

PENSIONS COMMITTEE

Monday, 28 June 2010

Present: Councillor G Watt (Chair)

In attendance: Councillors P Johnson T Harney
D Knowles AER Jones
C Povall R Moon
G Davies H Smith

Councillors N Keats, Knowsley Council
A Ibbs, Sefton Council
Anderton, St Helens Council

Apologies Councillors Dean AR McLachlan

1 MEMBERS' CODE OF CONDUCT - DECLARATIONS OF INTEREST

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

No declarations were made.

2 MINUTES

The Director of Law, HR and Asset Management submitted the minutes of the meeting held 23 March 2010 for consideration.

Resolved – That the minutes be agreed.

3 APPOINTMENT OF VICE-CHAIR

Members of the Committee were requested to appoint a Vice-Chair.

On a motion by Councillor Watt and seconded by Councillor Povall it was:

Resolved – That Councillor Denis Knowles be appointed Vice-Chair of the Pensions Committee.

4 MERSEYSIDE PENSION FUND ACCOUNTS - YEAR ENDED 31 MARCH 2010

The Director of Finance submitted a report which showed the accounts and financial statements which would in due course be contained in the Annual Report of Merseyside Pension Fund 2009/2010.

Gerard Moore, Merseyside Pension Fund, outlined the report and responded to members questions.

Resolved -

- (1) That the levels of materiality and triviality as set out in paragraphs 2.2 and 2.3 of the report be agreed.**
- (2) That the accounts and financial statements of Merseyside Pension Fund for the year ended 31 March 2010 be approved.**

5 AUDIT COMMISSION FEES

The Director of Finance submitted a report to inform Members of a reduction in the fee levels of the Audit Commission for MPF for the audit of the annual accounts for the financial years 2009-2010 through to 2012-2013.

The meeting was attended by Liz Temple-Murray, Audit Manager, who outlined the report to members.

Resolved - That the reduction in the Audit Commission fees for auditing the accounts from the financial year 2009-2010 onwards be noted.

6 AUDIT COMMISSION PROGRESS REPORT

The Director of Finance submitted the Audit Commission Progress Report that gave the Committee an update of ongoing work at the Council and informed Members of the risks arising from the audit, under International Standard on Auditing (United Kingdom and Ireland).

Liz Temple-Murray, Audit Manager, attended the meeting and outlined the key messages for members' attention.

Resolved – That the report be received and noted.

7 LOCAL GOVERNMENT CHRONICLE INVESTMENT CONFERENCE

The Director of Finance submitted a report that requested the Committee to consider if it wished to be represented at the Local Government Chronicle (LGC) Investment Conference to be held in Newport on 8 to 10 September 2010.

Resolved – That Councillors Watt, Knowles, McLachlan and Harney attend the Local Government Chronicle Investment Conference together with the independent advisor.

8 **ENGAGED INVESTOR TRUSTEE AWARDS**

The Director of Finance submitted a report that advised Members that Merseyside Pension Fund is a finalist at the Engaged Investor Trustee Awards and requested that the Committee consider attendance at the awards ceremony. The awards ceremony for shortlisted entries was to take place on 7 July 2010 at the Merchant Taylors' Hall in London.

Resolved – That Councillor Watt, Chair of the Pensions Committee, attend the Engaged Investor Trustee Awards on 7 July 2010 and that the names of other members wishing to attend be submitted to the Director of Finance.

9 **JUNE TRAINING EVENT**

The Director of Finance submitted a report informing Members of a training event at the Cunard Building arranged for 29 June 2010 and encouraged Members to attend.

Resolved – That members would attend the training event if possible - apologies being received from Councillors Anderton, Keats, Adrian Jones and Peter Johnson who had prior engagements.

10 **LGPS - REFORM UPDATE**

The Director of Finance submitted a report informing Members of developments and outstanding issues following the introduction of the revised New Look LGPS on 1 April 2008 by the Department for Communities and Local Government (DCLG).

Guy Hayton, Merseyside Pension Fund, outlined the key points of the report and responded to members questions.

Resolved – That the report be noted.

11 **REPRESENTATION ON OUTSIDE BODIES**

The Director of Finance submitted a report that requested the Committee to review positions held by Elected Members on external bodies on behalf of Merseyside Pension Fund.

Resolved –

(1) That Councillor Ann McLachlan continues to be an Executive Member of LAPFF until January 2011.

(2) That the Pensions Committee reviews this representation in November 2010.

(3) That Councillor Ann McLachlan continues as a LGA Labour Group appointment on the Local Government Pensions Committee.

12 TREASURY MANAGEMENT ANNUAL REPORT 2009/10

The Director of Finance submitted a report to the Committee that requested Members agree the annual report on Treasury Management within Merseyside Pension Fund for the 2009/10 financial year which complied with the reporting requirements of the Code of Practice for Treasury Management in Local Authorities.

Gerard Moore Merseyside Pension Fund outlined the report to Members.

Resolved – That the Treasury Management Annual Report 2009/2010 be agreed.

13 INVESTMENT PERFORMANCE 2009-10

The Director of Finance submitted a report that outlined the investment performance of Merseyside Pension Fund for the year ended 31 March 2010 as reported by the WM Company.

Resolved - That the investment performance for the year ended March 2010 be noted.

14 GOVERNANCE & RISK WORKING PARTY

The Director of Finance submitted a report that requested Members to consider establishing a Governance and Risk Working Party to allow a more detailed discussion of Governance and Risk arrangements than is normally possible at Pensions Committee.

Peter Wallach, Head of Merseyside Pension Fund, outlined the report and noted that it was proposed to establish a Governance and Risk Working Party to provide a forum for more detailed discussion of administrative matters around governance and risk than is normally possible at Pensions Committee.

Resolved:

(1) That the establishment of a Governance and Risk Working Party be approved.

(2) That Councillor Geoff Watt be appointed Chair for the Working Party.

15 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.

16 TRANSFeree ADMISSION BODY APPLICATION - GRAYSONS RESTAURANTS

The Director of Finance submitted a report that informed Members of his decision taken under delegation, to approve a second application from Graysons Restaurants for admission to Merseyside Pension Fund as a Transferee Admission Body. The Company had secured six separate catering service contracts at various Liverpool schools over a staggered time period from 28 October 2007 to 31 March 2009. Each of the six separate contracts was for a three year term.

He reported that the application was to provide pension provision for 19 transferred staff who wished to continue to be scheme members whilst employed at a number of Liverpool schools providing school meals for the duration of each of the contract periods the earliest commencing on 28 October 2007 with the final contract end date of 31 March 2012.

Resolved - That the second application for admission body status received from Graysons Restaurants be approved.

17 MANAGEMENT OF ALTERNATIVES PORTFOLIO

The Director of Finance submitted a report that requested Members to approve a restructuring of the alternatives portfolio and to appoint PAAMCO as a fund of hedge funds manager and adviser in a capacity similar to that provided by Capital Dynamics for the private equity portfolio.

The report outlined the reasons for reviews, the current position of the alternatives portfolio, the proposed restructuring and advisory services and made an analysis of the risks associated with the changes.

Resolved –

(1) That Members the restructuring of the alternatives portfolio be approved.

(2) That the appointment of PAAMCO for operational due diligence be approved.

18 INVESTMENT MONITORING WORKING PARTY MINUTES

The Director of Finance submitted a report that provided Members with the minutes of the Investment Monitoring Working Parties held on 14 April and 9 June 2010.

Resolved - That the minutes of the IMWPs be agreed.

19 **MERSEYSIDE SPECIAL INVESTMENT FUND**

The Director of Finance submitted a report that informed Members of action being taken to protect the investment in Merseyside Special Investment Fund. It was reported that these matters were currently being negotiated with the European Investment Fund.

The report outlined the background to MSIF, developments, the current financial position, proposed restructuring and recommendations.

Resolved – That Members confirm:

- **the crystallisation of the loan facility**
- **the appointment of Enterprise as portfolio realisation managers**
- **the appointment of PwC to conduct a portfolio transfer valuation.**