

CONSTITUTION SUB COMMITTEE

TUESDAY, 29 NOVEMBER 2016

PRESENT: Councillors Phillip Bicknell (Vice-Chair, in the Chair), Malcolm Beer, Richard Kellaway and David Coppinger

Officers: Karen Shepherd and Nick Greenwood. Karen Shepherd and Nick Greenwood

APOLOGIES FOR ABSENCE

Apologies for absence were received from Councillors Targowska and Story.

DECLARATIONS OF INTEREST

None received

MINUTES

RESOLVED UNANIMOUSLY: That the minutes of the meeting held on 21 June 2016 be approved.

BERKSHIRE PENSION FUND NEW SUB COMMITTEE - DELEGATED AMENDMENT TO THE COUNCIL'S CONSTITUTION

Members considered a proposal to change the current Berkshire Pension Fund Panel's Investment Working Group (IWG) to become a formal sub committee of the Berkshire Pension Fund Panel, following a report to full Council in September 2016, which delegated detail of the arrangement to be finalised by the Constitution Sub Committee.

The Pension Fund Manager explained that the Fund was governed by the Berkshire Pension Fund Panel, which comprised five Royal Borough councillors, and the Advisory Panel which comprised five Royal Borough councillors, five councillors from the other Berkshire unitary authorities and representatives of the major stakeholders in the fund (other employers, trade unions and members). In 2009 the Fund implemented a major change in its investment strategy. Following the change the Panel requested officers ensure the agenda for the Panel was focussed more on governance and less on investment. This led to the creation of the IWG. In early 2016 the Panel decided it would like to delegate certain powers to the IWG and advice had been received that to enable this to happen it would be advantageous for the IWG to become a formal sub committee of the Panel.

Members noted the proposed delegated powers as detailed on page 12 of the report, which would enable the fund to be more efficiently managed.

It was confirmed that the IWG would be a Royal Borough sub committee, as the borough was the administering authority for the Fund and was required to take the executive decision. The membership of the IWG would include Royal Borough councillors and representatives of the other authorities. Large decision would continue to be made by the Full Panel. Any decision by the IWG would be reported up to the Panel for verification. If the Fund wished to award a mandate by means of an

Investment Management Agreement then the Panel would make that award. If the IWG wished to make an investment within the asset strategy, it would be able to do so without requiring ratification by the Panel.

Members noted a typographical error in paragraph 2.1 of the report, which should read:

‘This will enable it to undertake some of the more detailed operational work that will otherwise require the Pension Fund Panel to undertake and *increase* the Panel’s capacity for the more strategic work it needs to be able to focus on.’

Councillor Beer commented that he was aware of the complexity of work undertaken by the Panel, following conversations with the Chairman. The report set this out well and he therefore supported the devolution of some of the day to day work to a sub committee.

The Chairman asked what the risks would be of the proposal. The Pension Fund Manager responded that he felt risks were actually reduced as it enabled investment decisions to be fully debated by Members who fully understood the process. There was not always sufficient time at the full Panel meetings for this to occur. The Pension Fund Manager explained that the figure of 3% or £50m had been used as at the time the proposal was discussed in April 2016 the value of the fund had been £1.7bn. This had now risen to £1.9bn. Going forward, the 3% figure would be calculated as at 31 March each year. The fund currently had 65,000 members including 13,000 drawing a pension, 25,000 with a frozen pension and 23,000 active members.

The Pension fund manager accepted that this was a large decision, but the IWG had been in existence for six years and worked well. As a result the Panel wanted to give it formal authority. The issue had been fully debated by the Panel. It was confirmed that the proposal would not be affected by government plans for pooling of funds in the short to medium term.

RESOLVED UNANIMOUSLY: That the Constitution Sub Committee confirms and approves that:

- i. Following the delegation from Full Council, the Investment Working Group be re-defined as a Sub Committee of the Berkshire Pension Fund Panel, to enable it to take decisions in accordance with details set out in Appendix 1.**
- ii. The RBWM Constitution be amended and republished to include a new section D11 which defines the purpose, membership, quorum, frequency and type of committee.**

The meeting, which began at 5.45 pm, finished at 6.00 pm

CHAIRMAN.....

DATE.....