

PENSIONS COMMITTEE

Tuesday, 16 November 2010

Present:

Councillor G Watt (Chair)

Councillors P Johnson AR McLachlan
D Knowles R Moon
G Davies H Smith

A Brighouse(In place
of Cllr Tom Harney)
Moir McLachlan (In
place of Cllr Adrian
Jones)

Councillors N Keats, Knowsley Council
A Ibbs, Sefton Council
Hanson, Liverpool City Council

Patrick McCarthy Non District Council
employer

In attendance:

Phil Goodwin, Unison
Paul Wiggins, Unison

Apologies

Councillors

Anderton

T Harney
Adrian Jones
C Povall

45 MEMBERS' CODE OF CONDUCT - DECLARATIONS OF INTEREST

Members of the Committee were asked whether they had any personal or prejudicial interests in connection with any application on the agenda and, if so, to declare them and state the nature of the interest.

Councillors Brighouse, George Davies and Keats declared a personal interest in general as their wives were members of Merseyside Pension Fund.

46 MINUTES

The Director of Law, HR and Asset Management submitted the minutes of the meeting held on 27 September 2010 for consideration.

Resolved – That the Minutes be agreed.

47 ASSET ALLOCATION

The Director of Finance submitted a report that outlined the proposed changes to the strategic asset allocation following a detailed analysis undertaken by the investment consultant Mercer, and discussions held with the internal investment management team and the independent adviser.

Resolved - That the new strategic asset allocation strategy be approved.

48 **LGC PENSION FUND INVESTMENT CONFERENCE**

The Director of Finance submitted a report that requested the Committee to consider if it wished to be represented at the Pension Fund Investment Conference organised by Local Government Chronicle to be held in Chester on 3-4 March 2011.

Resolved - That the Committee agree to send a delegation of three members to attend the Pension Fund Investment Conference and that places be allocated to Councillors Watt, Knowles and Tom Harney (to be confirmed to the Director of Finance).

49 **STATEMENT OF INVESTMENT PRINCIPLES**

The Director of Finance submitted a report that sought approval for a revised Statement of Investment Principles (SIP) for Merseyside Pension Fund incorporating changes in the strategic asset allocation and the letting of four new investment management mandates.

The Pensions Committee had approved the previous edition of the SIP on 23 March 2010. The revised SIP incorporated, and stated compliance with, the six updated Myners Principles in relation to investment decision making and governance.

The revised strategic asset allocation was outlined in a separate report which was also presented to the Pensions Committee for approval. Subject to approval by the Pensions Committee, the revised strategic asset allocation would be incorporated within the SIP.

Resolved – That the revised Statement of Investment Principles be approved.

50 **PUBLIC SERVICE PENSIONS COMMISSION**

The Director of Finance submitted a report that informed Members of the interim report published on 7 October 2010 by the Public Service Pensions Commission headed by Lord Hutton.

The Pensions Committee had considered the creation of the Public Service Pensions Commission on 27 September 2010 (Minute 29 refers).

The Public Service Pensions Commission had been tasked with conducting a fundamental review of public sector pension provision and had been asked to make recommendations to the Chancellor and Chief Secretary on pension arrangements. The Commission had been invited to produce a final report in time for the Budget 2011, but had also been tasked with producing an interim report. A copy of the Treasury press release for the interim report was attached to the report for Members information.

Resolved –

(1) That the report be noted.

(2) That officers be requested to work on processing a response to the final report on Public Sector Pension provision and circulate this to the Pensions Committee for comments before submission.

51 RESTRICTING PENSIONS TAX RELIEF THROUGH EXISTING ALLOWANCES

The Director of Finance submitted a report that informed Members of HM Revenue & Customs (HMRC) summary of responses to its discussion document on restricting pensions tax relief which had been published on 14 October 2010, and proposals for change.

The Director reported that following an announcement in the Budget on 22 June 2010 that the Government was considering an alternative approach to restricting tax relief, a discussion document “Restriction of pensions tax relief: a discussion document on the alternative approach” had been published in July 2010. Change was deemed necessary as it was considered that the existing system gave an unfair tax advantage to high earners.

Resolved - That the report be noted.

52 FUNDING STRATEGY STATEMENT

The Director of Finance submitted a report that proposed amendments to the Funding Strategy Statement (FSS) to reflect updated advice received from the Actuary on dealing with arrangements for funding of employer contributions and changes proposed to the Statement of Investment Principles (SIP) following completion of the 31 March 2010 actuarial valuation.

The Director reported that detailed consultation had been undertaken on the proposed changes with employers in the Fund and that a number of modifications made as a result.

The content of a written submission received from St Helens Council which did not support the proposed arrangements for funding employer contributions was considered.

Resolved – That the revised Funding Strategy Statement be approved.

53 ACTUARIAL VALUATION AS AT 31 MARCH 2010

The Director of Finance submitted a report that summarised for Members the results of the 2010 Actuarial Valuation of the Fund.

Resolved – That the revised contribution rates be agreed.

54 EXEMPT INFORMATION - EXCLUSION OF MEMBERS OF THE PUBLIC

Resolved – That the public be excluded from the meeting on the grounds that 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 MINUTES OF INVESTMENT MONITORING WORKING PARTY 13 OCTOBER 2010

The Director of Finance submitted a report that provided Members with the minutes of the Investment Monitoring Working Party held on 13 October 2010.

Resolved – That the minutes of the Investment Monitoring Working Party held on 13 October be agreed.

56 PAYMENT OF DEATH GRANT

The Director of Finance submitted a report that outlined details regarding the payment of a Death Grant payment due to be made by Merseyside Pension Fund. The Committee was recommended to confirm that payment should be made in accordance with the recommendation of the Director of Finance and Head of Legal Services.

Resolved - That the Committee confirms that the death grant be paid to the deceased's daughter as sole beneficiary.