

PENSIONS COMMITTEE

Monday, 17 November 2014

Present:

Councillor P Doughty (Chair)

Councillors AR McLachlan H Smith
G Davies G Watt
T Johnson C Povall
AER Jones

Councillors J Fulham, St Helens Council
N Keats, Knowsley Council
P McCarthy, (NonDistrict Council Employers)

P Goodwin, Unison
P Wiggins, Unison

Apologies

Councillors N Crofts
P Tweed

50 MEMBERS' CODE OF CONDUCT - DECLARATIONS OF INTEREST

Members were asked if 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 Paul Doughty declared a pecuniary interest by virtue of his wife being a member of Merseyside Pension Fund.

Councillor George Davies declared a pecuniary interest by virtue of his wife being a member of Merseyside Pension Fund

Councillor John Fulham declared a pecuniary interest by virtue of being a member of Merseyside Pension Fund.

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

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

51 MINUTES

Resolved – That the accuracy of the Minutes of the Pensions Committee held on 1 July, 2014 be approved as a correct record.

52 LGPS UPDATE

A report of the Strategic Director of Transformation and Resources informed Members of the Government consultation on the next iteration of the draft Local Government Pension Scheme (Amendment) (Governance) Regulations 2014.

Yvonne Caddock, Principal Pension Officer, attended the meeting to present the report and responded to members questions.

It was reported that Governance and structural arrangements in the Local Government Pension Scheme were under considerable scrutiny as a result of increasing pressure on public sector finances. The overriding governance framework emanated from the Public Service Pensions Act (the Act) and the Government were leading the review of the Scheme structure.

In compliance with the Act, DCLG on 10 October 2014 had published the second issue of the draft regulations relating to 'Governance and Accountability'.

DCLG had decided to carry out a further consultation on the implementation of a local Pension Board and the national Scheme Advisory Board as revisions had been made to the initial draft, following comments received from the Shadow Scheme Advisory Board and other parties.

In addition to addressing the Governance requirements, the consultation also set out proposals in relation to how the future service costs of the Scheme would be controlled for employers and taxpayers. The draft regulations also included the provision for the appointment of a 'national Scheme actuary'.

The consultation document could be accessed from the following link:

https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/362353/LG_Pension_Scheme_-_Consultation.pdf

The key changes from the earlier draft provisions were outlined and in response to questions it was reported that the comments submitted into the consultation in June were now reflected in the revised Regulations. Members were also informed that past service deficits were outside of the cost management tool but a recommendation had been made to set up a working party to look at potential solutions to the issue of past service deficits. It was further reported that it was the intention that the actual regulations would come into force from 1 January 2015 to allow each LGPS Administering Authority to create a LPB by 1 April 2015 as required by the Act.

Resolved – That the report be noted.

53 CREATION OF NEW PENSION BOARD

Members considered a report that provided an update on the requirement placed upon the Administering Authority to establish a local Pension Board. It was reported that the Pension Board must be established in accordance with the Public Service Pensions Act 2013 and the national statutory governance framework delivered through the LGPS Regulations and guidance issued by the Scheme Advisory Board.

The draft LGPS Regulations provided a flexible approach for the creation of Pension Boards that was mirrored within the draft Statutory guidance. The objective of the

guidance was to provide administering authorities with the means to establish a local Pension Board that delivered improved accountability without restricting the flexibility of the regulations.

Yvonne Caddock, Principal Pension Officer, attended the meeting and informed the Committee the requirements of the Act and noted that the primary objective of the Pension Board was to raise the standard of management and administration of public service pension schemes and to achieve more effective representation of employer and employee interests in the Scheme. Members were also provided with details of Pension Board Requirements and informed that the Scheme Advisory Board had produced draft guidance that complemented the regulations; that outlined best practice for the creation and operation of the Pension Board. The guidance could be accessed from the following link: <http://www.lgpsboard.org/index.php/about-the-board/board-consultations>.

The key stages to implementing the Pension Board were set out in the report and it was noted that the Pension Board must be established no later than 1 April 2015. There was a consensus view informed by LGA that the Administering Authority must have approved the composition and terms of reference of the local Pension Board, but it did not necessarily mean that it has to be fully operational by this date. It was however anticipated that the Pension Board should be operational within a reasonably practicable period after 1 April 2015 (being no more than 4 months later than that date). In response to questions from members Yvonne Caddock confirmed that members of the Pensions Committee would not be allowed to sit on the Pensions Board as there would be a conflict of interest as the Board would be required to scrutinise the decisions that the Pensions Committee had made in its role as Scheme Manager.

Resolved – That;

- 1. the contents of the report and in particular the requirements for the Council to establish a Pension Board by 1 April 2015 be noted.**
- 2. fund officers be authorised to work with the Administering Authority to develop arrangements for the establishment of a Pensions Board which ensured that the requirements in the guidance issued by the Secretary of State were fulfilled. Details of those arrangements would be reported to a future meeting of the Pensions Committee.**

54 **AUTHORISED SIGNATORIES**

A report of the Strategic Director of Transformation and Resources set out proposed changes to authorised signatories at Merseyside Pension Fund (MPF) following the completion of the appointment of the Investment Manager, Alternatives.

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

The report also formed a part of the Fund's scheme of delegation and set out the management and authorisation arrangements for the avoidance of doubt by

organisations undertaking due diligence on MPF as an investee company or as a financial services provider, or for purposes of overseas jurisdiction.

Peter Wallach, Head of Merseyside Pension Fund, responded to members' questions and reported that for the avoidance of doubt, the Strategic Director Transformation and Resources could designate officers of MPF to exercise powers of attorney on behalf of MPF and Wirral Council. The report listed officers of MPF from which any two officers may exercise powers of attorney on behalf of MPF and Wirral Council:

Resolved – That;

1. the arrangements set out in section 2 of the report in relation to the internal control arrangements at Merseyside Pension Fund be approved.

2. the officers designated in section 2 of the report be approved as authorised signatories for Merseyside Pensions Fund.

55 MONITORING/TRAINING AND GIFTS & HOSPITALITY DECLARATIONS

Members considered a report of the Strategic Director of Transformation and Resources that provided a summary of monitoring/training events attended by officers of the Fund and gave details of gifts and hospitality received over the past 12 months.

It was reported that in November 2012, the Committee had approved new guidance in relation to the declaration of gifts and hospitality received by officers and those members of the Committee that were not otherwise subject to Wirral's personal conduct arrangements. The guidance was reflected by Wirral in its overall governance arrangements and was set out in the Fund's Compliance Manual, last approved March 2014, reflecting the practicalities of the Pension Fund's business needs. Peter Wallach, Head of Merseyside Pension Fund, stressed the importance of the Fund having clear guidelines and that officers' activities were subject to review by Pensions Committee to ensure transparency. Appendices 1 and 2 of the report provided schedules of declarations from October 2013 to September 2014.

Resolved – That the report be noted.

56 LGC INVESTMENT CONFERENCE

A report of the Strategic Director of Transformation and Resources requested nominations for members to attend the Local Government Chronicle (LGC) Investment Conference, to be held in Chester from 26 to 27 February 2015.

The conference was themed "Comply or explain, govern or be governed" and addressed new governance requirements and the proposals to fundamentally change the way in which LGPS funds invest. The seminar was intended to provide an opportunity to hear the latest developments and find out how other funds were reacting. Peter Wallach, Head of Merseyside Pension Fund, informed members that the programme was currently being finalised but outlined some of the highlights. He noted the proximity of the venue at Hawarden Park to Wirral and that the Conference would be open to all members.

Resolved – That;

- 1. attendance at the 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.**

57 MINUTES OF THE INVESTMENT MONITORING WORKING PARTY

A report of the Strategic Director of Transformation and Resources provided Members with the minutes of the Investment Monitoring Working Parties (IMWP) held on 11 September and 9 October 2014.

The appendices to the report, the minutes of the IMWP's on 11 September and 9 October 2014, 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 be approved.

58 EXEMPT INFORMATION - EXCLUSION OF MEMBERS OF THE PUBLIC

On a motion by Councillor Paul Doughty and seconded by Councillor Ann McLachlan it was;

Resolved – That in accordance with section 100 (A) 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 involved the likely disclosure of exempt information as defined by relevant paragraphs of Part 1 of Schedule 12A (as amended) to that Act. The public interest test had been applied and favoured exclusion.

59 EXEMPT MINUTES OF THE INVESTMENT MONITORING WORKING PARTY

The appendices to the report on the Minutes of the Investment Working Party were exempt by virtue of paragraph 3.