



Pensions Committee

Date:	Tuesday, 20 November 2012
Time:	6.00 pm
Venue:	Committee Room 1 - Wallasey Town Hall

Contact Officer: Pat Phillips
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AGENDA

1. MEMBERS' CODE OF CONDUCT - DECLARATIONS OF INTEREST

Members of the Committee are asked to declare any disclosable pecuniary and non pecuniary interests, in connection with any item(s) on the agenda and state the nature of the interest.

2. MINUTES (Pages 1 - 8)

To receive the minutes of the meeting held on 18 September, 2012.

3. LGPS UPDATE (Pages 9 - 16)

4. STATEMENT OF INVESTMENT PRINCIPLES (Pages 17 - 44)

5. SCHEME PAYS POLICY (Pages 45 - 50)

6. LGC INVESTMENT AWARDS (Pages 51 - 58)

7. GIFTS AND HOSPITALITY POLICY (Pages 59 - 70)

8. CUNARD BUILDING (Pages 71 - 74)

9. LGC INVESTMENT CONFERENCE (Pages 75 - 82)

10. MELLORS CATERING SERVICES (Pages 83 - 86)

11. INWP MINUTES 10/10/12

12. EXEMPT INFORMATION - EXCLUSION OF MEMBERS OF THE PUBLIC

The following items contain exempt information.

RECOMMENDATION: That, under section 100 (A) (4) of the Local Government Act 1972, the public 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 as defined by the relevant paragraphs of Part I of Schedule 12A (as amended) to that Act. The Public Interest test has been applied and favours exclusion.

13. EXEMPT APPENDIX- CUNARD BUILDING (Pages 87 - 94)

Appendix 1 and 2 to Item 8, exempt by paragraph 3

14. EXEMPT APPENDIX- MELLORS CATERING SERVICES (Pages 95 - 96)

Appendix 1 to agenda item 10, exempt by virtue of paragraph 3.

15. EXEMPT APPENDIX- IMWP MINUTES

Appendix 1 to agenda item 11, exempt by virtue of paragraph 3

16. ANY OTHER URGENT BUSINESS APPROVED BY THE CHAIR

PENSIONS COMMITTEE

Tuesday, 18 September 2012

Present:

Councillor P Glasman (Chair)

Councillors G Davies AR McLachlan
T Harney C Povall
S Hodrien H Smith
M Hornby G Watt
AER Jones S Mountney (dep for
Cllr Adam Sykes)

Councillors N Keats, Knowsley Council
J Fulham, St Helens Council

In attendance:

P Wiggins UNISON

Apologies

Councillors Adam Sykes
J Hanson
P Tweed

Mr P McCarthy, (NonDistrict Council
Employers)

19 MEMBERS' CODE OF CONDUCT - DECLARATIONS OF INTEREST

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

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

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

20 MINUTES

The Acting Director of Law, HR and Asset Management submitted the minutes of the meeting held on 25 June, 2012.

Resolved – That the minutes be received.

21 ORDER OF BUSINESS

The Chair agreed to vary the order of business.

22 LGPS UPDATE

A report of the Interim Director of Finance informed Members of the recent informal Local Government Association employer and respective Trade Union member consultations; undertaken to ascertain the level of support of the LGPS 2014 benefit design proposals.

The report also covered the key provisions of the LGPS (Miscellaneous) 2012 Regulations and Merseyside Pension Fund's role in increasing employer awareness of the statutory duties and compliance requirements under Auto-Enrolment legislation.

Merseyside Pension Fund had submitted a response, dated 26 July, 2012, to the consultation and this was attached as an Appendix to the report.

It was reported that the (Miscellaneous) Regulations 2012 had been laid before Parliament on 1 August 2012 and would come into force from 1 October 2012. The regulations made technical amendments to assist in the delivery of Scheme provisions and corrective references to ensure compliance with other legislation. The Statutory Instrument was attached as an Appendix to the report.

Resolved – That the report be noted.

23 **ACCOUNTS 2011/12**

A report of the Interim Director of Finance presented the Pensions Committee with the audited statement of accounts of Merseyside Pension Fund for 2011/12 (subject to outstanding matters) and responded to the Annual Governance Report (AGR) from Audit Commission.

The purpose of the Statement of Accounts was to present the overall financial position of the Pension Fund as at 31 March 2012; in accordance with prescribed guidance.

A response to the AGR was contained in the appendices to the report and it was reported that Officers had agreed to all of the suggested adjustments to the accounts and to the recommendations.

The Interim Director of Finance had prepared a Letter of Representation on behalf of the Committee which gave assurances to the District Auditor on various aspects relating to the Pension Fund.

It was reported that the Audit Opinion would be issued following final completion of the audit, consideration of the Annual Governance Report and approval of the amended Statement of Accounts at both the Pensions Committee and the Audit & Risk Management Committee.

The District Auditor had indicated that he would again issue an unqualified opinion, and stated that the accounts presented fairly the financial position of Merseyside Pension Fund as at 31 March 2012. Subject to this, the accounts as now shown would form the basis of the Annual Report for the year ended 31 March 2012.

Resolved – That;

1) the Pensions Committee have considered and noted the amendments to the draft accounts, the Annual Governance Report and the Letter of Representation and the audited Statement of Accounts for 2011/12 be approved.

2) the Action Plan within the Annual Governance Report be agreed, and that the Pensions Committee be informed of progress with its implementation.

3) the recommendations be referred to the Audit & Risk Management Committee.

24 **AC ANNUAL GOVERNANCE REPORT**

The District Auditor gave a presentation on the Annual Governance Report summarising the findings of the 2011/2012 audit of Merseyside Pension Fund and responded to Members questions.

Resolved – That the report be considered and noted.

25 **LAPFF CONFERENCE BOURNEMOUTH**

A report of the Interim Director of Finance recommended the Committee to approve attendance by the Chair and the Executive Board member at the Local Authority Pension Fund Forum (LAPFF) Annual Conference, organised by PIRC, to be held in Bournemouth from 28 to 30 November 2012.

Resolved – That the Chair of the Pensions Committee, Councillor Pat Glasman and Councillor Geoffrey Watt attend the Local Authority Pension Fund Forum (LAPFF) Annual Conference.

26 **ANNUAL EMPLOYERS CONFERENCE**

A report of the Interim Director of Finance informed the Pensions Committee of the arrangements for the annual Employers' Conference that would be held on Thursday 15 November 2012.

It was reported that the 2012 conference would be held at Aintree Racecourse on Thursday 15 November.

In addition to the annual reports on investment performance and the administration of the Pension Fund over the previous year, a presentation would be given by Paul Middleman from Mercer, the Fund Actuary and Jeff Houston, Head of Pensions at the Local Government Association.

Members were invited to attend the Conference and further details would be circulated to all Members of this Committee as soon as arrangements were finalised.

Resolved – That the report be noted.

27 **DRAFT ANNUAL REPORT**

A report of the Interim Director of Finance provided Members with the Draft Annual Report of Merseyside Pension Fund for 2011/12.

A copy of the Annual Report was made available for Members at the meeting.

Resolved - That the Draft Annual Report of Merseyside Pension Fund be approved for publication.

28 **NAPF CONFERENCE**

A report of the Interim Director of Finance recommended the Pensions Committee to consider attendance by Members at the National Association of Pension Funds (NAPF) Annual Conference that would be held in Liverpool from 17 to 19 October 2012.

Resolved – That

1) attendance at the NAPF conference by Members be approved.

2) Members wishing to attend the conference notify the Head of Pension Fund to enable the necessary registration and administration to be undertaken.

29 **PROFESSIONAL PENSIONS AWARDS**

A report of the Interim Director of Finance informed the Committee that Merseyside Pension Fund had been shortlisted in the DB Communications (public) category at the Pension Scheme of the Year Awards 2012.

The report also requested that Members approve attendance by the Chair to represent the Fund at the ceremony.

Resolved - That attendance at the awards ceremony be approved.

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

Resolved – That in accordance with section 100A (4) of the Local Government Act 1972, the public be excluded from the meeting during consideration of the following items of business, on the grounds that it involves the likely disclosure of exempt information as defined by the relevant paragraphs of Part 1 of Schedule 12A (as amended) to that Act. The public interest test has been applied and favours exclusion.

31 **INVESTMENT MONITORING WORKING PARTY (IMWP) MINUTES - 04 SEPTEMBER 2012**

A report of the Interim Director of Finance provided the Pensions Committee with the minutes of the Investment Monitoring Working Party (IMWP) held on 4 September 2012.

The appendices to the report, the minutes of the IMWP on 4 September 2012, 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 which were attached as an exempt appendix to the report be approved.

32 PROPERTY INSURANCE

A report of the Interim Director of Finance updated the Pensions Committee on progress with the procurement exercise for insurance for the Fund's property portfolio and made recommendations that related to the appointment for this contract for a period of 3 and a half years from 25 December 2012.

The appendix to the report, (Assessment of tenders for provision of Insurance to MPF Property portfolio), 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 acceptance of the preferred tender, as outlined in the exempt appendix, be approved.

33 GOVERNANCE & RISK WORKING PART MINUTES 12/07/12

A report of the Interim Director of Finance provided members with the minutes of the Governance & Risk Working Party (GRWP) held 12 July 2012.

An exempt report on the agenda, the minutes of the GRWP on 12 July 2012, 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 Governance and Risk Working Party held on 12 July, 2012 be approved.

34 UNFUNDED PENSION LIABILITIES

A report of the Interim Director of Finance informed members of the details of the annual review undertaken by the Fund Actuary of the potential unfunded liabilities for admission bodies as at 31 March, 2012.

A further report on the agenda contained exempt information. This was by virtue of paragraph(s) 3 of Part 1 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).

It was reported that the results of the previous admission bodies liability review as at 31 March 2011 was considered by the Pensions Committee on 27 June 2011 (Minute 28 refers). In accordance with the Committee decision on 22 March 2000 (Minute 52 refers) officers were also asked to specifically monitor the potential unfunded liabilities in respect of premature closure of admission bodies with high levels of

potential liability (£250,000 or more). This had been carried out by the Actuary undertaking an annual funding review and the Fund requesting and examining annual reports and accounts from the relevant organisations.

The details in respect of the latest review of potential unfunded liabilities for admission bodies at 31 March 2012 were attached within the exempt appendices to the report.

Resolved – That;

1) the Pensions Committee gave consideration and agreed that having regard to the current difficult financial circumstances and the reasonableness and practicality of implementation, that the bond requirements for Community Admission Bodies are not increased but instead are retained at the current 2010 levels. However, Employers would be informed of the potential unfunded liabilities to increase awareness of their financial obligations.

2) the Pensions Committee agree that the level of funding guarantees provided by local authorities or other statutory bodies to the Fund would however continue to be increased in accordance with the amount of the unfunded liability.

35 **APPOINTMENT OF PROVIDER OF PASSIVE INVESTMENT MANAGEMENT SERVICES**

A report of the Interim Director of Finance informed the Pensions Committee of the outcome of a procurement process to appoint a provider of passive investment management services to Merseyside Pension Fund and recommended that Members approve the award of the contract to the organisation recommended. The detail of the recommendation was provided in the Exempt Appendix to this report.

Appendix 1 to the report 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 appointment of the organisation recommended in the exempt appendix to provide passive investment management services to the Fund be agreed.

36 **ALTAIR IMPLEMENTATION UPDATE**

A report of the Interim Director of Finance updated Members on progress with the implementation of the Altair Pensions Administration system, and reported a contract variance in accordance with Contract Procedural Rules and recommended that the option to extend the contract for two years (from December 2014 to December 2016) was taken up. The contract variance has arisen because of a lack of a contingency in the original plan to allow for upgrades and on going maintenance.

The appendix to the report, (Update on Altair, Implementation and Costs), 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) the progress report on the implementation of the Altair Pensions Administration system be noted.

2) the contract variation contained within the exempt appendix be noted.

3) the option to extend the contract with Heywood for provision of a pensions administration IT system for two years (from December 2014 to December 2016) be agreed.

4) future IT contracts and project plans include in the contingencies within the costing analysis for potential upgrades and migration issues.

37 ADMISSION BODY APPLICATION - BALFOUR BEATTY

A report of the Interim Director of Finance informed the Pensions Committee of the decision taken under delegation to approve the application received from Balfour Beatty Workplace Limited for admission to Merseyside Pension Fund as a Transferee Admission Body. The company had secured a premises officer contract with Knowsley Council – Springfield and the Elms School for the period from 6 August 2012 to 31 August 2034.

The appendix attached to the report 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 approval of the application for admission to the Merseyside Pension Fund of Balfour Beatty Workplace Ltd be noted.

38 ADMISSION BODY APPLICATION - HEALTH MANAGEMENT LTD

A report of the Interim Director of Finance informed the Pensions Committee of the decision taken under delegation, to approve the application received from Health Management Ltd for admission to Merseyside Pension Fund as a Transferee Admission Body. The company had secured the occupational health services contract at Liverpool City Council from 1 September 2012 for three years initially with an option for a further one year extension.

The appendix attached to the report 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 approval of the application for admission to the Merseyside Pension Fund of Health Management Ltd be noted.

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WIRRAL COUNCIL

PENSIONS COMMITTEE

20 NOVEMBER 2012

SUBJECT:	LGPS UPDATE
WARDS AFFECTED:	ALL
REPORT OF:	INTERIM DIRECTOR OF FINANCE
RESPONSIBLE PORTFOLIO HOLDER:	
KEY DECISION	NO

1.0 EXECUTIVE SUMMARY

- 1.1 This report updates Members of the progress of the 2014 LGPS reform project and the revised statutory consultation framework relating to the draft regulations.
- 1.2 It also covers the key provisions of the Public Service Pensions Bill and its impact on the Local Government Pension Scheme.

2.0 BACKGROUND AND KEY ISSUES

Reform of the LGPS – The 2014 Project

- 2.1 The original timetable to deliver the regulatory provisions of the 2014 scheme reform was scheduled to take place during the autumn. The statutory consultation has now been delayed by the Department for Communities and Local Government due to the complex provisions within the regulations.
- 2.2 It is understood that as an interim measure the policy intent and narrative around the likely regulatory design will be issued during October to provide the actuaries a steer with regard to determining the 2013 valuation.
- 2.3 It is expected that the draft regulations will not be issued until February/March 2013 with the final regulations receiving royal assent in April/May. The government are currently reviewing consultation processes with the aim to reduce consultation periods; permitting a range of timescales rather than defaulting to a 12-week period. This will be helpful in particular cases such as the LGPS 2014 reform, where extensive engagement has previously occurred; it may therefore be possible to still meet the milestones of the original project timetable.
- 2.4 The Software Suppliers Group (of which Heywoods are a member) had its first meeting at the end of September and confirmed that if the draft regulations are circulated in March 2013 they can commit to providing 2014 compliant software in advance of the implementation of the new Scheme.
- 2.5 A letter has been sent to the Government from the LGA and Unions, regarding the Workstream 2 deliberations covering governance, transparency and the cost

mechanism of the new Scheme. However, the specific details of the letter have not been disclosed.

- 2.6 MPF is currently in dialogue with the LGA to define the shared working arrangement to deliver the national reform website – specifically, editorial responsibilities to ensure clarity in communicating the details of the Scheme to the membership.

Public Service Pension Bill

- 2.7 The Independent Public Service Pensions Commission published its final report in March 2011. The Government accepted its recommendations as the basis for consultation with public servants, trades unions and other member representatives.

The Public Service Pension Bill implements the agreements reached and introduces primary legislation to adopt a new common UK legal framework for public service pension provision.

- 2.8 The Bill was published on 13 September 2012 and hailed by the government as its proposal to cut the cost to taxpayers of public sector pensions by nearly one-half over the next fifty years. The aims are to:

- Enable the creation of new, fairer, Career Average public service pension schemes to replace the largest existing final salary schemes;
- Link normal pension ages to State Pension age to manage longevity risk;
- Introduce an employer cost cap to ensure unforeseen changes in cost are controlled to protect the taxpayer;
- Set out requirements for scheme governance, regulation and administration to deliver transparency and accountability;
- Allow for the provision of transitional arrangements and protections, where necessary.

- 2.9 The Bill is a framework Bill and its powers supersede those in the Superannuation Act 1972. It does not contain details on the individual scheme designs as this will be set out in secondary legislation and individual Scheme rules.

Public Service Pension Bill - Closure of the current schemes

- 2.10 The Bill provides that the existing scheme will be closed to future accrual with effect from 31 March 2014. This will pose a problem if enacted as written as councillors' active membership of the LGPS will end with no potential for further pension accrual. Consequently, to allow Councillors to remain members, either the Bill will have to be amended or provision will have to be made for their access to the main 2014 Scheme.

- 2.11 The Bill also addresses certain transitional issues, in particular that benefits which will have been accrued in the current scheme will continue to be linked to final salary when leaving.

Public Service Pension Bill - Governance

- 2.12 The Bill also sets out new provisions for the overall governance and regulation of the public service pension schemes as follows;
- Each scheme must have a scheme manager which is expected to be the Administering Authority responsible for administration, governance and a pension board. The provision enables the scheme manager to delegate responsibilities to a committee in which case the committee would become the pension board. The remit of the pension boards will be to ensure compliance with legislation, codes of practice and regulatory issues.
 - There is a significant role for the Pension Regulator in overseeing the operation of the scheme with the requirement to report overdue contributions, fraud and the implementation of a formal code of practice for scheme management.
 - There are also initial indications that the Treasury will have control to set the national assumptions for valuations which is causing concern to the project board responsible for securing the 2014 scheme design. The Treasury powers in this area are permissive and not mandatory and appear to dovetail with the fiduciary management of the unfunded schemes.
- 2.13 The DCLG, LGA and Unions have sent a joint paper to the Treasury seeking amendment to this provision. The intent is to raise awareness of the funded nature of the LGPS and calls for political pressure to be exerted within the commons to seek amendments to the bill, in recognition of the disparate financial management of the funded LGPS in comparison to the unfunded public sector schemes.
- 2.14 MPF has also written a letter to DCLG raising concerns to the prospect of the Treasury setting national valuation assumptions for all public sector schemes. The main focus relates to the disparate funded nature of the LGPS and the potential for employer contributions to be based on generic assumptions which do not take account of local experience.
- 2.15 The Bill will now work its way through Parliament before being enacted sometime during 2013. Individual schemes will then issue secondary legislation defining benefit structures and governance arrangements ahead of the commencement date for the new schemes.

3.0 RELEVANT RISKS

- 3.1 The potential for the Treasury to set national generic valuation assumptions will restrict the accountability link between local funds and council tax payers and removes the flexibility to manage funds to reflect local circumstances and raises issues with regard to the continuation of democratic accountability.
- 3.2 There is also a risk that if DCLG fail to issue the draft regulations within the new prescribed timeframe that the relevant system updates will be unavailable and contingency arrangements will be required to ensure continuity of effective service levels and statutory requirements.

4.0 OTHER OPTIONS CONSIDERED

4.1 No other options have been considered.

5.0 CONSULTATION

5.1 There has been no consultation undertaken or proposed for this report.

6.0 IMPLICATIONS FOR VOLUNTARY, COMMUNITY AND FAITH GROUPS

6.1 There are none arising from this report.

7.0 RESOURCE IMPLICATIONS: FINANCIAL; IT; STAFFING; AND ASSETS

7.1 As the statutory consultation progresses and detail from the draft regulations appear and are clarified during calendar year 2013 – MPF needs to initiate a formal strategic change programme to overhaul current administration arrangements, resources and communications in regard a fundamental change to a Career Average pension arrangement with ongoing protections to the pre-2014 Final Salary scheme.

7.2 The 2014 reform of the LGPS emanating from the Public Service Bill, in particular the move from final salary to career average is not expected to realise immediate savings for scheme employers.

Although the Government Actuary Department has identified cost saving in the order of 2% of pay from the new scheme, this indicative saving would be dependant on the individual membership profile of each participating employer and the actual future pay growth for the LGPS.

As 70% of the membership are low paid with flat earning growth the increase in benefit entitlement from 1/60 to 1/49 actually equates to a 22.4% increase in benefit entitlement, which would increase costs for employers with an older demographic. Consequently, in saving costs the link between normal retirement age and State Pension Age is crucial.

As such it is essential that the cost control mechanism to be delivered under work stream 2 of the reform project is robust enough to deliver the necessary savings – thus ensuring the future affordability of the scheme to employers and the tax payer.

7.3 Employers' will also be required to change administration arrangements and consider resource implication in the provision of information and data to meet the new Scheme requirements (including ongoing protections).

7.4 It has been agreed with the LGA, that there will be reimbursement of any additional costs incurred in developing and maintaining the central national website for Scheme Reform.

8.0 LEGAL IMPLICATIONS

8.1 There are none arising from this report.

9.0 EQUALITIES IMPLICATIONS

9.1 Has the potential impact of your proposal(s) been reviewed with regard to equality?

The Public Service Pension Bill has already been assessed by Government with regard to equality.

10.0 CARBON REDUCTION IMPLICATIONS

10.1 None arising from this report

11.0 PLANNING AND COMMUNITY SAFETY IMPLICATIONS

11.1 None arising from this report

12.0 RECOMMENDATION/S

12.1 That Members note the report.

13.0 REASON/S FOR RECOMMENDATION/S

13.1 There is a requirement for Members of the Pension Committee to be kept up to date with legislative developments to carry out their decision making role in order to enable them to make informed decisions.

**REPORT AUTHOR: Yvonne Caddock
Principal Pension Officer
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FNCE/189/12

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APPENDICES

- 1- MPF Submission to DCLG on impacts of the Public Service Pension Bill on LGPS

**REFERENCE MATERIAL
Public Service Pension Bill**

SUBJECT HISTORY (last 3 years)

Council Meeting	Date

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Rt Hon Danny Alexander MP
Chief Secretary Treasury
HM Treasury
1 Horse Guard Road
London SW1A 2HQ

Direct Line: 0151 242-1390
Please ask for: Yvonne Caddock
Date: 22 October 2011

PUBLIC SECTOR PENSIONS BILL 2012

Dear Chief Secretary

Wirral Council is responsible for the administration of the Merseyside Pension Fund (MPF) which is part of the Local Government Pension Scheme (LGPS). The Merseyside Pension Fund deals with the LGPS pension administration and investments on behalf of the 5 Merseyside District Councils, and over 100 other employers on Merseyside and elsewhere throughout the UK.

The Fund has over 45,000 active contributing members, 44,000 pensioners and just over 33,000 deferred pensioners. It is responsible for the investment and accounting for a pension fund of £5 billion.

I refer to Public Sector Pensions Bill published on 13 September 2012 and which is scheduled for its second reading on 22 October 2012.

Wirral Council has significant concerns in regard to some of the provisions of the bill as currently drafted. The LGPS as a funded scheme has a long standing and proven track record of effectively managing its own affairs on a regional basis – administered by officers but locally accountable to democratically elected Councillors.

The provisions in the draft bill would indicate a policy change of potentially moving the responsibility for setting employer contribution rates and the timing of their application away from individual LGPS funds and into the hands of the HM Treasury.

This bill, as it is currently worded, would restrict the current, well established cost control and local Governance arrangements inherent within the structure of the LGPS – removing the accountability link between local funds, elected members and council tax payers, impacting on the flexibility to manage funds to reflect local circumstances.

In particular, the draft bill sets out new powers for the Treasury to specify “the data, methodology and assumptions” to be used when undertaking valuations for public sector pension schemes and to determine the point at which any revised employer contribution rates are to apply.

At present the assumptions used in the valuation of LGPS funds and the phasing in of any changes to employer contribution rates are determined locally by each administering authority, acting on the expert advice of their actuary. Individual funds are therefore able to use assumptions that are appropriate to local circumstances and subsequently any particular investment strategy in managing employer contributions within known budgetary constraints. Any changes to employer pension contributions that may arise from a fund valuation can be phased in to coincide with the provisions made in their medium-term financial planning.

In addition, many LGPS funds use tailor-made demographic assumptions that are particular to that fund's individual experience of longevity or membership behaviour, which can vary significantly from fund to fund.

It is recognised that the bill introduces primary legislation to deliver a common legal framework for public service pension provision, and facilitates secondary legislation for each individual scheme to design its preferred benefit package - within prescribed parameters.

As the provisions within the bill with regard to the Treasury's power in setting the valuation assumption are permissive rather than mandatory, it is necessary that the primary legislation acknowledges the disparate funded nature of the LGPS to other public sector pension schemes and its separate funding arrangements.

This measure is contrary to the political intention of the Localism Act which aims to empower local councils. Consequently, there would be adverse implications for the way in which the funded LGPS is managed and raises questions over the continuation of democratic accountability, affordability and sustainability of local funds.

Finally, I wish to indicate a further concern, that the bill proposes to close all existing public sector Schemes to future accrual and if enacted as drafted, the pension arrangement for locally elected Councillors will end with no continuation of any future pension accrual.

Consequently, to allow their continued participation either the bill will require amendment or provision will have to be made for subsequent access to the main LGPS Scheme in 2014.

Yours sincerely

Peter Timmins

Interim Director of Finance

WIRRAL COUNCIL

PENSIONS COMMITTEE

20TH NOVEMBER 2012

SUBJECT:	STATEMENT OF INVESTMENT PRINCIPLES
WARD/S AFFECTED:	ALL
REPORT OF:	INTERIM DIRECTOR OF FINANCE
RESPONSIBLE PORTFOLIO HOLDER:	PATRICIA GLASMAN
KEY DECISION?	NO

1.0 EXECUTIVE SUMMARY

- 1.1 The purpose of this report is to present Members with an updated Statement of Investment Principles (SIP) and ask that Members approve this document and the changes from the previous SIP.

2.0 BACKGROUND AND KEY ISSUES

- 2.1 Committee last approved the Fund's SIP at its meeting on November 2010.
- 2.2 The SIP describes the high-level principles governing the investment decision-making and management of Merseyside Pension Fund (MPF) and the policy that has been developed to ensure their implementation. It has been prepared, in line with guidance received from the Secretary of State for Communities and Local Government, with reference to the Chartered Institute of Public Finance & Accountancy (CIPFA) Pensions Panel publication, 'Principles for Investment Decision Making and Disclosure in the LGPS in the United Kingdom 2009 – A Guide to the Application of the 2008 Myners Principles to the Management of LGPS Funds'.
- 2.3 A number of issues have arisen in the last 12 months most notably from the Annual Governance Statement from the Audit Commission. This highlighted a need for the Fund to document uses of allowable extensions under the LGPS Investment Regulations and to consider the reporting on risks, in relation to investments, both in the final accounts and other relevant reports.
- 2.4 This issue and a need to review the document for changes required due to changes in other cross-referenced documents have led to a need for a review of the SIP.
- 2.5 The changes made to the SIP do not constitute a change in investment strategy. The document has been changed substantially in parts but this is for the reasons given above; to improve the way in which the document is written; and to give a balance within the document appropriate to the importance of the subject matter.

2.6 The main changes are as follows.

- Changes to objectives section making the hierarchical link between liabilities, investment objective, investment strategy and supporting beliefs more clear.
- More information on investment mandates.
- A more detailed explanation of the fact that risk is undertaken to form a strategy that is aimed at increasing returns and more quantification of these risks.
- A section detailing different elements of risk.
- A summary section on securities lending rather than full explanation to reflect the fact that, of the overall return generated and risk taken by the Fund, securities lending is a very small element.
- Typographical and cross reference corrections and some changes to the order of clauses.

2.7 A more comprehensive review of the SIP will take place next year following the actuarial valuation and the resulting review of investment strategy including asset allocation.

3.0 RELEVANT RISKS

3.1 The SIP alongside the Funding Strategy Statement is a document which, amongst other investment matters, sets out the Fund's approach to key strategic risks.

4.0 OTHER OPTIONS CONSIDERED

4.1 Not relevant for this report

5.0 CONSULTATION

5.1 Not relevant for this report

6.0 IMPLICATIONS FOR VOLUNTARY, COMMUNITY AND FAITH GROUPS

6.1 There are no implications arising directly from this report

7.0 RESOURCE IMPLICATIONS: FINANCIAL; IT; STAFFING; AND ASSETS

7.1 There are none arising directly from this report

8.0 LEGAL IMPLICATIONS

8.1 There are no implications arising directly from this report.

9.0 EQUALITIES IMPLICATIONS

9.1 Has the potential impact of your proposal(s) been reviewed with regard to equality?

(b) No because there is no relevance to equality.

10.0 CARBON REDUCTION IMPLICATIONS

10.1 There are no carbon usage implications, nor any other relevant environmental issues arising from this report.

11.0 PLANNING AND COMMUNITY SAFETY IMPLICATIONS

11.1 There are no planning or community safety implications arising from this report.

12.0 RECOMMENDATIONS

12.1 That the Pensions Committee approves the revised Statement of Investment Principles which is attached as an appendix to this report.

13.0 REASONS FOR RECOMMENDATION

13.1 The purpose of the changes to the SIP are to comply with audit recommendations and to reflect accurately the Fund's approach to risk management.

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FNCE/195/12

APPENDICES

1. The revised Statement of Investment Principles is attached as an appendix to this report.

REFERENCE MATERIAL

Internal working papers and Regulatory guidelines.

SUBJECT HISTORY (last 3 years)

Council Meeting	Date
PENSIONS COMMITTEE STATEMENT OF INVESTMENT PRINCIPLES	16 NOVEMBER 2010
PENSIONS COMMITTEE REVIEW OF UPDATED	23 MARCH 2010

MYNERS PRINCIPLES & REVISED STATEMENT OF INVESTMENT PRINCIPLES	
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STATEMENT OF INVESTMENT PRINCIPLES 2012





(As approved by Pensions Committee – 20 November 2012)

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MERSEYSIDE PENSION FUND

AND THE 2008 MYNERS PRINCIPLES

This Statement of Investment Principles (SIP) was approved by the Pension Committee of Wirral Council (constituting the primary governing and decision-making body of the Merseyside Pension Fund) at its meeting on 20 November 2012. The statement has been prepared in accordance with **Regulation 12 of The Local Government Pension Scheme (Management and Investment of Funds) Regulations 2009 (SI 2009 No. 3093)**.

The SIP describes the high-level principles governing the investment decision-making and management of Merseyside Pension Fund (MPF) and the policy that has been developed to ensure their implementation. It has been prepared, in line with guidance received from the Secretary of State for Communities and Local Government, with reference to the Chartered Institute of Public Finance & Accountancy (CIPFA) Pensions Panel publication, '**Principles for Investment Decision Making and Disclosure in the LGPS in the United Kingdom 2009 – A Guide to the Application of the 2008 Myners Principles to the Management of LGPS Funds**'.

It is accepted that these six principles form the code of best practice for LGPS Funds; this SIP reports the extent of MPF's compliance with each of the **six** principles. A statement of compliance can be found on page 21 of this document.

This statement supersedes the SIP approved by Pensions Committee on 23 March 2010. The SIP, and the policy approaches it describes, has been developed with the benefit of proper advice from the Fund's consultants and advisers, whom it considers to be suitably qualified and experienced in investment matters. The Fund consults its stakeholders over matters of policy, including scheme employers, trade unions and other interested parties.

The SIP will be made available on the Fund's website at: **<http://tinyurl.com/btomqfe>** and compliance with the CIPFA Principles will be reported in the Fund's Annual Report. This statement should be read in conjunction with the following statements, also available on the Fund's website:

- Funding Strategy Statement;
- Governance Policy Statement; 2010 Actuarial Valuation and Review; Communications Strategy Statement

EFFECTIVE DECISION MAKING



Administering Authorities should ensure that:

Decisions are taken by persons or organisations with the skills, knowledge, advice and resources necessary to make them effectively and monitor their implementation; and

Those persons or organisations have sufficient expertise to be able to evaluate and challenge the advice they receive, and manage conflicts of interest.

- Wirral Council is the Administering Authority with overall responsibility for Merseyside Pension Fund (MPF), which it delegates to its Pensions Committee. This body comprises 11 Wirral councillors, with representation from other principal employers in the Fund (5) and Trade Unions (3), representing beneficiaries' interests. There is also an Investment Monitoring Working Party (IMWP) and Governance and Risk Working Party (GRWP) to look at governance and risk issues to which all members of the Pensions Committee and Trade Unions are invited; the IMWP meets six times a year and the GRWP twice.
- The terms of reference for the Committee, IMWP and the Director of Finance are set out in the scheme of delegation for Wirral Council; the structural and operational details of the delegation are set out in a Governance Policy Statement for Merseyside Pension Fund, which can be viewed at: http://mpfmembers.org.uk/pdf/gov_policy.pdf.
- The Pensions Committee takes strategic decisions on asset allocation, investment manager selection and other high-level investment policy matters and delegates tactical asset allocation and investment monitoring through the IMWP. The IMWP is a deliberative body, acting as a forum where investment issues can be discussed in depth, with the power to make recommendations to Committee. The Director of Finance of Wirral Council (Section 151 Officer) is delegated to implement Committee policy and manage the Fund, leading a well qualified and experienced internal team (Fund officers).

EFFECTIVE DECISION MAKING

- The Committee receives what it considers to be proper advice from Fund officers and, in addition, has appointed an external consultant to provide advice on its high-level investment strategy. The Committee has also appointed an independent adviser to the IMWP, to further inform and support decision-making across the breadth of issues that are considered by the IMWP.
- The Committee considers that its strategic objectives are best met by further delegating investment decision-making, at the level of portfolio management, to a combination of Fund officers and a roster of external investment managers. Fund officers are tasked with making recommendations to Committee regarding the appointment of external managers; a task supported by use of a Committee-approved 'framework list' of investment manager selection consultants. Fund officers also make use of specialist advisers in managing those areas over which they exercise delegated responsibility (including property, private equity, hedge funds and responsible ownership).
- The Fund has an ongoing training programme (updated annually) for Committee Members and Fund officers to ensure that decision-making is on an informed basis. Members have each been issued with a manual which outlines the regulatory framework of the LGPS, the Fund's governance structure, fundamental concepts in pensions administration and investment policy and a glossary of technical terminology. The manual emphasises the quasi-trustee status and fiduciary role of Committee Members. The manual also serves as a tool for Members to assess where their individual training needs may lie.



An overall investment objective(s) should be set out for the Fund that:

Takes account of the scheme's liabilities, the potential impact on local tax payers, the strength of the covenant for non-local authority employers; and

The attitude to risk of both the administering authority and scheme employers, and these should be clearly communicated to advisers and investment managers.

- The Fund's objective is to achieve a funding level position of 100% whilst minimising the level and volatility of employer contributions. Investment strategy is decided with clear reference to this objective, as described in MPF's Funding Strategy Statement, which can be viewed at: <http://mpfmembers.org.uk/content/funding-strategy-statement>
- The Fund's investment objective over the long term is to match the assumptions within the actuarial valuation of achieving returns 1.4% in excess of the liabilities. There are 3 sources of achieving this return; strategic asset allocation, tactical asset allocation and active investment management. At the same time these sources mean that the fund has to allow for a level of risk or volatility of returns in the short, medium and long terms from the liability matching return.
- With regard to this investment objective, and following advice from its investment consultants, the Fund has agreed, both a bespoke strategic benchmark for asset classes and an out performance target of this benchmark. This bespoke strategic benchmark is formally reviewed every 3 years at the time of the actuarial valuation but can be subject to interim review if there are significant changes in the liability profile or investment environment.

OBJECTIVES

Focus on Asset Allocation

Following an asset/liability study from the Fund's actuaries and consultation with its various advisers and officers, the following strategic benchmark was agreed by the Pensions Committee on 16 November 2010.

Asset	Benchmark	Benchmark Index
UK Equities	25	FTSE ALL SHARE INDEX
Overseas Equities	30	
US Equities	8	FTSE AW NORTH AMERICA
European Equities	8	FTSE WORLD EUROPE EX UK
Japan	4	FTSE AW JAPAN
Pacific	4	MSCI DEV ASIA PAC EX JAPAN
Emerging Markets	6	MSCI EMERGING MARKETS FREE
Fixed Interest	20	
UK Gilts	4	FTSE A ALL STOCKS
Overseas Gilts	0	JPM GLOBAL GOVT EX UK
UK Index Linked	12	FTSE UK GILTS INDEXED ALL STKS
Corporate Bonds	4	ML 3 NON GILTS
Property	10	IPD ALL PROPERTIES INDEX
Alternatives	14	
Private Equity	4	GBP 7 DAY LIBID
Hedge Funds	5	GBP 7 DAY LIBID
Thematics Fund of Funds	3	GBP 7 DAY LIBID
Infrastructure	2	GBP 7 DAY LIBID
Cash	1	GBP 3 MONTH LIBID
TOTAL	100	SPECIFIC BENCHMARK

(Table 1: MPF Multi Asset Portfolio)

PLEASE NOTE: The control range around the main asset classes is +/-5%

- The Fund has set an out-performance target against the bespoke strategic benchmark of 1.25%p.a. on a 3 yearly basis. This out-performance target assumes that 0.25% can be made from tactical asset allocation decisions and 1% from active management. The active management target assumes that on a capital weighted basis the Fund achieves 2/3^{rds} of targeted returns.

OBJECTIVES

Explicit Mandates

- The Fund mandates are governed in compliance with the following principles.
- Investment managers are prohibited from holding investments not defined as such in the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2009 by clear reference in their Investment Management Agreements. Clear instructions for fund managers as to how the investment portfolio is to be managed including; the objective, asset allocation, benchmark flexibility, risk parameters, regulatory requirements, performance targets and measurement timescales.

<u>Manager</u>	<u>Asset Type/Brief</u>	<u>Out-performance target % p.a. over 3 years</u>
Legal & General	Active bonds	1
Schroders	Active bonds	1
Internal	Alternatives/private equity	5
Internal	Cash	0
Unigestion	European equities	3
Internal	European equities	1
JP Morgan	European equities	3
Nomura	Japan equities	3
Black Rock	Far East equities	3
Maple Browne	Far East equities	3
Amundi	Emerging markets equities	3
M&G	Emerging markets equities	3
State Street (from 1.1.2013)	Passive equities & bonds	0
Internal	Property	1
Internal	UK equities	1
BlackRock	UK equities (unconstrained)	3
M&G	UK equities (unconstrained)	3
Newton	UK equities (unconstrained)	3
TT International	UK equities (unconstrained)	3

(Table 2: Managers – appointed by the Fund)

CLEAR

OBJECTIVES

This strategic benchmark and the out-performance target comprise the investment strategy. This strategy is underpinned by certain core beliefs.

- There is an equity or volatility risk premium i.e. investors are rewarded in the longer term for making investments in equities or other assets that have a return profile that is more volatile than liability matching assets
- There is a liquidity risk premium i.e. investors are rewarded in the longer term for making illiquid investments
- Active management of asset allocation is possible and can generate addition returns. Therefore the Fund can make additional returns by taking active positions against the strategic benchmark, within constraints to control risk.
- Active management within asset classes is possible by internal and external managers, i.e. over the medium and long term active managers can generate returns above specific benchmark indices. There are persistent anomalies within asset pricing that can be exploited.
- Active management requires taking on risk i.e. volatility from the specific benchmark index returns in the short and medium terms.

RISK

AND LIABILITIES



In setting and reviewing their investment strategy, administering authorities should:

Take account of the form and structure of liabilities. These include the implications for local tax payers, the strength of the covenant for participating employers, the risk of their default and longevity risk.

The Fund is required, as detailed in the section on objectives, to take investment risk compared to the liabilities to achieve the 1.4% out-performance required in the assumptions underpinning the actuarial valuation.

The key risks taken are in strategic asset allocation, tactical asset allocation and active management. The sources of return are diverse and to some extent uncorrelated which reduces the overall level of risk.

For strategic asset allocation, which is the primary risk taken, the Fund is advised by its investment consultant, which considers the risk or expected volatility of asset classes when formulating the overall asset allocation. The table below outlines the predicted risk which includes the risks of holding assets overseas i.e. foreign currency risk. The performance and volatility of asset classes is reviewed by the IMWP on a quarterly basis.

	Expected Volatility 10 years p.a.		Expected Volatility 10 years p.a.
Cash	1.1%	Corporates	6.6%
UK Equities	22.4%	Private Equity	31.6%
US Equities	24.2%	Infrastructure	22.0%
European Equities	25.7%	Hedge Funds	14.5%
Japan Equities	22.5%	Opportunities	13.4%
EM Equities	31.8%	Property	14.3%
UK Gilts	7.0%		
UK ILG	9.9%	Total Portfolio	13.7%

For tactical asset allocation, risk is controlled by setting limits on positions that can be taken and the positions and results are reviewed by the IMWP on a quarterly basis. For active investment management, the Fund has comprehensive monitoring procedures including internal officers and scrutiny by elected Members.

RISK AND LIABILITIES

There are other ways of analysing the risks through holding investment instruments.

Interest rate risk

Interest rates primarily affect the Fund's liabilities through the transmission mechanism from interest rates to government bond yields and ultimately the discount rate used by the actuary to discount the liabilities; the Fund's actuary has calculated that the Fund has sensitivity to this discount rate of 16%. The Fund considers both the liabilities and assets together and assesses the funding ratio and the implications for investment strategy on a quarterly basis at the IMWP.

Liquidity

The Fund considers that, for the medium term, liquidity risk is not significant for meeting its cash flows. However, reports are made to the IMWP on a quarterly basis (from Q4 2012 onwards) detailing the liquidity profile of the investments as follows:

- Realisable in a period up to 7 days
- Realisable in a period up to 30 days
- Realisable in a period up to 90 days
- Not realisable in a period up to 90 days

The justification for the risk undertaken is that it can enhance returns and meet the investment objective; this is based on the core beliefs set out in Section 2 Objectives. The Fund's ability to tolerate these risks is underpinned by the strong employer covenant, maturity profile and cash flow profile.

Credit Risk

The Fund does not hold any fixed interest securities directly and the managers of the pooled fixed income vehicles are responsible for managing credit risk. The volatility arising from credit risk is included in the figure for 'Corporates' in the table shown on page 11.

For short-term cash deposits and other investment balances, the risk is controlled through the Fund's Treasury Management Policy. This policy is compliant with current best practice and includes regular reporting to management and elected Members.

RISK AND LIABILITIES

The Fund complies with the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2009, where use of the extensions in investment limits per Schedule 1 are utilised. The Fund utilises two of the allowable extensions at present

Limited Partnerships up to 15% (from 5%)

The Fund has considered after advice from investment consultants, that given cash flow profile it is prudent to have up to 15% of investments in limited partnerships.

Unitised Insurance contracts up to 35% (from 25%)

The Fund has considered after advice from investment consultants, that given the contractual protection afforded in arrangements it is prudent to have up to 35% of investments in unitised insurance contracts in its mandates with State Street for passive investments (from 1st Jan 2013) and L&G for fixed income.

The Fund manages operational risks through the following measures as illustrated in this SIP.

- The use of a global custodian, State Street (Northern Trust from 1 January 2013) for custody of assets.
- Having formal contractual arrangements with investment managers.
- Maintaining independent investment accounting records.
- Having access to the internal audit service of Wirral Council.

Stock Lending

The Fund engages in a stock lending programme with the Fund's Custodian as agent lender. The key document for controlling the risks associated with this activity is the Securities Lending Agreement which is agreed with the Custodian on appointment, following review by legal advisors and investment consultants and which is reviewed on a regular basis. The document controls the Fund's risk exposure to the following key factors.

- Agent Lender Risk
- Counterparty Risk
- Collateral Risk
- Market Risk
- Currency Risk
- Settlement Risk
- Operational Risk

PERFORMANCE ASSESSMENT



Arrangements should be in place for:

The formal measurement of performance of the investments, investment managers and advisers. Administering authorities should also periodically make a formal assessment of their own effectiveness as a decision-making body and report on this to scheme members.

- In setting the overall investment objective and asset allocation and in the award of mandates to individual investment managers the Pensions Committee has set benchmarks for each asset class, and out-performance targets. These are set out in the Objectives section.
- The different benchmarks culminate in the specific benchmark for the Fund, which is determined by the core asset allocation, which has been made with reference to the Fund's Investment Objectives.
- The Fund engages the WM Company to provide an independent measurement of investment returns. These are used for comparison purposes against specific and peer group benchmarks. The reporting from the WM Company also comprises performance attribution broken down by asset class, and the impacts of asset allocation and stock selection. The Fund has recently re-negotiated contracts with WM to ensure that information is available for comprehensive monitoring of individual fund managers. The Fund has dedicated internal staff resource to providing timely valuations of its assets.
- The Pensions Committee and IMWP receive WM reports and are therefore able to consider the performance of all asset classes and managers against a variety of time frames on a regular basis. These considerations form the basis of decision making.
- The Fund is aware of the need to monitor transaction costs for external managers and uses Analytics Ltd to monitor the explicit and implicit costs arising from transactions.

PERFORMANCE

ASSESSMENT

- The Fund does not practice soft commissions through its internal managers. Where external managers operate a soft commission policy the Fund has, where possible, set up recapture arrangements.
- The Fund has appointed internal monitoring officers to closely monitor the external managers and ensure compliance with mandates.
- The Investment Monitoring Policy, which can be viewed at: <http://mpfmembers.org.uk/content/fund-policies> establishes the framework for the monitoring of the Fund's internal and external investment managers. This framework is linked into the reporting and governance framework of the Fund and defines a range of status levels linked to management actions, which are assigned to each investment manager. It takes account of quantitative measures, such as performance against benchmark and target, but assessment of status is weighted toward longer-term measures, such as one and three-year annualised returns. The monitoring policy is not felt to be overly prescriptive, as it does allow for qualitative factors to be taken into account in status assessment, as well as flexibility over the range of management actions to be taken and the outcomes expected.
- Neither the Pensions Committee, nor the IMWP, presently undertake a formal self-assessment of their effectiveness as decision-making bodies. Historically, the reasons for this lie in the lack of a suitable framework for conducting such an assessment. However, this position will be reviewed following publication of the CIPFA Pensions Panel's knowledge, skills and competencies framework for elected Members and officers involved in managing the LGPS. Likewise, there is no performance framework in place for monitoring the effectiveness of the Fund's consultants and advisers. However, as these are contractual relationships, they will be subject to a formal review and re-tendering exercise on a five-to-seven yearly cycle.

RESPONSIBLE OWNERSHIP



Administering Authorities should:

Adopt, or ensure their investment managers adopt, the Institutional Shareholders' Committee (ISC) Statement of Principles on the responsibilities of shareholders and agents include a statement of their policy on responsible ownership in the SIP; and report periodically to scheme members on the discharge of such responsibilities.

- Merseyside Pension Fund has long since regarded the fiduciary duty it has toward its stakeholders as fully including a duty of stewardship over the assets owned by the Fund. As the core purpose of the Fund involves being a long-term investor to meet long-term liabilities, the Fund considers it prudent to view the long-term absolute performance of its investments as being subject to a wide range of factors. Such factors, as may not appear to be materially or financially pertinent in the present, may well prove to be so in the future; and, as such, the Fund considers its interests not best served by a disinterested attitude to asset ownership.
- It is a core belief within the investment philosophy of Merseyside Pension Fund that environmental, social and governance (ESG) factors can affect investment performance and, therefore, should be a feature of investment analysis and management. The Fund is mindful of legal opinion on the nature of its fiduciary responsibility and regards the 'Freshfield opinion' (as commissioned by the United Nations Environmental Project Finance Initiative) as being authoritative. This states that it is a breach of fiduciary duty not to have due regard to ESG issues within the framework of investment policy.

RESPONSIBLE OWNERSHIP

- Therefore, the Fund has adopted a policy of responsible investment and, in November 2007, became a signatory to the United Nations Principles for Responsible Investment (UNPRI). The UNPRI are:
 1. Integrate ESG factors into investment analysis and decision-making;
 2. Active ownership - integrating ESG factors into asset ownership;
 3. Seek effective ESG disclosure in investee entities;
 4. Promote acceptance of UNPRI within the investment industry;
 5. Work with others to enhance our effectiveness in implementing the Principles;
 6. Report on our activities and progress toward implementing the Principles.
- The Fund's policy for acting on its UNPRI commitment can be summarized as one of constructive engagement with its investee companies and asset managers on ESG matters; often acting in collaboration with other like-minded investors. Engagement encompasses a broad range of activity, including meaningful dialogue with companies and active use of voting rights. The Fund considers the engagement approach to be best suited to meeting its investment objectives and fulfilling its fiduciary duty to stakeholders; as opposed to an approach based on the positive or negative screening of assets from a portfolio on ESG or ethical grounds. This latter approach could be seen as effectively negating the value of responsible ownership.
- Active use of the voting rights attached to equity shares is the principal tool used in the Fund's engagement strategy. The Fund considers voting rights to be part of the intrinsic value of share ownership; and the use of these rights is an important mechanism for communicating the Fund's views to the management of investee companies. Therefore, the Fund has appointed a specialist adviser (Pensions Investment & Research Consultants Ltd, aka PIRC) to assist in implementing a comprehensive voting policy that covers the Fund's global equities portfolio. The Fund considers PIRC's Global Shareholder Voting Guidelines to insist upon the highest standards of corporate governance and responsibility. Accordingly, MPF's voting policy at all company meetings, in all markets, where it has a vote, is to vote in line with PIRC guidance.

RESPONSIBLE OWNERSHIP

- MPF does not view its voting policy as seeking to enforce a 'tick box' compliance regime within its equity portfolio, but rather as a means of promoting the highest standards of corporate governance. The practical arrangements for implementing the voting policy are determined by the Fund's preference for retaining the beneficial ownership of its equity investments, separate from its investment managers, by using a single global custodian. PIRC are mandated by the Fund to issue voting instructions to the custodian.
- MPF further pursues its engagement strategy through its active membership of the Local Authority Pension Fund Forum (LAPFF). It states its mission thus, "LAPFF exists to promote the investment interests of local authority pension funds, and to maximize their influence as shareholders whilst promoting corporate social responsibility and high standards of corporate governance among the companies in which they invest." The LAPFF membership agree annual research and engagement work-plans that cover a broad range of ESG subjects and are appropriate to the typical member's investment portfolio. LAPFF members then work with a partner organization (PIRC Ltd) to implement these work-plans. The combined ownership influence of LAPFF enables it to conduct high-level engagement with investee companies and policy-makers, both on a sustained long-term basis and with pertinent issues as they arise.
- The Fund recognizes the importance of global climate change and the impact it, and efforts to adapt to and mitigate its effects, will have on its investment strategy. MPF is a member of the Institutional Investors Group on Climate Change (IIGCC), which brings together asset owners and asset managers to catalyse greater investment in a low carbon economy by bringing investors together to use their collective influence with companies, policymakers and investors.

RESPONSIBLE OWNERSHIP

- MPF has taken account of the recommendations of the Walker Review, (http://www.hm-treasury.gov.uk/walker_review_information.htm) and the publication of the Institutional Shareholders' Committee (ISC) Code on the Responsibilities of Institutional Investors. Although Walker's main focus was on the governance of banks and other financial institutions, the Review placed a welcome emphasis on the role of institutional shareholders and their duty of stewardship by recommending adoption of the ISC Code. The ISC Code sets out best practice for institutional investors that choose to engage with the companies in which they invest. The Fund considers that its responsible ownership policy already complies with, and may even exceed, the principles in the ISC Code. However, the Fund believes it has direct relevance for managing its relationships with external investment managers, and will require its managers to state their approach to the ISC Code on a 'comply or explain' basis, while highlighting the Fund's policy on engagement and support for the UNPRI.
- The Fund does not believe that it is necessary, nor practicable, to make responsible ownership an explicit part of its investment manager mandates. It considers that it best promotes its belief in responsible investment, and guards against the dilution of its ownership principles, by urging adoption of the ISC Code and promoting the UNPRI as the highest standard of best practice. Therefore, the Fund's selection criteria for investment manager selection will reflect a preference for investment managers that adopt the ISC Code and are signatories to the UNPRI. MPF wishes to see the consideration of ESG factors, and the fulfillment of a duty of stewardship, become part of the mainstream of investment management practice.
- The Fund will publish annually a Responsible Investment Review. The Review will report on the Fund's activities and progress in implementing its responsible investment policy over the calendar year. This will include disclosure of the Fund's voting record, the activity of LAPFF and IIGCC and a review of the approach of the external investment managers toward responsible investment and ownership practice.

TRANSPARENCY AND REPORTING



Administering Authorities should:

Act in a transparent manner, communicating with stakeholders on issues relating to their management of investments, its governance and risks, including performance against stated objectives; and provide regular communication to scheme members in the form they consider most appropriate.

The decision making structure for the Fund has been set out earlier. The key decision making forum is the Pensions Committee. The minutes of this Committee are available to the public through the Wirral Council website at: <http://www.wirral.gov.uk>.

This SIP will be made available to stakeholders on request and its availability will be publicised through newsletters, the annual conference and on the Fund's Website.

The Fund will also make available other documents relating to investment decision making and performance to interested stakeholders.

In accordance with LGPS (Administration) Regulations 2008, MPF has published a Communications Policy Statement, which can be viewed at: <http://mpfmembers.org.uk/content/fund-policies> , which describes the Fund's policy on:

- Providing information to members, employers and representatives,
- The format, frequency and method of distributing such information,
- The promotion of the Fund to prospective members and their employing bodies.

The Fund recognises the need to communicate its purpose and ethos to a wider body of stakeholders, and in furtherance of this, it has developed a media protocol supported by Wirral Council's corporate communications division. The protocol outlines engagement with local and national media, as well as the pensions and investment industry trade media.

The Fund will continue to develop its website, which it considers to be its primary communications channel.

COMPLIANCE WITH CIPFA PRINCIPLES 2010

Applying the 2008 Myners Principles to the Management of LGPS Funds

1	Effective Decision Making	The Fund is wholly or substantially compliant with the CIPFA principles.
2	Clear Objectives	The Fund is wholly or substantially compliant with the CIPFA principles.
3	Risk and Liabilities	The Fund is wholly or substantially compliant with the CIPFA principles.
4	Performance Assessment	The Fund is substantially compliant with the CIPFA principles.
5	Responsible Ownership	The Fund's policy and practice exceed compliance requirements.
6	Transparency and Reporting	The Fund's policy and practice exceed compliance requirements.

(As approved by Pensions Committee – 20 November 2012)

Merseyside Pension Fund

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ADMINISTERING AUTHORITY



WIRRAL COUNCIL

PENSIONS COMMITTEE

20 NOVEMBER 2012

SUBJECT:	ANNUAL ALLOWANCE TAX CHARGE AND SCHEME PAYS PROCESS
WARDS AFFECTED:	ALL
REPORT OF:	INTERIM DIRECTOR OF FINANCE
RESPONSIBLE PORTFOLIO HOLDER:	
KEY DECISION	NO

1.0 EXECUTIVE SUMMARY

- 1.1 This report seeks Members approval of Merseyside Pension Fund's proposed policy under HM Revenue & Customs (HMRC) Annual Allowance Scheme Pays Process.

2.0 BACKGROUND AND KEY ISSUES

The Annual Allowance and Revised Tax Legislation

- 2.1 The Local Government Pension Scheme is a tax registered defined benefit scheme, and as such, members' pension contributions are deducted before tax and lump sums paid on retirement are tax free. Prior to April 2006, HMRC placed limits on pension benefits that were tax relievable and contributions within the LGPS were limited to 15% with a two thirds limit on pension benefits based on pensionable pay.
- 2.2 HMRC tax simplification legislation with effect from 6 April 2006 replaced the above limit on contributions with the Annual Allowance (AA) which was initially set at £215,000 and introduced a prescriptive methodology to value defined benefit pension growth.
- 2.3 The AA is the amount by which the value of a person's overall pension savings may increase (the Pension Input Amount) in any one year (the Pension Input Period) without having to pay a tax charge. Pension Input Periods in the LGPS run from 1 April to 31 March. This facilitated a significant increase in tax relieved pension contributions and pension growth that a person could achieve each year.
- 2.4 The taxation legislation was amended with effect from 6 April 2011 reducing the AA from £255,000 to £50,000 and revised the method for valuing pension benefits on a more stringent basis to ensure pension tax remained fair, affordable and sustainable.
- 2.5 As a result of this substantial reduction, it is expected that there will be many more people with significant membership who receive pay increases in the region of £10,000, whose benefit accrual could exceed the AA subjecting them to a tax charge.

- 2.6 To reduce the likelihood of tax charges, the legislation contains transitional provisions – if a person’s pension growth for any year is less than £50,000, the unused element can be carried forward for up to three years from 2008/9 to 2010/11.

Administration Requirements - Pension Saving Statements

- 2.7 Where the aggregate of a member’s pension saving in respect of all their arrangements in a given scheme exceeds the annual allowance, the scheme administrator must provide the member, within six months of the end of the tax year (i.e. by 6 October) a pension saving statement showing;
- ❖ the member’s pension growth known or pension input amount for the relevant pension input period and the previous three periods, if known by the scheme;
 - ❖ the annual allowance for the tax year in which the relevant pension input period ends and for the previous three periods.

Scheme Pays

- 2.8 Whilst the Government is committed to restricting tax relief on pension savings, there has been a facility introduced to assist individuals who face tax charges for exceeding the AA. This facility is called the ‘Scheme Pays’ option and permits the member to elect that the pension scheme meets their tax liability in return for a reduction in pension benefits – as opposed to meeting the tax charge from their current income.
- 2.9 The reduction of scheme benefits does not impact on contingent survivor benefits. The tax charge can be met from a member’s AVC pot if there is sufficient value in the AVC fund.
- 2.10 The Local Government Pension Scheme (Miscellaneous) Regulations 2012 made provision to allow Funds to pay the tax charge and for the reduction in accrued pension rights to be calculated in accordance with guidance issued by the Secretary of State. The relevant guidance was issued on 6 September 2012.
- 2.11 It is compulsory for all registered schemes to offer “Scheme Pays”; however, the facility has both a mandatory and voluntary element.

Mandatory Scheme Pays

- 2.12 The compulsory criteria for the LGPS to offer the facility at the request of any member for any tax year from 2011/12 is as follows;:
- ❖ The pension saving within the year running from 1 April to 31 March exceeds £50,000; and
 - ❖ The total tax charges for the member from all schemes exceeds £2,000 for the tax year

The legislation does not provide for the Fund to charge for the calculation and administration work involved in operating the Scheme Pays Option on the basis that it would appear inappropriate if a mechanism designed to help individuals manage the charge would actually increase their overall financial outlay.

Voluntary Scheme Pays

2.13 Individuals with an annual allowance charge of more than £2,000, who have exceeded the annual allowance by virtue of savings across multiple pension schemes, without exceeding it in any one scheme, will be able to request that one of their schemes operates this facility. However, no scheme will be compelled to do so.

Joint and Several Liability

2.14 When a member makes an election requiring the pension scheme to pay the AA charge the scheme and the member will become jointly liable for the tax charge. The scheme must pay the tax but the member will have to report the amount of tax that the scheme will pay on their Self Assessment Tax return. Joint and Several Liability will not apply if the scheme agrees to pay the tax voluntarily and HMRC can not require the scheme to make payment of any unpaid tax.

Annual Allowance Tax Charge

2.15 The tax charge for exceeding the annual allowance is based on the member's rate of marginal income tax. The excess over the annual allowance is classed as income and the charge is the income tax that would be due on that income.

Timeline to invoke Scheme Pays Process

2.16 To prevent individuals from delaying engagement with their schemes and to ensure schemes can comply with deadlines for payment of the tax charge, members will be required to make their irrevocable election for the Fund to pay by 31 July following the relevant Self Assessment filing deadline.

In the first year of this new tax regime the deadline for individuals to make an irrevocable election will be extended to 31 December 2013. The complete timeline to invoke the election in respect of Scheme Pays is attached as Appendix 1.

2.17 When the Fund is required to pay an AA charge liability for a particular tax year the deadline for paying the tax is the second February that follows the end of the tax year to which the liability relates. For example, a liability relating to the 2012-13 tax year, payment must be remitted by 14 February 2015.

2.18 It is the member's responsibility to ensure that the amount of the tax charge is correctly calculated as the Fund will not be in a position to calculate the tax liability given the scheme is not aware of a member's total income and income tax position.

3.0 RELEVANT RISKS

3.1 If the Fund agrees to exercise Scheme Pays on a voluntary basis it could compromise the Fund's ability to demonstrate diligent governance in its fiduciary duty - by reducing cash flows in meeting tax charges relating to non LGPS related pension savings.

3.2 Exercising the voluntary element would also introduce a risk in regard to member disclosure of correct tax charges related to other schemes. If a member does not advise the Fund of the correct tax charge payable, the member's benefits in payment would be reduced to cover the additional tax. The pension payments would then be classed as unauthorised payments and both the member and the Fund would be subject to a surcharge of at least 40% on all future pension payments.

- 3.3 Conversely, the reduction of a member's pension entitlement to meet tax charges also reduces ongoing pension liabilities in relation to that individual. Therefore the 'Scheme Pays' provision can assist moderately in the risk management of the Fund.

4.0 OTHER OPTIONS CONSIDERED

- 4.1 The Option to invoke voluntary options has been considered.

5.0 CONSULTATION

- 5.1 There has been no consultation undertaken or proposed for this report.

6.0 IMPLICATIONS FOR VOLUNTARY, COMMUNITY AND FAITH GROUPS

- 6.1 There are none arising from this report.

7.0 RESOURCE IMPLICATIONS: FINANCIAL; IT; STAFFING; AND ASSETS

- 7.1 The Fund will be required to pay tax charges to HMRC on an annual basis for some members and will not realise the financial benefit for a significant period - until the member is entitled to receipt of the reduced pension.
- 7.2 Scheme Pays is likely to be attractive to many members who are subject to the AA tax charge as the reduction in benefits is taken out of gross funds rather than net income if the tax is paid by the individual through self assessment.
- 7.3 The option to invoke Scheme Pays and the resultant reduction to benefits can have a substantial impact on a member's net benefits.
- 7.4 Staffing resources will be required to ensure the necessary administrative and controls are in place to develop the overall process, specifically the calculation of the benefit reductions and the engagement with members in communicating the impact of any reduction in benefits.
- 7.5 Officers will be monitoring staff resources, and the number of 'pension saving statements' that the Fund must produce for members who exceed the reduced AA.

8.0 LEGAL IMPLICATIONS

- 8.1 There are none arising from this report.

9.0 EQUALITIES IMPLICATIONS

- 9.1 Has the potential impact of your proposal(s) been reviewed with regard to equality?

The Scheme Pays provision has already been assessed by Government with regard to equality.

10.0 CARBON REDUCTION IMPLICATIONS

10.1 None arising from this report

11.0 PLANNING AND COMMUNITY SAFETY IMPLICATIONS

11.1 None arising from this report

12.0 RECOMMENDATION/S

12.1 That Members agree to the officers’ recommendation that the Fund should only exercise the mandatory element of ‘Scheme Pays’.

To clarify, the mandatory option covers circumstances when a tax charge arises when the value of the Annual Allowance attributable to benefits accrued within the LGPS is £50,000 and the tax charge resulting is more than £2,000

Requests from individuals to meet tax charges incurred in non-LGPS related schemes should be refused.

13.0 REASON/S FOR RECOMMENDATION/S

13.1 There is a requirement for Members of the Pension Committee to be kept up to date with legislative developments to carry out their decision making role in order to enable them to make informed decisions.

**REPORT AUTHOR: Yvonne Caddock
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FNCE/190/12

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APPENDICES

1- Timeline of Scheme Pays Process.

REFERENCE MATERIAL

HMRC – Tax guide

SUBJECT HISTORY (last 3 years)

Council Meeting	Date

Appendix 1- Scheme Pays Timeline: The Process

Date	Action
April	<ul style="list-style-type: none"> • HMRC sends notice to the individual to file their tax return for the tax year just ended
April – October	<ul style="list-style-type: none"> • Pension scheme identifies individuals who have exceeded the AA in their Scheme for the tax year just ended • Individual requests a pension statement from their pension scheme(s) where they may not receive it automatically. (Could be at any time in the year)
October	<ul style="list-style-type: none"> • Pension schemes send pension statements covering the tax year just ended and the previous three years to individuals who have exceeded the AA
October onwards	<ul style="list-style-type: none"> • Individual establishes whether they have any pension savings in excess of the AA (after utilising any unused allowance carried forward) • Individual considers whether they want to meet the charge directly from their current income, or from their pension benefits • Individual corresponds with their scheme about making an election, schemes explain potential impacts on pension benefits of meeting an AA liability in this way
January	<ul style="list-style-type: none"> • Individual completed SA tax return and reports the amount to be met from pension benefits • Individual pays the tax charge from their current income where they do not meet the qualifying conditions or where they choose not to make an election
January onwards	<ul style="list-style-type: none"> • Individual notifies the scheme that they have opted to meet their AA liability from their pension benefits (if they have not already done so) • Scheme processes the election, and individual confirms they wish to proceed • Scheme works out the offsetting adjustment to the individual's pension benefits • Scheme informs the member about the impact on their future pension benefits
31st July	<ul style="list-style-type: none"> • Deadline for individual to make the irrevocable election
By December***	<ul style="list-style-type: none"> • Scheme reports the tax to be paid to HMRC on the Accounting for Tax return • Scheme pays the tax to HMRC via the Accounting for Tax system (45 days allowed – up to mid-February)
After January	<ul style="list-style-type: none"> • HMRC compliance checks to match elections with scheme payments • If no payment by the scheme due to no election, charge reverts to the individual and HMRC sends a demand for late paid tax
<p>* In the first year of the regime these figures may be based on estimates ** This deadline will be extended to 31st December 2013 in the first year for the regime *** This deadline will be extended to the Accounting for Tax return quarter ending on 31st March 2014 in the first year of the regime</p>	

WIRRAL COUNCIL

PENSIONS COMMITTEE

20 NOVEMBER 2012

SUBJECT:	LOCAL GOVERNMENT CHRONICLE (LGC) INVESTMENT AWARDS
WARD/S AFFECTED:	NONE
REPORT OF:	INTERIM DIRECTOR OF FINANCE
KEY DECISION? <i>(Defined in paragraph 13.3 of Article 13 'Decision Making' in the Council's Constitution.)</i>	NO

1.0 EXECUTIVE SUMMARY

- 1.1 This report informs members of the submission of an entry for the LGC Investment Awards 2012.
- 1.2 Attendance at the awards ceremony if the Fund is shortlisted should be considered.

2.0 BACKGROUND AND KEY ISSUES

- 2.1 The awards have been held for a number of years and are intended to celebrate the highest levels of achievement in local government pension funds.
- 2.2 The closing date for submission of entries was 12 October and I will provide a verbal update on progress at the meeting. If the Fund is shortlisted, then Members may wish to attend the awards ceremony. The awards are preceded by an afternoon panel discussion entitled "Achieving excellence in the current financial climate".
- 2.3 The awards ceremony is to take place on 11 December at The Royal Garden Hotel, Kensington, London.

3.0 RELEVANT RISKS

- 3.1 There are none arising from this report.

4.0 OTHER OPTIONS CONSIDERED

- 4.1 No other options have been considered.

5.0 CONSULTATION

- 5.1 There has been no consultation undertaken or proposed for this report. There are no implications for partner organisations arising from this report.

6.0 IMPLICATIONS FOR VOLUNTARY, COMMUNITY AND FAITH GROUPS

- 6.1 There are none arising from this report.

7.0 RESOURCE IMPLICATIONS: FINANCIAL; IT; STAFFING; AND ASSETS

7.1 There was no charge for entering the awards competition or for attendance at the awards ceremony. The cost of travel to London and overnight accommodation can be met from within the existing budget provision.

8.0 LEGAL IMPLICATIONS

8.1 There are none arising from this report

9.0 EQUALITIES IMPLICATIONS

9.1 Has the potential impact of your proposal(s) been reviewed with regard to equality?

(b) No because there is no relevance to equality.

10.0 CARBON REDUCTION IMPLICATIONS

10.1 There are no carbon usage implications, nor any other relevant environmental issues arising from this report.

11.0 PLANNING AND COMMUNITY SAFETY IMPLICATIONS

11.1 There are none arising from this report.

12.0 RECOMMENDATION/S

12.1 That Committee consider attendance at the awards ceremony on 11 December.

13.0 REASON/S FOR RECOMMENDATION/S

13.1 To ensure that, if shortlisted, the Fund is represented at the awards ceremony.

REPORT AUTHOR: *PETER WALLACH*
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FNCE/197/12

APPENDICES

None

REFERENCE MATERIAL

SUBJECT HISTORY (last 3 years)

Council Meeting	Date

Equality Impact Assessment Toolkit (from May 2012)

Section 1: Your details

EIA lead Officer:

Email address:

Head of Section:

Chief Officer:

Department:

Date:

Section 2: What Council proposal is being assessed?

Section 2b: Will this EIA be submitted to a Cabinet or Overview & Scrutiny Committee?

Yes / No

If 'yes' please state which meeting and what date

.....

Please add hyperlink to where your EIA is/will be published on the Council's website (see your Departmental Equality Group Chair for appropriate hyperlink)

.....

Section 3: Does the proposal have the potential to affect..... (please tick relevant boxes)

- Services**
- The workforce**
- Communities**
- Other** (please state eg: Partners, Private Sector, Voluntary & Community Sector)

If you have ticked one or more of above, please go to section 4.

- None** (please stop here and email this form to your Chief Officer who needs to email it to equalitywatch@wirral.gov.uk for publishing)

Section 4: Does the proposal have the potential to maintain or enhance the way the Council (please tick relevant boxes)

- Eliminates unlawful discrimination, harassment and victimisation
- Advances equality of opportunity
- Fosters good relations between groups of people

If you have ticked one or more of above, please go to section 5.

- No** (please stop here and email this form to your Chief Officer who needs to email it to equalitywatch@wirral.gov.uk for publishing)

Section 5:

Could the proposal have a positive or negative impact on any of the protected groups (race, gender, disability, gender reassignment, age, pregnancy and maternity, religion and belief, sexual orientation, marriage and civil partnership)?

You may also want to consider socio-economic status of individuals.

Please list in the table below and include actions required to mitigate any potential negative impact.

Which group(s) of people could be affected	Potential positive or negative impact	Action required to mitigate any potential negative impact	Lead person	Timescale	Resource implications

Section 5a: **Where and how will the above actions be monitored?**

Section 5b: **If you think there is no negative impact, what is your reasoning behind this?**

Section 6: **What research / data / information have you used in support of this process?**

Section 7: **Are you intending to carry out any consultation with regard to this Council proposal?**

Yes / No – (please delete as appropriate)

If ‘yes’ please continue to section 8.

If ‘no’ please state your reason(s) why:

(please stop here and email this form to your Chief Officer who needs to email it to equalitywatch@wirral.gov.uk for publishing)

Section 8: How will consultation take place and by when?

Before you complete your consultation, please email your preliminary EIA to equalitywatch@wirral.gov.uk via your Chief Officer in order for the Council to ensure it is meeting it's legal requirements. The EIA will be published with a note saying we are awaiting outcomes from a consultation exercise.

Once you have completed your consultation, please review your actions in section 5. Then email this form to your Chief Officer who needs to email it to equalitywatch@wirral.gov.uk for re-publishing.

Section 9: Have you remembered to:

- a) **Add appropriate departmental hyperlink to where your EIA is/will be published (section 2b)**
- b) **Include any potential positive impacts as well as negative impacts? (section 5)**
- c) **Send this EIA to equalitywatch@wirral.gov.uk via your Chief Officer?**
- d) **Review section 5 once consultation has taken place and sent your completed EIA to equalitywatch@wirral.gov.uk via your Chief Officer for re-publishing?**

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WIRRAL COUNCIL

PENSIONS COMMITTEE

25 JUNE 2012

SUBJECT:	GIFTS AND HOSPITALITY POLICY
WARD/S AFFECTED:	NONE
REPORT OF:	INTERIM DIRECTOR OF FINANCE
KEY DECISION? <i>(Defined in paragraph 13.3 of Article 13 'Decision Making' in the Council's Constitution.)</i>	NO

1.0 EXECUTIVE SUMMARY

- 1.1 This report responds to the recent review of the Council's gifts and hospitality procedure by Audit Commission, clarifies arrangements at Merseyside Pension Fund and proposes revised reporting arrangements to improve clarity and transparency for other stakeholders in the Fund.
- 1.2 It is also proposed that the Fund's arrangements are accepted as non-binding, best practice guidance for those members of Committee who are otherwise not subject to personal conduct arrangements.

2.0 BACKGROUND AND KEY ISSUES

- 2.1 In its report, Audit Commission referred to differences in guidance between arrangements pertaining at MPF and Wirral Council as "more permissive" and recommended that any differences are agreed. It confirmed that arrangements at the Fund, set out in the Compliance Manual, had been approved by Pensions Committee.
- 2.2 The guidance contained within the compliance manual is not intended to be "more permissive" than the Wirral guidance but gives direction as to the way in which the Chief Officer's discretion is generally exercised, reflecting industry best practice. Staff are still required to exercise their own judgment and comply with Wirral's policy. The only difference is the 'de minimus' limit for declaration which was put in place to reduce the administrative burden of recording the many trivial promotional gifts received by officers. The £25 limit was set with reference to arrangements pertaining to elected members and is below that set by the Financial Services Authority (£30).
- 2.3 An extract from the pension fund's compliance manual, setting out this guidance follows:

Gifts & Hospitality

The Council's policy in respect of gifts and hospitality is set out in full on the intranet and must be adhered to, along with the following guidance. For Fund employees, no employee or connected person may accept from any person any gift/hospitality or other benefit unless it is abundantly clear that, taking into account:

- the value of the gift/hospitality, and the circumstances in which it was given,
- there could be no suspicion in any one's mind that the recipient might be tempted to favour the giver to the prejudice of the Fund's interest.

In deciding whether or not it is appropriate to accept any gift or hospitality the following guidelines should be taken into account;

(a) There should be no cause for concern where an offer of hospitality is made by another non-commercial public body or one of its officers.

(b) Normal business courtesies, for example lunch and dinner invitations may be accepted where these follow or form part of a business meeting.

(c) Small gifts of modest value such as diaries and calendars may be accepted.

Hospitality/Entertainment is sometimes offered to senior officers as official representatives of the Fund and may be accepted in the following circumstances:

(a) If the Director of Finance can justify acceptance in the context of fulfilling duties as a representatives of the Fund e.g. speaking at a public conference or representing the Fund at business meetings.

(b) If the extent of the hospitality/entertainment is reasonable and is likely to be regarded as a normal part of the courtesies of public life e.g. a lunch or dinner invitation or social event offered at a conference or similar event to participants generally.

(c) If details of the hospitality/entertainment are recorded as soon as practicable in a register to be maintained by the Head of Pension Fund PA, reviewed by the Fund Accountant (Compliance).

Regarding hospitality, where an invitation is to an event involving a number of clients, there is unlikely to be an issue as organisations regulated by the FSA must, themselves, comply with the criteria issued by the FSA. Where an invitation is personal, greater discretion should be exercised. In all cases, where an organisation is seeking work or is likely to be tendering for a contract within six months, or there is a risk of a conflict of interest (actual or perceived), acceptance should be avoided.

When an unacceptable gift is received without warning, this should immediately be reported to the Fund Accountant (Compliance) who will decide whether the gift should be returned.

In some circumstances, individuals may consider a donation to the Mayor's Fund to be appropriate and, in attendance, should also evaluate the split between work and personal time.

Procedure for declaration

Prior approval must be sought from the Director of Finance prior to acceptance of any hospitality.

Gifts and hospitality must be reported to Compliance on the appropriate form if they are above the monetary limits for reporting or if there are circumstances which a reasonable person might conclude would require reporting to Compliance.

The description of the gift/hospitality needs to be sufficient to allow a third party to assess accurately what the gift/hospitality is and to attribute a fair market value to it where this is not immediately obvious. It should also be recorded on the form whether events are group or individual events.

Compliance will not normally consider it necessary to report a gift or hospitality unless it exceeds £25 in value or, in aggregate, gifts or hospitality received from the same party over 6 months, exceeds £50 in value.

Employees are required to make a return on a monthly basis. Forms (see appendix 5) are available at [Gifts-Hospitality notification form](#). Returns should be submitted to the Head Of Pension Fund PA within 10 days of each month end and reviewed by the Fund Accountant (Compliance). They must include evidence of approval. The HOPF PA will also send the hospitality forms on to Wirral Council's Administration and Performance team who maintain a central register of all hospitality accepted/declined for the Finance department. This register is reviewed by the Deputy Director of Finance every six months.

The Fund Accountant (Compliance) will review the returned forms and report to the Group Accountant on non-returned items and items which raise concern.

Nil returns and notification of hospitality offers received and declined are required.

Roles on Boards

Employees may not accept roles on boards without prior written permission from the Director of Finance. The Fund Accountant (Compliance) must be informed immediately after permission has been granted/refused and evidence of the DoF's decision must be given to the Fund Accountant (Compliance) at the time of notification. All meetings attended must be disclosed to the Fund Accountant (Compliance) in advance of the meeting and all hospitality, travel and accommodation expenses, reimbursed out of pocket expenses and any salary must be declared to the Fund Accountant (Compliance) via email within one month of the meeting taking place.

- 2.4 It will be apparent from this guidance that, over and above what might normally be construed as hospitality, officers at the Fund have declared as hospitality, reimbursement of expenses when attending advisory board meetings or speaking/lecturing at conferences. Equally, the Fund has investments with a range of managers, many of whom hold annual investor conferences to which existing and potential investors are invited and some or all of the costs of attending are covered.

Wirral's policy exempts lecturing from the gifts and hospitality policy and it would be reasonable to view some of the activities above as comparable.

Industry conferences attended by officers and Members invariably involve the provision of hospitality/entertainment to attendees. It is usual for managers to extend lunch or dinner invitations when officers undertake monitoring /update meetings.

A number of these activities benefit the Fund by defraying subsistence costs that would otherwise be incurred. Attendance at conferences is also recognised as an important element of Continuous Professional Development (CPD) and fulfils requirements under the CIPFA Knowledge and Skills Framework.

The Financial Services Authority regulates the activities of the Fund's counterparties through a number of avenues:

- The Conduct of Business Sourcebook provides, in COBS 2.3, guidance on Inducements
- Its March 2012 guidance on the anti-bribery and corruption legislation
- Ongoing consultation on "Proposed Guidance for and amendments to 'Financial Crime: a guide for firms'".

The Fund's accounts now include a detailed note on advisory board meetings attended and expenditure reimbursed.

- 2.5 The report by Audit Commission did not differentiate between those activities which involved the reimbursement of expenses/defrayal of costs, and those which were actual hospitality. To avoid unnecessary criticism of the Authority in future, and in the interests of transparency, it therefore seems appropriate that:

Gifts and hospitality continue to be declared in accordance with Wirral's procedures, subject to the £25 "de minimus".

It is acknowledged that reimbursement of expenditure, the defrayal of costs or attendance at industry events is not deemed to be hospitality and the activities in section 2.4 will, therefore, be reported to this Committee annually.

It is accepted that the guidance in the Compliance Manual reflects best practice as set out by the Financial Services Authority and is appropriate to the Pension Fund's business needs.

3.0 RELEVANT RISKS

- 3.1 A failure to recognise and allow for the differences of the Fund's business activities may inhibit the Fund's training and monitoring arrangements and incur additional cost.

4.0 OTHER OPTIONS CONSIDERED

- 4.1 No other options have been considered.

5.0 CONSULTATION

- 5.1 There has been no consultation undertaken or proposed for this report. There are no implications for partner organisations arising from this report.

6.0 IMPLICATIONS FOR VOLUNTARY, COMMUNITY AND FAITH GROUPS

- 6.1 There are none arising from this report.

7.0 RESOURCE IMPLICATIONS: FINANCIAL; IT; STAFFING; AND ASSETS

7.1 Although transport and accommodation costs are modest in relation to the Fund's budget, officers are able to defray monitoring and training costs by participating on advisory boards and in conferences.

8.0 LEGAL IMPLICATIONS

8.1 There are none arising from this report

9.0 EQUALITIES IMPLICATIONS

9.1 Has the potential impact of your proposal(s) been reviewed with regard to equality?

(b) No because there is no relevance to equality.

10.0 CARBON REDUCTION IMPLICATIONS

10.1 There are no carbon usage implications, nor any other relevant environmental issues arising from this report.

11.0 PLANNING AND COMMUNITY SAFETY IMPLICATIONS

11.1 There are none arising from this report.

12.0 RECOMMENDATION/S

12.1 That Members approve the following actions:

Gifts and hospitality are declared in accordance with Wirral's procedures (subject to the £25 "de minimus") and reported to this Committee annually.

It is acknowledged that reimbursement of expenditure, the defrayal of costs or attendance at industry events is not deemed to be hospitality but is reported to Committee as set out in section 2.5.

It is accepted that the guidance in the Compliance Manual reflects the practicalities of the Pension Fund's business needs and that this is reflected by Wirral in its overall governance arrangements.

The Fund's arrangements are accepted as non-binding, best practice guidance for those members of Committee who are otherwise not subject to personal conduct arrangements.

The arrangements agreed at this meeting are reflected in the Fund's guidance and the Compliance Manual, appropriately revised, is brought to a future meeting of this Committee for approval.

13.0 REASON/S FOR RECOMMENDATION/S

13.1 Response to the 2011/12 Audit Commission report to Wirral Council.

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FNCE/192/12

APPENDICES

Appendix 1. Wirral's gifts and hospitality procedures.

REFERENCE MATERIAL

SUBJECT HISTORY (last 3 years)

Council Meeting	Date
Audit & Risk Management Committee	19 September 2012

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Gifts And Hospitality

For information on providing hospitality see section in [Travel & Subsistence](#).

Employees should be extremely careful about accepting gifts and hospitality (including entertainment). Acceptance of gifts and hospitality in inappropriate circumstances can lead to allegations of impropriety or even criminal charges. The law relating to corruption is set out in the Public Bodies Corrupt Practices Act 1889, the 1905 and 1916 Prevention of Corruption Acts and the Local Government Act 1972. In essence it is a criminal offence under the 1889-1916 legislation to corruptly receive directly or indirectly (or give) any gift, loan, fee, reward or advantage as an inducement or reward to do or not do anything as the officer of a local authority. Under the 1972 Act it is a criminal offence for an officer to accept any fee or reward, other than proper remuneration under cover of his/her office or employment.

The general approach of the Prime Minister's Committee on Local Government Rules of Conduct to the problem of gifts and hospitality is put in the following terms:

"Another particular source of conflict between the private and the public interest is the offer of gifts, hospitality or other benefits in kind to Councillors in connection with their official duties. A nice exercise of judgment may sometimes be necessary to decide how the public interest, and the authority's good name, may best be served. A reasonable amount of entertainment is a normal part of the courtesies of public life, and extreme strictness can give unnecessary offence to people and organisations with whom the authority's relationships should be cordial. But an appearance of improper influence is easily created and with it encouragement of cynicism about the motives of those who serve in local government."

In the light of the above the following rules have been developed to ensure that employees' conduct is beyond reproach.

Gifts

With the exceptions listed below, an employee should refuse any personal gift (including cash) offered to him/her or to a member of his/her family by any person who has, or seeks, dealings with the Authority, and the offer should be reported to the Chief Officer of the department concerned.

1. A trivial gift of promotional character given to a wide range of people and not uniquely to the employees. These gifts are usually given at Christmas time and include calendars, diaries, desk charts, flow charts, tape measures, scales and other articles of use in the office or for the job.
2. Trivial gifts on the conclusion of any courtesy visit to a factory or firm of a sort normally given by that firm.

Obviously it is wise to err on the side of caution; and obviously an expensive gift should raise a question, even if it otherwise falls within one of the above categories. If in doubt, the advice of the superior officer should be sought. When a gift is to be refused, this should be done with tact because the offering of gifts is common practice in the commercial world. However, occasionally it may be appropriate with the agreement of the Chief Officer to pass on a gift or cash to the Mayor to receive on behalf of the Council or to a reputable charity to avoid giving offence.

Hospitality/Entertainment

Hospitality/Entertainment is sometimes offered to senior officers as official representatives of the Authority and may be accepted in the following circumstances:

1. if the appropriate Chief Officer can justify acceptance in the context of fulfilling duties as a representative of the Authority;
2. if the extent of the hospitality/entertainment is reasonable and is likely to be regarded as a normal part of the courtesies of public life;
3. if details of the hospitality/entertainment are recorded as soon as practicable in a register to be maintained by each Chief Officer.

However, special caution is needed where the host is a private individual or seeking to do business with the Authority or to obtain a decision from it or has been involved with the Authority commercially. It is important to avoid any suggestion of undue influence and therefore in these circumstances hospitality/entertainment should normally be avoided with the exception of modest refreshments provided during discussions/negotiations. Again, any hospitality/entertainment received should be registered.

Any breach of these guidelines could result in disciplinary action being taken.

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WIRRAL COUNCIL

PENSIONS COMMITTEE

20TH NOVEMBER 2012

SUBJECT:	CUNARD BUILDING
WARD/S AFFECTED:	ALL
REPORT OF:	INTERIM DIRECTOR OF FINANCE
RESPONSIBLE PORTFOLIO HOLDER:	CLLR PATRICIA GLASMAN
KEY DECISION?	NO

1.0 EXECUTIVE SUMMARY

- 1.1 The purpose of this report is to present Members with an update on work that has been undertaken since the last Pensions Committee on the Cunard and to ask that Members provide guidance for officers in their assessment of the pending report from CBRE.
- 1.2 The appendix to the report, update and proposed framework, contains exempt information. This is 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).

2.0 BACKGROUND AND KEY ISSUES

- 2.1 Members will be aware of the previous reports to this committee, the on-going study being undertaken by CBRE and the recently announced 15 year plan for Liverpool city centre which includes a vision for the waterfront.
- 2.2 The CBRE report is expected to be received in December and will be taken to January Pensions Committee.
- 2.3 The attached appendix sets out the options previously considered by Committee and summarises progress since that time.

3.0 RELEVANT RISKS

- 3.1 Set out in appendix 2.

4.0 OTHER OPTIONS CONSIDERED

- 4.1 Not relevant for this report as it is not recommending a course of action at this time.

5.0 CONSULTATION

- 5.1 Not relevant for this report

6.0 IMPLICATIONS FOR VOLUNTARY, COMMUNITY AND FAITH GROUPS

- 6.1 There are no implications arising directly from this report

7.0 RESOURCE IMPLICATIONS: FINANCIAL; IT; STAFFING; AND ASSETS

7.1 There are none arising directly from this report

8.0 LEGAL IMPLICATIONS

8.1 There are no implications arising directly from this report.

9.0 EQUALITIES IMPLICATIONS

9.1 Has the potential impact of your proposal(s) been reviewed with regard to equality?

(b) No because there is no relevance to equality.

10.0 CARBON REDUCTION IMPLICATIONS

10.1 There are no carbon usage implications, nor any other relevant environmental issues arising from this report.

11.0 PLANNING AND COMMUNITY SAFETY IMPLICATIONS

11.1 There are no planning or community safety implications arising from this report.

12.0 RECOMMENDATIONS

12.1 That the Pensions Committee notes progress with the Cunard Building, the implications of certain options and provides guidance for officers in their consideration of proposals relating to the Cunard Building ahead of the report from CBRE.

12.2 A further report will be brought to Pensions Committee in January.

13.0 REASONS FOR RECOMMENDATION

13.1 The reasons for the recommendation is that Members have requested regular updates on this issue.

REPORT AUTHOR: Peter Wallach
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FNCE/194/12

APPENDICES

TWO

REFERENCE MATERIAL

Internal working papers and Regulatory guidelines.

SUBJECT HISTORY (last 3 years)

Council Meeting	Date
PENSIONS COMMITTEE CUNARD BUILDING	25 JUNE 2012
PENSIONS COMMITTEE CUNARD BUILDING	20 MARCH 2012
PENSIONS COMMITTEE CUNARD BUILDING REFURBISHMENT	23 MARCH 2010

WIRRAL COUNCIL

PENSIONS COMMITTEE

20 NOVEMBER 2012

SUBJECT:	LOCAL GOVERNMENT CHRONICLE (LGC) INVESTMENT AWARDS
WARD/S AFFECTED:	NONE
REPORT OF:	INTERIM DIRECTOR OF FINANCE
KEY DECISION? <i>(Defined in paragraph 13.3 of Article 13 'Decision Making' in the Council's Constitution.)</i>	NO

1.0 EXECUTIVE SUMMARY

- 1.1 This report informs members of the submission of an entry for the LGC Investment Awards 2012.
- 1.2 Attendance at the awards ceremony if the Fund is shortlisted should be considered.

2.0 BACKGROUND AND KEY ISSUES

- 2.1 The awards have been held for a number of years and are intended to celebrate the highest levels of achievement in local government pension funds.
- 2.2 The closing date for submission of entries was 12 October and I will provide a verbal update on progress at the meeting. If the Fund is shortlisted, then Members may wish to attend the awards ceremony. The awards are preceded by an afternoon panel discussion entitled "Achieving excellence in the current financial climate".
- 2.3 The awards ceremony is to take place on 11 December at The Royal Garden Hotel, Kensington, London.

3.0 RELEVANT RISKS

- 3.1 There are none arising from this report.

4.0 OTHER OPTIONS CONSIDERED

- 4.1 No other options have been considered.

5.0 CONSULTATION

- 5.1 There has been no consultation undertaken or proposed for this report. There are no implications for partner organisations arising from this report.

6.0 IMPLICATIONS FOR VOLUNTARY, COMMUNITY AND FAITH GROUPS

- 6.1 There are none arising from this report.

7.0 RESOURCE IMPLICATIONS: FINANCIAL; IT; STAFFING; AND ASSETS

7.1 There was no charge for entering the awards competition or for attendance at the awards ceremony. The cost of travel to London and overnight accommodation can be met from within the existing budget provision.

8.0 LEGAL IMPLICATIONS

8.1 There are none arising from this report

9.0 EQUALITIES IMPLICATIONS

9.1 Has the potential impact of your proposal(s) been reviewed with regard to equality?

(b) No because there is no relevance to equality.

10.0 CARBON REDUCTION IMPLICATIONS

10.1 There are no carbon usage implications, nor any other relevant environmental issues arising from this report.

11.0 PLANNING AND COMMUNITY SAFETY IMPLICATIONS

11.1 There are none arising from this report.

12.0 RECOMMENDATION/S

12.1 That Committee consider attendance at the awards ceremony on 11 December.

13.0 REASON/S FOR RECOMMENDATION/S

13.1 To ensure that, if shortlisted, the Fund is represented at the awards ceremony.

REPORT AUTHOR: *PETER WALLACH*
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FNCE/197/12

APPENDICES

None

REFERENCE MATERIAL

SUBJECT HISTORY (last 3 years)

Council Meeting	Date

Equality Impact Assessment Toolkit (from May 2012)

Section 1: Your details

EIA lead Officer:

Email address:

Head of Section:

Chief Officer:

Department:

Date:

Section 2: What Council proposal is being assessed?

Section 2b: Will this EIA be submitted to a Cabinet or Overview & Scrutiny Committee?

Yes / No

If 'yes' please state which meeting and what date

.....

Please add hyperlink to where your EIA is/will be published on the Council's website (see your Departmental Equality Group Chair for appropriate hyperlink)

.....

Section 3: Does the proposal have the potential to affect..... (please tick relevant boxes)

- Services**
- The workforce**
- Communities**
- Other** (please state eg: Partners, Private Sector, Voluntary & Community Sector)

If you have ticked one or more of above, please go to section 4.

- None** (please stop here and email this form to your Chief Officer who needs to email it to equalitywatch@wirral.gov.uk for publishing)

Section 4: Does the proposal have the potential to maintain or enhance the way the Council (please tick relevant boxes)

- Eliminates unlawful discrimination, harassment and victimisation
- Advances equality of opportunity
- Fosters good relations between groups of people

If you have ticked one or more of above, please go to section 5.

- No** (please stop here and email this form to your Chief Officer who needs to email it to equalitywatch@wirral.gov.uk for publishing)

Section 5:

Could the proposal have a positive or negative impact on any of the protected groups (race, gender, disability, gender reassignment, age, pregnancy and maternity, religion and belief, sexual orientation, marriage and civil partnership)?

You may also want to consider socio-economic status of individuals.

Please list in the table below and include actions required to mitigate any potential negative impact.

Which group(s) of people could be affected	Potential positive or negative impact	Action required to mitigate any potential negative impact	Lead person	Timescale	Resource implications

Section 5a: Where and how will the above actions be monitored?

Section 5b: If you think there is no negative impact, what is your reasoning behind this?

Section 6: What research / data / information have you used in support of this process?

Section 7: Are you intending to carry out any consultation with regard to this Council proposal?

Yes / No – (please delete as appropriate)

If 'yes' please continue to section 8.

If 'no' please state your reason(s) why:

(please stop here and email this form to your Chief Officer who needs to email it to equalitywatch@wirral.gov.uk for publishing)

Section 8: How will consultation take place and by when?

Before you complete your consultation, please email your preliminary EIA to equalitywatch@wirral.gov.uk via your Chief Officer in order for the Council to ensure it is meeting it's legal requirements. The EIA will be published with a note saying we are awaiting outcomes from a consultation exercise.

Once you have completed your consultation, please review your actions in section 5. Then email this form to your Chief Officer who needs to email it to equalitywatch@wirral.gov.uk for re-publishing.

Section 9: Have you remembered to:

- a) **Add appropriate departmental hyperlink to where your EIA is/will be published (section 2b)**
- b) **Include any potential positive impacts as well as negative impacts? (section 5)**
- c) **Send this EIA to equalitywatch@wirral.gov.uk via your Chief Officer?**
- d) **Review section 5 once consultation has taken place and sent your completed EIA to equalitywatch@wirral.gov.uk via your Chief Officer for re-publishing?**

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**WIRRAL COUNCIL
PENSION COMMITTEE
20 NOVEMBER 2012**

SUBJECT:	ADMISSION BODY APPLICATION MELLORS CATERING SERVICES LTD LIVERPOOL CITY COUNCIL – CATERING
WARDS AFFECTED:	ALL
REPORT OF:	DIRECTOR OF FINANCE
RESPONSIBLE PORTFOLIO HOLDER:	
KEY DECISION? <i>(Defined in paragraph 13.3 of Article 13 'Decision Making' in the Council's Constitution.)</i>	NO

1.0 EXECUTIVE SUMMARY

- 1.1 This report informs members of my decision taken under delegation to approve the application received from Mellors Catering Services Limited for admission to Merseyside Pension Fund as a Transferee Admission Body. The company has secured a catering contract with Liverpool City Council for a period of 3 years and 8 months with effect from 11th February 2012.
- 1.2 The appendix attached to the report contains exempt information. This is 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)

2.0 BACKGROUND

- 2.1 The application is to provide pension provision for 1 transferred staff member who was previously employed by Liverpool City Council and wishes to continue to participate in the local government pension scheme.
- 2.2 Mellors Catering Services Ltd is a private Limited Company, with a Company number of 07717083 and the date of incorporation was 25 July 2011.
- 2.3 The principal activity of the company is the provision of catering facilities on the premises of third parties.

3.0 RELEVANT RISKS

- 3.1 The potential risk of financial loss to the Fund resulting from the admittance of the company is mitigated by virtue of Regulation 38(3) (a) of the Local Government Pension (Administration) Regulations 2008. Liverpool City Council would be responsible for any outstanding contributions on the closure of the body which may not be recoverable from the contractor or the bond provider.

4.0 OTHER OPTIONS CONSIDERED

- 4.1 The contractor's preferred route in accordance with the Statutory Best Value Authorities Staff Transfer (Pension) Direction 2007 on staff Transfers was to secure admitted body status as an alternative to the provision of a comparable pension scheme.

5.0 CONSULTATION

- 5.1 No consultation required as staff retained access to the LGPS.

6.0 IMPLICATIONS FOR VOLUNTARY, COMMUNITY AND FAITH GROUPS

- 6.1 None arising from this report.

7.0 RESOURCE IMPLICATIONS: FINANCIAL; IT; STAFFING; AND ASSETS

- 7.1 The transfer of past service liabilities are to proceed on a fully funded basis and will have no immediate impact on Liverpool City Council's current assessed contribution rate.
- 7.2 Any outstanding contributions either not recovered from the contractor or any bond provision at closure will ultimately fall to Liverpool City Council.

8.0 LEGAL IMPLICATIONS

- 8.1 The Legal documents to be drafted and approved by Wirral's Legal Department.

9.0 EQUALITIES IMPLICATIONS

- 9.1 Has the potential impact of your proposal(s) been reviewed with regard to equality?

No, as there are no equalities implications as employees retain access to the LGPS.

10.0 CARBON REDUCTION IMPLICATIONS

- 10.1 None arising from this report.

11.0 PLANNING AND COMMUNITY SAFETY IMPLICATIONS

- 11.1 None arising from this report.

12.0 RECOMMENDATION/S

12.1 It is recommended that the members of the Pension Committee note the approval of the application for admission to the Merseyside Pension Fund of Mellors Catering Services Ltd.

13.0 REASON/S FOR RECOMMENDATION/S

13.1 The application for admission meets all prescribed regulatory and financial requirements under the Local Pension Scheme Regulations and the appropriate supporting documentation has been received and approved by the Fund's Legal Monitoring Officer. All parties to the agreement are legally enforced to comply with the governance policy of Merseyside Pension Fund.

REPORT AUTHOR: YVONNE CADDOCK
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FNCE/191/12

APPENDICES

Exempt Appendix included in committee papers.

REFERENCE MATERIAL

The report produced by Mercer Limited the Fund Actuary, dated 21 August 2012, was used in producing this report.

SUBJECT HISTORY (last 3 years)

Council Meeting	Date

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