

LOCAL PENSIONS BOARD

Tuesday, 11 October 2016

Present: J Raisin (Chair)

M Hornby

D Ridland

R Dawson

P Wiggins

K Beirne

P Maloney

Apologies

G Broadhead

1 MEMBERS' CODE OF CONDUCT - DECLARATIONS OF INTEREST

Members were 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.

Resolved – In respect of Agenda Item 5, LGPS Update, Mr Rob Dawson, Employer Representative, noted that he represented Wirral Metropolitan College, as paragraph 2.12 of the appendix to the report referred to Further Education Insolvency Proposals.

2 PHILIP GOODWIN

Members of the Board stood in silence in tribute to the memory of Mr Philip Goodwin, Unison Co-optee and former Co-optee of the Pensions Committee, who had sadly passed away on 26 September, 2016.

3 MINUTES

Resolved - That the accuracy of the Minutes of the Local Pension Board held on 28 June, 2016 be approved as a correct record.

4 AUDIT FINDINGS REPORT & DRAFT ANNUAL REPORT AND ACCOUNTS

A report of the Director of Pensions presented the Board with the Annual Report of Merseyside Pension Fund for 2015/16, which contained the audited statement of accounts, and the Fund's response to the Audit Findings Report from Grant Thornton.

Subject to outstanding work, Grant Thornton had indicated there would be an unqualified opinion; there were no material adjustments and one recommendation.

Grant Thornton's report had expressed a positive outcome from their audit of the accounts and had referred to the accounts being prepared to a good standard.

The recommendation contained within the Appendix of the Grant Thornton report had been agreed by Fund Officers; MPF continued to work with the pooling partners and was agreeing enhanced monitoring procedures which included the review of the financial statements and audit reports.

The Section 151 Officer had prepared a Letter of Representation on behalf of the Committee, included as an appendix to the report, which gave assurances to the Auditor on various aspects relating to the Pension Fund.

It was reported that the Audit Opinion would be issued following final completion of the audit, consideration of the Audit Findings Report and approval of the amended Statement of Accounts at both the Pensions Committee and the Audit and Risk Management Committee. Once approved, Grant Thornton had indicated that they would again issue an unqualified opinion, and had stated that the accounts presented fairly the financial position of Merseyside Pension Fund as at 31 March 2016. Subject to this, the accounts as now shown would form the basis of the Annual Report for the year ended 31 March 2016.

Mr Rob Dawson, Employer Representative requested that the record showing his Attendance and Training on the Pension Board section of the Report and Accounts 2015/16 be amended to reflect training which had been omitted.

The Chair commented that the Pension Board section Report and Accounts 2015/16 showed that the Board was now acknowledged as a proper part of governance.

Resolved – That the report be noted.

5 INVESTMENT PERFORMANCE

Members of the Board gave consideration to the report to Pensions Committee on the Fund's investment performance for the year to 31 March 2016 which was attached as an appendix to the report.

It was reported that the Fund had returned 1.2 per cent in the financial year to the end of March 2016 compared to its bespoke benchmark return of -0.4 per cent, an outperformance of 1.6 per cent.

The Director of Pensions highlighted that the Fund's investment performance was an important indicator of the extent to which the Fund's investment

strategy was implemented successfully but that it should also be considered in the context of the Fund's liabilities over the long-term.

Resolved – That the report be noted.

6 LGPS UPDATE

Members gave consideration to the LGPS update that had been taken to the last Pensions Committee, held on 19 September 2016 and was attached as an appendix to the report.

The report updated Members on the Fund's response to the statutory consultation on the LGPS amendment regulations. Fund Officers had sought comments and approval from the Chairs of both the Pension Committee and Pension Board on the policy perspective within the response, before submission to the Department of Communities and Local Government on 19 August 2016. The submitted response was provided as an Appendix to the report.

It also provided an overview of the development of an insolvency regime for further education colleges and sixth form colleges currently that was being appraised by the Department for Education. The Consultation could be found on the following link: -

<https://www.gov.uk/government/consultations/local-government-pension-scheme-regulations>

The report included a table that set out the number of further education and sixth form colleges that participated in MPF detailing the membership profile and the cumulative pension liabilities.

Yvonne Caddock, Principal Pension Officer, presented the report and responded to members questions. Mr P Moloney asked whether there had been any increased concern from other bodies regarding debt falling on to them. Yvonne Caddock responded that the Fund was proactive in limiting risk exposure by undertaking covenant reviews with a focus on the financial health of bodies without a guarantor from a public body with the intent where necessary to increase security and guarantees. A risk management framework was also being implemented to reflect the Fund's overall risk spectrum with lower and medium risk funding strategies being matched to an employer's specific characteristics profile or risk appetite. It was also noted by the Chair that Yvonne Caddock had consulted with him on the policy perspective with his comments being included within the response which was a positive example of the Administering Authority valuing the input of the Local Pension Board.

Resolved – That the report be noted.

7 **TREASURY MANAGEMENT ANNUAL REPORT**

Members gave consideration to the Treasury Management Annual Report that had been taken to the Pensions Committee, held on 4 July 2016 and was attached as an appendix to the report.

The report presented a review of treasury management activities within Merseyside Pension Fund (MPF) for the 2015/16 financial year and reported any circumstances of non-compliance with the treasury management strategy and treasury management practices. It had been prepared in accordance with the revised CIPFA Treasury Management Code.

Resolved – That the report be noted.

8 **GAD SECTION 13 DRY RUN**

The Board considered a report that had been noted by Pension Committee on 22 September and was attached as an appendix to the report. This report updated Members on the recent publication of the Government Actuary's Department (GAD) Section 13 'dry run' report, based on the 2013 round of fund valuations.

The purpose of the 'dry run' was to inform the approach and analysis for the first statutory report, concomitant with the 2016 round of ninety-one separate fund valuations.

It was noted that the dry run report and appendices could be accessed from the Scheme Advisory Board website at:

<http://lgpsboard.org/images/Reports/Section13DryRun20160711.pdf>

<http://lgpsboard.org/images/Reports/Section13DryRunAppendices20160711.pdf>

Resolved – That the report be noted.

9 **CIPFA TRAINING EVENT**

A report of the Director of Pensions invited Board members to participate in a Local Pension Board seminar in Liverpool on 26 October 2016 organised by CIPFA in conjunction with Barnett Waddingham.

The CIPFA Local Pension Board seminars were exclusively for Board members and would provide the latest information updates, training on specific topics and opportunities for discussion and networking with members of other Funds' Boards.

The seminars were designed as an opportunity for members of Local Boards to share experiences, to receive updates, to enhance knowledge, and to discuss the key issues facing them and the LGPS in a professional but informal environment. As well as presentations, there would be interactive sessions to facilitate discussion and networking as well as plenty of networking time during the refreshment breaks.

The Liverpool event would be held at Barnett Waddingham's offices, Port of Liverpool Building, Pier Head between 13.30 and 16.30 on 26 October 2016.

Resolved – That the report be noted and Members availability be advised to the Director of Pensions.

10 ANNUAL EMPLOYERS CONFERENCE

A report of the Director of Pensions informed Members of the arrangements for the annual Employers' Conference to be held on Tuesday 29 November 2016.

The 2016 conference would be held at Aintree Racecourse on Tuesday 29 November.

In addition to the annual reports on investment performance and the administration of the Pension Fund over the previous year; a presentation would be given by Mercer, the Fund Actuary, summarising the triennial valuation; and there would be a review of the Pension Board's activities. There would also be a presentation on the activities of the Pension Board.

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

Resolved – That the report be noted and Members availability be advised to the Director of Pensions.

11 FINAL POOLING SUBMISSION

Members of the Board gave consideration to a report of the Director of Pensions that provided details of the final submission made to Government in respect of pooling arrangements relating to the Northern Pool.

The appendix to the report, appendix 2, 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).

It was reported that at the Pensions Committee on 4 July 2016, Members had given approval for officers, in consultation with the Chair, to finalise the submission to Government in relation to the Government's consultation on pooling within the LGPS.

Appendices 1 and 2 provided the full details of the Northern Pool's submission to Government on 15 July 2016.

Following receipt of the submission, the Department for Communities and Local Government (DCLG) had held a conference call with officers of the Northern Pool on 31 August 2016. In addition to providing clarification to DCLG, MPF were advised that all Pool submissions to the pooling consultation were to be considered at a Government panel which would be convened during the week commencing 5 September after which DCLG would respond formally to the Northern Pool in writing. It was reported that this feedback was currently still awaited.

The Chair commented he positively endorsed two clear positives that had emerged from the report both the proposals outlined in the report regarding the mechanism by which the pool would operate and that the transition would be less costly and less onerous than anticipated.

Resolved – That the final submission to Government which had been prepared in consultation with the Chair be noted.

12 **NON-RECOVERY OF PENSION OVERPAYMENTS**

Members considered a report of the Strategic Director Transformation and Resources that had been approved by Pension Committee on 22 September and was attached as an exempt appendix to this report.

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

Resolved – That the report be noted.

13 **ADMINISTRATION KPI REPORT**

The report on Administration KPI Report was exempt by virtue of paragraph 3.

14 **IMWP MINUTES 09/06/16**

The Director of Pensions submitted the IMWP minutes that had been approved by Pension Committee since the last Pension Board meeting and were attached as exempt appendices to the report.

The appendix to the report, the minutes of IMWP on 9 June 2016, 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 report be noted.

15 **GRWP MINUTES 30/06/16**

The Director of Pensions submitted the GRWP minutes which had been approved by Pension Committee since the last Pension Board meeting and were attached as exempt appendices to the report.

The appendix to the report, the minutes of GRWP on 9 June 2016, 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 report be noted.

16 **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.

17 **FINAL POOLING SUBMISSION**

The appendix to the report on the Final Pooling Submission was exempt by virtue of paragraph 3.

18 **NON-RECOVERY OF PENSION OVERPAYMENTS**

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

19 **ADMINISTRATION KPI REPORT**

The appendix on the Administration KPI Report was exempt by virtue of paragraph 3.

20 **IMWP MINUTES 09/06/16**

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

21 **GRWP MINUTES 30/06/16**

The appendix to the report on GRMP Minutes 30/06/16 was exempt by virtue of paragraph 3.