

Minutes of the Governance and Risk Working Party, Wednesday 14 April 2021

Present:

Name	Initials	Organisation
Councillor Pat Cleary (Chair)	PC	WBC
Councillor Tony Jones	TJ	WBC
Councillor Brian Kenny	BK	WBC
Councillor Cherry Povall	CP	WBC
Councillor George Davies	BK	WBC
Councillor Chris Carubia	CC	WBC
Councillor Martin Bond	MB	St Helen's Council
Roger Bannister	RB	Co-Optee
Councillor Les Rowlands	LR	WBC
Councillor Andrew Gardner	AG	WBC
Councillor Jayne Aston	JA	Knowsley Council
Peter Wallach	PW	Director of MPF
Donna Smith	DS	Head of Finance & Risk
Guy Hayton	GH	

Apologies were received from:

Name	Initials	Organisation
Yvonne Murphy	YM	Head of Pensions Administration
Councillor Paulette Lappin	PL	Sefton Council

In attendance: Emma Jones.

1. Approval of Minutes

Minutes of GRWP, dated Monday 21 September 2020 were noted.

2. Declarations of Interest

It has been agreed that Declarations of Interest are an annual declaration at the beginning of the Municipal year.

Noting/Action points

Noted.

3. Business Plan

PW reported that the Fund prepares a business plan in conjunction with the corporate planning cycle. The Business Plan is a core component of the Fund's objective setting and risk management framework and is brought to Pensions Committee on an annual basis. It covers the main service areas, projects and procurement activities for the forthcoming year, resource requirements and any contingencies.

In its budget setting process, the Fund makes provision for the resources it believes will be required to deliver the services and activities outlined in this Plan.

PW informed Members that the Fund is aiming to continue its investment in digital services and integrated systems as IT is central to what the fund wishes to achieve. PW noted the hard work of the staff at the Fund.

PW ran through the key priorities which have been identified over the next few years, some of which are statutory requirements and others which are priorities for the Pension Fund objectives. PW advised that risks are identified and are captured in the Risk Register.

It was discussed that, for example, the McCloud Remedy puts a greater strain on staff resources and whether there were any plans to increase recruitment around the additional requirements. PW advised that the Fund's aim is to improve efficiency through automation and digital services. However, the Fund will need to increase recruitment some of which will enable costs to be reduced further by bringing additional assets in house.

It was discussed that the ratio of staff is predominantly female. PW advised that as the Fund has flexible working arrangements this may facilitate the type of workforce the fund attracts.

Noting/Action Points

The report was duly noted.

4. Benchmarking Report

GH reported that MPF is a founding member of a group of LGPS Funds who have supported the expansion of CEM Benchmarking services from the investment arena into the pension administration functions.

The outcomes of the benchmarking exercise undertaken for the year ending March 2020 is summarised in the Appendix which was attached to the report.

GH advised that the benchmarking of LGPS administration services has always been fraught with difficulty due to the subjective nature of some assessments and differences in the way in which services are delivered. In 2019, MPF joined with seven other local government funds to support the expansion of CEM services as it provides rigour and context to the benchmarking of pensions administration services and functions.

GH reported that the benchmarking report compares headline costs and the levels of service across a peer group of schemes, but also takes a broader look at how services are delivered and provides a measure of value added. Overall and in general, key drivers of lower cost include third party fees, spending less per member on IT and direct costs such as accommodation.

GH reported that, overall, the Fund's member service score had improved from 2018/19 and the Fund was identified by CEM as offering high member service at a low cost. The Fund saw an improvement as it reported a higher volume of face-to-face support to Members via the counter service, had direct access to knowledgeable administrators when telephoning, provided tailored information in response to member telephone enquiries and the average turnaround times were generally faster.

CP congratulated the Fund on the considerably lower costs compared to other local pension funds. PC advised that he had attended a Pension Board meeting where CEM presented and who were very complimentary of MPF.

Noting/Action Points

The report was duly noted.

5. Administration KPI Report

GH reported that Members are provided with a copy of the most recent Pensions Administration KPI report which is taken to the Pension Board on a quarterly basis. GH went through the report page by page identifying the most salient points in order to give an idea of outstanding items and the operational aspects of pension administration.

Case work was discussed and the potential impact it has on members when dealing with particular cases. MB made particular reference to the length of time taken for death cases that fall outside of the target - due to pastoral concerns. GH could not comment about any individual cases in the meeting. [post meeting action: PW contacted MB to identify the deceased individual and provided an explanation for the delay in processing the beneficiary payments. A review of the process has also been undertaken].

Apps were discussed and how they could be introduced to gain easier access to members' pension information. The issues were discussed and why the Fund has not pursued the development of an app. GH advised on the national Pensions Dashboard programme which will bring together pension information into one secure online portal for citizens to access, including any private or previous occupational pension entitlements. GH commented that this will become a useful tool for members alongside the 'MyPension' self-service tool in place at Merseyside.

PC asked why the Fund is incurring costs for workshops and what are the reasons behind this. GH explained that the event is one that is arranged every couple of years following the reduction of the Lifetime and Annual Allowance thresholds and the introduction of the 'scheme pays' option where members can elect to have the Fund meet tax charges by having their future benefits reduced in value. Pensions Tax is a complicated area that has an impact on high earners and also members with long service who may receive a more modest promotion. The Fund has to provide Pension Saving Statements to affected members and the Mercer workshop is intended to educate members on the process and to ensure that all information is correct when they engage Independent Financial Advisers. It also reduces staff time spent in dealing with pension tax related queries.

PC stated that he is still not completely clear as to what the benefit is to the Fund in incurring these costs but thanked GH for his explanation. [post meeting action: PW contacted PC to provide some historical background to the workshops and respond to any further questions.]

Noting/Action Points

The report was duly noted.

6. Risk Register

PW reported that risk management is an integral part of the Fund's business planning, policies and procedures. The Fund maintains a register of its principal risks and the controls and measures put in place to manage and mitigate them.

PW reported that it is reviewed on a monthly basis to the Fund Operations Group and formally by Officers every six months. It is a standing item on the agenda for the Local Pension Board and is reported to them on a quarterly basis. The risks included in the register are principally in relation to administrative, financial and operational risks with investment and related actuarial risks addressed in the Funding Strategy Statement and Investment Strategy Statement.

Since the previous report, several changes to risks and risk scores have been made to reflect the effects of CV19 on operations and activities.

Noting/Action Points

The report was duly noted.

7. Gifts & Hospitality/Subsidised Business Events/Overseas Travel

PW reported that the report provides Members with a summary of subsidised business events attended by officers of the Fund, details of gifts and hospitality offered and/or received, and overseas travel undertaken from January 2020 to December 2020.

The report highlighted that in November 2012, Pensions Committee approved new guidance in relation to the declaration of gifts and hospitality received by officers and those Members of Committee that are not otherwise subject to personal conduct arrangements.

The guidance is reflected by Wirral in its overall governance arrangements and is set out in the Fund's Compliance Manual, reflecting the practicalities of the Pension Fund's business needs.

PW asked for the appendix to be noted which provides a schedule of gifts & hospitality declarations from January 2020 to December 2020 and reported that no subsidised business events or overseas travel were undertaken during the period.

It was noted that the sums involved are very modest and PC asked why two were rejected. PW explained that it was due to personal judgment, the value of it and advised it was difficult to justify acceptance. PW clarified that BNY were marketing a product at the time and it was not appropriate to accept the gift in the circumstances.

PC welcomed the fact and that it was made transparent.

Noting/Action Points

Noted.

8. AOB

PC thanked Members for their attendance and the Officers for the work involved to compile the reports adding that it provides a lot of reassurance to Members.

Noting/Action Points

Date of Next Meeting

Thursday 23 September 2021.