

BERKSHIRE PENSION BOARD

THURSDAY, 9 FEBRUARY 2017

PRESENT: Alan Cross, Surjit Nagra, Alan Nash, Tony Pettitt and Billy Webster (Chairman)

Officers: Kevin Taylor and Andy Carswell

TRAINING

Prior to the start of the meeting members received a training presentation from Nick Greenwood, Pension Fund Manager, regarding investments and investment strategy. It incorporated processes for determining investments, the funds available for investments, and how to choose the level of investment in each portfolio.

INTRODUCTION AND APOLOGIES

No apologies for absence were received.

DECLARATIONS OF INTEREST

No declarations of interest were received.

MINUTES

The Part I Minutes of the meeting held on 24 November 2016 were agreed as an accurate record, subject to the following amendments:

- Page 11, the sentence 'The Board were informed that the main issue was the that the number...' be amended to delete the words 'the that'.
- Page 12, the sentence 'With regards to Exit Cap regulations the Board were informed that the consultation had closed and that each Government department had until 26th December 2016 to review exit payments before implementation on 26th June 2017' to be amended to state 'to review exit payments and until 26th June 2017 to put forward a proposed plan for implementation'.
- Page 12, the phrase 'pension payments' be amended to 'pension strain costs'.
- Page 14, the word 'wised' to be amended to 'wished'.
- Page 14, the word 'Manger' to be amended to 'Manager'.

Regarding I-Connect the Board was informed that Reading had now gone live on the system, while Slough and West Berkshire had indicated start dates after April 1st. Wokingham were split between two payrolls, with the Corporate payroll set to convert to I-Connect but the Schools payroll would not. There was no update from Bracknell Forest. It was noted that the Berkshire College of Agriculture was also due to go live on I-Connect.

It was noted that no confirmation email had been sent with regards to liability assurance. It was confirmed that the Governance Survey had been circulated and that the Action Tracker had become a standing item at Board meetings.

It was noted that Alan Nash would now be listed within the Minutes and future Agendas as a Scheme Member Representative and not a Scheme Employer Representative.

SCHEME AND REGULATORY UPDATE

The Board were informed in a verbal update that proposed changes to the Local Government Scheme Regulations had not yet been enforced as they had been put back out to consultation. It was noted that the Investment and Management Fund Regulations came into effect from November 1st; however these could still be subject to amendments. The Board were informed that the Investment Strategy Statement would be considered at Panel on March 13th and needed to be implemented by March 31st.

Regarding the Exit Cap, the Board were informed that this was subject to an ongoing consultation and the Department for Communities and Local Government were noting responses. It was noted that a proposed methodology and implementation plan needed to be in place by June 26th.

The Board noted the updates.

INVESTMENT FUND POOLING UPDATE

The Board were informed in a verbal update that legal decisions in relation to working with the Local Pensions Partnership were still being reviewed. Members were reminded that if an agreement could not be reached, there was still the possibility of working with the London CIV.

The Board noted the update.

PENSION PANEL MINUTES

The Board noted that it had been agreed that the Chairman would be entitled to attend Part II meetings of the Pension Panel. However it was agreed that it would be asked if it would be possible for the Chairman to elect a representative to attend the Part II meetings if the Chairman was unavailable. It was also noted that attempts were being made to secure a slot at a Pension Panel meeting to discuss the activities of the Board.

ACTION TRACKER

The Board were informed that there would be updates to items 12 and 13 on the Action Tracker at the next meeting. The Board noted the contents of the Tracker.

CASH MANAGEMENT POLICY

The Board asked for clarity on what would happen if the credit rating for any of the Fund Managers fell, and if there was any flexibility with regards to the proposed limits. The Board were informed that any decisions over changing the limits and choosing to cease investment with a Fund Manager would be a matter for the Pension Fund. It was requested that this be discussed under Matters Arising at the next Pension Fund meeting as the Board felt there was a need to refresh the policy, given it was last updated in April 2015. The Board recommended that information should go on this and all documents to inform readers when it was last updated and when the next proposed refresh would take place.

The Board noted the contents of the policy.

FUNDING STRATEGY STATEMENT

The Board were informed that the Funding Strategy Statement was in the process of being updated. A draft version of the update had been prepared but had not been formally agreed and signed off. It was noted that some of the required updates were significant, such as the inclusion of the Investment Regulations. It was noted by the Board that the most recent Funding Strategy Statement had been approved by the Panel on April 28th 2014.

Queries over the contents of the Statement, in particular with regards to affordable employer contributions, were raised and it was questioned whether it should be included. The Board were informed that the draft version of the updated Statement was not available and so its contents were not currently known. The Board were informed that once the draft was ready it would be circulated to members.

The Board noted the update.

INVESTMENT PRINCIPLES

The Chairman noted that Board members had had the opportunity to comment separately on the contents of the Statement of Investment Principles. It was noted that the report dated from April 2015 and that the new Investment Strategy Statement would replace the Statement of Investment Principles.

The Board noted its contents.

VALUATION OUTCOME

The Board were informed via a verbal report that there had been an update regarding the Valuation as part of the training session held at the start of the meeting. The results from the actuary's work in relation to the Valuation were due to be published and discussed at the Pension Panel meeting the following week.

It was noted that the fund had dropped to a funding level of 73 per cent, and that employer contribution rates would be increased as a result. The Board were informed that it was hoped the Valuation would be agreed and formalised at the Pension Panel meeting the following week, so that a formal report could be produced. The Board were also informed that Rates and Adjustment Certificates would be agreed, so that employers would know their new contribution rates for the period from April 1st 2017 until March 31st 2020. It was noted that some businesses would see a more significant increase than others.

The verbal update was noted by the Board.

BUSINESS PLAN

The Board were informed that the Business Plan would be updated soon so that it would be applicable to the period 2017-18 and the medium term strategy 2018-21.

The Chairman queried why the Pension Fund used the same set of objectives and values as the Council, noting that the Council was merely the host authority and a separate entity from the Fund. He added that the corporate aims of the Council related to delivering to residents, while the Fund had a different set of customers, aims and outcomes. It was recommended that this should be considered when setting future business plans so that it truly represented the goals of the Fund.

The report was noted.

SERVICE LEVEL AGREEMENT

The Board were informed that the SLA outlined the relationship between the Council and the Pension Fund but was in need of review.

It was asked what the escalation process was in relationship to the SLA. The Board were informed that items could either be reported to the Pension Administration Service or through the Stewardship Report. The Board recommended that additional elements of the SLA were

needed based on good practice elsewhere and asked that this be considered in future updates.

The report and update were noted by the Board.

PENSION ADMINISTRATION STRATEGY

The Board were informed that the Pension Administration Strategy had been produced in order to take I-Connect into account. The Board were informed that they were not bound by the regulations to produce such a Strategy. The Chairman stated his belief that many of the activities of the Board were not adequately addressed with the Strategy and that various elements of the Strategy should be included in some other form of document as they were more procedural in nature.

It was suggested that a Strategic Statement at the front of the document would be appropriate.

The Strategy was noted by the Board.

NEW OR AMENDED RISKS

It was asked if concerns had been raised regarding the possible impact on the financial viability of some small businesses due to the increase in employer contributions. The Board were informed that it would be checked to see if this had been included in the Risk Register.

IDENTIFIED OR REGISTERED BREACHES

No new breaches had been identified or registered.

MEMBERSHIP

It was confirmed that Alan Nash was now a Scheme Member Representative and not a Scheme Employer Representative. It was confirmed that Surjit Nagra is currently still a substitute member of the board, but discussions were ongoing regarding making her a full member.

The Chairman informed the Board that he had received notification that Jeff Ford had submitted an interest in joining the Board. It was noted that he was eligible to sit as either a Scheme Employer Representative or a Scheme Member Representative; however it was felt that he would be better suited to being an Scheme Member as it was easier to recruit Employer Representatives. The Chairman stated that he recommended Jeff Ford as a Board member.

The Chairman informed the Board that he had accepted a new job and was working his notice period with his current employer. He stated that he would initially oversee nominations and the possible appointment of the next Chairman. However, Tony Pettitt as the current Deputy Chair confirmed that he would be happy to pick up the role of Chair until such time as a new full-time Chairman was appointed

Kevin Taylor expressed his thanks to the Chairman for all of his work in relation to the Board.

RESOLVED UNANIMOUSLY: That Jeff Ford be elected as a Scheme Member Representative of the Board.

ANY OTHER BUSINESS

It was asked if the Board could have a training session from the actuary in June. The Board were informed that this could be possible subject to the actuary's availability. The Board were

also reminded that the actuary will be attending the forthcoming annual employer's meeting on 17th March and that all Members were invited to attend.

LOCAL GOVERNMENT ACT 1972 - EXCLUSION OF THE PRESS AND PUBLIC

RESOLVED UNANIMOUSLY: That under Section 100(A)(4) of the Local Government Act 1972, the public be excluded from the remainder of the meeting whilst discussion took place on items 21 and 22 on the grounds that it may involve the likely disclosure of exempt information as defined in Paragraphs 1-7 of part I of Schedule 12A of the Act.

The meeting, which began at 2.05 pm, finished at 3.15 pm

CHAIRMAN.....

DATE.....