



## Pensions Committee

<b>Date:</b>	<b>Monday, 29 March 2021</b>
<b>Time:</b>	<b>6.00 p.m.</b>
<b>Venue:</b>	<b>Virtual</b>

This meeting will be webcast at  
<https://wirral.public-i.tv/core/portal/home>

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## AGENDA

1. **WELCOME AND INTRODUCTION**
2. **APOLOGIES**
3. **MEMBERS' CODE OF CONDUCT - DECLARATIONS OF INTEREST**  

Members of the Committee are asked to declare any disclosable pecuniary and non pecuniary interests, in connection with any item(s) on the agenda and state the nature of the interest.
4. **MINUTES (Pages 1 - 6)**  

To approve the accuracy of the minutes of the meeting held on 2 February 2021.
5. **LGPS UPDATE (Pages 7 - 14)**
6. **MPF BUDGET 2021/22 (Pages 15 - 20)**
7. **OVERPAYMENT OF PENSIONS POLICY (Pages 21 - 34)**
8. **NON-RECOVERY OF PENSION OVERPAYMENTS (Pages 35 - 38)**
9. **PROPERTY PORTFOLIO RENT ARREARS AND WRITE OFFS (Pages 39 - 42)**
10. **MINUTES OF WORKING PARTY MEETINGS (Pages 43 - 46)**

**11. EXEMPT INFORMATION - EXCLUSION OF MEMBERS OF THE PUBLIC**

The following items contain exempt information.

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

**12. NON RECOVERY OF PENSION OVERPAYMENTS EXEMPT APPENDIX (Pages 47 - 50)**

**13. PROPERTY PORTFOLIO RENT ARREARS AND WRITE OFFS EXEMPT APPENDIX (Pages 51 - 52)**

**14. CATALYST FUND – LOCAL INVESTMENTS UPDATE (Pages 53 - 62)**

**15. MINUTES OF WORKING PARTY MEETINGS EXEMPT REPORT (Pages 63 - 68)**

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## PENSIONS COMMITTEE

Tuesday, 2 February 2021

<u>Present:</u>	Councillor	P Cleary (Chair)	
	Councillors	C Povall C Carubia G Davies A Gardner	T Jones B Kenny L Rowlands A Jones (dep for Cllr S Foulkes)
	Councillors	J Aston, Knowsley Council M Bond, St Helens Council P Lappin, Sefton Council	
			Mr R Bannister, Unison retired member representative
<u>Apologies</u>	Councillors	T Cottier S Foulkes	

### 26 WELCOME AND INTRODUCTION

The Chair welcomed Members of the Pensions Committee and viewing members of the public to the online, virtual meeting.

### 27 APOLOGIES

A roll call of Councillors was undertaken on behalf of the Head of Legal Services. Apologies had been received from Councillors Tony Cottier and Steve Foulkes.

### 28 MEMBERS' CODE OF CONDUCT - DECLARATIONS OF INTEREST

Members were asked to consider whether they had any disclosable pecuniary interests and/or any other relevant interest in connection with any item(s) on this agenda and, if so, to declare them and state what they were.

The following declarations were made:

Mr Roger Bannister		Pecuniary interest by virtue of being a member of Merseyside Pension Fund.
Councillor Davies	George	Pecuniary interest by virtue of his wife being a member of Merseyside Pension Fund.
Councillor Gardner	Andrew	Pecuniary interest by virtue of being a member of Merseyside Pension Fund.
Councillor Jones	Tony	Pecuniary interest by virtue of himself and his wife being a member of Merseyside Pension Fund.

Councillor Lappin	Paulette	Pecuniary interest by virtue of being a member of Merseyside Pension Fund.
Councillor Povall	Cherry	Pecuniary interest by virtue of her daughter being a member of Merseyside Pension Fund.
Councillor Rowlands	Les	Pecuniary interest by virtue of his wife being a member of Merseyside Pension Fund.

29 **MINUTES**

**Resolved – That the accuracy of the minutes of the meeting held on 2 November, 2020 be agreed.**

30 **LGPS UPDATE**

The Head of Pensions Administration, Yvonne Murphy, introduced a report that updated Members on the judicial review of the ‘Restriction of Public Sector Exit Payments Regulations 2020’, and the publication of the Ministry of Housing, Community and Local Government (MHCLG) guidance on employer applications for the relaxation of the exit cap for local government employees. The report also raised awareness of communication materials produced by LGA to assist scheme members, administering authorities and employers in understanding the implications of the public sector exit cap on redundancy packages, operational processes and legal obligations.

On 16 December, MHCLG had published waiver guidance for the £95k exit cap in compliance with HM Treasury Directions for circumstances where mandatory or discretionary waivers may apply. The guidance was largely directed at employers and provided information on the process MHCLG would follow in deciding whether to approve a request for a waiver. The Head of Pensions Administration noted that the report contained a link to the guidance:

<https://www.gov.uk/government/publications/local-government-exit-pay/local-government-exit-pay-a-guide-for-local-authorities-for-the-interim-period-until-mhclg-regulations-come-into-force#process>

The Committee were also informed that the Pension Fund members website had been updated: -

<https://mpfmembers.org.uk/content/public-sector-exit-cap-faqs-lgps-members>

Moved by the Chair and formally seconded by Councillor Cherry Povall, it was;  
**Resolved - That the report and the resource implications in administering the Public Sector Exit Payment Regulations be noted.**

31 **FSS POLICY UPDATES**

The Head of Pensions Administration, Yvonne Murphy, introduced a report that updated Members covered updates to the Funding Strategy Statement’s termination policy and the new contributions flexibilities policy in light of the new Regulations that came into force on 23 September 2020. The Regulations required these policies to be included in the Funding Strategy Statement. Appendix 1 to the report contained

the Draft Termination Policy updates regarding exit debt payments and deferred debt agreement flexibilities and Appendix 2 to the report contained the Draft Policy regarding flexible contributions.

The report informed that the default position for exit payments was that they were paid in full at the point of exit. The termination policy had therefore been updated to allow for the new Regulations which allowed exiting employers (subject to a suitable review of the unaffordability of an immediate exit debt payment) to spread their exit debt over a set period or to enter into a Deferred Debt Arrangement allowing them to remain in the Fund with no active members. The policy set out the process that must be followed by the Fund when an employer exits the Fund (usually triggered when the last active contributing member leaves pensionable service).

The new Regulations also permitted contribution rates to be adjusted between valuations. Currently the contribution rates set out in the valuation report stayed in place until the next valuation (except in limited circumstances or where an employer exits the Fund). These Regulations allowed changes to contributions to be made before the next valuation if an employer's circumstances meet the specified criteria. The policy set out the situations where contributions may be reviewed between actuarial valuations and the conditions that must be met.

The Head of Pensions Administration responded to Members questions and being moved by the Chair and formally seconded by Councillor Cherry Povall, it was;

**Resolved – That;**

- 1. the draft policy for 'Deferred Debt Agreements' based on HMRC's draft statutory guidance and the Scheme Advisory Board (SAB) guide be approved.**
- 2. the draft policy for 'Flexibility in Contribution Rates' based on HMRC's draft statutory guidance and the SAB guide be approved.**
- 3. any final changes to the draft policies – following consultation with employers on the updated Funding Strategy Statement, and after having taken advice from the Scheme Actuary along with consideration of the publication of the final statutory guidance and SAB guide be delegated to the Director of Pensions.**

**32 AUTHORISED SIGNATORIES**

The Head of Finance & Risk, Donna Smith, presented a report that set out proposed changes to authorised signatories at Merseyside Pension Fund (MPF) following a review of the current signatories against business needs and was updated to reflect staff changes.

The report described the different requirements for various institutions and functions, including the banks, custodian, and overseas pensions payment agent, as well as the granting of power of attorney where appropriate.

The report also formed a part of the Fund's scheme of delegation and set out the management and authorisation arrangements, for the avoidance of doubt by organisations undertaking due diligence on MPF as an investee company or as a financial services provider, or for purposes of overseas jurisdiction.

Moved by the Chair and formally seconded by Councillor Cherry Povall, it was;

**Resolved – That;**

**1 the arrangements set out in section 3 of the report in relation to the internal control arrangements at Merseyside Pension Fund be approved.**

**2 the officers designated in section 3 of the report as authorised signatories for Merseyside Pensions Fund be approved.**

### 33 **TREASURY MANAGEMENT POLICY**

Donna Smith, Head of Finance & Risk, presented a report that requested that Members approve the treasury management policy statement and the treasury management practices for Merseyside Pension Fund (MPF) for the year 2021/22.

The report set out that the main aims when managing liquid resources were the security of capital; the liquidity of investments; matching inflows from lending to predicted outflows; an optimal return on investments commensurate with proper levels of security and liquidity. Effective management and the control of risk were prime objectives of the treasury management policy and practices.

MPF would comply with the twelve treasury management practices set out in the treasury management policy statement.

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

The Head of Finance and Risk responded to Members questions and having been moved by the Chair and formally seconded by Councillor Cherry Povall, it was;

**Resolved – That the treasury management policy statement and the treasury management practices for Merseyside Pension Fund for the financial year 2021/22 be approved.**

### 34 **MEMBERS' LEARNING & DEVELOPMENT 2021**

The Director of Pensions, Peter Wallach, presented a report that provided Members with an outline of the potential opportunities for learning & development in 2021. An outline training programme was attached as an appendix to the report. The Director of Pensions informed that considering the restrictions arising from Covid, it was anticipated that most, if not all, of the events would be virtual. As and when in person events recommence or officers become aware of other appropriate events, Committee members would be advised. The Chair encouraged Members participation in training opportunities.

Moved by the Chair and formally seconded by Councillor Cherry Povall, it was;

**Resolved – That the proposed learning and development plan for 2021 be noted and approved.**

35 **LOCAL PENSION BOARD MINUTES**

The Director of Pensions introduced a report that provided members with the minutes of the previous meeting of the Local Pension Board. The Chair noted the Committee's thanks to the Local Pension Board for its comprehensive coverage of items relating to the Fund.

Moved by the Chair and formally seconded by Councillor Cherry Povall, it was;

**Resolved - That the minutes of the Local Pension Board be noted.**

36 **NORTHERN LGPS UPDATE**

Members gave consideration to a report of the Director of Pensions that provided Members with an update on pooling arrangements in respect of MPF and the Northern LGPS. Minutes of the previous Joint Committee meeting were appended for noting. The Chair commented that Members may be aware of a letter received from the Friends of Palestine and noted that this matter had been taken forward to the next NLGPS meeting being held on Thursday 4 February 2021.

Appendix 1 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).

Moved by the Chair and formally seconded by Councillor Cherry Povall, it was;

**Resolved – That the minutes of the Joint Committee meeting be noted.**

37 **MINUTES OF WORKING PARTY MEETINGS**

Moved by the Chair and formally seconded by Councillor Cherry Povall, it was;

**Resolved – That, subject to the amendment to the Investment Monitoring Working Party minutes to include Councillor Tony Jones in the list of apologies received for the meeting held on 17 November 2020, the Minutes of the Working Party be approved.**

38 **EXEMPT INFORMATION - EXCLUSION OF MEMBERS OF THE PUBLIC**

Moved by the Chair and formally seconded by Councillor Cherry Povall, it was:

**Resolved – That in accordance with section 100 (A) of the Local Government Act 1972, the public be excluded from the meeting during consideration of the following items of business, on the grounds that it involved the likely disclosure of exempt information as defined by relevant paragraphs of Part 1 of Schedule 12A (as amended) to that Act. The public interest test had been applied and favoured exclusion.**

39 **ADMISSION BODY APPLICATION**

The Head of Pensions Administration, Yvonne Murphy, introduced a report that sought approval to delegate authority to the Director of Pensions to admit an applicant to Merseyside Pension Fund (MPF) as a community admission body.

The report was exempt by virtue of paragraph 3.

The report informed that the formal process to admit the applicant was conditional on receipt of the Secretary of State direction to substitute MPF for CPF in accordance with Part 2 of Schedule 3 of the LGPS Regulations 2013.

In addition, Wirral Council's Group Solicitor must be satisfied that the operations of the organisation align with the regulatory criteria to participate as community interest admission body under the LGPS regulations.

**On a motion by the Chair and seconded by Councillor Cherry Povall it was:  
Resolved - That authority be delegated to the Director of Pensions:**

- **to respond to the consultation issued by the Secretary of State on the final terms of the substitution of Funds.**
- **to admit the applicant as a community admissions body of MPF following consideration of the Group Solicitor's advice, the financial strength of the body, the accessibility of security and the risks to the Fund's stakeholders.**

#### 40 **UPDATE ON TAX MANAGEMENT ARRANGEMENTS**

The Director Pensions, Peter Wallach, introduced a report that provided members with an update on the progress made by the Fund in Tax Management Arrangements.

The report was exempt by virtue of paragraph 3.

On a motion by the Chair and seconded by Councillor Cherry Povall it was:

**Resolved - That the report and the progress being made in the recovery of taxes be noted.**

#### 41 **NORTHERN LGPS UPDATE EXEMPT MINUTES**

The appendix to the report on Northern LGPS Update was exempt by virtue of paragraph 3.

#### 42 **EXEMPT MINUTES OF WORKING PARTY MEETINGS**

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



## PENSIONS COMMITTEE

Monday, 29 March 2021

<b>REPORT TITLE:</b>	<b>LGPS UPDATE</b>
<b>REPORT OF:</b>	<b>DIRECTOR OF PENSIONS</b>

### REPORT SUMMARY

This report updates Members on the Treasury announcement of 12 February, to issue a direction to disapply the ‘Restriction of Public Sector Exit Payments Regulations 2020 (£95k cap) with immediate effect. Subsequently, on 25 February the Treasury formally revoked the regulations with effect from 19 March 2021.

In addition, the report raises awareness of the publication of the final report from the Scheme Advisory Board on the Good Governance review and overriding legislation that will impact on the administration of the LGPS.

### RECOMMENDATION

That Members note the governance, resource and operational implications emerging from impending changes to the regulations and industry developments.

### SUPPORTING INFORMATION

#### 1.0 REASON/S FOR RECOMMENDATION

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

#### 2.0 OTHER OPTIONS CONSIDERED

2.1 Not relevant for this report.

#### 3.0 BACKGROUND INFORMATION

## **£95K Cap “Disapplied”**

- 3.1 Further to updates provided at the last committee meeting on the £95k Exit Cap, HM Treasury (HMT) published the Exit Payment Cap Directions 2021, on 12 February, accessible from the following link:

<https://www.gov.uk/government/publications/guidance-on-public-sector-exit-payments/mandatory-hm-treasury-directions>

The Directions disapply regulations 3, 9 and 12 of the Restriction of Public Sector Exit Payment Regulations 2020 with immediate effect on the basis that the Government has concluded that the Cap may have had unintended consequences.

This means the exit cap does not apply to exits that take place on or after 12 February 2021.

- 3.2 HMT also issued guidance which set out their expectation that employers who had capped exit payments since 4 November 2020 should revisit those cases and pay the additional sums that would have been payable had the cap not applied.

### **Exits Between 4 November 2020 and 11 February 2021**

- 3.3 The Scheme Advisory Board (SAB) has sought legal advice on exits that occurred while the 2020 Regulations were in force and based on that advice, the SAB recommends that administering authorities:
- may pay unreduced benefits to all members who left during this period due to redundancy or business efficiency at age 55 or over
  - should request the full strain cost of paying unreduced benefits from the Scheme employer, and
  - should not seek to adjust the unreduced benefits or the strain cost payable by the Scheme employer to reflect any cash alternative payment the employer has paid.
  - If an employer has made a cash alternative payment, they should seek to recover the cash alternative payment made to the employee when the LGPS administering authority confirms they will be paying an unreduced pension.
- 3.4 The Fund has circulated LGA’s updated employer information notes covering the disapplication of the £95k exit cap, these also incorporate the SAB recommended approach to deal with exits during the relevant period.

### **The Restriction of Public Sector Exit Payment (Revocation) Regulations 2021**

- 3.5 On 25 February 2021, the above regulations were made and laid before parliament and will come into force on 19 March 2021. These regulations confirm the effect of the disapplication Directions made on the 12 February 2021 and remove any uncertainty for administering authorities in making benefit payments to members who have terminated employment on redundancy or efficiency grounds with effect from 4 November 2020.

## Future Exit Payment Reform

- 3.6 The Government has confirmed that the Treasury will bring forward proposals at pace to tackle unjustified exit payments and MHCLG has advised that it will consult again on reforms to exit payments, before any changes are made further to the recent consultation on reforming local government exit pay.
- 3.7 It is not expected any changes will take shape in the next few months due to the time it will take to consult and amend the regulations, although employers planning future workforce reform will need to be aware that:
- an exit cap may be in force later in 2021, and
  - MHCLG may introduce further reforms to exit pay when the exit cap is reintroduced.
- 3.8 When providing benefit estimates to members and strain cost calculations to employers in respect of future redundancies or business efficiency cases, the fund will need to include warnings on the documentation about possible future reforms to exit payments.

## Final Good Governance Report Published

- 3.9 On 15 February 2021, SAB published the Good Governance: Phase 3 Report which builds on the phase 1 and phase 2 reports published in 2019. The Phase 3 report can be accessed from the following link

[https://lgpsboard.org/images/Other/Good\\_Governance\\_Final\\_Report\\_February\\_2021.pdf](https://lgpsboard.org/images/Other/Good_Governance_Final_Report_February_2021.pdf)

The report provides further detail on the following recommendations.

- **The LGPS senior officer:** a single named officer who is responsible for the delivery of LGPS activity for a fund. The report covers the core functions of the role, the personal competencies needed to fulfil the role successfully and how the role could be incorporated into different organisational structures.
- **Conflicts of interest:** all administering authorities should publish a conflicts of interest policy that is specific to the LGPS. That policy should cover how it identifies, monitors, and manages any conflicts. The report includes more detail on what LGPS-specific areas should be covered by the policy.
- **Representation:** each administering authority must publish a policy on how scheme members and non-administering authority employers are represented on its committees.
- **Skills and training:** introduce a requirement for key individuals, such as pension committee members and section 151 officers, to have the appropriate level of knowledge and understanding to carry out their duties efficiently. The administering authority must publish a training strategy that sets out its policy on delivery, assessment and recording of training plans.

- **Service delivery:** regulation change to make it compulsory for an administering authority to publish an administration strategy.
- **KPIs:** that focus on ensuring that each administering authority has defined service standards and has the governance in place to monitor those standards.
- **Business planning process:** the senior officer and committee must be satisfied with the resource and budget allocated to administer the LGPS each year.

3.10 The SAB Chair has written to MHCLG to ask them to implement the recommendations either via revised guidance or regulations.

Furthermore, SAB have put forward an action plan for work to be undertaken by SAB to support the improvements to governance arrangements.

### **HMT Consultation Response to McCloud**

3.11 On 4 February HM Treasury published its response to the consultation on changes to the transitional arrangements to the 2015 public service pension schemes. This relates to the “unfunded schemes” including the civil service, teachers, police and fire schemes and the key policy decisions set out in the response are:

- The deferred choice underpin (DCU) method has been selected, whereby members will choose whether they wish to have membership of the legacy scheme or the reformed scheme in respect of their affected membership when they retire.
- Prior to making their deferred choice, members will be deemed to have accrued benefits in their legacy schemes for the remedy period (i.e. 1 April 2015 to 31 March 2022)
- Legacy schemes will close on 31 March 2022, meaning all active members will move to their reformed schemes from 1 April 2022.
- Members who move from one unfunded scheme to another and transfer their pension will retain the right to make a deferred choice on the remedy period when they retire.
- The Government will bring forward primary legislation to provide the powers to deliver the changes and consultations will follow from the individual schemes to implement the changes by 1 October 2023.

3.12 As Committee are aware, changes to the underpin in the LGPS were consulted on separately and a ministerial statement on the extension of the transitional arrangements is expected by the end of April 2021.

### **UK Pensions Schemes Act 2021**

3.13 On 11 February 2021, the UK Pensions Scheme Act received Royal Assent. The provisions within the Act will require regulations to bring them into effect with the following sections relevant to the LGPS;

#### **a) Pension Dashboards**

The Act provides a framework to support pensions dashboards, including new powers to compel schemes to provide information. The Fund will be required to feed in information on scheme members and regulations will specify the detail that must be provided, the timing and mode of data transfer.

## **b) Climate Risk Reporting**

The provisions impose requirements on trustees to ensure there is effective governance of schemes with respect to the effects of climate change, and to publish information relating to the effects of climate change on the scheme. This provides the legal framework for requiring trustees to make disclosures in line with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). It is expected that MHCLG will consult on TCFD for the LGPS in the summer.

## **c) Limiting Transfer Rights**

The Act will allow trustees to block transfer requests where conditions in relation to the member's new employment or to their place of residence, are not met. The detail, including the implementation date, will be set out in regulations but the aim is to help prevent pensions scams. This is welcomed by Fund officers as exercising due diligence when a transfer request is received can be difficult with little scope to refuse a transfer that displays the characteristics of a scam.

## **Consultation on Increasing the minimum pension age 55 to 57 in April 2028**

- 3.14 On 11 February, HMT launched a consultation on the implementation of increasing the minimum pension age from 55 to 57 in April 2028. This is the age at which individuals can access their pension benefits without incurring an unauthorised tax charge.
- 3.15 Government had previously signalled its commitment to increase the minimum pension age to 57 in 2028 in its response to the Freedom and Choice in Pensions consultation in July 2014. The Government's justification is to reflect increases to life expectancy since the minimum pension age was last increased from 50 to 55 in 2010, so that tax efficient pension savings are only used to provide income and security in later life.

The consultation confirms that the proposals do not apply to those who are members of the firefighters, police and armed forces public service pension schemes. The consultation closes on 22 April 2021.

## **4.0 FINANCIAL IMPLICATIONS**

- 4.1 There are none arising from this report.

## **5.0 LEGAL IMPLICATIONS**

- 5.1 The Fund will be adopting the legal recommendations from the Scheme Advisory Board in relation to payment of unreduced pensions for

redundancy cases that exceeded the cap following disapplication of the exit cap.

## 6.0 **RESOURCE IMPLICATIONS: STAFFING, ICT AND ASSETS**

- 6.1 The Fund will need to ensure that its member data is consistent with the key data standards published by the Pensions Dashboard Programme.
- 6.2 The Fund system supplier will be engaged in developing a means to 'upload' member data securely to the Pensions Dashboard. The method of secure transfer and the supplier costs will become clearer at a later date as the requirements and onboarding timescale approaches in 2023.

## 7.0 **RELEVANT RISKS**

- 7.1 There are none arising from this report.

## 8.0 **ENGAGEMENT/CONSULTATION**

- 8.1 The relevant consultations are set out in this report.

## 9.0 **EQUALITY IMPLICATIONS**

- 9.1 Wirral Council has a legal requirement to make sure its policies, and the way it carries out its work, do not discriminate against anyone.

An Equality Impact Assessment is a tool to help council services identify steps they can take to ensure equality for anyone who might be affected by a particular policy, decision, or activity.

- 9.2 MHCLG and HMT undertake equality impact assessments with regard to the statutory reform of the public sector pension schemes and LGPS.

## 10.0 **ENVIRONMENT AND CLIMATE IMPLICATIONS**

- 10.1 There are none arising from this report.

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## **APPENDICES**

### **BACKGROUND PAPERS**

**The LGPS Scheme Advisory Board information page on Public Sector Exit Payments:**

<https://www.lgpsboard.org/index.php/structure-reform/public-sector-exit-payments>

**LGPC BULLETIN 206 – February 2021**

<https://lgpslibrary.org/assets/bulletins/2021/206.pdf>

**SUBJECT HISTORY (last 3 years)**

<b>Council Meeting</b>	<b>Date</b>
<b>The LGPS Update is a standing agenda item on Pensions Committee</b>	

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## PENSIONS COMMITTEE

Monday, 29 March 2021

<b>REPORT TITLE:</b>	<b>MERSEYSIDE PENSION FUND BUDGET FINANCIAL YEAR 2021/22</b>
<b>REPORT OF:</b>	<b>DIRECTOR OF PENSIONS</b>

### REPORT SUMMARY

The purpose of this report is to request that Members approve the budget for the financial year 2021/22.

The headline figures are that, during the financial year 2021/22, we are estimating that MPF will pay £368m in pensions and receive £172m in contributions from employers and employees. The Fund has a value of £9.8bn at 31 December 2020. The proposed administration costs of £25.5m including £17.4m of investment management charges to external managers represent a cost of £182.44 per member of the scheme or 0.26% of assets under management. Taken separately the external investment management costs are approximately £124.01 per member or 0.18% of assets under management.

The budget for 2021/22 is higher at £25.5m than £23.0 in 2020/21 primarily due to higher investment management fees, principally, as a consequence of outperformance by external investment managers during the pandemic induced market volatility.

The Fund is undertaking a number of initiatives to increase efficiencies and deliver savings, particularly from investments, over the medium term.

### RECOMMENDATIONS

Members approve the budget for 2021/22. (Subject to review of charges from the administering authority for support services).

That a further report on the outturn for 2020/21 with finalised estimates in particular for departmental & central support charges and any known changes in supplies and services for 2021/22 be presented to Members of Pensions Committee at a future meeting.

## SUPPORTING INFORMATION

### 1.0 REASON/S FOR RECOMMENDATION

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

### 2.0 OTHER OPTIONS CONSIDERED

- 2.1 The majority of the Pension Fund budget is taken up by investment management costs and staffing. The investment management arrangements are subject to ongoing review with additional scrutiny from the NLGPS Joint Committee. For all other expenditure there has been a careful review process with senior management culminating in a planning meeting at which the Director of Pensions approved the proposals for discretionary expenditure in this report.

### 3.0 BACKGROUND INFORMATION

- 3.1 The method used to compile estimates of expenditure for 2021/22 is as follows:

Staffing	Current structure to be fully staffed throughout year at the top of the grade.
Investment management Fees	Estimate based on normal market conditions.
Premises	Agreed as a notional charge based on market rates (MPF owns building).
Transport, Conferences and Subsistence	Estimated requirements for current year, assuming lockdown restrictions ease, however, virtual meetings and conferences continue.
Services and Supplies	Contracts where usage and cost is fixed, plus estimate for variable elements.
Inflation adjustments	CPI 0.5% as at September 2020.
Investment Performance	1.9% + 2.3% bonds; 6.5% equities; 50% of performance targets met for active management.

- 3.2 This report includes a predicted out-turn for 2020/21. Due to the volatility in financial markets and delays in billing from certain third-party suppliers it is not possible to predict the outturn with complete accuracy. Therefore, some estimates have been used, and it is proposed to report on the actual outturn at a future meeting of Pensions Committee. At present, the outturn is lower than predicted largely due to budgeted projects and areas of work being deferred to 2021/22 and assumptions used for staffing.
- 3.3 The Fund's major expenditure is on investment management fees. For 2021/22 it is assumed that the assets under management remain as 2020/21. Investment management fees are mostly charged on an ad-valorem basis with, on some

occasions, a performance fee. This means that when the Fund's investments rise in value and/or outperform benchmarks, the fees can rise substantially. Accordingly, when this expenditure rises there is a benefit to the Fund in terms of capital appreciation that far exceeds the increase in fees paid. For 2020/21 the outturn is expected to be in line with the estimate made last year.

- 3.4 The second highest expenditure is on staffing; employee costs overall increase in 2021/22 reflecting the removal of the unpaid leave. The outturn for 2020/21 will be underspent due to assumptions used. With the continued growth in the Fund's assets and membership, an increasing regulatory burden, the implementation of various risk management strategies and the progress of pooling, a further review of staffing requirements is being undertaken and any material changes will be reported to a future meeting of this Committee.
- 3.5 The predicted 2020/21 outturn for supplies is lower than estimated largely due to an underspend on costs associated with investment selection services and pooling, these budgets have been reviewed, updated and carried forward to 2021/22. Increased costs incurred due to COVID have largely been offset by underspends on budgeted project areas not completed.
- 3.6 For departmental & central support charges, at present, the estimates have been left the same as last year; the figure reported to Committee last year was £359,641. Officers at the Fund will continue to negotiate service level agreements with Wirral support service functions.

#### **4.0 FINANCIAL IMPLICATIONS**

- 4.1 The costs of the Pension Fund are charged directly to the Pension Fund and are then ultimately covered by investment performance, investment income and employee and employer contributions, the full costs are estimated to be £182.44 per member (including active contributors, deferred and pensioners). The costs per member at Merseyside Pension Fund are competitive with other pension funds of similar size in both the public and private sector particularly when analysed net of investment performance.
- 4.2 As stated within the executive summary, the Fund is undertaking a number of initiatives to increase efficiencies and deliver savings, particularly from pooling and increasing the proportion of internally managed assets.

#### **5.0 LEGAL IMPLICATIONS**

- 5.1 There are none arising from this report.

#### **6.0 RESOURCE IMPLICATIONS: STAFFING; ICT AND ASSETS**

- 6.1 There are none arising directly from this report.

#### **7.0 RELEVANT RISKS**

- 7.1 The Chair of the CIPFA Pensions Panel has previously written to all administering authorities reminding them of their responsibilities regarding the resourcing requirement of LGPS funds. The Fund regularly reviews its requirements and updates its Risk Register to reflect identified key risks and mitigating controls for these risks. A key feature of the controls is having appropriate resources available to

administer the fund adequately and to manage investments. It is believed this budget provides adequate resources for these two core functions.

## **8.0 ENGAGEMENT/CONSULTATION**

8.1 Not relevant for this report.

## **9.0 EQUALITY IMPLICATIONS**

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

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

## **10.0 ENVIRONMENT AND CLIMATE IMPLICATIONS**

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

**REPORT AUTHOR:**     **Donna Smith**  
                                  Head of Finance & Risk  
                                  telephone     (0151) 242 1312  
                                  email             donnasmith@wirral.gov.uk

## **APPENDICES**

The budget for 2021/22 is attached as appendix 1 to this report.

## **BACKGROUND PAPERS**

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

## **SUBJECT HISTORY (last 3 years)**

<b>Council Meeting</b>	<b>Date</b>
<b>Pensions Committee:</b>	<b>3 February 2020</b>
	<b>16 July 2019</b>
<b>Pension Fund Budget</b>	<b>21 January 2019</b>
	<b>16 July 2018</b>
	<b>22 January 2018</b>

## Appendix 1

<b>Value of the Fund</b>	£9.8bn	31/12/2020
<b>Investment income Received</b>	£210m	Projected 2021/22
<b>Pensions Paid</b>	£368m	Projected 2021/22
<b>Contributions Received (see note 1)</b>	£172m	Projected 2021/22
<b>Active Contributing members</b>	46,745	31 March 2020
<b>Deferred members</b>	40,185	31 March 2020
<b>Pensioners</b>	53,030	31 March 2020
<b>Total Members</b>	139,960	31 March 2020

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	<b>Budget 2020/21 (£)</b>	<b>Probable Out-Turn 2020/21</b>	<b>Budget 2021/22 (£)</b>
<b>Employees</b>			
Pay, NI and Pension	3,674,058	3,277,633	3,771,707
Training	20,000	20,107	20,000
Other Staffing Costs	41,986	42,038	51,196
	<b>3,736,044</b>	<b>3,339,778</b>	<b>3,842,903</b>
<b>Premises</b>			
Rents	199,124	199,124	206,433
	<b>199,124</b>	<b>199,124</b>	<b>206,433</b>
<b>Transport</b>			
Public Transport Expenses	33,990	291	16,600
Car Allowances	2,500	723	3,000
	<b>36,490</b>	<b>1,014</b>	<b>19,600</b>
<b>Supplies</b>			

Furniture and Office Equipment	10,000	371	10,000
Printing and Stationery	18,500	7,766	13,000
Computer Development and Hardware	643,000	644,860	688,000
Postages and Telephones	101,000	53,822	64,700
External Audit	30,000	38,933	45,000
Services and Consultants Fees	1,501,580	778,564	1,534,840
Conferences and Subsistence	46,885	6,154	37,480
Subscriptions	147,174	193,370	180,430
Other	62,000	37,274	51,250
	<b>2,560,139</b>	<b>1,761,114</b>	<b>2,624,700</b>
<b>Third Party</b>			
Medical Fees	3,500	0	3,500
Bank Charges	10,000	9,812	10,000
Investment Management Fees	14,907,890	15,270,619	17,356,133
Custodian Fees	300,000	246,781	300,000
Actuarial Fees	625,000	641,211	500,000
Other Hired and Contracted Services	311,116	200,801	310,981
	<b>16,157,506</b>	<b>16,369,224</b>	<b>18,480,614</b>
<b>Departmental &amp; Central Support Charges</b>	359,641	359,641	359,641
	<b>359,641</b>	<b>359,641</b>	<b>359,641</b>
<b>Total Expenditure</b>	<b>23,048,944</b>	<b>22,029,895</b>	<b>25,533,891</b>

Note 1 The estimated contributions for 2021/22 are lower than reported in the previous year, due to several of our employers paying additional upfront contributions in 2020/21 for a 3-year period. This will result in lower contributions being received in 2021/22 and 2022/23 to account for the upfront payments.

**PENSIONS COMMITTEE****Monday, 29 March 2021**

<b>REPORT TITLE:</b>	<b>OVERPAYMENT OF PENSIONS POLICY</b>
<b>REPORT OF:</b>	<b>DIRECTOR OF PENSIONS</b>

**REPORT SUMMARY**

The purpose of this report is to inform Members of the introduction of an 'Overpayment of Pensions Policy' formalising the operational and decision-making processes in dealing with the overpayment of pensions.

The policy outlines the circumstances where the recovery of monies is pursued, along with the considerations as to the commercial viability of recovery, the reasons for write-off and actions undertaken to mitigate the loss to the taxpayer.

The policy confirms that the Fund adopts the HM Revenue & Customs (HMRC) statutory "de minimus limit" of £250, which allows for the non-recovery of a payment up to £250 gross made in error "because of circumstances that were beyond the control of the pension scheme making the payment".

The Pension Board has considered the draft policy and, after making a number of revisions to the document, has deemed the attached policy (Appendix One) as suitable for presentation to Pensions Committee for its approval; on the basis it is equitable to scheme members, the scheme itself and the taxpayer.

**RECOMMENDATION**

That Pensions Committee approves the draft 'Overpayment of Pensions Policy' which formalises the Fund's current operational practice, including the application of HMRC's statutory £250 "de minimus limit", the reporting and legal process to manage recovery and the write-off of irrecoverable debt.

## **SUPPORTING INFORMATION**

### **3.0 REASON/S FOR RECOMMENDATION**

- 3.1 There is a requirement for Members of the Pension Committee to approve Fund policies to support a cohesive governance and risk management framework.

### **2.0 OTHER OPTIONS CONSIDERED**

- 2.1 Not relevant for this report.

### **3.2 BACKGROUND INFORMATION**

- 3.1 It is good practice for the Fund to have a policy on how overpayments of pension are managed because of administrative error or following the death of a pensioner or dependent member.
- 3.2 The policy is designed to provide assurance to the Fund's stakeholders that all overpayments are treated in a fair and equitable manner, to demonstrate that the Fund is proactive in seeking recovery and has steps in place to prevent and investigate potentially fraudulent activity.
- 3.3 An 'Overpayment of Pension Policy' will also strengthen the Fund's position should a complaint be made using the Internal Dispute Resolution Procedure which, if exhausted without resolution, can be referred by the scheme member or their representative to the Pensions Ombudsman.
- 3.4 The key features of the policy can be summarised as follows:
- As pensions are paid 10 days in arrears and 20 days in advance the notification of the death of a pensioner or dependant member is invariably received after the payroll run date and it is not possible for the payroll team to stop or recall the last monthly pension payment to prevent an overpayment of pension benefits.
  - In line with HMRC statutory "de minimus limit" an overpayment of pension less than £250 gross is not recovered where there is no survivor pension or death grant payable
  - For any overpayment of £250 gross or above a claim will be made against the pensioner's estate utilising Wirral Council's debt recovery process. However, where there is a survivor's pension or death grant due the total net overpayments will be deducted from the benefits due.
  - Where a beneficiary or executor has indicated that they are unable to repay the overpaid pension each case will be considered by legal on an individual basis regarding its nature and sensitivity along with the commercial viability of recovery action.
  - The Director of Resources should have delegated authority from the Pension Committee to write off overpayments above £250 and less than

£1,000, with overpayments greater than £1,000 subject to the consideration of Pension Committee.

3.5 The Policy will be subject to annual review and any subsequent material policy changes will be presented to a future Pensions Committee for approval.

#### 4.0 **FINANCIAL IMPLICATIONS**

4.1 The cost of unrecoverable overpayments of pension will be ultimately met by the respective scheme employers as reflected in their individual funding positions.

#### 5.0 **LEGAL IMPLICATIONS**

5.1 Reference must be made to the Limitation Act when making a claim for the repayment of overpaid pensions.

#### 6.0 **RESOURCE IMPLICATIONS: STAFFING, ICT AND ASSETS**

6.1 There are none arising from this report.

#### 7.0 **RELEVANT RISKS**

7.1 There are none arising from this report.

#### 8.0 **ENGAGEMENT/CONSULTATION**

8.1 The policy, once approved by the Pension Committee, will be made available on the Fund's website as part of the published Governance Framework of documents and policies.

#### 9.0 **EQUALITY IMPLICATIONS**

9.1 Wirral Council has a legal requirement to make sure its policies, and the way it carries out its work, do not discriminate against anyone. An Equality Impact Assessment is a tool to help council services identify steps they can take to ensure equality for anyone who might be affected by a particular policy, decision, or activity.

9.2 MHCLG and HMT undertake equality impact assessments with regard to the provisions of overriding legislation and LGPS.

#### 10.0 **ENVIRONMENT AND CLIMATE IMPLICATIONS**

10.1 There are none arising from this report.

**REPORT AUTHOR:**

**Yvonne Murphy**

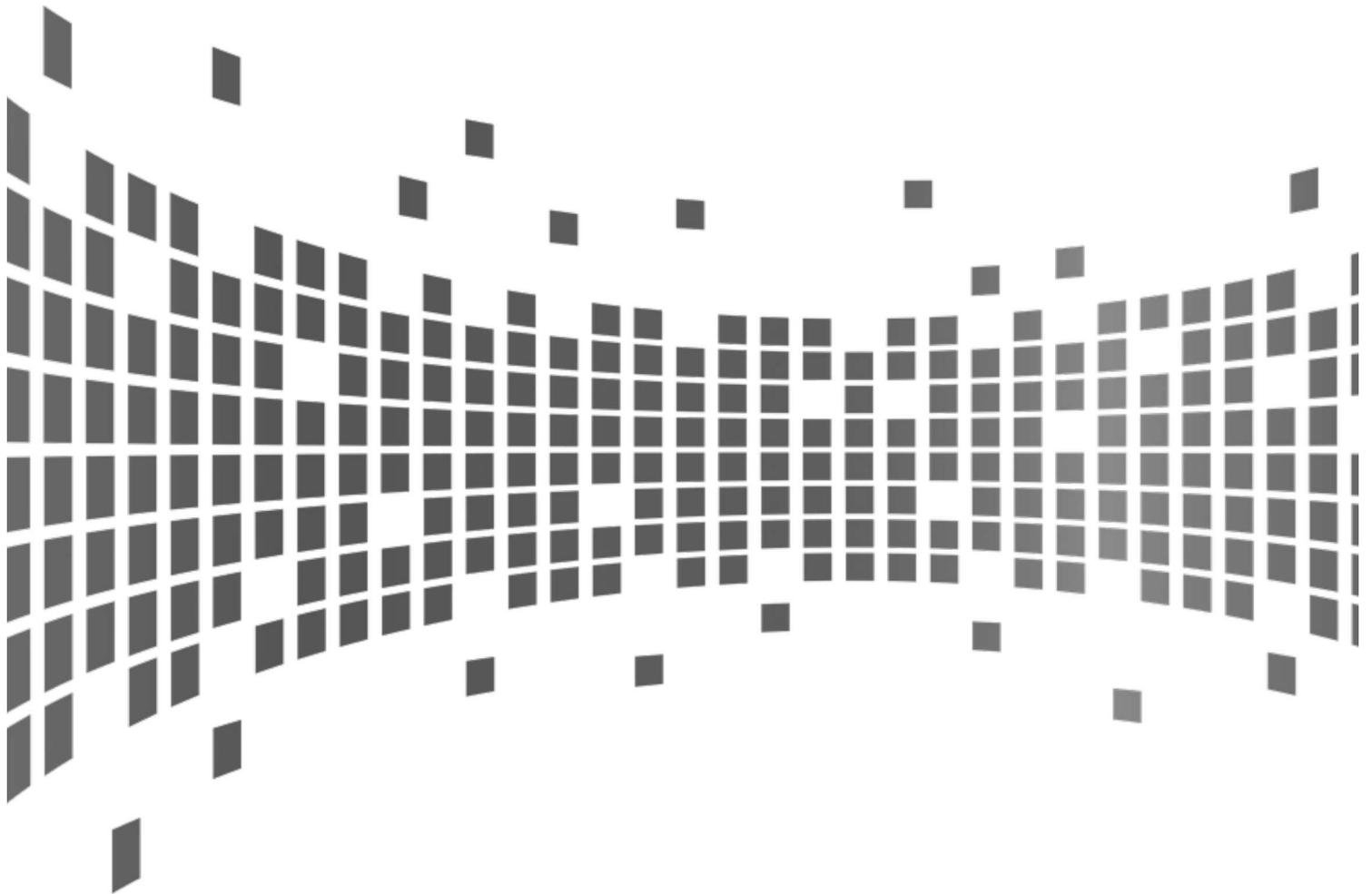
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**APPENDIX ONE – Overpayment of Pensions Policy  
SUBJECT HISTORY (last 3 year)**

<b>Council Meeting</b>	<b>Date</b>



Merseyside Pension Fund

# **[DRAFT] Overpayment of Pensions Policy**

# Contents

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DRAFT

# Introduction

This is the overpayment of pension policy for Merseyside Pension Fund (MPF) which is managed by Wirral Borough Council (the administering Authority). The policy had been consulted upon with the members of the Wirral Local Pension Board, and then approved by the Wirral Pensions Committee at its meeting held on .....

An overpayment can be described as a payment made which there was no entitlement to under the pension scheme regulations and can occur for a variety of reasons.

MPF has procedures, systems, and controls in place to avoid overpayments. On occasions, however, overpayments arise, for example, in the case of an administrative error or where information that should result in the termination of a pension is received some time after an event.

**Fund Contact – Benefits & Payroll Team – 0151 242 1391**

## Purpose

The purpose of this document is to set out the policy in relation to dealing with the recovery of overpaid pension benefits.

The policy is designed to provide assurance to the Fund's stakeholders that:

- all overpayments are treated in a fair and equitable manner
- MPF seeks to recover all overpayments but acknowledges there may be legal reasons or other circumstances which mean an overpayment may in practice not be able to be recovered in whole or in part, and
- has steps in place to prevent and investigate potentially fraudulent activity.

## Statutory Framework

The Finance Act 2004 and subsequent legislation sets a 'de minimis limit' of £250 which allows for the non-recovery of a payment up to £250 made in error "because of circumstances that were beyond the control of the registered pension scheme making the payment".

# Overpayment Events

## Administrative Error

In cases of an administration error overpayments of less than £50 will not be recovered but the member's pension will be adjusted to the correct rate and a letter with an explanation will be sent to the member. However, where there has been a bulk error as a result of the Pension Increase program that affects several individuals' overpayments of less than £50 may be recovered.

All MPF fault overpayments that are £50 or more will be recovered and where the amount is £500 or more, the case will be referred to the Service Area Manager for assistance in recovery of the money.

## Current Pensioners

Where recovery is negotiated by instalments from pension payments, MPF will recover the sum due over the same length of time during which the overpayment occurred.

In exceptional circumstances, at the discretion of the Benefit Manager, the overpayment may be recovered over a longer period limiting the reduction to 20% of the gross value of the monthly pension.

If a member dies whilst the schedule of instalments is still outstanding a claim will be made from the pensioner's estate.

## Employer Fault Errors

For any employer fault overpayment, the employer will be invoiced an administration fee as detailed in the Pension Administration Strategy although this charge may be waived at the discretion of the Service Area manager.

## Overpayment due to the Death of a Retired or Dependent Member

As pensions are paid 10 days in arrears and 20 days in advance of the calendar month this results in a number of overpayments occurring in the month of death. Those less than £250 satisfy the HMRC statutory 'de minimus limit' and definition of payments made beyond the control of the registered pension scheme.

In line with the statutory framework an overpayment of less than £250 gross will be written off where there is no survivor pension or death grant payable

In such circumstances, the Fund's approach will be that the sum written off is treated as a liability against the scheme member's former employer.

For any overpayment of £250 gross or above a claim will be made against the pensioner's estate unless there is a survivor's pension or death grant to offset against the overpayment.

## **Actions to Mitigate Impact of Overpayment of Pension**

Where death notifications are received after payroll close but prior to pay date, payments will be recalled via BACS to avoid any overpayment.

Where there is an overpayment following death and there is a survivor's pension or death grant due, the total net overpayments will be deducted from the benefits payable

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# Recovery Action

Where there is a total gross overpayment of £250 or more and no further benefits are payable recovery will be pursued from the notified executor or beneficiary of the deceased's Estate. This involves a sundry debtor invoice being raised against the executor/beneficiary, but as the debt relates to a deceased member a one-month hold is put on the invoice to allow the beneficiary or executor of the Estate to deal with the matter.

Any failure to settle after one month will be pursued under Wirral Council's debt recovery process.

Where a beneficiary or executor has indicated that they are unable to repay the overpaid pension each case will be considered by legal on an individual basis regarding its particular nature and sensitivity, taking into account the following:

- a) How the overpayment occurred
- b) The ability of the individual or deceased's estate to repay
- c) The amount of distress caused to the individual
- d) The commercial viability of recovery action
- e) The potential to issue a charging order against property

## Write offs

There are several reasons for an overpayment to be recommended for write off as follows:

- a) The overpayment is not recoverable as it is statute barred under the Limitations Act as a period of 6 years has passed since the debt was confirmed as outstanding
- b) The beneficiary is deceased and there are insufficient funds in the estate
- c) The beneficiary /executor does not have the means to repay and will not have the means to repay in the future or there are insufficient funds in the estate.
- d) The amount of distress caused to the beneficiary (health considerations)
- e) The potential cost of any IDR/Pensions Ombudsman case versus the amount of the overpayment.

# Recording and Reporting

Accounts that remain unpaid after all procedures of the corporate debtor system have been completed are referred to the corporate legal team for assessment and due consideration of the prospect of recovery before the invoice is recommended for write off with a memo issued to MPF.

There are two categories:

## **Invoices Under £1,000**

Details of the overpayment must be passed to the Head of Pensions Administration (HOPA) including the overpayment calculation, the signed beneficiary form and the appropriate correspondence from legal services recommending write-off of the account.

The HOPA will review the documentation and prepare a report for the Director of Resources with a request to write off the account.

## **Invoices Over £1,000**

Details of the overpayment must be passed to the Head of Pension Administration (HOPA) including the overpayment calculation, the signed beneficiary form and the appropriate correspondence from legal services recommending write off of the account.

The HOPA will review the documentation and prepare a report for the Director of Resources with a request for approval to submit the report to Pension Committee recommending write-off of the account.

# Fraud and Prevention

MPF has the following processes in place to minimise the risk of overpayments occurring and the occurrence of fraudulent activity:

- a) MPF participates in the National Fraud Initiative which is conducted every two years, it compares pensioners and deferred pensioners with the Department for Works and Pensions (DWP) database of deceased members and highlights matches for investigation.
- b) MPF conducts overseas life existence checks to ensure only legitimate pensions are being paid.
- c) MPF has procured the services of a mortality screening company to undertake weekly checks of the pensioner payroll against the Disclosure of Death Information (DDRI) as published by the General Register Office (GRO).
- d) A monthly diary report is run on the pension administration system to identify children approaching age 18 to ascertain whether the entitlement to a child pension ceases or continues due to ongoing full-time education.
- e) An annual exercise is undertaken to review child pensions for those aged 18 to 23 in continuous full-time education requiring proof of attendance at a school/college/university.
- f) MPF participates in the National LGPS database which is a data sharing project to prevent overpayment of death grants and feeds into the DWP 'Tell Us Once' service provided by some registry offices, this facilitates quicker access to information about the death of pensioner members.

For any overpayment cases if fraud is suspected then the case will be referred to Internal Audit and/or Legal as necessary for any further appropriate action.

Merseyside Pension Fund  
Castle Chambers  
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[mpfadmin@wirral.gov.uk](mailto:mpfadmin@wirral.gov.uk)

Members' Website  
Employers' Website

[mpfmembers.org.uk](http://mpfmembers.org.uk)  
[mpfemployers.org.uk](http://mpfemployers.org.uk)

Opening Times:

Mon. to Fri. 9am - 5pm



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## PENSIONS COMMITTEE

Monday, 29 March 2021

<b>REPORT TITLE:</b>	<b>NON-RECOVERY OF PENSION OVERPAYMENTS</b>
<b>REPORT OF:</b>	<b>DIRECTOR OF PENSIONS</b>

### REPORT SUMMARY

This report requests approval to write off a sum of £48,750.30, in respect of pension overpayments that have arisen, and Legal Services have recommended write off as they are deemed irrecoverable or are now Statute Barred.

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

### RECOMMENDATION/S

That the sum of £48,750.30 is approved for write-off.

### SUPPORTING INFORMATION

#### 1.0 REASON/S FOR RECOMMENDATION

1.1 Further attempts to recover the overpayments are deemed by Legal Services as not cost effective with no realistic prospect of recovery.

#### 2.0 OTHER OPTIONS CONSIDERED

2.1 Not relevant for this report.

#### 3.0 BACKGROUND INFORMATION

3.1 Overpayment of pension benefits can arise in a number of circumstances where information that should result in the termination of a payment is not received, or only received some considerable time after an event.

3.2 Attempts are made to recover overpayments in accordance with an established debt recovery procedure. Each case is considered on an individual basis in regard its nature and sensitivity, particularly as the great majority of cases relate to the death of a pensioner member.

This involves sundry debtor accounts being raised against the notified beneficiary and pursued under the debt recovery process

- 3.3 The delegated authority of the Section 151 Officer to write-off debt is limited to £1,000 in any one case. As the individual amounts in these cases are above that figure, committee approval is requested.
- 3.4 Details of the individual cases of overpayment are provided in the exempt appendix.
- 3.5 The total annual payroll is circa £288m.

#### **4.0 FINANCIAL IMPLICATIONS**

- 4.1 There are no other financial implications arising from this report apart from the total of £48,750.30 under consideration for write-off.

#### **5.0 LEGAL IMPLICATIONS**

- 5.1 There are none arising from this report.

#### **6.0 RESOURCE IMPLICATIONS: STAFFING; ICT AND ASSETS**

- 6.1 There are none arising directly from this report.

#### **7.0 RELEVANT RISKS**

- 7.1 If recovery action is pursued, further legal costs will be incurred and the recovery of the sums likely to prove unsuccessful.

#### **8.0 ENGAGEMENT/CONSULTATION**

- 8.1 There are none arising from this report.

#### **9.0 EQUALITY IMPLICATIONS**

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

Not applicable for this report.

#### **10.0 ENVIRONMENT AND CLIMATE IMPLICATIONS**

- 10.1 There are none arising from this report.

**REPORT AUTHOR:** Yvonne Murphy

Head of Pension Administration

telephone (0151) 242 1333

email [yvonnemurphy@wirral.gov.uk](mailto:yvonnemurphy@wirral.gov.uk)

#### **APPENDICES**

Exempt Appendix One

**BACKGROUND PAPERS**

None.

**SUBJECT HISTORY (last 3 years)**

<b>Council Meeting</b>	<b>Date</b>
<b>NON-RECOVERY OF PENSION OVERPAYMENTS</b>	<b>29 OCTOBER 2018</b>

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## PENSIONS COMMITTEE

Monday, 29 March 2021

<b>REPORT TITLE:</b>	<b>PROPERTY PORTFOLIO RENT ARREARS AND WRITE OFFS</b>
<b>REPORT OF:</b>	<b>DIRECTOR OF PENSIONS</b>

### REPORT SUMMARY

The purpose of this report is to request that Members agree to the write off of £592,846.07 of unrecoverable rent arrears from the Fund’s property portfolio. The annual property rental income for 2019/20 was £30.9 million.

Appendix 1 to the report, (A report from CBRE detailing property rent arrears), contains exempt information. This is by virtue of paragraph(s) 3 of Part 1 of Schedule 12A of the Local Government Act 1972, i.e. Information relating to the financial or business affairs of any particular person (including the authority holding that information).

### RECOMMENDATION/S

That Pensions Committee approves the write-off of uncollectable property rental income of £592,846.07.

### SUPPORTING INFORMATION

#### 1.0 REASON/S FOR RECOMMENDATION

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

#### 2.0 OTHER OPTIONS CONSIDERED

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

### **3.0 BACKGROUND INFORMATION**

3.1 As Members will be aware, CBRE are the managing agents for the Fund's property portfolio. Amongst other functions, they have responsibility for the collection of rent and management of arrears. On an annual basis they produce a report on uncollectable arrears which is attached as an appendix to this report. Members will be aware that the pandemic has had a significant effect on high street retailers which is reflected in the tenants detailed in the appendix.

### **4.0 FINANCIAL IMPLICATIONS**

4.1 The total amount recommended for write off in this report is £592,846.07. The annual property rental income for 2019/20 was £30.9 million.

### **5.0 LEGAL IMPLICATIONS**

5.1 There are none arising from this report.

### **6.0 RESOURCE IMPLICATIONS: STAFFING; ICT AND ASSETS**

6.1 There are none arising directly from this report.

### **7.0 RELEVANT RISKS**

7.1 Not relevant for this report.

### **8.0 ENGAGEMENT/CONSULTATION**

8.1 There has been no consultation undertaken or proposed for this report. There are no implications for partner organisations arising from this report.

### **9.0 EQUALITY IMPLICATIONS**

9.1 Has the potential impact of your proposal(s) been reviewed with regard to equality?  
(b) No because there is no relevance to equality.

### **10.0 ENVIRONMENT AND CLIMATE IMPLICATIONS**

10.1 There are no environmental or climate implications arising from this report.

**REPORT AUTHOR:** Donna Smith  
Head of Finance & Risk  
telephone (0151) 2421312  
email donnasmith@wirral.gov.uk

### **APPENDICES**

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

### **BACKGROUND PAPERS**

None

**SUBJECT HISTORY (last 3 years)**

<b>Council Meeting</b>	<b>Date</b>
<b>Pensions Committee</b>	<b>3 February 2020</b> <b>29 October 2018</b> <b>22 January 2018</b>

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## PENSIONS COMMITTEE

Monday, 29 March 2021

<b>REPORT TITLE:</b>	<b>MINUTES OF WORKING PARTY MEETINGS</b>
<b>REPORT OF:</b>	<b>DIRECTOR OF PENSIONS</b>

### REPORT SUMMARY

The purpose of this report is to provide Members with the minutes of meetings of Working Parties held since the last meeting.

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).

### RECOMMENDATION/S

That Members note the minutes.

### SUPPORTING INFORMATION

#### 1.0 REASON/S FOR RECOMMENDATION/S

- 1.1 The approval of working party minutes by Pensions Committee forms part of the governance arrangements of Merseyside Pension Fund. These arrangements were approved by Pensions Committee as part of the Fund’s Governance Statement at its meeting on 27th June 2011.

#### 2.0 OTHER OPTIONS CONSIDERED

- 2.1 No other options have been considered.

#### 3.0 BACKGROUND INFORMATION

- 3.1 The Investment Monitoring and Governance & Risk Working Parties enable Members and their advisors to consider pension matters relating to Merseyside Pension Fund in greater detail. They are not decision-making bodies but minutes and action points arising are reported to Committee.

#### **4.0 FINANCIAL IMPLICATIONS**

4.1 There are none arising from this report.

#### **5.0 LEGAL IMPLICATIONS**

5.1 There are none arising from this report.

#### **6.0 RESOURCE IMPLICATIONS: STAFFING, ICT AND ASSETS**

6.1 There are none arising from this report.

#### **7.0 RELEVANT RISKS**

7.1 There are none arising from this report.

#### **8.0 ENGAGEMENT/CONSULTATION**

8.1 There has been no consultation planned or undertaken for this report. There are no implications for partner organisations arising from this report.

#### **9.0 EQUALITY IMPLICATIONS**

9.1 Wirral Council has a legal requirement to make sure its policies, and the way it carries out its work, do not discriminate against anyone. An Equality Impact Assessment is a tool to help council services identify steps they can take to ensure equality for anyone who might be affected by a particular policy, decision or activity.

#### **10.0 ENVIRONMENT AND CLIMATE IMPLICATIONS**

10.1 There are none arising from this report.

**REPORT AUTHOR: Peter Wallach**  
(Peter Wallach, Director of Merseyside Pension Fund)  
telephone:  
email: peterwallach@wirral.gov.uk

#### **APPENDICES**

Appendix 1

#### **BACKGROUND PAPERS**

None

**SUBJECT HISTORY (last 3 years)**

<b>Council Meeting</b>	<b>Date</b>
<b>Minutes of all IMWP and GRWP meetings are brought to the subsequent Pensions Committee.</b>	

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

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