



Pensions Committee

Date:	Monday, 28 June 2010
Time:	6.00pm
Venue:	Committee Room 1 - Wallasey Town Hall

Contact Officer: Pat Phillips
Tel: 0151 691 8488
e-mail: patphillips@wirral.gov.uk
Website: <http://www.wirral.gov.uk>

AGENDA

1. MEMBERS' CODE OF CONDUCT - 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 - 8)

To receive the minutes of the meeting held on 23 March 2010.

3. APPOINTMENT OF VICE-CHAIR

The Committee is requested to appoint a Vice-Chair.

**4. LOCAL GOVERNMENT CHRONICLE INVESTMENT CONFERENCE
(Pages 9 - 10)**

5. ENGAGED INVESTOR TRUSTEE AWARDS (Pages 11 - 14)

6. JUNE TRAINING EVENT (Pages 15 - 18)

7. LGPS - REFORM UPDATE (Pages 19 - 24)

8. REPRESENTATION ON OUTSIDE BODIES (Pages 25 - 28)

**9. TREASURY MANAGEMENT ANNUAL REPORT 2009/10 (Pages 29
- 32)**

- 10. AUDIT COMMISSION FEES (Pages 33 - 40)**
- 11. INVESTMENT PERFORMANCE 2009-10 (Pages 41 - 42)**
- 12. GOVERNANCE & RISK WORKING PARTY (Pages 43 - 44)**
- 13. EXEMPT INFORMATION - EXCLUSION OF MEMBERS OF THE PUBLIC**

The public may be excluded from the meeting during consideration of the following items of business on the grounds that they involve the likely disclosure of exempt information.

- 14. TRANSFEREE ADMISSION BODY APPLICATION - GRAYSONS RESTAURANTS (Pages 45 - 48)**
- 15. MANAGEMENT OF ALTERNATIVES PORTFOLIO (Pages 49 - 54)**
- 16. ANY OTHER URGENT BUSINESS APPROVED BY THE CHAIR**

PENSIONS COMMITTEE

Tuesday, 23 March 2010

<u>Present:</u>	Councillor	AR McLachlan (Chair)	
	Councillors	G Watt W Duffey C Povall	H Smith F Doyle R Moon
	Deputies	A Bridson P Johnson A Jones	(for Cllr T Harney) (for Cllr Denis Knowles) (for Cllr G Davies)
	Councillors	R Oglethorpe, Liverpool City Council A Ibbs, Sefton Council J Brown, Non District Council Employer	

99 MEMBERS' CODE OF CONDUCT - DECLARATIONS OF INTEREST

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

Councillor Ibbs declared a personal interest in respect of agenda item 13 Admission Body Application -Taylor Shaw - St Wilfred's School and agenda item 14 Admission Body Application - Taylor Shaw – Meols Cop High School (see minutes 111 and 112 post), by virtue of being an elected member on Sefton Council. Councillor Ibbs also declared a personal interest in agenda item 17 Closure of Admission Body – Green Apprentices (see minute 115 post) by virtue of Sefton Council being one of the original founders of the Groundworks Trust.

100 MINUTES

The Director of Law, HR and Asset Management submitted the minutes of the meeting held 13 January 2010 for consideration.

Resolved – That the minutes be agreed.

101 LGPS REFORM UPDATE

The Director of Finance informed Members of developments following the introduction of the revised LGPS on 1 April 2008 by the Department for Communities and Local Government (DCLG).

He reported that the earliest non ill-health retirement age for those members who joined the Scheme prior to 1 October 2006 increases from age 50 to 55 with effect from 1 April 2010. Members who first joined the Scheme from 1 October 2006 have been subject to a minimum retirement age of 55 since they started.

The Director reported that this change will apply to staff under age 55 being made redundant or seeking voluntary or flexible retirement and to those seeking early payment of deferred benefits on compassionate grounds before age 55 where the award was made since 1 April 2008.

He reported that MPF had circulated details to employers setting out the important tax implications for individuals and potentially for employers of agreeing to release deferred benefits (other than on grounds of permanent ill health) from 6 April 2010 to Scheme members who have not attained age 55.

The Director reported that although the LGPS Regulations continue to permit deferred benefits to be paid to certain protected groups from age 50 (where they were awarded prior to 1 April 2008), new payment cases from 6 April 2010 will be treated as “unauthorised payments” under HMRC tax rules resulting in significant tax liability on the member and possibly on MPF which will be recoverable from the employer.

Resolved – That the report be noted.

102 **REVIEW OF UPDATED MYNERS PRINCIPLES & REVISED STATEMENT OF INVESTMENT PRINCIPLES (SIP)**

The Director of Finance submitted a report requesting approval of a revised Statement of Investment Principles (SIP) for Merseyside Pension Fund, stating compliance with the updated Myners Principles.

He reported that the the Pensions Committee had approved the previous edition of the SIP on 26 November 2007, in accordance with the LGPS Regulations and CIPFA guidance current at that time. This had required that the SIP stated compliance with the 10 Myners Principles, as outlined in the CIPFA Pensions Panel guidance document, *Principles for Investment Decision Making in the LGPS 2002*.

The Director of Finance had reported to Pensions Committee on 24 June 2008 that HM Treasury had consulted over a proposed update to the Myners Principles. The proposal had been to consolidate the previous ten into six high level principles that would provide pension fund trustees with an authoritative guide to best practice for investment decision-making and governance. The purpose of the update had been to promote wider pensions industry acceptance and ownership of the Principles by making them more flexible, and through the ‘comply or explain’ approach, to encourage the industry to develop a higher quality body of guidance for trustees.

He reported that the LGPS regulatory framework had incorporated the original ten Myners Principles since 2002, requiring funds to report their compliance as part of their SIP. The amended LGPS (Management & Investment of Funds) Regulations 2009 required adoption of the updated six Principles. A broad consensus had emerged from the consultation process that the LGPS would benefit from continuing to apply updated Myners Principles.

The Director of Finance submitted details of the updated Principles set against existing MPF policy documents and practice. He commented that in addition to the integration of the six principles (where not previously featured), the revised SIP contained a number of changes.

Resolved –

1. That the revision to the Myners Principles be noted.

2. That the publication of the revised Statement of Investment Principles be approved.

103 TENDERS FOR SERVICES

The Director of Finance submitted a report is to inform Members of the proposed timescales for four contracts, covering Property Estate Management, Global Custodian Services, Actuarial Services and the provision of Investment Advice.

Resolved – That the timescales for the procurement of contracts for Estate Management, Global Custody, Actuarial Services and Investment Advice be approved.

104 NATIONAL ASSOCIATION OF PENSION FUNDS CONFERENCE

The Director of Finance submitted a report advising members of the NAPF Local Authority Conference, to be held in Birmingham from 17 May to 19 May 2010.

Resolved – That a delegation attends this Conference and that those members who wish to attend submit their names to the Director of Finance as soon as possible.

105 CIPFA ANNUAL CONFERENCE HARROGATE

The Director of Finance submitted a report requesting Members to consider whether there should be representation at the CIPFA Annual Conference to be held in Harrogate from 8 June to 11 June 2010.

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

106 JUNE TRAINING EVENT

The Director of Finance submitted a report that informed Members of a training event at the Cunard Building arranged for 29 June 2010.

Resolved – That Members attend the training day on 29 June 2010.

107 KNOWLEDGE AND SKILLS FRAMEWORK FOR THE LGPS

The Director of Finance submitted a report informing Members of the publication of a Knowledge and Skills Framework.

He reported that the policy and regulatory emphasis on the need for good governance arrangements in the LGPS, and the conduct of business likely to achieve this, was well established. A key component in delivering good governance was to ensure that the members of decision-making bodies, as well as those that advise and support them, were equipped with the necessary knowledge and skills to effectively perform this function.

The Director of Finance reported that the CIPFA Guide to the Application of the Myners Principles re-emphasised this point; the guidance for applying Principle 1: Effective decision-making recommends that skills and knowledge audits be conducted at regular intervals. Pensions Committee already approved an annual training programme that encompasses the scope of its work and the most relevant pensions issues, as well as providing tailored training opportunities to individual Committee Members.

He reported that, however, at present this is not accompanied by a formal update of training and development needs or a measure of progress made. CIPFA advised that it would represent good practice for the Committee to demonstrate that it is actively managing the development of its Members, and for a statement to this effect to be included in the Annual Report. This would enhance the accountability of the Committee, by virtue of being able to further demonstrate competency to its stakeholders.

The Director of Finance reported that in the absence of any detailed definition of what knowledge and skills were actually required to carry out particular roles, it was difficult to ascertain the effectiveness of the training provided. Likewise, it was difficult for a decision-making body to determine the adequacy of its internal resources, without recourse to a description of the right skill set for public sector pensions finance professionals. To address these difficulties CIPFA, through the CIPFA Pensions Panel has developed a technical knowledge and skills framework.

Resolved –

1. That the publication of the Knowledge & Skills Framework and its relevance in assisting members to perform their governance role be noted.

2. That the Framework be adopted.

108 **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.

109 **CUNARD BUILDING LIVERPOOL REFURBISHMENT**

The Director of Finance submitted a report that informed Members of the outcome of the recent tendering exercises in respect of external repairs and internal refurbishment works to the common areas of the Cunard Building. The tendering exercises were conducted by CB Richard Ellis (CBRE).

Resolved - That the lowest tenders for the refurbishment contracts at the Cunard Building, Liverpool be accepted for:

- **External Repairs**
- **Glass Partitions**
- **Asbestos Works**
- **Toilet Refurbishment**

110 PASSIVE MANAGEMENT

The Director of Finance submitted a report requesting that Members approve the deferment of the commencement of the procurement exercise for passive management until after the review of asset allocation following the triennial valuation and to extend the existing contract with Legal and General.

Resolved –

1. That the commencement of the procurement exercise for passive management be deferred until after the review of asset allocation following the triennial valuation.

2 That the existing Legal and General contract be extended on a rolling basis to 31 December 2011 with the expectation that new contracts will be in place before that date.

111 ADMISSION BODY APPLICATION - TAYLOR SHAW - ST WILFRID'S SCHOOL

The Director of Finance submitted a report informing Members of his decision taken under delegation, to approve the application received from Taylor Shaw a Transferee Admission Body for admission to Merseyside Pension Fund. The Company had taken over the catering services contract at St Wilfrid's School from 14 June 2008.

Resolved –

That the application for admission body status, received from Taylor Shaw be noted.

112 ADMISSION BODY APPLICATION - TAYLOR SHAW - MEOLS COP HIGH SCHOOL

The Director of Finance submitted a report informing Members of his decision taken under delegation, to approve the application received from Taylor Shaw for admission to Merseyside Pension Fund as a Transferee Admission Body. The company had secured the catering services contract at Meols Cop High School from 1 September 2009.

Resolved –

That the approval of the application for admitted body status received from Taylor Shaw be noted.

113 PRIVATE EQUITY INVESTMENT

The Director of Finance submitted a report requesting that Members approve a new programme for Private Equity investment for 2010. The report covered the background to the previous private equity plan, a cash flow analysis from Capital Dynamics, conclusions, and a new programme for 2010.

He reported that Members had approved a private equity programme for 2008-11 at the meeting of the Pensions Committee on 24 June 2008. The intention of this plan was to increase the allocation to private equity from 3% to 4% over a five year period. The plan made assumptions regarding the rate of return achieved by MPF overall and the rate of investment and performance by private equity based on long term averages with exchange rates being stable. The Pensions Committee had agreed to receive reports on private equity commitments on an annual basis.

Resolved -

- 1. That the private equity programme for 2010 be approved.**
- 2. That an annual programme for private equity which will be in line with a long term strategy consistent with that reported previously be submitted to the Pensions Committee.**

114 CLOSURE OF ADMISSION BODY - THE PEOPLE'S CENTRE

The Director of Finance submitted a report that informed Members that the employment of the last contributing active member of The People's Centre, a Community Admission Body, had been terminated on 30 November 2009 resulting in the simultaneous closure of the admission agreement.

Resolved –

- 1. That the report be noted.**
- 2. That the Director of Finance submits further information to the Pensions Committee confirming progress in achieving recovery of the amount owed to the Fund by the People's Centre as soon as possible.**

115 CLOSURE OF ADMISSION BODY - GREEN APPRENTICES

The Director of Finance submitted a report that informed the Pension Committee that the employment of the one and only contributing active member of Green Apprentices, a Community Admission Body, had been terminated on 31 May 2009 resulting in the closure of the admission agreement.

Resolved –

- 1. That the report be noted.**
- 2. That the Director of Finance submits further information to the Pensions Committee to confirm progress in achieving recovery of the amount owed to the Fund by Green Apprentices as soon as it is available.**

116 NON - RECOVERY OF OVERPAYMENT OF DEATH GRANT AND PENSIONS

The Director of Finance submitted a report that outlined details of an overpayment arising from the death of a pensioner, and the subsequent attempts that had been made to recover the sum of £13,133.75 from the Executors of the Estate. He recommended that in accordance with a recommendation of the Director of Law that the overpayment of £13,133.75 be written off.

Resolved – That the recommendation of the Director of Law that the sum of £13,133.75 be written off as recovery was impracticable be confirmed.

117 **MINUTES OF INVESTMENT MONITORING WORKING PARTY 24 FEBRUARY 2010**

The Director of Finance submitted the minutes of the Investment Monitoring Working Party which had been held on 24 February 2010.

Resolved – That the minutes of the Investment Monitoring Working Party be agreed.

118 **VOTE OF THANKS**

The Chair reported that this was the final meeting of the municipal year and thanked all members and officers for their support and hard work throughout the year. The Chair further offered her best wishes to those Members seeking re-election in the forthcoming elections, to Jayne Brown who had served on the Committee for 4 years and would not be seeking re-election in May and also to the Trades Union for its commitment to the Pensions Committee.

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WIRRAL COUNCIL

PENSIONS COMMITTEE

28 JUNE 2010

REPORT OF THE DIRECTOR OF FINANCE

LOCAL GOVERNMENT CHRONICLE INVESTMENT CONFERENCE

1. EXECUTIVE SUMMARY

- 1.1. This report requests the Committee to consider if it wishes to be represented at the Local Government Chronicle (LGC) Investment Conference to be held in Newport on 8 to 10 September 2010.

2. THE CONFERENCE

- 2.1. The Conference is scheduled for 8 to 10 September 2010. It is likely that delegates would require overnight stays in Newport for 8 and 9 September.
- 2.2. The attendance at such seminars/conferences has traditionally been in the ratio 1:1:1. In recent years the independent adviser has also attended the conference and I would recommend that this decision is continued.
- 2.3. Conference costs including accommodation are £999 plus VAT per person, with travel an additional cost.

3. FINANCIAL IMPLICATIONS

- 3.1. The cost of approximately £6,000 for three Members one independent adviser and one officer can be met from the existing 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.

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. **RECOMMENDATION**

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

IAN COLEMAN
DIRECTOR OF FINANCE

FNCE/69/10

WIRRAL COUNCIL

PENSIONS COMMITTEE

28 JUNE 2010

REPORT OF THE DIRECTOR OF FINANCE

ENGAGED INVESTOR TRUSTEE AWARDS

1. EXECUTIVE SUMMARY

- 1.1 This paper advises Members that Merseyside Pension Fund is a finalist at the Engaged Investor Trustee Awards and requests that Committee consider attendance at the awards ceremony.

2. BACKGROUND

- 2.1 The Trustee Awards were established to give trustees the recognition and thanks they too rarely receive. MPF prepared a submission in respect of Best Scheme Governance which has been shortlisted. In addition, MPF has been nominated for Trustee Board of the Year. MPF has been allocated three places at the awards ceremony.
- 2.2 The awards ceremony for shortlisted entries is to take place on 7 July 2010 at the Merchant Taylors' Hall in London.

3. FINANCIAL AND STAFFING IMPLICATIONS

- 3.1 There is no charge for entering the awards competition or for attendance at the awards ceremony. The cost of travel to London for those attending can be met from within the existing budget provision.

4. EQUAL OPPORTUNITY IMPLICATIONS/HEALTH IMPACT ASSESSMENT

- 4.1. There are none arising from this report.

5. COMMUNITY SAFETY IMPLICATIONS

- 5.1. There are none arising from this report.

6. LOCAL MEMBER SUPPORT IMPLICATIONS

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

7. LOCAL AGENDA 21 IMPLICATIONS

- 7.1. There are none arising from this report.

8. PLANNING IMPLICATIONS

8.1. There are none arising from this report.

9. BACKGROUND PAPERS

9.1 None were used in the preparation of this report.

10. RECOMMENDATION

10.1 That Members consider attendance at the awards ceremony on 7 July 2010.

IAN COLEMAN
DIRECTOR OF FINANCE

FNCE/82/10



You are cordially invited to the

ENGAGED INVESTOR

Trustee Awards Ceremony 2010

Wednesday 7th July
Merchant Taylors' Hall

30 Threadneedle Street, London, EC2R 8JB

Dress Code Business attire

Drinks Reception 12.15

Lunch Call 13.00

Lunch Service 13.15

Awards Presentation 14.30

Close 15.15

RSVP: Elizabeth Copeman, Events Logistics Manager
elizabeth.copeman@engagedinvestor.co.uk or 020 7618 3477

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WIRRAL COUNCIL

PENSIONS COMMITTEE

28 JUNE 2010

REPORT OF THE DIRECTOR OF FINANCE

JUNE TRAINING EVENT

1. EXECUTIVE SUMMARY

- 1.1 This paper informs Members of a training event at the Cunard Building arranged for 29 June 2010.

2. BACKGROUND

- 2.1 On 23 March 2010, Pensions Committee were advised of the first of two internal training days. This report reminds Members that the first event has been arranged for tomorrow, 29 June 2010.

3. THE TRAINING DAY

- 3.1 The agenda is attached as Appendix 1 to this report. Invitations have been extended to neighbouring Administering Authorities.
- 3.2 As 2010 is a triennial valuation year, it is felt appropriate for this training day to focus on topics related to the actuarial valuation of liabilities and the setting of the asset allocation strategy. The purpose of the day will be to build on Members' prior knowledge of this process, as gained from reference to the Members' Induction Pack and attendance at external training events.
- 3.3 The first presentation will be from Paul Middleman, from the Actuary, Mercer, and will provide an overview of the actuarial valuation process. This will comprise of a refresher on general actuarial principles and methods; together with a view of the outlook for the 2010 valuation, the possible future shape of the LGPS and a look at 'de-risking' measures. The second presentation will focus on the investment side of the process; a speaker from a specialist division of UBS Asset Management will present on the use of asset/liability modelling in determining the strategic asset allocation.
- 3.4 As with previous training days, it is intended that the sessions should be interactive. The agenda has been designed to allow ample scope for Members' questions and general discussion of the topics covered.

4. FINANCIAL AND STAFFING IMPLICATIONS

4.1 The cost of the programme is included in the training budget.

5. EQUAL OPPORTUNITY IMPLICATIONS/HEALTH IMPACT ASSESSMENT

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 attend the training day.

IAN COLEMAN
DIRECTOR OF FINANCE

APPENDIX 1

MPF - Internal Training Day

Cunard Building, 6th floor Banqueting Suite

29 June 2010

Agenda

10.00 Coffee and registration

10.15 Opening remarks: triennial valuations in the context of the LGPS –
Peter Mawdsley, Deputy Head of Pension Fund

10.25 Actuarial methods, standards & practices: an overview – *Paul
Middleman, Principal, Mercer*

11.15 Coffee break

11.30 Asset/liability models & strategic asset allocation – *speaker tbc, UBS*

12.20 Plenary session: questions, comments & observations on topics
covered

13.00 Lunch

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WIRRAL COUNCIL

PENSIONS COMMITTEE

28 JUNE 2010

REPORT OF THE DIRECTOR OF FINANCE

LGPS REFORM UPDATE

1. EXECUTIVE SUMMARY

This report informs 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).

Members are requested to note the report.

2. BACKGROUND

2.1 The Pensions Committee last considered progress in implementing the new Regulations as part of the reform of the LGPS, on 23 March 2010 (Minute 101 refers).

2.2. Local Government Amendment Regulations 2010

2.2.1. DCLG has now issued the LGPS (Amendment) Regulations 2010 which came into force on 30 March 2010 to enable compliance with the Fair Deal for Staff Pensions for a number of staff transferring from the Learning and Skills Council (LSC) to Local Authorities on 1 April 2010. The amendments also deal with the merger of Probation Boards to Probation Trusts.

2.2.2. 29 LSC posts have been transferred to the Merseyside Local Authorities and the regulations permit the transferring employees to retain a normal retirement age of 60 with eligibility to receive early release of certain benefits from age 50 as provided in their former Principal Civil Service Pension Scheme (PCSPS). The corresponding age for release of equivalent benefits within the LGPS is 65 and 55 respectively

2.2.3. Fair Deal also requires that staff have the option to transfer their accrued rights to the new scheme on bulk transfer terms. The actuary is satisfied that the transfer will not incur any additional deficits for the local authorities involved.

2.2.4. The measures dealing with the merger of Probation Boards are not expected to affect MPF.

2.3. Draft LGPS (Miscellaneous) Regulations 2010

- 2.3.1. As reported at the last committee MPF submitted a technical response to DCLG on the consultation of the draft Miscellaneous Regulations 2010 on 16 March 2010 (Appendix attached).
- 2.3.2. DCLG has contacted me to confirm they will be considering the points made including the need for further changes to the admission termination regulations and ill health provisions and will be issuing a further consultation following the General Election.

2.4. Cost Sharing Mechanism- LGPS (Amendment) Regulations 2009

- 2.4.1 MPF has provided initial membership and cash flow data by the 30 April 2010 deadline to the Government Actuary Department to provide the evidence base to enable the creation of a national model fund for the new cost sharing arrangements. The subsequent impact on employer and employee contribution rates will be notified at a future date.

2.5. Government Actuary Department (GAD Guidance)

- 2.5.1. The Government Actuary Department has issued revised guidance to calculate incoming and outgoing transfers which has been issued to take account of the impact of updated transfer factors which reflect improved longevity experience and comply with the requirements of the Occupational Pension Scheme (Transfer Value) (Amendment) Regulations 2008.
- 2.5.2. New commutation factors have also been issued which are used to calculate the discharge of small pension amounts to convert to trivial commutation lump sums providing payments are within capital value limits as defined by the 2004 Finance Act. The revised factors take account of improved longevity and are effective in respect of lump sums paid on or after 1 April 2009. MPF is currently assessing the retrospective impact of the changes.

2.6. Pension Tax Relief

- 2.6.1. Local Government Employers (LGE) has produced revised information notes for high earners who may be affected by restriction of pensions tax relief and the removal of the personal tax allowance. The amendments to the notes clarify that there is no anomaly between the treatment of "net pay" and "tax relief at source" schemes for the purpose of the removal of the tax free allowance from 6 April 2010. Further guidance suggests it is unlikely that a scheme member with income (from all sources) of over £150,000 will be able to pay Additional Voluntary Contributions to reduce taxable income to below £150,000 without falling foul of additional tax charges.

2.7. Councillors Pensions

2.7.1. The MPF response to the consultation on 2010 Miscellaneous Regulations included a request that the scheme rules be amended to remove the requirement for Councils to determine whether Elected Members are offered access to the LGPS therefore permitting automatic entry rights to the scheme.

2.7.2. MPF also reiterated its concern at the delay in bringing Councillors within the scope of the 2008 Scheme including the ability to nominate cohabitating partners for survivors benefits.

2.8. Pensions Increase 2010

2.8.1. As the change in the Retail Price Index in the 12 months to September 2009 was negative (-1.4%) pensions in payment and deferred benefits were not increased from April 2010 and benefits have remained at current cash levels.

3 FINANCIAL IMPLICATIONS

3.1. A number of issues referred to in this report could impact on future funding including cost sharing arrangements and the revised transfer factors which determine cash payments in respect of outgoing and incoming transfers of pension rights. The changes to the commutation factors will increase trivial commutation lump sum payments.

3.2. Additional tax liabilities may fall on high earners in respect of the restriction of Pensions tax relief and the removal of the personal tax allowance.

4. STAFFING IMPLICATIONS

4.1. There are none directly arising from this report.

5. EQUAL OPPORTUNITY /EQUALITY IMPACT ASSESSMENT

5.1. There are none arising from this report.

6. COMMUNITY SAFETY IMPLICATIONS

6.1. There are none arising from this report.

7. HUMAN RIGHTS IMPLICATIONS

7.1. There are none arising from this report.

8. **LOCAL AGENDA 21 IMPLICATIONS**

8.1. There are none arising from this report.

9. **PLANNING IMPLICATIONS**

9.1. There are none arising from this report.

10. **MEMBER SUPPORT IMPLICATIONS**

10.1. There are none arising from this report.

11. **BACKGROUND PAPERS**

11.1. LGPS Amendment Regulations 2010 – Department for Communities and Local Government – February 2010.

11.2. Responses to amending the Local Government Pension Scheme Regulations (2008) in respect of the Learning Skills transfer - May 2010.

12. **RECOMMENDATION**

12.1 That Members note the report.

IAN COLEMAN
DIRECTOR OF FINANCE

FNCE/85/10

APPENDIX

Our Ref: PS/PM

Mr Brian Town,
Communities and Local Government
Zone 5/G6
Eland House,
Bressenden Place,
London,
SW1E 5DU

Your Ref:

Direct Line: 0151 242 1390

Please ask for: Mr Mawdsley

Date: 16 March 2010

Dear Mr Town,

**DRAFT LOCAL GOVERNMENT PENSION SCHEME (MISCELLANEOUS)
REGULATIONS 2010**

I refer to your letters dated 24 December 2009, 26 February 2010 and the draft regulations circulated and would like to submit the following comments on behalf of Wirral Council in its role as administering authority of the Merseyside Pension Fund.

The Authority welcomes many of the amendments proposed as making necessary improvements or clarifying the provisions of the Scheme.

Tier 3 Ill Health Provisions

The Authority welcomes most of the additional changes proposed in the 26 February letter as being necessary but feels that:

The proposed new Tier 3 to 2 review process should not require recourse by the former member to the IDRPs provisions to achieve and that instead the employer should be able to determine such a change should be made on medical review during the 3 years after the initial ill health award. I understand that The Head of Pensions of the LGE was to consider whether such a provision would be permissible under HMRC rules.

The new regulations dealing with ill health retirement still contain no provision to restrict enhancement payable on a second ill health retirement such as those that existed in the old scheme rules.

Although clarification has been given to changes possible following the suspension of a suspended Tier 3 ill health benefit the draft regulations still needs a default "otherwise benefits will be payable again from age 65 provision".

Admission Bodies Liability for Pensions Increases

The CLG letter of 24 December 2009 refers to further consultation on changes needed to the admission body regulations. The Fund believes that to avoid further potential disputes the regulations should be amended to clearly spell out that the Administering Authority is able to recover any outstanding pension contributions when an admission ceases to have effect (the CLG letter dated 19 February 2010 to the Head of Pensions of the LGE refers).

Access to the LGPS for councillors

The Pensions Committee expressed the view that the Regulations dealing with admission of elected members to the Scheme should be amended to remove the requirement for Councils to need to make a positive decision whether to offer LGPS membership to their elected members, along the lines of the change proposed to Regulation 8 in order to prevent foundation or foundation special schools from denying their staff access to the LGPS.

The Fund is also concerned at the delay in bringing councillors within the scope of the new look 2008 Scheme including the ability to nominate cohabiting partners for survivors benefits etc.

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

Yours sincerely

Director of Finance

WIRRAL COUNCIL

PENSIONS COMMITTEE

28 JUNE 2010

REPORT OF THE DIRECTOR OF FINANCE

REPRESENTATION ON OUTSIDE BODIES

1. EXECUTIVE SUMMARY

- 1.1. The purpose of this report is to request the Committee to review positions held by Elected Members on external bodies on behalf of Merseyside Pension Fund.

2. BACKGROUND

- 2.1. Members of this Committee on occasion represent MPF on external collaborative bodies which promote best practice in particular areas of pensions administration and investment.
- 2.2. Previously attendance on these bodies has been treated as an approved duty and any expenditure incurred met from the MPF budget.

3. LOCAL AUTHORITY PENSION FUND FORUM (LAPFF)

- 3.1. Councillor Ann McLachlan serves as an Executive Member of the Local Authority Pension Fund Forum.
- 3.2. As a result of being an Executive Member of LAPFF, Councillor Ann McLachlan has also represented MPF on the Institutional Investor Group on Climate Change (IIGCC).
- 3.3. Councillor Ann McLachlan has been elected as an Executive Member of LAPFF until January 2011.
- 3.4. Members are requested to consider whether Councillor Ann McLachlan should continue as an Executive Member of LAPFF until January 2011. If a decision is taken to resign the position then it would not be within the power of the Pensions Committee to nominate any other Member. In this situation MPF would cease to be represented on the Executive of LAPFF. Members may wish to consider making no change now but to review the position prior to LAPFF seeking nominations in January 2011.

4. LOCAL GOVERNMENT PENSIONS COMMITTEE

- 4.1. On 22 September 2009 the Pensions Committee agreed to the appointment of Councillor Ann McLachlan to the Local Government Pensions Committee (LGPC) of the Local Government Association (LGA).

4.2. This appointment was at the request of the Labour Group on the LGA. If Councillor Ann McLachlan was to resign from this appointment then again it would not be within the power of the Pensions Committee to appoint any other Member.

5. FINANCIAL IMPLICATIONS

5.1. There are none arising directly from this report.

6. STAFFING IMPLICATIONS

6.1. There are none arising directly from this report.

7. EQUAL OPPORTUNITY IMPLICATIONS

7.1. There are none arising directly from this report.

8. COMMUNITY SAFETY IMPLICATIONS

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

9. LOCAL MEMBER SUPPORT IMPLICATIONS

9.1. The implications are specific to Councillor Ann McLachlan.

10. LOCAL AGENDA 21 IMPLICATIONS

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

11. PLANNING IMPLICATIONS

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

12. BACKGROUND PAPERS

12.1. None used in the preparation of this report.

13. RECOMMENDATIONS

13.1 That Councillor Ann McLachlan continue to be an Executive Member of LAPFF until January 2011.

13.2. That the Pensions Committee review this representation in November 2010.

13.3. That Councillor Ann McLachlan continue as a LGA Labour Group appointment on the Local Government Pensions Committee.

IAN COLEMAN
DIRECTOR OF FINANCE

FNCE/86/10

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WIRRAL COUNCIL

PENSIONS COMMITTEE

28 JUNE 2010

REPORT OF THE DIRECTOR OF FINANCE

TREASURY MANAGEMENT ANNUAL REPORT 2009/10

1. EXECUTIVE SUMMARY

- 1.1 The Committee is requested to agree the annual report on Treasury Management within Merseyside Pension Fund for the 2009/10 financial year which complies with the reporting requirements of the Code of Practice for Treasury Management in Local Authorities.

2. BACKGROUND

- 2.1 On 14 January 2009, Pensions Committee approved the Treasury Management: Plan and Strategy 2009/10.
- 2.2 In addition to the quarterly presentations to the Investment Monitoring Working Party on the performance of the cash element of the Fund, the Treasury Management Plan requires an annual report to be made to Committee on the performance of the treasury management function, on the effects of the decisions taken and the transactions executed in the past year, and on any circumstances of non-compliance with the treasury management policy statement.
- 2.3 This reports relates to money managed in-house and excludes frictional cash balances held by investment managers in respect of the external mandates and the internal UK and European investment managers.

3. TREASURY MANAGEMENT

- 3.1 In November 2009 CIPFA released a revised Code of Practice for Treasury Management in Public Services and accompanying Guidance Notes. The revised Code re-emphasises an appropriate approach to risk management, particularly in relation to the security and liquidity of invested funds.
- 3.2 MPF has revised the treasury policy and practices documentation to take account of the requirements and changes in the revised Code and Guidance.

- 3.3 At 31 March 2010, MPF had a cash balance of £50.2 million as against £67.3 million at 31 March 2009. All of these funds were held on call accounts with the Royal Bank of Scotland, Yorkshire Bank, Bank of Scotland and Prime Rate money market fund.
- 3.4 Managing counterparty risk continued to be the overarching investment priority. Financial markets remained in a weakened state particularly at the beginning of 2009/10. Against this backdrop, MPF continued to place investments with a small, select list of counterparties. Investments were restricted to Banks and Building Societies which are eligible Institutions under the UK Government 2008 Credit Guarantee Scheme and AAA-rated Money Market Funds.
- 3.5 Over the twelve month period, WM calculated the cash performance to be 3.3% against a benchmark performance (7 day LIBID) of 0.4%. This performance is enhanced by the inclusion of securities lending income.
- 3.6 Transactions were undertaken to reflect the day-to-day cash flows of the Fund, matching inflows from lendings to predicted outflows.
- 3.7 During the year there was one area of non-compliance with the treasury management policy statement and treasury management practices. The total of deposits held in the bank exceeded the limit, due to income having been received earlier than expected. The non-compliance was corrected the following working day. There was no negative impact experienced by the Fund during the non-compliance.

4 ICELAND DEPOSITS UPDATE

- 4.1 As previously reported MPF had £7.5m deposited across two Icelandic Banks, Glitnir £5m and Heritable £2.5m:

Glitnir

- 4.2 The Glitnir Winding-up Board has recognised the claim (along with all other local authority claims) in the bank as general unsecured claims rather than priority claims under the Icelandic Bankruptcy Act. As indicated in the 2008/09 treasury management annual report, priority creditor status was likely to have to be tested through Icelandic Courts. This process has now begun.
- 4.3 The Local Government Association (LGA), Bevan Brittan, Logos (Icelandic Counsel) and UK specialist counsel are representing the affected Councils. Bevan Brittan are instructed to represent in the Icelandic proceedings to secure a decision as to whether or not the wholesale deposits claims are entitled to priority creditor status under the Icelandic insolvency regime and to penalty interest and costs.

- 4.4 The expected recovery rate for claims that have priority creditor status is 100%. For general unsecured claims, the expected recovery rate is approximately 29%. Local authorities' legal advice remains that deposits have priority creditor status under Icelandic law.

Heritable

- 4.5 The 2008/09 treasury management annual report indicated that the projected return to creditors was 80 pence in the pound. Administrators have reviewed the projected return to creditors and, based upon the progress of the administration to date and predicted future performance, have announced an increase in the estimated return to 85 pence in the pound.
- 4.6 To date MPF has received three dividend payments totalling £885,280 (34.98 pence in the pound) which have exceeded the levels originally projected. A fourth payment is expected to be declared in July 2010.

5. FINANCIAL IMPLICATIONS

- 5.1 The financial implications are stated above. In accordance with accounting guidance an appropriate note regarding impairment is being included in the Annual Accounts for the year ended 31 March 2010.

6. STAFFING IMPLICATIONS

- 6.1 There are no staffing implications in this report.

7. EQUAL OPPORTUNITY IMPLICATIONS

- 7.1 There are none arising directly from this report.

8. COMMUNITY SAFETY IMPLICATIONS

- 8.1 There are none arising directly from this report.

9. LOCAL MEMBER SUPPORT IMPLICATIONS

- 9.1 There are no specific implications for any Member or Ward.

10. LOCAL AGENDA 21 IMPLICATIONS

- 10.1 There are none arising directly from this report.

11. **PLANNING IMPLICATIONS**

11.1 There are none arising from this report.

12. **BACKGROUND PAPERS**

12.1 Treasury Management: Plan and Strategy 2009/10 – January 2009

12.2 Code of Practice for Treasury Management in Public Services – CIPFA Revised 2009

12.3 Glitnir Website Press Releases Winding-up Board – December 2009

12.4 `Heritable Creditor Progress Report – Ernst & Young 28 January 2010

12.5 Treasury Management Annual Report 2008/09

13. **RECOMMENDATION**

13.1 That Members agree the annual report.

IAN COLEMAN
DIRECTOR OF FINANCE

FNCE/88/10

WIRRAL COUNCIL

PENSIONS COMMITTEE

28 JUNE 2010

AUDIT AND RISK MANAGEMENT COMMITTEE

30 JUNE 2010

REPORT OF THE DIRECTOR OF FINANCE

AUDIT COMMISSION FEES

1. EXECUTIVE SUMMARY

- 1.1 The purpose of this report is 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.

2. BACKGROUND

- 2.1 As reported to Pensions Committee on 13 January 2010, the approach of the Audit Commission regarding fees for the audit of the 2009-2010 accounts was to refer to a "scale fee", based on a number of variables, including the type, size and location of the audited body. For MPF a scale fee of £70,900 was indicated in the report.
- 2.2 In addition to the scale fee, a joint review of additional risks in any particular year could result in an additional charge if additional audit work was required. During 2009-2010 MPF migrated to a new accounting and budgeting system using the Oracle financial package. It was therefore prudent to budget in 2010-2011 above this scale fee to allow for the extra audit work involved. Consequently, a budget of £73,000 was approved.

3. RECENT DEVELOPMENTS

- 3.1 In May 2010, the Audit Commission advised of a change in approach to the basis of charging fees, which would contain three elements, and would apply to the Audit of the Accounts for the year ended 31 March 2010, and thereafter.
- 3.2 A statutory scale fee of £33,300 per annum will apply to multi-employer funds for the 2009-2010 and 2010-2011 audits. The previously announced scale fee for MPF was £70,900. The additional costs of auditing the transition in 2010-2011 to International Financial Reporting Standards (IFRS) will be absorbed within the current fee envelope. Scale fees will be kept under review.
- 3.3 A new variable element is now introduced, to reflect the size of the pension fund, as a proxy for the amount of auditing involved. For the 2009-2010 audit,

this is based on 0.00055% of net Fund assets as at 31 March 2009 of £3,521,496,000. Hence a variable fee of £19,365 is expected for two years.

- 3.4 In addition, a joint annual identification of additional risks by MPF and the Audit Commission will take place relating to any exceptional changes and transitions in a particular year. As detailed in paragraph 2.2, an additional budgetary provision has been made in the 2010-2011 budget to reflect the additional auditing required to gain assurance on the accounting transition. In future years, issues such as any change of custodian, changes of valuation software, or major transitions of portfolios could also account for a supplementary charge to reflect the associated additional audit work.

4. FINANCIAL IMPLICATIONS

- 4.1 In January 2010, the Committee agreed a budget of £73,700 for the audit and opinion on the accounts for the year ended 31 March 2010.
- 4.2 Fees for the audit of the 2009-2010 accounts, which are charged against the 2010-2011 budget, are expected to total £54,068 which would represent a saving of £19,632 against the budget.

5 STAFFING IMPLICATIONS

- 5.1 There are none directly 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. LOCAL AGENDA 21 IMPLICATIONS

- 9.1. There are none arising from this report.

10. PLANNING IMPLICATIONS

- 10.1. There are none arising from this report.

11. MEMBER SUPPORT IMPLICATIONS

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

12. BACKGROUND PAPERS

12.1 Audit Commission correspondence.

13. RECOMMENDATION

13.1 That Members note the reduction in the Audit Commission fees for auditing the accounts from the financial year 2009-2010 onwards.

IAN COLEMAN
DIRECTOR OF FINANCE

FNCE/103/10

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Our reference MPF fee 2010/11

14 June 2010

Mr I Coleman
Director of Finance
Merseyside Pension Fund
Treasury Building
Cleveland Street
Birkenhead
Wirral
CH41 6BU

Direct line 0844 798 7043
Email m-thomas@audit-
commission.gov.uk

Merseyside Pension Fund Annual Audit fee 2010/11

I am writing to confirm the audit work that we propose to undertake for the 2010/11 financial year at Merseyside Pension Fund (MPF) and to set out the fee implications. Our proposed fee for 2010/11 is £54,065

The audit of MPF is now treated as a separate audit, recognising its importance in the functioning of local government. This requires me to issue a separate plan for the audit of the fund's accounts and a separate auditor's report to those charged with governance for the fund, the Audit and Risk Management Committee and to the Pension's Committee. I do not form a value for money conclusion for the pension fund. The proposed work and fee reflects our risk-based approach to audit planning as set out in the Code of Audit Practice.

As I have not yet completed my audit for 2009/10, the audit planning process for 2010/11 including my audit risk assessment will continue as the year progresses and audit fees will be reviewed and updated as necessary.

The Commission published its Work Programme and Scales of Fees for 2010/11 and indicative fee proposals for 2011/12 and 2012/13 in October 2009. It deferred setting the 2010/11 fee scales for local government pension funds, pending a review of the costs of the 2008/09 audits.

This review is now complete, and in the light of the analysis, the Audit Commission Board has approved a scale fee formula to be applied to both large multi-employer and small multi-employer funds with effect from the 2009/10 audit year. For large multi-employer funds, the formula results in an average scale fee of £47,000, compared to a previous single scale fee of £70,900, a reduction of some 33 per cent. There is a variable element of the scale fee formula, which applies to the closing net assets of the scheme reported in the latest audited Fund Account. The 2010/11 variable element of the scale fee is calculated by reference to the 2008/09 closing net assets balance in the audited fund account.

The new statutory scale of fees is:

Fund type	2009/10 scale fees	2010/11 scale fees
<i>Multiple employer funds</i>		
fixed element	£33,300	£33,300
variable element (applied to net assets)	0.00055%	0.00055%

Based upon the formula the total indicative fee for the MPF audit for 2010/11 would be £52,665 (exclusive of VAT) which is slightly above the average of £47,000 due to the size of the fund.

For 2010/11, the Audit Commission will absorb the extra audit costs arising from the transition to IFRS within the current fee envelope. The Commission will keep the scale of fees under review and will carry out a further analysis of the costs of 2009/10 pension fund audits. This analysis will help to determine any updated fee scale for 2010/11.

We will issue a separate detailed plan for the audit of the financial statements in December 2010 or early 2011. At this stage of the planning process we have identified the following audit risks in relation to our opinion on the financial statements for 2010/11.

Risk area	Planned work
<p>The Fund will complete a Triennial Actuarial Valuation Review reflecting the position of the Fund at 31 March 2010. Whilst this is not a direct audit opinion risk, it is a key issue as regards the ongoing governance of the Fund.</p> <p>Results of the triennial actuarial valuation will impact on the 2010/11 audit year.</p> <p>There are risks of increased deficits leading to additional costs from increased employer contributions.</p>	<p>Review of the results of the actuarial valuation and the MPFs response to changes in valuation.</p>
<p>MPF have planned to replace its current system used to monitor and control internally managed investments (Shareholder) to the OpenAir system in 2010/11.</p> <p>This system replacement was initially planned for 2009/10.</p> <p>There is a risk that the balances will not be accurately transferred between systems; and a risk that effective controls are not in place in the new system.</p>	<p>We will review:</p> <ul style="list-style-type: none"> • the arrangements put in place by the Fund to ensure that balances are correctly transferred from the outgoing Shareholder system to the new OpenAir system; and • the adequacy of controls in place in the new system and testing of the effectiveness of those controls as necessary.

To recognise the additional work proposed to review of the system change from Shareholder to OpenAir we propose an additional fee of £1,400. This brings the total proposed fee for 2010/11 to **£54,065**.

The above fee excludes any work requested by you that the Commission may agree to undertake using its advice and assistance powers.

I will issue a number of reports relating to my work over the course of the audit. These are listed at Appendix 1.

The key members of the audit team are:

Audit Manager	–	Caroline Davies/Liz Temple-Murray	0151 666 3481/3483
Team Leader	–	Martin Nuttall	0151 666 3244

This letter will be presented to the members of the Audit and Risk Management Committee in its capacity as those charged with Governance. In considering this letter the Committee should make reference to the new Audit Commission Code of Audit Practice 2010 and to the Statement of Responsibilities of Auditors and Audited Bodies. Copies have been attached to the Wirral Council audit update report, June 2010 and can be found on the Commission's website.

I am committed to providing you with a high quality service. If you are in any way dissatisfied, or would like to discuss how we can improve our service, please contact me in the first instance. Alternatively you may wish to contact the Head of Operations, Terry Carter on 0844 798 7150.

Yours sincerely

Mike Thomas
District Auditor

cc Councillor Simon Mountney, Chair of Audit and Risk Management Committee
Councillor Geoffrey Watt, Chair of the Pensions Committee
Peter Wallach, Head of Pensions
Gerard Moore, Financial Controller

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WIRRAL COUNCIL

PENSIONS COMMITTEE

28 JUNE 2010

REPORT OF THE DIRECTOR OF FINANCE

INVESTMENT PERFORMANCE 2009 - 2010

1. EXECUTIVE SUMMARY

1.1. This report outlines the investment performance of Merseyside Pension Fund for the year ended 31 March 2010 as reported by the WM Company.

2. PERFORMANCE REVIEW

2.1. MPF returned 33.1 per cent in the financial year to the end of March 2010 compared to its bespoke benchmark return of 33 per cent , an outperformance of 0.1 per cent against benchmark.

2.2. Over the same period, the average return of all Local Authority Pension Funds based on the WM Local Authority universe of 88 funds was 35 per cent – the highest return achieved for 30 years.

2.3. The financial year ended March 31 2010 witnessed a strong rebound in equity markets worldwide as leading economies staged a tentative recovery from the worst recession experienced since the Second World War. Equities outperformed bonds in an environment that favoured “riskier” assets namely a return to economic growth, exceptionally low interest rates across the globe, and fiscal stimulus packages in the major advanced economies.

2.4. UK bonds and alternative assets performed strongly over the period although this was offset somewhat by underperformance in UK equities where active managers were unable to meet their benchmark targets.

2.5. The performance of MPF against the relevant benchmark and against price and earnings indices over 1, 3, 5, and 10 year periods is tabulated below. The longer term investment performance continues to hold up well. Over three and ten years, Merseyside Pension Fund ranks in the top one third of all Local Authority funds.

	1 Year	3 Year	5 Year	10 year
MPF	33.1	2.6	7.1	4.4
Benchmark *	33	2.7	7.2	3.8
RPI	4.4	2.6	3	2.7
Average Earnings	5.5	3.6	3.7	3.8

- 1, 3 & 5 year benchmarks = MPF bespoke.
- 10 year benchmark = UK Local Authority Peer Group.

3. FINANCIAL IMPLICATIONS

3.1. The Fund returned 33.1% per cent in 2009/10. The Fund increased in value by £1.15bn over the financial year to 31 March 2010.

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. Analysis by the WM Company.

12. RECOMMENDATION

12.1. That the Committee note the investment performance for the year ended March 2010.

IAN COLEMAN
DIRECTOR OF FINANCE

FNCE/104/10

WIRRAL COUNCIL

PENSIONS COMMITTEE

28 JUNE 2010

REPORT OF THE DIRECTOR OF FINANCE

GOVERNANCE & RISK WORKING PARTY

1. EXECUTIVE SUMMARY

- 1.1 This paper requests 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.

2. BACKGROUND

- 2.1 For a number of years, the Investment Monitoring Working Party has provided a forum for a more detailed discussion of investment and associated matters. There has not been an equivalent arrangement in relation to administrative issues. The Department for Communities and Local Government has increased the profile of governance related matters and there has also been an increasing emphasis on the management of risk.
- 2.2 Detailed reports on all these matters are taken to Pensions Committee but officers wish to provide more time for Members, should they so wish, to consider governance and risk matters relating to the Pension Fund.

3. ROLE AND MEMBERSHIP

- 3.1 It is 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. MPF has a number of such policies and procedures which are laid down in documents such as:

- Fund Governance
- Fund Policies
- Fund Guidelines
- Risk Register
- Responsible Investment

- 3.2 The Working Party will enable Members to receive reports and advice from officers and independent sources, as required.
- 3.3 It will also make recommendations to the Pensions Committee on changes and improvements to arrangements.
- 3.4 The Working Party will convene once or twice a year, as required.

4. FINANCIAL IMPLICATIONS

- 4.1 The costs of organising and hosting one or two meetings per annum are not material and can be met from existing budget provision.

5. EQUAL OPPORTUNITY IMPLICATIONS/HEALTH IMPACT ASSESSMENT

- 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. RECOMMENDATIONS

- 11.1 That Members approve the establishment of a Governance and Risk Working Party
- 11.2 That Members nominate a Chair for the Working Party.

IAN COLEMAN
DIRECTOR OF FINANCE

FNCE/105/10

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