



Local Pensions Board

Date:	Monday, 14 September 2020
Time:	1.00 p.m.
Venue:	Virtual

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AGENDA

1. MEMBERS' CODE OF CONDUCT - DECLARATIONS OF INTEREST

Members of the Board 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 - 10)

To approve the accuracy of the minutes of the meeting held on 5 February 2020.

3. LGPS UPDATE (Pages 11 - 14)

4. PROPOSED MCCLOUD JUDGMENT REMEDY AND LGPS CONSULTATION (Pages 15 - 20)

5. INVESTMENT PERFORMANCE 2019-20 (Pages 21 - 26)

6. RPI CONSULTATION RESPONSE (Pages 27 - 34)

7. REVISED TERMS OF REFERENCE (Pages 35 - 52)

8. WORKING PARTY MINUTES (Pages 53 - 54)

9. BUSINESS PLAN (Pages 55 - 56)

10. RISK REGISTER (Pages 57 - 58)

11. EXEMPT INFORMATION - EXCLUSION OF MEMBERS OF THE PUBLIC

The following items contain exempt information.

RECOMMENDATION: That under section 100 (A) (4) of the Local Government Act 1972, the public be excluded from the meeting during consideration of the following items of business on the grounds that they involve the likely disclosure of exempt information as defined by the relevant paragraphs of Part 1 of Schedule 12A (as amended) to that Act. The Public Interest test has been applied and favours exclusion.

12. INTERNAL AUDIT ANNUAL REVIEW 2019/20 (Pages 59 - 70)

13. DRAFT PENSION BOARD ANNUAL REPORT (Pages 71 - 86)

14. NATIONAL KNOWLEDGE ASSESSMENT (Pages 87 - 110)

15. BUSINESS PLAN EX APPENDIX (Pages 111 - 126)

16. ADMINISTRATION KPI REPORT (Pages 127 - 146)

17. RISK REGISTER EXEMPT APPENDIX (Pages 147 - 150)

18. WORKING PARTY EXEMPT MINUTES (Pages 151 - 156)

LOCAL PENSIONS BOARD

Wednesday, 5 February 2020

Present: J Raisin (Chair)

G Broadhead

R Irvine

D Ridland

P Maloney

P Wiggins

L Robinson

Apologies

P Fieldsend

98 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.

Mr Geoff Broadhead declared a pecuniary interest by virtue of being a Board Member of Magenta Living.

99 MINUTES

Resolved – That the accuracy of the meeting of the Local Pension Board held on 12 November 2019 be approved as a correct record.

100 PENSION BOARD REVIEW

The Independent Chair of the Local Pension Board indicated that at the meeting of the Pensions Committee held on 3 Feb 2020 he had presented the Pension Board Review. Members of the Committee had expressed their thanks to the Local Pension Board and had requested that he pass on thanks to Members.

101 LGPS UPDATE

A report of the Director of Pensions provided Board members with copies of a recent LGPS update report taken to Pensions Committee.

The Head of Pensions Administration gave an update on the 'McCloud Case', which related to the transitional protections afforded to those members of public service pension schemes who were closest to retirement age when the schemes were reformed under the Public Service Pension Act 2013.

In addition, it updated Members on the High Court decision to transfer Equitable Life policies, (the legacy Additional Voluntary Contributions (AVC) provider for Merseyside Pension Fund) to Utmost Life and Pensions with effect from 1 January 2020.

The Head of Pensions Administration reminded members that at the meeting of the Pensions Committee on 4 November 2019 (minute 37 refers) Committee had been informed of the position in regard to the 'McCloud Case'; specifically, that the case would be returned to an employment tribunal for a decision as to the remedy for addressing the difference in member benefits.

On 15 November the Scheme Advisory Board (SAB) had published an update to confirm that the LGPS would be dealt with separately to other public service schemes and that the remedy was likely to involve an extension of some form of the 'underpin'.

Members were informed that technical discussions were expected to take place imminently between MHCLG and the SAB, with a consultation on proposed changes expected to follow. However, it was not expected that any remedy would be implemented before the end of the 2020-21 financial year.

As the remedy would be applied retrospectively, the Fund had communicated to employers the possibility that data such as part-time hours, service breaks, and the pre-2014 definition pensionable pay may need to be provided at a future date. There was therefore a requirement that employers had systems and procedures in place to collect and hold this data.

Members were informed that the SAB website provided an overview of the case along with FAQ and could be accessed from the following link:

<https://www.lgpsboard.org/index.php/structure-reform/mccloud-page>

With reference to the update provided at the last Pensions Committee meeting relating to the transfer of Equitable Life policies, The Head of Pensions Administration confirmed to members that the Fund as policy holder had voted in favour of the transfer by the deadline of 30 October.

Scheme policy holders and 'eligible members' had voted overwhelmingly in favour of the proposed changes. Consequently, the High Court had been asked to approve the Scheme and Transfer on 22 November 2019.

Court approval to transfer the business of Equitable Life to Utmost Life and Pensions had been received on 4 December 2019. The Fund had updated members of the position by letter during December and had provided information on the AVC products provided by Utmost Life and Pensions along with the default AVC Funds selected by MPF upon the advice of its professional advisors.

The Head of Pensions Administration informed the Committee that the next steps would be:

- the 'uplift' would be applied to 'with-profits' policies as soon as practicable after 1 January 2020; and
- 'with-profits' policies would be converted to unit-linked policies from 1 January 2020.

The Head of Pensions Administration responded to a Members question regarding communications sent to employers with regard to the provision of part time hours and service breaks for the period from 1/4/2014 and in particular the consequences of the employer not retaining data.

The Head of Pensions Administration clarified that there was a statutory requirement for employers to retain payroll information for the previous 6 years. The Fund had also communicated the national template on data retention for LGPS employers in November 2019 which raised awareness of a legal opinion to retain payroll and HR data for a period of 15 years post termination of employment.

Resolved – That the report be noted.

102 **ACTUARIAL VALUATION**

A report of the Director of Pensions provided Board members with copies of a report taken to Pensions Committee that provided a summary of the findings of the 2019 Actuarial Valuation.

The Head of Pension Administration introduced the report and responded to Members questions. Members were informed that the purpose of the valuation was to set a funding plan that would strike a balance between Fund solvency, long-term cost efficiency of the scheme and affordable employer contributions for the financial period 1 April 2020 to 31 March 2023. The emerging whole fund results presented a funding level of 102% with an associated surplus of £206m and an average employer future service cost of 17.1% of pay.

The position presented had followed in-depth discussions between the Fund Actuary (Mercer), officers and constituent employers in relation to the core financial and demographic assumptions. All individual employer results had been provided to employers in November setting out their initial valuation results and the potential impact that the McCloud case could have on their results. The results were subject to consideration of employer covenant and where necessary further meetings might take place upon completion of the covenant review. Employers must notify the Fund if they intended to

include/exclude the McCloud allowance within their contributions. Where employers did not respond to the Fund, the default would be that the McCloud contributions would be included.

Members were informed that in order to undertake the valuation, the Actuary must have regard to the draft funding assumptions which had been updated following a formal consultation with all interested parties, which had commenced on 4 November with feedback requested by the end of November 2019. The draft Funding Strategy Statement (FSS), approved by the Pensions Committee held on 3 February 2020 had been updated to take account of the feedback from employers. All contributory policies and statutory statements to support the valuation process were covered under separate reports at this Committee meeting.

The report informed that the Local Government Pension Scheme Regulations 2013 provided the statutory framework for the valuation process. The regulations required an actuarial assessment of the Fund's assets against the current value of the pension liabilities, with a corresponding funding level to be declared every three years. The report included valuation results, an analysis of the change since 2018, future service contributions and valuation assumptions and a demographic assumptions update.

Resolved – That the report be noted.

103 **FUNDING STRATEGY STATEMENT**

Members gave consideration to a report of the Director of Pensions that had been considered by the Pensions Committee at the meeting held on 3 February 2020. The final proposed Funding Strategy Statement was attached as an appendix to the report. The Head of Pension Administration informed members that there would be minor drafting changes between now and the statutory deadline of 31 March 2020. The Pensions Committee had approved the draft Funding Strategy Statement and delegated the refinement and finalisation of the draft FSS by 31 March 2020 to the Director of Pensions.

The report informed that the Local Government Pension Scheme (LGPS) regulations provided a statutory framework under which the Administering Authority was required to prepare and publish a Funding Strategy Statement (FSS) alongside each actuarial valuation. The Fund Actuary must have regard to the FSS as part of the actuarial valuation process.

A consultation with employers regarding the updates to the draft FSS had taken place in November 2019. To assist employers, the Fund Actuary had communicated the key FSS changes at employer meetings during November. Once approved, the FSS would be refined and finalised by the Fund Officers in conjunction with the Fund Actuary. Members were informed that the deadline for finalisation of the draft FSS would be 31 March 2020.

Following a pilot of prepayment of Future Service contributions by large employers the Board requested an update report be brought to a future meeting of the Local Pensions Board on the impact on the operational activities of administration, treasury management and investment management.

Resolved – That;

- 1 The report be noted.**
- 2 Following a pilot of prepayment of Future Service contributions by large employers an update report be brought to a future meeting of the Local Pensions Board on the impact on the operational activities of administration, treasury management and investment management.**

104 **REVISED INVESTMENT STRATEGY**

Members gave consideration to a report of the Director of Pensions that had been taken to Pension Committee on 3 February 2020 (Minute 57 refers). The report provided Members with details of the proposed changes to MPF's strategic asset allocation following the March 2019 actuarial valuation. The Investment Strategy Statement was attached as appendix to the report.

The Director of Pensions informed Members of the Board that Regulation 7(1) of the LGPS Investment Regulations 2016 required an Administering Authority to formulate an investment strategy which must be in accordance with guidance issued by the Secretary of State. The authority must review and if necessary, revise its investment strategy from time to time, and at least every 3 years, and publish a statement of any revisions.

The report informed that in conjunction with the Actuarial Valuation and Funding Strategy Statement (the subject of separate reports on the agenda), the investment strategy was reviewed with the Funds advisors to ensure that the Funds asset allocation would deliver investment returns over the long term to secure the long-term solvency of the Fund.

On behalf of Members of the Board Geoff Broadhead expressed thanks to the Director of Pensions and officers for the clarity of the reports which Members agreed presented complex issues in an easy to understand way.

Resolved – That the report be noted.

105 **TREASURY MANAGEMENT POLICY**

The Head of Finance and Risk introduced a report that provided Board members with a copy of the Treasury Management Policy recently taken to Pensions Committee.

The annual approval of the treasury management policy statement and the treasury management annual plan and strategy for Merseyside Pension Fund by Pensions Committee formed part of the governance arrangements of Merseyside Pension Fund Management Policy recently taken to Pensions Committee.

The policy statement was attached as Appendix 1 to the report. It was reported that there were no significant changes to the policy followed for 2019/20.

The Independent Chair commented that he welcomed that this report went to both the Pensions Committee and the Local Pensions Board.

Resolved – That the report be noted.

106 **PENSION FUND BUDGET**

The Head of Finance and Risk introduced a report that informed Board members of the Budget report to Pensions Committee. The budget for 2020/21 was attached as an appendix to the report.

Members were informed that in the Good Governance review, it was proposed “that LGPS funds should be able to evidence that their administration and other resource (quantity and competency) is sufficient to meet regulatory requirements and that their budget is appropriate to deliver this”. The report stated that “Budgets for pension fund functions should be sufficient to meet all statutory requirements, the expectations of regulatory bodies and provide a good service to Scheme members and employers”. As set out in the appendix to the report, officers believed that this budget would fulfil this expectation.

Resolved – That the report be noted.

107 **MEMBER DEVELOPMENT PROGRAMME**

The Director of Pensions introduced a report that provided Board members with a copy of a recent report to Pensions Committee on this subject. The report informed the Board of training and development opportunities provided to members of Pensions Committee. A number of these opportunities were

also available to Board members. It also reminded Board members of their training responsibilities.

The Independent Chair reminded Members that there was also the opportunity to observe the Investment Monitoring and Governance and Risk Working Parties as an observer.

Resolved – That;

- 1 The report be noted.**
- 2 That members wishing to attend any additional training events or attend the Working Parties submit their name to the Director of Pensions office.**

108 **GOOD GOVERNANCE PROJECT**

The Head of Pensions Administration introduced a report that had been taken to the Pensions Committee that provided Board members with an update on the Scheme Advisory Board's (SAB) review of LGPS Governance models and the publication of the Phase II REPORT ON 15 November 2019.

Members were informed that the requirement for strong governance had led to vigorous scrutiny by The Pension Regulator and the current SAB review of governance. The review focussed on the effectiveness of the LGPS governance models and considered alternatives or enhancements to existing models which could strengthen governance going forward whilst maintaining strong links to demographic accountability.

Resolved – That the report be noted.

109 **WORKING PARTY MINUTES**

Members gave consideration to a report that provided Board members with copies of working party minutes since the previous Pension Board meeting.

The appendix to the report contained exempt information. This was by virtue of paragraph(s) 3 of Part 1 of Schedule 12A of 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.

110 **PROPERTY ARREARS**

The Head of Finance and Risk introduced a report that provided Board Members with a copy of report to Pensions Committee that had requested that Members agree to the write off of £61,310.98 of unrecoverable rent arrears from the Fund's property portfolio.

Appendix 1 & 2 to the report contained exempt information. This was by virtue of paragraph(s) 3 of Part 1 of Schedule 12A of 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.

111 **INTERNAL MANAGEMENT**

The Director of Pensions introduced a report that informed Board members of a report to Pensions Committee that provided an update on the progress made in the development of the internal investment management team, the implementation of internally managed investments and delivery of cost savings. Approval had also been sought to implement an internally managed equity portfolio in respect of the Asia Pacific markets.

The report contained exempt information. This was by virtue of paragraph(s) 3 of Part 1 of Schedule 12A of 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;

- 1 The report be noted.**
- 2 The Pension Board request the Director of Pensions to report to a future meeting of the Board on developments and recruitment of staff.**

112 **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.

113 **WORKING PARTY MINUTES**

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

114 **PROPERTY ARREARS**

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

115 **ADMIN KPI REPORT**

The Pension Board received and gave consideration to an exempt report of the Director of Pensions. The report provided the Pension Board with monitoring information on the key performance indicators in respect of work undertaken by the administration team during the period 1 October 2019 to 31 December 2019. The Head of Pensions Administration outlined the report and responded to questions from Members relating to the delivery of the service.

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 person, including the authority holding that information.

On behalf of the Board the Independent Chair thanked the Head of Pensions Administration and her team for the report.

Resolved – That the report be noted.

116 **INTERNAL MANAGEMENT**

The report on the Risk Register was exempt by virtue of paragraph 3.

117 **RISK REGISTER**

The Pension Board received and gave consideration to an exempt report of the Director of Pensions that provided Board members with a copy of the Fund's Risk Register.

The report contained exempt information. This was by virtue of paragraph(s) 3 of Part 1 of Schedule 12A of 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.

118 **COMPLIANCE WITH TPR CODE OF PRACTICE 14**

The Independent Chair agreed to consideration of the following exempt item as a decision was required before the next meeting of the Pension Board. The item was exempt by virtue of paragraph(s) 3 of Part 1 of Schedule 12A of

Local Government Act 1972 i.e. information relating to the financial or business affairs of any particular person (including the authority holding that information).

The Board discussed the circumstances of the breach of pension law and designated officer assessment as a non-reportable event to both TPR and the Information Commissioner, in accordance with the breaches policy.

Resolved - The Board raised concern as to the sensitivity of the personal information erroneously shared with members contained within the batched file but agreed the conclusion of the Wirral Council Monitoring Officer and the Head of Pension Administration in accordance with the Data Protection Act 2018, GDPR Recital 85 and TPR Decision Tree outlined in the Code of Practice.

MERSEYSIDE PENSION FUND

PENSION BOARD

14 SEPTEMBER 2020

SUBJECT:	LGPS UPDATE
REPORT OF:	DIRECTOR OF PENSIONS

1.0 EXECUTIVE SUMMARY

- 1.1 This briefing covers the long-awaited Government response to the consultation on restricting exit payments in the public sector and the publication of the draft Restriction of Public Sector Exit Payments Regulations 2020 issued on 22 July 2020.
- 1.2 It also raises awareness of the Written Ministerial statement on survivor benefits payable from public service pensions in response to an Employment Tribunal relating to the Teachers' Pension Scheme. The case concerns the lower survivor benefits paid to a widower of a female scheme member compared to those paid to a same sex survivor.

2.0 BACKGROUND AND KEY ISSUES

HM Treasury Response to £95k public sector exit cap consultation

- 2.1 HMT has published its response to the consultation issued last year, seeking to cap public sector exit payments at a value of £95,000, along with the draft regulations; The Restriction of Public Sector Exit Payments Regulations 2020.
- <https://www.gov.uk/government/consultations/restricting-exit-payments-in-the-public-sector>
- 2.2 The regulations will affect LGPS members in England and Wales who currently qualify for an unreduced pension because of redundancy or efficiency retirements and include a list of employers who will be covered by the cap.

2.3 There are a few key points to highlight in the response as follows:

- The government has decided to no longer proceed with a staged approach. The cap will now apply across all the public sector when implemented to ensure value for money as soon as possible.
- HMT has confirmed that employer funded early access to pensions will be within scope of the exit payment although the cap will not apply to all employers in Funds as it currently stands.
- The government is committed to strong governance and that any exceptions process for the cap not to apply will be fit for purpose and not cause any unnecessary delays.
- Whilst there is no current plans to uprate the £95k cap each year the government has committed to “making decisions on the level of the cap with reference to full contextual factors” and any change can be implemented through secondary legislation.

2.4 Under current LGPS provisions members whose employment is terminated on redundancy or efficiency grounds must access their pension benefits. In cases where the cap is breached, then the member may have to take a reduced pension. Consequently, MHCLG is looking at options to introduce choice to allow members in this position to opt for a deferred pension instead.

2.5 It is also expected that a standard strain cost calculation will be introduced so that the cap can be applied equally to members across the LGPS.

2.6 The Restriction of Public Sector Exit Payment Regulations 2020 provide for the cap to come into force 21 days after they are made. However, the regulations are subject to the affirmative procedure so will need to be approved by both Houses of Parliament before they can be made. We understand it is the intention that the cap will be in force for the end of the 2020 calendar year.

SURVIVOR BENEFITS FOR OPPOSITE SEX WIDOWERS PENSIONS

2.7 On 20 July, HMT issued a statement confirming that, following a successful case against the Teachers’ Pension Scheme (TPS), known as the “Godwin Case” historical widowers’ pensions in the public sector pension schemes discriminated against male members.

<https://www.parliament.uk/business/publications/written-questions-answers-statements/written-statement/Commons/2020-07-20/HCWS397/>

Departments responsible for the administration of affected schemes will consult on and take forward changes as soon as possible.

- 2.8 For the LGPS this will affect surviving widowers where their deceased spouse left prior to April 1998. In some cases, this will lead to an increase in the widower's pension in payment. In other cases (where the member left prior to April 1988) this will lead to a new widower record needing to be set up, as previously there was no widower's pension entitlement.

3 IMPACTS & CONSIDERATIONS

- 3.1 The government are expecting employment contracts, compensation schemes, and pension schemes to be changed to accommodate the £95k exit cap.

We expect more details to emerge in the coming months with regard to updated guidance and HMT Directions. Both Funds and employers will need to ensure they are making plans to prepare for the implementation as the detail emerges.

- 3.2 The need to re-visit hundreds, perhaps thousands of historical deferred and pensioner records in relation to the restatement of survivor pension entitlements will only add to the governance and administration burden Funds are facing on the back of the proposed McCloud remedy (covered as a separate agenda item) and the implementation of the exit cap.
- 3.3 The Fund's external auditor, Grant Thornton, has flagged the "Godwin Case" with regard to the potential impact on accounting liabilities at both a whole Fund and individual employer level.
- 3.4 The Fund's actuary, Mercer, has undertaken analysis as to the materiality of the change in widowers benefits and has concluded that the cost is on average less than 0.1% of liabilities and is certainly within the margins inherent in the roll-forward calculation which forms the basis of the accounting figures.

**REPORT
AUTHOR**

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MERSEYSIDE PENSION FUND

PENSION BOARD

14 SEPTEMBER 2020

SUBJECT:	PROPOSED McCLOUD JUDGMENT REMEDY AND LGPS CONSULTATION
REPORT OF:	DIRECTOR OF PENSIONS

1.0 EXECUTIVE SUMMARY

- 1.1 On 16 July MHCLG released the much-anticipated consultation on the McCloud remedy for the LGPS in England and Wales, a 12-week consultation covering extensive detail on how the remedy will be applied. The Fund's officers will be responding to the consultation as part of planning for the implementation of the remedy.
- 1.2 Separately the Government has announced that the 2016 Cost Cap HMT assessment for all public sector schemes will be unpaused and critically that the McCloud remedy is to be included in the assessment of the impact on member benefits.
- 1.3 A contribution rate assessment for the McCloud remedy was calculated at the 2019 valuation for Fund employers and the calculations were generally done in line with the proposed underpin in the consultation. Some employers made a provision in their contribution rates and we would not expect to revisit this allowance until the next valuation. For other employers, the Funding Strategy Statement allows us to revisit this where appropriate once the remedy is finalised.

2.0 BACKGROUND AND KEY ISSUES

- 2.1 On 16 July MHCLG released the much-anticipated consultation on the McCloud remedy for the LGPS in England and Wales, accessible at:

[https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/901173/Condoc - amendments to LGPS underpin - FOR PUBLICATION.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/901173/Condoc_-_amendments_to_LGPS_underpin_-_FOR_PUBLICATION.pdf)

- 2.2 In addition, the Government announced that the 2016 Cost Cap HMT assessment for all public sector schemes will be unpaused and critically that the McCloud remedy is to be included in the assessment of the impact on member benefits; the announcement is accessible at:

https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/901141/Update_on_the_Cost_Control_Element_of_the_2016_Valuations.pdf

The Scheme Advisory Board will need to consider the implications of this in relation to their separate assessment of the LGPS cost cap and its interaction with the HMT assessment. This could mean that the overall cost of McCloud will be offset in part or entirely when the outcome of the 2016 Cost Cap assessment is known.

- 2.3 The key feature of the proposed remedy was broadly as expected in that the final salary scheme underpin is to be extended to a wider group of members for service up to 31 March 2022.

However, there are a small number of areas of detail, which were unexpected, and the Fund will need to carefully consider the practical and financial impacts of this. A key change in the underpin means that the Fund will need to revisit all eligible members since 1 April 2014 including members who no longer have a benefit entitlement e.g. deaths or transfers out.

- 2.4 The proposed remedy brings significant Governance, Data (collection and verification), Communication and Training challenges for the Fund. Whilst we have or expect some centrally produced materials and templates it will take careful planning and resourcing to ensure that the implementation is as smooth as possible.

- 2.5 The number of “in scope” members since 1 April 2014, based on the consultation proposals for the Fund is **34,255** which is a significant undertaking in terms of implementation so will entail careful project and resource management – including potential recruitment or outsourcing of tasks. It will also have an effect on resources and costs for employers.

- 2.6 A contribution rate assessment for the McCloud remedy was calculated at the 2019 valuation for the Fund employers and the calculations were generally done in line with the proposed underpin in the consultation. Some employers made a provision in their contribution rates and we would not expect to revisit this allowance until the next valuation. For other employers the Funding

Strategy Statement allows us to revisit this where appropriate once the remedy is finalised. Consideration will also be needed to whether employers will be requested to adjust contributions once the outcome of the consultation is known later this year.

BACKGROUND HISTORY

2.7 A brief background on the McCloud judgment is as follows.

- Public Sector Schemes introduced major changes to their scheme designs in 2014 (LGPS) and 2015 (other Public Sector Schemes) namely:
 - Career average instead of final salary from 1 April 2014
 - Increase in normal retirement age (NRA) to State Pension Age
- Transitional protection / underpin for active members who were 10 years away from previous NRA (generally age 65) as at 01/04/2012
- The protection compares the benefits payable under the current rules with the benefits that would have been paid if the Scheme had not changed in 2014, with the higher amount paid.
- This protection was challenged by Judicial (Victoria McCloud) and Firefighter's pension schemes as being age discriminatory and became known as the McCloud case.

2.8 In December 2018, the Supreme Court issued a judgment that the protections were age discriminatory and a process commenced culminating in MHCLG releasing the much-anticipated consultation on the McCloud remedy on 16 July 2020. The consultation is open for 12 week and provides extensive detail on how the remedy will be applied.

2.9 It is acknowledged in the consultation document that the proposals will place a huge burden on Funds in relation to data collection, administration, governance, member and employer communications. In addition, there will be an upfront training and education requirement to ensure all stakeholders have the required knowledge to understand the implications.

KEY FEATURES OF THE PROPOSED REMEDY

2.10 The consultation itself is extremely detailed and has 29 questions for consideration with the inclusion of draft Regulations which will be retrospective to 1 April 2014. The level of detail suggests to us that very careful consideration has been given to ensuring as far as possible there are no remaining elements of potential age discrimination. Given that, we would expect the majority, if not all, the changes proposed to be taken forward, the

critical aspects to consider for the Fund are the practical application of the proposals – in particular, in cases where the required data is unavailable or very difficult to obtain.

2.11 A summary of the remedy proposals are set out below:

- The eligibility conditions for the final salary underpin will now exclude the age criterion but are still only applied to active members of the scheme at 31 March 2012
- The underpin will, however, cease to apply for all members in respect of pensionable service from 1 April 2022.
- The underpin will now also apply to members leaving but not immediately drawing benefits, whereas it previously applied only on the sooner of retirement or reaching Normal Pension Age.
- Members benefits are not changed for the impact of the underpin until retirement (“the underpin crystallisation date”), but members need to be informed of the position should they leave pensionable service before retirement. In this situation, the underpin will then need to be re-tested at the point of retirement to allow for the impact of any early/late retirement factors that may be applied.
- The differences in how the new underpin will operate will retrospectively apply to all eligible members and even for those members previously covered by the underpin.
- The underpin will apply only where benefits are aggregated. As this could mean a loss of underpin for some existing members, there will be a 12-month election window where members can opt to retrospectively aggregate benefits thereby retaining the underpin across all service.
- Any increase in benefit due to the underpin will count for Annual Allowance purposes only in the year of the underpin crystallisation date.
- The underpin will have to be revisited for members who have died or transferred out since 2014 which will add complexity to the implementation.
- MHCLG estimate the cost to LGPS employers of their proposals will be £2.5bn over the coming decades, as protected members retire and begin to receive their benefits. The Fund Actuary assessed the cost on the Fund at the 2019 valuation. Allowing for the underpin to cease at 2022 the total estimate is an increase in liabilities of £90m across the Fund which will be funded through increase contributions over the coming years (all other things equal). The impact varies depending on the membership profile of each employer and also crucially, it will depend on the actual pay progression of the in-scope members in the future. The lower the pay growth the lower the cost and vice versa.

2.12 Whilst limiting the underpin to service up to 2022 is welcome in terms of limiting the application of the underpin, the change in the existing underpin and its retrospective application add complexity and cost in a number of areas.

The **collection** and **validation** of the historic data from employers will be critical to implementing the final remedy. The Fund has continued to collect some of the key data items from employers since 1 April 2014 but will need to work with employers to verify this data and consider what is outstanding, not available or very difficult to obtain e.g. historic service breaks or changes in hours. An initial consideration of this data exercise will assist in the Fund response to some of the questions posed in the consultation around the difficulty of gathering the data.

3.0 IMMEDIATE ACTIONS, IMPACTS & CONSIDERATIONS

- 3.1 It is imperative that the Administering Authority responds to the consultation and considers the project to implement the remedy.
- 3.2 The scale of retrospection has significant consequences for the delivery of the project and administration of the Fund, which will require additional resource and potentially external support. Consequently, it will incur further operational costs to implement the proposals for the **34,255** “in scope” members of the Fund over the coming months and years.
- 3.3 In addition, software providers will need to develop automated approaches to loading the required data and also performing the calculations, which will incur costs for the Fund
- 3.4 To assist in mitigation of cost and commonality of application of the remedy across the LGPS, there are templates for data collection from employers and there will be template communication materials produced by the Scheme Advisory Board and LGA. The Fund will use these as much as possible to assist in the project.
- 3.5 It is also critical that the Administering Authority considers with employers how the additional costs of the remedy are funded for those employers who did not make an allowance in their contribution rates at the 2019 valuation. This will need to be considered once the consultation outcome is known but employers need to be made aware of this at an early stage.
- 3.6 There are also consequences for Fund employers, which should not be underestimated. Employers will need to provide the required data going forward as well as assist the Fund with any missing or incorrect historic data. This will place a burden (and likely cost) on the employers, which will vary depending on the availability of the required data and the quality of the data (including that collected already). Employers are likely to need training in this area to cover the requirements of the Fund and their legal duty once the

outcome of the consultation is known. However, this process should start now in terms of keeping employers informed on the consequences of the remedy.

4.0 **RECOMMENDATION**

As the implementation of the final remedy will be required under legislation and guidance once the outcome of the consultation is finalised it is recommended that the Pension Board affirm its support for the approach proposed by officers to develop the project plan for implementation and for use as a basis for responding to the consultation.

This will also inform the costs and resourcing requirements associated with the implementation project. In addition, a process of communication with employers needs to be developed setting out the requirements and also allowing the Fund to understand areas of potential difficulty.

**REPORT
AUTHOR**

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WIRRAL COUNCIL

PENSIONS BOARD

14 SEPTEMBER 2020

SUBJECT:	INVESTMENT PERFORMANCE 2019-20
WARD/S AFFECTED:	NONE
REPORT OF:	DIRECTOR OF PENSIONS
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 2020.

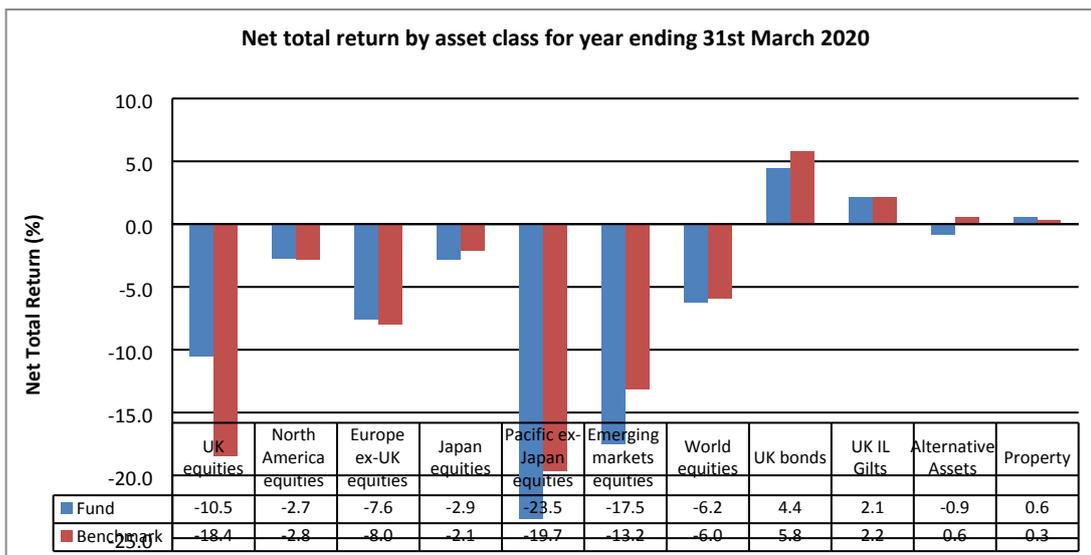
2.0 BACKGROUND AND KEY ISSUES

- 2.1 The Fund returned -2.1 per cent in the financial year to the end of March 2020 compared to its bespoke benchmark return of -5.9 per cent, an outperformance of 3.8 per cent. This was behind the Consumer Price Index and the increase in Average Earnings which advanced by 1.5% and 2.4% respectively. Longer-term numbers are set out in the table below.

Table 1

	1 year	3 year (annualised)	5 year (annualised)	10 year annualised)
MPF	-2.13	2.35	5.68	7.15
Benchmark	-5.87	0.53	3.58	5.52
Relative return	3.98	1.81	2.03	5.14

- 2.2 The Fund's 1-year investment performance against its benchmarks across all asset classes is illustrated in the chart below.



The global economy experienced a slower pace of growth in 2019 as the introduction of tariffs by the US and the inevitable response from China had a sizable impact on global trade. The bigger hit was taken by China as both their imports and exports fell substantially. So, whilst economic momentum was supported by domestic activity, the rate of expansion for China during the second quarter of the year was at the slowest pace since 1992. Knock on effects of the dispute reverberated through to other regions, particularly those most open to trade, such as Japan, South Korea and Singapore. In Europe, Germany narrowly avoided a recession as their manufacturing sector felt the strain. Fortunately, the demand for services across developed countries, particularly in the US, remained robust, being sustained by high employment levels and real wage growth.

Somewhat perversely, President Trump's trade war with China worked to drive financial markets higher through 2019. The slower global growth was the spur for a significant change in policy from the US Federal Reserve and it was this element that lifted the spirits of equity and bond investors. In early 2018, expectations were set for a continuation of interest rate hikes that would have taken the US Federal Funds rate beyond the 2% – 2.25% range that prevailed at the beginning of the year, but as global growth slowed into the Spring of 2019, the US Federal Reserve hinted towards a looser monetary stance. On 1 August it implemented the first of three 0.25% cuts. To the delight of investors this more accommodative stance was followed by easing measures elsewhere as the European Central Bank acted by cutting its official interest rate into even deeper negative territory and Central Banks across Asia and Latin America made cuts to their key lending rates. For UK markets, investors had to contend with the additional uncertainties brought on by the UK's decision to leave the European Union.

The biggest shock to the markets, however, came during the opening quarter of 2020 when the world's attention moved firmly to the emergence and spread of the Covid-19 pandemic. As infection rates and deaths spread across the globe, governments took drastic action to contain the virus causing economic activity

to virtually stall. All of this had a crushing effect on investor risk appetite and global equities, which had reached a new high only on 17 January, fell by over 30% in Sterling terms in the period of a month.

Thankfully, governments and monetary authorities across the globe, responded quickly to the crisis. The US Federal Reserve cut interest rates by 150 bps in March and announced plans to restart asset purchases and support market liquidity. US Congress passed a \$2.2 trillion spending bill to help firms and individuals impacted by shutdown measures. In the UK, the Bank of England cut rates from 0.75% to 0.10%. Meanwhile, the Government announced a huge fiscal package, stating that it would pay temporarily laid-off employees up to 80% of their salaries (capped at £2,500 per month). Sterling briefly dropped to a low against the dollar that was last seen in the 1980's.

Given the macro environment it is unsurprising that equity markets across all regions delivered negative returns for the one-year period to the end of March 2020. Japan and North America fared better than other regions as both equity markets have large exposures to technology companies which in some instances are beneficiaries of an economy in lockdown. The other end of the performance table is occupied by UK equities, Asia Pacific equities and Emerging Market Equities, which fell by 18.7%, 19.4% and 13.2% respectively.

These regions have greater exposure to cyclical sectors of the economy where the Covid-19 impact was most acutely felt such as Energy, Commodities, Banking and Airlines.

Bond markets reflected investor preference for defensive assets and UK government bonds (Gilts) provided returns to investors of 9.9% over the period. Corporate bond performance, whilst positive at +1.5%, was not quite so stellar as credit spreads over government bonds widened in Q1 of 2020 and some borrowers, such as Ford, Lufthansa and Heinz had their debt downgraded to below investment grade.

On 15 April 2019, the Fund implemented the first of a series of derivative trades aimed at protecting the equity portfolio in the event of a significant market downturn. The trades were implemented at a most opportune time given the sharp corrections experienced through February and March of 2020 and this strategy was the main contributor to the strong overall performance of the Fund against its benchmark.

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 No other options have been considered.

5.0 CONSULTATION

5.1 Not relevant for this report

6.0 OUTSTANDING PREVIOUSLY APPROVED ACTIONS

6.1 There are no previously approved actions outstanding.

7.0 IMPLICATIONS FOR VOLUNTARY, COMMUNITY AND FAITH GROUPS

7.1 There are none arising from this report.

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

8.1 There are none arising directly from this report.

9.0 LEGAL IMPLICATIONS

9.1 There are none arising from this report.

10.0 EQUALITIES IMPLICATIONS

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

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

11.0 CARBON REDUCTION AND ENVIRONMENTAL IMPLICATIONS

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

12.0 PLANNING AND COMMUNITY SAFETY IMPLICATIONS

12.1 There are none arising from this report.

13.0 RECOMMENDATION/S

13.1 That Members 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.

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APPENDICES

Pooling update and minutes of Joint Committee meeting 6 February 2020.

BACKGROUND PAPERS/REFERENCE MATERIAL

BRIEFING NOTES HISTORY

Briefing Note	Date

SUBJECT HISTORY (last 3 years)

Council Meeting	Date
An update report is brought to each Pensions Committee	

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WIRRAL COUNCIL

PENSIONS BOARD

14 SEPTEMBER 2020

SUBJECT:	RETAIL PRICES INDEX REFORM
WARD/S AFFECTED:	NONE
REPORT OF:	DIRECTOR OF PENSIONS
KEY DECISION?	NO

1.0 EXECUTIVE SUMMARY

- 1.1 This report informs members of the government's consultation on reform of the Retail Prices Index (RPI index) and the Fund's response.

2.0 BACKGROUND AND KEY ISSUES

- 2.1 The government announced that it was launching a consultation on changes to the RPI index. <https://www.gov.uk/government/consultations/a-consultation-on-the-reform-to-retail-prices-index-rpi-methodology>
- 2.2 The RPI was formally introduced in 1956, and, as such, is the oldest measure of inflation still published by the ONS. But it has significant shortcomings, including in: the index formulae it uses to aggregate some price changes, the treatment of housing costs, population coverage, weights, classification, and geographic coverage.

Reflecting the problems with its construction, the RPI lost its National Statistic status in 2013. At this time, the Authority judged that the RPI did not comply with the Code of Practice for Statistics (the Code).

This view was based primarily on:

- the finding that the methods used to produce the RPI (notably the use of the Carli index formula) did not meet current international statistical standards, and;
- the decision in 2013 effectively to freeze the methods used to produce the RPI, and only to consider 'routine' changes, was inconsistent with the requirement in the Code to seek to achieve continuous improvement.

One major use of the RPI by government is in its issuance of index-linked gilts which use the RPI to adjust their coupon payments and in the repayment of the principal. There is substantial demand from defined benefit pension funds seeking to match RPI-linked liabilities.

The CPI was introduced in 1997, and has been a National Statistic since the introduction of the Code. The CPI does not suffer from the same shortcomings as the RPI and in 2003, the government set the CPI as the basis for the Bank of England's inflation target.

However, the CPI does not include a measure of owner-occupiers' housing costs, that is, the cost of living in and maintaining one's own home. The ONS introduced the CPIH in 2013 to address this.

Since 2010, the measured rate of RPI annual inflation has been on average one percentage point per annum above the CPIH.

There has been an exchange of letters between the UK Statistics Agency (UKSA) and the Chancellor on RPI. A letter from the UKSA to the Chancellor in March 2019 made two recommendations:

- The publication of RPI should cease or
- The publication of RPI should effectively change to CPIH

The Chancellor rejected the proposal to cease the publication of RPI by the UKSA but, regarding the potential change to the calculation methodology of RPI, February 2025 was set as the earliest date that a change could occur.

A consultation was announced aimed at gathering information about the potential impact of any change, whether the change should be made before 2030 and, if so, when between 2025 and 2030 the change should occur.

3.0 RELEVANT RISKS

- 3.1 As set out in the Fund's response, the Fund has substantial investments in assets with RPI linked cash flows and any uncompensated change to the calculation of RPI would have a detrimental effect on the value of those assets.

4.0 OTHER OPTIONS CONSIDERED

- 4.1 No other options have been considered.

5.0 CONSULTATION

- 5.1 Not relevant for this report

6.0 OUTSTANDING PREVIOUSLY APPROVED ACTIONS

- 6.1 There are no previously approved actions outstanding.

7.0 IMPLICATIONS FOR VOLUNTARY, COMMUNITY AND FAITH GROUPS

- 7.1 There are none arising from this report.

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

8.1 There are none arising directly from this report.

9.0 LEGAL IMPLICATIONS

9.1 There are none arising from this report.

10.0 EQUALITIES IMPLICATIONS

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

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

11.0 CARBON REDUCTION AND ENVIRONMENTAL IMPLICATIONS

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

12.0 PLANNING AND COMMUNITY SAFETY IMPLICATIONS

12.1 There are none arising from this report.

13.0 RECOMMENDATION/S

13.1 That Members note the report and the Fund’s response to the consultation.

14.0 REASON/S FOR RECOMMENDATION/S

14.1 There is a requirement for Members of the Pension Board to be kept informed of pension fund developments as a part of their role in supporting the administering authority.

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APPENDICES

Response to RPI consultation

BACKGROUND PAPERS/REFERENCE MATERIAL

<https://www.gov.uk/government/consultations/a-consultation-on-the-reform-to-retail-prices-index-rpi-methodology>

BRIEFING NOTES HISTORY

Briefing Note	Date
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SUBJECT HISTORY (last 3 years)

Council Meeting	Date
An update report is brought to each Pensions Committee	



**RPI Consultation Team
HM Treasury
1 Horse Guards Road
London
SW1A 2HQ**

21 August 2020

Dear Sir/Madam

**Response to Consultation on the Reform to Retail Prices Index
Methodology**

Merseyside Pension Fund is responding to the consultation issued by HM Treasury and the UK Statistics Authority (UKSA) on the UKSA's proposals to "reform" the Retail Prices Index (RPI) methodology. Merseyside Pension Fund is a part of the Local Government Pension Scheme and manages c.£9bn of assets (including more than £700m in index-linked gilts) on behalf of nearly 130,000 individuals and 200 employing bodies.

1 Do you agree that this proposed approach is statistically rigorous?

Whilst recognising that there are perceived statistical issues with RPI, RPI is a widely used reference in financial contracts and, arguably, has a purpose beyond being simply a measure of actual broad inflation.

2 What will be the impact on the interests of holders of 'relevant' index-linked gilts (i.e. 2½% IL 2020, 2½% IL 2024 and 4 1/8% IL 2030) of addressing the shortcomings of the RPI in a) 2025 b) 2030 or c) any year in between?

There will be no impact on holders of gilts maturing prior to 2025; there will be an impact on the 4 1/8% IL 2030 if the proposed change were to be implemented prior to its maturity.

3 What will be the impact on the interests of holders of all other index-linked gilts of addressing the shortcomings of the RPI in a) 2025 b) 2030 or c) any year in between?

There will be a material impact on the holders of index-linked gilts stemming from the proposed change, with the impact becoming more material the earlier that any change is implemented. Insight Investments estimate that if RPI is simply amended to match CPIH, it would result in a wealth transfer of £90bn to £120bn away from holders of index-linked gilts – predominantly UK pension funds and insurers – to the

UK government. Even the proposal to make this change has already had a significant impact on the prices of index-linked gilts.

Since 2010, RPI has increased by an average of 1% more than CPIH per annum, with a high degree of consistency, as noted in point 46 of the consultation. This allows a calculation of the impact on index-linked gilt holders of aligning RPI with CPIH. For example, among its various index-linked gilt holdings, MPF holds £39m of the 1 1/4% IL 2055 issue. If RPI was to be reduced by 1% from 2030, the value of this holding would immediately be reduced by £8m - 21% lower than would otherwise have been the case.

4 What will be the impact on the index-linked gilt market or those dependent on it of addressing the shortcomings of the RPI in a) 2025 b) 2030 or c) any year in between?

As a pension fund with CPI-linked benefits, we have taken measures to hedge some of our inflation liabilities using index-linked gilts. The changes proposed will be materially detrimental to our funding position. As explained in our answer to question 3, we will suffer from a reduction in the value of our index-linked gilt holdings without a commensurate change in the valuation of our liabilities. This will need to be made good either by increased contributions from our employing bodies (at a time when local government finances are under extreme stress) or by taking more investment risk within the pension fund (at a time when the valuations of many risk assets seem to be very full).

5 What other impacts might the proposed changes to address the shortcomings of the RPI have in areas or contracts where the RPI is used?

Changing RPI simply to mirror CPIH (even with a one-year time lag) would have far-reaching consequences throughout the UK economy, with significant transfers of wealth, primarily from pension beneficiaries and asset holders, such as pension schemes and insurers, to the government. As noted by the Institute and Faculty of Actuaries in their response to the House of Lords Economic Affairs Select Committee call for evidence into use of the retail price index, there will be many losers:

- Members of company pension schemes with RPI-linked increases
- Annuitants
- Holders of index-linked gilts
- People who have suffered personal injuries and who are beneficiaries of court awards
- People in receipt of long-term disability insurance

In addition, as a pension fund, we are invested in a number of property and infrastructure assets whose valuations are influenced by the level of inflation as measured by RPI.

Over the last ten years, there has been a move by pension funds to allocate capital to infrastructure, such that it is now an established asset class in its own right. We have made substantial investments into infrastructure not only for the defensive nature of the assets but also for the inflation linked cash flows. A good portion of the infrastructure market is exposed to RPI, whereby the underlying contracts

explicitly reference the index. The change in the index will negatively affect the revenue of these assets, ultimately reducing the cash flows to us and reducing our ability to deliver on our obligations to members.

For example, we have committed £250m to GLIL, a long term investor in core, UK infrastructure with committed capital of £1.825bn. GLIL is backed by four Local Authority Pension Funds (“**LAPF**”), namely:

- Greater Manchester Pension Fund;
- Merseyside Pension Fund;
- West Yorkshire Pension Fund; and
- Local Pensions Partnership Investments (the entity which manages the assets of London Pensions Fund Authority, Lancashire County Pension Fund and Royal County of Berkshire Pension Fund).

The pension funds that are invested in GLIL have over 1 million members and in excess of £58bn in assets.

Since being founded in 2015, GLIL has invested over £1.1bn in a number of high-quality equity investments across UK infrastructure:

A large portfolio of PFI/PPP assets, helping fund the schools, hospitals and roads of the UK, these contracts are explicitly linked to RPI, and this change will negatively impact on the cash flows generated by this portfolio.

Equally GLIL owns over [750] MW of renewable energy, helping to fund the decarbonisation agenda of the UK, part of this subsidy regime is linked to RPI. The Renewable Obligation Certificate (ROC) is inflated with RPI annually; this change again will reduce the cash flows we receive.

Based on similar assumptions to those used in question 3, we estimate the cost to us in relation to our investment in GLIL alone could be between £5m and £6m.

6 Are there any other issues relevant to the proposal the Authority is minded to make of which the Authority or the Chancellor ought to be aware?

In common with many respondents, we believe that there should be an independent process to find a fair and equitable outcome that adequately addresses the economic implications of this change.

We share concerns that this consultation is too narrow, in that it exclusively considers (at least in terms of direct impact) the terms of “relevant gilts” (as defined at paragraph 19 of the consultation) and the requirements of section 21(2) of the National Statistics Act (the 'Act'). The “relevant gilts” will mature by 2030 and are a small proportion of the index-linked gilt issuance.

7 Which lower level or supplementary RPI indices are currently used, and what are they used for?

No response

8 What guidance would users of lower level or supplementary RPI indices find most useful for the ONS to provide?

No response

Yours faithfully

A handwritten signature in black ink that reads "P Wallach". The letters are cursive and somewhat stylized.

Peter Wallach

Director of Pensions

MERSEYSIDE PENSION FUND

PENSION BOARD

14 SEPTEMBER 2020

SUBJECT:	REVISED WIRRAL PENSION BOARD TERMS OF REFERENCE
REPORT OF:	DIRECTOR OF PENSIONS

1.0 EXECUTIVE SUMMARY

- 1.1 This report informs the Pension Board of proposed revisions to its Terms of Reference (ToR) following the recent statement from the Scheme Advisory Board (SAB) on the position of local pension board meetings during the COVID-19 emergency.
- 1.2 SAB has sought legal advice and now recommends that the ToR should be amended to provide for virtual meetings where it is not possible or practical for boards to meet in person.

2.0 BACKGROUND AND KEY ISSUES

- 2.1 The Pension Board has operated effectively since July 2015 with the last revisions to the ToR's approved by full Council for adoption into the Council's constitution on 9 December 2019.
- 2.2 During the current pandemic and national emergency measures it is essential that the Pension Board find ways of exercising their statutory functions and it is clear that arranging virtual meetings satisfies the requirement of Regulation 106 (8) of the LGPS Regs 2013, which permit the board to undertake actions to facilitate the discharge of its functions.
- 2.3 In consideration of SAB's directive and the changing operating environment of statutory and regulatory committees, section two of the ToR have been expanded to include paragraph 2.4 & 2.5 which permit virtual meetings using video and telephone conferencing technology and define the terms of attendance.

A new section 5, **Virtual meetings**, has also been drafted which sets out the operational practicalities, etiquette, voting procedure and troubleshooting in the event of failure of the remote participation facility.

3.0 Recommendation for Decision

The draft ToR are attached as an appendix to this report for review and approval by the Pension Board to ensure it continues to exercise its statutory function in circumstances where a virtual event is necessary due to emergency measures imposed by national or local government departments.

**REPORT
AUTHOR**

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Local Pension Board of Wirral Borough Council

Terms of Reference

1. Introduction

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

2. Statement of Purpose

- 2.1 The purpose of the Board is to assist the Administering Authority in its role as a scheme manager of the Scheme. Such assistance is to:
 - a. to secure compliance with the Regulations, any other legislation relating to the governance and administration of the Scheme., and requirements imposed by the Pension Regulator in relation to the Scheme and;
 - b. to ensure the effective and efficient governance and administration of Merseyside Pension Fund.
 - c. To provide the Scheme Manager with such information as it requires ensuring that any member of the Pension Board or person to be appointed to the Board does not have a conflict of interest.
- 2.2 The Board will ensure it effectively and efficiently complies with the code of practice on the governance and administration of public service pension schemes issued by the Pension Regulator.
- 2.3 The Board shall meet regularly to discharge its duties and responsibilities effectively, but not less than four times in any year. There is also the provision for special meetings to be convened at notice.

- 2.4 Board meetings will take place in person at a nominated site, but where circumstances warrant, a 'virtual event' can take place via electronic means, using video and telephone conferencing technology.
- 2.5 Attendance both in person or virtually will be for the whole of the meeting and not just specific agenda items nor solely for voting purposes. It is not the intent for hybrid meetings to take place whereby some board representatives attend in person with others accessing the meeting remotely unless there are extenuating reasons for non-attendance.

3. Scheme Manager Consents

3.1 The Board shall not:

- Overturn investments decisions that have been made by the Pension Committee but may consider whether due process has been followed to validate the decision taken.
- Amend the strategies prepared in compliance with section 57 to 61 of the LGPS regulations subsequent to prior consultation with it on the draft strategies and consequent approval by the Pension Committee
- Consider or become involved in any specific internal dispute resolution appeal
- Enter into contracts on behalf of the Administering Authority
- Dismiss any members of the Pension Committee
- Compromise the Pension Committee's ability to comply with its fiduciary duty to the Pension Fund and its members.

4. Membership and Appointment Process

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

Four employer representatives, of whom;

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

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

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

Four scheme member representatives of whom;

- a. Two shall represent and be drawn from active members of the Merseyside Pension Fund;
 - b. Two shall represent and be drawn from pensioner and deferred members of the Merseyside Pension Fund.
- 4.4 The constitution of employer or employee representatives may be varied at the discretion of the Scheme Manager in order to achieve necessary representation or balance on the Board. Member representatives shall either be scheme members or have capacity to represent scheme members of the Fund
- 4.5 Member representatives should be able to demonstrate their capacity to attend and complete the necessary preparation for meetings and participate in training as required.
- 4.6 In addition, one other non-voting independent member selected by the Scheme Manager, shall be appointed as Chair of the Board, with independence defined as follows:
- a. Not a current elected member or employee of a participating scheme employer or an individual with a financial or other material interest in either the Administering Authority or any of its constituent employers
 - b. Has not been an elected member or employee of a participating scheme employer in the past 5 years
 - c. Is not an active, pensioner or deferred member of Merseyside Pension Fund.
- 4.7 It will be the role of the Chair to:
- a. Ensure that all members of the Board show due respect for process, that all views are fully heard and considered and to determine when consensus has been met, instances of a failure to reach a consensus position will be recorded and published.
 - b. To uphold and promote the purpose of the Board and to interpret its constitution and Terms of Reference when necessary.
 - c. Ensure that the Board members have the knowledge and skills as determined in the Fund's Training Policy and other guidance or legislation and maintain a training record.
 - d. Agree the agenda and minutes for each Board meeting with the Board Secretary (Director of Pension Fund)
 - e. Ensure an attendance record is maintained along with advising the Scheme Manager on expenses to be paid.

- f. Advise the Scheme Manager on any required budget for the Board. The Chair shall not incur any expenditure on behalf of the Board without seeking the prior written consent of the Scheme Manager.
 - g. Write reports required by Scheme Manager on the performance of the Board.
 - h. Liaise with the Scheme Manager on the requirements of the Board, including advanced notice for Officers to attend and arranging dates and times of Board meetings.
 - i. To annually review and report on the performance of the Board.
 - j. To respond to matters arising between meetings of the Pension Board and liaise, as appropriate, with the Director of Pensions and Head of Pensions Administration in order to provide such input as to ensure the Board effectively discharges its duties and responsibilities.
 - k. To discuss specifically with the Director of Pensions and/or the Head of Pensions Administration, and after due discussion and consideration, give a view upon, any Electronic Decision Notice (EDN) issued to Board members in respect of any specific breach (or likely) breach of the law identified by the Fund and notified to members of the Board in accordance with the resolution of the Wirral Pension Committee of 16 November 2015 and Section 18.3 of these Terms of Reference.
 - l. To assess, constructively challenge and provide comment on draft Strategy and Policy documents of the Merseyside Pension Fund which are required under the LGPS Regulations, Statutory Guidance or best practice.
 - m. To assess, constructively challenge and provide comment on draft responses of the Fund to Consultations issued by Government, Regulators, the Scheme Advisory Board and equivalent bodies.
- 4.8 The Chair's decision on all points of order, procedure and protocol shall be final.
- 4.9 The appointment of the Chair by the Scheme Manager will only be made following an openly advertised competitive process for the role which shall also be subject to the passing of a motion by the Board to approve the successful candidate.
- 4.10 Members of the Board shall only be appointed after all employers or members from the respective employer section or membership cohort have been invited to put forward nominations or expressions of interest.
- 4.11 Successful employer and employee representatives will be selected by the Scheme Manager having taken account of their capacity to represent other scheme employers and members, attend meetings and undertake extensive training.
- 4.12 Members in all categories will only be appointed by the Scheme Manager if they commit to acquire the knowledge and skill requirement set out in the relevant regulations and guidance, as defined in section 8 of this document.

5. Virtual Meetings

- 5.1 Given the nature of virtual meetings, they will be limited to 90 minutes in length.
- 5.2 To avoid unwanted background noise, members are asked to mute their microphones whilst not speaking.
- 5.3 When a meeting is conducted virtually, members who wish to speak or ask a question must click on the 'raise your hand' icon within the collaboration software. The chair will invite the person to speak at the appropriate time and members must state their name before making a comment or asking a question.

If the member is joining the virtual meeting by telephone, members are asked to not interrupt another participant but to carefully choose an opportune time to ask the Chair whether they would be allowed to comment or ask a question.

- 5.4 Where the meeting is conducted virtually and there is a failure of the remote participation facility, the Chair will declare an adjournment while the fault is addressed.
- 5.5 If it is not possible to address the fault and the meeting is inquorate, the meeting will be abandoned until such time it can be reconvened. If the meeting is quorate, the Chair will decide if the meeting should continue, depending on the difficulties being experienced, or whether it should be adjourned until a later time or date.
- 5.6 If an item requires an electronic vote, the Chair will ask all members to turn their microphones on. The Chair will then read out the name of each Member in turn in alphabetical order and ask them how they wish to vote.
- 5.7 Once a Member has given their vote then microphones should be muted again. The Chair or the secretariat minuting the meeting will record the outcome of the voting and announce it at the meeting.
- 5.8 If an item does not appear to be contentious, the Chair for speed may ask members whether any member disagrees or wishes to abstain. This will be indicated by the member by clicking on the "raise your hand" icon or by giving a verbal notification to the Chair over telephone. If nobody objects, the motion will be carried.

6. Length of term

- 6.1 Members of the Board will serve for a minimum term of four years which can be extended for a further term subject to the agreement of the Scheme Manager; thereafter the formal appointment process will apply.
- 6.2 In recognition of the complexity of pension legislation and to assist with knowledge development and retention, the initial term of office for one of the two active member representatives shall be six years and one of the two employer representatives of the local authorities, Police/Fire Transport authorities and Parish Council shall be six years.

- 6.3 Other than as a result of retirement at the expiry of this period the term of office will come to an end;
- a. For employer representatives who are councillors if they cease to hold office as a councillor and can no longer demonstrate the capacity to represent the specific employer category or there is disagreement from within the section;
 - b. For employer representatives who are not councillors, when they cease to be employed by the employing body where they were employed on appointment and can no longer demonstrate the capacity to represent the specific employer category or there is disagreement from within the section
 - c. For scheme member representatives if they cease to be a member of the relevant member group and can no longer demonstrate capacity to represent scheme members.
- 6.4 Each Board member should endeavour to attend all Board meetings during the year. Substitute members are not permitted due to the nature of the Board as a supervisory body and the need for appropriate knowledge and skills and the management of conflicts of interest.
- 6.5 Members of the Board shall cease to be a member of the Board if they do not attend two consecutive meetings and fail to tender apologies which are accepted by the Board.
- 6.6 In event of the independent member not being available for a Board meeting, a Vice Chair for that meeting will be determined by the Board members.
- 6.7 The removal of the independent member requires the consent of the Scheme Manager.

7. Quorum

- 7.1 A meeting is only quorate when at least 4 employer or employee representatives are present with at least 1 present from either category.
- 7.2 A meeting may commence at the discretion of the Independent Chair, without a quorum, but any decisions will be non-binding.
- 7.3 A meeting that becomes inquorate may continue but any decisions will be non-binding

8. Code of Conduct and Conflicts of Interest

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

9. Board Review Process

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

10. Advisers to the Board

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

11. Knowledge and Skills

- 11.1 A member of the Board must be conversant with –
 - a. The legislation and associated guidance of the Local Government Pension Scheme (LGPS).
 - b. Any document recording policy about the administration of the LGPS which is for the time being adopted by the Merseyside Pension Fund.
- 11.2 A member of the Board must have knowledge and understanding of -
 - a. The law relating to pensions, and
 - b. Any other matters which are prescribed in regulations.
- 11.3 It is for individual Board members to be satisfied that they have the appropriate degree of knowledge and understanding to enable them to properly exercise their functions as a member of the Board.

- 11.4 In line with this requirement Board members are required to be able to demonstrate their knowledge and understanding and to refresh and keep their knowledge up to date. Board members are therefore required to maintain a written record of relevant training and development.
- 11.5 Board members will undertake a personal training needs analysis and regularly review their skills, competencies and knowledge to identify gaps or weaknesses.
- 11.6 Board members will comply with the Scheme Manager's training policy.
- 11.7 The knowledge and skills required by the Independent Chair will be more developed than those expected of other members of the Board. This will include, to the satisfaction of the Scheme Manager at the time of appointment, detailed knowledge and understanding of LGPS issues across all of Governance, Actuarial/Funding, Pensions Administration and Investment.
- 11.8 The Independent Chair shall ensure the maintenance and ongoing development of knowledge, understanding, capacity and ability to continue to discharge his/her role and responsibilities under these Terms of Reference and any other regulatory or guidance requirements throughout the term of office, to the satisfaction of the Scheme Manager.

12. Board Meetings – Notice Minutes and Reporting

- 12.1 The Scheme Manager shall give notice to all Board members of every meeting of the Board and shall ensure that all papers are published on Wirral Borough Council's Website at least 5 working days prior to each meeting. These may at the discretion of the Scheme Manager be edited to exclude items on the grounds that they would either involve the likely disclosure of exempt information as specified in Part 1 of Schedule 12A of the Local Government Act 1972 or it being confidential for the purposes of Section 100A(2) of that Act and/or they represent data covered by the Data Protection Act 1998.
- 12.2 The Scheme Manager shall ensure that a formal record of Board proceedings is maintained.
- 12.3 The Board shall on an annual basis produce a report on both the nature and effect of its activities for consideration by the Scheme Manager. The contents of this annual report will be subject to consideration and agreement at a meeting of the Board, but should include as a minimum:
- a. Details of the attendance of members of the Board at meetings,
 - b. Details of the training and development activities provided for members of the board and attendance at such activities;
 - c. Details of any recommendations made by the Board to the Scheme Manager and the Scheme Manager's response to those recommendations;
 - d. Details of the costs incurred in the operation of the Board
- 12.4 The Board in considering items of business at its ordinary meetings shall in relation to each item consider whether it wishes to make a recommendation to

the Scheme Manager, to which the Scheme Manager shall respond at the subsequent meeting.

13. Remit of the Board

13.1 The Board must assist the Scheme Manager with the primary core function in securing compliance with the regulations, any other legislation relating to the governance and administration of the Scheme, and requirements imposed by the Pensions Regulator.

13.2 This involves but is not limited to oversight and comment on:

- a. Review regular compliance monitoring reports which shall include reports to, and decisions made under, the Regulations by the Committee.
- b. Review management, administrative and governance processes and procedures in order to ensure they remain compliant with the Regulations, relevant legislation and in particular the Code.
- c. Review the compliance of scheme employers with their duties under the Regulations and relevant legislation.
- d. Assist with the development of and continually review such documentation as is required by the Regulations including Governance Compliance Statement, Funding Strategy Statement and Investment Strategy Statement.
- e. Assist with the development of and continually review scheme member and employer communications as required by the Regulations and relevant legislation.
- f. Monitor complaints and performance on the administration and governance of the scheme.
- g. Assist with the application of the Internal Dispute Resolution Process.
- h. Review the complete and proper exercise of Pensions Ombudsman cases.
- i. Review the implementation of revised policies and procedures following changes to the Scheme.
- j. Review the arrangements for the training of Board members and those elected members and officers with delegated responsibilities for the management and administration of the Scheme.
- k. Review the complete and proper exercise of employer and administering authority discretions.
- l. Review the outcome of internal and external audit reports.
- m. Review draft accounts and Fund annual report.
- n. Review the compliance of particular cases, projects or process on request of the Committee.

- o. Any other area within the statement of purpose (i.e. assisting the Administering Authority) the Board deems appropriate

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

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

14. Standards of Conduct

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

14.2 These principles are:

- Selflessness
- Integrity
- Objectivity
- Accountability
- Openness

- Honesty
- Leadership

15. Decision making

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

16. Publication of Pension Board information

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

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

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

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

17. Accountability

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

18. Expense Reimbursement and Remuneration

18.1 All members of the Board shall, on the production of relevant receipts be reimbursed for travel and subsistence expenses they have incurred in the

conduct of their duties as a member of the Board, including attendance at relevant training and development activities.

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

18.3 The Independent Chair, and Employer and Employee representatives will receive a fee determined by the Scheme Manager with reference to comparable roles in the LGPS. These shall be paid in arrears and increased annually by the Consumer Price Index.

19. Reporting Breaches

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

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

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

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

19.3 In accordance with the resolution of the Pension Committee of 16 November 2015 an Electronic Decision Notice (EDN) will be sent to each member of the Board in respect of whether or not to report a specific breach (or likely breach) identified by Fund Officers to the Regulator.

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

20. Interpretation

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

21. Definitions

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

<i>“Pension Board” or “Board”</i>	Means the local Pension Board for Wirral Borough Council as administering authority for the Merseyside Pension Fund required under the Public Service Pensions Act 2013
<i>“Scheme Manager”</i>	Means Wirral Borough Council as administering authority of the Merseyside Pension Fund.
<i>“Chair”</i>	The individual responsible for chairing meetings of the Board and guiding its debates
<i>“LGPS”</i>	The Local Government Pension Scheme as constituted by the Local Government Pension Scheme Regulations 2013, the Local Government Pension Scheme (Transitional Provisions, Savings and Amendment) Regulations 2014, the Local Government Pension Scheme (Amendment) (Governance) Regulations 2015 and The Local Government Pension Scheme (Management and Investment of Funds) Regulations 2009
<i>“Scheme”</i>	Means the Local Government Pension Scheme as defined under “LGPS”

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

These Terms of Reference were adopted following approval by Council on 9 December 2019.

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

.....
Signed on behalf of the Board.

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WIRRAL COUNCIL

PENSION BOARD

14 SEPTEMBER 2020

SUBJECT:	WORKING PARTY MINUTES
REPORT OF:	DIRECTOR OF PENSIONS

1.0 EXECUTIVE SUMMARY

- 1.1 This report provides Board members with copies of working party minutes since the previous Pension Board meeting.
- 1.2 The appendix to this report contains exempt information. This is by virtue of paragraph(s) 3 of Part 1 of Schedule 12A of 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 Investment Monitoring and Governance & Risk Working Parties convene regularly to enable Pension Committee members to consider pension matters in greater detail. They are not decision-making bodies but minutes and action points arising are reported to Committee.

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

- 3.1 There are none arising from this report.

4.0 RECOMMENDATION

- 4.1 That Board Members note the report.

5.0 REASON/S FOR RECOMMENDATION/S

- 5.1 There is a requirement for Members of the Pension Board to be kept informed of pension fund developments as a part of their role in supporting the administering authority.

REPORT Peter Wallach Director of Pensions
AUTHOR Telephone (0151) 242 1309
Email peterwallach@wirral.gov.uk

SUBJECT HISTORY

Reports/notes	Date
This is a standing item on the agenda	

APPENDICES

Exempt appendix

Governance & Risk Working Party 14 November 2019
Investment Monitoring Working Party 14 November 2019

WIRRAL COUNCIL

PENSION BOARD

14 SEPTEMBER 2020

SUBJECT:	BUSINESS PLAN
REPORT OF:	DIRECTOR OF PENSIONS

1.0 EXECUTIVE SUMMARY

- 1.1 This report provides Board members with a copy of the Fund's Business Plan.
- 1.2 The appendix to this report contains exempt information. This is by virtue of paragraph(s) 3 of Part 1 of Schedule 12A of 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 Fund prepares a business plan in conjunction with the corporate planning cycle. It covers the main service areas, projects and procurement activities for the forthcoming year, the resource requirements and any contingencies. In its budget setting process, the Fund makes provision for the resources it believes will be required to deliver the services and activities outlined in this Plan.
- 2.2 Progress on the projects in the Business Plan is reviewed at meetings of the FOG.

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

- 3.1 There are none arising from this report.

4.0 RECOMMENDATION

- 4.1 That Board Members note the report.

5.0 REASON/S FOR RECOMMENDATION/S

5.1 There is a requirement for Members of the Pension Board to be kept informed of pension fund developments as a part of their role in supporting the administering authority.

REPORT Peter Wallach Director of Pensions
AUTHOR Telephone (0151) 242 1309
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SUBJECT HISTORY

Reports/notes	Date

APPENDICES

**Exempt appendix
Business Plan**

WIRRAL COUNCIL

PENSION BOARD

14 SEPTEMBER 2020

SUBJECT:	RISK REGISTER
REPORT OF:	DIRECTOR OF PENSIONS

1.0 EXECUTIVE SUMMARY

- 1.1 This report provides Board members with a copy of the Fund's Risk Register
- 1.2 Appendix 1 to this report contains exempt information. This is by virtue of paragraph(s) 3 of Part 1 of Schedule 12A of 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 Risk management is an integral part of the Fund's business planning, policies and procedures. The Fund maintains a register of its principal risks and the controls and measures put in place to manage and mitigate them. The register is prepared in accordance with Wirral's Risk Management Policy.
- 2.2 Risk Management is a standing item on the monthly Fund Operating Group agenda. The register is reviewed formally by officers on a six-monthly basis but is updated immediately for any risks that are identified in the interim.
- 2.3 The Risk Register is a standing item on the agenda for the Fund's Governance & Risk Working Party. The risks included in the register are principally in relation to administrative, financial and operational risks with investment and related actuarial risks addressed in the Funding Strategy Statement and Investment Strategy Statement.

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

- 3.1 There are none arising from this report

4.0 RECOMMENDATION

4.1 That Board Members note the report.

5.0 REASON/S FOR RECOMMENDATION/S

5.1 There is a requirement for Members of the Pension Board to be kept informed of pension fund policies and developments as a part of their role in supporting the administering authority.

REPORT Peter Wallach Director of Pensions
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SUBJECT HISTORY

Reports/notes	Date

APPENDICES
RISK REGISTER

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