

# PENSIONS COMMITTEE

Wednesday, 22 June 2022

Present:

Councillor P Cleary (Chair)

Councillors	C Povall	A Gardner
	G Davies	C Carubia
	H Collinson	Jason Walsh
	B Kenny	C Jones

## 1 WELCOME AND INTRODUCTION

The Chair welcomed everyone and read out the webcasting notice.

## 2 APOLOGIES

Apologies were received from:  
Councillor Jayne Aston, Knowsley Council  
Roger Bannister, Co-opted  
Councillor Michael Bond, St Helens Council  
Councillor Paul Connolly  
Councillor Karl Greaney  
Councillor Pauline Lappin, Sefton Council  
Councillor Joe Walsh

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

The Chair asked Members to declare any interests they had in connection to any items on the agenda. The following interests were declared:

Councillor Helen Collinson	Pecuniary interest by virtue of her being a Deferred Member of Merseyside Pension Fund.
Councillor George Davies	Personal interest as his wife was member of Merseyside Pension Fund.
Councillor Chris Jones	Personal interest as her daughter was a member of Merseyside Pension Fund.
Councillor Andrew Gardener	Pecuniary interest by virtue of being a Member of Merseyside Pension Fund.
Councillor Cherry Povall	Personal interest as daughter a member of the Merseyside Pension Fund.

## 4 MINUTES

**Resolved:**

**That the minutes of the meeting of Pensions Committee on 29 November and 23 February 2022 be agreed as a correct record.**

5 **PUBLIC QUESTIONS**

There were no questions, petitions or statements received.

6 **EXTERNAL AUDIT PLAN MERSEYSIDE PENSION FUND 2021-22**

The External Audit Manager from Grant Thornton presented the annual audit plan. The purpose of the report was to inform Committee Members of the plan for the external audit of the Fund's Statutory financial statements for 2021/22. During the summer Grant Thornton would undertake their audit of the relevant financial activities and provide verification of the Pension Fund's financial statements. The results of this audit will be reported back to the Committee.

Members noted that there was a higher focus on some areas where there was heightened potential for fraud or complexity.

**Resolved –**

**That the external audit plan for 2021/22 as prepared by Grant Thornton be noted.**

7 **STATEMENT OF ACCOUNTS 2021/22 – MANAGEMENT QUESTIONS**

The Director of Pensions presented his report which was to request that Members review and endorse the management responses to questions posed by the Fund's external auditors, Grant Thornton.

Members were pleased to see detail on management controls and oversight of the matters identified in the risk assessment.

**Resolved –**

**That the management responses to questions posed by the Fund's external auditors, Grant Thornton be endorsed.**

8 **LOCAL GOVERNMENT PENSION SCHEME (LGPS) UPDATE**

The Head of Pension Administration for the Merseyside Pension Fund presented the report of the Director of Pensions which provided an overview of proposed changes affecting the future administration and governance of the Local Government Pension Scheme (LGPS). The McCloud judgment was detailed, where the Govt extended protection to all Members who had membership of the final salary scheme prior to 31 March 2012 with the aim to remove discrimination from the reformed schemes. High level analysis identified that 34,000 members of the Merseyside Pension Fund met the criteria to qualify for protection and informed by the actuarial estimate of a 1% cost of total liabilities this equates to around 340 members who would likely receive an additional underpin amount. This is because the Care scheme had a higher accrual rate than the final salary scheme. The potential administration cost of identifying the affected persons was significant and was dependent of the complexity of the final regulations and the system supplier's capacity to deliver bulk calculations.

Members confirmed that new rules allowing members to opt out for a year did break the continuity of their service so that they began as a new member once the opt out

ended, though their deferred benefit would continue to qualify for any protections afforded under the McCloud remedy.

**Resolved –**

**That the upcoming administration and governance changes to the LGPS be noted.**

**9 MERSEYSIDE PENSION FUND BUDGET OUT-TURN 2021/22 AND FINAL BUDGET 2022/23**

The Director of Pensions presented his report which provided the Pension Fund budget report with proposed budget for 22/23 and confirms the outturn for 21/22.

In answer to Members' questions, it was clarified that investment management fees were the principal difference between the budget and outturn as they were percentage based and so increased as assets increased.

**Resolved –**

**That the out-turn for 2021/22 and the finalised budget for 2022/23 be noted.**

**10 LOCAL PENSION BOARD MINUTES**

The Chair presented the minutes of the Local Pension Board and expressed his thanks to the Board for their work supporting the Fund and Committee.

**Resolved –**

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

**11 NORTHERN LGPS UPDATE**

The Chair presented the report of the Director of Pensions which provided Members with an update on pooling arrangements in respect of Merseyside Pension Fund (MPF) and the Northern LGPS. Minutes of the previous Northern LGPS Joint Committee meeting were also included for noting.

Members noted that the recent additional GLIL investments were around the climate aspirations and investing in the green economy.

**Resolved –**

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

**12 MINUTES OF WORKING PARTY MEETINGS**

The Director of Pensions presented his report which provided Members with the minutes of meetings of Working Parties held since the previous Committee meeting. He drew their attention to two items which were the impact of the covid pandemic on high streets and a short presentation on human rights and responsible investment. The Fund was signing up to the initiative to support aspirations on social issues.

**Resolved –**

**That the Working Party minutes be approved.**

**13 PROPERTY PORTFOLIO RENT ARREARS AND WRITE OFFS**

The Director of Pensions presented his report which requested that Members agree to the write off of £844,480.25 of irrecoverable rent arrears from the Fund's property portfolio. The annual property rental income for 2021/22 was £32.1 million.

In answer to Members' questions, it was clarified that even though the Fund would be a creditor where a company goes into liquidation, any amount recovered was likely to be a small proportion of the total so a write off would still be required for the remainder. It was noted that efforts are made to relet a property to limit any losses.

**Resolved –**

**That the write-off of uncollectable property rental income of £844,480.25 be approved.**

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

**Resolved –**

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

**15 PROPERTY PORTFOLIO RENT ARREARS AND WRITE OFFS - EXEMPT APPENDIX**

**Resolved –**

**That the exempt appendix for the Property Portfolio Rent Arrears and Write Offs be noted.**

**16 NON-RECOVERY OF DEFICIT ON CLOSURE OF ADMISSION BODY**

**Resolved –**

**That the write-off of the sum of £230,279.01 be approved as recovery is not viable due to the charity ceasing to operate with effect from 30th June 2020 with no realisable assets.**