

## BERKSHIRE PENSION BOARD

THURSDAY, 24 NOVEMBER 2016

SCHEME EMPLOYER REPRESENTATIVES: ALAN CROSS, ALAN NASH, BILLY WEBSTER (CHAIRMAN) AND SURJIT NAGRA.

SCHEME MEMBER REPRESENTATIVES: TONY PETTITT.

OFFICERS: KEVIN TAYLOR AND DAVID COOK

### INTRODUCTION AND APOLOGIES

There were no apologies for absence received.

### DECLARATION OF INTEREST

There were no declarations of interest received.

### MINUTES

The Part I minutes of the meeting held on 28 July 2016 were approved as a true and correct record subject to the following amendments:

- Page 12, change 'The Chairman was keen to maintain public meetings...' to 'The Whole Board was..'
- Page 12 add that academies 'as a collective group' were becoming the size of a small unitary authority.

It was noted that with regards to I-Connect Reading were in the process of procuring and were expected to go live in December 2016. The other unitary authorities were still looking at implementation.

### SCHEME AND REGULATORY UPDATE AND INTEGRATED RISK MANAGEMENT

The Board received a verbal update on the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016 that came into force on 1<sup>st</sup> November 2016. The Board were informed that there was still some debate about the regulations and there was a possibility that they would be amended or revoked.

With regards to the New Fair Deal for Staff Pensions for those who were compulsorily transferred to another company were still out for consultation. When the regulations were implemented outsourced providers would be required to become members of the LGPS.

With regards to integrated risk management the Board was informed that officers would be meeting with 2 of the unitary authorities and would be working with Lincoln to undertake a review. Officers were also looking at working with employers to improve governance within the scheme.

The Board were also informed that the Panel had held a discussion on the potential pension risks of scheme employers transferring the delivery of services to the private sector and the impact this could have on the Pension Fund. It was felt that the Panel needed to be made aware of the risks to the Pension Fund as more authorities outsourced their services and how important it was that S151 officers were aware of the risks when contracts were awarded.

The Board were informed that the main issue was the that the number of active members reduced over time when outsourced provision had closed arrangements and thus the level of

contributions to the Fund was reduced whilst the pension liability increased. Ultimately employers would have to pay more or there would need to be a change to the benefit structure of the scheme.

Officers were raising the pension risks and trying to get employers to consider the pension implications at the start of any procurement process.

With regards to Exit Cap regulations the Board were informed that the consultation had closed and that each Government department had until 26<sup>th</sup> December 2016 to review exit payments before implementation on 26<sup>th</sup> June 2017. It was noted that both redundancy payments and pension payments would be included in the regulations.

The Board noted the updates.

## INVESTMENT FUND POOLING UPDATE AND NEW INVESTMENT REGULATIONS

The Board received a verbal update on the limited progress being made with regards to pooling since the last update. The Board were informed that if an agreement with the Local Pensions Partnership (LPP) was not reached there may be opportunities to work with the London CIV. The letter of intention with LPP was still in place and negotiations were ongoing.

The Board noted the update.

## AUDIT RESPONSE TO CODE OF PRACTICE AND BPF ACTIONS

The Chairman informed the Board that at their last meeting the draft audit response to the audit of the governance and administration of the Berkshire Pension Scheme (code of Practice 14) had been circulated. The final report was in the agenda pack and reported 'Substantially Complete and Generally Effective (2nd highest out of 4 Audit Opinions)'.

The Board were informed that there were 20 concerns identified in the Audit Report which had been classified as moderate. A further 10 minor concerns had also been reported at the exit meeting. All the concerns were being dealt with via the action plan.

In response to questions the Board were informed that with regards to 'minor concern ref a' (page 17) that the Board members were representatives of all admitted bodies and that it was being proposed to review the audit findings after two years as all issues raised were minor.

The Chairman mentioned that this was an audit of code of practice 14 and the Board could request other areas to be audited if required.

The Board noted the update.

## RISK MANAGEMENT - REVIEW RISKS AND PROCESS

The Chairman informed the Board that the item had been added to the agenda so members could review the risks to make sure they were still relevant and that their potential impact was being addressed. With regards to the managing risks policy the Board were being asked to consider if it was still appropriate and comprehensive policy. It was noted that there was only one high risk and 4 medium risks.

It was questioned if the Board were reviewing an updated policy and were informed that the policy had not been updated but it was in the Board TOR to review the risk policy. It was requested that when updated policies were brought to the Board that a tracked changed version was circulated.

With regards to risk appetite the Board were informed that the Pension Fund had a set of core objectives to which its risk appetite was set and appropriate mechanisms were in place. The Administering Authority provided a diverse range of services where its risk appetite may vary from one service to another, for example safeguarding would have a low risk appetite and thus more resources were put into this area than an area that could tolerate higher risk levels.

It was mentioned that some of the risk register review dates had past and the Board were informed that the register was the one presented to Panel in September 2016 and thus certain actions had been completed. It was also noted that the Pension Fund manager owned all the Funds risks, but the mitigating actions were with multiple officers.

The Board noted the report.

### CONFLICTS OF INTEREST - REVIEW POLICY AND PROCESS

The Chairman reported that there had been no amendments to the policy since the Board last reviewed it and that the policy was still relevant. This was an opportunity for Board members to refresh themselves with the policy; especially with regards to their role.

In response to a question the Board were informed that it was important that Board members review their DOI on an annual basis; the Deputy Pension Fund Manager would email Board members DOI.

The report was noted.

### REPORTING BREACHES OF THE LAW - REVIEW POLICY, PROCESS AND BREACHES

The Chairman informed that it was a requirement to have a process in place to identify and be aware what to do if there were any breaches of the law. He informed that the document was comprehensive and that he found the traffic light system for potential breaches very useful.

The Board were informed that the policy had been slightly amended following the recent internal audit, for example a failure to report could be an offence and which officer had this accountability.

It was questioned why the cause and effect elements of the report did not always match and the Board were informed that there had been no reported breaches so examples were used. It was not a requirement to add these examples but the Deputy Fund Manager would review.

The Chairman mentioned that it needed to be clear where reporting responsibilities should be and that this should be part of a senior officer induction process so it was made clear.

The report was noted.

### IDENTIFIED OR REGISTERED BREACHES

It was noted that there had been no registered breaches, however one employer has failed to complete their year end processes on time leading to annual benefit statements being issued after the statutory deadline. This was not considered to be of material significance and was being addressed.

### MEMBERSHIP

The Board were informed that two member representatives were leaving the Board and there was now also a gap in the employer representatives. Replacement representatives had been

sought with a nomination coming from the academy sector; however it was felt that this nomination would be best placed on the Pension Panel's Advisory Panel.

The Chairman mentioned that there were named Board substitutes that could be approached to see if they wished to become full Board members. It was also suggested that the unions could be approached to canvass their members to seek interest.

Alan Nash agreed to stay on the Board as an interim member whilst replacements were being found.

The update was noted.

## BUDGET

The Board were informed that it had been discussed having an allocated Board budget covering areas such as members training and providing capacity for seeking external support.

In response to questions the Board were informed that the funding would be for next year, that the 1k RBWM support cost were to cover expenses such as audit reviews and that the proposed amount was less than having to pay for an independent chair.

The update was noted.

## TRAINING

The Chairman informed the Board that he had emailed Board members about training opportunities and if they wished to attend they should contact him. There were Cipfa events that could be shared amongst the Board with the next one in June or July 2017.

The Board were reminded that they needed to keep their training logs updated after attending any events or undertaking training. It was proposed that the Board would undertake training sessions before future meetings and when required the topic will match agenda items. It was proposed that the Pension Funds Manager would provide investment training at the next meeting.

Board members were asked to identify any knowledge gaps or topics that they felt training would be beneficial. Board Members to email the Chairman with any training ideas. It was recommended that there be a session by the actuary; this may be via the annual employers meeting.

The update was noted.

## AOB

It was questioned if Board members required liability assurance for their role. It was confirmed that the RBWM Risk Manager had confirmed that this was not required as the Board had no decision making powers. It was agreed that a confirmation email would be sent.

The Chairman reported that he had completed the Governance Survey on behalf of the Board and would circulate copies.

Action Tracker. The Board were informed that this would become a standing item and would include actions identified in the minutes.

## BERKSHIRE PENSION PANEL MINUTES

The Board noted the Part I Berkshire Pension Panel minutes.

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 takes place on the grounds that they 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 1.30 pm, finished at 3.05 pm

CHAIRMAN.....

DATE.....