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LOCAL PENSIONS BOARD

Tuesday, 16 October 2018

Present: J Raisin (Chair)
M Hornby P Wiggins
K Beirne R Irvine
D Ridland P Maloney

Apologies L Robinson

23 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.

24 MINUTES

Resolved – That the accuracy of the Minutes of the Local Pension Board held on 13 June, 2018 be approved as a correct record.

25 AUDIT FINDINGS REPORT

Members gave consideration to the Audit Findings Report 2017 - 2018 prepared by Grant Thornton UK LLP that had been considered by the Pensions Committee on 16 July, 2018. Donna Smith, Head of Finance and Risk, gave an outline of the report and responded to Members questions.

The report informed that the draft financial statements and working papers had been received in accordance with the agreed timetable; the draft accounts had again been prepared to a good standard and had taken into account areas for improvement identified in last year's audit. It was further reported that the audit had not identified any significant issues in terms of the financial statements or the Annual report.

Resolved – That the report be noted.

26 STATEMENT OF ACCOUNTS/LETTER OF REPRESENTATION/REPORT & ACCOUNTS

A report of the Head of Finance and Risk provided Board members with copies of the Fund's Statement of Accounts report, Letter of Representation and Report and Accounts that had been reported to Pensions Committee in July 2018.

The purpose of the Statement of Audited Accounts was to present the overall financial position of the Fund at financial year and was contained in the Fund's annual report (appendix 3 to the report). Once it had been considered by Pensions Committee, the Statement of Accounts had been referred to Wirral's Audit & Risk Management Committee. The Letter of Representation had given assurances to the Auditor in respect of various Pension Fund matters (appendix 2 to the report). The Fund's approved report and accounts were attached at appendix 3 to the report.

Resolved – That;

1 the report be noted.

2 the Board notes that the draft accounts had been prepared to a good standard and commends the staff on the preparation for this.

27 BUDGET OUTTURN 17/18, FINAL BUDGET 18/19

A report of the Director of Finance and Risk provided Board members with a copy of the recent Budget report taken to Pensions Committee.

It was noted that, on an annual basis, the Fund reported the budget outturn for the previous year and sought approval from Pensions Committee for a budget for the current financial year. Pensions Committee had been informed that the actual out-turn for 2017/18 was £18.0m, lower than the original budget that had been approved 17 July 2017 of £20.9m and lower than the projected out-turn of £18.7m as reported at Pensions Committee on 22 January 2018. It was further noted that the 2018/19 budget reported in January been updated to reflect an agreed pay rise of 2%, along with revised salary overheads, premises and departmental & central support charges; the finalised 2018/19 budget was £22.0m as reported in January 2018.

Resolved – That the report be noted.

28 LGPS UPDATE

A report of the Director of Pensions provided Board members with copies of recent LGPS update reports taken to Pensions Committee. The report informed Members that the Local Government Pension Scheme (Amendment) Regulations had been laid before Parliament on 19 April 2018, becoming operational on 14 May 2018. The report further outlined the key changes that

affected the administration of the Fund. Yvonne Caddock, Head of Pensions Administration, outlined the report and responded to members questions.

Resolved – That the report be noted.

29 **TREASURY MANAGEMENT ANNUAL REPORT**

A report of the Head of Finance & Risk provided Board members with a copy of the Treasury Management Annual report that had been taken to Pensions Committee. The report presented a review of treasury management activities within Merseyside Pension Fund (MPF) for the 2017/18 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 report be noted.

30 **PENSION BOARD REVISED TERMS OF REFERENCE**

Members gave consideration to a report of the Director of Pensions that provided Board members with a copy of a report recently taken to Pensions Committee recommending a revision to the Board's terms of reference. The revised terms of reference were attached as an appendix to the report.

The Director of Pensions informed Members that it was proposed that the Board's Terms of Reference be revised to increase the number of meetings and to allow the Scheme Manager greater discretion in the appointment and term of Board membership.

Resolved – That the report be noted.

31 **DRAFT FUNDING STRATEGY STATEMENT**

Members gave consideration to a report of Yvonne Caddock, Head of Pension Administration. The report set out that as required under regulation 58 (3) of the Local Government Pension Scheme 2013 Regulations, the administering authority must keep its Funding Strategy Statement (FSS) under review between triennial actuarial valuations. This ensured that it remained appropriate in the event of changes to the Investment Strategy Statement or overarching legislation.

The LGPS (Amendment) Regulations 2018 had introduced the provision to refund a surplus to an employer, defined as an "Exit Credit" with effect from 14 May 2018. As this was a material change in funding arrangements it had been 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 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.

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

On behalf of the Board the Chair thanked the Head of Pension Administration and noted that consultation with the Chair had resulted in the draft being amended that demonstrated the value of the Local Pensions Board.

Resolved – That prior to presentation at Pension Committee on 29 October 2018, where it would be recommended for ratification, the consultation document and the draft Funding Statement be noted.

32 **POOLING UPDATE**

A report of the Director of Pensions provided Board members with copies of recent Pooling update reports taken to Pensions Committee. Peter Wallach, Director of Pensions, outlined the report and responded to members questions.

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 report be noted.

33 **MANAGEMENT OF CARBON RISK**

Members gave consideration to a report of the Director of Pensions that provided Board members with a copy of a recent report to Pensions Committee on this subject.

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 report be noted.

34 **WORKING PARTY MINUTES**

A report of the Director of Pensions provided Board members with copies of working party minutes since the previous Board 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 report be noted.

35 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.

36 POOLING UPDATE

The appendices to the report on Pooling Update were exempt by virtue of paragraph 3.

37 MANAGEMENT OF CARBON RISK

The appendices to the report on Management of Carbon Risk were exempt by virtue of paragraph 3.

38 INTERIM ACTUARIAL VALUATION

The report on Interim Actuarial Valuation was exempt by virtue of paragraph 3.

39 ADMINISTRATION KPI REPORT

The report on Administration KPI was exempt by virtue of paragraph 3.

40 WORKING PARTY MINUTES

The appendices to the report on Working Party Exempt Minutes were exempt by virtue of paragraph 3.

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