



Pensions Committee

Date:	Monday, 19 January 2015
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 - 6)

To approve the accuracy of the minutes of the meeting held on 17 November, 2014.

3. LGPS UPDATE - PENSION BOARDS (Pages 7 - 30)

4. MERSEYSIDE PENSION FUND BUDGET FINANCIAL YEAR 2015/16 (Pages 31 - 38)

5. MEMBER DEVELOPMENT PROGRAMME 2015 (Pages 39 - 42)

6. TREASURY MANAGEMENT STRATEGY (Pages 43 - 58)

7. CHANGE TO BLACKROCK MANDATE (Pages 59 - 62)

8. ELECTED MEMBER EDUCATIONAL EVENT (Pages 63 - 70)

9. IMWP MINUTES 25 NOVEMBER, 2014. (Pages 71 - 74)

10. PROPERTY ARREARS (Pages 75 - 78)

11. 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.

12. EXEMPT IMWP MINUTES 25 NOVEMBER, 2014. (Pages 79 - 90)

13. EXEMPT APPENDIX PROPERTY ARREARS (Pages 91 - 92)

14. ANY OTHER URGENT BUSINESS APPROVED BY THE CHAIR

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.

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WIRRAL COUNCIL

PENSION COMMITTEE

19 January 2015

SUBJECT:	LGPS UPDATE – CREATION OF WIRRAL COUNCIL'S PENSION BOARD
WARD/S AFFECTED:	ALL
REPORT OF:	STRATEGIC DIRECTOR TRANSFORMATION AND RESOURCES
KEY DECISION?	NO

1.0 EXECUTIVE SUMMARY

- 1.1 This report seeks Members comments on the proposed composition and terms of reference of Wirral Council's Pension Board.
- 1.2 At the time of writing, the final Governance Regulations are still awaited from the Department for Communities and Local Government (DCLG). However, due to the short timescale to implement the board, it is necessary to put arrangements in place to ensure compliance with the regulations.
- 1.3 A first draft of the proposed Terms of Reference for the Pension Board, Member Role, Specification and Appointment Process are attached as appendices to the report. The Committee's comments on this draft can be incorporated into a revised draft which may be subject to review upon the issue of the final regulations and the Shadow Scheme Advisory Board's guidance.

The final draft will be considered by the Head of Legal and Democratic Services before submission to Council or a suitable sub-group.

2.0 BACKGROUND AND KEY ISSUES

- 2.1 The Public Service Pensions Act 2013 requires each Local Government Pension Fund to set up a Local Pension Board. DCLG has been consulting on the regulations relating to the governance framework for the reformed scheme and Pension Committee was apprised of the recent consultation which ended on 21 November 2015 at its last meeting.
- 2.2 The final regulations are expected to be laid in January 2015 and the supporting Shadow Scheme Advisory Board Guidance is also expected in January. The final guidance will take account of any changes made to the regulations and the Pension Regulators Code of Practice on the Governance and Administration of Public Service Pension Schemes.

- 2.3 Administering authorities are statutorily required to have approved the composition and terms of reference of the Pension Board by 1 April 2015.

The Functions and Position of the Pensions Board in the Fund's Governance Structure

- 2.4 It is noteworthy that the Board is not a committee set up under the Local Government Acts, but a specific creation of the relevant regulations under general public sector pension legislation; therefore requirements such as political balance do not apply.

The Board is not a decision making body, its role is to "assist" the Administering Authority/Scheme Manager, with the Pension Committee retaining responsibility for all decisions in respect of the management of investments and the administration of the LGPS .

- 2.5 There are restrictions on which Wirral Council Members or officers may be members of the Board in order to prevent a conflict of interest.

In essence, from a Member's point of view, it is not possible to sit on both the Pension Fund Committee and the Pension Board, whilst no officer involved in the running of the Fund can be either an employer or employee representative.

- 2.6 It is possible to appoint other Board members who do not fall into either the employer or employee category, for example an independent Chair.

- 2.7 The roles of the various governance bodies are:

Administering Authority / Scheme Manager – The Council responsible for making appropriate arrangements for the effective management of the Fund. This function has been delegated to the Pension Committee with specific duties delegated to officers.

The Pension Board – Responsible for providing advice to ensure the administration and management of assets and liabilities are carried out efficiently, effectively and in accordance with the relevant regulations.

- 2.8 It is expected that an ongoing dialogue will be maintained between the Pension Board and the Pension Fund Committee and that the Board will produce an annual report to the Pension Committee/ Section 151 Officer of the administering authority.

It is proposed that any concerns requiring reporting outside of the annual process should, in the first instance, be raised with Pensions Committee and exceptionally may be referred to Audit and Risk Management Committee.

Proposed Composition of the Wirral Pension Board

- 2.9 Given the need for a relatively small but representative body and to ensure that the Board is able to provide appropriate and knowledgeable challenge to Pensions Committee (as Scheme Manager) it is suggested that:

The Wirral Pensions Board is chaired by an independent member with significant relevant experience either as a Pension Fund trustee or in the running of Pension Funds, preferably, within the Local Government Pension Scheme.

The membership of the Board consists of up to four employer and four employee representatives.

The four employee representatives are drawn:

- a/ two from active members of the Fund;
- b/ two from pensioner/ deferred members of the Fund.

The four employer representatives are drawn:

- a/ two from Local Authorities, Police/ Fire/ Transport Authorities, Parish Councils
- b/ one from the Academies / Further/Higher Education Bodies
- c/ one from Admitted Bodies, excluding employers admitted by virtue of undertaking a commercial contract connected to a function of a scheme employer.

- 2.10 This composition provides representation for the broad range of employers in the Fund. The employees' membership in the three categories is roughly equal, although it is felt likely to be easier to secure representation from the active membership.

There is an expectation nationally from the Trade Unions that the employee representatives will be drawn from their membership. However, the guidance sets out the requirement that "ensures that representative Board members are truly representative"; there is the view that as they do not represent all of the membership of a pension fund, it may be necessary to seek wider representation when sourcing candidates.

Enquiries have been received from the Head Offices of Unison and GMB on the proposed make-up of the Wirral Pension Board. Officers have responded to confirm that Unison and Unite are represented on the Pension Committee, and they are being kept abreast of proposals for the Pension Board. It was also confirmed that it is important that our scheme members are appropriately represented and we will have regard to the statutory guidance as to how this is achieved.

- 2.11 It will be a separate matter for the Local Authority employers to determine whether to appoint elected members or officers to represent them.

Appointment Process

- 2.12 The following appointment process, which meets the criteria of openness and transparency set out in the relevant guidance, is proposed for each category of membership:

Independent Chair – to be advertised publicly with appointment following an interview process. This process is similar to that used by the Fund for its independent investment advisors.

The appointment of the chair would be subject to confirmation by the membership of the Pension Board. This will ensure the role of the chair has the full backing of the board membership and that no potential barriers are in place to prevent the effective working of the local pension board.

Employer representatives – each employer will be invited to nominate one representative. The successful candidate will be selected by the Scheme Manager having taken account of his or her relevant experience, capacity to represent other scheme employers and knowledge and understanding of the Local Government Pension Scheme.

Employee representatives – The Scheme Manager shall contact all scheme members, including unions advising them of the role, the necessary knowledge and understanding required, together with the process to register their interest. Individual members may put themselves forward and there will be a selection process undertaken by the Scheme Manager to assess relevant experience, their capacity to represent scheme members and their knowledge and understanding of the Local Government Pension Scheme.

- 2.13 It is proposed that appointments would be for a term of four years although for any councillors appointed this would be subject to the results of any local election in the intervening period. A term of office of this length, with the potential for reappointment, provides the opportunity for members of the Board to develop a degree of expertise, which will be of value to the Board. If elected members of the Council are appointed this will be mid-way through their four year term and thus there is the potential for some staggering in the turnover of members to be introduced from the beginning of the life of the Board which is desirable.
- 2.14 The "relevant experience and capacity" test will need to be applied in line with the provisions of the guidance produced by the Shadow Scheme Advisory Board to ensure both that it operates effectively, but at the same time does not act as an unnecessary deterrent to potential members who are able to undertake appropriate development activity.
- 2.15 The Scheme Manager will be required to appoint a Selection Panel comprising three Member representatives who are not involved in the discharge of the LGPS. The panel can seek advice from appropriate officers with experience of the requirements to efficiently manage the investment and administration function of the scheme.

Remuneration of Board Members

- 2.16 Consideration needs to be given as to whether members of the Board should be remunerated to ensure there is no financial detriment which may deter suitable representatives from applying for board membership if there is no remuneration.
- 2.17 As these appointments are not subject to the Remuneration Panel's recommendation, these are matters for the Council, acting as Administering Authority to decide - although clearly reference to the policies and principles recommended by the Remuneration Panel is good practice.
- 2.18 It is therefore suggested that all Employer and Employee representatives will receive an annual fee of half the special responsibility allowance paid to the Members of Pension Committee. This is on the basis that the role of the Board is to assist the Pension Committee to secure compliance with the statutory requirements to administer the LGPS - with responsibility for key decisions and managing key risks remaining with the Pension Committee.
- 2.19 It is proposed that the Chair should receive the full rate of the annual special responsibility allowance for membership of Pension Committee as it is likely that there will be additional duties outside of attendance at meeting and training events - for example, attendance at agenda planning meetings, and preparation of the Board's Annual report.
- 2.20 All members of the Board shall be reimbursed for travel and subsistence expenses incurred in their duties as a member of the Board, including attendance at relevant training and development activities.
- 2.21 The purpose of the suggestion above is to ensure that no member of the Board will be at a financial loss as a result of his or her attendance and seeks to remove potential disincentives to membership whilst not providing a solely financial incentive to take part in the work of the Board.

Terms of Reference

- 2.22 It will be necessary to agree appropriate terms of reference for the Board and reflect these within the Fund's Governance Policy Statement, which details the arrangements for management and the stewardship of the Fund.

Timetable

- 2.23 The first meeting of the new Board must be held before July 2015 with the membership of the Board in place by April 2015.

Subject to approval of the arrangements set out in this report by Wirral Council in March this should be achievable and an outline timetable is set out below. The process for the Independent Chair will run in parallel with this.

Selection by Appointment Panel	
By 31 January 2015	Finalise Role Map and employer/employee specification to qualify as a representative on the Board.
By 13 February 2015	Advertise vacancies and invite Nominations and expressions of interests from employer and employee representatives.
6 March 2015	Closing date for Nominations papers and expression of interest to be returned.
16 March 2015	Notify Council of the requirement to appoint a Panel for the Selection Process.
Starting April 2015	Selection Process and Appointment of employer/member representatives.
June 2015	Report results of process to Pension Fund Committee.

3.0 **RELEVANT RISKS**

3.1 The creation of the Board and its effective operation is intended to reduce the Fund's exposure to a range of risks associated with regulatory compliance and the Pensions Regulator's Code of Practice for Public Service Pension Schemes.

4.0 **OTHER OPTIONS CONSIDERED**

4.1 Not relevant for this report

5.0 **CONSULTATION**

5.1 Not relevant for this report

6.0 **OUTSTANDING PREVIOUSLY APPROVED ACTIONS**

6.1 None associated with the subject matter.

7.0 **IMPLICATIONS FOR VOLUNTARY, COMMUNITY AND FAITH GROUPS**

7.1 There are none arising from this report

8.0 **RESOURCE IMPLICATIONS: FINANCIAL; IT; STAFFING; AND ASSETS**

8.1 Any costs incurred in the establishment and running of the Pension Board are chargeable to the Pension Fund under the terms of the relevant regulations.

9.0 **LEGAL IMPLICATIONS**

- 9.1 The establishment of the local Pension Board will require the approval of Wirral Council, amendment to the Fund's Governance Policy Statement and the Council's Constitution

10.0 **EQUALITIES IMPLICATIONS**

- Has the potential impact of your proposal(s) been reviewed with regard to equality?
- No, because Department of Communities and Local Government undertake equality impact assessments with regard to the statutory reform of the LGPS.

11.0 **CARBON REDUCTION AND ENVIRONMENTAL IMPLICATIONS**

- 11.1 There are none arising from this report

12.0 **PLANNING AND COMMUNITY SAFETY IMPLICATIONS**

- 12.1 There are none arising from this report

13.0 **RECOMMENDATIONS**

That Members consider the proposals for the Wirral Pension Board set out in this report and the draft Terms of Reference and advise officers of any required amendments before submission for approval and implementation by Wirral Council.

14.0 **REASON/S FOR RECOMMENDATION/S**

- 14.1 There is a requirement for Members of the Pension Committee to be kept up to date with legislative developments as part of their decision making role.

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APPENDIX 1 Draft Terms of Reference for the Wirral Council Pension Board.

APPENDIX 2 Draft Member Role Specifications

APPENDIX 3 Draft Member Appointment Process

BRIEFING NOTES HISTORY

Briefing Note	Date

SUBJECT HISTORY (last 3 years)

Council Meeting	Date
LGPS Update – Covered DCLG'S Previous Discussion Paper on Scheme Governance	16 September 2013
DCLG Consultation on Draft Scheme Governance Regulations	15 September 2014
Creation of New Pension Board	17 November 2014

Appendix 1

Pension Board of Wirral Borough Council

Terms of Reference and Delegated Authorities

1) Role of the Local Pension Board

The role of the Wirral Pension Board as defined by sections 5 (1) and (2) of the Public Service Pensions Act 2013, is to –

- a) To assist Wirral Borough Council as Administering Authority in its role as Scheme Manager; –
 - i. to secure compliance with the LGPS regulations and any other legislation relating to the governance and administration of the LGPS
 - ii. to secure compliance with requirements imposed in relation to the LGPS by the Pensions Regulator
 - iii. in such other matters as the LGPS regulations may specify
- b) To secure the effective and efficient governance and administration of the LGPS for Merseyside Pension Fund
- c) To provide the Scheme Manager with such information as it requires ensuring that any member of the Pension Board or person to be appointed to the Pension Board does not have a conflict of interest.

The Pension Board will ensure it effectively and efficiently complies with the code of practice on the governance and administration of public service pension schemes issued by the Pension Regulator.

The Pension Board shall meet sufficiently regularly to discharge its duties and responsibilities effectively, but not less than twice in any year. There is also the provision for special meetings to be convened at notice.

2) Scheme Manager Consents

The Pension Board Shall not:

- Question what investments decisions have or have not been made by the Pension Committee other than to review that due process has been followed when making decisions.
- Amend the strategies prepared in compliance with section 57 to 61 of the LGPS regulations
- Consider or become involved in any specific internal dispute resolution appeal
- Enter into contracts on behalf of the Administering Authority
- Dismiss any members of the Pension Committee
- Compromise the Pension Committee's ability to comply with its fiduciary duty to the Pension Fund and its members.

3) Membership and Appointment Process

The Pension Board shall consist of 9 members and be constituted as follows:

- a) 4 employer representatives, of whom;
 - i. 2 shall be nominated from Local Authorities, Police/ Fire/ Transport Authorities ,Parish Councils
 - ii. 1 from the Academies / Further/Higher Education Bodies
 - iii. 1 from Admitted Bodies excluding employers admitted by virtue of undertaking a commercial contract connected to a function of a scheme employer.
- b) 4 scheme member representatives of whom;
 - i. 2 shall represent and be drawn from active members of Merseyside Pension Fund;
 - ii. 2 shall represent and be drawn from pensioner and deferred members of Merseyside Pension Fund.
- c) 1 independent member selected by the Scheme Manager, who shall not be a member of Merseyside Pension Fund and who shall be appointed as Chair of the Board. In the event of a tie of votes of any business to be conducted, the Chair will have the casting vote

It will be the role of the Chair to:

- Ensure that all members of the Board show due respect for process, that all views are fully heard and considered and to determine when consensus has been met.
- To uphold and promote the purpose of the Board and to interpret its constitution and Terms of Reference when necessary.
- Ensure that the Board members have the knowledge and skills as determined in the Fund's Training Policy and other guidance or legislation and maintain a training record.
- Agree the agenda and minutes for each Board meeting.
- Ensure an attendance record is maintained along with advising the Scheme Manager on expenses to be paid.
- Advise the Scheme Manager on any required budget for the Board. The Chair shall not incur any expenditure on behalf of the Board without seeking the prior written consent of the Scheme Manager.
- Write reports required by Scheme Manager on the performance of the Board.
- Liaise with the Scheme Manager on the requirements of the Board, including advanced notice for Officers to attend and arranging dates and times of Board meetings.
- To annually review and report on the performance of the Board.

The decision of the Chair on all points of procedure and order and the Chair's interpretation of the Protocol shall be final.

The appointment of the Chair will only be made following an openly advertised competitive process for the role.

Members of the Board shall only be appointed after all employers or members of the Fund have been invited to put forward nominations or expressions of interest. Successful employer and employee representatives will be selected by the Scheme Manager having taken account of their relevant experience, their capacity to represent other scheme employers and their knowledge and understanding of the Local Government Pension Scheme.

Members in all categories will only be appointed to the Board by the Scheme Manager if they commit to acquire the knowledge and skill requirements set out in the relevant regulations and guidance, as defined in section 8 of this document.

Length of term

Members of the Board will serve for a term of four years which can be extended for further period(s) subject to re-nomination. Other than as a result of retirement at the expiry of this period the term of office will come to an end:

- a) For employer representatives who are councillors if they cease to hold office as a councillor;
- b) For employer representatives who are not councillors when they cease to be employed by the employing body where they were employed on appointment;
- c) For scheme member representatives if they cease to be a member of the relevant member group.

Each Board member should endeavor to attend all Board meetings during the year. Substitute members are not permitted due to the nature of the Board as a supervisory body and the need for appropriate knowledge and skills and the management of conflicts of interest.

In the event of consistent non-attendance by any Board member, then the tenure of that membership should be reviewed by the other Board members in liaison with the Scheme Manager.

Other than by ceasing to be eligible as set out above, a Board member may only be removed from office during a term of appointment by the majority agreement of all of the other members. The removal of the independent member requires the consent of the Scheme Manager.

4) Quorum

The Board shall not be quorate unless the Chair and at least 2 employer representatives and 2 scheme member representatives are present. Advisors do not count toward the quorum.

5) Code of Conduct and Conflicts of Interest

The principles included in the Council's Code of Conduct for members apply to all members of the Local Pension Board set out in the Constitution of the Council. Conflicts of interest shall be managed taking account of the requirements set out in the Council's constitution, best practice defined in the Scheme Advisory Board's statutory guidance and the Pension Regulator's Code of Practice 14: Governance and Administration of public service pension schemes.

6) Board Review Process

The Board will undertake each year a formal review process to assess how well it and its members are performing with a view to seeking continuous improvement in the Board's performance.

7) Advisors to the Board

The Board may be supported in its role and responsibilities through the appointment of advisers as agreed with the Scheme Manager. In addition the Board will have access to the officers of Merseyside Pension Fund and where considered appropriate access to the advisers to the Pension Fund.

8) Knowledge and Skills

A member of the Pension Board must be conversant with –

- a) The legislation and associated guidance of the Local Government Pension Scheme (LGPS).
- b) Any document recording policy about the administration of the LGPS which is for the time being adopted by the Merseyside Pension Fund.

A member of the Pension Board must have knowledge and understanding of -

- a) The law relating to pensions, and
- b) Any other matters which are prescribed in regulations.

It is for individual Pension Board members to be satisfied that they have the appropriate degree of knowledge and understanding to enable them to properly exercise their functions as a member of the Pension Board.

In line with this requirement Pension Board members are required to be able to demonstrate their knowledge and understanding and to refresh and keep their knowledge up to date. Pension Board members are therefore required to maintain a written record of relevant training and development.

Pension Board members will undertake a personal training needs analysis and regularly review their skills, competencies and knowledge to identify gaps or weaknesses.

Pension Board members will comply with the Scheme Manager's training policy.

9) Board Meetings – Notice Minutes and Reporting

The Scheme Manager shall give notice to all Pension Board members of every meeting of the Pension Board, and shall ensure that all papers are published on Wirral Borough Council's Website at least 5 working days prior to each meeting. These may at the discretion of the Scheme Manager be edited to exclude items on the grounds that they would either involve the likely disclosure of exempt information as specified in Part 1 of Schedule 12A of the Local Government Act 1972 or it being confidential for the purposes of

Section 100A(2) of that Act and/or they represent data covered by the Data Protection Act 1998.

The Scheme Manager shall ensure that a formal record of Pension Board proceedings is maintained.

The Pension Board shall on an annual basis produce a report on both the nature and effect of its activities for consideration by the Scheme Manager. The contents of this annual report will be subject to consideration and agreement at a meeting of the Board, but should include as a minimum:

- a) Details of the attendance of members of the Board at meetings,
- b) Details of the training and development activities provided for members of the board and attendance at such activities;
- c) Details of any recommendations made by the Board to the Scheme Manager and the Scheme Manager's response to those recommendations;
- d) Details of the costs incurred in the operation of the Board

The Board in considering items of business at its ordinary meetings shall in relation to each item consider whether it wishes to make a recommendation to the Scheme Manager, to which the Scheme Manager shall respond at the subsequent meeting.

10) Remit of the Board

The Pension Board must assist the Scheme Manager with such other matters as the scheme regulations may specify. It is for scheme regulations and the Scheme Manager to determine precisely what the Pension Board's role entails. This role involves but is not limited to oversight and comment on:

- Performance standards;
- Funding and investment matters
- Customer service standards;
- Data quality and record keeping;
- The costs of running the fund;
- Learning from appeals and complaints;
- The application of specific policies within the fund, and
- The steps required to address any deficit within the fund.

11) Standards of Conduct

The role of Pension Board members requires the highest standards of conduct and therefore the "seven principles of public life" as defined within the Council Constitution will be applied to all Pension Board members and embodied in their code of conduct.

These principles are –

- Selflessness
- Integrity
- Objectivity
- Accountability
- Openness
- Honesty
- Leadership

12) Decision making

Each member of the Pension Board will have an individual voting right but it is expected the Pension Board will as far as possible reach a consensus. The Chair of the Pension Board will have the final deciding vote.

13) Publication of Pension Board information

Stakeholders of the Scheme will want to know that Merseyside Pension Fund is being efficiently and effectively managed. They will also want to be confident that the Pension Board is properly constituted, trained and competent in order to comply with scheme regulations, the governance and administration of the scheme and requirements of the Pension Regulator.

Up to date information will be posted on the Merseyside Pension Fund website showing

- The names, contact details and other relevant information about the Pension Board members
- How the scheme members are represented on the Pension Board
- The responsibilities of the Pension Board as a whole
- The full terms of reference and policies of the Pension Board and how they operate
- Details of the Pension Board appointment process
- Any specific roles and responsibilities of individual Pension Board members.

The Scheme Manager will also consider requests for additional information to be published or made available to individual scheme members to encourage scheme member engagement and promote a culture of openness and transparency.

14) Accountability

The Pension Board will be collectively and individually accountable to the Scheme Manager.

15) Expense Reimbursement and Remuneration

All members of the Board shall, on the production of relevant receipts, be reimbursed for travel and subsistence expenses they have incurred in the conduct of their duties as a member of the Board, including attendance at relevant training and development activities.

Members of the Board shall be reimbursed a mileage allowance for use of their own car at the rate prescribed by the Inland Revenue from time to time as adopted by Wirral Borough Council.

Employer and Employee representatives will receive an annual fee of half the special responsibility allowance paid to the Members of Pension Committee.

The Chair should receive the full rate of the annual special responsibility allowance paid for membership of the Pension Committee

16) Reporting Breaches

Where any breach of legislation or duties is committed or is alleged to have been committed by the Pension Committee, the Pension Board shall:

- Meet with the Committee as soon as reasonably possible
- Ask the Committee Chair to explain the actions taken and provide evidence of the legitimacy of the action taken
- Consider the matter on the facts available and evidence provided by the Committee Chair and refer it back to Committee to reconsider and correct any areas of concern or breaches of duty or
- Determine that no breach of duty has taken place

If it is decided that a breach has occurred, the Pension Board shall (as required by the Code of Practice and the Pensions Act 2004)

- Report the breach to the Scheme Manager and take prompt and effective action to investigate and correct the breach and its causes and, where appropriate, notify any affected members: or

- Where prompt and effective action to remedy the breach has not been taken report the breach as a breach of material significance to the Pension Regulator.

As per Regulation 106(6) and subject to the terms within this document, the Pension Board shall have the power to do anything to facilitate or is conducive to the discharge of any of its functions.

17) Interpretation

Any uncertainty or ambiguity or interpretation required relating to any matters contained in this document shall be resolved by reference to the Scheme Manager.

18) Definitions

The undernoted terms shall have the following meaning when used in this document:

<i>“Pension Board” or “Board”</i>	Means the local Pension Board for Wirral Borough Council as administering authority for Merseyside Pension Fund as required under the Public Service Pensions Act 2013
<i>“Scheme Manager”</i>	Means Wirral Borough Council as administering authority of the Merseyside Pension Fund.
<i>“Chair”</i>	The individual responsible for chairing meetings of the Board and guiding its debates
<i>“LGPS”</i>	The Local Government Pension Scheme as constituted by the Local Government Pension Scheme Regulations 2013, the Local Government Pension Scheme (Transitional Provisions, Savings and Amendment) Regulations 2014 and The Local Government Pension Scheme (Management and Investment of Funds) Regulations 2009
<i>“Scheme”</i>	Means the Local Government Pension Scheme as defined under “LGPS”

Appendix 2

Member Role Specification

Pension Board – Scheme Member Representative/Employer

Representative/Independent Representative

Role Map

The position on the Pension Board requires representatives to review the decisions and actions of the Scheme Manager in relation to the governance, operation and management of the Merseyside Pension Fund, in order to ensure compliance with all relevant legislation and any requirements of the Pension Regulator.

Main Duties and Responsibilities

As a Member you will be expected:

- To commit to undertake the role for a period of 4 years
- To attend and participate constructively in meetings of the Committee
- To undertake training and development appropriate to your role including:
 - Attendance at external training (minimum of 4 days p.a.)
 - Participation in a continuous assessment of knowledge and skills through an established framework
- To approach matters before the Pension Board with an open and independent mind avoiding any pre-determination or bias
- To operate within the Pension Board's Terms of Reference and Code of Conduct

PERSON SPECIFICATION

FACTORS	ESSENTIAL	DESIRABLE	MEASURED BY
<p>Qualification</p> <p>KNOWLEDGE/SKILLS, ABILITIES AND/OR EXPERIENCE</p> <p>Knowledge</p> <ul style="list-style-type: none"> • Knowledge / understanding of the pension Industry • Experience of / interest in pensions or finance <p>Leadership</p> <ul style="list-style-type: none"> • Ability to represent the views of the LGPS members/employers to the Pension Board where relevant <p>Organisational skills</p> <ul style="list-style-type: none"> • The ability and confidence to deal with all matters before the Pension Board in an independent and even handed way free from bias and without regard for the political consequences <p>Team working and relationship building</p> <ul style="list-style-type: none"> • The ability to establish effective working relationships with other members of the Pension Board and supporting officers <p>Communications</p> <ul style="list-style-type: none"> • Excellent listening and questioning skills • Good communication skills with 	<p></p> <p></p> <p></p> <p>✓</p> <p>✓</p> <p></p> <p>✓</p> <p></p> <p>✓</p> <p></p> <p>✓</p> <p>✓</p> <p>✓</p>	<p></p>	<p></p> <p></p> <p></p> <p>A/I</p> <p>A/I</p> <p></p> <p>I</p> <p></p> <p>I</p> <p></p> <p>I</p> <p></p> <p>I</p> <p>I</p>

<p>the confidence to speak and write effectively and clearly</p> <ul style="list-style-type: none"> • Computer literate <p>Other Requirements</p> <ul style="list-style-type: none"> • A personal commitment to high standards of probity, propriety and governance • Willingness to train <p>I = Interview *except for Independent Representative</p>		<p>✓</p>	<p>I</p> <p>I</p> <p>I</p>
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Appendix 3

Member Appointment Process

1. Scheme Member and Employer Representatives

- 1.1 The first members of the new Pension Board, who will sit as Scheme Member and Employer Representatives, shall be appointed by the Scheme Manager after applications are sought publicly from prospective members.
- 1.2 The Scheme Manager shall consider the applications received and will create an appointment selection committee to interview prospective candidates.
- 1.3 Successful applicants will be informed in writing and their tenure shall begin at the first meeting of the Pension Board thereafter.
- 1.4 Future Scheme Member and Employer Representatives shall be appointed by application to the Pension Board and where more than one appropriate application is received for a particular place on the Pension Board; a selection committee shall interview the candidates.
- 1.5 Selection will be subject to the role specification and holding the required experience, capacity, knowledge and skills needed to be a member in accordance with the Terms of Reference Regulations (subject to any training).

2. Independent Representatives

- 2.1 Independent Representatives shall at all times be appointed by the Scheme Manager only.

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WIRRAL COUNCIL

PENSIONS COMMITTEE

19 January 2015

SUBJECT:	MERSEYSIDE PENSION FUND BUDGET FINANCIAL YEAR 2015/16
WARD/S AFFECTED:	ALL
REPORT OF:	STRATEGIC DIRECTOR TRANSFORMATION AND RESOURCES
KEY DECISION	NO

1.0 EXECUTIVE SUMMARY

- 1.1 The purpose of this report is to request that Members approve the budget for the financial year 2015/16.
- 1.2 The headline figures are that during the financial year 2015/16, we are estimating that MPF will pay £267m in pensions and receive £184m in contributions from employers and employees. The Fund has a value of £6.4bn at 30 September 2014. The proposed administration costs of £17.2m including £11.2m of investment management charges to external managers represent a cost of £135.61 per member of the scheme. Taken separately the external investment management costs are approximately £88.29 per member.
- 1.3 The estimated contributions for 2015/16 are lower than reported in previous years due to a number of employers of the Fund opting to pay their 3 year deficit calculated by the actuary as part of the 31 March 2013 triennial valuation as a one off payment. This has resulted in the Fund receiving additional contributions of £165m during 2014/15, with the subsequent 2 years contributions being lower to account for the upfront payments.

2.0 BACKGROUND AND KEY ISSUES

- 2.1 The method used to compile estimates of expenditure for 2015/16 is as follows:

Staffing	Current Structure to be fully staffed throughout year.
Investment management Fees	Estimate based on normal market conditions.
Premises	Agreed as a notional charge based on market rates (MPF owns building).
Transport, Conferences and Subsistence	Estimated requirements for current year.
Services and Supplies	Contracts where usage and cost is fixed, plus estimate for variable elements.

Inflation adjustments		CPI 1.2% as at September 2014.
Investment Performance		4% bonds 8% equities 50% of performance targets met for active management.

- 2.2 This report includes a predicted out-turn for 2014/15. However, due to the volatility in financial markets and issues with billing from certain third party suppliers it is not possible to predict the out-turn with complete accuracy. Therefore some estimates have been used, and it is proposed to report on outturn at the June meeting of Pensions Committee. The out-turn is at present to be lower than predicted largely due to investment market volatility.
- 2.3 The Fund's major expenditure is on investment management fees. These are mostly charged on an ad-valorem basis with, on some occasions, a performance fee. This means that when the Fund's investments rise in value and/or outperform benchmarks, the fees can rise substantially. Therefore when this expenditure rises there is a benefit to the Fund in terms of capital appreciation that far outweighs the increase in fees paid. For 2014/15 the outturn is expected to be lower than the estimate made last year due to market volatility and efficiencies gained through renegotiated fees.
- 2.4 The second highest expenditure is on staffing. The budget for 2015/16 is largely unchanged from the previous year. The additional £100,000 of growth for increased administration staffing for the new scheme agreed as part of last year's budget but still to be implemented has been carried forward to 2015/16. The increase to administration staffing is in response to the mounting complexity of the scheme in particular moving to a career average basis whilst retaining the previous schemes. Further reports will follow on staffing if and when extra resources are utilised.
- 2.5 There have been some issues of coding, classification and profiling in the areas of transport, supplies and third party payments (excluding investment management fees) which make the estimates for probable out turn unclear at this stage. These will be resolved and reported on in June. The budget for next year for these items is £2.1m in 2015/16 compared to £2.0m in 2014/15. The main reasons for this are increases in costs for Custody, Computer Development and Hardware plus other minor increases, which are partially offset by reductions in Investment Consultancy fees. Expenditure included within the 2015/16 budget relating to the requirements of Pension Boards is with reference to training events to ensure knowledge and skills are sufficient and maintained. Any further expenditure on Pension Boards will be reported in the June report.
- 26 For departmental & central support charges, at present the estimates have been left the same as last year, the figure reported to Committee last year was £615,000. However the back office functions of Wirral Council, the administering authority are subject to significant review, with a likely outcome of improved efficiencies. Officers at the Fund will continue to negotiate service level agreements with Wirral support service functions.

3.0 RELEVANT RISKS

3.1 The Fund has recently reviewed its Risk Register and identified key risks and mitigating controls for these risks. A key feature of the controls is having appropriate resources available to administer the fund adequately and to manage investments. This budget provides adequate resources for these two core functions.

4.0 OTHER OPTIONS CONSIDERED

4.1 The majority of the Pension Fund budget is taken up by investment management costs and staffing. The investment management arrangements have recently been subject to review with further reviews being undertaken on an on-going basis. As described earlier, the administering authority is also undertaking a review of its back office services with an aim of reducing costs which should result in a decrease in charges to the Fund. For all other expenditure there has been a careful review process culminating in a planning meeting at which the Head of Service approved the proposals for discretionary expenditure in this report.

5.0 CONSULTATION

5.1 Not relevant for this report.

6.0 OUTSTANDING PREVIOUSLY APPROVED ACTIONS

6.1 There are no previously approved actions outstanding.

7.0 IMPLICATIONS FOR VOLUNTARY, COMMUNITY AND FAITH GROUPS

7.1 There are no implications arising directly from this report.

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

8.1 The costs of the Pension Fund are charged directly to the Pension Fund and are then ultimately covered by investment income and employee and employer contributions, the full costs are estimated to be £135.61 per member (including active contributors, deferred and pensioners). The costs per member at Merseyside Pension Fund are competitive with other pension funds of similar size in both the public and private sector particularly when analysed net of investment performance. Any staffing changes made from current structure will be subsequently reported to Pensions Committee.

9.0 LEGAL IMPLICATIONS

9.1 There are no implications arising directly from this report.

10.0 EQUALITIES IMPLICATIONS

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

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

11.0 CARBON REDUCTION AND ENVIRONMENTAL IMPLICATIONS

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

12.0 PLANNING AND COMMUNITY SAFETY IMPLICATIONS

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

13.0 RECOMMENDATION/S

13.1 Members approve the budget for 2015/16. (Subject to review of charges from the administering authority for support services and changes in recharges for pension deficit recovery)

13.2 That a further report on the out-turn for 2014/15 with finalised estimates in particular for salary overheads, departmental & central support charges and Pension Boards for 2015/16 be presented to Pensions Committee Members in June.

14.0 REASON/S FOR RECOMMENDATION/S

14.1 The approval of the budget for Merseyside Pension Fund by Pensions Committee forms part of the governance arrangements of Merseyside Pension Fund.

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APPENDICES

The budget for 2015/16 is attached as appendix 1 to this report.

BACKGROUND PAPERS/REFERENCE MATERIAL

Internal working papers were used in the production of this report.

BRIEFING NOTES HISTORY

Briefing Note	Date

SUBJECT HISTORY (last 3 years)

Council Meeting	Date
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Pensions Committee:	
Pension Fund Budget	1 July 2014
Pension Fund Budget	20 January 2014
Pension Fund Budget	24 June 2013
Pension Fund Budget	15 January 2013
Pension Fund Budget	17 January 2012

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Appendix 1

Value of the Fund	£6.4bn	30/09/2014
Investment income Received	£111.3m	Projected 2015/16
Pensions Paid	£267m	Projected 2015/16
Contributions Received	£184m	Projected 2015/16
Active Contributing members	45,583	31 March 2014
Deferred members	35,786	31 March 2014
Pensioners	45,819	31 March 2014
Total Members	127,188	31 March 2014

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	Budget 2014/2015 (£)	Probable Out-Turn 2014/2015	Budget 2015/2016 (£)
Employees			
Pay, NI and Pension	2,644,322	2,250,424	2,744,181
Training	20,000	10,564	20,000
Other Staffing Costs	439,700	239,598	379,895
	3,104,022	2,655,586	3,144,076
Premises			
Rents	214,638	214,638	252,187
	214,638	214,638	252,187
Transport			
Public Transport Expenses	29,530	2,880	39,900
Car Allowances	0	1,080	1,200
	29,530	3,960	41,100

Supplies

Furniture and Office Equipment	20,000	1,889	20,000
Printing and Stationery	90,000	55,443	90,000
Computer Development and Hardware	390,000	172,472	432,000
Postages and Telephones	105,600	121,629	109,000
External Audit	41,000	39,062	41,000
Services and Consultants Fees	695,784	608,938	545,980
Conferences and Subsistence	41,320	35,770	53,880
Subscriptions	121,012	115,427	138,353
Other	79,000	14,285	78,500
	1,583,716	1,164,915	1,508,713

Third Party

Medical Fees	8,500	2,784	8,500
Bank Charges	5,000	6,206	15,000
Investment Management Fees	13,153,617	11,505,685	11,229,890
Custodian Fees	200,000	242,930	250,000
Actuarial Fees	160,000	113,901	160,000
Other Hired and Contracted Services	96,183	73,307	112,000
	13,623,300	11,944,812	11,775,390

Departmental & Central Support Charges

	615,000	615,000	615,000
	615,000	615,000	615,000

Total Expenditure

	19,170,206	16,598,911	17,336,466
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Income

Fire Service Administration	88,500	95,318	88,500
	88,500	95,318	88,500

Total Net Expenditure

	19,081,706	16,500,593	17,247,966
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WIRRAL COUNCIL

Pensions Committee 19th January 2015

SUBJECT:	Members' Development 2015
WARD/S AFFECTED:	None
REPORT OF:	Strategic Director Transformation and Resources
RESPONSIBLE PORTFOLIO HOLDER:	
KEY DECISION?	No

1.0 EXECUTIVE SUMMARY

1.1 The purpose of this report is to provide Members with an outline of the proposed programme for member development in 2014.

2.0 BACKGROUND AND KEY ISSUES

- 2.1 It is a regulatory requirement for LGPS funds to outline in their Statement of Investment Principles the extent of their compliance with the 2008 Myners Principles and associated guidance. Myners emphasises the importance, for effective governance of pension funds, of adequate training for those acting in a trustee-like role.
- 2.2 The Fund's Statement of Investment Principles states that "an ongoing training programme (updated annually) for Committee Members and Fund officers [is provided] to ensure that decision-making is on an informed basis.
- 2.3 The CIPFA Pensions Panel has developed a technical knowledge and skills framework for the LGPS. This framework has been adopted by Pensions Committee as demonstrating best practice and representing the appropriate mix of knowledge and skills necessary to discharge the governance role. It also assists Members in planning their training and development needs.
- 2.4 Two of the six IMWP meetings contain a formal training session covering relevant/topical subject matter. Additionally, presentations by external professional organisations and the deliberative nature of all the working parties mean that attendance is regarded as an important element of Member development.
- 2.5 The outline training programme is attached as an appendix to this report. It is comprised of a series of internal and external training events throughout the year. Individual papers may be brought to consider and approve attendance at

each event and, if officers become aware of other appropriate events, Committee will be informed.

- 2.6 The Local Government Pensions Committee-organised 'Fundamentals' course is considered essential for all members to complete. It provides a comprehensive overview of the LGPS and the 'trustee' role carried out by those serving on a pension committee/panel. The course takes place over three days (during October – December), at multiple dates and in multiple locations (Cardiff, Leeds & London). While considered essential for new members, longer serving members of Pensions Committee may also benefit from refresher training.
- 2.7 It is a statutory requirement that the Fund's annual report includes detailed information on training events offered and attended by elected members. A register of Members' attendance at training and development events is kept and reviewed annually by the Governance & Risk Working Party.

3.0 RELEVANT RISKS

- 3.1 Failure to maintain an appropriate level of knowledge and skills, commensurate with that thought appropriate for those acting in a trustee-like role in the LGPS, may impair effective decision-making. Suitable and effective training and development activity should assist in mitigating this risk.

4.0 OTHER OPTIONS CONSIDERED

- 4.1 Based on an ongoing assessment of training needs, there may be the option of reverting to stand-alone training and development events.

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 OUTSTANDING PREVIOUSLY APPROVED ACTIONS

- 6.1 None

7.0 IMPLICATIONS FOR VOLUNTARY, COMMUNITY AND FAITH GROUPS

- 7.1 There are none arising from this report.

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

- 8.1 Provision for Member training and development is included in the Fund's annual operating budget.

9.0 LEGAL IMPLICATIONS

- 9.1 There are none arising from this report.

10.0 EQUALITIES IMPLICATIONS

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

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

11.0 CARBON REDUCTION AND ENVIRONMENTAL IMPLICATIONS

11.1 There are none arising from this report.

12.0 PLANNING AND COMMUNITY SAFETY IMPLICATIONS

12.1 There are none arising from this report.

13.0 RECOMMENDATION/S

13.1 That Members note and approve the proposed training and development plan for 2015.

14.0 REASON/S FOR RECOMMENDATION/S

14.1 The requirement for good governance in the LGPS to be underpinned by informed decision-making, combined with the increasing complexity of financial markets and investment strategies, makes ongoing training and development an essential element of Members' responsibilities.

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APPENDICES

Appendix 1

BACKGROUND PAPERS/REFERENCE MATERIAL

BRIEFING NOTES HISTORY

Briefing Note	Date
Pensions Committee	January 2014
Pensions Committee	January 2013
Pensions Committee	January 2012

APPENDIX 1

<u>MONTH (2015)</u>	<u>EVENT</u>	<u>REPRESENTATION*</u>
18 February	330 Consulting LGPS seminar, Houses of Parliament	Party Spokespersons
26-27 February	LGC Investment Summit, Chester	All Members
11-13 March	NAPF Investment Conference, Edinburgh	Chair
17 March	IMWP – Member development session	All Members
18-20 May	NAPF Local Authority Conference, Cotswolds	Party Spokespersons
June	LGPC Annual Trustee Conference, Bournemouth	All Members
June	PIRC Corporate Governance Conference	Chair
7-9 July	CIPFA Conference	Chair
September	LGC Investment Seminar, Celtic Manor	Party Spokespersons
8 October	IMWP – Member development session	All Members
November	Annual Employers Conference, Aintree	All Members
October – December	Fundamentals training days; multiple dates & locations	All Members
December	LAPFF Annual Conference, Bournemouth	Chair

**Reflects previous attendance*

WIRRAL COUNCIL

PENSIONS COMMITTEE 19 JANUARY 2015

SUBJECT:	TREASURY MANAGEMENT POLICY
WARD/S AFFECTED:	ALL
REPORT OF:	STRATEGIC DIRECTOR TRANSFORMATION & RESOURCES
KEY DECISION?	NO

1.0 EXECUTIVE SUMMARY

- 1.1 The purpose of this report is to request that Members approve the treasury management policy statement and the treasury management practices and annual plan for Merseyside Pension Fund (MPF) for the year 2015/16.

2.0 BACKGROUND AND KEY ISSUES

- 2.1 The Chartered Institute of Public Finance and Accountancy (CIPFA) Code of Practice for Treasury Management in Public Services requires Pensions Committee to receive an annual report on the strategy and plan to be pursued in the coming year. The plan and strategy were last approved by the Pensions Committee on 20 January 2014.
- 2.2 The Fund's cash flows for dealings with members have moved negative with outflows to pensioners more than income from contributions. In an environment where a significant proportion of investment income is directly re-invested, the levels of liquid resources held need to be adequate and daily cashflows and regular reporting is essential.
- 2.3 The policy statement is attached as Appendix 1 to this report.
- 2.4 Plan and Strategy
- MPF will comply with the twelve treasury management practices set out in the treasury management policy statement.
 - The Fund will run minimal cash balances to pay pensions and meet other obligations. The core position is 0% of Fund assets following the change to the strategic asset allocation approved on 19 November 2013.
 - The main aims when managing liquid resources are: the security of capital; the liquidity of investments; matching inflows from lending to predicted outflows; an optimal return on investments commensurate with proper levels of security and liquidity.

- The UK Bank Rate has been maintained at 0.5% since March 2009, and is anticipated to remain at low levels throughout 2015/16. Short-term money market rates are likely to remain at low levels for an extended period which will have an impact on investment income.
- For MPF the achievement of high returns from treasury activity is of secondary importance compared with the need to limit exposure of funds to the risk of loss.
- The maximum maturity for any single treasury management investment is 1 year.
- Counterparties are reviewed on a regular basis using a range of information sources, including credit rating agencies, internal research (both from the treasury team and internal investment managers), information from brokers, advice given by the treasury management consultants, information on Government support for banks and the credit ratings of that Government support. The Fund is in a position to use a wide range of research from its investment activities to support this and achieve the aim set on the CIPFA guidance to place a greater emphasis on acceptable credit quality rather than purely credit ratings for counterparties.

3.0 RELEVANT RISKS

- 3.1 The treasury management policy statement is concerned mainly with the mitigation of 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 OUTSTANDING PREVIOUSLY APPROVED ACTIONS

- 6.1 There are no outstanding previously approved actions.

7.0 IMPLICATIONS FOR VOLUNTARY, COMMUNITY AND FAITH GROUPS

- 7.1 There are no implications arising directly from this report.

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

- 8.1 There are no implications arising directly from this report.

9.0 LEGAL IMPLICATIONS

- 9.1 There are no implications arising directly from this report.

10.0 EQUALITIES IMPLICATIONS

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

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

11.0 CARBON REDUCTION AND ENVIRONMENTAL IMPLICATIONS

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

12.0 PLANNING AND COMMUNITY SAFETY IMPLICATIONS

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

13.0 RECOMMENDATION/S

13.1 That Members approve the treasury management policy statement and the treasury management annual plan and strategy for Merseyside Pension Fund for the financial year 2015/16.

14.0 REASON/S FOR RECOMMENDATION/S

14.1 The approval of the treasury management policy statement and the treasury management annual plan and strategy for Merseyside Pension Fund by Pensions Committee forms part of the governance arrangements of Merseyside Pension Fund. These arrangements were approved by Pensions Committee as part of the Statement of Investment Principles on 19 November 2013.

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APPENDICES

The Treasury Management Policy Statement 2015/16 is attached as appendix 1 to this report.

BACKGROUND PAPERS/REFERENCE MATERIAL

CIPFA Treasury Management Code of Practice and Guidance Notes.

SUBJECT HISTORY

BRIEFING NOTES HISTORY

Briefing Note	Date

SUBJECT HISTORY (last 3 years)

Council Meeting	Date
Pensions Committee – Treasury Management Policy and Strategy 2012/13	17 January 2012
Pensions Committee – Treasury Management Annual Report 2011/12	25 June 2012
Pensions Committee – Treasury Management Policy and Strategy 2013/14	15 January 2013
Pensions Committee – Treasury Management Annual Report 2012/13	24 June 2013
Pensions Committee – Treasury Management Policy and Strategy 2014/15	20 January 2014
Pensions Committee – Treasury Management Annual Report 2013/14	1 July 2014

MERSEYSIDE PENSION FUND TREASURY MANAGEMENT POLICY STATEMENT

1 INTRODUCTION

- 1.1 Merseyside Pension Fund adopts the key principles of 'CIPFA's Treasury Management in the Public Services: Code of Practice' (the Code), as described in Section 4 of that Code.
- 1.2 Accordingly the Fund will create and maintain, as the cornerstones for effective treasury management:
 - This treasury management policy statement stating the policies, objectives and approach to risk management of its treasury management activities
 - Suitable treasury management practices (TMPs), setting out the manner in which this organisation will seek to achieve these policies and objectives, and prescribing how it will manage and control these activities.

2 DELEGATION

- 2.1 Pensions Committee will receive reports on its treasury management policies, practices and activities including an annual strategy and plan in advance of each financial year and an annual report after its close. The Investment Monitoring Working Party (IMWP) will receive interim reports on treasury management.
- 2.2 Pensions Committee is responsible for the implementation and regular monitoring of its treasury management policies and practices and will delegate execution and administration of treasury management decisions to the Head of Pension Fund who will act in accordance with this policy statement, TMPs and CIPFA's Standard of Professional Practice on Treasury Management.
- 2.3 The IMWP is responsible for ensuring effective scrutiny of the treasury management strategy, policies and performance.

3 DEFINITION

- 3.1 Treasury management activities are defined as: the management of the Fund's cash flows, its banking, money market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks.
- 3.2 The Fund regards the successful identification, monitoring and control of risk to be the prime criteria by which the effectiveness of its treasury management activities will be measured. Accordingly, the analysis and reporting of treasury management activities will focus on the risk implications for the Fund.

- 3.3 The Fund acknowledges that effective treasury management will provide support towards the achievement of its business and service objectives. It is therefore committed to the principles of achieving best value in treasury management and to employing suitable performance measurement techniques within the context of effective risk management.

TREASURY MANAGEMENT PRACTICES (TMPs)

4 TMP 1 RISK MANAGEMENT

- 4.1 The Head of Pension Fund will design, implement and monitor all arrangements for the identification, management and control of treasury management risk and will report annually on the adequacy/suitability thereof, and will report, as a matter of urgency, the circumstances of any actual or likely difficulty in achieving the Fund's objectives.
- 4.2 The Fund regards a key objective of its treasury management activities to be the security of the principal sums it invests. Accordingly, it will ensure that its counterparty lists and limits reflect a prudent attitude towards organisations with whom funds may be deposited, and will limit its investment activities to the instruments, methods and techniques referred to in TMP 4 and listed in the schedule (4.1, 4.2) to this document. It also recognises the need to have, and will therefore maintain, a formal counterparty policy in respect of those organisations with whom it may enter into financing arrangements.
- 4.3 The Fund will ensure that it has adequate though not excessive cash resources to enable it at all times to have the level of funds available to it, which are necessary for the achievement of its business objectives.
- 4.4 The Fund will manage its exposure to interest rates with a view to securing its interest revenue as far as is possible within cash flow constraints and by the prudent use of permissible instruments.
- 4.5 The Fund will achieve these objectives by the prudent use of its approved investment instruments, methods and techniques, primarily to create stability and certainty of costs and revenues, but at the same time retaining a sufficient degree of flexibility to take advantage of unexpected, potentially advantageous changes in the level and structure of interest rates. The above are subject at all times to the consideration and, if required, approval of any policy or budgetary implications.
- 4.6 It will manage its exposure to fluctuations in exchange rates so as to minimise any detrimental impact.
- 4.7 The Fund will ensure that all of its treasury management activities comply with its statutory powers and regulatory requirements. It will demonstrate such compliance, if required to do so, to all parties with whom it deals in such activities. In framing its counterparty list it will ensure that there is evidence of counterparties' powers, authority and compliance in respect of the transactions they may effect with the organisation, particularly with regard to duty of care and fees charged.

- 4.8 The Fund recognises that future legislative or regulatory changes may impact on its treasury management activities and so far as it is reasonably able to do so will seek to minimise the risk of these impacting adversely on the organisation.
- 4.9 The Fund will ensure that it has identified the circumstances, which may expose it to the risk of loss through fraud, error, corruption or other eventualities in its treasury management dealings. Accordingly, it will employ suitable systems and procedures, and will maintain effective contingency management arrangements, to these ends.
- 4.10 The Fund will seek to ensure that its stated treasury management policies and objectives will not be compromised by adverse market fluctuations in the value of the principal sums it invests, and will accordingly seek to protect itself from the effects of such fluctuations.

5 TMP 2 Performance Measurement

- 5.1 The Fund is committed to the pursuit of value for money in its treasury management activities. Accordingly the treasury management will be the subject of ongoing analysis of the value it adds. It will be the subject of regular examinations of alternative methods of service delivery and the scope for other potential improvements. The performance of the treasury management function will be measured using the criteria set out in the schedule (2.1) to this document.

6 TMP 3 Decision Making and analysis

- 6.1 The Fund will maintain full records of its treasury management decisions, and of the processes and practices applied in reaching these decisions, both for the purposes of learning from the past, and for demonstrating that reasonable steps were taken to ensure that issues relevant to those decisions were taken into account at the time. The issues to be addressed and processes and practices to be pursued in reaching decisions are detailed in the schedule (3.1, 3.2, 3.3, 3.4) to this document.

7 TMP 4 Approved Instruments, methods and techniques

- 7.1 The Fund will undertake its treasury management activities by employing only those instruments, methods and techniques detailed in the schedule (4.1, 4.2) to this document.

8 TMP 5 Organisation, clarity and segregation of responsibilities, and dealing arrangements

- 8.1 The Fund considers it essential for the purposes of effective control and monitoring of its treasury management activities, for the reduction of the risk of fraud or error, and for the pursuit of optimum performance, that these activities are structured and managed in a fully integrated manner and that there is at all times clarity of treasury management responsibilities.

- 8.2 The principle on which this will be based is a clear distinction between those charged with setting treasury management policies and those charged with implementing and controlling these policies, particularly with regard to the execution and transmission of funds, the recording and administering of treasury management decisions, and the audit and review of the treasury management function.
- 8.3 If and when the Fund intends, as a result of a lack of resources or other circumstances to depart from these principles, the “responsible officer” will ensure that the reasons are properly reported and the implications properly considered and evaluated.
- 8.4 The Head of Pension Fund is the responsible officer. The responsible officer shall ensure that there are clear written statements of the responsibilities for each post engaged in treasury management and the arrangements for absence cover. The responsible officer will also ensure that at all times those engaged in treasury management will follow the policies and procedures set out. The present arrangements are detailed in the schedule 5 to this document.
- 8.5 The responsible officer will ensure there is proper documentation for all deals and transactions, and that procedures exist for the effective transmission of funds.
- 8.6 The delegations to the responsible officer in respect of treasury management are set out in the schedule (5) to this document. The responsible officer will fulfil all such responsibilities in accordance with this policy statement and TMPs and the CIPFA Standard of Professional Practice on Treasury Management.

9 TMP 6 Reporting Requirements and Management Information Requirements

- 9.1 The Fund will ensure that regular reports are prepared and considered on the implementation of its treasury management policies; on the effects of decisions taken and transactions executed in pursuit of these policies; on the implications of changes, particularly budgetary, resulting from regulatory, economic, market or other factors affecting its treasury management activities; and on the performance of the treasury management function.
- 9.2 Pensions Committee will receive an annual report on the strategy and plan to be pursued in the coming year.
- 9.3 An annual report on the performance of the treasury management function, on the effects of the decisions taken and the transactions executed in the past year, and on any circumstances of non-compliance with the Fund’s treasury management policy statement and TMPs, will be received by the Pensions Committee.
- 9.4 The IMWP will receive interim reports on treasury management.

10 TMP 7 Budgeting, accounting and audit arrangements

- 10.1 The budget for the treasury management function will be included as part of the budget for the Fund which is submitted to Pensions Committee on an annual basis.
- 10.2 The Fund will account for its treasury management activities, for decisions made and transactions executed, in accordance with appropriate accounting practices and standards, and with statutory and regulatory requirements in force for the time being.

11 TMP 8 Cash and cash flow management

- 11.1 All monies in the hands of the Fund will be under the control of the Head of Pension Fund and will be aggregated for cash flow and investment purposes. Cash flow projections will be prepared on a regular and timely basis, and the responsible officer will ensure that these are adequate for the purposes of monitoring compliance with liquidity risk management. The present arrangements for preparing cash flow projections are set out in the schedule (8.1, 8.2) to this document.

12 TMP 9 Money Laundering

- 12.1 The Fund is alert to the possibility that it may become subject of an attempt to involve it in a transaction involving the laundering of money. Accordingly it will maintain procedures for verifying and recording the identity of Counterparties and will ensure that staff involved in this are properly trained.

13 TMP 10 Training and Qualifications

- 13.1 The Fund recognises the importance of ensuring that all staff involved in the treasury management function are fully equipped to undertake the duties and responsibilities allocated to them. It will therefore seek to appoint individuals who are both capable and experienced and will provide training for staff to enable them to acquire and maintain an appropriate level of expertise, knowledge and skills. The responsible officer shall recommend and implement the necessary arrangements. The present arrangements are set out in the schedule (5.6) to this document.
- 13.2 The responsible officer shall ensure that Pension Committee Members tasked with Pension Fund responsibilities have access to training relevant to their needs and responsibilities.

14 TMP 11 Use of external service providers

- 14.1 The Fund recognises that responsibility for treasury management decisions remains with the Fund at all times. The Fund recognises there may be potential value of employing external providers of treasury management services, in order to acquire access to specialist skills and resources. When it employs such service providers, it will ensure it does so for reasons, which

will have been subjected to a full evaluation of the costs and benefits. It will also ensure that the terms of their appointment and the methods by which their value will be assessed are properly agreed and documented, and subjected to regular review.

- 14.2 The Fund will ensure, where feasible and necessary that a spread of service providers is used, to avoid over reliance on one or a small number of companies. Where services are subject to formal tender or re-tender arrangements, legislative requirements will always be observed. The monitoring of such arrangements rests with the Head of Pension Fund. Details of the current arrangements are set out in the schedule (9.1, 9.2) to this document.

15 TMP 12 Corporate Governance

- 15.1 The Fund is committed to the pursuit of proper corporate governance throughout its businesses and services, and to establishing the principles and practices by which this can be achieved. Accordingly the treasury management function and its activities will be undertaken with openness and transparency, honesty, integrity and accountability.
- 15.2 The Fund has adopted and has implemented the key principles of the Code. This, together with the other arrangements detailed in the schedule to this document, are considered vital to the achievement of proper corporate governance in treasury management and the responsible officer shall monitor and, if and when necessary, report upon the effectiveness of these arrangements.

MERSEYSIDE PENSION FUND:

SCHEDULE TO TREASURY MANAGEMENT POLICY

SCHEDULE 1: RISK MANAGEMENT

- 1.1 The Fund has the following range of approved maximum limits for counterparties subject to meeting the high credit criteria determined by the Fund

CATEGORY	LIMIT Per Institution/Group
Fund's Bank	£50m
Approved Bank	£20m
Approved Building Societies	£15m
All Local Authorities	No limit
Money Market Funds with a Constant Net Asset value	£30m
Fund's Custodian (Money Market Fund) (Internal and External Managers guideline)	£100m*
Fund's Custodian (Money Market Fund)	£50m

**Funds deposited with the Custodian do not form part of the Treasury Management team's decision-making, but represent cash with fund managers awaiting investment or cash collateral. Cash left by internal and external managers is subject to their market calls. Subject to the restrictions within their individual Investment Management Agreements, the aggregate of their deposits could potentially exceed the £100m guideline in certain situations. The cash with the custodian is held within a money market fund and the risk of default is diversified across a wide number of names.*

At the time of placing a deposit, a maximum country limit of 10% of the cash portfolio in any single jurisdiction outside the UK will be maintained.

- 1.2 Under exceptional circumstances e.g. transitional arrangements on appointment of new Investment Managers, these limits may be exceeded for a limited period with the prior written approval of the Head of Pension Fund and Fund Operating Group (FOG). Such instances will be reported to the following meeting of the IMWP.
- 1.3 The Fund and the administering Authority (Wirral Council) and its advisors, Arlingclose Ltd, select financial institutions after analysis and ongoing monitoring of:

- Published credit ratings for financial institutions (minimum long term rating of A- or equivalent for counterparties; AA+ or equivalent for non-UK sovereigns)
 - Credit Default Swaps (where quoted)
 - Economic fundamentals (for example Net Debt as a percentage of GDP)
 - Sovereign support mechanisms
 - Share Prices
 - Corporate developments, news, articles, markets sentiment and momentum
 - Subjective overlay – or, put more simply, common sense.
 - Any institution can be suspended or removed should any of the factors identified above give rise to concern.
- 1.4 It remains the Fund's policy to make exceptions to counterparty policy established around credit ratings, but this is conditional and directional. What this means is that an institution that meets criteria may be suspended, but institutions not meeting criteria will not be added.
- 1.5 The Fund is in a position to use a wide range of research from its investment activities to support this and achieve the aim set on the CIPFA guidance to place a greater emphasis on acceptable credit quality rather than purely credit ratings for counterparts
- 1.6 The Fund requires liquid resources to meet pension payments, investment commitments and administrative expenses. The cash flows from realisation and purchase of investments can be large and concentrated and the Fund needs to maintain facilities and resources to meet these. On days when there is a significant transition of assets between asset managers, appropriate arrangements are made with the Fund's bankers regarding the timings of the receipt and payments of cash flows (day light exposure).
- 1.7 The Fund's cash flows for dealing with members is negative with outflows to pensioners more than income from contributions. In an environment where a significant proportion of investment income is directly re-invested, the levels of liquid resources held need to be adequate and daily cashflows and regular reporting is essential.
- 1.8 It will manage its exposure to fluctuations in exchange rates. In general, the Fund will only hold foreign currencies to fund pending investment transactions thus limiting the exposure of treasury management activities to fluctuations in exchange rates so as to minimise any detrimental impact.

SCHEDULE 2: PERFORMANCE MEASUREMENT

- 2.1 The performance of the Fund's investments is independently measured by WM Company. The performance of cash is included as part of this process and is benchmarked against an appropriate inter-bank rate. This performance measurement is subject to scrutiny by Pensions Committee and IMWP.
- 2.2 The costs of investment management generally including treasury management expenses are separately accounted for in the Annual Statement of Accounts. Comparisons are made between internal and external fund management costs.

SCHEDULE 3: DECISION MAKING AND ANALYSIS

- 3.1 Decision-making is delegated as indicated in the management arrangements set out in schedule 5. Day to day decisions are constrained by the risk controls set out in the other schedules such as approved instruments and counterparties etc.
- 3.2 Tactical decision making by officers will seek to use information from brokers to meet cash flows whilst gaining maximum return within risk constraints. Officers will have access to up to date market information.
- 3.3 Strategic decision making by officers and members will seek to set in place a plan that meets the needs of the Pension Fund in relation to its overall investment plan. The external advisers to the Fund (actuary and independent advisers) will help to ensure that decisions are well informed.
- 3.4 A risk assessment form will be completed for each treasury management transaction (excluding cash at bank), detailing the circumstances at the time the decision is made and providing evidence of the issues considered.

SCHEDULE 4: APPROVED INSTRUMENTS, METHODS AND TECHNIQUES

- 4.1 The Fund will use the following instruments for its internally managed treasury management activities. The Fund does not use derivatives for risk control associated with the treasury management function but may hold derivatives for risk control within the overall portfolio and as investments (these may be held by internal and external managers)
 - AAA rated money market funds with a constant Net Asset Value
 - Call funds
 - Fixed term deposits with counterparties
 - Forward Fixed term deposits with counterparties
 - Structured Fixed term deposits with counterparties (See Note 1)
 - Cash at bank (Lloyds)

Note 1: these are effectively deposits which give MPF or deposit taker the option to cancel agreement or renegotiate duration/interest rate of the deposit at fixed periods agreed at commencement of the deposit. These products allow the internal team the opportunity to gain additional yield if their view on interest rates is correct, as the counterparty will have a contrarian view on either the direction or speed of interest rate changes.

4.2 The Fund will permit external fund managers to use all instruments permitted under the Investment Manager Agreement.

SCHEDULE 5: ORGANISATION, CLARITY AND SEGREGATION OF RESPONSIBILITIES, AND DEALING ARRANGEMENTS

5.1 The structure for the treasury management functions is as follows:

Pensions Committee

Oversees all aspects of Merseyside Pension Fund on behalf of Wirral Council and the other admitted bodies. Reviews investment strategy and overall administration of the Fund.

Investment Monitoring Working Party (IMWP)

Makes recommendations to Pensions Committee following consultation with in-house managers and external advisers.

Head of Pension Fund

Responsibilities as set out in twelve Treasury Management Practices.

Fund Operating Group (FOG)

Includes reviewing the day to day operation of the investments and accountancy function.

Group Accountant

Responsible for team that undertakes treasury management activities.

5.2 The day to day transactions for treasury management are executed by the treasury management team overseen by the Fund Accountant (Compliance).

5.3 The transmission of funds is carried out by the settlements team through electronic banking system and the recording of transactions is monitored by the Fund Accountant (Operations) ensuring an adequate separation of duties in the system.

5.4 The physical authorisation of the release of payments from the bank account is made by the Fund's authorised signatories as approved by Pensions Committee.

5.5 There are sufficient staff employed in the process to cover absences and maintain a separation of duties; the duties of staff are outlined in their job descriptions.

- 5.6 Staff currently involved in the system have an adequate level of relevant qualifications. Further training, as required, is made available as part of ongoing staff development:

Head of Pension Fund FCSI, ACIB
Group Accountant CPFA
Fund Accountant (Compliance) AAT
Fund Accountant (Operations) CIMA
Senior Settlements Officer AAT
Compliance & Valuations Officer AAT
Investment Assistant Chartered MCSI

- 5.7 Dealing arrangements will be detailed within application forms (where applicable) and approved by an authorised signatory.
- 5.8 The Fund's policy is not to tape treasury management conversations, although faxed or emailed confirmation is required of the deal from the broker or directly from the counterparty (excluding deposits into call accounts) before the payment is released.
- 5.9 Treasury management facilities are set up with the approval of at least one of the Fund's authorised signatories.
- 5.10 Treasury management facilities provided on the internet will be agreed with the Head of Pension Fund and will be scrutinised by the Compliance Section to ensure all necessary controls are in place.

**SCHEDULE 6:
REPORTING REQUIREMENTS AND MANAGEMENT INFORMATION
ARRANGEMENTS**

- 6.1 The Fund will ensure that regular reports are prepared and considered on the implementation of its treasury management policies; on the effects of decisions taken and transactions executed in pursuit of these policies; on the implications of changes, particularly budgetary, resulting from regulatory, economic, market or other factors affecting its treasury management activities; and on the performance of the treasury management function.
- 6.2 Pensions Committee will receive an annual report on the strategy and plan to be pursued in the coming year.
- 6.3 An annual report on the performance of the treasury management function, on the effects of the decisions taken and the transactions executed in the past year, and on any circumstances of non-compliance with the Fund's treasury management policy statement and TMPs, will be received by the Pensions Committee.
- 6.4 The IMWP will receive interim reports on treasury management.

SCHEDULE 7:

BUDGETING, ACCOUNTING AND AUDIT ARRANGEMENTS

- 7.1 The Fund will ensure that its auditors and those charged with regulatory review have access to all information and papers supporting the activities of the treasury management function as are necessary for the proper fulfillment of their roles, and that such information and papers demonstrate compliance with external and internal policies and approved practices. The information made available under present arrangements is detailed in the schedule (10.1) to this document.

SCHEDULE 8: CASH FLOW

- 8.1 Given the unpredictable nature of cash flows in investment management and in the payment of lump sum benefits, the Fund is not able to forecast cash flows precisely. The Fund has designed its cash portfolio to meet the principal material predictable cash flows i.e. pension pay days, and retains a sufficient level of liquidity to cover other calls on cash.
- 8.2 The investments office maintains cash flow statements on a monthly basis updated daily for predictable cash flows and uses this as a tool to assist the treasury management function.

SCHEDULE 9: USE OF EXTERNAL PROVIDERS

- 9.1 The main providers of services to the Fund are money market brokers. As the Fund does not borrow funds it does not pay commission to the brokers. The performance of brokers is under regular review by staff.
- 9.2 The Fund's main clearing bank contract is the subject of regular tendering exercises.

SCHEDULE 10: CORPORATE GOVERNANCE AUDIT AND COMPLIANCE

- 10.1 The Fund is administered by Wirral Council and is subject to its corporate governance arrangements including regular internal audit and annual external audit. The treasury management function is examined by both of these audits regularly as a high priority area. Officers shall ensure that all documentation listed below is made available to auditors:

- Internal policies
- Internal records of deals
- Counterparty confirmations

WIRRAL COUNCIL

Pensions Committee 19th January 2015

SUBJECT:	BlackRock Mandate
WARD/S AFFECTED:	None
REPORT OF:	Strategic Director Transformation and Resources
KEY DECISION?	No

1.0 EXECUTIVE SUMMARY

- 1.1 The purpose of this report is to provide Members with an update following some material changes made by BlackRock to the carrying out their developed Asia-Pacific ex-Japan equities mandate, including a change of fund manager.
- 1.2 It has been decided to continue the mandate, which will continue to be subject to monitoring under established procedure.

2.0 BACKGROUND AND KEY ISSUES

- 2.1 BlackRock commenced managing a developed Asia-Pacific ex-Japan equities mandate for the Fund in October 2010, following a public tendering exercise. Merseyside Pension Fund's weighting to developed Asia-Pacific ex-Japan equities comprises 4% of its strategic asset allocation. This mandate for BlackRock was to manage half of this allocation. As at 30th November 2014, the portfolio was valued at £121 million. The target of the mandate was to achieve, over a rolling three-year term, out-performance of 2% relative to the benchmark index of the MSCI Asia Pacific ex-Japan.
- 2.2 The mandate was run by a portfolio management team based in Edinburgh, drawing on the firm's global analysis and risk management capacity. The mandate's reference benchmark has the following geographic weighting:

MSCI Developed Asia ex	
Japan	Benchmark %
Australia	62.33
Hong Kong	24.15
Singapore	12.44
New Zealand	1.08

The portfolio's active allocations to these geographies are at the discretion of the fund manager, as is the power to invest up to 20% of the portfolio in off-benchmark stocks.

- 2.3 BlackRock informed the Fund that, due to operational re-structuring, the implementation of its Asian equity strategies would no longer be carried out by the Edinburgh team. Responsibility for Merseyside Pension Fund's mandate would transfer to a well-established team based in Hong Kong. This team had been in place since August 2011, running pan-Asian equity strategies with a strong track record of success. Fund officers then undertook a due diligence process to determine if the new team was suitable to continue with the Fund's mandate.
- 2.4 BlackRock is the world's largest asset management business, operating with global reach and considerable resources. At the time of the proposed transfer, the Hong Kong team were already managing the majority of the firm's Asian equity business. It was determined that the proposed team demonstrated the requisite capacity and skill to manage our mandate, albeit with some variations in the investment process largely characterised by a greater use of qualitative analysis in portfolio construction and a wider pan-Asian focus. It was agreed that the terms of the mandate would be altered to increase the off-benchmark capacity to 30%, which would allow for wider geographic allocation and tilting toward more small and mid cap stocks. There was no indication that the proposed strategy had a higher volatility (expressing active risk) than the current portfolio.
- 2.5 BlackRock agreed to meet all explicit costs (and half of the anticipated implicit spread costs) of implementing the transition to their target portfolio. The management fees are to remain unchanged. The mandate is due for formal review and re-tendering in 2016.

3.0 RELEVANT RISKS

- 3.1 There is a risk that the Fund's investment objectives for this mandate will fail to be met by switching to an unsuitable manager. This has been addressed by the due diligence process and will be subject to ongoing monitoring.
- 3.2 The transition to the new portfolio can be disruptive and potentially destructive of value, due to the costs involved (e.g. transaction costs and market timing). BlackRock are addressing this by agreeing to cover the majority of costs incurred. The Hong Kong team presented officers with a pre-trade analysis indicative of costs and likelihood of being able to efficiently trade the vast majority of the target portfolio within a week. The performance measurement history of this mandate will be kept unbroken, so the Hong Kong team have further incentive to manage the transition efficiently.

4.0 OTHER OPTIONS CONSIDERED

- 4.1 The Fund had the option to terminate the mandate, had the new portfolio management arrangements been considered too radical a departure. Using existing mechanisms, the portfolio could have been de-risked by moving into a passive vehicle, while a re-tendering exercise is undertaken. This option is not considered to offer any added value at the present time.

5.0 CONSULTATION

5.1 The change in the mandate was reported to IMWP in November 2014 under the Monitoring Policy.

6.0 OUTSTANDING PREVIOUSLY APPROVED ACTIONS

6.1 There are none.

7.0 IMPLICATIONS FOR VOLUNTARY, COMMUNITY AND FAITH GROUPS

7.1 There are none.

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

8.1 BlackRock will cover all costs associated with transitioning the portfolio by setting them off against their quarterly fee.

9.0 LEGAL IMPLICATIONS

9.1 The Fund has completed a side-letter to its Investment Management Agreement with BlackRock to reflect the mandate changes.

10.0 EQUALITIES IMPLICATIONS

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

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

11.0 CARBON REDUCTION AND ENVIRONMENTAL IMPLICATIONS

11.1 There are none.

12.0 PLANNING AND COMMUNITY SAFETY IMPLICATIONS

12.1 There are none.

13.0 RECOMMENDATION/S

13.1 That Members note the changes made in fund management arrangements for the BlackRock Developed Asia-Pacific ex-Japan equities mandate.

14.0 REASON/S FOR RECOMMENDATION/S

14.1 The changes are not thought detrimental to implementation of the Fund's investment strategy.

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APPENDICES

BACKGROUND PAPERS/REFERENCE MATERIAL

BRIEFING NOTES HISTORY

Briefing Note	Date
Pensions Committee, 'Manager Reviews and Tender Exercises'	20th January 2014
Pensions Committee, 'Management of Asia/Pacific Equities'	27th September 2010

SUBJECT HISTORY (last 3 years)

Council Meeting	Date

WIRRAL COUNCIL

PENSIONS COMMITTEE

19 JANUARY 2015

SUBJECT:	ELECTED MEMBER EDUCATIONAL EVENT
WARD/S AFFECTED:	NONE
REPORT OF:	STRATEGIC DIRECTOR TRANSFORMATION & RESOURCES
KEY DECISION?	NO

1.0 EXECUTIVE SUMMARY

1.1 This report recommends that the Committee considers attendance by Members at the third 330 Consulting Elected Member Educational Event (EMEE) in the Palace of Westminster in London on Wednesday 18 February 2015.

2.0 BACKGROUND AND KEY ISSUES

2.1 The previous 330 Consulting EMEE was attended by party spokespersons. The event is designed for those members of Pensions Committees who are relatively new to their roles, but it is also open to other, more experienced, Committee members who would like a refresher on some key investment concepts and issues.

The intention is that attendees can benefit from presentations on investment topics that do not assume a detailed understanding of the investment world, and yet which provide a good grounding on each topic to help attendees in their duties back in the real world.

2.2 To help keep the day interesting, and not make it too focussed in investment topics, the EMEE will again be a mixture of educational investment sessions and politically-themed presentations. The agenda is set out at appendix 1.

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 OUTSTANDING PREVIOUSLY APPROVED ACTIONS

6.1 N/A.

7.0 IMPLICATIONS FOR VOLUNTARY, COMMUNITY AND FAITH GROUPS

7.1 There are none arising from this report

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

8.1 Attendance is free. There will be travel costs to London and overnight accommodation will be required for the night of 17 February.

9.0 LEGAL IMPLICATIONS

9.1 There are none arising from this report.

10.0 EQUALITIES IMPLICATIONS

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

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

11.0 CARBON REDUCTION AND ENVIRONMENTAL IMPLICATIONS

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

12.0 PLANNING AND COMMUNITY SAFETY IMPLICATIONS

12.1 There are none arising from this report.

13.0 RECOMMENDATION/S

13.1 That Committee considers if it wishes to send a delegation to attend this event and, if so, to determine the number and allocation of places.

14.0 REASON/S FOR RECOMMENDATION/S

14.1 Attendance at this conference will assist Members in fulfilling the Committee’s Knowledge and Skills objectives as set out by CIPFA.

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APPENDICES

Appendix 1

BACKGROUND PAPERS/REFERENCE MATERIAL

BRIEFING NOTES HISTORY

Briefing Note	Date

SUBJECT HISTORY (last 3 years)

Council Meeting	Date

Appendix 1

Agenda

08:45 - 09:30 **Registration and Coffee** - Members Dining Room

09:30 - 09:40 **Welcome**

David Crum, Owner, 330 Consulting

I will take a few moments to welcome everyone to the event, set out the plan for the day, and deal with any pertinent housekeeping issues.

09:40 - 10:15 **Tomorrowland - An Investment Future For The LGPS**

John Harrison, Independent Advisor to an LGPS Fund

The structure and effectiveness of the LGPS is under greater scrutiny than ever before. The objectives for the sector are becoming clearer - greater liability management, better cost effectiveness and reduced deficits. But what will the new world look like and how will we get there? In this session John will consider some of the approaches proposed, including the use of CIVs, fund mergers, unitisation and the role of active management.

10:15 - 10:50 **Key Investments & Their Outlook – 2015 And Beyond**

Atul Shinh, Investment Specialist, Multi-Asset team

There are a number of different options for LGPS Funds when it comes to deciding how to structure their

investment strategies. Most have the majority of their assets invested in equities, with bonds and real estate following in second and third place. However, many Funds also have exposure to investments such as private equity and infrastructure, and some Funds are now combining a number of different assets into single investment vehicles such as Diversified Growth Funds. But what are the key characteristics of each type of investment?

In this session, Atul will cover the basics of the investment option listed above, before going on to share Investec's views on the outlook for each for the coming months and years. He'll explain which assets Investec believe will do well, and which may well face some headwinds, in the short and medium term.

10:50 - 11:25

Emerging Markets & Fixed Interest Opportunities

George Varino, Client Portfolio Manager, Emerging Market Debt team

Many LGPS Funds already invest in Emerging Markets, with investments being held almost entirely in equities. Emerging Market (EM) debt is now considered a mainstream asset class, and as a result a significant number of institutional investors in the UK have already made, or are considering making, an allocation.

But what do we mean when we talk about EM debt? How big is the investible universe? How are factors such as credit and political risk assessed and managed? And in which countries should investors be most interested? In this session, George will answer these questions on Emerging Market debt, and will also provide an outlook for the asset class.

11:25 - 11:50

Coffee Break - Strangers Dining Room

11:50 - 12:25

The Federalisation Of The UK

Iain Martin, political commentator, journalist, author

Iain is a political commentator, a former editor of The Scotsman and former deputy editor of both the Sunday Telegraph and the Wall Street Journal Europe. He contributes a weekly column to the Sunday Telegraph and blogs on the inner-workings of the coalition and the UK political scene.

Starting his career in his native Scotland as a reporter

with the Sunday Times Scotland he then became political editor of Scotland on Sunday before taking on the deputy editor and then editor roles at the title. He then moved south of the border as deputy editor of the Sunday Telegraph and then head of comment for all Telegraph titles and outlets. He also served as Deputy Editor of the Wall Street Journal Europe and wrote a political column for the Daily Mail.

Iain is the author of the acclaimed book 'Making It Happen: Fred Goodwin, RBS and the men who blew up the British economy'. He offers a revealing look in to how Westminster works, the hype, the ceremony and the mundane. Iain also looks at the wider pictures of Europe and the relationship between Scotland and the rest of the UK.

12:25 - 13:00

Hedge Funds: Separating Fact From Fiction

Neil Loden, Chief Risk Officer

A number of LGPS Funds already invest in Hedge Funds, whether via a 'fund of funds' route, or by investing in single strategy funds. Whilst the major investment consulting firms may well suggest to their LGPS clients that a well-constructed and customised portfolio of hedge funds could provide significant portfolio diversification and risk adjusted return benefits, the majority of LGPS Funds have not made an allocation to this kind of investment approach. Why is that?

In this session, Neil Loden from Man Group will explain what the term 'hedge fund' actually means, what kinds of investments can be found in such vehicles, the different investment strategies associated with hedge funds and the optimal way for an LGPS Fund to implement such a strategy. Neil will also dispel some of the myths and jargon associated with hedge funds to help EMEE attendees form their own views on the risks and returns available from this important investment option.

13:00 - 13:50

Lunch - Strangers Dining Room

13:50 - 14:25

Pre-General Election 'Special'

James Morris, Director, European Office, Greenberg Quinlan Rosner Research

James is a campaign pollster and strategist. A former

speech writer to Labour leader Ed Miliband and advisor at the Number 10 Strategy Unit, Morris runs Greenberg Quinlan Rosner's London office. Since joining the firm in 2010, James has advised corporate, NGO and political clients around the world. He ran strategy for Ed Miliband's against-the-odds victory in the Labour party leadership campaign and continues to advise the Labour leader.

14:25 - 15:00

Getting to Grips With Foreign Exchange

Scott Dickinson, Head of Asset Owners, Institutional Investors, UK, MESA and Nordics

LGPS Funds, and their investment managers, have to buy and sell foreign currencies on a daily basis to buy/sell securities, to repatriate foreign dividend income, or to 'hedge' the risk associated with holding overseas investments. This kind of foreign exchange (FX) activity is normally undertaken in the background, but issues with the transparency and fairness of pricing in the FX market have made headlines in the financial press in recent years. How should LGPS Funds view their FX transactions - as a risk, or as an opportunity?

In this session, Scott will help demystify the world of FX and look at how Funds can use FX as both an investment and risk management tool. He'll consider FX best practice, and will also cover what Funds should be asking for, and expecting from, their current service providers.

15:00 - 15:25

Coffee - Strangers Dining Room

15:25 - 16:00

The Ins and Outs of Transition Management

Chris Adolph, Head of Transition Management, EMEA

LGPS Funds occasionally replace investment managers, with assets having to pass from the legacy to the new manager as part of the changeover process. At first glance, it might be expected that such a 'transition' is a relatively straightforward process - however, there are many different issues and risks to deal with in making such a transfer.

In this session, Chris will provide EMEE attendees with an overview of transition management as a concept, covering the basics of transitions and the terminology used, how transitions are managed, where value can be added (and destroyed) during the transfer process, and which transition management aspects Funds might wish to focus on when appointing a transition manager.

16:00 - 16:45

The Politics of Climate Change

Dr Gabrielle Walker

Gabrielle is an expert on climate change and the energy industry. She has been a Professor at Princeton University and is author of four books including co-authoring the bestselling book about climate and energy 'The Hot Topic', which was described by Al Gore as "a beacon of clarity" and by The Times as "a material gain for the axis of good".

Gabrielle is currently Chief Scientist of Strategic Advisory firm Xynteo where she works at C-level with a wide range of global companies on creating solutions for low-carbon, resource-efficient and innovative growth. She has also worked with Tesco, Unilever, Royal Dutch Shell, British Energy, KPMG, several UK government departments and the Asia Development Bank.

She is an accomplished speaker and moderator in both the corporate and literary worlds and has presented many radio and TV programmes. She has been Climate Change Editor at Nature and Features Editor at New Scientist and has written very extensively for many international newspapers and magazines, including Nature, The Economist, Prospect The Wall Street Journal and The New York Times.

A self-confessed "ice addict" Gabrielle has made more than a dozen trips to both poles. She has also climbed trees in the Amazon rainforest, swum with piranhas, been sneezed on by a humpback whale, hooked lava out of a live volcano, and flown in zero gravity. She has a PhD in Natural Sciences from Cambridge University.

16:45

Close

David Crum

16:45 - 18:30

Drinks reception - Strangers Dining Room
& tour of Houses of Parliament

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WIRRAL COUNCIL

PENSIONS COMMITTEE

19 JANUARY 2015

SUBJECT:	MINUTES OF THE INVESTMENT MONITORING WORKING PARTY
WARD/S AFFECTED:	NONE
REPORT OF:	STRATEGIC DIRECTOR TRANSFORMATION AND RESOURCES
KEY DECISION?	NO

1.0 EXECUTIVE SUMMARY

- 1.1 The purpose of this report is to provide Members with the minutes of the Investment Monitoring Working Party (IMWP) held on 25 November 2014.
- 1.2 The appendix to the report, the minutes of the IMWP on 25 November 2014, 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 The IMWP meets at least six times a year to enable Members and their advisors to consider investment matters, relating to Merseyside Pension Fund, in greater detail.

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 out of this report.

6.0 OUTSTANDING PREVIOUSLY APPROVED ACTIONS

- 6.1 N/A

7.0 IMPLICATIONS FOR VOLUNTARY, COMMUNITY AND FAITH GROUPS

7.1 There are none arising from this report.

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

8.1 There are no implications arising directly from this report.

9.0 LEGAL IMPLICATIONS

9.1 There are none arising from this report.

10.0 EQUALITIES IMPLICATIONS

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

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

11.0 CARBON REDUCTION IMPLICATIONS

11.1 There are none arising from this report.

12.0 PLANNING AND COMMUNITY SAFETY IMPLICATIONS

12.1 There are none arising from this report.

13.0 RECOMMENDATION/S

13.1 That Members approve the minutes of the IMWP which are attached as an appendix to this report.

14.0 REASON/S FOR RECOMMENDATION/S

14.1 The approval of IMWP minutes by Pensions Committee forms part of the governance arrangements of Merseyside Pension Fund. These arrangements were approved by Pensions Committee as part of the Fund's Governance Statement at its meeting on 27th June 2011.

REPORT AUTHOR: **Peter Wallach**
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APPENDICES

Exempt Appendix 1

BACKGROUND PAPERS/REFERENCE MATERIAL

None

BRIEFING NOTES HISTORY

Briefing Note	Date

SUBJECT HISTORY (last 3 years)

Council Meeting	Date
Minutes of all IMWP's are brought to the subsequent Pensions Committee meeting.	

APPENDIX 1

Minutes of Investment Monitoring Working Party, 25 November 2014

In attendance:

(Chair) Councillor Paul Doughty (WBC)	Peter Wallach (Head of MPF)
Councillor Harry Smith (WBC)	Joe Blott (Strategic Director Transformation and Resources)
Councillor Geoffrey Watt (WBC)	Linda Desforges (Investment Manager)
Councillor George Davies (WBC)	Owen Thorne (Investment Officer)
Patrick McCarthy (Co-optee)	Greg Campbell (Investment Manager)
Paul Wiggins (Unison)	Allister Goulding (Investment Manager)
Noel Mills (Independent Advisor)	Emily McGuire (Aon Hewitt)
Rohan Worrall (Independent Advisor)	Louis Hill (Aon Hewitt)
Adil Manzoor (Tax Accountant)	Emma Jones (PA to Head of Pension Fund)

Apologies were received from:

Councillor Cherry Povall (WBC)	Councillor Ann McLachlan (WBC)
Councillor Mike Hornby (WBC)	Councillor Treena Johnson (WBC)
Phil Goodwin (Unison)	Councillor Chris Carubia (WBC)
Leyland Otter (Investment Manager)	

Declarations of Interest

Councillor Paul Doughty and Councillor Geoffrey Watt declared an interest in Merseyside Pension Fund

WIRRAL COUNCIL

PENSIONS COMMITTEE

19 JANUARY 2015

SUBJECT:	PROPRTY PORTFOLIO RENT ARREARS AND WRITE OFFS
WARD/S AFFECTED:	ALL
REPORT OF:	STRATEGIC DIRECTOR TRANSFORMATION & RESOURCES
KEY DECISION?	NO

1.0 EXECUTIVE SUMMARY

- 1.1 The purpose of this report is to request that Members agree to the write off of £3,757.60 of unrecoverable rent arrears from the Fund's property portfolio.
- 1.2 Appendix 1 to the report, (A report from CBRE detailing property rent arrears), 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 As Members will be aware, CBRE are the managing agents for the Fund's property portfolio. Amongst other functions, they have responsibility for the collection of rent and management of arrears. On an annual basis they produce a report on uncollectable arrears which is attached as an appendix to this report.

3.0 RELEVANT RISKS

- 3.1 Not relevant for this report.

4.0 OTHER OPTIONS CONSIDERED

- 4.1 CBRE considers a number of actions for the recovery of rental arrears before any write off is recommended.

5.0 CONSULTATION

- 5.1 Not relevant for this report.

6.0 OUTSTANDING PREVIOUSLY APPROVED ACTIONS

- 6.1 There are no previously approved actions outstanding.

7.0 IMPLICATIONS FOR VOLUNTARY, COMMUNITY AND FAITH GROUPS

7.1 There are no implications arising directly from this report.

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

8.1 The total amount recommended for write off in this report is £3,757.60. The estimated annual property rental income for 2014/15 as at 30 September 2014 is £21.2m.

9.0 LEGAL IMPLICATIONS

9.1 There are no implications arising directly from this report.

10.0 EQUALITIES IMPLICATIONS

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

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

11.0 CARBON REDUCTION AND ENVIRONMENTAL IMPLICATIONS

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

12.0 PLANNING AND COMMUNITY SAFETY IMPLICATIONS

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

13.0 RECOMMENDATION/S

13.1 That Pensions Committee approves the write-off of uncollectable property rental income of £3,757.60.

14.0 REASON/S FOR RECOMMENDATION/S

14.1 CBRE considers these rental arrears to be irrecoverable. The approval of the write off of irrecoverable rent arrears by Pensions Committee forms part of the governance arrangements of Merseyside Pension Fund.

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APPENDICES

The report from CBRE is attached as an exempt appendix to this report.

BACKGROUND PAPERS/REFERENCE MATERIAL

No reference material used in the production of this report.

BRIEFING NOTES HISTORY

Briefing Note	Date

SUBJECT HISTORY (last 3 years)

Council Meeting	Date
Pensions Committee :	
Property portfolio rent arrears and write offs	20 January 2014
Property portfolio rent arrears and write offs	15 January 2013
Property portfolio rent arrears and write offs	17 January 2012

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