

PENSIONS COMMITTEE

Monday, 22 June 2015

<u>Present:</u>	Councillor	P Doughty (Chair)	
	Councillors	AR McLachlan	G Watt
		G Davies	C Povall
		T Johnson	P Cleary
		AER Jones	P Lappin
		B Kenny	
<u>Deputy:</u>	Councillor	D Elderton (for Cllr K Hodson)	
		P Wiggins, Unison	
<u>Apologies</u>	Councillors	K Hodson	
		N Crofts (Liverpool City Council)	
		J Fulham (St Helens Council)	
		W Weightman (Knowsley Council)	

1 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 Paulette Lappin 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.

2 MINUTES

Resolved – That the accuracy of the Minutes of the Pensions Committee held on 24 March, 2015 be approved as a correct record.

3 LGPS UPDATE

A report of the Director of Transformation and Resources provided members with a position statement of the changes to the Fund's communication material and operational procedures following the introduction of the Freedom and Choice legislative framework.

Members were also advised that it was the Government's expectation that 10% of retirees would transfer to alternative defined contribution arrangements which offer the opportunity to cash out benefits in full.

The key revisions to the Local Government Scheme (Amendment) Regulations 2015 which came into force on 11 April 2015 were also discussed with the main focus on the payment of death grants.

Resolved – That the report be noted.

4 **PENSION FUND BUDGET**

A report of the Director of Transformation and Resources provided members with

- The out-turn for the financial year 2014/15.
- The finalised budget for the financial year 2015/16.
- The 3 year budget for MPF as required for the annual report.

Peter Wallach, Head of Merseyside Pension Fund reported that the actual out-turn for 2014/15 was £17.3m, lower than the original budget approved on 1 July 2014 and September 2014 of £19.1m and higher than the projected out-turn of £16.5m as reported at Pensions Committee on 19 January 2015. The finalised 2015/16 budget was £19.5m. The finalised out-turn was included in appendix 1 of the report and the original appendix as reported to the Pensions Committee on 19 January 2015 was attached as appendix 2 of the report for information.

Resolved – That;

1. **the out turn for 2014/15 be noted.**
2. **the finalised budget for 2015/16 be approved.**
3. **other issues for inclusion in the 2014/15 Annual Report including 3 year financial estimates be approved.**

5 **TAX MANAGEMENT UPDATE**

The Pensions Committee considered a report that provided members with an update on the progress made by the Fund in:

- Recovering Withholding Tax (WHT) from UK and European tax authorities.
- Reclaiming tax on Manufactured Overseas Dividends (MOD).
- Reported on a Property VAT Audit conducted by KPMG during the Financial Year ended 2014/15.

Peter Wallach, Head of the Pensions Fund, informed the Committee that in order to assist in the recovery of European Withholding tax KPMG had been engaged as tax advisor as, in various tax jurisdictions, physical presence of the tax agent was necessary to initiate the claims.

The Committee were informed that in respect of the MOD claim, Pinsent Mason was leading the test case in the First Tier Tribunal, with KPMG as lead advisors, on behalf

of a group of claimants under a Group Funding arrangement. Merseyside Pension Fund was a part of that group.

It was also reported that KPMG had been appointed in 2009 and updates on progress had been brought to the Pensions Committee in September 2009, March 2011 and March 2013.

Resolved – That;

- 1. the report be noted and that officers continue with the recovery of tax under existing arrangements.**
- 2. the staff of the Merseyside Pension Fund be thanked for their work.**

6 ANNUAL INVESTMENT PERFORMANCE

A report of the Director of Transformation and Resources set out the investment performance of Merseyside Pension Fund for the fiscal year ended March 2015 as computed and reported by the WM Company.

Peter Wallach, Head of the Pension Fund, reported that the Fund had returned 12.6 per cent in the financial year to the end of March 2015 compared to its bespoke benchmark return of 10.9 per cent, an outperformance of 1.5 per cent. The Pension Fund was the 5th largest in the UK and now had Premier status.

Resolved – That;

- 1. the report be noted.**
- 2. the staff be thanked for their excellent work in helping to achieve good long-term performance.**

7 TREASURY MANAGEMENT ANNUAL REPORT

The Pensions Committee considered a report that presented a review of treasury management activities within Merseyside Pension Fund (MPF) for the 2014/15 financial year and reported any circumstances of non-compliance with the treasury management strategy and treasury management practices. The report had been prepared in accordance with the revised CIPFA Treasury Management Code.

Resolved – That the Treasury Management Annual Report for 2014/15 be noted.

8 PENSION BOARD UPDATE

A report of the Strategic Director of Transformation and Resources provided the Committee with an update on the progress achieved in establishing Wirral Council's Pension Board in accordance with statutory requirements prescribed within the Public Service Pension Act 2013 and the Local Government Pension Scheme (Governance) Regulations 2015.

The purpose of both primary and secondary legislation was to provide assurance that all public service pension schemes and individual LGPS Funds were managed effectively with a properly constituted, trained and competent Pension Board monitoring compliance with legislation and best practice standards.

The Terms of Reference and composition of the Board had been approved by Council at its meeting on 16 March 2015 in compliance with the deadline to create a Local Pension Board by 1 April 2015.

Members of the Local Pension Board had now been appointed and the inaugural meeting of the Board was scheduled to take place on 14 July 2015. Appendices to the report covered the Training Event for Local Pension Board Members, Knowledge and Understanding Policy and the Conflict of Interest Policy.

Resolved – That the appointment of the employer and member representatives of Wirral Pension Board as agreed by the Selection Panel on 15 May 2015 and the formal policies in respect of ‘Knowledge and Understanding’ and ‘Conflicts of Interest’ be noted.

9 **NAPF ANNUAL CONFERENCE**

A report of the Director of Transformation and Resources requested nominations for members to attend the National Association of Pension Funds (NAPF) Annual Conference & Exhibition 2015 to be held in Manchester from 14 October to 16 October 2015. The NAPF Annual Conference provided a helpful insight to developments in the broader pensions industry. The agenda was attached as an appendix to the report. Peter Wallach, Head of Pensions, commented that Members did not necessarily have to attend all 3 days of the Conference but could attend those areas that would be most beneficial. The Chair of the Committee encouraged Members of the Committee to attend the Annual Conference.

Resolved – That:

1. **the report be noted.**
2. **the Head of Pensions contact all members of the Pensions Committee with details of the NAPF Conference.**

10 **LGC INVESTMENT SUMMIT**

A report of the Strategic Director of Transformation and Resources requested nominations for members to attend the Local Government Chronicle (LGC) Investment Summit, to be held in Newport from 10 to 11 September 2015.

The conference was themed “Funding for the future” and would provide critical insight to the ongoing debate about the future investment of pension funds in Local Government. The Chair of the Committee commented that this would be a worthwhile conference and encouraged members of the Committee to attend.

Resolved - That Members attendance at the Local Government Chronicle (LGC) Investment Summit be approved.

11 **IMWP MINUTES 16/04/2015**

A report of the Strategic Director of Transformation and Resources provided Members with the minutes of the Investment Monitoring Working Party (IMWP) held on 16 April 2015.

The appendix to the report, the minutes of the IMWP on 16 April 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 IMWP held on 16 April 2015 be approved.

12 **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.

13 **IMWP MINUTES 16/04/2015**

The appendix to the report on the IMWP Minutes 16 April, 2015 was exempt by virtue of paragraph 3.

14 **PAYMENT OF DEATH GRANT**

Members of the Pensions Committee considered an exempt report of the Strategic Director of Transformation and Resources that outlined details regarding the discharge of a Death Grant payment due to be made by Merseyside Pension Fund and the steps taken to establish the entitlement to a survivor's pension under the Local Government Pension Scheme Regulations 2013. Documents relating to the Death Grant payment were attached as exempt reports to the agenda. Following debate and having taken all relevant evidence before the Committee and no irrelevant matters into account: -

It was moved by Councillor Ann McLachlan and seconded by Councillor Treena Johnson that;

Payment of the Death Grant be made to option c) of the exempt report.

It was moved as an amendment by Councillor Cherry Povall and seconded by Councillor Geoffrey Watt that;

Payment of the Death Grant be made at a ratio of 1:3 to 2:3 to those named at option f) of the exempt report.

The amendment was put and lost (2:9).

The motion was put and carried (9:00) (2 abstentions).

Resolved – That the Death Grant be made to those named at option c) of the exempt report.