

PENSIONS COMMITTEE

Tuesday, 20 November 2012

<u>Present:</u>	Councillor	P Glasman (Chair)	
	Councillors	G Davies T Harney S Hodrien M Hornby AER Jones	AR McLachlan C Povall H Smith A Sykes G Watt
	Councillors	N Keats, Knowsley Council P Hurley, Liverpool City Council J Fulham, St Helens Council	
		Mr P McCarthy, (NonDistrict Council Employers)	
<u>Apologies</u>	Councillor	P Tweed, (Sefton Council)	

39 **FILMING/RECORDING BY THE PUBLIC OF COUNCIL COMMITTEE MEETINGS.**

The Chair of the Pensions Committee referred to an advice note sent to Members from Surjit Tour, Acting Director of Law, HR and Asset Management Monitoring Officer. The Chair detailed the contents of the advice note and invited comments from the Committee.

On a motion by Councillor Harry Smith and seconded by Councillor Ann McLachlan it was:

Resolved (13:3) - That members of the public be requested to cease filming at this Committee and that the decision on whether the public be permitted to film/record Council Committee Meetings be referred to a future meeting of the Council.

40 **MEMBERS' CODE OF CONDUCT - DECLARATIONS OF INTEREST**

Members were asked to declare any disclosable pecuniary or non pecuniary interests in connection with any item(s) on the agenda and, if so, to declare them and state the nature of the interest.

Councillor Norman Keats declared a disclosable pecuniary interest by virtue of being a member of Merseyside Pension Fund.

Councillor Geoffrey Watt declared a disclosable pecuniary interest by virtue of a relative being a member of Merseyside Pension Fund.

41 **MINUTES**

The Acting Director of Law, HR and Asset Management submitted the minutes of the meeting of 18 September, 2012.

Resolved – That the minutes be received.

42 **LGPS UPDATE**

A report of the Interim Director of Finance provided an update for Members of the progress of the 2014 LGPS reform project and the revised statutory consultation framework relating to the draft regulations.

The report also covered the key provisions of the Public Service Pensions Bill and its impact on the Local Government Pension Scheme.

A letter to the Treasury from Wirral Council dated 22 October, 2012 outlining significant concerns in regard to some of the provisions of the Public Service Pensions Bill 2012 as currently drafted was attached as an appendix to the report.

Resolved – That the report and the contents of the letter attached at Appendix 1 to the report be noted.

43 **STATEMENT OF INVESTMENT PRINCIPLES**

A report of the Interim Director of Finance presented Members with an updated Statement of Investment Principles (SIP) and asked that Members approve the document and the changes from the previous SIP. Paddy Dowdall, Investment Manager, Merseyside Pension Fund provided a summary of the document and gave details of minor amendments including hyper-links that would be added before it was published.

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

44 **SCHEME PAYS POLICY**

A report of the Interim Director of Finance sought Members approval of Merseyside Pension Fund's proposed policy under HM Revenue & Customs (HMRC) Annual Allowance Scheme Pays Process. A timeline of Scheme Pays Process was attached as an Appendix to the report.

Yvonne Caddock, Principal Pensions Officer, Merseyside Pension Fund, outlined the report and responded to questions from members.

Resolved- That

1) the officers' recommendation that the Fund should only exercise the mandatory element of 'Scheme Pays' be agreed. To clarify, the mandatory option covered circumstances when a tax charge arises when the value of the Annual Allowance attributable to benefits accrued within the LGPS is £50,000 and the tax charge resulting was more than £2,000.

2) requests from individuals to meet tax charges incurred in non-LGPS related schemes should be refused.

45 LGC INVESTMENT AWARDS

A report of the Interim Director of Finance informed members of the submission of an entry for the LGC Investment Awards 2012.

The awards ceremony was to take place on 11 December at The Royal Garden Hotel, Kensington, London and the closing date for submission of entries was 12 October. Peter Wallach, Head of Merseyside Pension Fund provided members with a verbal update on progress at the meeting and informed members that Merseyside Pension Fund had been shortlisted for an award – Large Pension Fund of the Year.

Resolved – That attendance at the LGC Investment Awards ceremony on 11 December, 2012 be agreed in the ratio 1:1:1 together with the Head of the Pension Fund.

46 GIFTS AND HOSPITALITY POLICY

A report of the Interim Director of Finance responded to the recent review of the Council's gifts and hospitality procedure by Audit Commission, clarified arrangements at Merseyside Pension Fund and proposed revised reporting arrangements to improve clarity and transparency for other stakeholders in the Fund.

It also proposed that the Fund's arrangements were accepted as non-binding, best practice guidance for those members of Committee who are otherwise not subject to personal conduct arrangements.

Resolved – That the following actions be approved by the Pensions Committee;

1) gifts and hospitality be declared in accordance with Wirral's procedures (subject to the £25 "de minimus") and reported to the Pensions Committee annually.

2) it be acknowledged that reimbursement of expenditure, the defrayal of costs or attendance at industry events is not deemed to be hospitality but is reported to Committee as set out in section 2.5 of the report.

3) it be accepted that the guidance in the Compliance Manual reflects the practicalities of the Pension Fund's business needs and that this is reflected by Wirral in its overall governance arrangements.

4) the Fund's arrangements be accepted as non-binding, best practice guidance for those members of Committee who are otherwise not subject to personal conduct arrangements.

5) the arrangements agreed at this meeting of the Pensions Committee be reflected in the Fund's guidance and the Compliance Manual, appropriately revised, be brought to a future meeting of the Pensions Committee for approval.

47 **CUNARD BUILDING**

A report of the Interim Director of Finance presented Members with an update on work that had been undertaken since the last Pensions Committee on the Cunard Building and asked that Members provide guidance for officers in their assessment of the pending report from CBRE. The CBRE report was expected to be received in December and would be taken to January Pensions Committee.

The appendix to the report, update and proposed framework, 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 particular person (including the authority holding that information).

On a motion by Councillor Mike Hornby and seconded by Councillor Harry Smith it was:

Resolved – That

1) in order for members of the Pensions Committee to give support and expertise to officers in their consideration of proposals relating to the Cunard Building that the Committee agrees in principle to the setting up of a working party, if needed, ahead of the report from CBRE.

2) a further report be brought to Pensions Committee in January 2013.

48 **LGC INVESTMENT CONFERENCE**

A report of the Interim Director of Finance requested nominations to attend the Local Government Chronicle (LGC) Investment Conference that was to be held in Chester on 28 February to 1 March 2013.

It was reported that attendance at this conference was traditionally in the ratio 1:1:1. In recent years the independent adviser had also attended the conference and it was recommended that this decision was continued.

Resolved – That an invitation to the LGC Investment Conference 28 February to 1 March be extended to all members of Pensions Committee together with the independent advisor and that arrangements be coordinated by Peter Wallach, Head of Merseyside Pension Fund.

49 **MELLORS CATERING SERVICES**

A report of the Interim Director of Finance informed members of his decision taken under delegation to approve the application received from Mellors Catering Services Limited for admission to Merseyside Pension Fund as a Transferee Admission Body. The company had secured a catering contract with Liverpool City Council for a period of 3 years and 8 months with effect from 11 February 2012.

The appendix attached to the 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 particular person (including the authority holding that information)

Resolved – That approval of the application for admission to the Merseyside Pension Fund of Mellors Catering Services Ltd be noted.

50 IMWP MINUTES 10/10/12

A report of the Interim Director of Finance provided Members with the minutes of the Investment Monitoring Working Party (IMWP) held on 10 October 2012.

The appendices to the report, the minutes of the IMWP on 10 October 2012, 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 particular person (including the authority holding that information).

Resolved - That the minutes of the IMWP which were attached as an exempt appendix to the report be approved.

51 EXEMPT INFORMATION - EXCLUSION OF MEMBERS OF THE PUBLIC

Resolved – That in accordance with section 100A (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 it involves 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 had been applied and favoured exclusion.

52 EXEMPT APPENDIX- CUNARD BUILDING

The exempt appendices to the report on Cunard Building (Minute 47 refers) were exempt by virtue of paragraph 3.

53 EXEMPT APPENDIX- MELLORS CATERING SERVICES

The appendix to the report on Mellors Catering Services (Minute 49 refers) was exempt by virtue of paragraph 3.

54 EXEMPT APPENDIX- IMWP MINUTES

The appendix to the report on IMWP minutes (Minute 50 refers) was exempt by virtue of paragraph 3.

55 ANY OTHER URGENT BUSINESS APPROVED BY THE CHAIR

The Chair agreed to the following item as AOB as a decision was required before the next scheduled meeting of the Committee.

56 DRAFT RESPONSE TO DEPARTMENT OF COMMUNITIES AND LOCAL GOVERNMENT (DCLG) INVESTMENT IN PARTNERSHIPS CONSULTATION

Members of the Pensions Committee considered a report on the DCLG consultation paper LGPS: Investment in Partnerships and the outlined response. The consultation paper had been issued by DCLG at the beginning of November, 2012 with responses required by 18 December, 2012 and concerned amendments to the LGPS Investment Regulations (the Regulations) in order to help facilitate pension funds' investment in infrastructure projects. The consultation was clear in not recommending infrastructure investing, but was facilitating a framework in which local fund managers had appropriate levels of flexibility to maximise their investment opportunities.

The consultation requested a response to five questions which were set out in the report together with a potential LAPFF response. Peter Wallach, Head of the Pension Fund outlined to the Committee how MPF proposed to respond.

Resolved – That the Head of the Pension Fund prepare a response and subject to approval by the Chair submit this to DCLG.