



Pensions Committee

Date:	Monday, 22 June 2015
Time:	6.00 pm
Venue:	Committee Room 1 - Wallasey Town Hall

Contact Officer: Pat Phillips
Tel: 0151 691 8488
e-mail: patphillips@wirral.gov.uk
Website: <http://www.wirral.gov.uk>

AGENDA

1. MEMBERS' CODE OF CONDUCT - DECLARATIONS OF INTEREST

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

2. MINUTES (Pages 1 - 6)

To approve the accuracy of the minutes of the meeting held on 24 March, 2015.

3. LGPS UPDATE (Pages 7 - 12)

4. PENSION FUND BUDGET (Pages 13 - 22)

5. TAX MANAGEMENT UPDATE (Pages 23 - 28)

6. ANNUAL INVESTMENT PERFORMANCE (Pages 29 - 32)

7. TREASURY MANAGEMENT ANNUAL REPORT (Pages 33 - 36)

8. PENSION BOARD UPDATE (Pages 37 - 52)

9. NAPF ANNUAL CONFERENCE (Pages 53 - 66)

10. LGC INVESTMENT SUMMIT (Pages 67 - 70)

11. IMWP MINUTES 16/04/2015 (Pages 71 - 74)

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. IMWP MINUTES 16/04/2015 (Pages 75 - 78)

14. PAYMENT OF DEATH GRANT (Pages 79 - 120)

15. ANY OTHER URGENT BUSINESS APPROVED BY THE CHAIR

PENSIONS COMMITTEE

Tuesday, 24 March 2015

<u>Present:</u>	Councillor	P Doughty (Chair)	
	Councillors	AR McLachlan G Davies T Johnson AER Jones H Smith	G Watt C Povall K Hodson C Carubia
	Councillors	N Keats, Knowsley Council P Wiggins, Unison	
<u>Apologies</u>	Councillors	N Crofts, Liverpool City Council J Fulham, St Helens Council	

73 **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.

74 **MINUTES**

Resolved – That the accuracy of the Minutes of the Pensions Committee held on 19 January, 2015 be approved as a correct record.

75 **AUDIT PLAN 2014/15**

Heather Green, Senior Manager, Public Sector Assurance, Grant Thornton UK, attended the meeting and presented the Audit Plan for Merseyside Local Government Pension Scheme Year ended 31 March 2015.

Resolved – That

- 1. Grant Thornton be thanked for their work on the Audit Report.**
- 2. the Audit Plan be noted.**

76 **STRONGER FUTURES: DEVELOPMENT OF THE LGPS**

Fiona Blatcher, Associate Director, Grant Thornton UK, attended the meeting and reported upon Grant Thornton's review of governance in LGPS funds in England and Wales. The report aimed to assist those with responsibility for managing funds to assess the strength of their governance arrangements. The report highlighted the key aspects of governance that administering authorities and Local Pension Boards should consider as the new governance changes were implemented. Copies of the full report were made available to members of the Committee.

Peter Wallach, Head of Pensions commented that the report identified areas of good practice and proposed that it be brought to GRWP for discussion.

Resolved – That

- 1. Grant Thornton be thanked for the work on the report.**
- 2. the report be noted.**

77 **LGPS UPDATE**

Members of the Committee considered a report of the Director of Transformation and Resources that provided an update on the Pension Scheme Bill 2014/15 which dealt 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.

The report also covered 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.

Yvonne Caddock, Principal Pension Officer, reported that from April 2015 the changes announced in the Chancellor's Spring Budget allowed individual's over the age of 55 to access their defined contribution benefits in more flexible ways.

It was reported that the Government had raised concerns that members transferring from Defined Benefit Schemes like the LGPS would not sufficiently understand the risks associated with their decision. 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. The Government as a result had laid a number of amendments to the Pensions Schemes Bill which were outlined in the report.

Detailed timescales outlined in the deficit management work plan were included in the appendix to the report.

Members were informed that the Shadow Scheme Advisory Board had sought and published advice from Counsel covering the obligation on administering authorities to guarantee the payment of LGPS benefits.

Yvonne Caddock responded to questions from members and outlined the relevant risks given the new flexibilities being introduced for defined contributions schemes. It was noted that 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.

Resolved – That the report be noted.

78 **PENSION BOARD UPDATE**

A report of the Strategic Director Transformation and Resources informed the Pensions Committee that the Local Government Pension Scheme (Amendment) (Governance) Regulations 2015 had been laid before Parliament on 28 January 2015. These regulations included provisions for new local pension boards, the Scheme Advisory Board at a national level as well as provisions for the employer cost cap.

The Shadow Scheme Advisory Board had 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, had been updated to reflect the revised regulatory provisions. The changes to the document had been agreed by the Chair of the Committee and the authority's Monitoring Officer for formal approval and the revised document was attached as Appendix 1 to the report.

In accordance with the Public Service Pension Act 2013, (The Act) which defined the statutory governance framework of public service pension schemes, the Pensions Regulator had also commenced the parliamentary process to bring into force the Code of Practice 14: Governance and Administration of Public Service Pension Schemes. This set out the legal requirements, gave practical guidance and set expected standards for those responsible for the operations and management of public service pension schemes.

Peter Wallach, Head of Pension Fund outlined the key differences to the documents that had been issued for consultation last year. He informed Members that to accompany the final regulations, the Shadow Scheme Advisory Board had 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 aimed to assist administering authorities on the creation and operation of local pension boards, and was accompanied by a template terms of reference for a local pension board.

The regulations stated that administering authorities 'must have regard' to this guidance. The Shadow Scheme Advisory Board guidance and the template terms of reference could 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

Members were also informed of the timetable for the Pension Board and it was reported that it must be fully operational by the end of July 2015.

Resolved – That;

- 1. the officers be thanked for their work towards setting up the Pension Board.**
- 2. 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 and approved by Council on 16 March, 2015 be noted.**
- 3. the Monitoring Officer assist the Administering Authority to appoint a panel comprising three elected Members of the Council who are not involved in the discharge of the LGPS to select the scheme member/employer representatives who have submitted applications for positions on the Board.**

79 NAPF LOCAL AUTHORITY CONFERENCE

A report of the Director of Transformation and Resources requested 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.

Peter Wallach, Head of Pensions indicated that this date would clash with the Council agenda and given the timing suggested that 1:1:1 would be appropriate.

Resolved – That the Chair and Party Spokespersons attend the National Association of Pension Funds (NAPF) Local Authority Conference 2015 to be held in Gloucester from 18 May to 20 May 2015.

80 LGPC ANNUAL TRUSTEES CONFERENCE

A report of the Director of Transformation and Resources requested nominations to attend the twelfth Annual LGPS Trustees' conference organised by the Local Government Pensions Committee from 25-26 June 2015.

Peter Wallach, Head of Pensions informed members that the LGPC trustees' conferences were specifically aimed at elected members with responsibility for the Local Government Pension Scheme but were open to officers and other scheme member representatives who support pensions committees or hold pension fund investment or administration responsibilities and he encouraged members to attend.

Resolved – That members of the Pensions Committee be invited and advised individually of the deadlines for attendance at the Annual LGPS Trustee’s conference from 25-26 June 2015.

81 NON RECOVERY OF PENSION OVERPAYMENTS

Members considered a report requesting approval to write off a sum of £10069.66 outstanding in respect of overpayments of pensions that had arisen and which were now considered irrecoverable.

An exempt report on the agenda, the non-recovery of pension overpayments 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 sum of £10,069.66 in respect of overpayments of pensions be approved for write off.

82 GRWP MINUTES 2 FEBRUARY ,2015

A report of the Strategic Director of Transformation and Resources provided members with the minutes of the Governance & Risk Working Party (GRWP) held on 2 February 2015.

An exempt report on the agenda, the minutes of the GRWP on 2 February 2015, contained exempt information. This was by virtue of paragraph(s) 3 of Part 1 of Schedule 12A of the Local Government Act 1972, i.e. Information relating to the financial or business affairs of any particular person (including the authority holding that information).

Resolved – That the minutes of the GRWP held on 2 February, 2015 be approved.

83 IMWP MINUTES 05 MARCH, 2015.

A report of the Strategic Director Transformation and Resources provided Members with the minutes of the Investment Monitoring Working Party (IMWP) held on 5 March 2015.

The appendix to the report, the minutes of the IMWP on 5 March 2015, 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, subject to the amendment that Councillor N Keats represents Knowsley Council not Liverpool City Council, the minutes of the IMWP held on 5 March, 2015 be approved.

84 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.

85 NON RECOVERY OF PENSION OVERPAYMENTS EXEMPT APPENDIX

The appendix to the report on the Non Recovery of Pension Overpayments was exempt by virtue of paragraph 3.

86 GRWP MINUTES 2 FEBRUARY, 2015 EXEMPT APPENDIX.

The appendix to the report on the GRWP minutes 2 February, 2015 was exempt by virtue of paragraph 3.

87 IMWP MINUTES 05 MARCH, 2015 EXEMPT APPENDIX.

The appendix to the report on the IMWP Minutes 5 March, 2015 was exempt by virtue of paragraph 3.

88 COUNCILLORS MIKE HORNBY AND HARRY SMITH

The Chair offered his best wishes to retiring Councillors Harry Smith and Mike Hornby and thanked them for their valuable contribution to the Pensions Committee.

WIRRAL COUNCIL

PENSION COMMITTEE

22 June 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 provides a position statement of the changes to the Fund's communication material and operational procedures following the introduction of the Freedom and Choice legislative framework.
- 1.2 The report also covers the key amendments to the Scheme introduced by the Local Government Pension Scheme (Amendment) Regulations 2015

2.0 BACKGROUND AND KEY ISSUES

Pension Scheme Act 2015

- 2.1 At the meeting of 24 March 2015, members considered the increased flexibilities afforded to individuals with Defined Contribution savings and the subsequent impact on the LGPS, following the publication of the Pension Schemes Act 2015.
- 2.2 These changes allow individuals over age 55 to access their defined contribution benefits in more flexible ways from April 2015. These changes are referred to within the industry as 'Freedom & Choice'.
- 2.3 The most significant impact on the LGPS is the requirement to meet statutory disclosure requirements relating to the changes under Freedom & Choice and the additional safeguard responsibilities governing any transfer of benefits.

A number of secondary statutory instruments have been issued to place mandatory measures on Schemes to ensure members receive information regarding their additional options at retirement. In addition, members whose accrued rights exceed £30,000 and request a transfer to a flexible arrangement must obtain appropriate independent financial advice at their own cost.

- 2.4 It should be noted that there is no obligation on the member to act upon the advice and providing the member produces evidence of receiving advice from a Financial Conduct Authority approved adviser, the Fund must pay the transfer value.

Merseyside Pension Fund's approach to Freedom and Choice

- 2.5 In order to raise awareness of the new flexibilities, the Fund has revised its leaver processes to include transfer options at retirement; thus ensuring compliance with disclosure legislation and Freedom and Choice.
- 2.6 Information about Freedom and Choice, including the necessity to take independent financial advice has been included in the scheme guide, on the members' website and as part of our notifications to deferred members.
- 2.7 To ensure that the Fund meets its statutory obligations to safeguard members' pension rights, the following new transfer documents have been produced:
- Discharge forms which seek to confirm whether the member has other LGPS rights to determine eligibility to transfer, whether the receiving scheme offers flexible benefits and whether the aggregate cash values exceed £30,000.
 - Where the CETV is over £30,000 and the new scheme offers flexible benefits, members will be supplied with a Confirmation of Advice Form to be completed by the adviser qualified to give transfer advice.

Expected Take-up Rates in the LGPS

- 2.8 The Government anticipates that 10% of members approaching retirement will transfer their Defined Benefit pension into the Defined Contribution arena, in order to take advantage of the new freedoms from age 55.

It is suggested that the number of people opting to cash in pensions will depend on whether employers actively promote transfers and offer incentives. Income Tax may also affect take-up rate, as any cash taken above the HMRC tax free pension limits is subject to the individual's marginal rate of income tax.

Past experience shows that LGPS members tend to be cautious when transferring pension rights and take-up will perhaps be lower than the Government's expectation.

- 2.9 It is difficult to predict members attitudes to the new cash provisions, but take-up is unlikely to be significant due to the requirement of obtaining financial advice.

Any significant, real change in term of take-up will emerge if the LGPS was allowed to offer the flexibilities directly. Such changes are expected to be consulted on later this year.

Local Government Pension Scheme (Amendment) Regulation 2015

2.10 The Amendment Regulations were made on 17 March 2015 and came into force on 11 April 2015 and amend; the Local Government Pension Scheme Regulations 2013, and the Local Government Pension Scheme (Transitional Provisions, Savings and Amendment) Regulations 2014.

The key revisions to the regulations relate to the following regulatory provisions;

Qualifying for Benefits

2.11 A clarifying amendment has been made to regulation 3 (7) to provide that where a member dies in service and has not been in the Scheme for two years, the member shall be deemed to have met the two year vesting period and a survivor's pension and child's pension is payable.

Death Grants

2.12 An amendment has been made to regulation 40 to deliver the policy intention that where a member dies in service and also has a LGPS deferred pension and/or a pension in payment, the death grant payable should be the greater of:

- a) the death in service death grant and
- b) the aggregate of the death grants due in respect of the deferred pension and pension in payment.

2.13 It is noteworthy that if the sum payable in respect of the previous deferred or pension is greater than the death in service grant, then the current employer is responsible for paying the higher death grant from its section of the Fund.

This could have serious implications for the employer contribution rate of the employer in whose employment the member died in service.

Exiting Employer

2.14 Regulation 64 has been amended to provide that, where an employer has become an 'exiting employer', the administering authority can decide to issue a suspension notice. This suspends the employer's liability to pay an exit payment for up to three years if it is likely that the employer will admit future employees to the LGPS.

During the period of the suspension notice, the employer would have to continue to pay contributions and the administering authority can withdraw the suspension notice at any time.

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.
- 3.2.1 This could have an adverse impact on cash-flow, with the result that the Fund must consider its liquidity position and treasury management policy with regard to investment income in order to provide the funds to pay these transfers.
- 3.2.2 There is a risk that the £30,000 statutory threshold for mandatory financial advice makes members with pension rights below this limit vulnerable to inappropriate advice which could lead to much reduced retirement incomes.
- 3.3 There is a risk that the Fund will be liable for any loss of retirement income, if operational processes are not robust in ensuring that members with cash values greater than £30,000 receive appropriate financial advice, when transferring to a flexible arrangement.

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 may be seen by some employers as an opportunity for liability management, as transfers cut the cost of future pension payments.
- 8.2 Although an increase in transfer values could cause increased liquidity problems in the short term, the longer term impact on the pension fund liabilities will be to reduce both the deficit and the Fund’s risk exposure to longevity improvements.

- 8.3 An illustration is shown below of the potential level of savings to the Fund based on different levels of take-up, and assuming members take their transfer value at age 60 over the next five years, as opposed to taking their Fund benefits

	5% of Members Transfer Out	10% of Members Transfer Out
Transfers Paid Out	£11m pa	£23m pa
Liability Saving	circa £1m pa	circa £3m pa

Each transfer value taken will result in a saving versus the long term funding liabilities. For example, if there was a take-up of 10% from the active and deferred members, and transfers were paid in the order of £23m pa over 5 years (based on an average age of 60), the funding deficit would reduce by an average of circa £3m pa.

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

- 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.

REPORT AUTHOR

Yvonne Caddock
Principle Pension Officer
Telephone (0151) 242 1333
Email yvonnecaddock@wirral.gov.uk

APPENDICES

BACKGROUND PAPERS/REFERENCE MATERIAL

BRIEFING NOTES HISTORY

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

WIRRAL COUNCIL

PENSIONS COMMITTEE

22 JUNE 2015

SUBJECT:	BUDGET FINANCIAL YEAR 2015/16 BUDGET OUT-TURN 2014/15 AND ANNUAL REPORT 2014/15
WARD/S AFFECTED:	ALL
REPORT OF:	STRATEGIC DIRECTOR TRANSFORMATION AND RESOURCES
KEY DECISION	NO

1.0 EXECUTIVE SUMMARY

1.1 The purpose of this report is to request that Members note and approve:

- The out-turn for the financial year 2014/15.
- The finalised budget for the financial year 2015/16.
- The 3 year budget for MPF as required for the annual report.

1.2 The actual out-turn for 2014/15 is £17.3m, lower than the original budget approved 1 July 2014 and September 2014 of £19.1m and higher than the projected out-turn of £16.5m as reported at Pensions Committee on 19 January 2015.

1.3 The finalised 2015/16 budget is £19.5m.

2.0 BACKGROUND AND KEY ISSUES

2.1 Pensions Committee, at its meeting on 19 January 2015, received an estimate of the out-turn for 2014/15 and it was also agreed that I would report back on the final out-turn. The finalised out-turn is included in appendix 1. The previously reported issues of coding and classification in supplies and third party payments, as well as the need to use estimates have been resolved and expenditure in these areas is now in line with the budget set. The actual out-turn for 2014/15 is higher than the projected out-turn reported in January 2015, due to the number of estimates required for the January report. The main changes are as follows:

- Pension related recharges have now been included within other staffing costs.
- The actual out-turn for supplies are higher than the projection, largely due to computer development & hardware, and services & consultant fees expenditure in the final quarter; although this area is still below budget.
- The actual out-turn for third party payments is higher than the projection. The main reason is the investment management fees projected came in

above that projection, however, below the original budget. Third party payments overall are lower than the budget set.

- Reduction in central establishment charges from estimated to actual.

2.2 Pensions Committee at its meeting on 19 January 2015 agreed the budget for 2015/16 subject to confirmation of departmental & central support charges. It was agreed to report back to Committee with the finalised budget.

2.3 The finalised budget is included in this report in appendix 1, the variances from that reported in January are:

- Staffing now reflects pension deficit recovery charges.
- Updated estimate for central establishment charges.
- Updated investment management fees and actuary fees.
- Updated to reflect known costs for local pension board and national scheme advisory board costs.

2.4 CIPFA have published a document outlining best practice for the contents of the annual reports of LGPS Funds, this includes financial performance including 3 year budgets.

2.5 The projected 3 year budget for MPF is detailed in the table below:

	2015/16	2016/17	2017/18
Employees	£3,140,376	£3,171,780	£3,203,498
Premises	£252,187	£255,213	£258,276
Transport	£41,100	£41,593	£42,092
Investment fees	£13,379,890	£14,316,482	£15,318,636
Other Supplies and Services	£1,522,003	£1,540,267	£1,558,750
Third Party	£618,885	£626,312	£633,827
Recharges	£500,600	£500,600	£500,600
Total	£19,455,041	£20,452,247	£21,515,679

2.6 The assumptions used in the preparation of these 3 years budgets are as follows:

Staffing	Current Structure to be fully staffed throughout year 1% pay rises in subsequent years plus growth.
Investment management Fees	Estimate based on normal market conditions and 50% of investment mandates achieving performance targets.
Rent	Agreed as a notional charge based on market rates (MPF owns building).
Transport, Conferences and Subsistence	Estimated requirements for current year.

Services and Supplies	Contracts where usage and cost is fixed, plus estimate for variable elements.
Inflation adjustments	CPI 1.2% as at September 2014.
Investment Performance	This has been derived from the long-term return assumptions for MPF by the Actuary.

3.0 RELEVANT RISKS

3.1 This has not changed since the report in January as below.

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

4.0 OTHER OPTIONS CONSIDERED

4.1 This has not changed since the report in January as below.

The majority of the Pension Fund budget is taken up by investment management costs and staffing. The investment management arrangements have recently been subject to review and a national consultation on “LGPS: Opportunities for collaboration, cost savings and efficiencies is ongoing. Staffing arrangements remain under review.

The administering authority is also undertaking a review of its back office services with an aim of reducing costs which should result in a decrease in charges to the Fund. For all other expenditure there has been a careful review process culminating in a planning meeting at which the Head of Service approved the proposals for discretionary expenditure in this report.

5.0 CONSULTATION

5.1 Not relevant for this report.

6.0 IMPLICATIONS FOR VOLUNTARY, COMMUNITY AND FAITH GROUPS

6.1 There are no implications arising directly from this report.

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

7.1 The costs of the Pension Fund are charged directly to the Pension Fund and are then ultimately covered by investment income and employee and employer contributions; the full costs are estimated to be per member (including active contributors deferred and pensioners). The costs per member at Merseyside Pension Fund are competitive with other pension funds of a similar size in both the public and private sector.

8.0 LEGAL IMPLICATIONS

8.1 There are no implications arising directly from this report.

9.0 EQUALITIES IMPLICATIONS

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

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

10.0 CARBON REDUCTION IMPLICATIONS

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

11.0 PLANNING AND COMMUNITY SAFETY IMPLICATIONS

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

12.0 RECOMMENDATION/S

12.1 Members note the out turn for 2014/15.

12.2 Members approve the finalised budget for 2015/16.

12.3 Members approve other issues for inclusion in the 2014/15 Annual Report including 3 year financial estimates.

13.0 REASON FOR RECOMMENDATIONS

13.1 The approval of the budget and annual report for Merseyside Pension Fund by Pensions Committee forms part of the governance arrangements of Merseyside Pension Fund.

REPORT AUTHOR: Donna Smith
Group Accountant
telephone: 0151 242 1312
donnasmith@wirral.gov.uk

APPENDICES

The budget for 2015/16 including the out-turn for 2014/15 is attached as appendix 1 to this report.

The original appendix as reported to Members on 19 January 2015 is attached as appendix 2 to this report for information.

REFERENCE MATERIAL

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

SUBJECT HISTORY (last 3 years)

Council Meeting	Date
Pensions Committee :	
Pension Fund Budget	19 January 2015
Pension Fund Budget	1 July 2014
Pension Fund Budget	20 January 2014
Pension Fund Budget	24 June 2013
Pension Fund Budget	15 January 2013
Pension Fund Budget	17 January 2012

Appendix 1

Value of the Fund	£6.9bn	31/03/2015
Investment income Received	£128m	Projected 2015/16
Pensions Paid	£295m	Projected 2015/16
Contributions Received	£192m	Projected 2015/16
Active Contributing members	45,583	31 st March 2015
Deferred members	35,786	31 st March 2015
Pensioners	45,819	31 st March 2015
Total Members	127,188	31 st March 2015

Page 18

	Budget 2014/15 £	Actual Out-Turn 2014/15	Budget 2015/16 £
Employees			
Pay, NI and Pension	2,644,322	2,296,253	2,744,181
Training	20,000	8,292	20,000
Other Staffing Costs	439,700	254,446	376,195
	3,104,022	2,558,991	3,140,376
Premises			
Rents	214,638	214,637	252,187
	214,638	214,637	252,187
Transport			
Public Transport Expenses	29,530	23,696	39,900
Car Allowances	0	968	1,200
	29,530	24,664	41,100
Supplies			
Furniture and Office Equipment	20,000	2,376	20,000
Printing and Stationery	90,000	27,643	90,000
Computer Development and Hardware	390,000	263,787	432,000

Postages and Telephones	105,600	70,200	109,000
External Audit	41,000	38,792	41,000
Services and Consultants			
Fees	695,784	742,525	545,980
Conferences and Subsistence	41,320	21,245	67,170
Subscriptions	121,012	87,010	138,353
Other	79,000	73,942	78,500
	1,583,716	1,327,520	1,522,003
Third Party			
Medical Fees	8,500	3,866	8,500
Bank Charges	5,000	9,221	15,000
Investment Management Fees	13,153,617	12,300,538	13,379,890
Custodian Fees	200,000	247,393	250,000
Actuarial Fees	160,000	103,335	203,950
Other Hired and Contracted Services	96,183	68,489	141,435
	13,623,300	12,732,842	13,998,775
Departmental & Central Support Charges	615,000	564,767	500,600
	615,000	564,767	500,600
Total Expenditure	19,170,206	17,423,421	19,455,041
Income			
Fire Service Administration	88,500	106,332	0
	88,500	106,332	0
Total Net Expenditure	19,081,706	17,317,089	19,455,041

Appendix 2 As reported on 19 January 2015

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

	Budget 2014/15 £	Probable Out-Turn 2014/15 £	Budget 2015/16 £
Employees			
Pay, NI and Pension	2,644,322	2,250,424	2,744,181
Training	20,000	10,564	20,000
Other Staffing Costs	439,700	239,598	379,895
	3,104,022	2,655,586	3,144,076
Premises			
Rents	214,638	214,638	252,187
	214,638	214,638	252,187
Transport			
Public Transport Expenses	29,530	2,880	39,900
Car Allowances	0	1,080	1,200
	29,530	3,960	41,100
Supplies			
Furniture and Office Equipment	20,000	1,889	20,000
Printing and Stationery	90,000	55,443	90,000

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

Third Party

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

Transfers

Payments for Devolved Administration

Departmental & Central Support Charges

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

Total Expenditure

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

Income

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

Total Net Expenditure

19,081,706	16,500,593	17,247,966
-------------------	-------------------	-------------------

This page is intentionally left blank

WIRRAL COUNCIL

PENSIONS COMMITTEE

22 JUNE 2015

SUBJECT:	UPDATE ON TAX MANAGEMENT ARRANGEMENTS
WARD/S AFFECTED:	NONE
REPORT OF:	STRATEGIC DIRECTOR TRANSFORMATION & RESOURCES
KEY DECISION?	NO

1.0 EXECUTIVE SUMMARY

- 1.1 The purpose of this report is to provide members with an update on the progress made by the Fund in:
- Recovering Withholding Tax (WHT) from UK and European tax authorities.
 - Reclaiming tax on Manufactured Overseas Dividends (MOD).
 - And to report on a Property VAT Audit conducted by KPMG during the Financial Year ended 2014/15.

2.0 BACKGROUND AND KEY ISSUES

- 2.1 In order to assist in the recovery of European Withholding tax KPMG has been engaged as tax advisor as, in various tax jurisdictions, physical presence of the tax agent is necessary to initiate the claims.
- 2.2 In respect of the MOD claim, Pinsent Mason is leading the test case in the First Tier Tribunal, with KPMG as lead advisors, on behalf of a group of claimants under a Group Funding arrangement. Merseyside Pension Fund is a part of that group.

KPMG was appointed in 2009 and updates on progress were brought to this Committee in September 2009, March 2011 and March 2013.

2.3 European Withholding Tax

MPF has filed European Withholding Tax claims in the following six tax jurisdictions:

- Spain
- Netherlands
- Norway
- Italy
- Germany
- France

European Tax Claims By Merseyside Pension Fund
(WHT)

Country	Claim Value Local Currency (€)	Claim Value Base Currency (£)	Amount Received Base Currency (£)	
Spain	€ 579,107	484,731	520,803	Note 1
Netherlands	€ 256,513	225,762	225,762	Note 2
Norway	€ 69,875	54,613	54,613	Note 3
Italy	€ 593,201	421,415	0	Note 4
Germany	€ 812,707	577,415	0	Note 5
France	€ 530,061	376,599	0	Note 6
	€ 2,841,464.33	£2,140,535	£801,178	

As at Financial Year End 2014/15 a cumulative total of £801,178 has been recovered from the Spanish, Dutch and Norwegian tax authorities since 2009 and total of £1,339,357 remains unsettled.

Note 1 (Spain): All the Withholding Tax claims have been paid in full by the Spanish Tax Authority. Total value of the claim was €579,107 plus €45,963 of interest.

Note 2 (Netherlands): The Dutch claim has been settled in full.

Note 3 (Norway): The Norwegian tax claim amount has been received in full.

Note 4 (Italy): Claims have been filed by KPMG Italy and all the supporting documents have been submitted by MPF. Currently we are awaiting response from Italian Tax Authority. Total value of the claim is €593,201.

Note 5 (Germany): Claims have been filed with the local tax offices but there has been no progress as yet by the German Tax Authority. The Fund has recently filed a top up claim for 2012-14 with the value of approx. €181,000. Total value of German WHT claim is €812,707.

Note 6 (France): Total value of French WHT claim is €530,061. Although the French Supreme Court has decided that French WHT rules contravene EU law, the relevant courts must verify that other European pension funds were comparable to a French Not for Profit organization. Various submissions have been made to satisfy this requirement which are still under consideration by the French Tax Authority.

2.4 Manufactured Overseas Dividends (MOD) Claims:

Total value of MPF's MOD claim is £5,974,394.

This claim has arisen out of discriminatory treatment of stock lending income by HMRC whereby no tax was charged when a UK security was borrowed by a UK borrower from a UK lender. HMRC, however, imposed a 15% withholding tax when an overseas security was lent to a UK borrower by a UK lender. This discriminatory treatment of stock lending income has been abolished with effect from 31 January 2014.

The MOD claim has reached litigation stage and a First Tier Tribunal hearing is anticipated later this year. As with all litigation, the outcome has a degree of uncertainty.

2.5 Internal Tax Claims:

The Fund's internally managed portfolios are monitored by the accountancy team to identify potential tax claims. Since July 2011 the internal team has been successful in recovering £518,440 of withholding tax from HMRC.

The Fund has implemented the practice of appraising prospective investments from a tax implications point of view at the due diligence stage, where tax impact is assessed on UK and overseas investments, to ensure double taxation treaties relief is available and utilised and returns are not eroded by unforeseen tax implications.

2.6 Value Added Tax (VAT) Audit:

VAT is a significant element in Fund's direct property portfolio. During Financial Year ended 2014/15 KPMG were engaged to provide:

- A review of property VAT accounting policies and practices.
- An evaluation of VAT optimisation on the Property portfolio.

The outcome of the VAT audit was favourable, with no findings, which provides assurance around the current VAT accounting policies and practices.

3.0 RELEVANT RISKS

3.1 There is a potential risk that Withholding tax claims filed in Italy, Germany and France may be unsuccessful but given the success in other European territories it is prudent that those claims are pursued.

3.2 The MOD claim has reached the early stage of litigation. It is expected that findings of First Tier Tribunal, if unfavourable to HMRC, would be challenged in Upper Tribunal and higher courts which may increase the legal costs and risks of claim failure. The Fund is part of a group of claimants under a Group Funding Arrangement (GFA) which shares litigation costs and is under no

obligation to proceed further with litigation. The Fund is kept informed of the costs incurred and can withdraw from the arrangement at any time.

3.2 The Fund is a tax exempt organization which puts it in a different position from other non-exempt institutional investors. However, this exemption is not applied as a default during tax deduction at source stage on various investments and exemption has to be claimed via R63N submissions in the UK and under Double Taxation Treaty provisions in overseas tax jurisdictions. It is therefore important that investments are monitored and appropriate submissions are made in timely manner.

3.3 The Fund is working with its advisors, global custodian, overseas sub custodians and other institutional investors in tax matters to ensure that it responds to ever changing domestic and foreign tax rules and regulations in a timely manner to avoid the risk of non-compliance.

4.0 OTHER OPTIONS CONSIDERED

4.1 The Fund could have decided not to pursue its overseas tax claims and opt out of the Group action against HMRC over its MOD claims but, given the significant amounts involved and substantial tax recoveries made, it has strengthened Fund's view that the claims should be pursued.

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 There are no outstanding previously approved actions.

7.0 IMPLICATIONS FOR VOLUNTARY, COMMUNITY AND FAITH GROUPS

7.1 There are no implications arising directly from this report.

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

8.1 Costs to date are £239,000 and are offset by the recoveries of £801,178 from European claims. An additional £518,440 has been recovered by the internal team. Outstanding withholding tax claims amount to £1,339,357 and MOD claims to £5,974,394. KPMG's fee for the MOD claims includes a contingency fee element. Therefore, should the MOD claim fail, there will not be any further fees due to KPMG.

9.0 LEGAL IMPLICATIONS

9.1 There are no implications arising directly from this report.

10.0 EQUALITIES IMPLICATIONS

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

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

11.0 CARBON REDUCTION AND ENVIRONMENTAL IMPLICATIONS

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

12.0 PLANNING AND COMMUNITY SAFETY IMPLICATIONS

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

13.0 RECOMMENDATION/S

13.1 It is recommended that members note the report and agree to officers continuing with the recovery of tax under the existing arrangements.

14.0 REASON/S FOR RECOMMENDATION/S

14.1 The Fund has the potential to recover further substantial amounts of tax from the UK and European tax authorities.

REPORT AUTHOR: **Adil Manzoor**
Fund Accountant
telephone (0151) 2421317
email adilmanzoor@wirral.gov.uk

APPENDICES

BACKGROUND PAPERS/REFERENCE MATERIAL

SUBJECT HISTORY

BRIEFING NOTES HISTORY

Briefing Note	Date

SUBJECT HISTORY (last 3 years)

Council Meeting	Date
Pension Committee	March 2013

This page is intentionally left blank

WIRRAL COUNCIL

PENSIONS COMMITTEE

22 JUNE 2015

SUBJECT:	INVESTMENT PERFORMANCE
WARD/S AFFECTED:	NONE
REPORT OF:	STRATEGIC DIRECTOR TRANSFORMATION & RESOURCES
KEY DECISION?	NO

1.0 EXECUTIVE SUMMARY

- 1.1 This report sets out the investment performance of Merseyside Pension Fund for the fiscal year ended March 2015 as computed and reported by the WM Company.

2.0 BACKGROUND AND KEY ISSUES

- 2.1 The Fund returned 12.6 per cent in the financial year to the end of March 2015 compared to its bespoke benchmark return of 10.9 per cent, an outperformance of 1.5 per cent.
- 2.2. Over the financial year to the end of March 2015, global asset markets remained exposed to uncertainties about the world economic outlook, and expectations regarding the future path of global interest rates which continued to remain at unprecedented historically low levels.

Further divergence was seen in the economic growth paths of developed economies with the US Federal Reserve ending its QE3 asset purchase programme, while the Bank of Japan and the European Central Bank provided a further monetary stimulus to their respective faltering economies.

However, despite these uncertainties, and increased geopolitical tensions, global equity markets remained buoyant, with ample monetary stimulus continuing to fuel investors' risk appetite and boosting the search for higher yielding assets.

Stock markets rallied, particularly in advanced economies with the US S&P Index increasing over 21 per cent, and Japan's Nikkei 225 Index rising over 25 per cent year on year. European markets were more subdued with the UK's FTSE Index and European stocks gaining just over 2 per cent respectively over the comparable period.

In the fixed income markets bond yields continued to fall, with some markets witnessing negative yields. Yields on corporate bonds also narrowed over the year, with record low government bond yields pushing up the valuations of risky assets.

2.3. The performance of the Fund against its benchmark and against CPI and UK average weekly earnings indices for 1, 3, and 5 year periods is tabulated below.

	1 Year	3 Year	5 Year
MPF	12.6	10.6	8.6
Benchmark	10.9	8.8	7.5
Relative Return	1.5	1.6	1.1
CPI	-0.08	1.4	2.4
Average Earnings	3.3	1.7	1.6

Source: WM Quarterly Review Periods to End March 2015

3.0 RELEVANT RISKS

3.1 The performance of the Fund, relative to its benchmark, is a key indicator of the successful implementation of the Fund's investment strategy which is established with a view to meeting the Fund's longer term liabilities.

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 no implications arising directly from this report

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

8.1 The Fund returned 12.6 percent in the financial year ending March 31st 2015 and outperformed its bespoke benchmark which returned 10.9 per cent over the comparable period.

9.0 LEGAL IMPLICATIONS

9.1 There are no implications arising directly from this report

10.0 EQUALITIES IMPLICATIONS

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

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

11.0 CARBON REDUCTION IMPLICATIONS

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

12.0 PLANNING AND COMMUNITY SAFETY IMPLICATIONS

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

13.0 RECOMMENDATION/S

13.1 Members note the report.

14.0 REASON/S FOR RECOMMENDATION/S

14.1 The performance of the Fund, relative to its benchmark, is a key indicator of the successful implementation of the Fund’s investment strategy which is established with a view to meeting the Fund’s liabilities over the long-term.

REPORT AUTHOR: *Leyland Otter*
Senior Investment Manager
telephone: (0151) 242 1316
email: leylandotter@wirral.gov.uk

APPENDICES

NONE

BACKGROUND PAPERS/REFERENCE MATERIAL

The WM Company – Merseyside Pension Fund Quarterly Performance Review.

BRIEFING NOTES HISTORY

Briefing Note	Date
---------------	------

--	--

SUBJECT HISTORY (last 3 years)

Council Meeting	Date
A report on the Fund's investment performance is brought annually to Pensions Committee	

WIRRAL COUNCIL

PENSIONS COMMITTEE

22 JUNE 2015

SUBJECT:	TREASURY MANAGEMENT ANNUAL REPORT 2014/15
WARD/S AFFECTED:	ALL
REPORT OF:	STRATEGIC DIRECTOR TRANSFORMATION AND RESOURCES
KEY DECISION?	NO

1.0 EXECUTIVE SUMMARY

1.1 This report presents a review of treasury management activities within Merseyside Pension Fund (MPF) for the 2014/15 financial year and reports any circumstances of non-compliance with the treasury management strategy and treasury management practices. It has been prepared in accordance with the revised CIPFA Treasury Management Code.

2.0 BACKGROUND AND KEY ISSUES

2.1 Treasury Management in Local Government is governed by the CIPFA Code of Practice on Treasury Management in the Public Services and in this context is the “management of the Fund’s investments and cash flows, its banking, money market transactions, the effective control of the risks associated with those activities and the pursuit of optimum performance consistent with those risks”.

2.2 On 20 January 2014 Pensions Committee approved the Treasury Management Policy and Strategy 2014/15.

2.3 This report relates to money managed in-house during the period. It excludes cash balances held by investment managers in respect of the external mandates and the internal UK and European investment managers.

TREASURY MANAGEMENT

2.4 As at 31 March 2015, MPF had a cash balance of £50.9 million as against £30.8 million at 31 March 2014. All of these funds were held on call (instant access) accounts with Lloyds, Northern Trust, Iceland escrow account and a small balance at RBS.

2.5 Managing counterparty risk continued to be the overarching investment priority. Investments during the year included:

- Call (instant access) accounts and deposits with UK banks
- Investments in AAA rated money market funds with a constant Net Asset Value.

- 2.6 The rate at which MPF can invest money continues to be low, reflecting the record low Bank of England base rate which remained at 0.5% throughout 2014/15.
- 2.7 Over the twelve month period, WM calculated the cash performance to be 0.7% against a benchmark performance (7 day LIBID) of 0.3%.
- 2.8 Transactions were undertaken to reflect the day-to-day cash flows of the Fund, matching inflows from receipts to predicted outflows.
- 2.9 The detailed cash flow plans were managed so as to be compliant with the deposit limits agreed for individual financial institutions as reflected in the Treasury Management Policy for 2014/15.
- 2.10 There was one area where MPF was non-compliant with the policy during 2014/15. The Fund continued to maintain a small balance on an instant access account with RBS (MPF's previous bankers) to keep the account open, as on occasion receipts are still credited to this account.

3.0 RELEVANT RISKS

- 3.1 All relevant risks have been discussed within section 2 of this report.

4.0 OTHER OPTIONS CONSIDERED

- 4.1 There are no other options considered in this report

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 There are no outstanding previously approved actions

7.0 IMPLICATIONS FOR VOLUNTARY, COMMUNITY AND FAITH GROUPS

- 7.1 There are none arising out of this report.

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

- 8.1 The financial implications are stated above.

9.0 LEGAL IMPLICATIONS

- 9.1 The legal implications have been discussed within section 2 of 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 out of this report.

12.0 PLANNING AND COMMUNITY SAFETY IMPLICATIONS

12.1 There are none arising out of this report.

13.0 RECOMMENDATION/S

13.1 That the Treasury Management Annual Report for 2014/15 be agreed.

14.0 REASON/S FOR RECOMMENDATION/S

14.1 The Treasury Management Code requires public sector authorities to determine an annual Treasury Management Strategy and, as a minimum to report formally on their treasury activities and arrangements mid-year and after the year-end. These reports enable those tasked with implementing policies and undertaking transactions to demonstrate that they have properly fulfilled their responsibilities and enable those with responsibility/governance of the treasury management function to scrutinise and assess its effectiveness and compliance with policies and objectives. The requirement to report mid-year is met via regular reports to the Investment Monitoring Working Party (IMWP).

REPORT AUTHOR: Donna Smith
Group Accountant
telephone: (0151) 2421312
email: donnasmith@wirral.gov.uk

APPENDICES

None.

REFERENCE MATERIAL

Code of Practice for Treasury Management in Public Services – CIPFA 2009

SUBJECT HISTORY (last 3 years)

Council Meeting	Date
Pensions Committee	17 January 2012
Pensions Committee	25 June 2012
Pensions Committee	15 January 2013
Pensions Committee	24 June 2013
Pensions Committee	20 January 2014
Pensions Committee	1 July 2014
Pensions Committee	19 January 2015

This page is intentionally left blank

WIRRAL COUNCIL

PENSION COMMITTEE

22 June 2015

SUBJECT:	LOCAL PENSION BOARD
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 provides an update on the progress achieved in establishing Wirral Council's Pension Board, in accordance with statutory requirements prescribed within the Public Service Pension Act 2013 and the Local Government Pension Scheme (Governance) Regulations 2015.
- 1.2 The Terms of Reference and composition of the Board were approved by Council at its meeting on 16 March 2015 in compliance with the deadline to create a Local Pension Board by 1 April 2015.

2.0 BACKGROUND AND KEY ISSUES

- 2.1 The Pension Committee has been apprised at its previous meeting of the changes introduced by the Public Service Pensions Act 2013 which aim to deliver a coherent governance framework.

The intent is to provide assurance that all public service pension schemes and individual LGPS Funds are managed effectively with a properly constituted, trained and competent Pension Board monitoring compliance with legislation and best practice standards.

Implementation of the Wirral Pension Board

- 2.2 The Council considered and approved the structure of Wirral Council's Pension Board on 16 March which took legal effect on 1 April 2015. The composition and overview of the member appointment process are detailed within the Terms of Reference which can be accessed via the link below

http://mpfmembers.org.uk/pdf/lpb_termofref-2015-03-16.pdf

- 2.3 The statutory guidance on the creation of the Local Pension Board stipulates that the Board must be fully operational by the end of July 2015.
- 2.4 In order to meet the prescribed timescale, communications in respect of the recruitment process were issued from the beginning of March 2015. These communications included the role maps and person specifications for the employer/member representatives and also the Independent Chair.
- 2.5 All participating employers were 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. Employers were also asked to make staff aware of the vacancies through intranets and other local distribution channels.
- 2.6 A Selection Panel was established, comprising the following three Member representatives of the Administering Authority:

Cllr David Elderton (Chair)
Cllr Bill Davies
Cllr Dave Mitchell

Advisors to the panel: Fiona Blatcher, Grant Thornton
Peter Wallach, MPF

- 2.7 The appointment of the Board members was undertaken by the Selection Panel on 15 May 2015 and those appointed represent the different types of employer groups and the different membership categories within the Fund.
- 2.8 Following an evaluation exercise of the applicants, and in view of the number and quality of applications, it was not necessary to undertake interviews for the employer/member positions
- 2.9 The successful candidates all demonstrated strategic knowledge and stewardship of both local government and private pension schemes, including representation on boards at a national level.
- 2.10 It was necessary to undertake an interview to select the Independent Chair.
- 2.11 The decision of the panel was to make the following appointments as detailed below:

Independent Chair: John Raisin

Employer representatives:

Scheduled bodies: Geoff Broadhead, Mike Hornby
Further education: Robin Dawson
Admission body: Kerry Beirne

Member representatives:

Active members:	Donna Ridland, Philip Goodwin
Deferred members:	Patrick Moloney
Pensioner members:	Paul Wiggins

The details of the appointments and who they represent will be published on the Fund's website.

- 2.12 Appointees were asked to attend an initial one day 'Kick Start' training event on 28 May arranged by LGPC, the details of the programme is attached as Appendix 1
- 2.13 The contracts of appointment for the Board members will now be drafted to provide a broad overview of the role, commitments, remuneration and employment status as board members.
- 2.14 The inaugural meeting of the Pension Board is scheduled to take place 14 July 2015
- 2.15 A 'Knowledge and Understanding' and 'Conflict of Interest Policy' attached as Appendices 2 and 3 have been drafted to assist the Pension Board in compliance with the LGPS Regulations and the Pension Regulators Code of Conduct.

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 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 appointment of the employer and member representatives of Wirral Pension Board as agreed by the Selection Panel on 15 May 2015 and the formal policies in respect of 'Knowledge and Understanding' and 'Conflicts of Interest'.

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.

REPORT AUTHOR: Yvonne Caddock
Principal Pension Officer
telephone (0151) 242 1333
email yvonnecaddock@wirral.gov.uk

APPENDIX 1 Training Event for Local Pension Board Members

APPENDIX 2 Knowledge and Understanding Policy

APPENDIX 3 Conflict of Interest Policy

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
Pension Board – Revised Terms Of Reference	24 March 2015

This page is intentionally left blank

Training Event for Local Pension Board Members

Thursday 28 May 2015

Liverpool Marriott Hotel, 1 Queen Square, L1 1RH

The purpose of the new one-day event for local pension board members is to highlight and in brief explain, all the areas of knowledge a board member is expected to have (as espoused in the SSAB's guidance at Schedule B.)

Confirmed speakers

- Eversheds
- Aon Hewitt
- Mercers
- LGA

Timings of the day

Registration time: 09.30 am

Start time: 10.00 am

End time: 4.00 pm



Outline of Programme

Eversheds

- Differences between public service pension schemes like the LGPS and private sector trust-based schemes
- An overview of local authority law and how Administering Authorities are constituted and operate
- Data protection (Data Protection Act 1998)
- Employment legislation including anti-discrimination, equal treatment, family related leave and redundancy rights
- Freedom of Information (Freedom of Information Act 2000)
- Internal dispute resolution
- Reporting of breaches (administering authorities)
- TUPE and outsourcing (including Fair Deal and the Best Value Authorities Staff Transfers (Pensions) Direction 2007)
- Role of Officers of the Administering Authority and Lawyers
- An understanding of the roles and powers of Courts, the Information Commissioner, the Pensions Advisory Service, the Pensions Ombudsman and the Pensions Regulator (including powers in relation to Local Pension Boards)

Aon Hewitt

- Role of the IPSPC and its recommendations
- Key provisions of the 2013 Act
- The structure of the LGPS and the main bodies involved including the Responsible Authority, the Administering Authority, the Scheme Advisory Board, the Local Pension Board and the LGPS employers
- Role of the Local Pension Board, conduct and conflicts, reporting of breaches, Knowledge and understanding, and Data Protection (in the context of LPBs)
- Internal controls
- Role of 'scheme administrator'
- Taxation of benefits, annual and lifetime allowances, and member protections (primary, enhanced, IP etc)
- Administrators – in house v. third party, procurement of services and contracts with third parties

Mercers

- Contracting out (Pension Schemes Act 1993)
- National Insurance and the impact of abolition of contracting out in 2016
- Role of the Fund actuary
- Requirement for triennial and other valuations
- Rates and adjustments certificate
- Funding strategy statement
- Bulk transfers
- Explanation of different types of employers including the additional requirements for admission bodies
- Deduction and payment of contributions and special contributions
- IORP Directive

Local Government Association

- LGPS rules overview (including the Regulations, the Transitional Regulations and the Investment Regulations)
- Automatic Enrolment (Pensions Act 2008)
- Pensions sharing on divorce (Welfare Reform and Pensions Act 1999)
- Tax (Finance Act 2004), role of HMRC and registration, and tax relief on contributions
- Role and responsibilities of the Administering Authority including membership and eligibility, benefits and the payment of benefits, decisions and discretions, disclosure of information and record keeping
- Employer decisions and discretions
- Redundancies and restructuring (including the Local Government (Early Termination of Employment) (Discretionary Compensation) (England and Wales) Regulations 2006)

KNOWLEDGE AND UNDERSTANDING POLICY

This document is to be read in conjunction with Section 10 of the Terms of Reference

1.0 Knowledge and understanding requirements

1.1 Legislative requirements

In accordance with the Pensions Act 2004 every member of the Wirral Pension Board must be conversant with key areas of knowledge and understanding of the law relating to pensions with particular reference to:

- Background and understanding of the legislative framework of the LGPS;
- General pension legislation applicable to the LGPS;
- Role and responsibilities of the Local Pension Board;
- Role and responsibilities of the Administering Authority;
- Funding and investment;
- Role and responsibilities of Scheme Employers;
- Tax and contracting out;
- Role of advisors and key persons;
- Key bodies connected to the LGPS.

2.0 Induction training

2.1 Local Pension Board members are expected to complete induction training within the first three months of their appointment. This consists of an online training course provided in a Trustee Toolkit by the Pensions Regulator (TPR).

2.2 TPR Trustee toolkit

2.3 The TPR Trustee toolkit provides a guide to learning development and assessment of learning needs and includes a series of online learning modules and downloadable resources developed to help Local Pension Board members meet the minimum level of knowledge and understanding introduced in the Pensions Act 2004.

2.4 The toolkit includes ten '**Essential learning for trustee**' compulsory modules and seven Public Sector Toolkit compulsory online learning modules that must be completed successfully to pass the induction training.

2.5 The ten '**Essential learning for trustee**' compulsory modules test Local Pension Board member knowledge in the following key areas:

- Introducing pension schemes;
- The trustee's role;
- Running a scheme;
- Pensions law;
- An introduction to investment;
- How a defined benefit scheme works;
- Funding your defined benefit scheme;

- Defined benefit recovery plans, contributions and funding principles;
- How a defined contribution scheme works;
- Investment in a defined contribution scheme.

2.6 The seven **Public Sector Toolkit** compulsory modules test Local Pension Board member knowledge in the following key areas:

- 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

3.0 Ongoing training and development to meet knowledge and understanding requirements

3.1 Local Pension Board members will undertake the same knowledge and understanding framework which is currently provided to members of Merseyside Pension Fund Board through the **CIPFA Knowledge and Skills Framework**.

CIPFA Knowledge and Skills Framework

3.2 In an attempt to determine the right skill set for quasi trustees involved in decision making, CIPFA has developed, with the assistance of expert practitioners, a technical knowledge and skills framework.

3.3 The framework is intended to have two primary uses:

- As a tool for organisations to determine whether they have the right skill mix to meet their scheme financial management needs;
- As an assessment tool for individuals to measure their progress and plan their development.

3.4 The framework has been designed so that organisations and individuals can tailor it to their own particular circumstances. Local Pension Board members may already have some of the required skills, and the more experienced Local Pension Board members will already possess many of them.

3.5 In total there are six areas of knowledge and skills identified as the core technical requirements for those working in public sector pensions. They are:

- Pensions legislative and governance context;
- Pensions accounting and auditing standards;
- Financial services procurement and relationship management;
- Investment performance and risk management;
- Financial markets and products knowledge;
- Actuarial methods, standards and practices.

- 3.6 Individual members can be set up within the online framework and will be able to use the toolkit as they see fit. It is anticipated that members will, over a period of time, work towards a full understanding of the relevant issues. There is no current intention of imposing a timescale in which certain targets must be met by individual members.
- 3.7 It is not expected that all members of the Local Pension Board will, at all times, have an expert knowledge of all areas, but the Local Pension Board as a whole needs a breadth of skills and knowledge to ensure that all relevant issues are scrutinized when making recommendations. Member progress in improving their skill set will be reviewed on an annual basis.
- 3.8 It is suggested that, initially, Local Pension Board members use the online toolkit to assess their own training needs. The Scheme Managers and Chair of the Board can then work with members, both individually and collectively, to identify how best to meet any skills/knowledge gaps.
- 3.9 It is suggested that there are four main ways in which knowledge and skill levels can be increased:
- Use of the web-based packages and CIPFA repository when developed;
 - Manager or actuary led training sessions or specific training as part of the Board meeting agenda;
 - An induction training package for new Board members that covers the areas outlined in the CIPFA Framework;
 - Courses and seminars organised by managers, actuaries, NAPF and other experts, details of which can be circulated to Local Pension Board members as they arise.
- 3.10 The Scheme Manager will use the TPR Trustee Toolkit assessments that the Local Pension Board members complete as a basis for agreeing an appropriate training programme.

-- ends
June 2015

This page is intentionally left blank

CONFLICTS OF INTEREST POLICY

This document should be read in conjunction with the Terms of Reference for the Local Pension Board of Wirral Borough Council, established on 1 April 2015 (Thereafter referred to as The Pension Board).

Unless stated otherwise, the defined terms used in this document have the same meaning as attributed to them under the Terms of Reference document.

1. Policy Statement

Wirral Council, the administering authority for Merseyside Pension Fund is committed to the highest standards of ethical conduct and integrity in its business activities. This policy sets out the Local Pension Board's position if situations arise where its members have a conflict of interest in connection with their duties, for example as senior managers of the sponsoring employer or as a trade union official.

The Pension Board members have a strict duty to act in the best interest of the scheme's stakeholders, but this does not preclude a board member from having other roles or responsibilities which may result in conflict of interest. Board Members must be able to identify conflicts of interest and have procedures in place to manage them as outlined within this document.

2. Introduction

There is a requirement for Pension Board members not to have a conflict of interest. However, it is important to note that the issue of conflicts of interest must be considered in light of the Pension Board's role, which is to assist the Administering Authority. The Pension Board does not make decisions in relation to the administration and management of the Fund: this rests with the Administering Authority. As a result, it is not anticipated that significant conflicts will arise in the same way as would be the case if the Board were making decisions on a regular basis (compared, for example, to the Pension Fund Committee). Nevertheless, steps need to be taken to identify, monitor and manage conflicts effectively.

The Regulator has a particular role in relation to members of the Pension Board and conflicts of interest. Whilst members of the Pension Board may be subject to other legal requirements when exercising functions as a member of the Pension Board, the Regulator expects the requirements which specifically apply by virtue of the Public Service Pensions Act 2013 to be met and the standards of conduct and practice set out in its Code of Practice to be complied with.

The Code of Practice offers guidance about managing potential conflicts and the identification, monitoring and management of actual conflicts. This Policy is intended to reflect the principles of the Regulator's Code of Practice and apply them in an LGPS context.

3. Conflict of Interests – General Principles

A conflict of interest is defined as a financial or other interest which is likely to prejudice a person's exercise of functions as a member of the Board. The basic principle in relation to conflicts of interest can be found in the High Court case of *Re Thompson's Settlement* [1986] where the Court held that: *'...a man must not put himself in a position where duty and [personal] interest conflict or where his duty to one conflicts with his duty to another unless expressly authorised'*

Conflicts of interest may arise for Members and their advisers. This simply reflects the fact that individual Members and their advisers will have a variety of other roles and responsibilities outside the Board.

Members and their advisers must be able to identify potential conflicts of interest and have procedures in place to manage them. This document outlines the procedures that Members of the Board must adopt to comply with the following legal requirements;

- 1) Section 5 (5) of the Public Service Pensions Act 2013, which defines "conflict of interest" for the purpose of a Local Pension Board;
- 2) Regulation 108 of the Regulations, which places duties on the Administering Authority to satisfy itself that Local Pension Board ("LPB") members do not have a conflict of interest on appointment or whilst they are members of the Board;
- 3) The legal obligations for councillors defined under the 2011 Localism Act with regard to codes of conduct and disclosure of pecuniary interest will apply to all members of the Board;
- 4) The 'Nolan Principles' with which any holder of public office is also expected to comply;
- 5) The expectations contained in the Regulator's Code of Practice.

4. Identifying conflicts of interest in accordance with the Primary Legislation; Public Service Act 2013

For the purposes of a member of the Pension Board, a 'conflict of interest' is defined in section 5(5) of the 2013 Act as a financial or other interest which is likely to prejudice a person's exercise of functions as a member of the Pension Board. The 2013 Act also specifies that a conflict does not include a financial or other interest arising merely by virtue of that person being a member of the LGPS.

Therefore, a conflict of interest may arise when a member of the Pension Board must fulfil their legal duty to assist the Administering Authority and at the same time they have:

- a) a separate personal interest (financial or otherwise); or
- b) another responsibility in relation to that matter, giving rise to a possible conflict with their first responsibility as a Pension Board member;

The Regulations place a duty on the Administering Authority to satisfy itself that those appointed to its Pension Board do not have an actual conflict of interest prior to appointment and "from time to time".

There is a corresponding duty on any person who is proposed to be appointed to the Pension Board, and on an appointed member of the Pension Board, to provide the Administering Authority with such information as the Administering Authority reasonably requires to be satisfied that there are no conflicts of interest. Pension Board members also have a responsibility to anticipate potential conflicts of interest in relation to plans for future Pension Board activity.

Some examples of how a conflict might arise specifically in relation to a member of a Pension Board include a:

- i) finance officer appointed as a member of the Pension Board may, from time to time, be required to take or scrutinise a decision which may be, or appear to be, in opposition to another interest or responsibility. For example, they may be required as a member of the Pension Board to take or scrutinise a decision which involves the use of departmental resources to improve scheme administration, whilst at the same time being tasked, by virtue of their employment, with reducing departmental spending;
- ii) Pension Board member who works in the Administering Authority's internal audit function may be required as part of his work to audit the Fund. For example, the employee may become aware of confidential breaches of law by the Fund which have not yet been brought to the attention of the Pension Board;
- iii) employer representative from the private sector may also have a conflict of interest as a decision-maker in their own workplace. For example, if an employer representative is drawn from a company to which the Administering Authority has outsourced its pension administration services and the Board are reviewing the standards provided by it;

Conflicts of interest may also arise in respect of advisers to the Pension Board. For example, an adviser may have a conflict of interest if he or she (or the same firm) is also advising the Administering Authority. The risk to the Pension Board is that the adviser does not provide, or is not seen to provide, independent advice.

Where there is likely to be a conflict of interest in giving advice, the Board should consider carefully whether it is appropriate to appoint the adviser in the first place. It may also be necessary to consider carefully whether they should take steps to remove an adviser who has already been appointed.

5. Monitoring and Managing potential conflicts of interest

In order for the Administering Authority to fulfil its obligation to ensure that members of the Pension Board do not have a conflict of interest, the Pension Board must include an item on conflicts of interest at each meeting of the Pension Board and in its annual report to the Administering Authority.

The Pension Board is required to maintain a written register of dual interests and responsibilities which have the potential to become conflicts of interest, which may adversely affect members' or advisers' suitability for the role. Each member of the Pension Board will be expected to declare, on appointment and at each meeting, any interests which may lead to conflicts of interest. Such a conflict could be in relation to a general subject area or to a specific agenda item of a Pension Board meeting.

The Chair of the Pension Board must be satisfied that the Board is acting within:

- a) the conflicts of interest requirements of the Public Service Pensions Act and the LGPS Regulations, and
- b) in the spirit of any national guidance or code of practice in relation to conflicts of interest for Pension Board members, and

Each member of the Pension Board, or a person proposed to be appointed to the Board, must provide the Chair of the Pension Board with such information as he or she reasonably requires for the purposes of demonstrating that there is no conflict of interest.

Pension Board members are required to have a clear understanding of their role and the circumstances in which they may find themselves in a position of conflict of interest, and should know how potential conflicts should be managed.

The Pension Board is required to evaluate the nature of any dual interests and responsibilities, assess the impact on operations and governance were a conflict of interest to materialise, and seek to prevent a potential conflict of interest becoming detrimental to the conduct or decisions of the Pension Board.

The Pension Board may consider seeking independent legal advice from a nominated officer (for example, the monitoring officer) or external advisers where necessary on how to deal with these issues, if appropriate.

Individual members of the Pension Board must know how to identify when they have a conflict of interest which needs to be declared and which may also restrict their ability to participate in meetings or decision-making. They also need to appreciate that they have a legal duty under the Regulations to provide information to the Administering Authority in respect of conflicts of interest.

Options for managing an actual conflict of interest, should one arise, include a:

- a) member withdrawing from the discussion and any decision-making process;
- b) member resigning from the Board if the conflict is so fundamental that it cannot be managed in any other way

6. Management of confidential information

With regard to Members sharing confidential information received by them in their capacity as a Board Member with other parties, it is important to remember that each Member has a fundamental responsibility to act on behalf of the Board and this duty should not be compromised by acting on behalf of other groups.

7. Advisors

There may be circumstances where advisors are asked to give advice to the Board but this can only happen where there is no conflict of interest. All of the Board's advisors have a professional responsibility to advise the Members if any circumstances arise in which they feel they are conflicted.

These responsibilities and guidelines for dealing with actual or potential conflicts of interest are covered by rules of their respective professional bodies.

-- ends

June 2015

WIRRAL COUNCIL

PENSIONS COMMITTEE

22 JUNE 2015

SUBJECT:	NAPF ANNUAL CONFERENCE & EXHIBITION
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) Annual Conference & Exhibition 2015 to be held in Manchester from 14 October to 16 October 2015.

2.0 BACKGROUND AND KEY ISSUES

2.1 The NAPF Annual Conference provides a helpful insight to developments in the broader pensions industry. The Conference venue alternates between Liverpool and Manchester. The agenda is attached as an appendix to this report.

2.2 Merseyside Pension Fund MPF is a member of NAPF and its annual conference provides a forum for topical issues affecting public and private pension funds to be discussed and addressed.

2.3 Attendance would be beneficial to Members in fulfilling the Committee's Knowledge and Skills objectives as set out by CIPFA.

2.4 MPF has been represented at all previous NAPF Annual Conferences. Whilst not all topics and presentations are necessarily relevant to Members, there are a number of useful subjects on the agenda. The Thursday of the conference has a focus on "freedom and choice" which is topical following the changes to pensions introduced in April of this year.

2.5 Members must be registered for the event in order to attend. Although the event is complimentary for NAPF members, a charge is made for non-attendance.

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 As MPF is a member of the NAPF, attendance is free. However, a charge is levied if registrants do not attend. The costs of travel 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***
HEAD OF PENSION FUND
telephone: (0151) 242 1309
email: peterwallach@wirral.gov.uk

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

This page is intentionally left blank

Wednesday 14 October 2015

Thursday 15 October 2015

07.45	Registration opens			
08.00 – 08.45	Pensions breakfast – by invitation only. Further details coming soon.			
08.45	Exhibition opens			
10.00 – 11.15	Trustee Learning Zone session 1 sponsored by AXA Freedom and Choice - from big idea to brass tacks <i>Investment Management</i>		10.00 – 11.15	Fringe meeting 1 sponsored by J.P. Morgan
09.00 – 09.50 11.15 – 11.45	Refreshment in the exhibition hall <small>Six months on from the revolution in retirement choice, NAPF research gives the first authoritative assessment of the difference it has actually made for people at retirement.</small>			
11.45 – 12.30	Trustee Learning Zone session 2 sponsored by CMS Graham Vidler, Director of External Affairs, NAPF		10.00 – 11.15	Fringe meeting 2 sponsored by LGIM
12.00 – 13.30	Lunch in the exhibition hall Chaired by Josephine Cumbo, Pensions Correspondent, Financial Times			
09.55 – 10.50 13.30 – 13.45	Chairman's welcome and introduction Ruston Smith, Chairman, NAPF Control your risks and embrace your DB scheme is that you do not take the right actions at the right time - and so you miss critical opportunities perhaps by being distracted by compliance items. Having an effective pension structure means increasing the value of your pension pot. As a pensioner, how do you manage the benefits? So what can you take to achieve it, within your already straining workload? Refreshment in the exhibition hall can learn from others?	Default funds: delivering value? Much do trustees really know about whether their default fund is delivering value for money - and how can that 'value' be measured? Is there a case for increased transparency and a fresh approach to governance in this important area? City Banks, Manager, Director of Business Development, Swire Group, AB Co-speakers tbc	A beginner's guide to Big Data Big Data is still in its infancy in the UK pensions sector. Find out why it will soon form a vital part of trustees' and employers' armoury for engagement with members. Dr Eric Tyree, Chief Data Scientist, Capita Employee Benefits Co-speaker tbc	Age at work: the employer's role Why should employers care about an ageing population? This panel session will cover managing a healthy ageing workforce, the impact of retirement choices and timing on benefits strategy, and the interaction between pensions, social care and state benefits. Kirsty Bartlett, Head of the Pensioners Panel, BGS Other panellists tbc
14.25 – 15.00	Are you being served? What makes consumers tick, or save? As a pensioner, how do you manage the benefits? So what can you take to achieve it, within your already straining workload? Refreshment in the exhibition hall can learn from others?	Andy Harrison, Chief Executive, Whitbread Chaired by Joanne Segars, Chief Executive, NAPF	Other panellists tbc	Other panellists tbc
15.00 – 15.45	Refreshment in the exhibition hall can learn from others?			
15.45 – 16.30	Plenary 4 15.45 – 16.30 Jackie Gordon, Senior Partner, Deloitte Karen McWilliam, Head of Public Affairs, The Pensions Regulator Stephanie Flanders, Chief Market Strategist, UK and Europe, J.P. Morgan Asset Management Chaired by Joanne Segars, Chief Executive, NAPF	The economy, what pension funds need to know Grexit, political upheaval - the risk register has rarely been longer, but what are the key threats for pension funds, and where are the risks to monitor and shares her insights on where the global economy		
10.50 – 11.30	Refreshments in the exhibition hall			
11.30 – 12.05 18.15	Plenary 5 11.30 – 12.05 18.15 Freedom and Choice - now and next DB schemes responding? Conference closes for the day The new pension flexibilities have been in place for nearly six months. DB schemes have been busy implementing the new DB to DC transfer protocols and managing	Session details tbc	Game theory - new ways to engage members with pension savings This highly interactive session will explore how the use of games can help engage members with pensions and benefits. Leveraging the addictive nature of games, we	Going, going, gone! This session focuses on managing out legacy DB liabilities: establishing an efficient short, medium and long term strategy; positioning to avoid trapped surplus and unexpected costs; and minimising winding up risk and

Page 63 of 63

Friday 16 October 2015

08.30	Registration opens
08.30 – 09.00	NAPF AGM
09.00	Exhibition opens
Plenary 9 09:15-09:45	Address by in-coming Chair, NAPF
Plenary 10 09:45-10:35	The DB debate If you could do one thing to support DB schemes, what would it be? Four speakers make their pitches and you vote for your choice. Let battle commence..... Alan Rubenstein, Chief Executive, Pension Protection Fund Bill Galvin, Chief Executive, USS Nicola Smith, Head of Economics and Social Affairs, TUC 4th panellist tbc Chaired by the in-coming Chair, NAPF
10.35 – 11.20	Refreshments in the exhibition hall
Plenary 11 11.20 – 12.10	Yours tomorrow or mine today? The author of the leading study of intergenerational tensions brings together a panel of students and pensioners to debate the challenge of paying society's bills for pensions, care, education and housing. Hosted by David Willetts, former Minister of State for Universities and Science
Plenary 12 12.10 – 12.55	In it for the long run Comedy, marathon running, politics and more – the stand-up draws on his huge range of experiences for unique insights into life and what we can do to make it better. Eddie Izzard, comedian, actor, fundraiser and activist Chaired by the In-coming Chair, NAPF
12.55 – 13.00	Closing comments In-coming Chair, NAPF
13.00 – 14.00	Lunch in the exhibition hall and close of conference.

This page is intentionally left blank

WIRRAL COUNCIL

PENSIONS COMMITTEE

22 JUNE 2015

SUBJECT:	LGC INVESTMENT SUMMIT
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 Local Government Chronicle (LGC) Investment Summit, to be held in Newport from 10 to 11 September 2015.

2.0 BACKGROUND AND KEY ISSUES

2.1 The conference is themed “Funding for the future” and will provide critical insight to the ongoing debate about the future investment of pension funds in Local Government.

The sessions will generate ideas on how to be more cost effective, efficient and nimble in investment decision-taking which will be crucial in keeping down the ultimate cost to taxpayers.

Attendees will benefit from essential keynote presentations and topical breakout sessions on investment themes, as well as valuable networking opportunities to share your concerns with your peers and fund managers.

New innovations are flash report sessions on topical issues and a round table information exchange.

2.2 An agenda for the conference has not been published and will be circulated when available.

2.3 MPF has been represented at all previous LGC Investment Summits 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 Attendance plus two nights' accommodation will be £949 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 attendance at the conference by Members be approved.

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*
HEAD OF PENSION FUND
telephone: (0151) 242 1309
email: peterwallach@wirral.gov.uk

APPENDICES

None

BACKGROUND PAPERS/REFERENCE MATERIAL

BRIEFING NOTES HISTORY

Briefing Note	Date

SUBJECT HISTORY (last 3 years)

Council Meeting	Date

This page is intentionally left blank

WIRRAL COUNCIL

PENSIONS COMMITTEE

22 JUNE 2015

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

1.0 EXECUTIVE SUMMARY

- 1.1 The purpose of this report is to provide Members with the minutes of the Investment Monitoring Working Party (IMWP) held on 16 April 2015.
- 1.2 The appendix to the report, the minutes of the IMWP on 16 April 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 IMWP meets at least six times a year to enable Members and their advisors to consider investment matters, relating to Merseyside Pension Fund, in greater detail.

3.0 RELEVANT RISKS

- 3.1 There are none arising from this report.

4.0 OTHER OPTIONS CONSIDERED

- 4.1 No other options have been considered

5.0 CONSULTATION

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

6.0 OUTSTANDING PREVIOUSLY APPROVED ACTIONS

- 6.1 N/A

7.0 IMPLICATIONS FOR VOLUNTARY, COMMUNITY AND FAITH GROUPS

7.1 There are none arising from this report.

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

8.1 There are no implications arising directly from this report.

9.0 LEGAL IMPLICATIONS

9.1 There are none arising from this report.

10.0 EQUALITIES IMPLICATIONS

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

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

11.0 CARBON REDUCTION IMPLICATIONS

11.1 There are none arising from this report.

12.0 PLANNING AND COMMUNITY SAFETY IMPLICATIONS

12.1 There are none arising from this report.

13.0 RECOMMENDATION/S

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

14.0 REASON/S FOR RECOMMENDATION/S

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

REPORT AUTHOR: **Peter Wallach**
Head of Pension Fund
telephone: (0151) 242 1309
email: peterwallach@wirral.gov.uk

APPENDICES

Exempt Appendix 1

BACKGROUND PAPERS/REFERENCE MATERIAL

None

BRIEFING NOTES HISTORY

Briefing Note	Date

SUBJECT HISTORY (last 3 years)

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

APPENDIX 1

Minutes of Investment Monitoring Working Party, 16 April 2015

In attendance:

(Chair) Councillor Paul Doughty (WBC)	Peter Wallach (Head of MPF)
Councillor Geoffrey Watt (WBC)	Joe Blott (Strategic Director Transformation and Resources)
Phil Goodwin (Unison)	Linda Desforges (Investment Manager)
Paul Wiggins (Unison)	Leyland Otter (Senior Investment Manager)
Councillor Adrian Jones (WBC)	Greg Campbell (Investment Manager)
Donna Smith (Group Accountant)	Susannah Friar (Property Manager)
Louis Hill (Aon Hewitt)	Allister Goulding (Investment Manager)
Noel Mills (Independent Advisor)	Adil Manzoor (Tax Accountant)
Rohan Worrall (Independent Advisor)	Emma Jones (PA to Head of Pension Fund)

Apologies were received from:

Councillor Cherry Povall (WBC)	Councillor Ann McLachlan (WBC)
Councillor Norman Keats (KBC)	Councillor Treena Johnson (WBC)
Councillor Chris Carubia (WBC)	Councillor Harry Smith (WBC)

Declarations of Interest

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

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

Document is Restricted

This page is intentionally left blank

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

Document is Restricted

This page is intentionally left blank

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

Document is Restricted

This page is intentionally left blank

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

Document is Restricted

This page is intentionally left blank

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

Document is Restricted

This page is intentionally left blank

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

Document is Restricted

This page is intentionally left blank