

MINUTE EXTRACT

STANDARDS AND CONSTITUTIONAL OVERSIGHT COMMITTEE

26 SEPTEMBER 2019

12 **CONSTITUTIONAL ARRANGEMENTS FOR THE OPERATION OF THE NORTHERN LOCAL GOVERNMENT PENSION SCHEME INVESTMENT POOL**

A Report by the Director of Governance and Assurance introduced by the Director of the Merseyside Pension Fund sought the Committee's approval to the constitutional arrangements that the Pension Committee, at its meeting on 16 July 2019, had recommended to the Council in order to implement the requirements imposed on administering authorities for local government pension schemes by the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016 (the Investment Regulations) to establish, in accordance with the guidance of the Secretary of State arrangements with other LGPS Pension Funds to pool investments in order to oversee greater efficiency and economise on the costs of investment management.

The Committee noted that Tameside and Bradford Councils were the administering authorities for the local government pension schemes in Greater Manchester and West Yorkshire respectively.

The Committee also noted that the Pensions Committee had proposed that the Council, in its capacity as administering authority for the LGPS in Merseyside should enter into pooling arrangements with Tameside and Bradford Councils and to that end set up a Joint Governance Committee composed of elected representatives of all three authorities to oversee the implementation of the pooling of investments by the three LGPS schemes.

No other options were being considered since the reasons for the recommendations were adequate, and had the support of the Council's Pensions Committee and Tameside and Bradford Councils.

Appended to the report were:

- Minute No. 27 Extract of the meeting of the Pensions Committee held on 16 July 2019;
- the report of the Director of Pensions to the Pensions Committee on 16 July 2019; and
- the draft Northern LGPS Operating Agreement.

The Pensions Director was in attendance at the meeting and answered Members questions on the following matters raised.

- The option for a pooling company was not a statutory or regulatory requirement. An exemption could be obtained under Section 9 of the Financial Services and

Markets Act. It could be demonstrated to the Government that the three local authorities were operating on a joint venture basis. Operating as a joint venture was the lower cost option and advice had been taken on this. The Pool was not seeking to incur unnecessary costs.

- Compulsory exit and voluntary exit procedures.
- Indemnity and protection of Members against any personal sanctions whilst carrying out functions as a Councillor were covered by the Public Health Act 1875 and by the Council's insurance.
- There was no uncertainty over the assets of the Merseyside Pensions Fund. The agreement had been structured in such a way that the assets of the Merseyside Pension Fund would be returned to the Fund in the fullness of time.
- Pooling partners and ethical investors.
- The Joint Investment Policy that was in place.

RESOLVED:

That this Committee recommends to the Council:

- (1) the proposed principles of governance contained in the draft Operating Agreement approved by the Pensions Committee at its meeting on 16 July 2019 and in particular the establishment of a Joint Committee with Tameside and Bradford Councils to oversee the required arrangements for the pooling of investments by all three Pension Funds;**
- (2) the Chair and Vice Chair of the Pensions Committee (or as otherwise determined by Pensions Committee) be the Council's elected representatives on the Joint Committee; and**
- (3) the Director of Pensions in consultation with the Director: Governance and Assurance be given delegated authority to negotiate and agree with Tameside and Bradford Councils the details of the final draft of the Operating Agreement within the parameters of the principles of governance approved by the Pensions Committee and the Standards and Constitutional Oversight Committee.**