

WIRRAL COUNCIL

PENSIONS COMMITTEE

4 NOVEMBER 2019

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|-------------------------|-----------------------------|
| SUBJECT: | COMPLIANCE MANUAL |
| WARD/S AFFECTED: | NONE |
| REPORT OF: | DIRECTOR OF PENSIONS |
| KEY DECISION? | NO |

1.0 EXECUTIVE SUMMARY

- 1.1 The purpose of this report is to seek Members approval of a revised Section 5 of the Compliance Manual.
- 1.2 The appendix to this report contains exempt information. This is by virtue of paragraph(s) 3 of Part 1 of Schedule 12A of Local Government Act 1972 i.e. information relating to financial or business affairs of any particular person (including the authority holding that information).

2.0 BACKGROUND AND KEY ISSUES

- 2.1 The Compliance Manual sets out the powers, duties and responsibilities of officers in respect of the financial services legislative and regulatory regimes relevant to MPF. Although the Pension Fund is not regulated by the Financial Conduct Authority (FCA) the manual incorporates, where appropriate, best practice as set out by the FCA and the codes of other professional bodies.
- 2.2 The manual is subject to a review as required, but at least every three years. The existing Compliance Manual was approved at Pensions Committee 22 January 2018.
- 2.3 The revised Section 5 of the Compliance Manual is attached as Appendix 1 to this report.
- 2.4 The main changes to the manual are the updates required to reflect the new internally managed internal factor portfolio (IFP). Changes to the manual include:

| Reference | Change |
|------------------|---|
| 5.3 | Investment Philosophies moved from Section 5 to appendices. |
| 5.4 | New section on general principles |
| 5.5 | New section on primary responsibilities |
| 5.6 | New section on investment fees and costs |
| 5.7 | New section on due diligence |
| 5.8 | Dealing section updated to reflect IFP. |

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| 5.8.2 | New section on capital calls |
| 5.9 | Reviewed and updated Investment Committee section to reflect roles and responsibilities. |
| 5.10 | Updated section on requirement to obtain bank details. |

3.0 RELEVANT RISKS

- 3.1 The Compliance Manual is concerned with the mitigation of risks by enhancing the Fund's control environment.

4.0 OTHER OPTIONS CONSIDERED

- 4.1 No other options have been considered.

5.0 CONSULTATION

- 5.1 There has been no consultation undertaken or proposed for this report. There are no implications for partner organisations arising from 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 Committee approve the revised Section 5 of the Compliance Manual.

14.0 REASON/S FOR RECOMMENDATION/S

14.1 The approval of the Compliance Manual for Merseyside Pension Fund by Pensions Committee forms part of the governance arrangements of Merseyside Pension Fund.

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APPENDICES

Appendix 1 Revised Section 5 of the Compliance Manual and Investment Philosophies

BACKGROUND PAPERS/REFERENCE MATERIAL

Compliance Manual 2018

BRIEFING NOTES HISTORY

| Briefing Note | Date |
|----------------------|-------------|
| | |

SUBJECT HISTORY (last 3 years)

| Council Meeting | Date |
|---------------------------|------------------------|
| Pensions Committee | 22 January 2018 |
| Pensions Committee | 21 March 2017 |