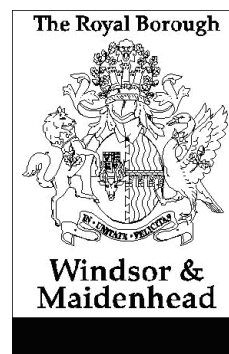


Report for: INFORMATION
Item Number: 04



Contains Confidential or Exempt Information	NO – Part I
Title	Update on Pension Fund Collaboration with Buckinghamshire and Oxfordshire County Councils.
Responsible Officer(s)	Nick Greenwood
Contact officer, job title and phone number	Nick Greenwood Pension Fund Manager 01628 796701
Member reporting	Cllr Lenton
For Consideration By	Berkshire Pension Fund and Pension Fund Advisory Panels
Date to be Considered	19 January 2015
Implementation Date if Not Called In	n/a
Affected Wards	None
Keywords/Index	Pension Fund, collaboration

Report Summary

1. This report updates members on progress with collaborating with Buckinghamshire and Oxfordshire Local Government Pension Scheme Funds
2. It advises members that discussions with Buckinghamshire and Oxfordshire have ceased.
3. The key financial implications for the Council are that the risk reduction and cost savings identified will no longer be achievable by collaborating with these two Councils.

1. Details of Recommendations

RECOMMENDATION: That Panel notes the breakdown of discussions with Buckinghamshire and Oxfordshire County Councils over collaborating on the management of the three pension funds and the creation of a Joint Pensions Committee.

2. Reason for Recommendation

On 3rd December 2014 the Berkshire Pension Fund and Pension Fund Advisory Panels met and resolved that subject to written agreement from Berkshire Leaders, Buckinghamshire and Oxfordshire County Councils, that they were willing to proceed with collaboration on managing the three counties' pension funds Officers were authorised to develop the plans further and if appropriate request Council to amend its constitution to create a Joint Pensions Committee.

RBWM officers believed that both Buckinghamshire and Oxfordshire County Councils' Pensions Committees would also consider similar resolutions; however, neither Committee did.

Buckinghamshire's committee resolved that they were:

- (1) Not prepared to make a formal decision to proceed while we are still awaiting the government decision on mandating passive investment (and a belief that it won't become fully clear until after the May election);
- (2) Uncomfortable with the difference between the Buckinghamshire and Berkshire strategies and the level of benefits that can accrue as a consequence. Despite explaining the CIF (Common Investment Fund) model and how it would work from the BOB perspective, the Committee were still not convinced and therefore asked their Officers to do some work about the level of savings that could accrue with a collaboration between just Oxfordshire and Buckinghamshire given the similar investment strategies and a perceived easier integration.

Oxfordshire's Committee resolved:-

- (1) to defer any decision on formal collaboration arrangements until such time as the Government make clear its position on mandating passive investments for listed assets;
- (2) that any future collaboration should look first at identifying Funds with broadly similar risk appetites and asset allocations, as this was seen to maximise the potential savings and minimise the costs and complexity of transition. They did see potential for further collaboration work with Buckinghamshire, but felt that the more diversified asset allocation limited the benefits of collaboration with Berkshire.

Subsequently on the 16th December 2014 Buckinghamshire and Oxfordshire County Councils announced jointly with Northamptonshire County Council that the three counties will approach the Government to seek permission to create a three county authority to assume responsibility for the individual counties' functions (which presumably in the longer term would include pensions). No mention of these discussions was made at our 17th November meeting with the two Councils. Consequently it is clear that both Councils have no intention to collaborate with RBWM on managing pension funds.

It is relevant that at the 17th November meeting, neither council seemed to understand that variations in investment strategy could be accommodated in a collaborative arrangement by simply investing different amounts in particular funds,

while at least one Council disputed that Investment Manager Fees were negotiable, for larger transactions.

Finally neither Council seemed interested in the resilience and Key Man risk advantages of collaboration