



Pensions Committee

Date:	Tuesday, 24 March 2015
Time:	6.00 pm
Venue:	Committee Room 1 - Wallasey Town Hall

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AGENDA

1. MEMBERS' CODE OF CONDUCT - DECLARATIONS OF INTEREST

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

2. MINUTES (Pages 1 - 8)

To approve the accuracy of the minutes of the meeting held on 19 January, 2015.

3. AUDIT PLAN 2014/15 (Pages 9 - 22)

4. STRONGER FUTURES: DEVELOPMENT OF THE LGPS (Pages 23 - 24)

5. LGPS UPDATE (Pages 25 - 32)

6. PENSION BOARD UPDATE (Pages 33 - 50)

7. NAPF LOCAL AUTHORITY CONFERENCE (Pages 51 - 60)

8. LGPC ANNUAL TRUSTEES CONFERENCE (Pages 61 - 64)

9. NON RECOVERY OF PENSION OVERPAYMENTS (Pages 65 - 68)

10. GRWP MINUTES 2 FEBRUARY ,2015 (Pages 69 - 72)

11. IMWP MINUTES 05 MARCH, 2015.

Reports to follow.

12. EXEMPT INFORMATION - EXCLUSION OF MEMBERS OF THE PUBLIC

The following items contain exempt information.

RECOMMENDATION: That, under section 100 (A) (4) of the Local Government Act 1972, the public be excluded from the meeting during consideration of the following items of business on the grounds that they involve the likely disclosure of exempt information as defined by the relevant paragraphs of Part I of Schedule 12A (as amended) to that Act. The Public Interest test has been applied and favours exclusion.

13. NON RECOVERY OF PENSION OVERPAYMENTS EXEMPT APPENDIX (Pages 73 - 74)

14. GRWP MINUTES 2 FEBRUARY, 2015 EXEMPT APPENDIX. (Pages 75 - 82)

15. IMWP MINUTES 05 MARCH, 2015 EXEMPT APPENDIX.

Exempt appendix to follow.

16. ANY OTHER URGENT BUSINESS APPROVED BY THE CHAIR

PENSIONS COMMITTEE

Monday, 19 January 2015

Present: Councillor P Doughty (Chair)

Councillors AR McLachlan H Smith
G Davies G Watt
T Johnson M Hornby
AER Jones C Carubia
A Sykes (dep for Cllr
C Povall)
N Crofts, Liverpool City Council
N Keats, Knowsley Council
P Wiggins, Unison

Apologies Councillors J Fulham, St Helens Council
C Povall

60 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 Norman Keats declared a pecuniary interest by virtue of being a member of Merseyside Pension Fund.

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

Councillor Nick Crofts declared a pecuniary interest by virtue of being a member of Merseyside Pension Fund.

61 MINUTES

Resolved – That the accuracy of the Minutes of the Pensions Committee held on 17 November, 2014 be approved as a correct record.

62 LGPS UPDATE - PENSION BOARDS

A report of the Strategic Director Transformation and Resources sought the Pensions Committee's comments on the proposed composition and terms of reference of Wirral Council's Pension Board.

It was reported that the final Governance Regulations were still awaited from the Department for Communities and Local Government (DCLG). However, due to the short timescale to implement the board, it was necessary to put arrangements in place to ensure compliance with the regulations.

A first draft of the proposed Terms of Reference for the Pension Board, Member Role, Specification and Appointment Process was attached as appendices to the report and amended recommendations including amendments to section 3 of the Board's Terms of Reference were circulated to the Committee. Members were advised that the Committee's comments on this draft could 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.

Members were informed that the final draft would be considered by the Head of Legal and Democratic Services before submission to Council.

The Public Service Pensions Act 2013 required each Local Government Pension Fund to set up a Local Pension Board. DCLG had been consulting on the regulations relating to the governance framework for the reformed scheme and the Pension Committee had been apprised of the recent consultation, which ended on 21 November 2014, at its last meeting.

The final regulations were expected to be laid in January 2015 and the supporting Shadow Scheme Advisory Board Guidance was also expected in January. The final guidance would 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.

Members were also informed that administering authorities were statutorily required to have approved the composition and terms of reference of the Pension Board by 1 April 2015.

Peter Wallach, Head of the Pension Fund, informed the Committee that the Board was 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 did not apply. The Board was not a decision making body, its role was 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. He clarified that the reference under 2.18 of the report to the special responsibility allowance was in relation to the allowance of £2751 p.a. paid to the Chair of Pensions Committee, not to members of the Committee.

Members were advised that there were restrictions on which Wirral Council Members or officers may be members of the Board in order to prevent a conflict of interest. It would not be possible to sit on both the Pension Fund Committee and the Pension Board, whilst no officer involved in the running of the Fund could be either an employer or employee representative. It was possible to appoint other Board

members who did not fall into either the employer or employee category, for example an independent Chair. The roles of the various governance bodies were set out in the report together with the proposed composition of the Wirral Pension Board, the appointment process, remuneration of Board Members and the Terms of Reference and the Timetable for the Board.

The Chair thanked the officers for the considerable amount of work involved and for clarification informed members of the Committee that, given the time restraints, as confirmation was still awaited from Government any changes necessary would be presented to the Chair before being presented to the Council on 16 March, 2015.

Resolved – That;

1. Pensions Committee agrees and recommends to Council:

a) the establishment of a Pension Board pursuant to regulations (The Local Government Pension Scheme (Amendment) Regulations 2014) in accordance with the Terms of Reference set out in appendix1, subject to the membership being agreed by Council and the Terms of Reference being amended to confirm that the Board shall be quorate providing a minimum of 4 members are present.

b) the Pension Board shall have the authority to do anything which is calculated to facilitate, or is conducive or incidental to, the discharge of any of its functions.

c) the establishment of a selection panel by the Council in accordance with appendix 3 to consider and assess applications received and undertake interviews. The selection panel is to make recommendations to Council with regard to appointment of members to the Board.

d) the Head of Pension Fund be authorised to implement the administrative arrangements required to undertake a recruitment exercise necessary for the selection and appointment of members to the Board.

e) the definition of independent member for the purposes of the Board shall be agreed as:

- not a current elected member or employee of a participating scheme employer**
- has not been an elected member or employee of a participating scheme employer in the past 5 years**

f) in respect of the two active member representatives, the initial appointment to the Board for one of the representatives shall be for a term of 6 years and the other for 4 years; that in respect of the two representatives of local authorities, Police/Fire/Transport authorities and Parish Councils, the initial appointment to the Board for one of the representatives shall be for a term of 6 years and the other for 4 years.

g) the Pensions Committee (and the Heads of the Pension Fund and of Legal and Member Services after consultation with the Chair of the Pensions Committee prior to the meeting of the Council in March 2015) may recommend to Council changes to the Board and its Terms of Reference having regard to the final form of regulations and statutory guidance.

2. the Selection Panel's Terms of Reference as set out in Appendix 3 shall be that:

- it shall comprise 3 elected members**
- it shall not consist of current Pensions Committee members**
- there shall be two advisors to the selection panel: the Head of Pension Fund and a representative from the Fund's external auditors**

3. the following amendments be made to the Board's terms of reference set out in appendix 1.

a) Section 3 "Members of the Board shall cease to be a member of the Board if they do not attend two consecutive meetings and fail to tender apologies which are accepted by the Board" be substituted for "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 the other members. The removal of the independent member requires the consent of the Scheme Manager".

b) Section 3 the following shall be added: " In the event of the independent member not being available for a Board meeting, a Vice Chair for that meeting shall be determined by the Board members".

63 MERSEYSIDE PENSION FUND BUDGET FINANCIAL YEAR 2015/16

A report of the Strategic Director of Transformation & Resources requested that Members approve the budget for the financial year 2015/16.

The headline figures were that during the financial year 2015/16, it was estimated that MPF would pay £267m in pensions and receive £184m in contributions from employers and employees. The Fund had 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 represented a cost of £135.61 per member of the scheme. Taken separately the external investment management costs were approximately £88.29 per member.

It was reported that the estimated contributions for 2015/16 were 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 had 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.

The methods used to compile estimates of expenditure for 2015/16 were included in the report and the budget for 2015/16 was attached as an appendix to the report.

Resolved – That;

1. 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) be approved.

2. 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 2015.

64 **MEMBER DEVELOPMENT PROGRAMME 2015**

Members considered a report that outlined the proposed programme for member development in 2015.

The outline training programme was attached as an appendix to the report. It 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 would be informed.

Peter Wallach, Head of the Pensions Fund indicated that the Local Government Pensions Committee-organised 'Fundamentals' course was considered essential for all members to complete. It provided a comprehensive overview of the LGPS and the 'trustee' role carried out by those serving on a pension committee/panel. The course would take 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. The Head of Pensions also noted that two of the six IMWP meetings contained a formal training session that covered relevant/topical subject matter. Additionally, presentations by external professional organisations and the deliberative nature of all the working parties meant that attendance was regarded as an important element of Member development and dates would be circulated to new members in particular.

Members were made aware that it was 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 was kept and reviewed annually by the Governance & Risk Working Party.

Resolved - That the proposed training and development plan for 2015 be noted and approved.

65 **TREASURY MANAGEMENT STRATEGY**

Members considered a report that requested the approval of the treasury management policy statement and the treasury management practices and annual plan for Merseyside Pension Fund (MPF) for the year 2015/16.

The policy statement was attached as appendix 1 to the report.

Resolved - That the treasury management policy statement and the treasury management annual plan and strategy for Merseyside Pension Fund for the financial year 2015/16 be approved.

66 CHANGE TO BLACKROCK MANDATE

Members considered a report of the Strategic Director of Transformation and Resources that provided the Committee 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.

Peter Wallach, Head of Pensions, reported that it had been decided to continue the mandate, which would continue to be subject to monitoring under established procedure. He reported that BlackRock had 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 comprised 4% of its strategic asset allocation. This mandate for BlackRock was to manage half of this allocation. As at 30th November 2014, the portfolio had been 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.

Members were informed that the mandate had been run by a portfolio management team based in Edinburgh, drawing on the firm's global analysis and risk management capacity. BlackRock had 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 had then undertaken a due diligence process to determine if the new team was suitable to continue with the Fund's mandate.

It was reported that BlackRock was 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 had been determined that the proposed team demonstrated the requisite capacity and skill to manage the 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 had been 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. It was reported that there was no indication that the proposed strategy had a higher volatility (expressing active risk) than the current portfolio.

The Committee were informed that BlackRock had 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 were to remain unchanged. The mandate was due for formal review and re-tendering in 2016.

Resolved – That the changes made in fund management arrangements for the BlackRock Developed Asia-Pacific ex-Japan equities mandate be noted.

67 **ELECTED MEMBER EDUCATIONAL EVENT**

A report of the Strategic Director Transformation and Resources recommended 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. The agenda to the event was attached as an appendix to the report.

Peter Wallach, Head of the Pension Fund informed members that the previous 330 Consulting EMEE had been attended by party spokespersons. The event was designed for those members of Pensions Committees who were relatively new to their roles, but it was also open to other, more experienced, Committee members who would like a refresher on some key investment concepts and issues.

Resolved – That;

1. a delegation attend this event to include Councillors Treena Johnson, Nick Crofts, Geoffrey Watt, Paul Doughty and Chris Carubia and;

2. any other members wishing to attend this event contact Peter Wallach, Head of the Pension Fund.

68 **IMWP MINUTES 25 NOVEMBER, 2014.**

A report of the Director of Strategic Services provided the Pensions Committee with the minutes of the Investment Monitoring Working Party (IMWP) held on 25 November 2014.

The appendix to the report, the minutes of the IMWP on 25 November 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 of the IMWP which were attached as an exempt appendix to the report be approved.

69 **PROPERTY ARREARS**

A report of the Strategic Director of Transformation and Resources requested that Members agree to the write off of £3,757.60 of unrecoverable rent arrears from the Fund's property portfolio.

Appendix 1 to the report, (A report from CBRE detailing property rent arrears), 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 write-off of uncollectable property rental income of £3,757.60 be approved.

70 EXEMPT INFORMATION - EXCLUSION OF MEMBERS OF THE PUBLIC

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.

71 EXEMPT IMWP MINUTES 25 NOVEMBER, 2014.

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

72 EXEMPT APPENDIX PROPERTY ARREARS

The appendix to the report on the Property Arrears was exempt by virtue of paragraph 3.

The Audit Plan for Merseyside Local Government Pension Fund

Year ended 31 March 2015

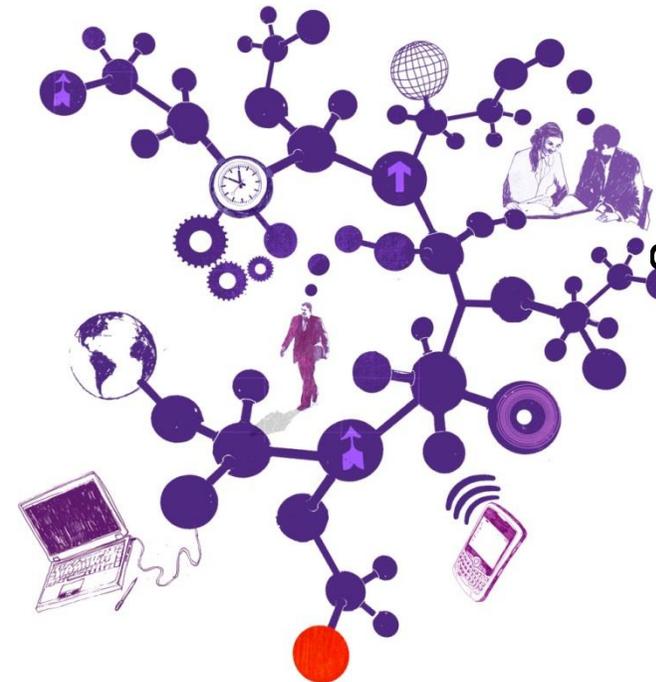
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Agenda Item 3

The contents of this report relate only to the matters which have come to our attention, which we believe need to be reported to you as part of our audit process. It is not a comprehensive record of all the relevant matters, which may be subject to change, and in particular we cannot be held responsible to you for reporting all of the risks which may affect the Council or any weaknesses in your internal controls. This report has been prepared solely for your benefit and should not be quoted in whole or in part without our prior written consent. We do not accept any responsibility for any loss occasioned to any third party acting, or refraining from acting on the basis of the content of this report, as this report was not prepared for, nor intended for, any other purpose.

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Understanding your business

In planning our audit we need to understand the challenges and opportunities the Pension Fund is facing. We set out a summary of our understanding below.

Challenges/opportunities

1. New governance arrangements

- The new governance regulations have introduced further changes for LGPS which take effect from April 2015. These introduce a Local Pension Board for each fund. These boards will work with the administering authority to help ensure compliance and effective governance and administration of the scheme. In addition the regulations also establish a National Scheme Advisory Board and a funding cap.
- There is a potential for overlap for many schemes between existing Pension Committees and the new Local Pension Boards, with a real challenge for administering authorities to meet the statutory requirements, but in a way which delivers visible improvements in the governance of the funds.

2. Pensions Regulator

- The Public Services Pension Act also provides for the extension of the work of The Pensions Regulator to the LGPS from 1 April 2015.
- The Fund will need to monitor compliance with requirements set by the regulator.

3. Future structural reform

- In May 2014 DCLG consulted on the opportunities for collaboration, cost savings and efficiencies in the management of LGPS funds. While the outcome of this is still awaited there is clearly a growing momentum for structural change.
- In the meantime the growing use of shared arrangements is delivering real benefits to funds through reduced costs, increasing access to relevant expertise and improved quality.

4. Local government outsourcing

- As many council's look to outsourcing and the set up of external companies as a more cost effective way to provide services, the impact on the LGPS fund needs to be considered.
- Funds need to carefully consider requests for admission to the scheme and where possible mitigate any risks to the fund.
- An increased number of admitted bodies may increase the risks for the fund in the event of those bodies failing. It is also likely to increase the administration costs of the scheme overall.

Our response

- We will continue our on-going dialogue with officers around their governance arrangements.
- We will share good practice that is emerging with officers.

- We will share our experience of working with The Pensions Regulator.
- We will discuss with officers any changes that have been made to existing practices for the fund to demonstrate compliance.

- We will share good practice in reducing administration costs through collaboration or other initiatives.
- We will discuss any proposals for structural change and their impact on the Pension Fund with officers.

- Through our regular liaison with officers we will consider the impact of any planned large scale TUPE transfers of staff and the effect on the Pension Fund.

Developments relevant to your business and the audit

In planning our audit we also consider the impact of key developments in the sector and take account of national audit requirements as set out in the Code of Audit Practice ('the code') and associated guidance.

Developments and other requirements

1. LGPS 2014

- During 2013/14 funds have implemented LGPS 2014. This has moved LGPS from a final salary scheme to a career average scheme one year ahead of other public sector schemes .
- Under this new scheme, the calculations of benefits are likely to be more complex, as are the arrangements for ensuring the correct payment of contributions.
- LGPS 2014 has put a greater emphasis on the employer providing detailed information to the scheme administrator, while also requiring the scheme to have enhanced information systems in place to maintain and report on this data.

2. Financial Reporting

- There are no significant changes to the Pension Fund financial reporting framework as set out in the CIPFA Code of Practice for Local Authority Accounting (the Code) for the year ending 31 March 2015, however the Pension Fund needs to ensure on-going compliance with the Code .

3. Financial Pressures

- Pension funds are increasingly disinvesting from investment assets to fund cash flow demands on benefit and leaver payments that are not covered by contributions and investment income.
- Pension fund investment strategies need to be able to respond to these demands as well as the changing nature of the investment markets.

4. Accounting for Fund management costs

- The Code's only requirement for the disclosure of the costs of managing the pension fund is that management costs in relation to a retirement benefit plan are disclosed on the face of the fund account.
- CIPFA have recently produced guidance aimed at improving the transparency of management cost data and have suggested that funds should include in the notes to the accounts a breakdown of those management costs across the areas of investment management expenses, administration expenses and oversight and governance costs.

Our response

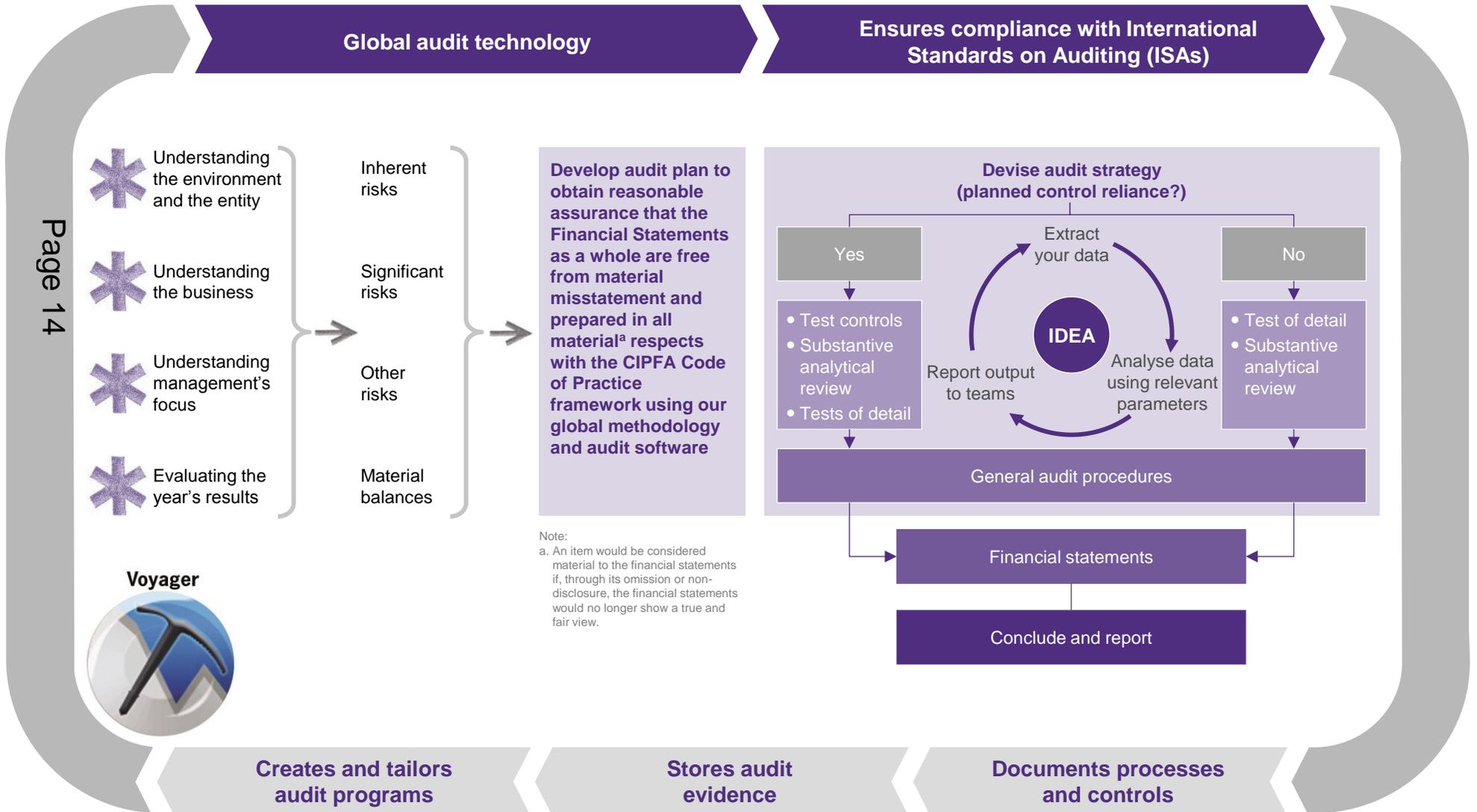
- We will consider changes made to the pensions administration control environment in response to LGPS data requirements.

- We will ensure that the Pension Fund financial statements comply with the requirements of the Code through our substantive testing.

- We will monitor any changes to the Pension Fund investment strategy through our regular meetings with management.
- We will consider the impact of changes on the nature of investments held by the Pension Fund and adjust our testing strategy as appropriate.

- We will discuss with officers any planned changes to the financial statements in response to this guidance.

Our audit approach



Significant risks identified

'Significant risks often relate to significant non-routine transactions and judgmental matters. Non-routine transactions are transactions that are unusual, either due to size or nature, and that therefore occur infrequently. Judgmental matters may include the development of accounting estimates for which there is significant measurement uncertainty' (ISA 315).

In this section we outline the significant risks of material misstatement which we have identified. There are two presumed significant risks which are applicable to all audits under auditing standards (International Standards on Auditing – ISAs) which are listed below:

Significant risk	Description	Substantive audit procedures
The revenue cycle includes fraudulent transactions	<p>Under ISA 240 there is a presumed risk that revenue may be misstated due to the improper recognition of revenue.</p> <p>This presumption can be rebutted if the auditor concludes that there is no risk of material misstatement due to fraud relating to revenue recognition.</p>	<p>Having considered the risk factors set out in ISA240 and the nature of the revenue streams at Merseyside Local Government Pension Scheme ,we have determined that the risk of fraud arising from revenue recognition can be rebutted, because:</p> <ul style="list-style-type: none"> • there is little incentive to manipulate revenue recognition • opportunities to manipulate revenue recognition are very limited • the culture and ethical frameworks of local authorities, including Wirral Metropolitan Borough Council who act as the administrators of the pension fund, mean that all forms of fraud are seen as unacceptable.
Management over-ride of controls	Under ISA 240 the presumption that the risk of management over-ride of controls is present in all entities.	<ul style="list-style-type: none"> • Review of accounting estimates, judgments and decisions made by management • Testing of journal entries • Review of unusual significant transactions
Level 3 Investments – Valuation is incorrect	Under ISA 315 significant risks often relate to significant non-routine transactions and judgmental matters. Level 3 investments by their nature require a significant degree of judgement to reach an appropriate valuation at year end.	<ul style="list-style-type: none"> • For a sample of investments, we will test valuations by obtaining and reviewing audited accounts at the latest date for individual investments and agree these to the fund manager reports at that date. • Where the latest date of audited accounts is not 31 March we will reconcile those values to the values at 31st March with reference to known movements in the intervening period. • We will review the nature and basis of estimated values.

Other risks identified

The auditor should evaluate the design and determine the implementation of the entity's controls, including relevant control activities, over those risks for which, in the auditor's judgment, it is not possible or practicable to reduce the risks of material misstatement at the assertion level to an acceptably low level with audit evidence obtained only from substantive procedures (ISA 315).

In this section we outline the other risks of material misstatement which we have identified as a result of our planning.

Other risks	Description	Audit Approach
Investment values – Level 2 investments Page 16	Valuation is incorrect. (Valuation net)	<ul style="list-style-type: none"> We will review the reconciliation of information provided by the fund managers, the custodian and the Pension Fund's own records and seek explanations for variances, Test a sample of level 2 investments to independent information from custodian/manager on units and on unit prices. For direct property investments agree values in total to valuer's report and undertake steps to gain reliance on the valuer as an expert.
Investment Income	Investment activity not valid. Investment income not accurate. (Accuracy)	<ul style="list-style-type: none"> We will review the reconciliation of information provided by the fund managers, the custodian and the Pension Fund's own records and seek explanations for variances Test a sample of investment income to ensure it is appropriate Complete a predictive analytical review for different types of investments For direct property investments rationalise income against a list of properties for expected rental income.
Investment purchases and sales	Investment activity not valid. (Valuation gross)..	<ul style="list-style-type: none"> We will review the reconciliation of information provided by the fund managers, the custodian and the Pension Fund's own records and seek explanations for variances Test a sample of purchases and sales to ensure are appropriate

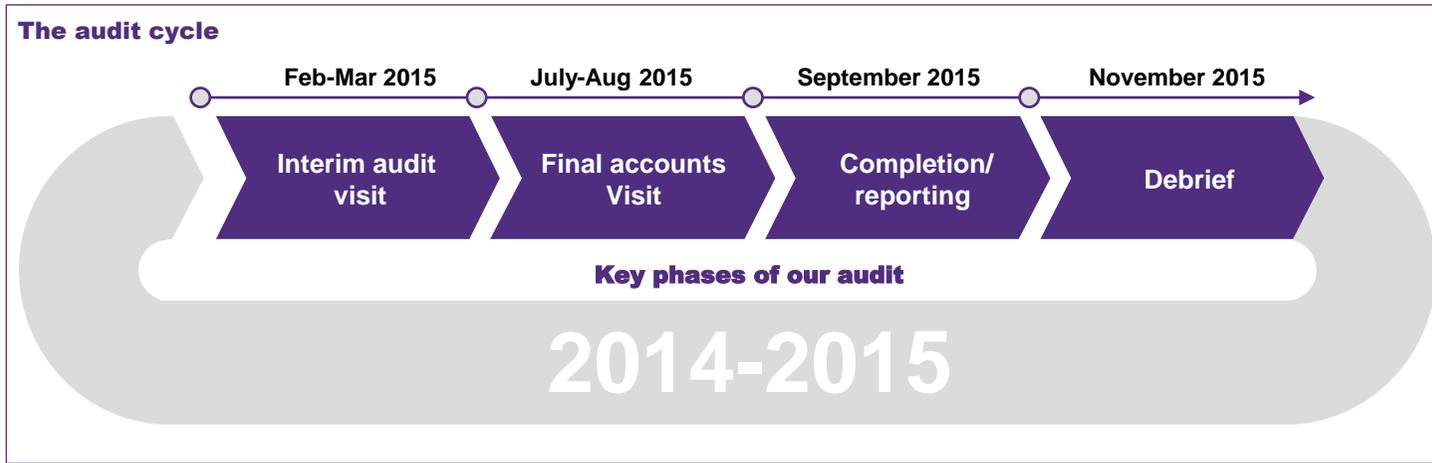
Other risks identified continued

Other risks	Description	Audit Approach
Contributions	Recorded contributions not correct (Occurrence)	<ul style="list-style-type: none"> • Controls testing over occurrence, completeness and accuracy of contributions. • Rationalise contributions received with reference to changes in member body payrolls and numbers of contributing pensioners to ensure that any unexpected trends are satisfactorily explained.
Benefits payable	Benefits improperly computed/claims liability understated (Completeness, accuracy and occurrence)	<ul style="list-style-type: none"> • Controls testing over completeness, accuracy and occurrence of benefit payments, • Test a sample of individual pensions in payment by reference to member files. • We will rationalise pensions paid with reference to changes in pensioner numbers and increases applied in the year to ensure that any unusual trends are satisfactorily explained.
Member Data	Member data not correct. (Rights and Obligations)	<ul style="list-style-type: none"> • Controls testing over annual/monthly reconciliations and verifications with individual members • Sample testing of changes to member data made during the year to source documentation

Interim audit work

	Work performed and findings	Conclusion
Internal audit	<p>We have completed a high level review of internal audit's overall arrangements. Our work has not identified any issues which we wish to bring to your attention.</p> <p>We also reviewed internal audit's work on the Fund's key financial systems to date. We have not identified any significant weaknesses impacting on our responsibilities.</p>	<p>Overall, we have concluded that the internal audit service continues to provide an independent and satisfactory service to the Fund and that internal audit work contributes to an effective internal control environment at the Administering Authority.</p> <p>Our review of internal audit work has not identified any significant weaknesses which impact on our audit approach.</p>
Walkthrough testing Page 18	<p>We are conducting walkthrough tests of controls operating in areas where we consider that there is a risk of material misstatement to the financial statements.</p> <p>Our work has not identified any issues which we wish to bring to your attention. Internal controls have been implemented in accordance with our documented understanding.</p>	<p>Our work is still in progress but to date has not identified any significant weaknesses which impact on our audit approach.</p>
Entity level controls	<p>We have obtained an understanding of the overall control environment relevant to the preparation of the financial statements including:</p> <ul style="list-style-type: none"> • Communication and enforcement of integrity and ethical values • Commitment to competence • Participation by those charged with governance • Management's philosophy and operating style • Organisational structure • Assignment of authority and responsibility • Human resource policies and practices 	<p>Our work has identified no significant weaknesses which are likely to adversely impact on the Fund's financial statements.</p>
Review of IT environment	<p>Our information systems specialist is planning to perform a high level review of the general IT control environment, as part of the overall review of the internal controls system</p>	<p>We will consider the findings from our work to determine whether there are any significant weaknesses which are likely to adversely impact on the Fund's financial statements.</p>
Journal entry controls	<p>We will review the Fund's journal entry policies and procedures as part of the interim audit. This will determine our journal entry testing strategy to identify any significant weaknesses which may impact on the Fund's control environment or financial statements.</p>	<p>Our review of journal entry policies and procedures is in progress. We will complete our journals testing work as part of the opinion audit.</p>

Key dates



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Date	Activity
February/March 2015	Planning
February/March 2015	Interim site visit
March 2015	Presentation of audit plan to Audit Committee
July-August 2015	Year end fieldwork
September 2015	Audit findings clearance meeting with the Group Accountant and Head of the Pension Fund.
September 2015	Report audit findings to the Audit and Risk Management Committee and Pension Committee
September 2015	Sign financial statements opinion

Fees and independence

Fees

	£
Pension Fund Scale Fee	36,882
Proposed fee variation – IAS 19 Assurances	2,180
Total fees (excluding VAT)	39,062

Our fee assumptions include:

- Supporting schedules to all figures in the accounts are supplied by the agreed dates and in accordance with the agreed upon information request list
- The scope of the audit, the Fund, and its activities, have not changed significantly
- The Fund will make available management and accounting staff to help us locate information and to provide explanations

Fees for other services

Service	Fees £
None	Nil

Fees for other services

Fees for other services reflect those agreed at the time of issuing our Audit Plan. Any changes will be reported in our Audit Findings Report and Annual Audit Letter.

Independence and ethics

We confirm that there are no significant facts or matters that impact on our independence as auditors that we are required or wish to draw to your attention. We have complied with the Auditing Practices Board's Ethical Standards and therefore we confirm that we are independent and are able to express an objective opinion on the financial statements.

Full details of all fees charged for audit and non-audit services will be included in our Audit Findings report at the conclusion of the audit.

We confirm that we have implemented policies and procedures to meet the requirement of the Auditing Practices Board's Ethical Standards.

Communication of audit matters with those charged with governance

International Standards on Auditing (ISA) 260, as well as other ISAs, prescribe matters which we are required to communicate with those charged with governance, and which we set out in the table opposite.

This document, The Audit Plan, outlines our audit strategy and plan to deliver the audit, while The Audit Findings will be issued prior to approval of the financial statements and will present key issues and other matters arising from the audit, together with an explanation as to how these have been resolved.

We will communicate any adverse or unexpected findings affecting the audit on a timely basis, either informally or via a report to the Council.

Respective responsibilities

This plan has been prepared in the context of the Statement of Responsibilities of Auditors and Audited Bodies issued by the Audit Commission (www.audit-commission.gov.uk).

We have been appointed as the Council's independent external auditors by the Audit Commission, the body responsible for appointing external auditors to local public bodies in England. As external auditors, we have a broad remit covering finance and governance matters.

Our annual work programme is set in accordance with the Code of Audit Practice ('the Code') issued by the Audit Commission and includes nationally prescribed and locally determined work. Our work considers the Council's key risks when reaching our conclusions under the Code.

It is the responsibility of the Council to ensure that proper arrangements are in place for the conduct of its business, and that public money is safeguarded and properly accounted for. We have considered how the Council is fulfilling these responsibilities.

Our communication plan	Audit plan	Audit findings
Respective responsibilities of auditor and management/those charged with governance	✓	
Overview of the planned scope and timing of the audit. Form, timing and expected general content of communications	✓	
Views about the qualitative aspects of the entity's accounting and financial reporting practices, significant matters and issue arising during the audit and written representations that have been sought		✓
Confirmation of independence and objectivity	✓	✓
A statement that we have complied with relevant ethical requirements regarding independence, relationships and other matters which might be thought to bear on independence.	✓	✓
Details of non-audit work performed by Grant Thornton UK LLP and network firms, together with fees charged.		
Details of safeguards applied to threats to independence		
Material weaknesses in internal control identified during the audit		✓
Identification or suspicion of fraud involving management and/or others which results in material misstatement of the financial statements		✓
Non compliance with laws and regulations		✓
Expected modifications to the auditor's report, or emphasis of matter		✓
Uncorrected misstatements		✓
Significant matters arising in connection with related parties		✓
Significant matters in relation to going concern		✓



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Stronger futures: development of the LGPS

Agenda Item 4

Grant Thornton review of governance in LGPS funds in England and Wales

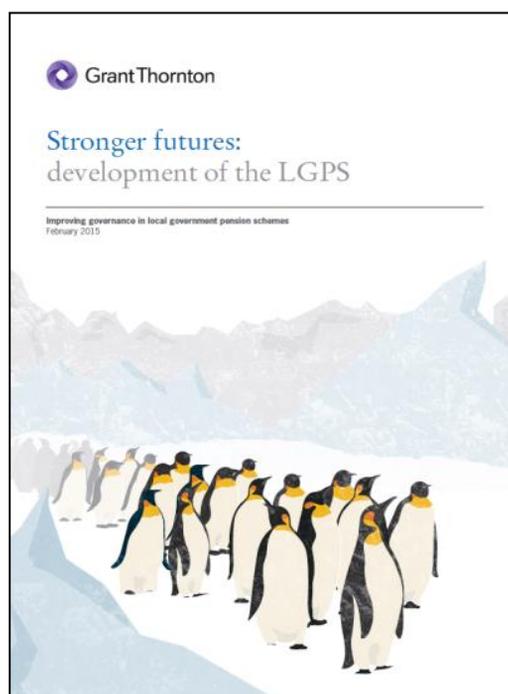
The local government pensions scheme (LGPS) faces significant change, challenge and scrutiny. Yet it continues to strive to ensure that it can provide affordable pension benefits for the future. The introduction of local pension boards (LPBs) in 2015 brings a whole host of practical implementation issues. In the context of existing management arrangements, the introduction of an additional body into the organisational arrangements brings with it risks of additional bureaucracy and costs. The challenge, and opportunity, for the LGPS is to consider how the boards can assist the administering authorities to fulfil their statutory duties and make a positive difference to the efficient and effective stewardship of individual LGPS authorities. This is an issue of significant debate within administering authorities currently as is the push towards greater collaboration and reducing costs.

Our second review on governance in LGPS funds in England and Wales is based on comprehensive research with pension fund senior officers, supported by insights from pension fund auditors.

This report aims to assist those with responsibility for managing funds to assess the strength of their governance arrangements. This report highlights the key aspects of governance that administering authorities and LPBs should consider as the new governance changes are implemented. These include:

- Existing pension committee arrangements
- Investment strategies
- Identifying and managing risk
- Capacity, skills and knowledge
- Internal controls and internal audit
- Administration costs

Alongside the research findings, the report highlights examples of good practice and also poses a number of questions for members of the newly formed LPBs to consider what good governance looks like and how they might best focus their efforts.



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WIRRAL COUNCIL

PENSION COMMITTEE

24 MARCH 2015

SUBJECT:	LGPS UPDATE
WARD/S AFFECTED:	ALL
REPORT OF:	STRATEGIC DIRECTOR OF TRANSFORMATION AND RESOURCES
RESPONSIBLE PORTFOLIO HOLDER:	
KEY DECISION?	NO

1.0 EXECUTIVE SUMMARY

- 1.1 This report updates informs Members of the Pension Scheme Bill 2014/15 which deals with the regulatory changes required for the “Freedom and Choice in Pensions” flexibilities announced in the 2014 Budget – particularly the impact on the Local Government Pension Scheme.
- 1.2 The report also covers the Shadow Scheme Advisory Board’s project for the management of Fund deficits and the recent counsel opinion sought in relation to the statutory benefit promise in relation to accrued pension rights.

2.0 BACKGROUND AND KEY ISSUES

Pension Scheme Bill 2014/15

- 2.1 Members considered the changes announced in the Chancellor’s Spring 2014 Budget and the potential impact on the LGPS at the meeting of 15 September 2014. These changes allow individuals over age 55 to access their defined contribution benefits in more flexible ways from April 2015.
- 2.2 The Pension Scheme Bill 2014/15 which delivers these new flexibilities is currently progressing through Parliament.

In order to extend the flexibilities being afforded to defined contribution arrangements, the Government has continued to permit transfers out of the LGPS to Defined Contribution schemes post April 2015.

This is on the basis that, unlike the unfunded Public Service schemes where these transfers are not permitted from April, transfers from the LGPS would not cause an additional cash burden for the State, as the transfer values would be paid by individual LGPS Funds.

- 2.3 However, the Government has raised concerns that:
- members transferring from Defined Benefit Schemes like the LGPS would not sufficiently understand the risks associated with their decision; and
 - a large increase in members transferring out of Defined Benefit schemes due to the perceived attractiveness of the Defined Contribution flexibility, could destabilise employer backed schemes and expose the taxpayer to additional costs.
- 2.4 As a result the Government has laid a number of amendments to the Pension Schemes Bill as follows;
- a requirement for members to take independent financial advice when transferring from a defined benefit to a defined contribution scheme
 - a new safeguard that will give Ministers the power to reduce transfer values in funded Public Service Pension Schemes should it prove necessary to protect the solvency of the Scheme.
- 2.5 Subsequently, DCLG have now issued the draft Funded Public Service Pension Schemes (Reduction of Cash Equivalent) Regulations 2015 which permit the Secretary of State to designate Pension Funds to reduce transfer values to Defined Contribution arrangements. A designation would only be invoked if the level of transfers out of the scheme present a real risk to 'public funds'.
- 2.6 In addition, there are also potential impacts for the AVC provisions in the Scheme as well as the appropriateness for the conversion factors and whether they should be subject to review given the wholesale changes being introduced for Defined Contribution schemes.

Deficit Management in the LGPS

- 2.7 As a consequence of the DCLG consultation on Opportunities for Collaboration, Cost Savings and Efficiencies, the former minister, Brandon Lewis, tasked the Shadow Advisory Board (Board) to commence a project to consider an innovative approach to deficit management at both Fund and employer level in the LGPS.
- 2.8 To undertake this project, the Board set up a Deficits Working Group with the focus to address deficit management rather than deficit reduction. This distinction is drawn as deficits can only be reduced by improving investment returns and/or increasing employer contribution payments and as such deficit reduction is already a focus of pension funds.

2.9 The Board has developed a deficit management work plan for 2015 which includes consideration of the following:

- the calculation of comparative funding levels on a to-be-agreed, standardised basis in order that there is a clear picture of the deficits across the Scheme.

[Note - this additional calculation is not intended to replace local funding valuations, which will continue to be calculated on locally agreed bases used to determine employer contribution rates],

- changes to Regulations to be recommended to DCLG in respect of a variety of matters, including that enhanced flexibility is made available to Funds in managing employer exit payments
- the development of best practice guidance for Funds in managing their employer deficits, including consideration as to the benefits of covenant checks and of the range of security options available to funds.

The detailed timescales are outlined in the work plan attached as Appendix 1

Counsel Opinion on Statutory Obligation of Administering Authority

2.10 The Shadow Scheme Advisory Board has sought and published advice from Counsel covering the obligation on administering authorities to guarantee the payment of LGPS benefits.

2.11 The generally accepted position in the LGPS was that the Administering Authority was required to meet benefit payments on a statutory basis regardless of the circumstances of the fund it operates.

The opinion provided by Nigel Giffin QC, confirms that the historic accepted position is not reflected in the regulations as there is no explicit statutory obligation on the Administering Authority to provide benefits on the exhaustion of the Fund assets. The position is compounded by the absence of a Central Government guarantee.

2.12 The view presented postulates that, given the strength of Local Government finance requirements, it is unlikely that a local authority could fail to pay the contributions certified by the Actuary - as it would be required to raise taxes to meet its obligations, with central government intervening before the financial position becomes untenable

2.13 Although pragmatically the status quo has not changed due to the continuing strength of local authority covenant, it will be in the interest of the Scheme's sustainability that the Scheme Advisory Board will be tasked to request DCLG to amend the Regulations to clarify the requirement for Administering Authorities to pay benefits on a statutory basis.

The Counsel opinion can be accessed from the following link:

<http://www.lgpsboard.org/images/PDF/Publications/QCOpinionJan2015.pdf>

3.0 RELEVANT RISKS

- 3.1 Given the new flexibilities being introduced for defined contribution schemes, there is a risk that a significant number of members over age 55 may transfer out their defined benefits.

This could have an adverse impact on cash-flow, with the result that Funds may have to look at their liquidity position and free up less liquid assets in order to provide a stream of cash to pay these transfers.

- 3.2 As the LGPS remains a secure, premium pension scheme, for the majority of cases it would not be in the financial interests of the member to transfer their benefits to a defined contribution scheme.
- 3.3 There is a risk that the financial services industry could provide inappropriate advice to stimulate this new business opportunity - mirroring the 'mis-selling' of pensions scandal that was experienced in the late 1980s.

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 The new "Freedom and Choice" pension flexibilities, to be implemented from April 2015 may result in an increase in outward transfer payments.

This could result in a reduction in the long-term costs of the Scheme, reducing its exposure to longevity improvements and decrease the likelihood of future pressure to reform the benefit structure.

- 8.2 The operational processes in dealing with transfer requests will need to be adapted. The Fund will need to ensure that the requirement to obtain

independent financial advice before electing to transfer is appropriately implemented and communicated to the member

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?

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 RECOMMENDATION/S

13.1 That Members note the report.

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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APPENDICES: Appendix 1: Shadow Advisory Board – work plan

BACKGROUND PAPERS/REFERENCE MATERIAL

BRIEFING NOTES HISTORY

Briefing Note	Date
The LGPS update is a standing item on the Pensions Committee agenda.	

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Shadow Advisory Board

2015 deficit management project - work plan

No.	Work to be undertaken	Timescales
1.	To consult with the LGPS community on revisions to the calculation of exit payments and greater flexibility on recovery of exit payments.	By end of February 2015
2.	To agree the extent to which calculation of comparative funding levels should allow for locally determined assumptions.	By end of February 2015
3.	To recommend the following Scheme changes to DCLG: <ul style="list-style-type: none"> • That a requirement for actuaries to calculate comparative funding levels on a standardised basis by 30th September in each valuation year is adopted, • That the statutory Scheme Advisory Board must set assumptions for standard funding valuations by a given date, • That the stability requirement in respect of primary, secondary and common employer contributions is clarified and is appropriately set. That a minimum employer contribution rate is set, • That funds are required to publish the recovery plan methodology in their funding strategy statements, and • That regulations explicitly allow for pre-funding of employer exit payments. 	By end of March 2015
4.	To commission the re-calculation of the individual 2013 fund valuation results on an agreed standardised basis. Figures to be included in the 2014/15 scheme annual report.	From April 2015 (following establishment of statutory Scheme Advisory Board) in time for the publication of the 2014/15 annual report.
5.	To research further the possibility of mandating that deficit contributions are paid in cash terms, rather than pensionable pay terms. Consequential recommendation to be made to DCLG if necessary.	From April 2015 (following establishment of statutory Scheme Advisory Board)
6.	To commission data gathering in respect of impacts of : <ol style="list-style-type: none"> a) changes in asset allocation, and b) manager churn 	From April 2015 (following establishment of statutory Scheme Advisory Board)

Shadow Advisory Board

	on fund investment performance	
7.	To commission and develop best practice guidance for funds on employer management (including consideration of covenant checks, matters to consider on entering into admission agreements, security, etc)	From April 2015 (following establishment of statutory Scheme Advisory Board)
8.	To commission and develop recommendations for where intervention may be necessary in order to improve deficit management and/ or related governance processes.	From April 2015 (following establishment of statutory Scheme Advisory Board)
9.	To commission and develop guidance for funds in using liability matching investment strategies including liability driven investment.	From April 2015 (following establishment of statutory Scheme Advisory Board)
10.	To commission further research on broader strategies such as fixed liability funds and other alternatives.	From April 2015 (following establishment of statutory Scheme Advisory Board)

29th January 2015

WIRRAL COUNCIL

PENSION COMMITTEE

24 March 2015

SUBJECT:	PENSION BOARD – REVISED TERMS OF REFERENCE
WARD/S AFFECTED:	ALL
REPORT OF:	STRATEGIC DIRECTOR OF TRANSFORMATION AND RESOURCES
KEY DECISION?	NO

1.0 EXECUTIVE SUMMARY

- 1.1 This report informs Members that the Local Government Pension Scheme (Amendment) (Governance) Regulations 2015 were laid before Parliament on 28 January 2015. These regulations include provisions for new local pension boards, the Scheme Advisory Board at a national level as well as provisions for the employer cost cap.
- 1.2 The Shadow Scheme Advisory Board simultaneously issued its guidance on the creation and operation of Local Boards, including template terms of reference.

As a result, the draft terms of reference for Wirral's Pension Board, presented to Pension Committee at its last meeting of 19 January 2015, have been updated to reflect the revised regulatory provisions. The changes to the document have been agreed by the Chair of the Committee and the authority's Monitoring Officer for formal submission to Council on 16 March for approval. The revised document is attached as Appendix 1.

- 1.3 In accordance with the Public Service Pension Act 2013, (The Act) which defines the statutory governance framework of public service pension schemes, the Pensions Regulator has also commenced the parliamentary process to bring into force the Code of Practice 14: Governance and Administration of Public Service Pension Schemes.

This sets out the legal requirements, gives practical guidance and sets expected standards for those responsible for the operations and management of public service pension schemes.

2.0 BACKGROUND AND KEY ISSUES

2.1 The Department of Communities and Local Government have been consulting on Lord Hutton's recommendations regarding the governance and administration arrangements of the LGPS since June 2014. The governance regulations have been through two rounds of public consultation and Pension Committee has been apprised of the matter at previous meetings.

2.2 Many of the provisions in the final Regulations are, as expected, generally in line with previous consultations and draft regulations. However, there are some key differences to those documents issued for consultation last year.

These are:

- New regulation 106 (7) provides that voting rights only apply to members of a Board who are either an employer or a member representative.

In effect this means that the Chair of the Board does not have a decisive influence on the Board. Given the equal representation of the Board it is possible that deadlock scenarios could emerge requiring the Chair to use his/her skills and best endeavours to seek consensus on the matter. This amendment to the regulations appears to chime with the spirit of the Public Service Pension Act 13 which only makes specific reference to employer and member representatives on the Board.

- An elected member of an administering authority can only sit on the local board as an employer or member representative and not as an 'other' member of the board.
- Clarification that only officers or elected members of the administering authority responsible for the discharge of any function under the LGPS Regulations are precluded from being members of the administering authority's Board. It is implicit within the regulations that these officers or elected members could serve on another administering authority's Board.
- The requirement that employer and member representatives must have appropriate "experience" has been dropped, with DCLG acknowledging concerns that this could represent a barrier to funds finding suitable candidates.

The requirement for local pension board members to acquire appropriate "knowledge and understanding" of pension matters, under the Pensions Act 2004, will remain, but can be satisfied by board members undertaking suitable training following appointment. The initial qualifying criteria that employer and member representatives must have the "capacity" to represent employers/members as appropriate has been retained

- New Regulation 106(3) provides for the establishment of a joint local pension board where the administration and management of a Scheme is wholly or mainly shared by two or more administering authorities. Approval for such a Board would have to be obtained from the Secretary of State. In practice, use of this new option is likely to be quite limited, and the administering authorities involved will need to give careful consideration to how a joint board will operate.
- 2.3 On a more technical note the Regulations confirm the cost provisions showing the employer cost notional “cap” set at 14.6% of pay under the HMT process

The final regulations can be accessed via the link below:

http://www.legislation.gov.uk/ukxi/2015/57/pdfs/ukxi_20150057_en.pdf

GUIDANCE FROM THE SHADOW ADVISORY BOARD AND THE PENSION REGULATOR’S CODE OF PRACTICE

- 2.4 To accompany the final regulations, the Shadow Scheme Advisory Board has issued detailed guidance on the creation and operation of local pension boards in England and Wales, timed to coincide with the making of the local governance regulations. The guidance aims to assist administering authorities on the creation and operation of local pension boards, and is accompanied by a template terms of reference for a local pension board.

- 2.5 The regulations state that administering authorities ‘must have regard’ to this guidance. The Shadow Scheme Advisory Board guidance and the template terms of reference can be accessed via the links below:

http://www.lgpsboard.org/images/Guidance/LGPS_Board_Guidance_FINAL_PUBLISHED.pdf

http://www.lgpsboard.org/images/Guidance/Template%20ToR%20LPB_PUBLISHED.pdf

- 2.6 The Pensions Regulator’s Code of Practice on the governance and administration of public service pension schemes has also recently been laid before Parliament and is also due to come into effect on 1 April 2015. This sets out the knowledge and understanding required of local board members and how potential conflicts of interest should be managed. The code of practice can be accessed via the link below:

<http://www.thepensionsregulator.gov.uk/docs/draft-code-14-governance-administration-public-service-pension-schemes.pdf>

2.7 TPR has launched an online e-learning programme aimed at those who are involved in the management of public service pension schemes, including Scheme Managers and Local Pension Board members. The programme covers the following seven modules:

- Conflicts of interest
- Managing risk and internal controls
- Maintaining accurate member data
- Maintaining member contributions
- Providing Information to members and others
- Resolving internal disputes
- Reporting breaches of the law

The learning module can be accessed from the following link on:

<https://education.thepensionsregulator.gov.uk/login/signup.php>

As the programme is aimed at all public pension schemes, it is not anticipated that undertaking this e-learning course alone would satisfy the 'Knowledge and Understanding' requirements for members of Local Pension Boards in the LGPS.

TIMETABLE

2.8 As the final Regulations and guidance have been issued, it is imperative that the arrangements are completed to ensure the Board's composition and Terms of Reference are approved by Council by 1 April 2015.

2.9 The Board must be fully operational by the end of July 2015. In order to meet this deadline, the Fund's website has been updated with the application process, together with the role maps and person specifications for the employer/member representatives and also the Independent Chair.

2.10 All participating employers have been notified of the vacancies, with best endeavours undertaken to raise awareness amongst the membership base - including email alerts to members signed up to the website service and direct communication with the trade unions.

The closing date for expressions of interest is Friday 13 March 2015

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.

The key objective is to assist the Fund in meeting its administration responsibilities as defined within the Pensions Regulator's Code of Practice for Public Service Pension Schemes, with a focus on mitigating risk.

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 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

13.1 That members note the final Regulations and the updated Terms of Reference for the Wirral Pension Board, as agreed by the Chair of Committee and the Monitoring Officer submitted to Council for approval on 16 March 2015.

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 Revised Draft Terms of Reference for the Wirral Council Pension Board.

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

**LGPS UPDATE – CREATION OF WIRRAL
COUNCIL'S PENSION BOARD**

19 January 2015

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Appendix 1

Local Pension Board of Wirral Borough Council

Terms of Reference

1. Introduction

- 1.1 This document sets out the terms of reference of the Local Pension Board of Wirral Borough Council (the 'Administering Authority') a scheme manager as defined under Section 4 of the Public Service Pensions Act 2013. The Local Pension Board (hereafter referred to as 'the Board') is established in accordance with Section 5 of that Act and under regulation 106 of the Local Government Pension Scheme Regulations 2013 (as amended).
- 1.2 The Board is established by the Administering Authority and operates independently of the Committee. Relevant information about its creation and operation are contained in these Terms of Reference.
- 1.3 The Board is not a committee constituted under Section 101 of the Local Government Act 1972 and therefore no general duties, responsibilities or powers assigned to such committees or to any sub-committees or officers under the constitution, standing orders or scheme of delegation of the Administering Authority apply to the Board unless expressly included in this document.
- 1.4 The Board shall be constituted separately from any committee or sub-committee constituted under Section 101 of the Local Government Act 1972 with delegated authority to execute the function of the Administering Authority.

2. Statement of Purpose

- 2.1 The purpose of the Board is to assist the Administering Authority in its role as a scheme manager of the Scheme. Such assistance is to:
 - a. secure compliance with the Regulations, any other legislation relating to the governance and administration of the Scheme and requirements imposed by the Pension Regulator in relation to the Scheme and;
 - b. ensure the effective and efficient governance and administration of Merseyside Pension Fund.
 - c. 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 Board does not have a conflict of interest.
- 2.2 The 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.
- 2.3 The 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.

3. Scheme Manager Consents

3.1 The Board shall not:

- Overturn investments decisions that have been made by the Pension Committee but may consider whether due process has been followed to validate the decision taken.
- 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.

4. Membership and Appointment Process

4.1 The Board shall consist of eight voting members to be constituted as follows:

Four employer representatives, of whom;

- a. Two shall be nominated 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.

4.2 Employer representatives shall be office holders or senior employees of employers of the Fund or have experience of representing scheme employers in a similar capacity. No officer or elected member of the Administering Authority who is responsible for the discharge of any function of the Administering Authority under the Regulations may serve as a member of the Board.

4.3 Employer representatives should be able to demonstrate their capacity to attend and complete the necessary preparation for meetings and participate in training as required:

Four scheme member representatives of whom;

- a. Two shall represent and be drawn from active members of the Merseyside Pension Fund;
- b. Two shall represent and be drawn from pensioner and deferred members of the Merseyside Pension Fund.

4.4 Member representatives shall either be scheme members or have capacity to represent scheme members of the Fund

- 4.5 Member representatives should be able to demonstrate their capacity to attend and complete the necessary preparation for meetings and participate in training as required.
- 4.6 In addition one other non-voting independent member selected by the Scheme Manager, shall be appointed as Chair of the Board, with independence defined as follows:
- a. Not a current elected member or employee of a participating scheme employer or an individual with a financial or other material interest in either the Administering Authority or any of its constituent employers.
 - b. Has not been an elected member or employee of a participating scheme in the past 5 years.
 - c. Is not an active, pensioner or deferred member of Merseyside Pension Fund
- 4.7 It will be the role of the Chair to:
- a. 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, instances of a failure to reach a consensus position will be recorded and published.
 - b. To uphold and promote the purpose of the Board and to interpret its constitution and Terms of Reference when necessary.
 - c. 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.
 - d. Agree the agenda and minutes for each Board meeting with the Board Secretary (Head of Pension Fund)
 - e. Ensure an attendance record is maintained along with advising the Scheme Manager on expenses to be paid.
 - f. 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.
 - g. Write reports required by Scheme Manager on the performance of the Board.
 - h. 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.
 - i. To annually review and report on the performance of the Board.
- 4.8 The decision of the Chair on all points of procedure and order and the Chair's interpretation of the protocol shall be final.
- 4.9 The appointment of the Chair by the Scheme Manager will only be made following an openly advertised competitive process for the role which shall also be subject to the passing of a motion by the Board to approve the successful candidate.
- 4.10 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.

- 4.11 Successful employer and employee representatives will be selected by the Scheme Manager having taken account of their capacity to represent other scheme employers and members, attend meetings and undertake extensive training.
- 4.12 Members in all categories will only be appointed by the Scheme Manager if they commit to acquire the knowledge and skill requirement set out in the relevant regulations and guidance, as defined in section 8 of this document.

5. Length of term

- 5.1 Members of the Board will serve for a term of four years which can be extended for further period(s) subject to re-nomination.
- 5.2 In recognition of the complexity of pension legislation and to assist with knowledge development and retention, the initial term of office for one of the two active member representatives shall be six years and one of the two employer representatives of the local authorities, Police/Fire Transport authorities and Parish Council shall be six years.
- 5.3 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.
- 5.4 Each Board member should endeavour 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.
- 5.5 Members of the Board shall cease to be a member of the Board if they do not attend two consecutive meetings and fail to tender apologies which are accepted by the Board
- 5.6 In event of the independent member not being available for a Board meeting, a Vice Chair for that meeting will be determined by the Board members.
- 5.7 The removal of the independent member requires the consent of the Scheme Manager.

6. Quorum

- 6.1 A meeting is only quorate when at least two employer representatives and two scheme member representatives are present.
- 6.2 A meeting that becomes inquorate may continue but any decisions will be non-binding

7. Code of Conduct and Conflicts of Interest

- 7.1 The principles included in the Council's Code of Conduct for members apply to all members of the 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.

8. Board Review Process

- 8.1 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.

9. Advisers to the Board

- 9.1 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.

10. Knowledge and Skills

- 10.1 A member of the 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.
- 10.2 A member of the Board must have knowledge and understanding of -
- a. The law relating to pensions, and
 - b. Any other matters which are prescribed in regulations.
- 10.3 It is for individual 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 Board.
- 10.4 In line with this requirement Board members are required to be able to demonstrate their knowledge and understanding and to refresh and keep their knowledge up to date. Board members are therefore required to maintain a written record of relevant training and development.
- 10.5 Board members will undertake a personal training needs analysis and regularly review their skills, competencies and knowledge to identify gaps or weaknesses.
- 10.6 Board members will comply with the Scheme Manager's training policy.

11. Board Meetings – Notice Minutes and Reporting

- 11.1 The Scheme Manager shall give notice to all Board members of every meeting of the Board, and shall ensure that all papers are published on Wirral Borough Council's Website at least five 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.
- 11.2 The Scheme Manager shall ensure that a formal record of Board proceedings is maintained.
- 11.3 The 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
- 11.4 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.

12. Remit of the Board

- 12.1 The Board must assist the Scheme Manager with the primary core function in securing compliance with the regulations, any other legislation relating to the governance and administration of the Scheme, and requirements imposed by the Pensions Regulator.
- 12.2 This involves but is not limited to oversight and comment on :
- a. Review regular compliance monitoring reports which shall include reports to and decisions made under the Regulations by the Committee.
 - b. Review management, administrative and governance processes and procedures in order to ensure they remain compliant with the Regulations, relevant legislation and in particular the Code.
 - c. Review the compliance of scheme employers with their duties under the Regulations and relevant legislation.
 - d. Assist with the development of and continually review such documentation as is required by the Regulations including Governance Compliance Statement, Funding Strategy Statement and Statement of Investment Principles.

- e. Assist with the development of and continually review scheme member and employer communications as required by the Regulations and relevant legislation.
- f. Monitor complaints and performance on the administration and governance of the scheme.
- g. Assist with the application of the Internal Dispute Resolution Process.
- h. Review the complete and proper exercise of Pensions Ombudsman cases.
- i. Review the implementation of revised policies and procedures following changes to the Scheme.
- j. Review the arrangements for the training of Board members and those elected members and officers with delegated responsibilities for the management and administration of the Scheme.
- k. Review the complete and proper exercise of employer and administering authority discretions.
- l. Review the outcome of internal and external audit reports.
- m. Review draft accounts and Fund annual report.
- n. Review the compliance of particular cases, projects or process on request of the Committee.
- o. Any other area within the statement of purpose (i.e. assisting the Administering Authority) the Board deems appropriate

12.3 The secondary core function of the Board is to ensure the effective and efficient governance and administration of the Scheme and may determine the areas it wishes to consider including but not restricted to :

- a. Assist with the development of improved customer services.
- b. Monitor performance of administration, governance and investments against key performance targets and indicators.
- c. Review the effectiveness of processes for the appointment of advisors and suppliers to the Administering Authority.
- d. Monitor investment costs including custodian and transaction costs.
- e. Monitor internal and external audit reports.
- f. Review the risk register as it relates to the scheme manager function of the authority.
- g. Assist with the development of improved management, administration and governance structures and policies.
- h. Review the outcome of actuarial reporting and valuations.
- i. Assist in the development and monitoring of process improvements on request of Committee.
- j. Assist in the development of asset voting and engagement processes and compliance with the UK Stewardship Code

13. Standards of Conduct

13.1 The role of the 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.

13.2 These principles are –

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

14. Decision making

14.1 Each employer and member representative of the Board will have an individual voting right but the Independent Chair is explicitly excluded from having the right to vote in accordance with regulation 106 (7) of the LGPS Regulations 2013. It is expected the Board will as far as possible reach a consensus.

15. Publication of Pension Board information

15.1 Stakeholders of the Scheme will want to know that the Merseyside Pension Fund is being efficiently and effectively managed. They will also want to be confident that the 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.

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

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

15.3 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.

16. Accountability

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

17. Expense Reimbursement and Remuneration

17.1 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.

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

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

17.4 The Chair should receive the full rate of the annual special responsibility allowance paid to the Chair of Pension Committee.

18. Reporting Breaches

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

- a. As soon as reasonably possible of the potential breach meet with the Committee
- b. Ask the Committee Chair to explain the actions taken and provide evidence of the legitimacy of the action taken
- c. 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
- d. Determine that no breach of duty has taken place

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

- a. Report the breach to the Monitoring Officer and Section 151 Officer and take prompt and effective action to investigate and correct the breach and its causes and, where appropriate, notify any affected members:
- b. The Board may report concerns to the LGPS Scheme Advisory Board for consideration subsequent to, but not instead of, using the appropriate internal route for escalation.
- c. 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 and the whistleblowing provisions set out in the Administering Authority's whistle blowing policy.

18.3 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.

19. Interpretation

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

20. Definitions

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

“Pension Board” or “Board” Means the local Pension Board for Wirral Borough Council as administering authority for the Merseyside Pension Fund required under the Public Service Pensions Act 2013

“Scheme Manager” Means Wirral Borough Council as administering authority of the Merseyside Pension Fund.

“Chair” The individual responsible for chairing meetings of the Board and guiding its debates

“LGPS” 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, the Local Government Pension Scheme (Amendment) (Governance) Regulations 2015 and The Local Government Pension Scheme (Management and Investment of Funds) Regulations 2009

“Scheme” Means the Local Government Pension Scheme as defined under “LGPS”

These Terms of Reference shall be reviewed on each material change to that part of the Regulations covering local pension boards.

These Terms of Reference were adopted following approval by Council on 16 March 2015.

.....
Signed on behalf of the Administering Authority

.....
Signed on behalf of the Board

WIRRAL COUNCIL

PENSIONS COMMITTEE

17 NOVEMBER 2014

SUBJECT:	NAPF LOCAL AUTHORITY CONFERENCE
WARD/S AFFECTED:	NONE
REPORT OF:	STRATEGIC DIRECTOR TRANSFORMATION & RESOURCES
KEY DECISION	NO

1.0 EXECUTIVE SUMMARY

- 1.1 This report requests nominations for members to attend the National Association of Pension Funds (NAPF) Local Authority Conference 2015 to be held in Gloucester from 18 May to 20 May 2015.

2.0 BACKGROUND AND KEY ISSUES

- 2.1 The NAPF Local Authority Conference is a specialist pension event for Local Authorities, designed to look at the ever-changing Local Government Pension Scheme.

The conference is themed “Building a strong and sustainable LGPS” and addresses topical investment and administration issues. A draft agenda is attached as an appendix.

- 2.2 Merseyside Pension Fund is a member of the NAPF which represents some 10 million employees in pension schemes. The NAPF seeks to make effective representation to encourage provision as well as sound stewardship of pension fund assets.

- 2.4 MPF has been represented at all previous NAPF Local Authority Conferences usually by the Chair of Pensions Committee and party spokespersons.

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 The cost of attendance plus two nights' accommodation will be £350 per delegate plus VAT, excluding travel, which can be met from the existing Pension Fund 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 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 conference and, if so, to determine the number and allocation of places.

14.0 REASON/S FOR RECOMMENDATION/S

14.1 Attendance at this conference is a part of the development programme approved by Members in January 2015.

REPORT AUTHOR: *PETER WALLACH*
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APPENDICES

Appendix 1

BACKGROUND PAPERS/REFERENCE MATERIAL

None

BRIEFING NOTES HISTORY

Briefing Note	Date

SUBJECT HISTORY (last 3 years)

Council Meeting	Date

APPENDIX 1

Monday 18th May

13:00 - 19:00 Registration open

14:00-17:45 Pre-conference events

NAPF Academy Learning Zone - open to local authority representatives only (pre-registration is essential)

14:00-15:00 Learning Zone session 1 sponsored by Capital Group

Session details coming soon...

15:00-15:30 Refreshment break

15:30-16:30 Learning Zone session 2 sponsored by BNPP IP Investment Academy

Session details coming soon...

16:30-16:45 Refreshment break

16:45 -17:45 Fringe meeting sponsored by Squire Patton Boggs

Session details coming soon...

18:30-19:30 Welcome Drinks Reception in the exhibition hall

19:30-21:30 Dinner in the hotel restaurant (no formal arrangements)

Tuesday 19 May

09:00 Exhibition open and coffee served

09:15–09:35 Plenary 1

NAPF welcome

Joanne Segars, Chief Executive, NAPF

09:35–10:15 Plenary 2

That deflationary feeling: the outlook for the economy

With UK inflation reaching a record low and interest rates expected to only rise gradually, what are the prospects for both the UK and global economy over the next three years, and what does this mean for investors looking to get the biggest bang for their buck.

Stephen King, Group Chief Economist, HSBC

Chaired by Joanne Segars, Chief Executive, NAPF

10:15–11:00 Plenary 3

Preparing for the 2016 valuation – benchmarking the LGPS

The 2016 valuation will be critical to the sustainable future of the LGPS. What can funds be doing to prepare and how might the valuation process change as a result of cost control and an increased focus on benchmarking across funds?

Graeme Muir, Partner, Barnett Waddingham

Chaired by Joanne Segars, Chief Executive, NAPF

11:00–11:30 Refreshment break in the exhibition hall

11:30-12:15 CONCURRENT SESSIONS

Pensions administration

Session details coming soon...

Investment

Advanced beta and the changing local government investment landscape

This session will explore how to build an equity allocation that combines active investment styles (risk factors) with transparent and cost-effective passive implementation. It will also explore active relative performance – how does advanced beta change the conversation with your active manager?

Ana Harris, Portfolio Strategist, State Street Global Advisors

Co-speaker TBC

Chaired by TBC

Thought leadership

Session details coming soon...

12:15-13:45 Lunch

13:45-14:30 Plenary 4

Public service pensions reform: five years on

The Chair of the Independent Public Service Pensions Commission reflects on the outcome of public service pension reform and whether the 25 year deal will really stick.

Rt Hon Lord Hutton of Furness

Chaired by Joanne Segars, Chief Executive, NAPF

14:35 – 15:20

CONCURRENT SESSIONS

Pensions administration

What does good administration look like?

One of the issues the new local pension boards are likely to be exploring is what does good pensions administration in the LGPS look like. Hear from members of the Shadow Scheme Board's Administration Committee about the work they have been undertaking to enhance data quality and ensure that issues like ill-health are dealt with efficiently and effectively.

Ged Dale, Assistant Executive Director for pensions administration, Greater Manchester Pension Fund

Co-speaker TBC

Chaired by TBC

Investment

Session details coming soon...

Thought leadership

How can engagement contribute to long-term investment performance?

It is acknowledged that engagement by investors with investee companies can enhance value for both parties; it is also understood that effective engagement often requires investors to be willing to act collectively. What role will the new Investor Forum play in facilitating collective engagement and ultimately contributing to the long-term investment performance desired by pension funds?

Simon Fraser, Chair, Investor Forum

Co-speakers TBC

Chaired by Will Pomroy, Policy Lead: Corporate Governance

15:20-15:45 Refreshment break in the exhibition hall

15:45-16:30 Plenary 5

The missing piece - delivering good governance

The final piece of the LGPS 2014 jigsaw is the new local pension boards. New board members gives us their perspective on what these boards should be focusing upon and how this can help deliver better governance of the LGPS.

Speakers TBC

Chaired by Ruston Smith, Chairman, NAPF

16:30–17:15 Plenary 6

Risky changes

The eminent sociologist explores our capacity to manage risk and change. He also considers how rumours are spread and how media, policy think tanks and online groups influence our perception of anything from cuts in public service to terrorist threats and health scares.

Professor Frank Furedi, Sociologist

Chaired by Ruston Smith, Chairman, NAPF

17:15–17:20 Launch of a new NAPF made simple guide

19:00-22:00 Conference Gala Dinner sponsored by Newton Investment Management

After dinner speaker: Frank Gardner, British journalist and correspondent

Wednesday 20 May

09:00 Exhibition open and coffee served

08:30–09:15 Pensions Infrastructure Platform: breakfast update

(for NAPF fund members only) Pre-registration required

The Pensions Infrastructure Platform (PiP) has just reached its first anniversary, along with the anniversary of the first close of the PPP Equity PiP Fund, managed by Dalmore Capital. Over breakfast the PiP CEO, Mike Weston, will mark these anniversaries, and provide an update on the future for PiP. Additional presentations will review the performance and outlook for the Dalmore fund and reveal new PiP investment opportunities.

09:30–10:15 Plenary 7

The changing membership of LGPS

In all the discussions about funding deficits, investment strategies and continued reform it can be easy to forget the heart of the LGPS, its scheme members. How has the membership has changed in recent years and does this govern their retirement decisions.

Speakers TBC

Chaired by Joanne Segars, Chief Executive, NAPF

10:15–11:00 Plenary 8

On trend – how the LGPS invests

Local authority fund investment strategies are coming under increasing pressure. From the outcome of the law commission report to the need to cater for increasing diverse employers. Not to mention the push towards passive. So, how are these, often conflicting, demands impacting on the way funds invest?

Chris Rule, CIO, LPFA

Co-speakers TBC

Chaired by Joanne Segars, Chief Executive, NAPF

11:00 – 11:30 Refreshment break in the exhibition hall

11:30–12:15 Plenary 9

The crux of the matter – managing deficits in the LGPS

Despite the intense focus on fund investment costs, deficit management remains the key challenge facing LGPS funds. What is being done to tackle this critical issue and what might it mean for the running of local authority funds?

Mark Packham, Director Pensions, PwC

Cllr Denise Le Gal, Cabinet Member for Business Services, Surrey Pension Fund

Jon Richards, National Secretary, Unison

Chaired by Joanne Segars, Chief Executive, NAPF

12:15–13:00 Plenary 10

Election reflection

Just 10 days after the General Election what does the new political landscape mean for local government, pensions and local government pensions.

Peter Kellner, Journalist

Chaired by Joanne Segars, Chief Executive, NAPF

13:00 Lunch, close of conference

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WIRRAL COUNCIL

PENSIONS COMMITTEE

24 MARCH 2015

SUBJECT:	ANNUAL LGPS TRUSTEES CONFERENCE
WARD/S AFFECTED:	NONE
REPORT OF:	STRATEGIC DIRECTOR TRANSFORMATION & RESOURCES
KEY DECISION?	NO

1.0 EXECUTIVE SUMMARY

1.1 This report requests nominations to attend the twelfth Annual LGPS Trustees' conference organised by the Local Government Pensions Committee from 25-26 June 2015.

2.0 BACKGROUND AND KEY ISSUES

2.1 The LGPC trustees' conferences are specifically aimed at elected members with responsibility for the Local Government Pension Scheme but is open to officers and other scheme member representatives who support pensions committees or hold pension fund investment or administration responsibilities.

2.2 The programme for this year's conference "Know your onions" has yet to be finalised but topics likely to be included are:

- Freedom & Choice, impact for the LGPS
- Active vs Passive, that new chestnut
- Cessation of contracting-out, impact for employers
- Investment opportunities round-up
- Legal update, the pensions world has moved on
- Local Pension Boards, the early days

The event is to be held in the Marriott Hotel, Cardiff and will have its popular lunchtime-to-lunchtime format commencing on Thursday 25th and concluding on Friday 26th June 2015.

2.3 MPF has been represented at previous LGPC Conferences with a general invitation to Committee members.

2.5 Accommodation will be required for the night of 25 June 2015.

3.0 RELEVANT RISKS

3.1 The Fund is required to demonstrate that Members of Pensions Committee have been adequately trained. This conference is a recognised training opportunity.

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 The actual cost of attendance plus a night's accommodation is not yet known but is expected to be around £500 per delegate plus VAT, excluding travel, which can be met from the existing Pension Fund 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 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 Committee considers if it wishes to send a delegation to attend this conference and, if so, to determine the number and allocation of places.

14.0 REASON/S FOR RECOMMENDATION/S

14.1 The conference forms a part of the Members' development plan approved by Committee in January 2015.

REPORT AUTHOR: **Peter Wallach**
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APPENDICES

NONE

BACKGROUND PAPERS/REFERENCE MATERIAL

NONE

BRIEFING NOTES HISTORY

Briefing Note	Date

SUBJECT HISTORY (last 3 years)

Council Meeting	Date

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WIRRAL COUNCIL

PENSION COMMITTEE

24 MARCH 2015

SUBJECT:	Non Recovery of Pension Overpayments
WARD/S AFFECTED:	ALL
REPORT OF:	STRATEGIC DIRECTOR OF TRANSFORMATION AND RESOURCES
RESPONSIBLE PORTFOLIO HOLDER:	
KEY DECISION?	NO

1.0 EXECUTIVE SUMMARY

- 1.1 This report requests approval to write off a sum of £10069.66 outstanding in respect of overpayments of pensions that have arisen and which are now considered irrecoverable.
- 1.2 An exempt report on the agenda, the non-recovery of pension overpayments 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 Overpayment of pension benefits can arise in a number of circumstances where information that should result in the termination of a payment is not received, or only received some time after an event.
- 2.2 Attempts are made to recover overpayments in accordance with an established debt recovery procedure. Each case is considered on an individual basis with regard to the particular nature and sensitivity. This involves sundry debtor accounts being raised against the notified beneficiary and pursued under the debt recovery process.
- 2.3 **The delegated authority of the Section 151 Officer to write off debts is limited to £1000 in any one case. As the individual amounts in these cases is above that figure committee approval is requested.**

2.4 Details of the individual cases are provided in the attached schedule.

3.0 RELEVANT RISKS

3.1 If recovery action is pursued, further legal costs will be incurred and even with best endeavours, the recovery of the sums is likely to prove unsuccessful

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 There are no other financial implications arising from this report apart from the total of £10,069.66 under consideration for write off.

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?

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 RECOMMENDATION/S

13.1 That the sum of £10,069.66 is approved for write off

14.0 REASON/S FOR RECOMMENDATION/S

14.1 Further attempts to recover the overpayments are deemed by Legal as not cost effective, unreasonable or with no realistic prospect of recovery

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APPENDICES Exempt appendix 1

BACKGROUND PAPERS/REFERENCE MATERIAL

BRIEFING NOTES HISTORY

Briefing Note	Date
Non Recovery Of Overpayment Of Pensions	19 September 2011

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WIRRAL COUNCIL

PENSIONS COMMITTEE

24 MARCH 2015

SUBJECT:	GOVERNANCE & RISK WORKING PARTY MINUTES
WARD/S AFFECTED:	NONE
REPORT OF:	STRATEGIC DIRECTOR TRANSFORMATION AND RESOURCES
KEY DECISION?	NO

1.0 EXECUTIVE SUMMARY

- 1.1 This report provides members with the minutes of the Governance & Risk Working Party (GRWP) held 2 February 2015.
- 1.2 An exempt report on the agenda, the minutes of the GRWP on 2 February 2015, 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 GRWP meets twice yearly to enable Members and their advisers to consider governance and risk related 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 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 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 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 members approve the minutes of the GRWP

14.0 REASON/S FOR RECOMMENDATION/S

14.1 The approval of the GRWP 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 on 27 June 2011.

REPORT AUTHOR: *PETER WALLACH*
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APPENDICES

Appendix 1 – Attendance and declarations of interest.
Appendix 2 – Exempt item

BACKGROUND PAPERS/REFERENCE MATERIAL

BRIEFING NOTES HISTORY

Briefing Note	Date

SUBJECT HISTORY (last 3 years)

Council Meeting	Date
GRWP minutes	September 2014
GRWP minutes	March 2014
GRWP minutes	September 2013

APPENDIX 1

Minutes of the Meeting of the Governance and Risk Working Party

Monday 2 February 2015

In attendance:

Councillor Paul Doughty (Chair) (WBC)	Peter Wallach (Head of MPF)
Councillor Geoffrey Watt (WBC)	Joe Blott (Strategic Director T&R)
Councillor George Davies (WBC)	Yvonne Caddock (Principal Pensions Officer)
Councillor Chris Carubia (WBC)	Guy Hayton (Operations Manager)
Councillor Cherry Povall (WBC)	Donna Smith (Group Accountant)
Councillor Adrian Jones (WBC)	

Apologies were received from:

Councillor Ann McLachlan (WBC)	Councillor Norman Keats
Councillor Mike Hornby (WBC)	Councillor Harry Smith (WBC)
Councillor Treena Johnson (WBC)	

1. Approval of Minutes

Minutes of G&RWP, dated Thursday 3 July 2014 were approved.

2. Declarations of Interest

Councillor Paul Doughty declared an interest as a result of a relation being a beneficiary of the Fund.

Councillor Geoffrey Watt declared an interest by reason of a relation being a beneficiary of the Fund.

By virtue of paragraph(s) 3 of Part 1 of Schedule 12A of the Local Government Act 1972.

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