

PENSIONS COMMITTEE

Monday, 4 July 2016

<u>Present:</u>	Councillor	P Doughty (Chair)	
	Councillors	G Davies	T Anderson
		T Jones	P Cleary
		AER Jones	G Watt
		T Johnson (In place of Cllr Brian Kenny)	
		A Sykes (in place of Cllr Cherry Povall)	
	Councillors	P Cleary, Unison (Active Member)	
		B Ellis, Unison (Former member)	
<u>Apologies</u>	Councillors	AR McLachlan	
		P Lappin	

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

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

Councillor Tony Jones 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.

89 MINUTES

Resolved – That the accuracy of the Minutes of the Pensions Committee held on 21 March, 2016 be approved as a correct record.

90 LGPS UPDATE

Members considered a report of the Principal Pension Officer that provided an update on the preparations for the 2016 Triennial Valuation and the proposed approach to setting employer contribution schedules. It also raised awareness of a number of current issues facing the LGPS.

It was reported that the effective date of the actuarial valuation was 31 March 2016. The principal aim of the process was to monitor assets against the current value of the liability of members' pension benefits earned to date, followed by a review the employers' contribution rates payable for the financial period 1 April 2017 to 31 March 2020.

The review would take account of the Funding Strategy assumptions and principles adopted by the Fund, including any Deficit Recovery strategy, Investment Strategy and individual employer characteristics. There was a statutory requirement for employers to be consulted as part of the valuation process.

Officers had met with the actuary to discuss initial strategies and had scheduled further meetings with the Merseyside Finance Director Group, to discuss indicative results based on a roll forward approach from the previous valuation.

The report informed that on 1 March 2016, HM Treasury had announced their decision on the interim solution regarding the indexation of GMPs in the Public Sector; following the introduction of the new single tier state pension from 6 April 2016.

It had been confirmed that public service pension schemes would be responsible for paying full pensions increases on both pre and post 1988 GMP for members who reach State Pension Age between 6 April 2016 and 5 December 2018.

The Principal Pension Officer informed members that a consultation had been published by the Department for Communities and Local Government setting out draft changes to the LGPS regulations to introduce New Fair Deal, along with a range of other amendments to the regulations. The closing date for responses was 20 August 2016 and Officers would seek the Chairs approval before submitting the Fund's proposed response.

Members were also informed that officers would keep them apprised on progress of the valuation until final certification of the Rates and Adjustment Certificate on 31 March 2017.

Resolved – that the report be noted.

91 **BUDGET FINANCIAL YEAR 2016/17, BUDGET OUT-TURN 2015/16 AND ANNUAL REPORT 2015/16**

Members considered a report of the Strategic Director of Transformation and Resources that requested Members to note and approve:

- The out-turn for the financial year 2015/16.
- The finalised budget for the financial year 2016/17.

- The 3 year budget for MPF as required for the annual report.

It was reported that the actual out-turn for 2015/16 was £17.7m, lower than the original budget approved 22 June 2015 of £19.5m and higher than the projected out-turn of £17.2m as reported at Pensions Committee on 25 January 2016.

There were no significant changes from the original 2016/17 budget reported in January; the finalised 2016/17 budget was £19.2m.

At its meeting on 25 January 2016 Pensions Committee had received an estimate of the out-turn for 2015/16 and it had also been agreed that the Strategic Director would report back on the final out-turn. The budget for 2016/17 including the out-turn for 2015/16 was attached as appendix 1 to the report and the original appendix, as reported to Members on 25 January 2016, was attached as appendix 2 to the report for information. The actual out-turn for 2015/16 was higher than the projected out-turn reported in January 2016, due to the number of estimates required for the January report. The main changes were outlined in the report.

Resolved – That;

1. **the out turn for 2015/16 be noted.**
2. **the finalised budget for 2016/17 be approved.**
3. **other issues for inclusion in the 2015/16 Annual Report including 3 year financial estimates be approved.**

92 **TREASURY MANAGEMENT ANNUAL REPORT 2015/16**

A report of the Strategic Director Transformation and Resources presented a review of treasury management activities within Merseyside Pension Fund (MPF) for the 2015/16 financial year and reported any circumstances of non-compliance with the treasury management strategy and treasury management practices. It had been prepared in accordance with the revised CIPFA Treasury Management Code.

Resolved – That the Treasury Management Annual Report for 2015/16 be agreed.

93 **INVESTMENT PERFORMANCE**

Members gave consideration to a report of the Strategic Director Transformation and Resources that set out the investment performance of Merseyside Pension Fund for the fiscal year ended March 2016 as computed and reported by the WM Company.

Resolved – That;

1. **the report be noted.**
2. **the officers be congratulated for such a satisfactory report.**

94 **LGC INVESTMENT SUMMIT**

Members gave consideration to a report of the Strategic Director Transformation and Resources that requested nominations for members to attend the Local Government Chronicle (LGC) Investment Summit, to be held in Newport from 7 to 9 September 2016. A draft agenda for the conference was attached to the report.

It was noted that attendance at this conference was a part of the development programme that had been approved by Members in January 2016.

Resolved – That all members wishing to attend the LGC Investment Summit forward their names to Emma Jones at Merseyside Pension Fund.

95 **PLSA ANNUAL CONFERENCE**

A report of the Strategic Director requested nominations for members to attend the Pensions & Lifetime Savings Association (PLSA) formerly National Association of Pension Funds (NAPF) Annual Conference & Exhibition 2016 to be held in Liverpool from 19 October to 21 October 2016. The agenda was attached as an appendix to the report.

Peter Wallach, Director of Pensions, informed the Committee that it was possible to attend for just one day. It was noted that Members must be registered for the event in order to attend and although the event was complimentary for PLSA members, a charge would be made for non-attendance.

Resolved – That Members wishing to attend the PLSA Annual Conference event forward their names to Emma Jones at Merseyside Pension Fund.

96 **LAPFF CONFERENCE**

A report of the Strategic Director Transformation and Resources recommended that the Committee approve attendance by the Chair and party spokespersons at the Local Authority Pension Fund Forum (LAPFF) Annual Conference, organised by PIRC, to be held in Bournemouth from 7 to 9 December 2016.

It was noted that LAPFF membership allowed for two free conference places. Additional places would cost around £800 per head with travel costs an additional expense.

Resolved – That

- 1. attendance at the LAPFF conference by the Chair and party spokespersons be approved.**
- 2. other Members wishing to attend the conference forward their names to Emma Jones at Merseyside Pension Fund.**

97 **PENSION BOARD MINUTES 14/04/2016**

Members gave consideration to the Minutes of the Local Pension Board that had been held on 14 April, 2016.

Resolved – That the Minutes of the Local Pension Board held on 14 April, 2016 be noted.

98 **LOCAL INVESTMENT UPDATE**

A report of the Strategic Director Transformation and Resources informed Members of the arrangements put in place with CBRE in respect of local investments.

The appendix to the report contained exempt information. This was by virtue of paragraph(s) 3 of Part 1 of Schedule 12A of 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;

- 1. the report be noted.**
- 2. the intention to establish the Catalyst Fund to undertake regional investments consistent with the Fund's investment criteria be approved.**

99 **POOLING UPDATE**

A report of the Strategic Director of Transformation and Resources updated Members of the Committee with the progress made in developing pooling arrangements in relation to the Northern Pool and Government's requirement for the Local Government Pension Scheme to pool investments to deliver significantly reduced costs while maintaining overall investment performance.

The appendix to the report, appendix 2, 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).

Following its initial pooling submission in February, Merseyside Pension Fund had been working towards the final submission due 15 July 2016. On 19 May, the Pool had been requested to meet, on 16 June, with a senior evaluation panel convened by HM Treasury, to provide officials with an update on the Pool's current thinking on its July submission. The topics addressed in the presentation were set out in appendix 1 of the report.

Appendix 2 provided the Board with details of the Northern Pool's presentation to HM Treasury, DCLG and their advisors on 16 June 2016. Feedback from HM Treasury had only just been received.

Resolved – That;

- 1. the Committee notes the report.**
- 2. the Committee notes that officers are preparing a final submission in consultation with the Chair and that delegated powers be given to the Chair of this Committee for this purpose.**

100 IMWP MINUTES 19/04/16 & 09/06/2016

A report of the Strategic Director Transformation and Resources provided Members with the minutes of the Investment Monitoring Working Party held on 19 April, 2016 and 9 June 2016.

The appendices to the report contained exempt information. This was by virtue of paragraph(s) 3 of Part 1 of Schedule 12A of 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 Investment Monitoring Working Party held on 19 April, 2016 and 9 June, 2016 be noted.

101 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.

102 LOCAL INVESTMENT UPDATE

The appendix to the report on Local Investment Update was exempt by virtue of paragraph 3.

103 POOLING UPDATE

The appendix to the report on Pooling Update was exempt by virtue of paragraph 3.

104 **IMWP MINUTES 19/04/16 & 09/06/2016**

The appendices to the report on IMWP Minutes 19/04/16 and 09/06/16 were exempt by virtue of paragraph 3.