

WIRRAL COUNCIL

PENSIONS BOARD

27 JUNE 2017

SUBJECT:	PENSION BOARD REVIEW 2016-17 AND WORK PLAN 2017-18
WARD/S AFFECTED:	NONE
REPORT OF:	INDEPENDENT CHAIR OF PENSION BOARD
KEY DECISION?	NO

1.0 EXECUTIVE SUMMARY

This report which has been prepared in accordance with the Terms of Reference of the Pension Board reviews the performance of the Board and its members during its second year. The second year of the Board has been taken as from 1 May 2016 to 31 March 2017. This report also includes a proposed Work Plan for 2017-18.

2.0 BACKGROUND AND KEY ISSUES

Under Section 11.3 of its Terms of Reference the Board is required to produce, on an annual basis, a report for consideration by the Scheme Manager which is the Wirral MBC Pensions Committee. This review has been prepared by the Independent Chair of the Board for consideration by the Board at its meeting on 27 June 2017. Following consideration by the Board an approved version of this review will be presented by the Independent Chair to the Pensions Committee.

As the Board Members were appointed on 15 May 2015 the review of the first year of the Board (2015/16) covered the period 15 May 2015 to 30 April 2016. Therefore, this review of the second year of the Board (2016-17) covers the period 1 May 2016 to 31 March 2017.

Purpose and Constitution of the Merseyside Local Pension Board

Under its Terms of Reference the purpose of the Merseyside Pension Board is to assist the Administering Authority (Wirral MBC) in its role as a Scheme Manager under the Public Service Pensions Act 2013 and the Local Government Pension Scheme Regulations. The Board is required to meet sufficiently regularly to discharge its duties and responsibilities effectively but not less than twice in any year. The Board met three times during its first year (2015-16) and again met three times during its second year (2016-17).

The Pension Board consists of nine members and is constituted of four employer representatives, four scheme member representatives and an independent, non-voting Chair who has responsibility for the co-ordination and operation of the Board.

Board Meetings

Three meetings of the Board were held during the period covered by this review. These were on 28 June 2016, 11 October 2016 and 16 March 2017. Overall attendance by members of the Pension Board at meetings during 2016-17 was 88%.

The Agenda Items Considered at each Board meeting are shown in the Table below:

	28/6/16	11/10/16	16/3/17
Members Code of Conduct – Declarations of Interest	/	/	/
Minutes of the Previous Meeting	/	/	/
LGPS Update	/	/	/
Knowledge, Skills, Training, Member Development	/	/	/
Investment Pooling	/	/	/
Pensions Administration Report		/	/
Pension Fund Treasury Management		/	/
Investment Monitoring Working Party Minutes	/	/	/
Governance and Risk Working Party Minutes		/	
Audit Findings Report and Pension Fund Annual Report and Accounts		/	
Pension Board Review 2015-16 & Work Plan 2016-17	/		
Pensions Regulator Survey	/		
Compliance Statement with Code of Practice No 14	/		
Investment Performance		/	
GAD Section 13 Dry Run		/	
Annual Employers Conference		/	
Non-Recovery of Pension Overpayments		/	
Merseyside Pension Fund Business Planning			/
Investment Strategy Statement Guidance			/
Draft Funding Strategy Statement			/
Markets in Financial Instruments Directive Consultation			/

During 2016-17 the Board, facilitated by reports prepared by the officers of the Merseyside Pension Fund, implemented the Pension Board Work Plan 2016-17. This work plan, which was included in the 2015-16 Pension Board Review was prepared following discussions between the Independent Chair and the Director of the Fund taking into account consultation with all Board Members.

Whilst recognising the need for a broad “LGPS update” report at each Board meeting, similar to that which is presented to the Pensions Committee, the Work Plan included an emphasis on the presentation to the Board of detailed reports on Pensions Administration including Key Performance Indicators. At both the October 2016 and

March 2017 the Principal Pensions Officer prepared and presented a detailed report covering a broad range of Pensions Administration matters and containing extensive statistical reporting. At the June 2016 meeting the Board received a report and detailed appendix in respect of the Fund's compliance against the Pension Regulator's Code of Practice No 14 entitled "*Governance and Administration of Public Service Pension Schemes.*"

The development and implementation of Investment Pooling is presently the highest profile development in the Local Government Pension Scheme (LGPS). This will have a significant effect on both the investment and governance arrangements of the LGPS. A report on Pooling was presented to the Board at all three meetings during 2016-17. These reports were extremely detailed and through the provision of information in the Exempt Agenda, which is necessarily confidential to the Merseyside Pension Fund, the Board was, on behalf of Employers and Employees, able to obtain a clear understanding of why and how the Northern Pool consisting of the Merseyside, Greater Manchester and West Yorkshire LGPS Funds is developing a model for Investment Pooling which should fully meet both Government requirements and the particular circumstances of the three participating Funds. I wish to thank the Director of the Fund for the commentary and information he provided on Pooling at the Board meetings which summarised and encapsulated the information contained in the Board papers.

As the Board's primary role is to assist the Administering Authority and the Board is not in its own right a decision making body it was appropriate that the Board developed a clear focus towards consideration of Governance issues during its first year (2015-16) and this continued during 2016-17. The Board continued to receive the Exempt Minutes of both the Investment Monitoring Working Party (the Fund's principal forum for the consideration of Investment related issues) and the Governance & Risk Working Party (the Fund's principal forum for the consideration of risk management/internal control and Pensions Administration). The Board also received the External Auditors Audit Findings Report together with the Draft Annual Report and Accounts. Prior to considering the Draft Pension Fund Accounts the Board received a very helpful training session, presented by the Group Accountant to the Fund, entitled "*Final Accounts 2015/16 Production and Audit Process.*" The Board also received the Draft Funding Strategy Statement which is one of the primary policy statements the Fund is required to prepare under the LGPS Regulations.

At its meeting held on 28 June 2016 the Board formally considered and approved both the report of the Independent Chair in respect of 2015-16, the first year of the Board, and the proposed Work Plan for 2016-17.

During 2016-17 the Board did not feel it necessary or appropriate to make any formal recommendations to the Scheme Manager, the Pensions Committee of Wirral MBC.

In 2016-17, as in 2015-16, all Members of the Board actively and positively contributed to debates arising from Agenda items. Sadly, one of the Employee Representatives, Phil Goodwin, died suddenly and unexpectedly in October 2016. I would wish to place on record my appreciation and recognition of Phil's positive contribution to the establishment of the Board during the period July 2015 to October 2016.

Training and Development

Mindful of the requirements of the Public Service Pensions Act 2013 and the Pensions Act 2004 (As amended) training and development has been approached in a methodical and serious manner by both the Administering Authority and individual Board members.

Each of the three Board Meetings held during 2016-17 considered Training and Member Development. In particular, at the meeting held on 28 June 2016 the Board formally adopted the CIPFA Knowledge and Skills Framework for Pension Board Members. As previously indicated Training in respect of the preparation and audit of the Pension Fund Accounts was provided at the October 2016 meeting.

During 2016-17 Board Members were afforded and took up opportunities to attend a range of external training and conference events. In particular, three Members attended the three day LGPS Fundamentals Training course organised by the Local Government Association/Local Government Pensions Committee and five attended at conference events organised by the Pensions and Lifetime Savings Association. The Independent Chair also represented the Board at two CIPFA Pension Board seminars.

All Members of the Board were invited to attend the Annual Employers Conference held on 29 November 2016 which received detailed presentations on the Governance, Investment and Administration of the Fund as well as a presentation on the 2016 Actuarial Valuation from Mercer who are Actuary to the Fund. Six of the eight Members of the Board attended (there was at this time one vacancy). The Independent Chair of the Pension Board also made a presentation covering Training and Development, Board Meetings and Work Programme, Investment Pooling, Reporting Breaches of the Law to the Pensions Regulator and Support for the Board by the Administering Authority.

Reporting Breaches of the Law to the Pensions Regulator

The Pension Board does not itself have decision making powers. In respect of the Reporting of Breaches of the Law to the Pensions Regulator the Administering Authority has determined (Pensions Committee of 16 November 2015) that the Board should be consulted by Officers when considering whether or not to report a specific breach (or likely breach) to the Regulator. This is an important role granted to the Board in terms of ensuring the good Governance of the Fund and appropriate interpretation of the Pensions Regulators guidance and the Merseyside Fund's policy on reporting breaches of the law. During the period covered by this report, 2016-17, there were no Breaches of the Law identified by the Fund Officers and upon which the Pension Board was therefore asked to give its view. Neither were there any matters identified by the Board itself as potential or actual Breaches of the Law.

Pension Board Review 2015-16 and presentation to the Pensions Committee

The Pension Board Review 2015-16 and Work Plan 2016-17 was considered and approved by the Board on 28 June 2016. This was then considered by the Pensions Committee at its meeting held on 19 September 2016. The Independent Chair attended this meeting, presented the review and answered questions from Members of the Committee.

Pension Board Costs of Operation 1 April 2016 to 31 March 2017

Training	£10,584
Transport	£2,088
Allowances	£12,772
Other	£1,487
Total	£26,931

Proposed Pension Board Work Plan 2017-18

The proposed Work Plan for 2017-18 is detailed below. This maintains an overall emphasis on Fund Governance. Pensions Administration will remain a particular area of focus given that this is an area of direct relevance to both Employers and individual Employees. Investment Pooling will also be an area of focus given the Government has indicated that investment pools should be operational by 2018. The Work Plan will be updated as necessary during 2017-18.

Agenda item	27/6/17	10/10/17	2018
LGPS update	√	√	√
Administration KPI report	√	√	√
Pooling update	√	√	√
Audit Plan			√
Pensions Administration Strategy		√	
Member Development Programme			√
Pension Board Development Programme			√
IMWP/GRWP minutes	√	√	√
Pension Board Annual Review 2016-17 and Work Plan 2017-18	√		
Investment Performance		√	
Audit Findings Report		√	

Annual Report & Accounts		√	
Review of Actuarial Valuation	√		

Support for the Board by the Administering Authority during 2016-17

The effectiveness of the Board is dependent not only on the approach and contribution of its members but also that of the Administering Authority. Throughout 2016-17 the Board received extremely positive support, advice and guidance from the Officers of the Merseyside Pension Fund. Meetings of the Board were supported and attended not only by the Director of the Fund but also the senior members of his team responsible for Pensions Administration and the Finance/Accounting of the Fund. The commitment of Wirral MBC to the Board's role within the Merseyside Pension Fund was also clearly demonstrated by the involvement of the Council's Managing Director for Delivery.

Between meetings the Director of the Fund provided me with advice whenever requested as did his senior staff responsible for Pensions Administration and Finance/Accounting. The Director's Personal Assistant also positively provided support throughout the year.

On behalf of the Board I would wish to thank the Officers for their positive approach and their reports, guidance and advice which enabled us to continue our task of seeking to genuinely "assist" the Administering Authority in its stewardship of the Merseyside LGPS Fund.

John Raisin
Independent Chair
Merseyside LGPS Local Pension Board

3.0 RELEVANT RISKS

3.1 There are none arising from this report.

4.0 OTHER OPTIONS CONSIDERED

4.1 No other options have been considered.

5.0 CONSULTATION

5.1 The Director of the Merseyside Pension Fund has been consulted in the preparation of this report.

6.0 OUTSTANDING PREVIOUSLY APPROVED ACTIONS

6.1 There are no previously approved actions outstanding.

7.0 IMPLICATIONS FOR VOLUNTARY, COMMUNITY AND FAITH GROUPS

7.1 There are none arising from this report.

8.0 RESOURCE IMPLICATIONS: FINANCIAL; IT; STAFFING; AND ASSETS

8.1 There are none arising directly from this report.

9.0 LEGAL IMPLICATIONS

9.1 There are none arising from this report.

10.0 EQUALITIES IMPLICATIONS

10.1 Has the potential impact of your proposal(s) been reviewed with regard to equality?

(b) No because there is no relevance to equality.

11.0 CARBON REDUCTION AND ENVIRONMENTAL IMPLICATIONS

11.1 There are no carbon usage implications, nor any other relevant environmental issues arising from this report.

12.0 PLANNING AND COMMUNITY SAFETY IMPLICATIONS

12.1 There are none arising from this report.

13.0 RECOMMENDATION/S

13.1 That the Board receive and approve the Pension Board Review 2016-17.

13.2 That the Board approves the proposed Work Plan 2017-18

14.0 REASON/S FOR RECOMMENDATION/S

14.1 Section 11.3 of the Terms of Reference of the Local Pension Board of the Merseyside Fund states that *“The Board shall on an annual basis produce a report on both the nature and effect of its activities for consideration by the Scheme Manager.”*

REPORT AUTHOR: JOHN RAISIN
Independent Chair
Merseyside Local Pension Board
16 June 2017

APPENDICES

BACKGROUND PAPERS/REFERENCE MATERIAL

BRIEFING NOTES HISTORY

Briefing Note	Date

SUBJECT HISTORY (last 3 years)

Council Meeting	Date