

PENSIONS COMMITTEE

Tuesday, 20 March 2012

<u>Present:</u>	Councillor	G Watt (Chair)	
	Councillors	P Doughty T Harney M Hornby	P Johnson AR McLachlan H Smith
	Councillors	N Keats, Knowsley Council J Hanson, Liverpool City Council D McIvor, Sefton Council McCarthy, (NonDistrict Council Employers)	
<u>Apologies</u>	Councillors	L McGuire G Davies	

83 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 the nature of the interest.

Councillor Geoffrey Watt declared a personal interest by virtue of a relative being a member of Merseyside Pension Fund.

Councillor N Keats declared a personal interest by virtue of a relative being a member of Merseyside Pension Fund.

Councillor Paul Doughty declared a personal interest by virtue of his relative being a member of Merseyside Pension Fund.

Councillor Steve Williams declared a personal interest by virtue of his wife being a member of Merseyside Pension Fund.

Councillor Tom Harney declared a personal interest in respect of item 15 by virtue of his membership on a governing body of a school with academy status.

84 MINUTES

The Director of Law, HR and Asset Management submitted the minutes of the meeting held on 17 January 2012.

Resolved - That the minutes be received.

85 **LGPS UPDATE**

A report by the Director of Finance updated Members on the framework for negotiations on the Local Government Pension Scheme and the revised earning bands used to assess employee contribution rates from April 2012.

The report also summarised the MPF technical responses to the Draft LGPS (Miscellaneous) Regulations 2012.

Resolved - That the report be noted

86 **IMWP MINUTES**

A report by the Director of Finance provided Members with the minutes of the Investment Monitoring Working Party held on 22 February 2012.

The minutes of the IWMP on 22 February contained exempt information. This was by virtue of paragraph(s) 3 of part 1 of Schedule 12A of the Local Government Act 1972, i.e. Information relating to the financial or business affairs of any particular person (including the authority holding that information).

Resolved – That the minutes of the IMWP meeting which formed an exempt report on the agenda be approved.

87 **MINUTES OF GOVERNANCE & RISK WORKING PARTY 24 JANUARY 2012.**

A report by the Director of Finance provided Members with the minutes of the Governance & Risk Working Party (GRWP) held on 24 January 2012.

The minutes of the Governance & Risk working Party on 24 January contained exempt information. This was by virtue of paragraph(s) 3 of part 1 of Schedule 12A of the Local Government Act 1972, i.e. Information relating to the financial or business affairs of any particular person (including the authority holding that information).

Resolved – That the minutes of the GRWP meeting which formed an exempt report on the agenda be approved.

88 **PRIVATE EQUITY PROGRAMME 2012**

A report by the Director of Finance updated Members on the progress on the Private Equity Programme 2011-2014 and asked Members to approve the proposed Private Equity investments for 2012.

An exempt report contained the Private Equity Programme 2011-2014 was reported to Pensions Committee on 23 March 2011 with a review of this programme and the Plan for 2012. This was exempt by virtue of paragraph(s) 3 of part 1 of Schedule 12A of the Local Government Act 1972, i.e. Information relating to the financial or business affairs of any particular person (including the authority holding that information).

Resolved – That

1) Members approve the proposed Private Equity investments for 2012. The Director of Finance will make the individual investments under delegation and will use this delegation to make changes as circumstances arise. This will be particularly pertinent further out in the programme.

2) The Pensions Committee will continue to receive annual updates on the private equity programme. Reports will also continue to be made to the IMWP on a quarterly basis.

89 APPOINTMENT OF A MANAGER SELECTION FRAMEWORK

A report by the Director of Finance informed Members of the outcome of a procurement process to appoint a framework list of consultants specialising in the selection of investment managers. Members were requested to accept the recommendation given in the Exempt Report to appoint Mercer to assist with the deferred passive investment management search.

An exempt report contained information which is exempt by virtue of paragraph(s) 3 of part 1 of Schedule 12A of the Local Government Act 1972, i.e. Information relating to the financial or business affairs of any particular person (including the authority holding that information).

Resolved- That

1) Members agree to appoint Mercer, Xafinity, Deloitte, bFinance and JLT to a framework list.

2) Members agree to appoint Mercer to assist in carrying out the deferred search exercise for passive investment managers.

90 COMPLIANCE MANUAL

A report by the Director of Finance sought approval by Members of a revised Compliance Manual.

Resolved – That Members approve the revised Compliance Manual

91 PENSIONS 5 - GENERAL FILING

A report by the Director of Finance updated Members on commissioned works by the system provided by Civica to extend the coverage of the Pensions5 IT system to more general, non-member documents.

Resolved - That the report be noted

92 **NAPF CONFERENCE**

A report by the Director of Finance requested nominations to attend the National Association of Pension Funds (NAPF) Local Authority Conference 2012 2Paving the way foward2, to be held in Gloucester from 21 May to 23 May 2012.

Resolved - That the Pensions Committee confirms that a representative of the Committee attend the NAPF Conference due to be held in Gloucester from 21 May to 23 May 2012

93 **CIPFA ANNUAL CONFERENCE.**

A report by the Director of Finance requested nominations from Members to attend the CIPFA Annual Conference to be held in Liverpool from 3 July to 5 July 2012.

Resolved - That the Pensions Committee confirms that a representative of the Committee attend the CIPFA Annual Conference due to be held in Liverpool from 3 July to 5 July 2012

94 **LGPS TRUSTEES CONFERENCE.**

A report by the Director of Finance requested that the Committee considers attendance at the LGPS trustees conference organised by the Local Government Employers to be held in Blackpool on 14 and 15 June 2012.

Resolved –

1) That six places be reserved for the LGPS trustees conference by the Department of Finance; and

2) the names of interested parties and their availability are to be forwarded to the Director of Finance.

95 **FOOD WASTE PROCESSING FUND**

A report by the Director of Finance provided Members with information on an investment which provides financing for the development of Food Waste Processing Plants.

An exempt report contained information which is exempt by virtue of paragraph(s) 3 of part 1 of Schedule 12A of the Local Government Act 1972, i.e. Information relating to the financial or business affairs of any particular person (including the authority holding that information).

Resolved - That Members note the investment

96 **ADMISSION BODY APPLICATION - ADDACTION**

A report by the Director of Finance informed Members of his decision taken under delegation, to approve the application received from Addaction for admission to Merseyside Pension Fund as a Transferee Admission Body. The company has secured a substance misuse contract with St Helens Council for a period of two years from 1 April 2012 to 31 March 2014.

An exempt report contained information which is exempt by virtue of paragraph(s) 3 of part 1 of Schedule 12A of the Local Government Act 1972, i.e. Information relating to the financial or business affairs of any particular person (including the authority holding that information).

Resolved- That the Pensions Committee note the approval of the application for admission to the Merseyside Pension Fund of Addaction.

97 **ACADEMIES FUNDING**

A report by the Director of Finance informed Members of the funding strategy adopted by Merseyside Pension Fund (MPF) in respect of local authority schools choosing to convert to Academy status under the Academies Act 2010.

Resolved - That Members approve the adopted method for determining the contribution rates and ongoing funding approach in respect of Academies; as separate employers with bespoke future service contribution rates and equitable transfer of the ceding authority's deficit and equivalent recovery period.

98 **PASSIVE MANAGEMENT CONTRACT**

A report by the Director of Finance updated Members on progress made so far on the procurement exercise for passive management mandates and in the light of this it was recommended that Members agree to the extension of the existing contract with Legal and General (L&G) and UBS to 31 December 2012.

Resolved- That Members agree the extension of the contract with L&G and UBS until 31 December 2012.

99 **INVESTMENT CONTRACT MONITORING**

A report by the Director of Finance requested that Members approve a revised policy for the monitoring of investment mandates for MPF. This policy set out a schedule for procurement exercises and a framework for monitoring mandates

The Policy for Monitoring of Investment Mandates contained exempt information, This was by virtue of paragraph(s) 3 of Part 1 of Schedule 12A of the Local Government Act 1972, i.e. Information relating to the financial or business affairs of any particular person (including the authority holding that information.)

Resolved - That

1) Members agree the updated policy for the monitoring of investment mandates

2) The European Equity procurement exercises are to be combined and will commence in 2014.

3) The contract held by J.P. Morgan to manage European equities be extended to coincide with the above resolution.

4) The Japanese and Pacific Rim procurement exercises will commence in 2017 subject to review.

100 **BANK AND OTHER AUTHORISED SIGNATORIES**

A report by the Director of Finance set out revised authorised signatures for Merseyside Pension Fund.

The report described the different requirements for different institutions and functions, including the banks, custodian, and overseas pensions payment agent, as well as the granting of power of attorney where appropriate.

The report also referred to operational decisions regarding authorised signatories for other transactions and procedures, by officers nominated by the Director of Finance. The report avoided doubt by organisations undertaking due diligence on MPF as an investee company or as a financial services provider, or for overseas jurisdiction.

Resolved – That

Members confirm, for the avoidance of doubt, that the Director of Finance can designate officers of MPF to exercise powers of attorney on behalf of MPF and Wirral Metropolitan Borough Council, which requires two of the following officers:

**Head of Pension Fund
Senior Investment Manager
Principal Pensions Officer**

**Peter J. Wallach
Leyland K. Otter
Yvonne M. Caddock**

101 **GLOBAL CUSTODIAN CONTRACT**

A report by the Director of Finance updated Members on progress made on the procurement exercise for global custodian services and, in the light of this, recommended that Members agree to the extension of the existing contract with State Street to 31 December 2012.

Resolved – That Members agree to the extension of the contract with State Street until 31 December 2012.

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

103 **CUNARD BUILDING DEVELOPMENT**

A report by the Director of Finance referred to an exempt report providing Members with options, proposed by CBRE, the property advisers, for the Cunard Building.

Members considered the contents of the exempt report and;

Resolved– That the matter be deferred until Members have attended and met with Property Advisors at the Investment Monitoring Working Party on 11 April 2012.