

PENSIONS COMMITTEE

Monday, 29 March 2021

Present:

Councillor	P Cleary (Chair)	
Councillors	C Povall C Carubia G Davies S Foulkes	A Gardner T Jones B Kenny L Rowlands
Councillor	M Bond, St Helens Council	

43 WELCOME AND INTRODUCTION

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

44 APOLOGIES

A roll call of Councillors was undertaken on behalf of the Head of Legal Services. No apologies had been received.

45 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:

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 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.

46 MINUTES

Resolved – That the accuracy of the minutes of the meeting held on 2 February 2021 be agreed.

47 **LGPS UPDATE**

The Head of Pensions Administration, Yvonne Murphy, introduced a report that updated Members on the Treasury announcement of 12 February, to issue a direction to disapply the 'Restriction of Public Sector Exit Payments Regulations 2020 (£95k cap) with immediate effect. Subsequently, on 25 February the Treasury had formally revoked the regulations with effect from 19 March 2021.

In addition, the report raised awareness of the publication of the final report from the Scheme Advisory Board on the Good Governance review and overriding legislation that would impact on the administration of the LGPS.

Further to updates provided at the last committee meeting on the £95k Exit Cap, HM Treasury (HMT) had published the Exit Payment Cap Directions 2021, on 12 February, accessible from the following link:

<https://www.gov.uk/government/publications/guidance-on-public-sector-exit-payments/mandatory-hm-treasury-directions>

The Directions had disapplied regulations 3, 9 and 12 of the Restriction of Public Sector Exit Payment Regulations 2020 with immediate effect on the basis that the Government had concluded that the Cap may have had unintended consequences. This meant the exit cap did not apply to exits that took place on or after 12 February 2021.

HMT had also issued guidance which set out their expectation that employers who had capped exit payments since 4 November 2020 should revisit those cases and pay the additional sums that would have been payable had the cap not applied.

The Head of Pension Administration also highlighted that on 11 February, HMT had launched a consultation on the implementation of increasing the minimum pension age from 55 to 57 in April 2028. This was the age at which individuals could access their pension benefits without incurring an unauthorised tax charge.

Government had previously signalled its commitment to increase the minimum pension age to 57 in 2028 in its response to the Freedom and Choice in Pensions consultation in July 2014. The Government's justification was to reflect increases to life expectancy since the minimum pension age was last increased from 50 to 55 in 2010, so that tax efficient pension savings were only used to provide income and security in later life.

The consultation confirmed that the proposals did not apply to those who were members of the firefighters, police and armed forces public service pension schemes. The consultation would close on 22 April 2021 and MPF would provide a response to this consultation which would be shared members of the Pension Committee.

Resolved - That the governance, resource and operational implications emerging from impending changes to the regulations and industry developments be noted.

48 **MPF BUDGET 2021/22**

Donna Smith, Head of Finance & Risk, presented a report that requested that Members approve the budget for the financial year 2021/22.

The budget for 2021/22 was attached as appendix 1 to the report.

The headline figures were that, during the financial year 2021/22, it was estimated that MPF would pay £368m in pensions and receive £172m in contributions from employers and employees. The Fund had a value of £9.8bn at 31 December 2020. The proposed administration costs of £25.5m including £17.4m of investment management charges to external managers represented a cost of £182.44 per member of the scheme or 0.26% of assets under management. Taken separately the external investment management costs were approximately £124.01 per member or 0.18% of assets under management.

The budget for 2021/22 was higher at £25.5m than £23.0 in 2020/21 primarily due to higher investment management fees, principally, as a consequence of outperformance by external investment managers during the pandemic induced market volatility.

The Fund was undertaking a number of initiatives to increase efficiencies and deliver savings, particularly from investments, over the medium term.

Resolved – That;

- 1 the budget for 2021/22 be approved. (Subject to review of charges from the administering authority for support services).**
- 2 a further report on the outturn for 2020/21 with finalised estimates in particular for departmental & central support charges and any known changes in supplies and services for 2021/22 be presented to Members of Pensions Committee at a future meeting.**

49 **OVERPAYMENT OF PENSIONS POLICY**

The Head of Pension Administration, Yvonne Murphy, presented a report that informed Members of the introduction of an 'Overpayment of Pensions Policy' formalising the operational and decision-making processes in dealing with the overpayment of pensions.

Appendix 1 to the report contained the draft Overpayment of Pensions Policy.

The policy outlined the circumstances where the recovery of monies was pursued, along with the considerations as to the commercial viability of recovery, the reasons for write-off and actions undertaken to mitigate the loss to the taxpayer.

The policy confirmed that the Fund adopted the HM Revenue & Customs (HMRC) statutory “de minimums limit” of £250, which allowed for the non-recovery of a payment up to £250 gross made in error “because of circumstances that were beyond the control of the pension scheme making the payment”.

The Pension Board had considered the draft policy and, after making a number of revisions to the document, had deemed the policy (Appendix One) as suitable for presentation to Pensions Committee for its approval; on the basis it was equitable to scheme members, the scheme itself and the taxpayer.

Following discussion with Members it was agreed that paragraph 3.4 be amended to replace the £1000 limit for reporting to reference the minimum approval limit documented in the Wirral Council Constitution.

Resolved – That the draft ‘Overpayment of Pensions Policy’ which formalises the Fund’s current operational practice, including the application of HMRC’s statutory £250 “de minimums limit”, be approved subject to the amendment that the reporting limit for write off of irrecoverable debt within the policy be linked to the minimum approval limit documented in the Wirral Council Constitution.

50 **NON-RECOVERY OF PENSION OVERPAYMENTS**

The Head of Pensions Administration, Yvonne Murphy, presented a report that requested approval to write off a sum of £48,750.30, in respect of pension overpayments that had arisen. Legal Services had recommended write off as they were deemed irrecoverable or were now Statute Barred.

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).

It was noted that paragraph 3.3 of the report that ‘the delegated authority of the Director of Resources to write-off debt is limited to £1,000 in any one case’ was correct as the recommendation for write-off from legal services and subsequent reporting to Members predates the change to the Council’s Constitution.

Councillor Steve Foulkes suggested that Officers ensure that the operational process for life certification be clarified with pensioner members on notification of their change of residence to overseas.

Resolved - That the sum of £48,750.30 be approved for write-off.

51 **PROPERTY PORTFOLIO RENT ARREARS AND WRITE OFFS**

The Head of Finance and Risk, Donna Smith, presented a report that requested that Members agree to the write off of £592,846.07 of unrecoverable rent arrears from the Fund’s property portfolio. The annual property rental income for 2019/20 was £30.9 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 £592,846.07 be approved.

52 **MINUTES OF WORKING PARTY MEETINGS**

Resolved - That the minutes of the Working Party be approved.

53 **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.

54 **NON RECOVERY OF PENSION OVERPAYMENTS EXEMPT APPENDIX**

The appendix to the report on Non Recovery of Pension Overpayments was exempt by virtue of paragraph 3.

55 **PROPERTY PORTFOLIO RENT ARREARS AND WRITE OFFS EXEMPT APPENDIX**

The appendix to the report on Property Portfolio Rent Arrears and Write Offs was exempt by virtue of paragraph 3.

56 **CATALYST FUND – LOCAL INVESTMENTS UPDATE**

The Director of Pensions, Peter Wallach, presented a report that provided members with an update on MPF's local Investment Programme.

1. Background and local investment strategy.
2. Updates on current investments and exits.
3. Pipeline and indirect investment indirect investment strategy.

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

Resolved – That the report and progress being made in the deployment of capital in local investments be noted.

57 **MINUTES OF WORKING PARTY MEETINGS EXEMPT REPORT**

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