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PENSIONS COMMITTEE

Tuesday, 22 September 2009

Present:

Councillor AR McLachlan (Chair)

Councillors G Watt D Knowles
T Harney G Davies
W Duffey H Smith
C Povall F Doyle
A Taylor
(for Councillor Bob Moon)

Councillors R Oglethorpe, Liverpool City Council
N Keats, Knowsley Council
A Ibbs, Sefton Council

In attendance:

Paul Wiggins UNISON

Apologies

Councillor Bob Moon
Councillor G Pearl
J Brown

33 COUNCILLOR SUZANNE MOSELEY

The Chair and party spokespersons paid tribute to Councillor Suzanne Moseley following the news of her sudden and tragic death.

The Pensions Committee stood in silence as a tribute to her memory.

34 MINUTES

The Director of Law, HR and Asset Management submitted the minutes of the meeting held 18 June 2009.

Resolved – That the minutes be received.

35 DECLARATIONS OF INTEREST

Members were asked to consider whether they had any personal or prejudicial interests in connection with any matter on the agenda.

No declarations were made.

36 PENSION FUND ACCOUNTS - AUDITED ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2009

The District Auditor gave a presentation to the committee on the audited accounts for the year end 31 March 2009.

He reported that following discussions with officers of the Fund, some adjustments had been incorporated into the final version which had been circulated to Pensions Committee. He reported that there were no matters requiring further adjustment and the audit opinion would be unqualified.

Resolved – That the financial statements of the Merseyside Pension Fund for the year end 31 March 2009 be approved.

37 **ANNUAL GOVERNANCE OF ACCOUNTS (MANAGEMENT REPRESENTATION LETTER)**

The District Auditor gave a presentation on the Annual Governance Report summarising the findings of the 2008/09 audit of Merseyside Pension Fund.

The Director of Finance submitted a copy of the Management Representation Letter which was required to be signed by the Chair of Pensions Committee (Councillor Ann McLachlan) and himself.

Resolved – That the Management Representation Letter be signed.

38 **DRAFT ANNUAL REPORT**

The Director of Finance submitted a report informing Pensions Committee of a new requirement for the Annual Report to be reviewed along with the accounts.

He reported that this year, the Audit Commission had stated that it “would like to review the Annual Report along with the accounts, present the Annual Governance Report to the Pensions Committee and then present the Annual Governance Report to the Audit and Risk Management Committee.

Resolved – That the report be noted.

39 **LGPS VALUATION CONSULTATION - LGPS DELIVERING AFFORDABILITY, VIABILITY AND FAIRNESS**

The Director of Finance submitted a report informing Pensions Committee of a consultation exercise being conducted by the Department for Communities and Local Government (DCLG). The consultation suggested possible amendments to the LGPS to ensure its stability and viability in view of the current stock market impacts on pension fund liabilities likely to be identified at the forthcoming 31 March 2010 actuarial valuation exercise.

Resolved - That the draft response to the DCLG consultation be approved.

40 **LGPS REFORM UPDATE**

The Director of Finance submitted a report informing Pensions Committee of developments and outstanding issues

following the introduction of the revised LGPS on 1 April 2008 by the Department for Communities and Local Government (DCLG).

Resolved – That the report be noted.

41 **REVIEW OF SCHEME ADDITIONAL VOLUNTARY CONTRIBUTIONS (AVC) ARRANGEMENTS**

The Director of Finance submitted a report updating Pensions Committee on arrangements for the provision of Scheme Additional Voluntary Contributions (AVCs).

Resolved – That the report be noted.

42 **RISK REGISTER**

The Director of Finance reported that on 23 July, 2009 the Department for Communities and Local Government (DCLG) issued an advisory note and draft, 'Guidance on Publication of Pension Fund Annual Reports'. Although DCLG had yet to consult on the draft guidance, it had been issued in response to advice from the Audit Commission to external auditors "to check the progress Funds are making with publication of the 2008/09 Pension Fund Annual Report". Amongst other things, the draft guidance required that "the report should contain a commentary on arrangements for the management of fund administrative, management and investment risk".

He reported that In order to comply with the guidance, MPF would be publishing the risk register as a part of the arrangements for the management of risk.

Resolved – That the Risk Register be approved

43 **FUNDING STRATEGY STATEMENT**

The Director of Finance reported that the previous Funding Strategy Statement (FSS) had been approved by the Pensions Committee on 28 January 2008 (Minute 80 refers).

He reported that the Local Government Pension Scheme (Administration) Regulations 2008 required that each Administering Authority revise and publish a funding strategy statement wherever there was a material change in either the policy on matters set out in the FSS or the Statement of Investment Principles (SIP).

The Director reported that the FSS was amended to confirm that the details of the methodology to be used by the Actuary in carrying out a termination assessment in the event of the cessation of an employer's participation in the Scheme was set out in the separate termination policy report dated 28 January 2008. At that time it was envisaged that where it was appropriate to use a more cautious basis to assess the final liabilities for an employer the financial assumptions to be used would be consistent with the equivalent assumptions adopted for the FRS17 accounting standard.

Resolved -That the revised Funding Strategy Statement be approved.

44 **BANK SIGNATORIES**

The Director of Finance submitted a report seeking approval to amend the personnel nominated on the existing bank mandates with Royal Bank of Scotland and State Street, the Global Custodian.

Resolved - That the Royal Bank of Scotland, Liverpool, and State Street be authorised to accept cheques and other instructions on behalf of MPF signed in accordance with existing mandates by the following:-

Director of Finance	Ian E. Coleman
Deputy Director of Finance	David L. H. Smith
Head of IT Services	John O. Carruthers
Head of Revenues, Benefits and Customer Service	Malcolm J. Flanagan
Head of Financial Services	Thomas W. Sault
Head of Support Services	Stephen J. Rowley
Head of Change	Jacqueline Roberts
Deputy Head of Pension Fund	Peter G. Mawdsley
Financial Controller	Gerard F. Moore
Benefits Manager	Kevin J. Greenough

45 **CUNARD BUILDING ARCHIVES**

The Director of Finance submitted a report requesting Pensions Committee to either approve a loan or gift of certain miscellaneous documents currently in the basement of the Cunard Building to the Merseyside Maritime Museum and various local authorities' archives services.

Resolved – That the Cunard Building records be gifted to the Maritime Museum and the relevant Local Authority archives services and be made available to researchers.

46 **POLICY ON PAYMENT OF DEATH GRANT**

The Director of Finance submitted a report recommending a change to the policy on payment of death grant following the death of a member of the Scheme.

He recommended that Pensions Committee approve a revised policy regarding payment of death grant as a consequence of the introduction of Nominated Co-Habiting Partners benefits into the Scheme from April 2008 and in order to expedite the payment of those benefits to the appropriate beneficiaries.

Resolved - That the revised wording of the policy statement on payment of death grants be confirmed.

47 **TRUSTEE TRAINING FUNDAMENTALS**

The Director of Finance reported that the fundamentals training course was run on an annual basis and provided an insight into Local Government Pension Scheme (LGPS) "trusteeship" for newly Elected Committee Members. The course would be held over a three day period, spread over a number of months.

Resolved – That those members wishing to take up the training course contact the Director of Finance as soon as possible to confirm their place on the course.

48 **THE FUTURE OF CORPORATE REFORM**

The Director of Finance submitted a report informing the Pensions Committee of the attendance of the Chair of the Committee at a conference on the Future of Corporate Reform which had been held on 8 to 10 September 2009.

Resolved - That Pensions Committee note the attendance of the Chair at the conference on the Future of Corporate Reform.

49 **LOCAL GOVERNMENT PENSIONS COMMITTEE APPOINTMENT**

The Director of Finance submitted a report recommending that the Chair of Pensions Committee be appointed to the Local Government Pensions Committee (LGPC) of the Local Government Association (LGA).

Resolved - That the Chair of Pensions Committee becoming a member of the Local Government Pensions Committee be agreed.

50 **OCTOBER TRAINING EVENT FOR MEMBERS**

The Director of Finance submitted a report informing Members of the training event at the Cunard Building arranged for 19 October 2009.

Resolved - That the training day be noted and members be urged to attend.

51 **ANNUAL EMPLOYERS CONFERENCE**

The Director of Finance submitted a report informing Members of the arrangements for the annual Employers Conference to be held on Wednesday, 25 November 2009.

Resolved - That the arrangements for the annual Employers Conference be noted.

52 **THE LGPS TRUSTEES CONFERENCE**

The Director of Finance submitted a report request that Pensions Committee members consider attendance at the LGPS trustees conference being organised by the Local Government Employers to be held in Cardiff on 22 and 23 October 2009.

Resolved - That those members wishing to attend the conference supply their name to the Director of Finance as soon as possible.

53 **LAPFF CONFERENCE IN BOURNEMOUTH**

The Director of Finance submitted a report recommending the attendance by the Chair of Pensions Committee at the Local Authority Pension Fund Forum (LAPFF) Annual Conference, organised by PIRC, to be held in Bournemouth on 2 – 4 December 2009.

Resolved -That attendance at the LAPFF conference by the Chair be agreed.

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

Resolved – That the public be excluded from the meeting on the grounds that the following matters to be considered contain exempt information by virtue of paragraph 1 of Part 1 of Schedule 12A of the Local Government Act 1972.

55 **FUNDING REVIEW**

The Director of Finance submitted a report informing Members of a funding review undertaken by Mercer the Actuary as at 31 March 2009.

He requested members to note the report and agree that MPF should support the proposed Financing Plan methodology recently outlined by the Department for Communities and Local Government (DCLG) to aim to minimise future increases in employer contribution rates whilst having regard to the need to ensure solvency.

Resolved - That Pensions Committee supports the proposed Financing Plan methodology outlined in carrying out future valuations and aim to minimise future increases in employer contribution rates, whilst having regard to the need to ensure solvency.

56 **PRUDENTIAL / M&G UK COMPANIES FINANCING FUND**

The Director of Finance submitted a report informing Members of a commitment made by MPF to the Prudential/M&G UK Companies Financing Fund.

Resolved - That the investment in the M&G UKCFF be noted.

57 **DEATH GRANT CASE**

The Director of Finance submitted a report outlining details regarding the payment of benefits including a Death Grant payment due to be made by MPF.

Resolved - That Pensions Committee confirms that the death grant should be paid in five equal payments between the deceased's four children and his wife.

58 **ST NICHOLAS HOUSE, LIVERPOOL - REFURBISHMENT**

The Director of Finance submitted a report inform Members of the outcome of the recent tendering exercise in respect of refurbishment work for the ground floor office of a property located in Liverpool which is owned by MPF as part of the direct property investment portfolio. The tendering exercise had been conducted on behalf of MPF by CB Richard Ellis (CBRE).

Resolved - That the acceptance of the lowest tender, submitted by Ardmac Performance Contracting, in the sum now reported for refurbishment work at St Nicholas' House, Liverpool be noted.

59 **REVIEW OF POTENTIAL UNFUNDED LIABILITIES FOR ADMISSION BODIES**

The Director of Finance submitted a report informing Members of the details of the annual review of potential unfunded liabilities for admission bodies, undertaken by the Actuary Mercer, following an actuarial review of the Fund as at 31 March 2009.

Resolved –

1. That bond requirements are not increased based on the 31/03/2009 figures provided by the Actuary but instead are retained at the current (31/03/2007) levels.

2. That the level of funding guarantees provided by Local Authorities or other statutory bodies continue to be increased in accordance with the amount of the unfunded liability.

3. That a further review is undertaken as part of the forthcoming actuarial valuation as at 31/03/2010 and the results considered by the Committee having regard to the outcome of the current funding consultation and in the light of the economic and financial position at that time.

4. That the potential liabilities of admission bodies continue to be monitored on a regular basis.

60 **TRANSFEEE ADMISSION BODY APPLICATION - ANDRON CONTRACT SERVICES**

The Director of Finance submitted a report informing Pensions Committee of his decision taken under delegation, to approve the application received from Andron Contract Services a transferee admission body for admission to Merseyside Pension Fund. The Company had secured the Cleaning Services Contract at Mosslands School, Wallasey with effect from 1 July 2008.

Resolved – That the application for admission body status received from Andron Contract Services approved under delegated authority by the Director of Finance be approved.

61 **TRANSFEEE ADMISSION BODY APPLICATION - GRAYSONS RESTAURANTS**

The Director of Finance submitted a report informing Pensions Committee of his decision taken under delegation, to approve the application received from Graysons Restaurants a transferee admission body for admission to Merseyside Pension Fund. The Company had secured catering service contracts at various Liverpool schools for the period 28 February 2007 to 31 August 2010.

Resolved - That Pensions Committee notes the approval of the application for admission body status received from Graysons Restaurants made by the Director of Finance under his delegated authority.

62 **PROCUREMENT OF INDEPENDENT ADVISERS**

The Director of Finance submitted a report informing Pensions Committee of the specifications and timescale for the provision of independent financial advice to Members of the Pensions Committee from February 2010.

Resolved - That a procurement exercise for the provision of independent financial advice to the Pensions Committee from February 2010 be agreed.

63 **RECLAMATION OF EUROPEAN WITHHOLDING TAX**

The Director of Finance submitted a report informing Pensions Committee of progress in the recovery of withholding taxes (WHT) suffered on EU sourced dividend income received in recent years.

Resolved – That the progress on the recovery of withholding tax suffered on EU sourced dividend income received in recent years be noted.

64 **MANAGEMENT OF FIXED INCOME**

The Director of Finance submitted a report recommending the retention of Schroders and Legal and General in respect of the fixed income mandates.

Resolved – That the retention of Schroders and Legal and General in respect of fixed income mandates be approved.

65 **MINUTES OF INVESTMENT MONITORING WORKING PARTY 9 SEPTEMBER 2009**

The Director of Finance submitted the minutes of the Investment Monitoring Working Party held 9 September 2009.

Resolved – That the minutes be agreed.

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