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PENSIONS COMMITTEE

Tuesday, 2 February 2021

<u>Present:</u>	Councillor	P Cleary (Chair)	
	Councillors	C Povall C Carubia G Davies A Gardner	T Jones B Kenny L Rowlands A Jones (dep for Cllr S Foulkes)
	Councillors	J Aston, Knowsley Council M Bond, St Helens Council P Lappin, Sefton Council	
			Mr R Bannister, Unison retired member representative
<u>Apologies</u>	Councillors	T Cottier S Foulkes	

26 WELCOME AND INTRODUCTION

The Chair welcomed Members of the Pensions Committee and viewing members of the public to the online, virtual meeting.

27 APOLOGIES

A roll call of Councillors was undertaken on behalf of the Head of Legal Services. Apologies had been received from Councillors Tony Cottier and Steve Foulkes.

28 MEMBERS' CODE OF CONDUCT - DECLARATIONS OF INTEREST

Members were asked to consider whether they had any disclosable pecuniary interests and/or any other relevant interest in connection with any item(s) on this agenda and, if so, to declare them and state what they were.

The following declarations were made:

Mr Roger Bannister		Pecuniary interest by virtue of being a member of Merseyside Pension Fund.
Councillor Davies	George	Pecuniary interest by virtue of his wife being a member of Merseyside Pension Fund.
Councillor Gardner	Andrew	Pecuniary interest by virtue of being a member of Merseyside Pension Fund.
Councillor Jones	Tony	Pecuniary interest by virtue of himself and his wife being a member of Merseyside Pension Fund.

Councillor Lappin	Paulette	Pecuniary interest by virtue of being a member of Merseyside Pension Fund.
Councillor Povall	Cherry	Pecuniary interest by virtue of her daughter being a member of Merseyside Pension Fund.
Councillor Rowlands	Les	Pecuniary interest by virtue of his wife being a member of Merseyside Pension Fund.

29 MINUTES

Resolved – That the accuracy of the minutes of the meeting held on 2 November, 2020 be agreed.

30 LGPS UPDATE

The Head of Pensions Administration, Yvonne Murphy, introduced a report that updated Members on the judicial review of the ‘Restriction of Public Sector Exit Payments Regulations 2020’, and the publication of the Ministry of Housing, Community and Local Government (MHCLG) guidance on employer applications for the relaxation of the exit cap for local government employees. The report also raised awareness of communication materials produced by LGA to assist scheme members, administering authorities and employers in understanding the implications of the public sector exit cap on redundancy packages, operational processes and legal obligations.

On 16 December, MHCLG had published waiver guidance for the £95k exit cap in compliance with HM Treasury Directions for circumstances where mandatory or discretionary waivers may apply. The guidance was largely directed at employers and provided information on the process MHCLG would follow in deciding whether to approve a request for a waiver. The Head of Pensions Administration noted that the report contained a link to the guidance:

<https://www.gov.uk/government/publications/local-government-exit-pay/local-government-exit-pay-a-guide-for-local-authorities-for-the-interim-period-until-mhclg-regulations-come-into-force#process>

The Committee were also informed that the Pension Fund members website had been updated: -

<https://mpfmembers.org.uk/content/public-sector-exit-cap-faqs-lgps-members>

Moved by the Chair and formally seconded by Councillor Cherry Povall, it was;
Resolved - That the report and the resource implications in administering the Public Sector Exit Payment Regulations be noted.

31 FSS POLICY UPDATES

The Head of Pensions Administration, Yvonne Murphy, introduced a report that updated Members covered updates to the Funding Strategy Statement’s termination policy and the new contributions flexibilities policy in light of the new Regulations that came into force on 23 September 2020. The Regulations required these policies to be included in the Funding Strategy Statement. Appendix 1 to the report contained

the Draft Termination Policy updates regarding exit debt payments and deferred debt agreement flexibilities and Appendix 2 to the report contained the Draft Policy regarding flexible contributions.

The report informed that the default position for exit payments was that they were paid in full at the point of exit. The termination policy had therefore been updated to allow for the new Regulations which allowed exiting employers (subject to a suitable review of the unaffordability of an immediate exit debt payment) to spread their exit debt over a set period or to enter into a Deferred Debt Arrangement allowing them to remain in the Fund with no active members. The policy set out the process that must be followed by the Fund when an employer exits the Fund (usually triggered when the last active contributing member leaves pensionable service).

The new Regulations also permitted contribution rates to be adjusted between valuations. Currently the contribution rates set out in the valuation report stayed in place until the next valuation (except in limited circumstances or where an employer exits the Fund). These Regulations allowed changes to contributions to be made before the next valuation if an employer's circumstances meet the specified criteria. The policy set out the situations where contributions may be reviewed between actuarial valuations and the conditions that must be met.

The Head of Pensions Administration responded to Members questions and being moved by the Chair and formally seconded by Councillor Cherry Povall, it was;

Resolved – That;

- 1. the draft policy for 'Deferred Debt Agreements' based on HMRC's draft statutory guidance and the Scheme Advisory Board (SAB) guide be approved.**
- 2. the draft policy for 'Flexibility in Contribution Rates' based on HMRC's draft statutory guidance and the SAB guide be approved.**
- 3. any final changes to the draft policies – following consultation with employers on the updated Funding Strategy Statement, and after having taken advice from the Scheme Actuary along with consideration of the publication of the final statutory guidance and SAB guide be delegated to the Director of Pensions.**

32 AUTHORISED SIGNATORIES

The Head of Finance & Risk, Donna Smith, presented a report that set out proposed changes to authorised signatories at Merseyside Pension Fund (MPF) following a review of the current signatories against business needs and was updated to reflect staff changes.

The report described the different requirements for various institutions and functions, including the banks, custodian, and overseas pensions payment agent, as well as the granting of power of attorney where appropriate.

The report also formed a part of the Fund's scheme of delegation and set out the management and authorisation arrangements, for the avoidance of doubt by organisations undertaking due diligence on MPF as an investee company or as a financial services provider, or for purposes of overseas jurisdiction.

Moved by the Chair and formally seconded by Councillor Cherry Povall, it was;

Resolved – That;

1 the arrangements set out in section 3 of the report in relation to the internal control arrangements at Merseyside Pension Fund be approved.

2 the officers designated in section 3 of the report as authorised signatories for Merseyside Pensions Fund be approved.

33 **TREASURY MANAGEMENT POLICY**

Donna Smith, Head of Finance & Risk, presented a report that requested that Members approve the treasury management policy statement and the treasury management practices for Merseyside Pension Fund (MPF) for the year 2021/22.

The report set out that the main aims when managing liquid resources were the security of capital; the liquidity of investments; matching inflows from lending to predicted outflows; an optimal return on investments commensurate with proper levels of security and liquidity. Effective management and the control of risk were prime objectives of the treasury management policy and practices.

MPF would comply with the twelve treasury management practices set out in the treasury management policy statement.

The policy statement was attached as Appendix 1 to the report.

The Head of Finance and Risk responded to Members questions and having been moved by the Chair and formally seconded by Councillor Cherry Povall, it was;

Resolved – That the treasury management policy statement and the treasury management practices for Merseyside Pension Fund for the financial year 2021/22 be approved.

34 **MEMBERS' LEARNING & DEVELOPMENT 2021**

The Director of Pensions, Peter Wallach, presented a report that provided Members with an outline of the potential opportunities for learning & development in 2021. An outline training programme was attached as an appendix to the report. The Director of Pensions informed that considering the restrictions arising from Covid, it was anticipated that most, if not all, of the events would be virtual. As and when in person events recommence or officers become aware of other appropriate events, Committee members would be advised. The Chair encouraged Members participation in training opportunities.

Moved by the Chair and formally seconded by Councillor Cherry Povall, it was;

Resolved – That the proposed learning and development plan for 2021 be noted and approved.

35 **LOCAL PENSION BOARD MINUTES**

The Director of Pensions introduced a report that provided members with the minutes of the previous meeting of the Local Pension Board. The Chair noted the Committee's thanks to the Local Pension Board for its comprehensive coverage of items relating to the Fund.

Moved by the Chair and formally seconded by Councillor Cherry Povall, it was;

Resolved - That the minutes of the Local Pension Board be noted.

36 **NORTHERN LGPS UPDATE**

Members gave consideration to a report of the Director of Pensions that provided Members with an update on pooling arrangements in respect of MPF and the Northern LGPS. Minutes of the previous Joint Committee meeting were appended for noting. The Chair commented that Members may be aware of a letter received from the Friends of Palestine and noted that this matter had been taken forward to the next NLGPS meeting being held on Thursday 4 February 2021.

Appendix 1 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).

Moved by the Chair and formally seconded by Councillor Cherry Povall, it was;

Resolved – That the minutes of the Joint Committee meeting be noted.

37 **MINUTES OF WORKING PARTY MEETINGS**

Moved by the Chair and formally seconded by Councillor Cherry Povall, it was;

Resolved – That, subject to the amendment to the Investment Monitoring Working Party minutes to include Councillor Tony Jones in the list of apologies received for the meeting held on 17 November 2020, the Minutes of the Working Party be approved.

38 **EXEMPT INFORMATION - EXCLUSION OF MEMBERS OF THE PUBLIC**

Moved by the Chair and formally seconded by Councillor Cherry Povall, it was:

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.

39 **ADMISSION BODY APPLICATION**

The Head of Pensions Administration, Yvonne Murphy, introduced a report that sought approval to delegate authority to the Director of Pensions to admit an applicant to Merseyside Pension Fund (MPF) as a community admission body.

The report was exempt by virtue of paragraph 3.

The report informed that the formal process to admit the applicant was conditional on receipt of the Secretary of State direction to substitute MPF for CPF in accordance with Part 2 of Schedule 3 of the LGPS Regulations 2013.

In addition, Wirral Council's Group Solicitor must be satisfied that the operations of the organisation align with the regulatory criteria to participate as community interest admission body under the LGPS regulations.

**On a motion by the Chair and seconded by Councillor Cherry Povall it was:
Resolved - That authority be delegated to the Director of Pensions:**

- **to respond to the consultation issued by the Secretary of State on the final terms of the substitution of Funds.**
- **to admit the applicant as a community admissions body of MPF following consideration of the Group Solicitor's advice, the financial strength of the body, the accessibility of security and the risks to the Fund's stakeholders.**

40 **UPDATE ON TAX MANAGEMENT ARRANGEMENTS**

The Director Pensions, Peter Wallach, introduced a report that provided members with an update on the progress made by the Fund in Tax Management Arrangements.

The report was exempt by virtue of paragraph 3.

On a motion by the Chair and seconded by Councillor Cherry Povall it was:

Resolved - That the report and the progress being made in the recovery of taxes be noted.

41 **NORTHERN LGPS UPDATE EXEMPT MINUTES**

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

42 **EXEMPT MINUTES OF WORKING PARTY MEETINGS**

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