

LOCAL PENSIONS BOARD

Tuesday, 28 June 2016

Present: J Raisin (Chair)
G Broadhead D Ridland
G Hornby P Goodwin
R Dawson P Maloney

Apologies K Beirne P Wiggins

38 MEMBERS' CODE OF CONDUCT - DECLARATIONS OF INTEREST

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

No such declarations were made.

39 MINUTES

Resolved – That the accuracy of the Minutes of the Local Pension Board held on 14 April 2016 be approved as a correct record.

40 LGPS UPDATE

Members considered the LGPS update that was scheduled for consideration at the Pensions Committee meeting of 4 July 2016 and was attached as an appendix to the report.

The report provided an update on the preparations for the 2016 Triennial Valuation and the proposed approach to setting employer contribution schedules. It also raises awareness of a number of current issues facing the LGPS. Yvonne Caddock, Principle Pension Officer, informed the Board 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 of the employers' contribution rates payable for the financial period 1 April 2017 to 31 March 2020. The review took account of the Funding Strategy assumptions and principles adopted by the Fund, including any Deficit Recovery strategy, Investment Strategy and individual employer characteristics. There had been a statutory requirement for employers to be consulted as part of the valuation process.

With regard to Academies it was highlighted that the 2016 Budget had seen the Chancellor confirm his plans that all authority maintained schools would be required to become academies by 2022. However, following opposition to the proposal the plan had now been modified, and there will not be legislation to bring about a blanket conversion of all schools by 2022.

It was further reported that officers would keep Members apprised on progress of the valuation until final certification of the Rates and Adjustment Certificate on 31 March 2017.

Resolved – That the reports be noted.

41 **CIPFA KNOWLEDGE & SKILLS FRAMEWORK**

A report of the Director of Pensions recommended that the Board approved adoption of the CIPFA Knowledge & Skills Framework in respect of Pension Board members.

It was reported that in accordance with the Pensions Act 2004 and Public Service Pensions Act 2013 every member of the Wirral Pension Board must be conversant with key areas of knowledge and understanding of the law relating to pensions with particular reference to the key areas outlined in the report.

CIPFA had issued a publication in respect of local pension board knowledge and skills. This had been discussed at the meeting in October 2015. The publication provided a useful overview of knowledge areas which were set out in appendix 1 of the report.

Resolved - That the Board adopts the CIPFA Knowledge & Skills Framework for Board members.

42 **PENSION REGULATOR SURVEY OF PUBLIC SERVICE PENSION SCHEMES**

Members gave consideration to a report of the Principal Pensions Officer that presented the Board with the results of the Pension Regulator's (TPR) survey on the Governance and Administration of Public Sector Pension Schemes which had been issued on 10 December 2015.

The Public Service Pensions Act 2013 had introduced a number of changes for public service pension schemes, which provided pensions for the armed forces, local government, NHS, teachers, civil servants, the police force, fire-fighters and the judiciary.

In the summer of 2015, TPR had undertaken a survey to establish how these schemes have implemented the additional administration and governance requirements and the standard to which they are being operated.

The rationale was that a well administered Scheme provided members with high standards of service. It would also help the Government and public to have confidence that the cost of public service pensions were correctly accounted for, affordable and fair to all stakeholders.

The results of the survey could be accessed at the following link

<http://www.thepensionsregulator.gov.uk/docs/public-service-research-summary-2015.pdf>

The Chair noted the Fund's reliance on scheme employers to provide accurate and timely data to enable the Fund to comply with its statutory duties and the TPR code of practice. Officers informed the Board of its intent to update the Pension Administration Strategy in order to introduce more stringent requirements and penalties for non-compliance with operational/ data requirements, documenting the circumstances in which the Fund will alert TPR of an employer breach.

Resolved – That the report be noted.

43 **DRAFT PENSION BOARD REVIEW AND WORK PLAN 2016-17**

Members considered a report of the Independent Chair of the Pension Board that had been prepared in accordance with the Terms of Reference of the Pension Board and reviewed the performance of the Board and its members during its first year. The first year of the Board had been taken as from 15 May 2015 when Board members had been selected to 30 April 2016.

The report gave details of the establishment of the Board, Training and Development and matters that had been considered at Board meetings. The Independent Chair also highlighted that the Board did not during its first year make any formal recommendations to the Scheme Manager (the Pensions Committee of Wirral MBC). The Board, however, had made an important resolution relating to the future Governance of the Investments of the Fund at its meeting held on 14 April 2016. Board members (the Independent Chair, Employee and Employer representatives) had jointly prepared and unanimously agreed a resolution at this meeting that was strongly supportive of the overall approach of the Northern Pool in their February 2016 submission to the DCLG and the Memorandum of Understanding between the Administering Authorities of the Merseyside, Greater Manchester and West Yorkshire Funds of 19 February 2016.

The report also provided details of the proposed Pension Board work plan 2016-17. The support to the Board was also acknowledged and the

Independent Chair recorded his thanks to the officers of Merseyside Pension Fund and the Strategic Director of Transformation and Resources. The Independent Chair also indicated that he would be attending the next meeting of the Pensions Committee to be held on 19 September, 2016.

Resolved - That;

- 1 the Board receives and approves the Pension Board Review 2015-16.**
- 2 the Board approves the proposed Work Plan 2016-17.**

44 MERSEYSIDE PENSION FUND - COMPLIANCE STATEMENT - TPR CODE OF PRACTICE NO.14

Members of the Board gave consideration to a report of the Principal Pensions Officer provided an update on the intended approach to stress test Merseyside Pension Fund's compliance against the Pension Regulator (TPR) Code of Practice No.14, entitled "Governance and Administration of Public Service Schemes.

The appendix to the report, the Compliance Statement, 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).

Members were reminded that the Local Pension Board's role was to assist in the good governance of the scheme and to highlight to Pensions Committee any areas that required improvement in complying with statutory legislation and standards set by TPR.

The Pension Board had discussed the content and impact of TPR Code of Practice, applicable from April 2015, at its inaugural meeting of 14 July 2015. The Code of Practice set out the legal requirements for public service pension schemes, standards of conduct and practice expected of those who exercise functions in relation to those requirements.

Work was currently in progress to establish a model for officers to undertake a self-assessment against the 90 key definitive elements across the Code - with the statements of compliance substantiated by relevant documentary evidence. Any failings would outline the suggested corrective action within a targeted timeframe and any areas identified for improvement would require a statement of commitment.

The report noted that following completion by the officer, the Board might wish to consider commissioning an advisor to provide an independent review of the

exercise - to demonstrate objectivity and mitigate any preconceived assumptions as to the level of compliance within the administration and governance function.

The Fund had to date undertaken a high level assessment of its compliance against the Code, using the RAG rating system, attached as Appendix 1 to the report. Yvonne Caddock, Principal Pensions Officer reported that there were no areas of significant concern. Areas with an amber rating reflected development work being undertaken to further tighten controls and ensure a robust monitoring framework.

Yvonne Caddock also indicated that officers would keep the Pension Board apprised of progress achieved and requested feedback on the evaluation of both the Statements of Compliance and Commitment, including the review process which would be embedded within the compliance model.

Geoff Broadhead noted that it may be effective and best use of resources to seek an independent review utilising a scheme employer's Audit Section before officers undertake a full review of the specific elements of the code. The Chair concluded that officers would consider this useful suggestion when progressing the project.

Resolved – That the report be noted.

45 **POOLING UPDATE**

Members of the Board gave consideration to a report of the Director of Pensions that updated the Pension Board 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).

Resolved – That the report be noted.

46 **IMWP MINUTES - 19/04/16**

Members considered the IMWP minutes approved by Pension Committee since the last Pension Board meeting and were attached as exempt appendices to the report.

The appendix to the report, the minutes of IMWP on 19 April 2016, 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 report be noted.

47 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.

48 MERSEYSIDE PENSION FUND - COMPLIANCE STATEMENT - TPR CODE OF PRACTICE NO.14 - EXEMPT APPENDICES

The appendices to the report on MPF – Compliance Statement - TPR Code of Practice No.14 were exempt by virtue of paragraph 3.

49 POOLING UPDATE - EXEMPT APPENDIX

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

50 IMWP MINUTES - 19/04/16 - EXEMPT APPENDIX

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