference was to follow the approved collateral items. If this reference were to be omitted and cash collateral be permitted, then alternative guidance should be provided.

The Fund would also recommend that regulation 3(8) is not modified. Although it would not benefit at present, the Fund sees no reason for DCLG to retain the exclusion of certain USA broker-dealers and banks as other corporate pension schemes do not have this restriction.

The SIP and risk - regulation 11(2)(c)

In the interests of greater transparency, we support this proposal.

Reference to overriding regulations concerning employer-related investments - regulation 13(1)

This addition to the regulations will bring some useful clarity to this area of investment activity and we would support its inclusion.

Use of Fund Money by the Administering Authority - Revocation of existing regulations 3(4) and 12

We note the intention to revoke the regulations which permit the pension fund to extend loans to the administering authority. This is entirely consistent with the proposal to bring the LGPS regulations into line with the OPSIR on the matter of employer-related investment and is necessary to ensure that no conflicts arise with the OPSIR provisions. We therefore support the revocation of these regulations.

OTHER FUTURE DEVELOPMENTS - Conflicts of Interest

Although the dynamics within the LGPS differ from corporate pension schemes, best practice guidance on managing this aspect of corporate governance would be welcomed.

OTHER FUTURE DEVELOPMENTS – Duty of care, governance

We would support the adoption of this definition as a replacement to the existing provisions of Regulation 3, as proposed by the CPIFA Pensions Panel.

Yours sincerely

Head of Pension Fund

WIRRAL COUNCIL

PENSIONS COMMITTEE

6 APRIL 2009

REPORT OF THE DIRECTOR OF FINANCE

STRATEGIC PROPERTY ADVISERS

1. EXECUTIVE SUMMARY

1.1 The purpose of this report is to inform Members of the progress to date of the procurement exercise to appoint a Strategic Property Investment Adviser.

2. BACKGROUND

2.1. It was agreed at Pensions Committee on 17 January 2009 to commence a procurement exercise to appoint an adviser to provide strategic advice for the direct property portfolio.

2.2 The contract for the existing adviser Cordea Savills LLP ends on 30 June 2009.

3. PROCUREMENT EXERCISE

3.1 The procurement process being followed is the open OJEU process. The process will be run with the Procurement Team, with the Pension Fund providing support in producing documentation and assessment of tenders. A recommendation to Members will be made after deliberation by a panel of officers.

3.2 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 the investment target.

3.3 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	30%
Quality and Technical	Assessment of ability to meet and deliver investment targets	70%

3.4 The timetable is as follows.

	Task	Complete by
1	Issue of OJEU Notice – Open Procedure	16 March 2009
2	Issue of Tender Documents	20 March 2009
3	Last Date for requesting Tenders	28 April 2009
4	Develop scoring matrix and evaluation criteria	30 April 2009
5	Return of Tender Documents	5 May 2009
6	Tender Analysis	29 May 2009
7	Issue of Reference Questionnaires to Short List	Ongoing
8	Return of Reference Questionnaires	Ongoing
9	Presentations/Site Visits	10 June 2009
10	Final Analysis	15 June 2009
11	Award of Contract – Pensions Committee	24 June 2009
12	10 day stand still period	4 July 2009
13	Award Notice to OJEU	5 July 2009
14	CONTRACT START DATE	1 August 2009

4 FINANCIAL IMPLICATIONS

4.1 There are none arising directly from this report, later reports will cover the financial implications of the results of the procurement exercise.

5. STAFFING 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 no specific implications arising from this report.

8. LOCAL MEMBER SUPPORT IMPLICATIONS

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

9. LOCAL AGENDA 21 IMPLICATIONS

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

10. PLANNING IMPLICATIONS

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

11. BACKGROUND PAPERS

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

12. RECOMMENDATION

12.1. That Members agree the timetable.

IAN COLEMAN
DIRECTOR OF FINANCE

FNCE/75/09

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WIRRAL COUNCIL

PENSIONS COMMITTEE

6 APRIL 2009

REPORT OF THE DIRECTOR OF FINANCE

NATIONAL ASSOCIATION OF PENSION FUNDS CONFERENCE (NAPF)

1. EXECUTIVE SUMMARY

- 1.1. This report requests whether the Committee wishes to be represented at the NAPF Local Authority Conference, to be held in Birmingham from 18 May to 20 May 2009.

2. THE NAPF LOCAL AUTHORITY CONFERENCE

- 2.1. Merseyside Pension Fund is a member of the National Association of Pension Funds (NAPF) which represents some 10 million employees. The NAPF seeks to make effective representation to encourage provision as well as sound stewardship of pension fund assets.
- 2.2. MPF has been represented at all previous NAPF Local Authority Conferences usually by the Chair of the Pensions Committee and an officer.
- 2.3. Accommodation will be required for the nights of 18 and 19 May 2009..

3. FINANCIAL IMPLICATIONS

- 3.1. The cost of attendance plus two nights accommodation will be £550 plus VAT per delegate excluding travel which can be met from the existing Pension Fund budget.

4. STAFFING IMPLICATIONS

- 4.1. There are no staffing implications in this report.

5. EQUAL OPPORTUNITY IMPLICATIONS

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

6. HUMAN RIGHTS IMPLICATIONS

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

7. COMMUNITY SAFETY IMPLICATIONS

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

8. LOCAL MEMBER SUPPORT IMPLICATIONS

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

9. LOCAL AGENDA 21 IMPLICATIONS

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

10. PLANNING IMPLICATIONS

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

11. BACKGROUND PAPERS

11.1 None used in the preparation of this report.

12. RECOMMENDATIONS

12.1. That Committee is requested to consider if it wishes to send a delegation to attend this conference, and if so, to determine the number and allocation of places.

12.2. That attendance be referred to the Cabinet for approval of duty.

IAN COLEMAN
DIRECTOR OF FINANCE

FNCE/51/09

WIRRAL COUNCIL

PENSIONS COMMITTEE

6 APRIL 2009

REPORT OF THE DIRECTOR OF FINANCE

CIPFA ANNUAL CONFERENCE

1. EXECUTIVE SUMMARY

- 1.1. Members are requested to consider whether there should be representation at the CIPFA Annual Conference to be held in Manchester from 23 June to 26 June 2009.

2. THE CONFERENCE

- 2.1. The CIPFA Annual Conference is one of the annual conferences approved by the Cabinet. As an approved conference, attendance has been agreed as the Executive Member for Finance and Best Value (the Leader of the Council), the Chairman of the Finance and Best Value Overview and Scrutiny Committee, and the Conservative spokesperson for Finance.
- 2.2. The CIPFA Conference contains a significant number of sessions which are relevant to Pension Fund management and administration. Therefore I think it would be beneficial if the Chair of the Pensions Committee attended the Conference in addition to the existing approvals.
- 2.3. Conference fees will be about £600 plus VAT. Accommodation and transport costs will also be incurred.

3. FINANCIAL IMPLICATIONS

- 3.1. The costs can be met from the Pension Fund budget.

4. STAFFING IMPLICATIONS

- 4.1. There are none arising from this report.

5. EQUAL OPPORTUNITIES IMPLICATIONS

- 5.1. There are none arising from this report.

6. HUMAN RIGHTS IMPLICATIONS

- 6.1. There are none arising from this report.

7. COMMUNITY SAFETY 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. RECOMMENDATIONS

10.1. That the Chair of the Pensions Committee be delegated to attend the CIPFA Conference.

10.2. That attendance be referred to the Cabinet for approval of duty.

IAN COLEMAN
DIRECTOR OF FINANCE

FNCE/50/08

WIRRAL COUNCIL

PENSIONS COMMITTEE

6 APRIL 2009

REPORT OF THE DIRECTOR OF FINANCE

JULY TRAINING EVENT

1. EXECUTIVE SUMMARY

- 1.1 This paper advises Members of arrangements for a training event at the Cunard Building on 2 July 2009.

2. BACKGROUND

- 2.1 On 14 January 2009 Pensions Committee were advised of the training events for 2009, which included two internal training days. The first event has been arranged for 2 July 2009.

3. THE TRAINING DAY

- 3.1 The agenda is attached as Appendix 1 to this report. Invitations have been extended to neighbouring local authorities.
- 3.2 As requested at Committee, the focus of the day will be on responsible investment issues. There will be a presentation from Alan MacDougall of PIRC, the corporate governance and proxy voting consultants, and the research and engagement partner of the Local Authority Pension Fund Forum. It is hoped that Patrick Daniels, of US law firm Coughlin Stoia LLP, will present on securities fraud class action litigation and wider developments in corporate governance in the USA. There will be opportunity for Members to engage in topical discussion of this broad subject which, in view of the recent turmoil in global financial markets, is of increasing importance to pension funds.

4. FINANCIAL AND STAFFING IMPLICATIONS

- 4.1 The costs of the programme are included in the training budget.

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 make every effort to attend the training day.

IAN COLEMAN
DIRECTOR OF FINANCE

FNCE/72/09

MPF – INTERNAL TRAINING DAY

CUNARD BUILDING

2 JULY 2009

AGENDA

- 10.00 Coffee and registration
- 10.15 **The role of the responsible investor: voting and engagement strategies** - *Alan MacDougall, Managing Director of Pensions & Investment Research Consultants Ltd*
- 11.15 Coffee break
- 11.30 **Holding company management to account: the US approach –**
Patrick Daniels, Senior Partner at Coughlin Stoia Geller Rudman & Robbins LLP
- 12.15 Break
- 12.30 **Moderated panel discussion of responsible investment themes –**
*Alan MacDougall, Patrick Daniels, Owen Thorne (MPF),
Councillor Ann MacLachlan (moderator)*
- 13.00 Lunch

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