

## **BERKSHIRE PENSION FUND PANEL AND ADVISORY PANEL**

**21 OCTOBER 2013**

PRESENT: Councillors Lenton (Chairman), Bathurst (RBWM), Comber (RBWM), Dudley (RBWM), Hill (RBWM), Stanton (Wokingham Borough Council), Law (West Berkshire Council), Worrall (Bracknell Forest), Nicholls (Unison).

Officers: Mr Brooker, Mr Nestor, Mr Greenwood, Mr Pardo, Mr Taylor and Mr Cook.

Guest: Mr Muir (Fund Actuary)

### **PART I**

#### 26/13 APOLOGIES FOR ABSENCE

Apologies for absence were received by Cllr Hilton and Mr Menzies-Conacher.

#### 27/13 DECLARATIONS OF INTEREST

None

#### 28/13 MINUTES

**RESOLVED UNANIMOUSLY: That the Part I minutes of the meeting of the Panel held on 22 July 2013 be approved.**

#### 29/13 TRAINING SESSION – ACTUARIAL VALUATIONS

The Pension Fund received a training presentation that gave an overview of the work of the actuary. The presentation covered three main areas; what was an actuary, the role of an actuary in Local Government Pension Scheme and how they do valuations.

The Panel was informed that an actuary was an expert in statistics and its application to solving problems regarding financial predictions. They assess the long term financial risks and uncertainties for the pension fund and model what will happen to the pension fund in the future.

With regards to the Berkshire Pension Scheme the actuary puts a costing on the pension promise. As employers make benefit promises when employment begins this promise needs to be assessed to calculate future liabilities. The actuary will estimate the future pension liabilities and put a value on them.

The approach to undertaking this valuation can vary depending on the many questions that could be asked. The actuary would look at the ongoing triennial funding valuation and assess how much do employers need to pay in the future to have enough assets to pay benefits. They also look at the annual accounting valuations (IAS19/FRS17) and ask if the fund was a plc how much it would need to borrow to finance its liabilities.

The evaluation is undertaken by looking at every member in the fund and making a projection of all possible benefit payments, probabilities are attached to each possible payment to get the expected payment. Depending on the question being asked a discount is added to the expected payments to obtain the value. The Panel was shown examples of how this process was undertaken and how the methods adopted were dependent on the question being asked, the purpose of the evaluation and the funding objectives.

30/13 PENSION FUND ANNUAL REPORT AND FINANCIAL STATEMENTS 2012/13

The Pension Fund Manager informed Members that the report presented to them was the pension funds annual report and accounts for 2012/13 to be noted. There was a statutory requirement for the pension fund to publish an annual report and accounts.

The accounts also included the IAS260 report, this was an accountancy requirement that valued the funds liabilities using discount rates derived from Corporate Bond yields.

KPMG had presented their report on the audit of the pension fund to RBWM's Audit Committee on 4<sup>th</sup> September 2013.

**RESOLVED UNANIMOUSLY: That the Fund's annual report and accounts for the year to 31<sup>st</sup> March 2012 be approved and published.**

31/13 BUSINESS PLAN 2013/15 UPDATE

The Pension Fund Manager informed Members that the report outlined the medium term business plan for the Pension Fund for members to note. An enhanced plan would be brought back to a future meeting.

**RESOLVED UNANIMOUSLY: That the Pension Fund's business plan be noted.**

32/13 LOCAL GOVERNMENT ACT 1972 – EXCLUSION OF THE PUBLIC

**RESOLVED: That under Section 100(A)(4) of the Local Government Act 1972, the public be excluded from the remainder of the meeting whilst discussion takes place on items 5-8 on the grounds that they involve the likely disclosure of exempt information as defined in Paragraph 3 of part I of Schedule 12A of the Act.**