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WIRRAL

Local Pensions Board

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Date:	**Wednesday, 31 March 2021**
Time:	**1.00 p.m.**
Venue:	Virtual

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AGENDA

1. WELCOME AND INTRODUCTION

2. APOLOGIES

3. 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.

4. MINUTES (Pages 1 - 8)

To approve the accuracy of the minutes of the meeting held on 10 November 2020.

5. LGPS UPDATE (Pages 9 - 26)

6. MPF BUDGET 2021 - 2022 (Pages 27 - 34)

7. FSS POLICY UPDATE (Pages 35 - 56)

8. TREASURY MANAGEMENT STRATEGY & REPORT (Pages 57 - 76)

9. TASKFORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURE (TCFD) REPORTING (Pages 77 - 80)

10. MEMBERS' LEARNING & DEVELOPMENT 2021 (Pages 81 - 86)

11. CEM BENCHMARKING REPORT (Pages 87 - 90)

12. MINUTES OF WORKING PARTY MEETINGS (Pages 91 - 92)

13. NON RECOVERY OF PENSION PAYMENTS (Pages 93 - 98)

14. PROPERTY PORTFOLIO RENT ARREARS (Pages 99 - 104)

15. ADMIN KPI REPORT (Pages 105 - 106)

16. UPDATE ON TAX MANAGEMENT ARRANGEMENTS (Pages 107 - 110)

17. RISK REGISTER (Pages 111 - 114)

18. NORTHERN LGPS UPDATE (Pages 115 - 116)

19. 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.

20. CEM BENCHMARKING REPORT EXEMPT APPENDIX (Pages 117 - 132)

21. WORKING PARTY MEETINGS EXEMPT MINUTES (Pages 133 - 138)

22. NON RECOVERY OF PENSION PAYMENTS EXEMPT APPENDIX (Pages 139 - 142)

23. PROPERTY PORTFOLIO RENT ARREARS EXEMPT APPENDIX (Pages 143 - 144)

24. ADMIN KPI REPORT EXEMPT APPENDIX (Pages 145 - 166)

25. UPDATE ON TAX MANAGEMENT ARRANGEMENTS EXEMPT APPENDIX (Pages 167 - 172)

26. RISK REGISTER EXEMPT APPENDIX (Pages 173 - 176)

27. NORTHERN LGPS UPDATE EXEMPT MINUTES (Pages 177 - 180)

28. ADMISSION BODY APPLICATION (Pages 181 - 186)

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LOCAL PENSIONS BOARD

Tuesday, 10 November 2020

Present: J Raisin (Chair)

G Broadhead
P Fieldsend
D Ridland
R Irvine
P Maloney
L Robinson
S Van Arendsen

21 WELCOME AND APOLOGIES

The Chair welcomed Members of the Local Pensions Board and Officers to the online, virtual meeting.

No apologies had been received.

22 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.

No such declarations were made.

23 MINUTES

Resolved – That, with the addition of Mr P Fieldsend to the attendance list, the accuracy of the minutes of the Local Pension Board held on 14 September 2019 be approved as a correct record.

24 AUDIT FINDINGS REPORT

Members gave consideration to the Audit Findings Report for the year ending 31 March 2020 prepared by Grant Thornton UK LLP. The report had been presented to Pensions Committee on 2 November 2020. Stuart Basnett, Audit Manager, Grant Thornton attended the meeting and reported upon the key issues contained in the report.

It was reported that the audit was now substantially complete and subject to outstanding queries being resolved it was anticipated that an unqualified audit

opinion would be provided in respect of the financial statements as shown in Appendix C: Audit opinion of the report.

It was reported that the audit was substantially complete and subject to outstanding queries being resolved, it was anticipated the audit report opinion would be unqualified, but the report proposed the inclusion of an Emphasis of Matter paragraph highlighting asset valuation material uncertainties. The report confirmed this does not affect the External Auditor's opinion that the financial statements give a true and fair view of the Fund's financial position and its income and expenditure for the year. Stuart Basnett explained that such a paragraph is added to indicate a matter which is disclosed appropriately in the Fund's financial statements, but which is considered fundamental to a reader's understanding of the financial statements.

On behalf of the Local Pensions Board the Independent Chair thanked Stuart Basnett for the report and verbal update and it was;

Resolved – That the Audit Findings Report be noted.

25 **MERSEYSIDE PENSION FUND STATEMENT OF ACCOUNTS, LETTER OF REPRESENTATION & REPORT & ACCOUNTS**

Donna Smith, Head of Finance and Risk, introduced a report that presented the overall financial position of the Fund at financial year end and was contained in the Fund's annual report contained in appendix 3 to the report. The report had been presented to Pensions Committee on 2 November 2020 and the Statement of Accounts would be referred to Wirral's Audit & Risk Management Committee. The Letter of Representation contained in appendix 2 to the report gave assurances to the Auditor in respect of various Pension Fund matters.

It was reported that due to COVID-19, the Fund's Statement of Accounts for 2019/20 included an additional level of uncertainty. The global pandemic had impacted upon financial markets and there was a further risk of uncertainty for the valuations of unquoted investments where there was a degree of estimation involved in the valuations.

Subject to outstanding work, Grant Thornton had indicated there will be an unqualified opinion, with the inclusion of an Emphasis of Matter paragraph highlighting asset valuation material uncertainties. This did not affect their opinion that the statements presented fairly the financial position of Merseyside Pension Fund as of 31 March 2020 at £8.6bn. At the time of writing the report, the Fund had agreed to all material adjustments and a verbal update was provided to Members.

Donna Smith reported that the annual report, including the financial statements, would be published on 1 December in accordance with the

regulations and it was expected that the outstanding matters for the completion of the Pension Fund audit would be completed. The External Audit opinion for the Fund, could only be issued on the completion of both the Pension Fund and Wirral Council audit. If the audit opinion is delayed, the Fund would publish the Annual Report without the audit opinion, including an explanation for its omission.

On behalf of the Local Pensions Board the Chair thanked Donna Smith and her team for their hard work and it was;

Resolved – That the report be noted.

26 **LGPS UPDATE**

Yvonne Murphy, Head of Pension Administration, introduced a report that provided the Board with an update on the position with Treasury's (HMT) reform to limit exit payments to a maximum of £95k for public sector employees and the publication of the 'Restriction of Public Sector Exit Payments' regulations with an effective date of 4 November 2020.

In addition, the report covered the related Ministry of Housing, Communities and Local Government (MHCLG) consultation – 'Reforming Local Government Exit Pay', that had been issued on 7 September 2020.

The overall policy impact of the consultation closed on 9 November 2020, whilst the consultation on the draft 'LGPS (Restriction of Exit Payments) (Early Termination of Employment) (Discretionary Compensation and Exit Payment) regulations', is still open until 18 December due to late publication on 14 October.

The report also raised awareness of a further interim response on proposals set out in the consultation dated 8 May 2019, 'Changes to Local Valuation Cycle and The Management of Employer Risk' and the issue of the LGPS (Amendment) (No.2) Regs 2020.

The Head of Pension Administration raised awareness that SAB (LGPS Scheme Advisory Board) had sought legal advice in relation to the conflicting regulatory position governing the payment of pension benefits on redundancy grounds and officers had considered the legal commentary along with SAB's opinion when determining the course of action which would present the least financial risk to the administering authority. It was noted that the Fund was in an invidious position as all available payment options may be subject to challenge by either the member or the Government. The draft response to the consultation had been shared with the Independent Chair of the Local Pension Board and the Chair of the Pensions Committee for comment and approval prior to submission to MHCLG. The Head of Pensions Administration

responded to questions from Members and set out the implications for pensions administration.

On behalf of the Local Pensions Board the Independent Chair thanked the Head of Pension Administration and it was;

Resolved - That the report and the resource implications in administering imminent changes to the regulations be noted.

27 **MCCLOUD REMEDY CONSULTATION**

Yvonne Murphy, Head of Pension Administration, introduced a report that provided a further update on the position of the McCloud consultation previously covered at the Pension Board on 14 September 2019.

It was reported that the Fund response had been shared with the Chairs of Pension Committee and the Local Pension Board, for comment and approval prior to submission on 8 October and the Head of Pension Administration thanked them for their response.

The submitted response was attached as Appendix A to the report and focused on the operational aspects and communicative challenges in implementing the proposed remedy. The report had been agreed at the Pensions Committee held on 2 November 2020.

Resolved – That the report be noted.

28 **NORTHERN LGPS UPDATE**

The Director of Pensions introduced a report that provided Members with an update on pooling arrangements in respect of MPF and the Northern LGPS. Minutes of the previous two Joint Committee meetings were attached as exempt appendices to the report. 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.

29 **INVESTMENT STRATEGY REVIEW**

The Director of Pensions introduced a report that had been considered by the Pensions Committee on 2 November 2020. The report had provided Members with outline proposals for changes to MPF's investment strategy and the Pensions Committee had agreed the proposal for officers to work with

the Fund's independent advisors to develop and implement the proposals outlined.

A letter received from Medact Liverpool and a response from the Chair pertinent to the strategy proposals were attached at appendix 1 to the report. Appendix 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).

The Chair commented that the report was extremely well written report and thanked the Director of Pensions.

Resolved – That the report be noted.

30 **RISK REGISTER**

The Director of Pensions introduced a report that provided Board members with a copy of the Fund's Risk Register.

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).

Resolved – That the report be noted.

31 **WORKING PARTY MINUTES**

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

The appendix to the report contains 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 exempt minutes be noted.

32 **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.

33 **NORTHERN LGPS UPDATE**

The appendix to the report contained exempt information by virtue of paragraph 3.

34 **INVESTMENT STRATEGY REVIEW**

The appendix to the report contained exempt information by virtue of paragraph 3.

35 **ADMIN KPI REPORT**

Yvonne Murphy, Head of Pension Administration, introduced the exempt report that 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 July 2020 to 30 September 2020.

This 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.

The report informed that MPF provided a pension administration service to its active, deferred and pensioner membership base in conjunction with its constituent employers. The Administration team comprised three distinct service areas namely Employer Compliance & Membership, Benefits & Payroll and Operations. The functions of each team were measured against performance standards documented within the Pension Administration Strategy. In line with TPR Code of Practice there was a requirement for the Pension Board to be supplied with a schedule of KPIs to monitor administration and internal control of the areas defined in the exempt report.

G Broadhead – Employer representative – noted the positive performance in a number of key areas and thanked officers for the effective service delivery in a challenging environment.

Resolved – That the report be noted.

36 **RISK REGISTER**

The appendix to the report contained exempt information by virtue of paragraph 3.

37 **WORKING PARTY MINUTES**

The appendix to the report contained exempt information by virtue of paragraph 3.

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WIRRAL

LOCAL PENSIONS BOARD

Wednesday, 31 March 2021

REPORT TITLE:	**LGPS UPDATE**
REPORT OF:	**DIRECTOR OF PENSIONS**

REPORT SUMMARY

The purpose of this report is to provide Members with copies of the reports on developments in the LGPS taken to Pensions Committee since the previous Board meeting.

RECOMMENDATION/S

That Members note the report.

SUPPORTING INFORMATION

1.0 REASON/S FOR RECOMMENDATION

1.1 There is a requirement for Members of the Pension Committee and Board 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

3.1 The February report updates 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.

In addition, the report raises 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.

3.2 The March 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.

4.0 FINANCIAL IMPLICATIONS

4.1 There are none arising directly 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 directly 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.

There is no relevance to equality.

10.0 ENVIRONMENT AND CLIMATE IMPLICATIONS

10.1 There are none arising from this report.

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APPENDICES

Appendix 1 & 2 LGPS Update February & March 2021

BACKGROUND PAPERS

None

SUBJECT HISTORY (last 3 years)

Council Meeting	Date

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WIRRAL

PENSIONS COMMITTEE

2 FEBRUARY 2021

REPORT TITLE:	**LGPS UPDATE**
REPORT OF:	**DIRECTOR OF PENSIONS**

REPORT SUMMARY

This report updates 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.

In addition, the report raises 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.

RECOMMENDATION

That Members note the report and the resource implications in administering the Public Sector Exit Payment Regulations.

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

Judicial Review of the 'Restriction of Public Sector Exit Payment Regulations 2020'

3.1 As covered in a verbal update at the committee meeting of 2 November 2020, a number of requests for judicial review to retract the Public Sector Exit Payment Regulations have been lodged by ALACE/LLG, UNISON and GMB/Unite contesting the regulations on a number of grounds including their effect on the existing LGPS regulations.

3.2 On 22 December 2020, the review requests were granted permission to be heard together in the latter half of March 2021. It is noteworthy that until the proceedings are complete the Pensions Ombudsman will not issue any directions on appeals with regard to the lawfulness of payment of reduced LGPS benefits in circumstances where redundancy packages exceed the £95k exit cap.

3.3 Scheme members will, however, still be able to bring claims against employers and LGPS administering authorities even if these are subsequently 'stayed' during the judicial review process.

Exit Cap Waiver Guidance

3.4 On 16 December, MHCLG 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 is largely directed at employers and provides information on the process MHCLG will follow in deciding whether to approve a request for a waiver. This document can be accessed at:

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

3.5 To apply for a waiver, employers are required to submit a business case to MHCLG, and this must contain information on strain costs from the Fund.

3.6 The guidance states that Funds will have up to two weeks to provide information on the strain cost whether or not the waiver were granted.

3.7 However, at the current time, if the waiver is not granted members cannot receive a partially reduced pension as the LGPS regulations have not yet been amended to permit such a payment.

3.8 The LGA have raised a number of concerns regarding this guidance in terms of clarity and interpretation; including but not limited to the following:

- concerns that despite what is implied in the guidance, the information listed for record keeping and that required by regulations for publication are different and that the resultant confusion may lead to disclosure of personal data

- clarification on whether 'TUPE like' movements on local government reorganisation are covered by mandatory waivers.

3.9 LGA has provided advice that administering authorities should only provide the full strain costs, as it is the employer's responsibility to determine the amount of any cash payment that may be payable where the member is capped and only receives a reduced or deferred pension.

3.10 It is LGA's view that if administering authorities are involved in determining any cash amount, they could be liable if the employer exceeds the cap or the employee challenges payment of a reduced pension benefit.

National Communication Materials

3.11 Fund officers sit on LGA's Communication Group and fed into the drafting of the national communications to explain the implications of the £95k exit cap for use by scheme members, employers, and funds.

Information for Scheme Employers

3.12 The scheme employer document seeks to guide employers step-by-step through their obligations and decisions under the exit cap regulations. In particular, it sets out the risks of making a cash alternative payment before any decision is made regarding the pension or the outcome of any potential litigation. This document can be accessed at:

https://lgpslibrary.org/assets/gas/ew/Exit%20cap%20Emp%20v2.0c.pdf

Information for Administering authorities

3.13 This document seeks to set out the decisions which authorities need to take as a result of the exit cap regulations coming into force. It also provides a step-by-step guide for revising their processes and liaising with scheme employers. This document can be accessed at:

https://lgpslibrary.org/assets/gas/ew/Exit%20cap%20AA%20v2.0c.pdf

Information for Scheme Members

3.14 Designed as a series of 'Frequently Asked Questions' on the exit cap for pension scheme members. The Fund website has been updated and employer news alerts have been issued to raise awareness of the documents and to assist all stakeholders in making decisions related to exit packages.

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

4.0 FINANCIAL IMPLICATIONS

4.1 There are none arising from this report.

5.0 LEGAL IMPLICATIONS

5.1 The conflicting provisions of the LGPS Regulations and the HM Treasury 'Restriction of Public Sector Exit Payments Regulations 2020' along with the Fund's decision to pay a fully reduced pension benefit in the event of a member exceeding the exit cap (in-line with the legal opinion sourced by LGA) may lead to a legal challenge from a Scheme member.

6.0 RESOURCE IMPLICATIONS: STAFFING, ICT AND ASSETS

6.1 The Introduction of the 'Restriction of Public Sector Exit Payment Regulations 2020' will affect the Fund's governance arrangements with the need to segregate its employer base, as some employers are not subject to the public sector exit cap, for example, Higher Education establishments.

6.2 There is significant impact on the retirement process, information flows and communications that Fund officers will need to assess and implement as appropriate during 2021.

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

SUBJECT HISTORY (last 3 years)

Council Meeting	Date
The LGPS Update is a standing agenda item on Pensions Committee	

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WIRRAL

PENSIONS COMMITTEE

29 MARCH 2021

REPORT TITLE:	LGPS UPDATE
REPORT OF:	DIRECTOR OF PENSIONS

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

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.

REPORT AUTHOR: **Yvonne Murphy**
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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)

Council Meeting	Date
The LGPS Update is a standing agenda item on Pensions Committee	

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WIRRAL

LOCAL PENSIONS BOARD

Wednesday, 31 March 2021

REPORT TITLE:	**MPF BUDGET 2021 - 2022**
REPORT OF:	**DIRECTOR OF PENSIONS**

REPORT SUMMARY

The purpose of this report is to provide members with a copy of the Budget report which was taken to Pensions Committee earlier this month.

RECOMMENDATION/S

That Members note the report.

SUPPORTING INFORMATION

1.0 REASON/S FOR RECOMMENDATION

1.1 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.

2.0 OTHER OPTIONS CONSIDERED

2.1 No other options have been considered.

3.0 BACKGROUND INFORMATION

3.1 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.

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 There are no equality implications arising from this report.

10.0 ENVIRONMENT AND CLIMATE IMPLICATIONS

10.1 There are none arising from this report.

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APPENDICES

Appendix 1&2 MPF Budget.

BACKGROUND PAPERS

None.

SUBJECT HISTORY (last 3 years)

Council Meeting	Date

WIRRAL COUNCIL

PENSIONS COMMITTEE

29 MARCH 2021

REPORT TITLE:	**MERSEYSIDE PENSION FUND BUDGET FINANCIAL YEAR 2021/22**
REPORT OF:	**DIRECTOR OF PENSIONS**

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.

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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)

Council Meeting	Date
Pensions Committee: **Pension Fund Budget**	**3 February 2020** **16 July 2019** **21 January 2019** **16 July 2018** **22 January 2018**

Appendix 1

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

		Budget 2020/21 (£)	Probable Out-Turn 2020/21	Budget 2021/22 (£)
Employees				
	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
		3,736,044	**3,339,778**	**3,842,903**
Premises				
	Rents	199,124	199,124	206,433
		199,124	**199,124**	**206,433**
Transport				
	Public Transport Expenses	33,990	291	16,600
	Car Allowances	2,500	723	3,000
		36,490	**1,014**	**19,600**
Supplies				

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
	2,560,139	**1,761,114**	**2,624,700**
Third Party			
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
	16,157,506	**16,369,224**	**18,480,614**
Departmental & Central Support Charges	359,641	359,641	359,641
	359,641	**359,641**	**359,641**
Total Expenditure	**23,048,944**	**22,029,895**	**25,533,891**

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.

WIRRAL

LOCAL PENSIONS BOARD

Wednesday, 31 March 2021

REPORT TITLE:	**FSS POLICY UPDATE**
REPORT OF:	**DIRECTOR OF PENSIONS**

REPORT SUMMARY

The purpose of this report is to provide Members with a copy of the report updating the Fund's termination policy and a new contributions flexibilities policy taken to Pensions Committee in February 2021.

RECOMMENDATION/S

That Members note the report.

SUPPORTING INFORMATION

1.0 REASON/S FOR RECOMMENDATION

1.1 There is a requirement for Members of the Pension Committee and Board 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

3.1 The default position for exit payments is that they are paid in full at the point of exit. The termination policy has therefore been updated to allow for the new Regulations which allow 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 sets 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).

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

4.0 FINANCIAL IMPLICATIONS

4.1 There are none arising directly 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 directly 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.

There is no relevance to equality.

10.0 ENVIRONMENT AND CLIMATE IMPLICATIONS

10.1 There are none arising from this report.

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APPENDICES

Appendix 1
Appendix 2
Appendix 3

BACKGROUND PAPERS

None

SUBJECT HISTORY (last 3 years)

Council Meeting	Date

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WIRRAL

PENSIONS COMMITTEE

2 FEBRUARY 2021

REPORT TITLE:	FSS POLICY UPDATES
REPORT OF:	DIRECTOR OF PENSIONS

REPORT SUMMARY

This report covers updates to the termination policy and a new contributions flexibilities policy in light of the new Regulations that came into force on 23 September 2020. The Regulations require these policies to be included in the Funding Strategy Statement.

Updated Termination Policy

The default position for exit payments is that they are paid in full at the point of exit. The termination policy has therefore been updated to allow for the new Regulations which allow 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 sets 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).

New Contributions Flexibilities Policy

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

RECOMMENDATION

That Committee:

1. Approves the draft policy for 'Deferred Debt Agreements' based on HMRC's draft statutory guidance and the Scheme Advisory Board (SAB) guide.
2. Approves the draft policy for 'Flexibility in Contribution Rates' based on HMRC's draft statutory guidance and the SAB guide.
3. Delegates to the Director of Pensions 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.

SUPPORTING INFORMATION

1.0 REASON/S FOR RECOMMENDATION

1.1 There is a requirement for Members of the Pension Committee to approve any significant changes to the Funding Strategy Statement and associated policies.

2.0 OTHER OPTIONS CONSIDERED

2.1 Not relevant for this report.

3.0 BACKGROUND INFORMATION

3.1 A number of regulatory changes came into force on 23 September 2020 (LGPS (Amendment No.2) Regulations 2020). These allow for more flexibilities with contributions both on exit from the Fund (via spreading of exit payments and allowing employers to remain in the Fund with no active members) and via interim contribution reviews between actuarial valuations. In line with these Regulations, the Fund is required to include policies within its Funding Strategy Statement (FSS) which sets out how the flexibilities will apply in practice to employers. The Fund has therefore updated its policies to incorporate the new Regulations. These policies aim to provide much needed flexibilities to manage employer liabilities.

3.2 To assist with drafting the policies and applying the Regulations, the Scheme Advisory Board (SAB) has produced a practical guide in draft form for Funds and the MHCLG has issued draft statutory guidance on the amendments to the FSS. A consultation took place on the practical guide from the SAB which ran until 9 January 2021 and the final documents are awaiting publication.

3.3 It is the intention to undertake a short consultation with Fund employers on the updated termination policy and the new contributions flexibilities policy following committee's approval of the draft policies. The FSS will then be updated to include the new policies. These policies do not alter the main principles of the current funding plan but instead provide the Fund and employers with further flexibilities.

3.4 There will be further cosmetic updates to the FSS which will be included in the consultation for completeness. In addition, there are also some refinements to the wording in the following areas:

a) The termination policy has been updated to include the process involved in determining how an exit credit (i.e., a surplus) should be dealt with when an employer exits the Fund. In particular, the Fund will provide the exiting employer with a notice setting out who will receive the exit credit and the reasons behind this decision (e.g., details of the commercial or admission agreements referenced). The employer will be able to appeal this decision if they disagree.
b) The wording within the ill health captive policy will be expanded to allow for an automatic review of any ill health retirements where an employer exits the Fund and has been part of the captive. This is to ensure that the employers within the captive arrangement have the correct governance in place.

3.5 The policies have been drafted based on the drafts of the statutory guidance and SAB guide. It is proposed that any changes required to the draft policy once the final documents are issued will be made by Officers on the advice of the Actuary. We do not expect substantive changes will be required but if so consideration will be given to whether this is brought back to the Chair of the committee.

3.6 Further information regarding the changes made to the policies are set out below.

DRAFT TERMINATION POLICY UPDATES - FLEXIBILITY FOR EXIT DEBT PAYMENTS AND DEFERRED DEBT AGREEMENTS

3.7 The default position for exit payments is that they are paid in full at the point of exit and this will continue under the new policy. The previous regulations generally required the exit debt to be paid in full on exit. This restricted the ability of employers to leave the Fund in an ordered and affordable manner and put the Fund (and therefore the taxpayer) at higher risk of unrecoverable debts. This is especially the case for those employers in a weak financial situation. As a consequence, employers tended to remain in the Fund building up further, often unaffordable, liabilities. The new Regulations provide greater flexibility to manage this debt in conjunction with the employer and allow the employer to limit the further accrual of liabilities.

3.8 The new Regulations permit LGPS funds to develop policies that provide alternative options to employers when the last active member leaves the employer (subject to a covenant assessment and consideration of security):

a) **Spreading payments** - Allow the Fund and the employer to enter into an agreement which instead spreads the payment of the final exit debt calculated by the Actuary over an agreed period of time (the amounts and frequency of the payments in the payment plan will be agreed at the outset along with any early payment terms), or

b) **Deferred Debt Arrangement (DDA)** - The Fund may enter into a DDA with a scheme employer. This allows the employer to defer its obligation to make an exit payment and continue to make ‘deficit’ (secondary rate) contributions to the Fund. Contribution requirements will continue to be reviewed as part of each actuarial valuation under this option, which is essentially an employer continuing ongoing participation, but with no contributing members. The Fund or employer can terminate the DDA and settle a revised (potentially more affordable) exit debt.

3.9 The Fund can only enter into one of the above arrangements if the FSS includes a policy setting out how the employer will be treated. The Fund is also required to consult with the exiting employer, following advice from the Fund Actuary as well as any other specialists as appropriate as part of the process.

3.10 Appendix 1 sets out the draft policies for these flexibilities for the Committee to consider. The policies have been designed to strengthen the Fund’s ability to manage employer liabilities, ensuring there is no detriment to the solvency of the Fund.

FLEXIBLE CONTRIBUTIONS POLICIES - DRAFT POLICY

3.11 The new Regulations also permit contribution rates to be adjusted between valuations. Currently the contribution rates set out in the valuation report stay in place until the next valuation except in limited circumstances or where an employer exits the Fund. These Regulations allow changes to contributions to be made before the next valuation if an employer circumstances meet the specified criteria.

3.12 Such a revision to contribution rates is only permitted if the Fund's policy is set out in the FSS and one of the following apply:

a) it appears likely to the administering authority that the amount of the liabilities arising or likely to arise has changed significantly since the last valuation.

b) it appears likely to the administering authority that there has been a significant change in the ability of the Scheme employer to meet their obligations in the Scheme; or

c) a Scheme employer requests a review of employer contributions and has undertaken to meet the costs of that review (and point (a) or (b) also applies)

3.13 Appendix 2 sets out the draft policy for the Committee to consider. The policy ensures that any contribution changes will only be due to significant liability or covenant changes which would create additional risk to the Fund or employer.

4.0 FINANCIAL IMPLICATIONS

4.1 The FSS sets out the funding basis and related policies through which the Fund manages the scheme liabilities and payment of contributions by scheme employers (including on exit from the Fund).

4.2 Actuarial and covenant advice regarding the FSS and related policies is provided for in the annual budget.

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 The Scheme Advisory Board conducted a consultation on its draft guide on employer flexibilities for administering authorities and employers.

8.2 The Fund will consult with participating employers on the changes to the Funding Strategy Statement and its associated policies. Feedback will be assessed and responded to in advance of final publication by 1 April 2021.

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

Appendix 1 - Draft Termination Policy updates regarding exit debt payments and deferred debt agreement flexibilities

Appendix 2 - Draft Policy regarding flexible contributions

BACKGROUND PAPERS

Draft MHCLG Statutory Guidance on Preparing and Maintaining Policies on Review of Employer Contributions, Employer Exit Payments and Deferred Debt Agreements.

Draft SAB Guide to Employer Flexibilities for Administering Authorities and Employers

SUBJECT HISTORY (last 3 year)

Council Meeting	Date
The Funding Strategy Statement is reviewed at least annually with the last review taking place as part of the 2019 valuation	3 February 2020

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DRAFT POLICY UPDATE (TO BE INCLUDED IN THE FSS FOR CONSULTATION WITH EMPLOYERS)

APPENDIX B - TERMINATION POLICY, FLEXIBILITY FOR EXIT PAYMENTS AND DEFERRED DEBT AGREEMENTS

EXITING THE FUND

TERMINATION ASSESSMENT OF AN EMPLOYER'S RESIDUAL PENSION OBLIGATIONS AND METHOD TO CALCULATE BOND/ FINANCIAL GUARANTEES

ASSUMPTIONS TO ADOPT FOR THE TERMINATION ASSESSMENT

On the cessation of an employer's participation in the Fund where an employer becomes an exiting employer, the Actuary will be asked to make a termination assessment. Depending on the circumstances of the termination this assessment may incorporate a more cautious basis of assessment of the final liabilities for the employer. Typically, this will be where the employer does not have a guarantor in the Fund who has agreed to subsume the orphaned liabilities from the exiting employer.

Where it may be appropriate to use a more cautious basis, the discount rate assumption used will be derived to be consistent with a lower risk investment strategy linked to low risk income generating assets which make up the lower risk investment "bucket" at the time of assessment. A reasonable adjustment will be made for expenses plus reinvestment and default risk in relation to the assets held.

For the avoidance of doubt this includes any variation to assumptions for those employers whose assets are invested in the higher or medium risk investment strategy bucket. The Administering Authority retains the discretion to adopt a different approach for any particular employer related to the size of the risk and the employer will be notified of this accordingly.

In addition to using a more cautious discount rate, the Actuary will also use a more prudent mortality assumption when assessing the size of the liabilities for termination purposes. In particular, the Actuary will assume a higher improvement rate for future life expectancy than is used for ongoing funding purposes. Where it is appropriate to apply a more cautious assumption, the Actuary will assume that the accelerated trend in longevity seen in recent years will continue in the longer term. The assumption, therefore, will build in a minimum level of longevity 'improvement' year on year in the future in line with the CMI projections subject to a long term improvement trend of 2.25% per annum for males and females.

The appropriate method adopted depends on the characteristics of the exiting body (and in particular

whether there is another employer in the Fund who is prepared to act as sponsor for any residual liabilities) and the risk in the context of the potential impact on other employers' contributions. This is because where liabilities are "orphaned" all employers have to cover any deficits (or surpluses) that arise in relation to these liabilities via their contribution rates at each valuation.

In summary, depending on the employer type, participation basis and covenant there are three alternative approaches to value liabilities on termination and to assess bond requirements for certain admitted bodies or designating bodies:-

1. Assessing the final termination liabilities using assumptions consistent with the most recent valuation basis adjusted as necessary to reflect the expected return outlook in relation to the investment strategy which supports the exiting employer's liabilities.

2. Assessing the final liabilities using a discount rate which is linked to a low risk income generating investment strategy which make up the lower risk investment "bucket". As part of this assessment the Actuary will:

   - Use a deduction from the discount rate to reflect a reasonable estimate of any investment expenses, the potential asset default and reinvestment risk associated with the asset strategy, the associated costs of termination and any other reasonable prudential margins that are appropriate based on the advice of the Actuary. This will vary dependent on market conditions and the assets held in the lower risk bucket.
   - In addition, since the valuation date, it has been announced that RPI inflation will move to be in line with the CPIH inflation measure with effect from 2030. This therefore needs to be reflected when deriving an updated market estimate of CPI inflation. For example when assessing a termination position from 25 November 2020 we will adjust the market RPI inflation to arrive at the CPI inflation assumption by deducting [tbc]% per annum as opposed to the 1.0% per annum at the valuation date when assessing an employer's termination position. This adjustment will be kept under review over time.
   - However, this does not provide against future adverse demographic experience relative to the assumptions which could emerge at future valuations. This risk is managed by including a higher level of prudence in the demographic assumptions on termination to further protect the remaining employers. The termination basis for an outgoing employer currently includes an adjustment to the assumption for longevity improvements over time by increasing the rate of improvement in mortality rates to 2.25% p.a. from those used in the 2019 valuation for ongoing funding and contribution purposes. The will be reviewed from time to time to allow for any material changes in life expectancy trends and will be formally reassessed at the next valuation.
   - There may be costs associated with a transition of assets into the lower risk strategy. The Administering Authority reserves the right to pass these costs on to the employer usually via a deduction in the notional asset share. Furthermore, if appropriate, a reasonable allowance for expenses will also be made in relation administration and other expenses. This will be allowed for in the final termination assessment.

3. Assessing the final liabilities using a discount rate which is based on a "minimum risk" approach where the discount rate will be based on government gilt yields of appropriate duration to the liabilities and a more prudent inflation and mortality assumption as above. In addition, consideration of the deduction from RPI to arrive at the CPI assumption will be made based on the actual employer's liability profile. Typically, this will be applied to an employer who would have a material effect on the Fund on exit by leaving significant

residual orphan liabilities.

APPROACH TO ADOPT FOR EACH EMPLOYER TYPE

The approach to be adopted would be varied dependent on whether there is a guarantor who participates in the Fund who would be prepared to assume responsibility for the liabilities and the type of admission as follows:-

(I) ADMISSION BODIES PARTICIPATING BY VIRTUE OF A CONTRACTUAL ARRANGEMENT

For employers that are guaranteed by a guarantor (usually the original employer or letting authority), the Fund's default policy at the point of cessation is for the guarantor to subsume the residual assets, liabilities and any surplus or deficit. The interested parties involved (i.e. the Fund, the exiting employer and the guarantor) will need to consider any separate contractual agreements that have been put in place between the exiting employer and the guarantor. In some instances an exit debt may be payable by an employer before the assets and liabilities are subsumed by the guarantor, this will be considered on a case-by-case basis. No payment of an exit credit will be payable unless representation is made as set out below.

If there is any dispute, then the following arrangements will apply:

- In the case of a surplus, in line with the amending Regulations (The Local Government Pension Scheme (Amendment) Regulations 2020) the parties will need to make representations to the Administering Authority if they believe an Exit Credit should be paid outside the policy set out above, or if they dispute the determination of the Administering Authority. The Fund will notify the parties of the information required to make the determination on request.
- If the Fund determines an Exit Credit is payable then they will pay this directly to the exiting employer within 6 months of completion of the final cessation by the Actuary.
- In the case of a deficit, in order to maintain a consistent approach, the Fund will seek to recover this from the exiting employer in the first instance although if this is not possible then the deficit will be recovered from the guarantor either as a further contribution collection or at the next valuation depending on the circumstances.

If requested, the Administering Authority will provide details of the information considered as part of the determination. A determination notice will be provided alongside the termination assessment from the Actuary. The notice will cover the following information and process steps:

1. Details of the employers involved in the process (e.g. the exiting employer and guarantor).
2. Details of the admission agreement, commercial contracts and any amendments to the terms that have been made available to the Administering Authority and considered as part of the decision making process. The underlying principle will be that if an employer is responsible for a deficit, they will be eligible for any surplus. This is subject to the information provided and any risk sharing arrangements in place.
3. The final termination certification of the exit credit by the Actuary.
4. The Administering Authority's determination based on the information provided.
5. Details of the appeals process in the event that a party disagrees with the determination and wishes to make representations to the Administering Authority.

In some instances, the outgoing employer may only be responsible for part of the residual deficit

or surplus as per the separate risk sharing agreement. The default is that any surplus would be retained by the Fund in favour of the outsourcing employer/guarantor unless representation is made by the relevant parties in line with the Regulations as noted above. For the avoidance of doubt, where the outgoing employer is not responsible for any costs under a risk sharing agreement then no exit credit will be paid as per the Regulations unless the Fund is aware of the provisions of the risk sharing agreement in any representation made and determines an exit credit should be paid.

As the guarantor will absorb the residual assets and liabilities, it is the view of the Actuary that the ongoing valuation basis described above should be adopted for the termination calculations. For the avoidance of doubt this includes any variation to assumptions for those employers whose assets are invested in the medium or low risk asset bucket. This is the way the initial admission agreement would typically be structured i.e. the admission would be fully funded based on liabilities assessed on the valuation basis.

If the guarantor refuses to take responsibility, then the residual deferred pensioner and pensioner liabilities should be assessed on the more cautious basis. In this situation the size of the termination payment would also depend on what happened to the active members and if they all transferred back to the original Scheme Employer (or elsewhere) and aggregated their previous benefits. As the transfer would normally be effected on a "fully funded" valuation basis the termination payment required would vary depending on the circumstances of the case. Where this occurs, the exiting employer would then be treated as if it had no guarantor as per the policy below and the termination assessment will assume that the liabilities are orphaned and the assets will be invested in the lower risk investment strategy bucket.

The Administering Authority can vary the treatment on a case-by-case basis at its sole discretion if circumstances warrant it based on the advice of the Actuary based on the representations from the interested parties. For the avoidance of doubt in the case of an Exit Credit the determination process will be followed as set out above.

(II) NON-CONTRACT BASED ADMISSION BODIES WITH A GUARANTOR IN THE FUND

The approach for these will be the same as (i) above and will depend on whether the guarantor is prepared to accept responsibility for residual liabilities.

(III) ADMISSION BODIES WITH NO GUARANTOR IN THE FUND

These are cases where the residual liabilities would be “orphaned” within the Fund, although it is possible that a bond would be in place. The termination calculation would be on the more cautious basis as noted in 2. above although the approach in 3. above could apply at the discretion of the Administering Authority.

The actuarial valuation and the revision of any Rates and Adjustments Certificate in respect of the outgoing admission body must be produced by the Actuary at the time when the admission agreement ends; the policy will always be subject to change in the light of changing economic circumstances and legislation.

The policy for such employers will be:

- In the case of a surplus, the Fund pays the exit credit to the exiting employer following completion of the termination process (within 6 months of completion of the cessation by the Actuary). This is subject to the exiting employer providing sufficient notice to the Fund of their intent to exit; any delays in notification will impact on the payment date.

- In the case of a deficit, the Fund would require the exiting employer to pay the termination deficit to the Fund as an immediate lump sum cash payment (unless agreed otherwise by the Administering Authority at their sole discretion) following completion of the termination process.

The Administering Authority also reserves the right to modify this approach on a case by case basis at its sole discretion if circumstances warrant it based on the advice of the Actuary. Where the approach is modified, a separate schedule will be provided to that employer. Setting out the approach to adopt and this will be done using consistent principles.

The above funding principles will also impact on the **bond requirements** for certain admitted bodies. The purpose of the bond is that it should cover any unfunded liabilities arising on termination that cannot be reclaimed from the outgoing body.

ALLOWING FOR THE MCCLOUD JUDGMENT IN TERMINATION VALUATIONS

The Government has confirmed that a remedy is required for the LGPS in relation to the McCloud judgment, however the final remedy is not currently known with any certainty although it is expected to be similar to the allowance made in employer rates at this valuation. Where a surplus or deficit is being subsumed, no allowance will be made for McCloud within the calculations and the impact will be considered at the next contribution rate review. However, if a representation is made to the Administering Authority in relation to an Exit Credit then a reasonable estimate for the potential cost of McCloud will need to be included. Where a surplus or deficit isn't being subsumed, McCloud will be allowed for as a matter of policy.

The allowance will be calculated in line with the treatment set out in this Funding Strategy Statement for all members of the outgoing employer using the termination assessment assumptions. For the avoidance of doubt, there will be no recourse for an employer with regard to McCloud, once the final termination has been settled and payments have been made. Once the remedy is known, any calculations will be performed in line with the prevailing regulations and guidance in force at the time.

POLICY IN RELATION TO THE FLEXIBILITY FOR EXIT DEBT PAYMENTS AND DEFERRED DEBT AGREEMENTS (DDA)

The Fund's policy for termination payment plans is as follows:

1. The default position is for exit payments to be paid immediately in full unless there is a risk sharing arrangement in place with a guaranteeing Scheme employer in the Fund whereby the exiting employer is not responsible for any exit payment. In the case of an exit credit the determination process set out above will be followed.

2. At the discretion of the administering authority, instalment plans over an agreed period or a Deferred Debt Agreement will only be agreed subject to the policy in relation to any flexibility in recovering exit payments.

As set out above, the default position for exit payments is that they are paid in full at the point of exit (adjusted for interest where appropriate). If an employer requests that an exit debt payment is recovered over a fixed period of time or that they wish to enter into a Deferred Debt arrangement with the Fund, they must make a request in writing covering the reasons for such a request. Any deviation from this position will be based on the Administering Authority's assessment of whether the full exit debt is affordable and whether it is in the interests of taxpayers to adopt either of the approaches. In making this assessment the Administering Authority will consider the covenant of the employer and also whether any security is required and available to back the arrangements.

Any costs (including necessary actuarial, legal and covenant advice) associated with assessing this will be borne by the employer and will be charged as an upfront payment to the Fund.

The following policy and processes will be followed in line with the principles set out in the statutory guidance dated [to be confirmed].

POLICY FOR SPREADING EXIT PAYMENTS

The following process will determine whether an employer is eligible to spread their exit payment over a defined period.

1. The Administering Authority will request updated financial information from the employer including management accounts showing expected financial progression of the organisation and any other relevant information to use as part of their covenant review. If this information is not provided then the default policy of immediate payment will be adopted.

2. Once this information has been provided, the Administering Authority (in conjunction with the Fund Actuary, covenant and legal advisors where necessary) will review the covenant of the employer to determine whether it is in the interests of the Fund to allow them to spread the exit debt over a period of time. Depending on the length of the period and also the size of the outstanding debt, the Fund may request security to support the payment plan before entering into an agreement to spread the exit payments.

3. This could include non-uniform payments e.g. a lump sum up front followed by a series of payments over the agreed period. The payments required will include allowance for interest on late payment.

4. The initial process to determine whether an exit debt should be spread may take up to [3] months from receipt of data so it is important that employers who request to spread exit debt payments notify the Fund in good time

5. If it is agreed that the exit payments can be spread then the Administering Authority will engage with the employer regarding the following:
    a. The spreading period that will be adopted (this will be subject to a maximum of [5] years).
    b. The initial and annual payments due and how these will change over the period
    c. The interest rates applicable and the costs associated with the payment plan devised
    d. The level of security required to support the payment plan (if any) and the form of that security e.g. bond, escrow account etc.
    e. The responsibilities of the employer during the exit spreading period including the supply of updated information and events which would trigger a review of the situation

f. The views of the Actuary, covenant, legal and any other specialists necessary
g. The covenant information that will be required on a regular basis to allow the payment plan to continue.
h. Under what circumstances the payment plan may be reviewed or immediate payment requested (e.g. where there has been a significant change in covenant or circumstances)

6. Once the Administering Authority has reached its decision, the arrangement will be documented and any supporting agreements will be included.

EMPLOYERS PARTICIPATING WITH NO CONTRIBUTING MEMBERS

As opposed to paying the exit debt an employer may participate in the Fund with no contributing members and utilise the "Deferred Debt Agreements" (DDA) at the sole discretion of the Administering Authority. This would be at the request of the employer in writing to the Administering Authority.

The following process will determine whether the Fund and employer will enter into such an arrangement:

1. The Administering Authority will request updated financial information from the employer including management accounts showing expected financial progression of the organisation. If this information is not provided then a DDA will not be entered into by the Administering Authority

2. Once this information has been provided, the Administering Authority will firstly consider whether it would be in the best interests of the Fund and employers to enter into such an arrangement with the employer. This decision will be based on a covenant review of the employer to determine whether the exit debt that would be required if the arrangement was not entered into is affordable at that time (based on advice from the Actuary, covenant and legal advisor where necessary).

3. The initial process to determine whether a Deferred Debt Agreement should apply may take up to [3] months from receipt of the required information so an employer who wishes to request that the Administering Authority enters into such an arrangement needs to make the request in advance of the potential exit date.

4. If the Administering Authority's assessment confirms that the potential exit debt is not affordable, the Administering Authority will engage in discussions with the employer about the potential format of a Deferred Debt Agreement using the template Fund agreement which will be based on the principles set out in the Scheme Advisory Board's separate guide. As part of this, the following will be considered and agreed:

    - What security the employer can offer whilst the employer remains in the Fund. In general the Administering Authority won't enter into such an arrangement unless they are confident that the employer can support the arrangement on an ongoing basis. Provision of security may also result in a review of the recovery period and other funding arrangements.
    - The investment strategy that would be applied to the employer e.g. the higher, medium or lower risk strategy which could support the arrangement.
    - Whether an upfront cash payment should be made to the Fund initially to reduce the potential debt.
    - What the updated secondary rate of contributions would be required up to the next valuation.

- The financial information that will be required on a regular basis to allow the employer to remain in the Fund and any other monitoring that will be required.
- The advice of the Actuary, covenant, legal and any other specialists necessary.
- The responsibilities that would apply to the employer while they remain in the Fund.
- What conditions would trigger the implementation of a revised deficit recovery plan and subsequent revision to the secondary contributions (e.g. provision of security).
- The circumstances that would trigger a variation in the length of the deferred debt agreement (if appropriate), including a cessation of the arrangement (e.g. where the ability to pay contributions has weakened materially or is likely to weaken in the next 12 months). Where an agreement ceases an exit payment (or credit) could become payable. Potential triggers may be the removal of any security or a significant change in covenant assessed as part of the regular monitoring.
- Under what circumstances the employer may be able to vary the arrangement e.g. a further cash payment or change in security underpinning the agreement.

The Administering Authority will then make a final decision on whether it is in the best interests of the Fund to enter into a Deferred Debt Agreement with the employer and confirm the terms that are required.

5. For employers that are successful in entering into a Deferred Debt Arrangement, contribution requirements will continue to be reviewed as part of each actuarial valuation or in line with the Deferred Debt Agreement in the interim if any of the agreed triggers are met.

6. The costs associated with the advice sought and drafting of the Deferred Debt Agreement will be passed onto the employer and will be charged as an upfront payment to the Fund.

Appendix 2

DRAFT OUTLINE POLICY (TO BE INCLUDED IN THE FSS FOR CONSULTATION WITH EMPLOYERS)

REVIEW OF EMPLOYER CONTRIBUTIONS BETWEEN VALUATIONS

In line with the Regulations that came into force on 23rd September 2020, the Administering Authority has the ability to review employer contributions between valuations. The Administering Authority and employers now have the following flexibilities:

1. The Administering Authority may review the contributions of an employer where there has been a significant change to the liabilities of an employer.
2. The Administering Authority may review the contributions of an employer where there has been a significant change in the employer's covenant.
3. An employer may request a review of contributions from the Administering Authority if they feel that either point 1 or point 2 applies to them. The employer would be required to pay the costs of any review following completion of the calculations and is only permitted to make a maximum of [two] requests between actuarial valuation dates (except in exceptional circumstances and at the sole discretion of the Administering Authority).

Where the funding position for an employer significantly changes solely due to a change in assets (and changes in actuarial assumptions), the overarching policy intent is that contribution reviews are not permitted outside of a full valuation cycle. However changes in assets would be taken into account when considering if an employer can support its obligations to the Fund after a significant covenant change (see 2. above).

The Administering Authority will consult with the employer prior to undertaking a review of their contributions including setting out the reason for triggering the review.

For the avoidance of doubt, any review of contributions may result in no change and a continuation of contributions as per the latest actuarial valuation assessment. In the normal course of events, a rate review would not be undertaken close to the next actuarial valuation date unless in exceptional circumstances. For example:

- A contribution review due to a change in membership profile would not be undertaken in the [6] months leading up to the next actuarial valuation date.
- However, where there has been a material change in covenant, a review will be considered on a case by case basis which will determine if it should take

place and when any contribution change would be implemented. This will take into account the proximity of the actuarial valuation and the implementation of the contributions from that valuation.

SITUATIONS WHERE CONTRIBUTIONS MAY BE REVIEWED

Contributions may be reviewed if the Administering Authority becomes aware of any of the following scenarios. Employers will be notified if this is the case.

Consideration will also be given to the impact that any employer changes may have on the other employers and on the Fund as a whole, when deciding whether to proceed with a contribution review.

1) **Significant changes in the employer's liabilities**
   This includes but is not limited to the following scenarios:

   a) Significant changes to the employer's membership which will have a material impact on their liabilities, such as:
      i. Restructuring of an employer
      ii. A significant outsourcing or transfer of staff to another employer (not necessarily within the Fund)
      iii. A bulk transfer into or out of the employer
      iv. Other significant changes to the membership for example due to redundancies, significant salary awards, ill health retirements (for employers not included in the captive arrangement) or large number of withdrawals
   b) Two or more employers merging including insourcing and transferring of services
   c) The separation of an employer into two or more individual employers

   In terms of assessing the triggers under a) above, the Administering Authority will only consider a review if the change in liabilities is expected to be more than [5%] of the total liabilities. In some cases this may mean there is also a change in the covenant of the employer.

   Any review of the rate will only take into account the impact of the change in liabilities (including any underfunding in relation to pension strain costs) both in terms of the Primary and Secondary rate of contributions.

2) **Significant changes in the employer's covenant**
   This includes but is not limited to the following scenarios:

   a) Provision of, or removal of, or impairment of, security, bond, guarantee or some other form of indemnity by an employer against their obligations in the Fund. For the avoidance of doubt, this includes provision of security to any other pension arrangement which may impair the security provided to the Fund.
   b) Material change in an employer's immediate financial strength or longer-term financial outlook (evidence should be available to justify this) including where an

employer ceases to operate or becomes insolvent.

c) Where an employer exhibits behavior that suggests a change in their ability and/or willingness to pay contributions to the Fund.

In some instances, a change in the liabilities will also result in a change in an employer's ability to meet this obligations.

Whilst in most cases the regular covenant updates requested by the Administering Authority will identify some of these changes, in some circumstances employers will be required to agree to notify the Administering Authority of any material changes. Where this applies, employers will be notified separately and the Administering Authority will set out the requirements.

Additional information will be sought from the employer in order to determine whether a contribution review is necessary. This may include annual accounts, budgets, forecasts and any specific details of restructure plans. As part of this, the Administering Authority will take advice from the Fund Actuary, covenant, legal and any other specialist adviser.

In this instance, any review of the contribution rate would include consideration of the updated funding position (both on an ongoing and termination basis) and would usually allow for changes in asset values when considering if the employer can meet its obligations on both an ongoing and termination basis (if applicable). This could then lead to the following actions:

- The contributions changing or staying the same depending on the conclusion, and/or;
- Security to improve the covenant to the Fund, and/or;
- If appropriate, a change in the investment strategy via the employer investment buckets.

PROCESS AND POTENTIAL OUTCOMES OF A CONTRIBUTION REVIEW

Where one of the listed events occurs, the Administering Authority will enter into discussion with the employer to clarify details of the event and any intent of the Administering Authority to review contributions. Ultimately, the decision to review contributions as a result of the above events rests with the Administering Authority after, if necessary, taking advice from their Actuary, legal or a covenant specialist advisors.

This also applies where an employer notifies the Administering Authority of the event and requests a review of the contributions. The employer will be required to agree to meet any professional and administration costs associated with the review. The employer will be required to outline the rationale and case for the review through a suitable exchange of information prior to consideration by the Administering Authority.

The Administering Authority will consider whether it is appropriate to use updated membership data within the review (e.g. where the change in data is expected to have a

material effect on the outcome) and whether any supporting information is required from the employer.

As well as revisiting the employer's contribution plan, as part of the review it is possible that other parts of the funding strategy will also be reviewed where the covenant of the employer has changed, for example the Fund will consider:

- Whether the employer's investment strategy remains appropriate or whether they should move to an alternative strategy (e.g. the higher risk bucket, medium risk bucket, lower risk bucket or the termination strategy) in line with the Funding Strategy Statement.
- Whether the Primary contribution rate should be adjusted to allow for any profile change and/or investment strategy change
- Whether the secondary contributions should be adjusted including whether the length of the recovery period adopted at the previous valuation remains appropriate. The remaining recovery period from the valuation would be the maximum period adopted (except in exceptional and justifiable circumstances and at the sole discretion of the Administering Authority on the advice of the Actuary).

The review of contributions may take up to 3 months from the date of confirmation to the employer that the review is taking place, in order to collate the necessary data.

Any change to an employer's contributions will be implemented at a date agreed between the employer and the Fund. The Schedule to the Rates and Adjustment Certificate at the last valuation will be updated for any contribution changes.

Merseyside Pension Fund

January 2021

WIRRAL

LOCAL PENSIONS BOARD

Wednesday, 31 March 2021

REPORT TITLE:	**TREASURY MANAGEMENT STRATEGY & REPORT**
REPORT OF:	**DIRECTOR OF PENSIONS**

REPORT SUMMARY

The purpose of this report is to request that Members approve the treasury management policy statement and the treasury management practices for Merseyside Pension Fund (MPF) for the year 2021/22.

The main aims when managing liquid resources are 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 are prime objectives of the treasury management policy and practices.

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

The policy statement is attached as Appendix 1 to this report.

RECOMMENDATION/S

That Members approve the treasury management policy statement and the treasury management practices for Merseyside Pension Fund for the financial year 2021/22.

SUPPORTING INFORMATION

1.0 REASON/S FOR RECOMMENDATION

1.1 The approval of the treasury management policy statement and the treasury management practices for Merseyside Pension Fund by Pensions Committee forms part of the governance arrangements of Merseyside Pension Fund.

2.0 OTHER OPTIONS CONSIDERED

2.1 Not relevant for this report.

3.0 BACKGROUND INFORMATION

3.1 The Chartered Institute of Public Finance and Accountancy (CIPFA) Code of Practice for Treasury Management in Public Services requires Pensions Committee to receive an annual report on the strategy and plan to be pursued in the coming year. The plan and strategy were last approved by the Pensions Committee on 3 February 2020.

3.2 The Fund will run minimal cash balances to pay pensions and meet other obligations. The core position is 1% of Fund assets as agreed within the strategic asset allocation approved on 3 February 2020.

3.3 Internally managed investment cashflows will continue to be channelled through the Custodian, to maximise benefits and efficiencies agreed under the contract.

3.4 Counterparties are reviewed on a regular basis using a range of information sources, including credit rating agencies, internal research (both from the treasury team and internal investment managers), information from brokers, advice given by the treasury management consultants, information on Government support for banks and the credit ratings of that Government support. The Fund is in a position to use a wide range of research from its investment activities to support this and achieve the aim set on the CIPFA guidance to place a greater emphasis on acceptable credit quality rather than purely credit ratings for counterparts.

3.4 The Fund's cash flows for dealings with members has moved negative with outflows to pensioners more than income from contributions and with the 2019 triennial valuation improved results, this has reduced contribution income further. The impact of COVID on the Fund's cashflows has been and will continue to be closely monitored throughout 2021/22. In an environment where a significant proportion of investment income is directly reinvested, the levels of liquid resources held need to be adequate and needs effective management with daily cashflows and regular reporting being essential.

3.5 The Fund always ensures it has adequate cash resources to meet its commitments, the Fund has significant assets that can be realised within 7 days, further mitigating the liquidity risk.

3.6 The UK Bank Rate remains at 0.10% and it is expected to remain at this level throughout 2021/22, although further cuts to zero or even negative cannot be ruled out. Short-term money market rates and bank deposit rates are likely to remain at low levels for an extended period which will have an impact on investment income.

4.0 FINANCIAL IMPLICATIONS

4.1 There are none arising directly from this report.

5.0 LEGAL IMPLICATIONS

5.1 There are no implications arising directly 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 treasury management policy statement is concerned mainly with the mitigation of risks.

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 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.

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

The Treasury Management Policy Statement 2021/22 is attached as appendix 1 to this report

BACKGROUND PAPERS

CIPFA Treasury Management Code of Practice and Guidance Notes.

SUBJECT HISTORY (last 3 years)

Council Meeting	Date
Pensions Committee	**3 February 2020** **16 July 2019** **21 January 2019** **16 July 2018** **22 January 2018**

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WIRRAL COUNCIL

PENSIONS COMMITTEE

2 FEBRUARY 2021

REPORT TITLE:	**TREASURY MANAGEMENT POLICY**
REPORT OF:	**DIRECTOR OF PENSIONS**

REPORT SUMMARY

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The main aims when managing liquid resources are 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 are prime objectives of the treasury management policy and practices.

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

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RECOMMENDATION/S

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3.3 Internally managed investment cashflows will continue to be channelled through the Custodian, to maximise benefits and efficiencies agreed under the contract.

3.4 Counterparties are reviewed on a regular basis using a range of information sources, including credit rating agencies, internal research (both from the treasury team and internal investment managers), information from brokers, advice given by the treasury management consultants, information on Government support for banks and the credit ratings of that Government support. The Fund is in a position to use a wide range of research from its investment activities to support this and achieve the aim set on the CIPFA guidance to place a greater emphasis on acceptable credit quality rather than purely credit ratings for counterparts.

3.4 The Fund's cash flows for dealings with members has moved negative with outflows to pensioners more than income from contributions and with the 2019 triennial valuation improved results, this has reduced contribution income further. The impact of COVID on the Fund's cashflows has been and will continue to be closely monitored throughout 2021/22. In an environment where a significant proportion of investment income is directly reinvested, the levels of liquid resources held need to be adequate and needs effective management with daily cashflows and regular reporting being essential.

3.5 The Fund always ensures it has adequate cash resources to meet its commitments, the Fund has significant assets that can be realised within 7 days, further mitigating the liquidity risk.

3.6 The UK Bank Rate remains at 0.10% and it is expected to remain at this level throughout 2021/22, although further cuts to zero or even negative cannot be ruled out. Short-term money market rates and bank deposit rates are likely to remain at low levels for an extended period which will have an impact on investment income.

4.0 FINANCIAL IMPLICATIONS

4.1 There are none arising directly from this report.

5.0 LEGAL IMPLICATIONS

5.1 There are no implications arising directly 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 treasury management policy statement is concerned mainly with the mitigation of risks.

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 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.

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.

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APPENDICES

The Treasury Management Policy Statement 2021/22 is attached as appendix 1 to this report

BACKGROUND PAPERS

CIPFA Treasury Management Code of Practice and Guidance Notes.

SUBJECT HISTORY (last 3 years)

Council Meeting	Date
Pensions Committee	**3 February 2020** **16 July 2019** **21 January 2019** **16 July 2018** **22 January 2018**

Appendix 1

MERSEYSIDE PENSION FUND
TREASURY MANAGEMENT POLICY STATEMENT

1 INTRODUCTION

1.1 Merseyside Pension Fund adopts the key principles of 'CIPFA's Treasury Management in the Public Services: Code of Practice' (the Code), as described in Section 4 of that Code.

1.2 Accordingly, the Fund will create and maintain, as the cornerstones for effective treasury management:

- This treasury management policy statement stating the policies, objectives and approach to risk management of its treasury management activities

- Suitable treasury management practices (TMPs), setting out the manner in which this organisation will seek to achieve these policies and objectives, and prescribing how it will manage and control these activities.

2 DELEGATION

2.1 Pensions Committee will receive reports on its treasury management policies, practices and activities including an annual strategy and plan in advance of each financial year and an annual report after its close. The Investment Monitoring Working Party (IMWP) will receive interim reports on treasury management performance as required.

2.2 Pensions Committee is responsible for the implementation and regular monitoring of its treasury management policies and practices and will delegate execution and administration of treasury management decisions to the Director of Pensions who will act in accordance with this policy statement, TMPs and CIPFA's Standard of Professional Practice on Treasury Management.

2.3 The IMWP is responsible for ensuring effective scrutiny of the treasury management strategy, policies and performance.

3 DEFINITION

3.1 Treasury management activities are defined as: the management of the Fund's cash flows, its banking, money market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks.

3.2 The Fund regards the successful identification, monitoring and control of risk to be the prime criteria by which the effectiveness of its treasury management activities will be measured. Accordingly, the analysis and reporting of treasury management activities will focus on the risk implications for the Fund.

3.3 The Fund acknowledges that effective treasury management will provide support towards the achievement of its business and service objectives. It is therefore committed to the principles of achieving best value in treasury management and to employing suitable performance measurement techniques within the context of effective risk management.

TREASURY MANAGEMENT PRACTICES (TMPs)

4 TMP 1 RISK MANAGEMENT

4.1 The Fund regards a key objective of its treasury management activities to be the security of the principals sums it invests. Accordingly, it will ensure that robust due diligence procedures cover all external investments.

4.2 The Director of Pensions will design, implement and monitor all arrangements for the identification, management and control of treasury management risk and will report annually on the adequacy/suitability thereof, and will report, as a matter of urgency, the circumstances of any actual or likely difficulty in achieving the Fund's objectives.

4.3 The Fund will ensure that its counterparty lists and limits reflect a prudent attitude towards organisations with whom funds may be deposited, and will limit its investment activities to the instruments, methods and techniques referred to in TMP 4 and listed in the schedule (4.1, 4.2) to this document. It also recognises the need to have, and will therefore maintain, a formal counterparty policy in respect of those organisations with whom it may enter into financing arrangements.

4.4 The Fund will ensure that it has adequate though not excessive cash resources to enable it at all times to have the level of funds available to it, which are necessary for the achievement of its business objectives.

4.5 The Fund will manage its exposure to interest rates with a view to securing its interest revenue as far as is possible within cash flow constraints and by the prudent use of permissible instruments.

4.6 The Fund will achieve these objectives by the prudent use of its approved investment instruments, methods and techniques, primarily to create stability and certainty of costs and revenues, but at the same time retaining a sufficient degree of flexibility to take advantage of unexpected, potentially advantageous changes in the level and structure of interest rates. The above are subject at all times to the consideration and, if required, approval of any policy or budgetary implications.

4.7 It will manage its exposure to fluctuations in exchange rates so as to minimise any detrimental impact.

4.8 The Fund will keep under review the sensitivity of its treasury activities to inflation and will seek to manage the risk accordingly in the context of the whole Fund's inflation exposures.

4.9 The Fund will ensure that all of its treasury management activities comply with its statutory powers and regulatory requirements. It will demonstrate such compliance, if required to do so, to all parties with whom it deals in such activities. In framing its counterparty list, it will ensure that there is evidence of counterparties' powers, authority and compliance in respect of the transactions they may effect with the organisation, particularly with regard to duty of care and fees charged.

4.10 The Fund recognises that future legislative or regulatory changes may impact on its treasury management activities and so far as it is reasonably able to do so will seek to minimise the risk of these impacting adversely on the organisation.

4.11 The Fund will ensure that it has identified the circumstances, which may expose it to the risk of loss through fraud, error, corruption or other eventualities in its treasury management dealings. Accordingly, it will employ suitable systems and procedures, and will maintain effective contingency management arrangements, to these ends.

4.12 The Fund will seek to ensure that its stated treasury management policies and objectives will not be compromised by adverse market fluctuations in the value of the principal sums it invests and will accordingly seek to protect itself from the effects of such fluctuations.

5 TMP 2 Performance Measurement

5.1 The Fund is committed to the pursuit of value for money in its treasury management activities. Accordingly, the treasury management will be the subject of ongoing analysis of the value it adds. It will be the subject of regular examinations of alternative methods of service delivery and the scope for other potential improvements. The performance of the treasury management function will be measured using the criteria set out in the schedule (2.1) to this document.

6 TMP 3 Decision Making and analysis

6.1 The Fund will maintain full records of its treasury management decisions, and of the processes and practices applied in reaching these decisions, both for the purposes of learning from the past, and for demonstrating that reasonable steps were taken to ensure that issues relevant to those decisions were taken into account at the time. The issues to be addressed and processes and practices to be pursued in reaching decisions are detailed in the schedule (3.1, 3.2, 3.3, 3.4) to this document.

7 TMP 4 Approved Instruments, methods and techniques

7.1 The Fund will undertake its treasury management activities by employing only those instruments, methods and techniques detailed in the schedule (4.1, 4.2) to this document.

8 TMP 5 Organisation, clarity and segregation of responsibilities, and dealing arrangements

8.1 The Fund considers it essential for the purposes of effective control and monitoring of its treasury management activities, for the reduction of the risk of fraud or error, and for the pursuit of optimum performance, that these activities are structured and managed in a fully integrated manner and that there is at all times clarity of treasury management responsibilities.

8.2 The principle on which this will be based is a clear distinction between those charged with setting treasury management policies and those charged with implementing and controlling these policies, particularly with regard to the execution and transmission of funds, the recording and administering of treasury management decisions, and the audit and review of the treasury management function.

8.3 If and when the Fund intends, as a result of a lack of resources or other circumstances to depart from these principles, the “responsible officer” will ensure that the reasons are properly reported, and the implications properly considered and evaluated.

8.4 The Director of Pensions is the responsible officer. The responsible officer shall ensure that there are clear written statements of the responsibilities for each post engaged in treasury management and the arrangements for absence cover. The responsible officer will also ensure that at all times those engaged in treasury management will follow the policies and procedures set out. The present arrangements are detailed in the schedule 5 to this document.

8.5 The responsible officer will ensure there is proper documentation for all deals and transactions, and that procedures exist for the effective transmission of funds.

8.6 The delegations to the responsible officer in respect of treasury management are set out in the schedule (5) to this document. The responsible officer will fulfil all such responsibilities in accordance with this policy statement and TMPs and the CIPFA Standard of Professional Practice on Treasury Management.

9 TMP 6 Reporting Requirements and Management Information Requirements

9.1 The Fund will ensure that regular reports are prepared and considered on the implementation of its treasury management policies; on the effects of decisions taken and transactions executed in pursuit of these policies; on the implications of changes, particularly budgetary, resulting from regulatory, economic, market or other factors affecting its treasury management activities; and on the performance of the treasury management function.

9.2 Pensions Committee will receive an annual report on the strategy and plan to be pursued in the coming year.

9.3 An annual report on the performance of the treasury management function, on the effects of the decisions taken and the transactions executed in the past year, and on any circumstances of non-compliance with the Fund's treasury management policy statement and TMPs, will be received by the Pensions Committee.

9.4 The Fund Operating Group (FOG) will receive interim reports on treasury management, with significant issues reported to IMWP.

10 TMP 7 Budgeting, accounting and audit arrangements

10.1 The budget for the treasury management function will be included as part of the budget for the Fund which is submitted to Pensions Committee on an annual basis.

10.2 The Fund will account for its treasury management activities, for decisions made and transactions executed, in accordance with appropriate accounting practices and standards, and with statutory and regulatory requirements in force for the time being.

11 TMP 8 Cash and cash flow management

11.1 All monies in the hands of the Fund will be under the control of the Director of Pensions and will be aggregated for cash flow and investment purposes. Cash flow projections will be prepared on a regular and timely basis, and the responsible officer will ensure that these are adequate for the purposes of monitoring compliance with liquidity risk management. The present arrangements for preparing cash flow projections are set out in the schedule (8.1, 8.2) to this document.

12 TMP 9 Money Laundering

12.1 The Fund is alert to the possibility that it may become subject of an attempt to involve it in a transaction involving the laundering of money. Accordingly, it will maintain procedures for verifying and recording the identity of Counterparties and reporting suspicions and will ensure that staff involved in this are properly trained.

13 TMP 10 Training and Qualifications

13.1 The Fund recognises the importance of ensuring that all staff involved in the treasury management function are fully equipped to undertake the duties and responsibilities allocated to them. It will therefore seek to appoint individuals who are both capable and experienced and will provide training for staff to enable them to acquire and maintain an appropriate level of expertise, knowledge and skills. The responsible officer shall recommend and implement the necessary arrangements. The present arrangements are set out in the schedule (5.6) to this document.

13.2 The responsible officer shall ensure that Pension Committee Members tasked with Pension Fund responsibilities, including those responsible for scrutiny, have access to training relevant to their needs and responsibilities.

14 TMP 11 Use of external service providers

14.1 The Fund recognises that responsibility for treasury management decisions remains with the Fund at all times. The Fund recognises there may be potential value of employing external providers of treasury management services, in order to acquire access to specialist skills and resources. When it employs such service providers, it will ensure it does so for reasons, which will have been subjected to a full evaluation of the costs and benefits. It will also ensure that the terms of their appointment and the methods by which their value will be assessed are properly agreed and documented and subjected to regular review.

14.2 The Fund will ensure, where feasible and necessary that a spread of service providers is used, to avoid over reliance on one or a small number of companies. Where services are subject to formal tender or re-tender arrangements, legislative requirements will always be observed. The monitoring of such arrangement's rests with the Director of Pensions. Details of the current arrangements are set out in the schedule (9.1, 9.2) to this document.

15 TMP 12 Corporate Governance

15.1 The Fund is committed to the pursuit of proper corporate governance throughout its businesses and services, and to establishing the principles and practices by which this can be achieved. Accordingly, the treasury management function and its activities will be undertaken with openness and transparency, honesty, integrity and accountability.

15.2 The Fund has adopted and has implemented the key principles of the Code. This, together with the other arrangements detailed in the schedule to this document, are considered vital to the achievement of proper corporate governance in treasury management and the responsible officer shall monitor and, if and when necessary, report upon the effectiveness of these arrangements.

MERSEYSIDE PENSION FUND:

SCHEDULE TO TREASURY MANAGEMENT POLICY

SCHEDULE 1:
RISK MANAGEMENT

1.1 The Fund has the following range of approved maximum limits for counterparties subject to meeting the high credit criteria determined by the Fund

CATEGORY	LIMIT Per Institution/Group
Fund's Bank	£50m
Approved Bank	£20m
Approved Building Societies	£15m
All Local Authorities	£20m
Money Market Funds	£30m
Fund's Custodian (Money Market Fund) (Internal and External Managers guideline)	£100m*

**All funds deposited with the Custodian do not form part of the Treasury Management team's decision-making, some funds represent cash with fund managers awaiting investment or cash collateral. Cash left by internal and external managers is subject to their market calls. Subject to the restrictions within their individual Investment Management Agreements, the aggregate of their deposits could potentially exceed the £100m guideline in certain situations. The cash with the custodian is held within a money market fund and the risk of default is diversified across a wide number of names.*

At the time of placing a deposit, a maximum country limit of 10% of the cash portfolio in any single jurisdiction outside the UK will be maintained.

1.2 Under exceptional circumstances e.g. transitional arrangements on appointment of new Investment Managers, these limits may be exceeded for a limited period with the prior written approval of the Director of Pensions and Fund Operating Group (FOG). Such instances will be reported to Pensions Committee as part of the Treasury Management Annual Report.

1.3 The Fund and the administering Authority (Wirral Council) and its advisors, Arlingclose Ltd, select financial institutions after analysis and ongoing monitoring of:

- Published credit ratings for financial institutions (minimum long term rating of A- or equivalent for counterparties; AA+ or equivalent for non-UK sovereigns

- Credit Default Swaps (where quoted)
- Economic fundamentals (for example Net Debt as a percentage of GDP)
- Sovereign support mechanisms
- Share Prices
- Corporate developments, news, articles, markets sentiment and momentum
- Subjective overlay – or, put more simply, common sense.
- Any institution can be suspended or removed should any of the factors identified above give rise to concern.

1.4 It remains the Fund's policy to make exceptions to counterparty policy established around credit ratings, but this is conditional and directional. What this means is that an institution that meets criteria may be suspended, but institutions not meeting criteria will not be added.

1.5 The Fund is in a position to use a wide range of research from its investment activities to support this and achieve the aim set on the CIPFA guidance to place a greater emphasis on acceptable credit quality rather than purely credit ratings for counterparts.

1.6 The Fund requires liquid resources to meet pension payments, investment commitments and administrative expenses. The cash flows from realisation and purchase of investments can be large and concentrated and the Fund needs to maintain facilities and resources to meet these. On days when there is a significant transition of assets between asset managers, appropriate arrangements are made with the Fund's bankers regarding the timings of the receipt and payments of cash flows (day light exposure).

1.7 The Fund's cash flows for dealing with members is negative with outflows to pensioners more than income from contributions. In an environment where a significant proportion of investment income is directly re-invested, the levels of liquid resources held need to be adequate and daily cashflows and regular reporting is essential.

1.8 It will manage its exposure to fluctuations in exchange rates. In general, the Fund will only hold foreign currencies to fund pending investment transactions thus limiting the exposure of treasury management activities to fluctuations in exchange rates so as to minimise any detrimental impact.

SCHEDULE 2:
PERFORMANCE MEASUREMENT

2.1 The performance of the Fund's investments is independently measured by Northern Trust. The performance of cash is included as part of this process and is benchmarked against an appropriate inter-bank rate. This performance measurement is subject to scrutiny by Pensions Committee and IMWP.

2.2 The costs of investment management generally including treasury management expenses are separately accounted for in the Annual Statement of Accounts. Comparisons are made between internal and external fund management costs.

SCHEDULE 3:
DECISION MAKING AND ANALYSIS

3.1 Decision-making is delegated as indicated in the management arrangements set out in schedule 5. Day to day decisions are constrained by the risk controls set out in the other schedules such as approved instruments and counterparties etc.

3.2 Tactical decision making by officers will seek to use information from brokers to meet cash flows whilst gaining maximum return within risk constraints. Officers will have access to up to date market information.

3.3 Strategic decision making by officers and members will seek to set in place a plan that meets the needs of the Pension Fund in relation to its overall investment plan. The external advisers to the Fund (actuary and independent advisers) will help to ensure that decisions are well informed.

3.4 A risk assessment form will be completed for each treasury management transaction (excluding cash at bank), detailing the circumstances at the time the decision is made and providing evidence of the issues considered.

SCHEDULE 4:
APPROVED INSTRUMENTS, METHODS AND TECHNIQUES

4.1 The Fund will use the following instruments for its internally managed treasury management activities. The Fund does not use derivatives for risk control associated with the treasury management function but may hold derivatives for risk control within the overall portfolio and as investments (these may be held by internal and external managers)

- AAA rated money market funds
- Call funds (instant access deposits)
- Fixed term deposits with counterparties
- Forward Fixed term deposits with counterparties
- Structured Fixed term deposits with counterparties (See Note 1)
- Cash at bank (Lloyds and Northern Trust)

Note 1: these are effectively deposits which give MPF or deposit taker the option to cancel agreement or renegotiate duration/interest rate of the deposit at fixed periods agreed at commencement of the deposit. These products allow the internal team the opportunity to gain additional yield if their view on interest rates is correct, as the counterparty will have a contrarian view on either the direction or speed of interest rate changes.

4.2 The Fund will permit external fund managers to use all instruments permitted under the Investment Manager Agreement.

SCHEDULE 5:
ORGANISATION, CLARITY AND SEGREGATION OF RESPONSIBILITIES, AND DEALING ARRANGEMENTS

5.1 The structure for the treasury management functions is as follows:

Pensions Committee
Oversees all aspects of Merseyside Pension Fund on behalf of Wirral Council and the other admitted bodies. Reviews investment strategy and overall administration of the Fund.

Investment Monitoring Working Party (IMWP)
Makes recommendations to Pensions Committee following consultation with in-house managers and external advisers.

Director of Pensions
Responsibilities as set out in twelve Treasury Management Practices.

Fund Operating Group (FOG)
Includes reviewing the day to day operation of the investments and accountancy function.

Head of Finance & Risk
Responsible for team that undertakes treasury management activities.

5.2 The day to day transactions for treasury management are executed by the treasury management team overseen by the Fund Accountant(s).

5.3 The transmission of funds is carried out by the settlements team through electronic banking system and the recording of transactions is monitored by the Senior Fund Accountant ensuring an adequate separation of duties in the system.

5.4 The physical authorisation of the release of payments from the bank account is made by the Fund's authorised signatories as approved by Pensions Committee.

5.5 There are sufficient staff employed in the process to cover absences and maintain a separation of duties; the duties of staff are outlined in their job descriptions.

5.6 Staff currently involved in the system have an adequate level of relevant qualifications. Further training, as required, is made available as part of ongoing staff development:

Director of Pensions FCSI, ACIB
Head of Finance & Risk CPFA
Senior Fund Accountant CIMA
Fund Accountant (Compliance) AAT
Settlements Officer AAT

Valuations Officer AAT
Investment Officer (this post is currently vacant)

5.7 Dealing arrangements will be detailed within application forms (where applicable) and approved by an authorised signatory.

5.8 The Fund's policy is not to tape treasury management conversations, although faxed or emailed confirmation is required of the deal from the broker or directly from the counterparty (if non-standard) before the payment is released.

5.9 Treasury management facilities are set up with the approval of at least one of the Fund's authorised signatories.

5.10 Treasury management facilities provided on the internet will be agreed with the Director of Pensions and will be scrutinised by the Compliance Section to ensure all necessary controls are in place.

SCHEDULE 6:
REPORTING REQUIREMENTS AND MANAGEMENT INFORMATION ARRANGEMENTS

6.1 The Fund will ensure that regular reports are prepared and considered on the implementation of its treasury management policies; on the effects of decisions taken and transactions executed in pursuit of these policies; on the implications of changes, including budgetary, resulting from regulatory, economic, market or other factors affecting its treasury management activities; and on the performance of the treasury management function.

6.2 Pensions Committee will receive an annual report on the strategy and plan to be pursued in the coming year.

6.3 An annual report on the performance of the treasury management function, on the effects of the decisions taken and the transactions executed in the past year, and on any circumstances of non-compliance with the Fund's treasury management policy statement and TMPs, will be received by the Pensions Committee.

6.4 The Fund Operating Group will receive interim reports on treasury management, with significant issues reported to IMWP.

SCHEDULE 7:
BUDGETING, ACCOUNTING AND AUDIT ARRANGEMENTS

7.1 The Fund will ensure that its auditors and those charged with regulatory review have access to all information and papers supporting the activities of the treasury management function as are necessary for the proper fulfillment of their roles, and that such information and papers demonstrate compliance with external and internal policies and approved practices. The information made available under present arrangements is detailed in the schedule (10.1) to this document.

SCHEDULE 8:
CASH FLOW

8.1 Given the unpredictable nature of cash flows in investment management and in the payment of lump sum benefits, the Fund is not able to forecast cash flows precisely. The Fund has designed its cash portfolio to meet the principal material predictable cash flows i.e. pension pay days and retains a sufficient level of liquidity to cover other calls on cash.

8.2 The investments office maintains cash flow statements on a monthly basis updated daily for predictable cash flows and uses this as a tool to assist the treasury management function.

SCHEDULE 9:
USE OF EXTERNAL PROVIDERS

9.1 The main providers of services to the Fund are money market brokers. As the Fund does not borrow funds it does not pay commission to the brokers. The performance of brokers is under regular review by staff.

9.2 The Fund's main clearing bank contract is the subject of regular tendering exercises.

9.3 The Fund's Custodian contract is subject of regular tendering exercises.

SCHEDULE 10:
CORPORATE GOVERNANCE AUDIT AND COMPLIANCE

10.1 The Fund is administered by Wirral Council and is subject to its corporate governance arrangements including regular internal audit and annual external audit. The treasury management function is examined by both of these audits regularly as a high priority area. Officers shall ensure that all documentation listed below is made available to auditors:

- Internal policies
- Internal records of deals
- Counterparty confirmations

WIRRAL COUNCIL

PENSION BOARD

31 March 2021

REPORT TITLE:	**TASKFORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURE (TCFD) REPORTING**
REPORT OF:	**DIRECTOR OF PENSIONS**

REPORT SUMMARY

The purpose of this report is to provide Board members with information on the Fund's current arrangements in relation to Taskforce on Climate-related Financial Disclosure (TCFD) requirements.

RECOMMENDATION/S

That Members note the report.

SUPPORTING INFORMATION

1.0 REASON/S FOR RECOMMENDATION

1.1 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.

2.0 OTHER OPTIONS CONSIDERED

2.1 No other options have been considered.

3.0 BACKGROUND INFORMATION

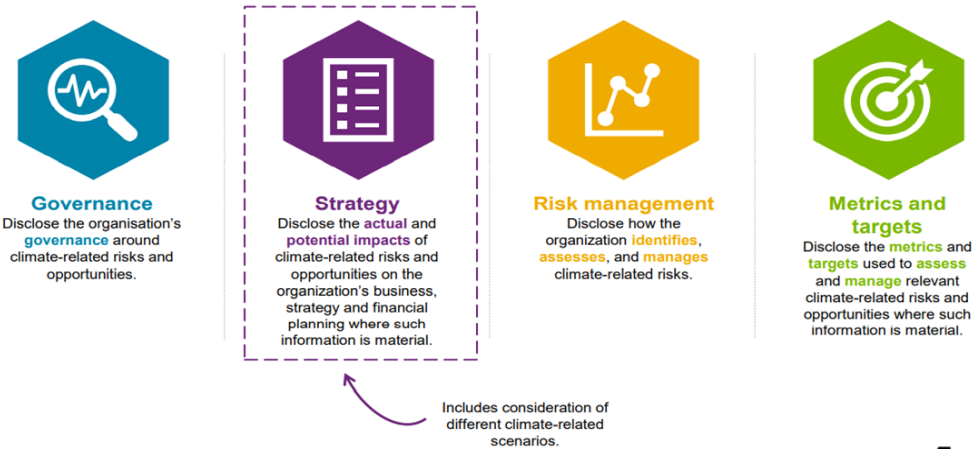
3.1 Members will be aware from the report to this Committee in November 2020 that the Fund has been actively developing its approach to the management of climate risk and a number of actions have been taken and implemented over the past five years.

3.2 One of the provisions in the recently enacted UK Pensions Schemes Act 2021 was requirement for 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). This applies only to pension funds in the private sector. It is expected that MHCLG will consult on TCFD for the LGPS in the summer of 2021 with reporting required in annual reports from March 2023.

3.3 Addressing the systemic challenges of climate risk has been at the forefront of the Fund's responsible investment work. The Financial Stability Board's (FSB) Taskforce on Climate-related Financial Disclosure (TCFD) provides a global framework to translate non-financial information into financial metrics. The Fund has included a TCFD statement in its previous two annual reports.

3.4 The TCFD has structured its recommendations around four pillars:



3.5 Some of the priority actions suggested for asset owners in the near term include:

Governance: review governance arrangements to ensure there is effective board level oversight and internal management processes are in place to effectively manage the climate-related risks and opportunities.

Strategy: begin the process of analysing portfolio resilience to climate-related scenarios, including 2 degree of less outcome.

Risk management: assess the potential financial materiality of climate-related risks on the investment portfolio and evaluate the actions that need to be taken to mitigate these risks, as well as capturing new opportunities.

Metrics: measure GHG emissions where data are available or can be reasonably estimated, for each fund or investment strategy.

Engagement: engage with companies and external fund managers, to encourage greater transparency and alignment with the TCFD recommendations.

Disclose: publicly disclose all of the above actions and outcomes in annual reports and the climate risk in PRI's reporting framework.

3.6 The appendix to this report provides an extract from the Fund's annual report in relation to TCFD reporting. It is anticipated that mandatory reporting requirements will be more stringent.

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 undertaken or proposed for this report. There are no implications for partner organisations arising from this report.

9.0 EQUALITY IMPLICATIONS

9.1 There are no equality implications arising from this report.

10.0 ENVIRONMENT AND CLIMATE IMPLICATIONS

10.1 There are none arising from this report.

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APPENDICES

Appendix 1 – extract from 19/20 annual report.

BACKGROUND PAPERS

None.

SUBJECT HISTORY (last 3 years)

Council Meeting	Date

Merseyside Pension Fund - TCFD Statement as at 31 March 2020

Governance

The Pensions Committee (as the Fund's governing body) has mandated that MPF's investment strategy be brought into line with the goals of the 2015 Paris Climate Accord. It has delegated authority to the Director of Pensions to develop and implement the climate risk strategy (as informed by relevant guidance especially from partner organisations such as IIGCC, PRI and the LAPFF) and receives regular reports on progress.

Strategy

MPF's strategy is based on the view that climate change is a systemic risk and thus, a material long-term financial risk for any investor that must meet long-term obligations. The Fund has completed work on reviewing its investment beliefs and strategic framework (including asset allocation policy) to ensure that climate risk considerations are appropriately integrated.

Climate scenario analysis was undertaken by Aon (the Fund's strategic adviser) to model the resilience of MPF's investment strategy in four scenarios, as described in Aon's Climate Change Challenges paper. Under Aon's No Mitigation scenario (+4 degrees of warming), the severity of the risk was starkly illustrated:

- in 20 years, MPF's assets could be worth £9.5 billion less than assumed in the base case, equivalent to 26 years of projected 2020 pensioner out-go;
- 6% p.a. under-performance of the equity portfolio relative to the base case equity return over 20 years, equivalent to a 3.7% p.a. hit to overall expected returns over 20 years.

Risk Management

MPF acknowledges the description of climate risk provided by TCFD, as comprising transition and physical risks. The focus of risk management activity has been primarily on the mitigation of transition risk via ongoing decarbonisation efforts.

Targets and Metrics

Analysis of the equity portfolio, undertaken as at 31 December 2019, showed moderate carbon risk exposure measured at 6.8% lower than the portfolio's strategic benchmark (Scope 1 & 2 emissions):

Portfolio carbon foot-print - 172.0 tonnes of CO2E/$M sales

Benchmark carbon foot-print - 184.5 tonnes of CO2E/$M sales

Source: Aon/MSCI

The Fund will continue to allocate to the low carbon economy through the unlisted, illiquid segment of its strategic benchmark: primarily, via the allocation to infrastructure where renewable energy and other low carbon aligned areas offer significant opportunity. The allocation to infrastructure is set to increase significantly (from 7 to 11% approx.) as part of the Fund's revised strategic asset allocation.

Climate stewardship
As active members of the global Climate Action 100+ initiative, MPF has been supporting a number of prominent engagements with 'high carbon' companies with the objective of driving strategic change in these businesses to align them with the goals of the Paris Agreement. In addition to this, MPF was a co-filer of a climate resolution at a leading European bank's AGM that called for its lending practices to be brought into line with a net zero carbon pathway and increase the pace at which the financing of future carbon emissions will come to an end.

WIRRAL

LOCAL PENSIONS BOARD

Wednesday, 31 March 2021

REPORT TITLE:	**MEMBERS' LEARNING & DEVELOPMENT 2021**
REPORT OF:	**DIRECTORS OF PENSIONS**

REPORT SUMMARY

The purpose of this report is to provide Members with an outline of the potential opportunities for learning & development in 2021.

RECOMMENDATION/S

That Members note and approve the proposed learning and development plan for 2021.

SUPPORTING INFORMATION

1.0 REASON/S FOR RECOMMENDATION

1.1 The requirement for good governance in the LGPS to be underpinned by informed decision-making, combined with the increasing complexity of financial markets and investment strategies, makes ongoing learning and development an essential element of Members' responsibilities.

2.0 OTHER OPTIONS CONSIDERED

2.1 Not relevant for this report.

3.0 BACKGROUND INFORMATION

3.1 In recent years there has been a marked increase in the scrutiny of public service pension schemes, including the 100 regional funds that make up the LGPS across the UK. The Public Service Pensions Act 2013 introduced new governance legislation, including the requirement for Local Pension Boards to be set up and extended the remit of the Pensions Regulator to public service schemes as set out in its Code of Practice 14. Additionally, the Ministry of Housing, Communities and Local Government ("MHCLG") in England & Wales and the Scheme Advisory Board have emphasised the need for the highest standards of governance in the LGPS. This includes ensuring that all involved in the governance of public sector funds can evidence they have the knowledge, skills and commitment to carry out their role

effectively. The requirement for strong governance has led to vigorous scrutiny by The Pension Regulator and the current SAB review of governance.

3.2 The introduction of Markets In Financial Instruments Directive II (MIFID II) in January 2018 required Committee members to evidence their knowledge in order to be treated as professional investors. Also, in late 2019 the Scheme Advisory Board for England and Wales began a review of governance arrangements for LGPS funds. This project – termed 'Good Governance' – addressed stakeholder knowledge and skills. A clear recommendation of the Good Governance project is that the knowledge levels already statutorily required of Board members should also be required of Committee members. These recent events have reaffirmed that LGPS funds should evidence the training provided and current knowledge and understanding levels retained within their Committee and Board.

3.3 While fund officers may deal with the day-to-day running of the funds, members of the Committee play a vital role in the scheme, and to exercise their roles effectively must be able to address all relevant topics including investment matters, issues concerning funding, pension administration and governance.

3.4 The CIPFA Pensions Panel has developed a technical knowledge and skills framework for the Local Government Pension Scheme. The framework was adopted by Pensions Committee in 2010 as demonstrating best practice and enables the Fund to determine that it has the appropriate mix of knowledge and skills necessary to discharge its governance requirements. It also assists Members in planning their training and development needs.

3.5 It is a statutory requirement that the Fund's annual report includes detailed information on training events offered and attended by elected members. A register of Members' attendance at training and development events is kept and reviewed annually by the Governance & Risk Working Party.

3.6 An outline training programme is attached as an appendix to this report. In light of the restrictions arising from Covid, it is anticipated that most, if not all, of the events will be virtual. As and when in person events recommence or officers become aware of other appropriate events, Committee members will be advised.

3.7 On occasion, formal training sessions are included in Investment Monitoring Working Parties. However, presentations by external professional organisations and the deliberative nature of all the working parties mean that attendance is regarded as an important element of Member development.

3.8 The Local Government Pensions Committee-organised 'Fundamentals' course is considered essential for all members to complete. It provides a comprehensive overview of the LGPS and the 'trustee' role carried out by those serving on a pension committee/panel. The course takes place over three days (during October – December), on multiple dates and in multiple 'virtual' locations. While considered essential for new members, longer serving members of Pensions Committee may also wish to avail themselves of the course.

4.0 FINANCIAL IMPLICATIONS

4.1 Provision for Member learning and development is included in the Fund's annual operating budget.

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 Failure to maintain an appropriate level of knowledge and skills, commensurate with that thought appropriate for those acting in a trustee-like role in the LGPS, may impair effective decision-making. Suitable and effective training and development activity should assist in mitigating this risk.

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 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.

There is no relevance to equality.

10.0 ENVIRONMENT AND CLIMATE IMPLICATIONS

10.1 There are none arising from this report.

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

APPENDICES

Appendix 1- Learning & Development Programme

BACKGROUND PAPERS

None.

SUBJECT HISTORY (last 3 years)

Council Meeting	Date
Pensions Committee	**February 2020**
Pensions Committee	**January 2019**
Pensions Committee	**January 2018**

APPENDIX 1

MONTH (2021)	**EVENT**
26 January	LGA - LGPS Update event Online
18 - 19 March	LGC Investment Seminar, Online
23 February	Investment Monitoring Working Party Online
9 - 11 March	PLSA Investment Conference, Online
18 - 19 May	PLSA Local Authority Conference, Online
29 June	Investment Monitoring Working Party Online
30 June – 1 July	PLSA ESG Conference, Online (NEW)
9 - 10 September	LGC Investment & Pensions Summit, Leeds
15 September	Investment Monitoring Working Party Online
12-14 October	PLSA Annual Conference, Online
16 November	Investment Monitoring Working Party Online
November	Annual Employers Conference, tbc
October – December	LGA - Fundamentals training days; multiple dates & locations tbc
December	LAPFF Annual Conference, Bournemouth (tbc)

**Reflects previous attendance*

APPENDIX 2

EVENT	LGC Investment Seminar CONVERTING 2020 VISION INTO A SUCCESSFUL INVESTMENT STRATEGY
SUMMARY	The market value of the Local Government Pension Scheme funds in England and Wales at the end of March 2019 was £287.2 billion, an increase of £16.3 billion or 6%. The most recent valuation results are showing that overall the funding levels have improved again. Nevertheless, employers face funding pressures and considerable financial uncertainties, so can these improvements be protected and maintained? Attend the LGC Investment seminar to better understand these issues and gain insight on how to address this major issue. https://investmentseminar.lgcplus.com/sites/investmentseminar.lgcplus.com /files/LGC%20Investment%20Seminar%202020%20-%20brochure.pdf
VENUE	Chester
DATE(S)	27-28 February 2020
COST	£569+VAT
EVENT	PLSA Local Authority Conference
SUMMARY	The PLSA Local Authority Conference is a must attend event for anyone involved in the Local Government Pension Scheme (LGPS) – a residential conference that includes keynote speeches, stream sessions, a Learning Zone, a specialist session, an exclusive exhibition, networking lunch for Local Pension Boards, Welcome Drinks Reception and a Conference Dinner. The event is the largest of its kind dedicated to the LGPS, attended by over 400 local authority officers, councillors, members of Local Pension Boards, admitted bodies and their advisers. https://www.plsa.co.uk/Events-Local-Authority-Conference
VENUE	Gloucestershire
DATE(S)	18-20 May 2020
COST	£420+VAT

WIRRAL

LOCAL PENSIONS BOARD

Wednesday, 31 March 2021

REPORT TITLE:	**CEM BENCHMARKING REPORT**
REPORT OF:	**DIRECTOR OF PENSIONS**

REPORT SUMMARY

MPF is a founder member of a group of LGPS Funds who have supported the expansion of CEM Benchmarking services from the investment arena into the pension administration functions.

The outcomes of the benchmarking exercise undertaken for the year ending March 2020 is summarised in the attached Appendix, and John Simmonds, Principal of CEM Benchmarking UK will attend the meeting to provide a brief presentation and respond to questions.

RECOMMENDATION/S

That Board Members note the report.

SUPPORTING INFORMATION

1.0 REASON/S FOR RECOMMENDATION

1.1 Undertaking external assessment is vital to help drive service improvement and assess value for money. The aim is to provide independent assurance on the service the Fund provides by measuring a range of functions and comparing performance to similar organisations and best practice standards; to identify areas of strength and those areas that would benefit from review and improvement.

2.0 OTHER OPTIONS CONSIDERED

2.1 This is a unique service. No other comparable options available.

3.0 BACKGROUND INFORMATION

3.1 The benchmarking of LGPS administration services has always been fraught with difficulty due to the subjective nature of some assessments and differences in the way in which services are delivered. Nonetheless, benchmarking can be a value tool in identifying areas of good and poor practice and enabling management to prioritise the allocation of resources.

3.2 CEM is an organisation that benchmarks public and private pension funds internationally and is well-placed to provide rigour and context to the benchmarking of pensions administration services.

Key Observations

3.3 The Fund's peer group for CEM benchmarking comprised 14 Pension Schemes and was selected based on scheme size and membership mix, all of which are administered in house. The peer group consists of 8 large local government pension funds, and a selection of larger UK private sector defined benefit schemes.

3.4 The benchmarking report compares headline costs and the levels of service provided, but also takes a broader look at how services are delivered and provide a measure of value added. Overall and in general, key drivers of lower cost include third party fees, spending less per member on IT and direct cost such as accommodation.

3.5 Benchmarking a service on cost in isolation provides very limited insight, and further context is required to enable a measure for value for money. CEM measures Funds on "member service" which is defined from a member's perspective; with a higher scoring for service based on the provision of more communication channels, faster turnaround times, and more availability of tools and choice.

3.6 Overall, the Fund's member service score was in-line with the peer median and showed an increase from 2018/19. The Fund saw an improvement and scored higher than its peers in the following areas.

- A higher volume of face-to-face support to members via the counter service.
- Direct access to knowledgeable administrators when telephoning with no menu layers or redirection by a contact centre operator.
- Provision of detailed bespoke information in response to member telephone enquiries
- The average turnaround times on common tasks were generally faster.

Conclusion

3.7 The benchmarking exercise demonstrates that the Fund continues to provide a value for money service within pension administration, with improvements in service standards over the last year. Work continues to develop services to deliver an efficient administration function and responding to increasing demands for services.

4.0 FINANCIAL IMPLICATIONS

4.1 MPF has collaborated with other LGPS funds to develop this benchmarking service at a standard cost.

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 There are none arising directly from this report.

8.0 ENGAGEMENT/CONSULTATION

8.1 Not applicable.

9.0 EQUALITY IMPLICATIONS

9.1 There are none arising directly from this report.

10.0 ENVIRONMENT AND CLIMATE IMPLICATIONS

10.1 There are none arising from this report.

REPORT AUTHOR: **Yvonne Murphy**
Head of Pensions Administration
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email yvonnemurphy@wirral.gov.uk

APPENDICES

CEM Report on Merseyside Pension Administration Benchmarking Results

BACKGROUND PAPERS

SUBJECT HISTORY (last 3 years)

Council Meeting	Date

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WIRRAL

LOCAL PENSIONS BOARD

Wednesday, 31 March 2021

REPORT TITLE:	**MINUTES OF WORKING PARTY MEETINGS**
REPORT OF:	**DIRECTOR OF PENSIONS**

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

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 undertaken or proposed 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.

There are no equality implications arising from this report."

10.0 ENVIRONMENT AND CLIMATE IMPLICATIONS

10.1 There are none arising from this report.

REPORT AUTHOR: **Peter Wallach**
Director of Pensions
telephone (0151) 242 1309
email @wirral.gov.uk

APPENDICES

Appendix 1 Working Party minutes

BACKGROUND PAPERS

None.

SUBJECT HISTORY (last 3 years)

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

WIRRAL

LOCAL PENSIONS BOARD

Wednesday, 31 March 2021

REPORT TITLE:	**NON RECOVERY OF PENSION PAYMENTS**
REPORT OF:	**DIRECTOR OF PENSIONS**

REPORT SUMMARY

The purpose of this report is to provide Members with a copy of the report taken to Pensions Committee earlier this month.

Appendix 2 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 Board Members note the report.

SUPPORTING INFORMATION

1.0 REASON/S FOR RECOMMENDATION

1.1 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.

2.0 OTHER OPTIONS CONSIDERED

2.1 No other options have been considered.

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.

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 There are no equality implications arising from this report.

10.0 ENVIRONMENT AND CLIMATE IMPLICATIONS

10.1 There are none arising from this report.

REPORT AUTHOR: **PETER WALLACH**
DIRECTOR OF PENSIONS
telephone (0151) 242 1309
email peterwallach@wirral.gov.uk

APPENDICES

Appendix 1 & 2 Working Party minutes

BACKGROUND PAPERS

SUBJECT HISTORY (last 3 years)

Council Meeting	Date

WIRRAL COUNCIL

PENSION COMMITTEE

29 MARCH 2021

SUBJECT:	**NON-RECOVERY OF PENSION OVERPAYMENTS**
WARD/S AFFECTED:	**ALL**
REPORT OF:	**DIRECTOR OF PENSIONS**
KEY DECISION?	**NO**

1.0 EXECUTIVE SUMMARY

1.1 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.

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

2.0 BACKGROUND AND KEY ISSUES

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

2.2 Attempts are made to recover overpayments in accordance with an established debt recovery procedure. Each case is considered on an individual basis 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

2.3 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.

2.4 Details of the individual cases of overpayment are provided in the exempt appendix.

2.5 The total annual payroll is circa £288m.

3.0 RELEVANT RISKS

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

4.0 OTHER OPTIONS CONSIDERED

4.1 Not relevant for this report

5.0 CONSULTATION

5.1 Not relevant for this report

6.0 OUTSTANDING PREVIOUSLY APPROVED ACTIONS

6.1 None associated with the subject matter.

7.0 IMPLICATIONS FOR VOLUNTARY, COMMUNITY AND FAITH GROUPS

7.1 There are none arising from this report

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

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

9.0 LEGAL IMPLICATIONS

9.1 There are none arising from this report

10.0 EQUALITIES IMPLICATIONS

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

Not applicable for this report

11.0 CARBON REDUCTION AND ENVIRONMENTAL IMPLICATIONS

11.1 There are none arising from this report

12.0 PLANNING AND COMMUNITY SAFETY IMPLICATIONS

12.1 There are none arising from this report

13.0 RECOMMENDATION/S

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

14.0 REASON/S FOR RECOMMENDATION/S

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

REPORT AUTHOR: Yvonne Murphy
Head of Pension Administration
Telephone: (0151) 242 1333
Email: Yvonnemurphywirral.gov.uk

APPENDICES

Exempt Appendix One

BRIEFING NOTES HISTORY

Briefing Note	Date
NON-RECOVERY OF PENSION OVERPAYMENTS	**29 OCTOBER 2018**

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WIRRAL

LOCAL PENSIONS BOARD

Wednesday, 31 March 2021

REPORT TITLE:	**PROPERTY PORTFOLIO RENT ARREARS**
REPORT OF:	**DIRECTOR OF PENSIONS**

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 There are none arising directly from this report.

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)

Council Meeting	Date
Pensions Committee	3 February 2020
	29 October 2018
	22 January 2018

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WIRRAL COUNCIL

PENSIONS COMMITTEE

29 MARCH 2021

REPORT TITLE:	PROPERTY PORTFOLIO RENT ARREARS
REPORT OF:	DIRECTOR OF PENSIONS

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 There are none arising directly from this report.

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)

Council Meeting	Date
Pensions Committee	**3 February 2020** **29 October 2018** **22 January 2018**

WIRRAL

LOCAL PENSIONS BOARD

Wednesday, 31 March 2021

REPORT TITLE:	**ADMIN KPI REPORT**
REPORT OF:	**DIRECTOR OF PENSIONS**

REPORT SUMMARY

The report provides 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 2020** to **31 December 2020.**

This report contains exempt information. This 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.

RECOMMENDATION/S

That Board members note the report.

SUPPORTING INFORMATION

1.0 REASON/S FOR RECOMMENDATION

1.1 The TPR Code of Practice requires the Pension Board to be supplied with a schedule of relevant KPIs to monitor the effectiveness and efficiency of the Fund's administration and internal controls.

2.0 OTHER OPTIONS CONSIDERED

2.1 Not relevant for this report

3.0 BACKGROUND INFORMATION

3.1 MPF provides a pension administration service to its active, deferred and pensioner membership base in conjunction with its constituent employers. The Administration team comprises three distinct service areas namely Employer Compliance & Membership, Benefits & Payroll and Operations. The functions of each team are measured against performance standards documented within the Pension Administration Strategy.

4.0 FINANCIAL IMPLICATIONS

4.1 There are none arising directly 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 directly 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 There is no relevance to equality.

10.0 ENVIRONMENT AND CLIMATE IMPLICATIONS

10.1 There are none arising from this report.

REPORT AUTHOR: **YVONNE MURPHY**
Head of Pensions Administration
telephone (0151) 242 133
email yvonnemurphy@wirralgov.uk

APPENDICES

Appendix 1

BACKGROUND PAPERS

None.

SUBJECT HISTORY (last 3 years)

Council Meeting	Date

WIRRAL

LOCAL PENSIONS BOARD

Wednesday, 31 March 2021

REPORT TITLE:	**UPDATE ON TAX MANAGEMENT ARRANGEMENTS**
REPORT OF:	**DIRECTOR OF PENSIONS**

REPORT SUMMARY

The purpose of this report is to provide members with an update on the progress made by the Fund in

- Recovering Withholding Tax (WHT) from UK and European tax authorities.
- Reclaiming tax on Manufactured Overseas Dividends (MOD).

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 report.

SUPPORTING INFORMATION

1.0 REASON/S FOR RECOMMENDATION

1.1 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.

2.0 OTHER OPTIONS CONSIDERED

2.1 No other options have been considered.

3.0 BACKGROUND INFORMATION

3.1 In January 2009, the Fund initiated the potential recovery of withholding taxes (WHT) suffered on EU sourced dividend income which was non-recoverable under Double Taxation Agreements pertaining at that time.

3.2 Progress is being made on the MOD claim under a Group Funding Arrangement.

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.

There is no relevance to equality.

10.0 ENVIRONMENT AND CLIMATE IMPLICATIONS

10.1 There are none arising from this report.

REPORT AUTHOR: **Peter Wallach**
Director of Pensions
telephone: 0151 242 1309
email: peterwallach@wirral.gov.uk

APPENDICES

Appendix 1 Tax report

BACKGROUND PAPERS

None.

SUBJECT HISTORY (last 3 years)

Council Meeting	Date
Minutes of all IMWP and GRWP meetings are	

brought to the subsequent Pensions Committee.

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WIRRAL

LOCAL PENSIONS BOARD

Wednesday, 31 March 2021

REPORT TITLE:	**RISK REGISTER**
REPORT OF:	**DIRECTOR OF PENSIONS**

REPORT SUMMARY

This report provides Board members with a copy of the Fund's Risk Register.

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 Board Members note the report.

SUPPORTING INFORMATION

1.0 REASON/S FOR RECOMMENDATION

1.1 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.

2.0 OTHER OPTIONS CONSIDERED

2.1 Not relevant for this report.

3.0 BACKGROUND INFORMATION

3.1 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.

3.2 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.

3.3 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.

3.4 Since the previous report, Risk Factor 30 has been added to the register. No other changes have been made.

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 undertaken or proposed 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.

There are no equality implications arising from this report.

10.0 ENVIRONMENT AND CLIMATE IMPLICATIONS

10.1 There are none arising from the report.

REPORT AUTHOR: **Peter Wallach**
Director of Pensions
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email peterwallach@wirral.gov.uk

APPENDICES

Appendix 1.

BACKGROUND PAPERS

None.

SUBJECT HISTORY (last 3 years)

Council Meeting	Date

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WIRRAL

LOCAL PENSIONS BOARD

Wednesday, 31 March 2021

REPORT TITLE:	**NORTHERN LGPS UPDATE**
REPORT OF:	**DIRECTOR OF PENSIONS**

REPORT SUMMARY

This report provides Board members with an update on pooling arrangements in respect of MPF and the Northern LGPS. Minutes of the previous Joint Committee meeting are appended for noting.

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 report.

SUPPORTING INFORMATION

1.0 REASON/S FOR RECOMMENDATION

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.

2.0 OTHER OPTIONS CONSIDERED

2.1 No other options have been considered.

3.0 BACKGROUND INFORMATION

3.1 Minutes of the previous Northern LGPS Joint Committee meeting are attached at exempt appendix 1.

4.0 FINANCIAL IMPLICATIONS

4.1 There are none arising directly 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 directly from this report.

7.0 RELEVANT RISKS

7.1 Pooling has resulted in fundamental changes to oversight and management of LGPS assets. It is essential that Pensions Committee exercises its governance responsibilities in accordance with the Council's constitution.

8.0 ENGAGEMENT/CONSULTATION

8.1 There are none arising directly 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.

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:	**Peter Wallach**	
	Director of Pensions	
	telephone	(0151) 242 1309
	email	peterwallach@wirral.gov.uk

APPENDICES

Minutes of Joint Committee meetings.

BACKGROUND PAPERS

None.

SUBJECT HISTORY (last 3 years)

Council Meeting	Date
An update report is brought to each subsequent Pension Board	

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of the Local Government Act 1972.

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