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PENSIONS COMMITTEE

Monday, 29 October 2018

<u>Present:</u>	Councillor	P Doughty (Chair)	
	Councillors	G Davies P Cleary A Gardner P Hackett	K Hodson T Jones B Kenny C Povall
	Councillors	J Fulham, St Helens Council P Lappin, Sefton Council	
		R Bannister, Unison retired member representative	
<u>Apologies</u>	Councillor	Ms J Aston, Knowsley Council	

24 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 John Fulham declared a pecuniary interest by virtue of being a member of Merseyside Pension Fund and a Board Member, Torus.

Councillor Andrew Gardner declared a pecuniary interest by virtue of 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 Paulette Lappin declared a pecuniary interest by virtue of being a member of Merseyside Pension Fund.

Councillor Cherry Povall declared a pecuniary interest by virtue of her daughter being a member of Merseyside Pension Fund.

25 MINUTES

Resolved – That the accuracy of the Minutes of the Pensions Committee held on 16 July 2018 be agreed.

26 **LGPS UPDATE**

Members gave consideration to a report of the Director of Pensions that provided a high level overview of the proposed changes to the valuation and cost management process for public service pension schemes, and the subsequent impact on the LGPS.

Resolved – That the report be noted.

27 **DRAFT FUNDING STRATEGY STATEMENT**

A report of the Director of Pensions provided an update for Members of the requirement for the Scheme Manager to keep the Funding Strategy Statement (FSS) under review between triennial actuarial valuations.

Yvonne Caddock, Head of Pension Administration, outlined the report and informed Members that there was a statutory responsibility under regulation 58 (3) of Local Government Pension Scheme 2013 Regulations to ensure it remained appropriate in the event of changes to the Investment Strategy Statement or overarching legislation.

It was reported that as the LGPS (Amendment) Regulations 2018 had introduced the provision to refund an “Exit Credit” to an employer” with effect from 14 May 2018; thus presenting as a material change in funding arrangements, it was necessary to review the impact on the termination policy and consult with employers on any proposed changes to the FSS.

The Fund had opened a consultation with Scheme employers on 9 July 2018 and had shared an explanatory letter detailing the background to the consultation, together with a draft copy of the 2018 FSS. The consultation had closed on 6 August 2018.

Members were informed that the Pension Board had considered the draft Funding Strategy Statement at its meeting on 16 October 2018 and deemed it suitable for presentation to Pension Committee.

The revised draft FSS was attached as an appendix to the report together with the Fund’s response to the issues raised by employers and the Independent Chair of the Pension Board, during the consultation.

Resolved – That

- 1) the policy on Scheme employers exiting the Fund; and**
- 2) the updated Funding Strategy Statement be approved.**

28 RESPONSIBLE INVESTMENT EVENT

A report of the Director of Pensions informed Members of a Responsible Investment event being organised and hosted by the Fund on 26 November 2018 on behalf of the Northern Pool.

The Director of Pensions informed Members that this conference was for those involved with the creation of the Northern Pool and others with a direct interest. The objective was to give those attending a reminder of what was required of the three administering authorities and funds to meet legislative requirements, achieve good investment returns together with developing a collective view on strong stewardship arrangements for the assets of the funds whether held directly or through the pooling arrangements. Councillor Pat Cleary commented that he hoped that the event would feature climate change and that the presentation would address this at a high level. The Director of Pensions indicated that he would follow up on this.

Members were informed that a mix of external and internal speakers would be attending. A number of areas of best practice would be discussed and case studies presented. An agenda for the event will be circulated shortly. The Chair encouraged members to attend the event and commented that it would provide an opportunity to meet with counterparts from the Northern Pool.

Resolved – That the report be noted and Members be encouraged to attend the Responsible Investment event on 26 November 2018.

29 POOLING UPDATE

Members gave consideration to a report of the Director of Pensions that provided an update on pooling arrangements relating to MPF and the Northern Pool and sought approval for the Director of Pensions, in conjunction with the Borough Solicitor, to conclude an inter-authority operating agreement between the three funds of the Northern Pool and any constitutional amendments that might be required.

Resolved – That;

- 1. the pooling report be noted.**
- 2. subject to any necessary approval of the Council in relation to Constitutional changes or amendments, approval be given for the Director of Pensions, in conjunction with the Borough Solicitor, to conclude an inter-authority operating agreement between the three funds of the Northern Pool and any constitutional amendments that may be required.**

30 LAPFF CONFERENCE

A report of the Director of Pensions recommended that the Committee approved 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 5 to 7 December 2018.

The report informed that MPF was a member of LAPFF and its Annual General Meeting and annual conference provided a forum for Responsible Investment matters and topical issues affecting Local Authority Pension Funds to be discussed and addressed. With sustainability issues gaining a higher profile it was proposed that the arrangements pertaining last year be continued and invitations extended to party spokespersons as well as the Chair.

An agenda for the conference was attached as an appendix to the report. Members were informed that the conference would commence on the Wednesday afternoon and conclude around midday on the Friday.

Resolved – That attendance at the LAPFF conference by the Chair, party spokespersons and other Members who wish to attend be approved.

31 ANNUAL EMPLOYERS CONFERENCE

A report of the Director of Pensions informed Members of the arrangements for the annual Employers' Conference to be held on at Aintree Racecourse on Thursday 29 November 2018.

Members were informed that in addition to the annual reports on investment performance and the administration of the Pension Fund over the previous year, a presentation would be given by Mercer, the Fund Actuary, summarising the recent interim valuation and an outline of next year's triennial valuation.

Members were invited to attend the Conference and further details would be circulated to all Members of the Committee as soon as arrangements were finalised.

Resolved – That the report be noted.

32 PENSION BOARD MINUTES 13/06/18

A report of the Director of Pensions provided members with the minutes of the previous meeting of the Local Pension Board held on 13 June 2018.

Resolved – That the minutes of the Local Pension Board held on 13 June 2018 be noted.

33 LGPS GOVERNANCE CONFERENCE

A report of the Director of Pensions requested nominations for members to attend the 15th Annual LGPS Governance Conference, organised by the Local Government Pensions Committee, to be held in Bristol between 17 and 18 January 2019.

The Conference "Clarity in Confusion" was aimed at elected members and others involved in pensions committees and local pension boards. It would provide an

update on the latest developments in the LGPS and an insight to the current governance and investment issues in the LGPS.

Members were informed that attendance would be beneficial in fulfilling the Committee's Knowledge and Skills objectives as set out by CIPFA. The programme was attached as an appendix to the report.

Resolved – That the report be noted.

34 **INTERIM VALUATION**

Members gave consideration to a report of the Director of Pensions that outlined the scope of the interim funding review for Merseyside Pension Fund, undertaken by the Fund Actuary, Mercer Ltd, assessed at 31 March 2018.

The appendix to the report 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 outcome of the interim valuation at 31 March 2018, updated to 31 August 2018 be noted.

35 **ADMISSION BODY APPLICATION**

Councillor John Fulham left the room during consideration of this item.

A report of the Director of Pensions sought approval of Pension Committee to admit both New Torus 62, and its principal subsidiary ComMutual, as community admission bodies of Merseyside Pension Fund; with effect from 1 December 2018. Yvonne Caddock, Head of Pension Administration, outlined the report and responded to Members questions.

The appendix attached to the report contained exempt information. This was by virtue of paragraph 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;

1 the report be noted.

2 the applications from New Torus 62 Limited and ComMutual for admission to Merseyside Pension Fund, as community admission bodies, with effect from 1 December 2018 be approved in principle.

3 the completion of the detailed terms of the pension transfer agreement, including the statutory guarantees, be delegated to the Head of Pension Administration and to the Borough Solicitor.

36 **WRITE-OFF PENSION OVERPAYMENTS**

Members gave consideration to a report of the Director of Pensions that requested approval to write off a sum of £113,071.36, in respect of pension overpayments that had arisen and which were now Statute Barred or irrecoverable; they were now recommended by Legal Services for write off.

The appendix to the report 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 £113,071.36 be approved for write-off.

37 **WRITE-OFF RENT ARREARS**

A report of the Director of Pensions requested that Members agree to the write off of £93,246.69 of unrecoverable rent arrears from the Fund's property portfolio. The annual property rental income for 2017/18 was £26.8 million.

Appendix 1 to the report, (A report from CBRE detailing property rent arrears), 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 write-off of uncollectable property rental income of £93,246.69 be approved.

38 **WORKING PARTY MINUTES 12/07/18 & 11/09/18**

A report of the Director of Pensions provided Members with the minutes of meetings of Working Parties held since the last meeting.

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 the minutes attached as an exempt appendix to the report be approved.

39 **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.

40 **INTERIM VALUATION**

The appendix to the report on Interim Valuation was exempt by virtue of paragraph 3.

41 **ADMISSION BODY APPLICATION**

The appendix to the report on Admission Body Application was exempt by virtue of paragraph 3.

42 **WRITE-OFF OF PENSION OVERPAYMENTS**

The appendix to the report on Write-Off of Pension Overpayments was exempt by virtue of paragraph 3.

43 **WRITE-OFF OF RENT ARREARS**

The appendix to the report on Write-off of Rent Arrears was exempt by virtue of paragraph 3.

44 **WORKING PARTY MINUTES 12/07/18 & 11/09/18**

The appendix to the report on Interim Valuation was exempt by virtue of paragraph 3.

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