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PENSIONS COMMITTEE

Tuesday, 24 March 2015

<u>Present:</u>	Councillor	P Doughty (Chair)	
	Councillors	AR McLachlan G Davies T Johnson AER Jones H Smith	G Watt C Povall K Hodson C Carubia
	Councillors	N Keats, Knowsley Council P Wiggins, Unison	
<u>Apologies</u>	Councillors	N Crofts, Liverpool City Council J Fulham, St Helens Council	

73 MEMBERS' CODE OF CONDUCT - DECLARATIONS OF INTEREST

Members were asked if they had any pecuniary or non-pecuniary interests in connection with any application on the agenda and, if so, to declare them and state the nature of the interest.

Councillor Paul Doughty declared a pecuniary interest by virtue of his wife being a member of Merseyside Pension Fund.

Councillor George Davies declared a pecuniary interest by virtue of his wife being a member of Merseyside Pension Fund

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

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

74 MINUTES

Resolved – That the accuracy of the Minutes of the Pensions Committee held on 19 January, 2015 be approved as a correct record.

75 AUDIT PLAN 2014/15

Heather Green, Senior Manager, Public Sector Assurance, Grant Thornton UK, attended the meeting and presented the Audit Plan for Merseyside Local Government Pension Scheme Year ended 31 March 2015.

Resolved – That

- 1. Grant Thornton be thanked for their work on the Audit Report.**
- 2. the Audit Plan be noted.**

76 **STRONGER FUTURES: DEVELOPMENT OF THE LGPS**

Fiona Blatcher, Associate Director, Grant Thornton UK, attended the meeting and reported upon Grant Thornton's review of governance in LGPS funds in England and Wales. The report aimed to assist those with responsibility for managing funds to assess the strength of their governance arrangements. The report highlighted the key aspects of governance that administering authorities and Local Pension Boards should consider as the new governance changes were implemented. Copies of the full report were made available to members of the Committee.

Peter Wallach, Head of Pensions commented that the report identified areas of good practice and proposed that it be brought to GRWP for discussion.

Resolved – That

- 1. Grant Thornton be thanked for the work on the report.**
- 2. the report be noted.**

77 **LGPS UPDATE**

Members of the Committee considered a report of the Director of Transformation and Resources that provided an update on the Pension Scheme Bill 2014/15 which dealt with the regulatory changes required for the "Freedom and Choice in Pensions" flexibilities announced in the 2014 Budget – particularly the impact on the Local Government Pension Scheme.

The report also covered the Shadow Scheme Advisory Board's project for the management of Fund deficits and the recent counsel opinion sought in relation to the statutory benefit promise in relation to accrued pension rights.

Yvonne Caddock, Principal Pension Officer, reported that from April 2015 the changes announced in in the Chancellor's Spring Budget allowed individual's over the age of 55 to access their defined contribution benefits in more flexible ways.

It was reported that the Government had raised concerns that members transferring from Defined Benefit Schemes like the LGPS would not sufficiently understand the risks associated with their decision. A large increase in members transferring out of Defined Benefit schemes due to the perceived attractiveness of the Defined Contribution flexibility could destabilise employer backed schemes and expose the taxpayer to additional costs. The Government as a result had laid a number of amendments to the Pensions Schemes Bill which were outlined in the report.

Detailed timescales outlined in the deficit management work plan were included in the appendix to the report.

Members were informed that the Shadow Scheme Advisory Board had sought and published advice from Counsel covering the obligation on administering authorities to guarantee the payment of LGPS benefits.

Yvonne Caddock responded to questions from members and outlined the relevant risks given the new flexibilities being introduced for defined contributions schemes. It was noted that as the LGPS remains a secure, premium pension scheme, for the majority of cases it would not be in the financial interests of the member to transfer their benefits to a defined contribution scheme.

Resolved – That the report be noted.

78 PENSION BOARD UPDATE

A report of the Strategic Director Transformation and Resources informed the Pensions Committee that the Local Government Pension Scheme (Amendment) (Governance) Regulations 2015 had been laid before Parliament on 28 January 2015. These regulations included provisions for new local pension boards, the Scheme Advisory Board at a national level as well as provisions for the employer cost cap.

The Shadow Scheme Advisory Board had simultaneously issued its guidance on the creation and operation of Local Boards, including template terms of reference. As a result, the draft terms of reference for Wirral's Pension Board, presented to Pension Committee at its last meeting of 19 January 2015, had been updated to reflect the revised regulatory provisions. The changes to the document had been agreed by the Chair of the Committee and the authority's Monitoring Officer for formal approval and the revised document was attached as Appendix 1 to the report.

In accordance with the Public Service Pension Act 2013, (The Act) which defined the statutory governance framework of public service pension schemes, the Pensions Regulator had also commenced the parliamentary process to bring into force the Code of Practice 14: Governance and Administration of Public Service Pension Schemes. This set out the legal requirements, gave practical guidance and set expected standards for those responsible for the operations and management of public service pension schemes.

Peter Wallach, Head of Pension Fund outlined the key differences to the documents that had been issued for consultation last year. He informed Members that to accompany the final regulations, the Shadow Scheme Advisory Board had issued detailed guidance on the creation and operation of local pension boards in England and Wales, timed to coincide with the making of the local governance regulations. The guidance aimed to assist administering authorities on the creation and operation of local pension boards, and was accompanied by a template terms of reference for a local pension board.

The regulations stated that administering authorities 'must have regard' to this guidance. The Shadow Scheme Advisory Board guidance and the template terms of reference could be accessed via the links below:

http://www.lgpsboard.org/images/Guidance/LGPS_Board_Guidance_FINAL_PUBLISHED.pdf

http://www.lgpsboard.org/images/Guidance/Template%20ToR%20LPB_PUBLISHED.pdf

Members were also informed of the timetable for the Pension Board and it was reported that it must be fully operational by the end of July 2015.

Resolved – That;

- 1. the officers be thanked for their work towards setting up the Pension Board.**
- 2. the final Regulations and the updated Terms of Reference for the Wirral Pension Board, as agreed by the Chair of Committee and the Monitoring Officer and approved by Council on 16 March, 2015 be noted.**
- 3. the Monitoring Officer assist the Administering Authority to appoint a panel comprising three elected Members of the Council who are not involved in the discharge of the LGPS to select the scheme member/employer representatives who have submitted applications for positions on the Board.**

79 NAPF LOCAL AUTHORITY CONFERENCE

A report of the Director of Transformation and Resources requested nominations for members to attend the National Association of Pension Funds (NAPF) Local Authority Conference 2015 to be held in Gloucester from 18 May to 20 May 2015.

Peter Wallach, Head of Pensions indicated that this date would clash with the Council agenda and given the timing suggested that 1:1:1 would be appropriate.

Resolved – That the Chair and Party Spokespersons attend the National Association of Pension Funds (NAPF) Local Authority Conference 2015 to be held in Gloucester from 18 May to 20 May 2015.

80 LGPC ANNUAL TRUSTEES CONFERENCE

A report of the Director of Transformation and Resources requested nominations to attend the twelfth Annual LGPS Trustees' conference organised by the Local Government Pensions Committee from 25-26 June 2015.

Peter Wallach, Head of Pensions informed members that the LGPC trustees' conferences were specifically aimed at elected members with responsibility for the Local Government Pension Scheme but were open to officers and other scheme member representatives who support pensions committees or hold pension fund investment or administration responsibilities and he encouraged members to attend.

Resolved – That members of the Pensions Committee be invited and advised individually of the deadlines for attendance at the Annual LGPS Trustee’s conference from 25-26 June 2015.

81 NON RECOVERY OF PENSION OVERPAYMENTS

Members considered a report requesting approval to write off a sum of £10069.66 outstanding in respect of overpayments of pensions that had arisen and which were now considered irrecoverable.

An exempt report on the agenda, the non-recovery of pension overpayments 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 sum of £10,069.66 in respect of overpayments of pensions be approved for write off.

82 GRWP MINUTES 2 FEBRUARY ,2015

A report of the Strategic Director of Transformation and Resources provided members with the minutes of the Governance & Risk Working Party (GRWP) held on 2 February 2015.

An exempt report on the agenda, the minutes of the GRWP on 2 February 2015, 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 GRWP held on 2 February, 2015 be approved.

83 IMWP MINUTES 05 MARCH, 2015.

A report of the Strategic Director Transformation and Resources provided Members with the minutes of the Investment Monitoring Working Party (IMWP) held on 5 March 2015.

The appendix to the report, the minutes of the IMWP on 5 March 2015, 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, subject to the amendment that Councillor N Keats represents Knowsley Council not Liverpool City Council, the minutes of the IMWP held on 5 March, 2015 be approved.

84 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.

85 NON RECOVERY OF PENSION OVERPAYMENTS EXEMPT APPENDIX

The appendix to the report on the Non Recovery of Pension Overpayments was exempt by virtue of paragraph 3.

86 GRWP MINUTES 2 FEBRUARY, 2015 EXEMPT APPENDIX.

The appendix to the report on the GRWP minutes 2 February, 2015 was exempt by virtue of paragraph 3.

87 IMWP MINUTES 05 MARCH, 2015 EXEMPT APPENDIX.

The appendix to the report on the IMWP Minutes 5 March, 2015 was exempt by virtue of paragraph 3.

88 COUNCILLORS MIKE HORNBY AND HARRY SMITH

The Chair offered his best wishes to retiring Councillors Harry Smith and Mike Hornby and thanked them for their valuable contribution to the Pensions Committee.