

NOTICE  
OF  
MEETING



# CONSTITUTION SUB COMMITTEE

will meet on

**TUESDAY, 29TH NOVEMBER, 2016**

**At 5.45 pm**

in the

**DESBOROUGH 2 & 3 - TOWN HALL, MAIDENHEAD**

TO: MEMBERS OF THE CONSTITUTION SUB COMMITTEE

COUNCILLORS LISA TARGOWSKA (CHAIRMAN), PHILLIP BICKNELL (VICE-CHAIRMAN), JOHN STORY AND MALCOLM BEER

SUBSTITUTE MEMBERS

COUNCILLORS SIMON DUDLEY, RICHARD KELLAWAY, DAVID COPPINGER, LYNNE JONES AND SIMON WERNER

Karen Shepherd - Democratic Services Manager - Issued: 21 November 2016

Members of the Press and Public are welcome to attend Part I of this meeting. The agenda is available on the Council's web site at [www.rbwm.gov.uk](http://www.rbwm.gov.uk) or contact the Panel Administrator **Karen Shepherd** 01628 796529

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## **AGENDA**

### **PART I**

<b><u>ITEM</u></b>	<b><u>SUBJECT</u></b>	<b><u>PAGE NO</u></b>
1.	<b><u>APOLOGIES FOR ABSENCE</u></b>  To receive any apologies for absence	
2.	<b><u>DECLARATIONS OF INTEREST</u></b>  To consider any declarations of interest	5 - 6
3.	<b><u>MINUTES</u></b>  To consider the minutes of the meeting held on 21 June 2016	7 - 10
4.	<b><u>BERKSHIRE PENSION FUND NEW SUB COMMITTEE - DELEGATED AMENDMENT TO THE COUNCIL'S CONSTITUTION</u></b>  To consider the above report	11 - 20



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## MEMBERS' GUIDANCE NOTE

### DECLARING INTERESTS IN MEETINGS

#### **DISCLOSABLE PECUNIARY INTERESTS (DPIs)**

DPIs include:

- Any employment, office, trade, profession or vocation carried on for profit or gain.
- Any payment or provision of any other financial benefit made in respect of any expenses occurred in carrying out member duties or election expenses.
- Any contract under which goods and services are to be provided/works to be executed which has not been fully discharged.
- Any beneficial interest in land within the area of the relevant authority.
- Any license to occupy land in the area of the relevant authority for a month or longer.
- Any tenancy where the landlord is the relevant authority, and the tenant is a body in which the relevant person has a beneficial interest.
- Any beneficial interest in securities of a body where
  - a) that body has a piece of business or land in the area of the relevant authority, and
  - b) either (i) the total nominal value of the securities exceeds £25,000 or one hundredth of the total issued share capital of that body **or** (ii) the total nominal value of the shares of any one class belonging to the relevant person exceeds one hundredth of the total issued share capital of that class.

#### **PREJUDICIAL INTERESTS**

This is an interest which a reasonable fair minded and informed member of the public would reasonably believe is so significant that it harms or impairs your ability to judge the public interest. That is, your decision making is influenced by your interest that you are not able to impartially consider only relevant issues.

#### **DECLARING INTERESTS**

If you have not disclosed your interest in the register, you **must make** the declaration of interest at the beginning of the meeting, or as soon as you are aware that you have a DPI or Prejudicial Interest. If you have already disclosed the interest in your Register of Interests you are still required to disclose this in the meeting if it relates to the matter being discussed. A member with a DPI or Prejudicial Interest **may make representations at the start of the item but must not take part in discussion or vote at a meeting.** The term 'discussion' has been taken to mean a discussion by the members of the committee or other body determining the issue. You should notify Democratic Services before the meeting of your intention to speak. In order to avoid any accusations of taking part in the discussion or vote, you must move to the public area, having made your representations.

If you have any queries then you should obtain advice from the Legal or Democratic Services Officer before participating in the meeting.

If the interest declared has not been entered on to your Register of Interests, you must notify the Monitoring Officer in writing within the next 28 days following the meeting.

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# Agenda Item 3

## CONSTITUTION SUB COMMITTEE

TUESDAY, 21 JUNE 2016

PRESENT: Councillors Lisa Targowska (Chairman), Phillip Bicknell (Vice-Chairman), John Story and Malcolm Beer

Officers: David Scott and Karen Shepherd

### APOLOGIES FOR ABSENCE

None received

### DECLARATIONS OF INTEREST

Councillor Targowska requested that it be noted for transparency purposes that her husband, the Cabinet Policy Manager, had been involved in the drafting of the report.

### MINUTES

**RESOLVED UNANIMOUSLY: That the minutes of the meeting held on 29 October 2015 be approved.**

### MEMBERS' CODE OF CONDUCT REVIEW

Members considered a review of the Members' Code of Conduct (Part 7A of the RBWM Constitution). The Chairman explained that the report recommended that no changes be made to the Code of Conduct itself, other than minor changes to Appendix 4. The main change proposed was to move responsibility for dealing with and investigating complaints from the Managing Director to the Monitoring Officer., in consultation with the Independent Person. Greater rigour around anonymous complaints was also proposed, including formal criteria to determine if a complaint should be investigated. The criteria included if there was sufficient evidence and whether the matter was in the public interest. Complaints would have to be made on a standard form, to ensure consistency. A set of timescales would also be set out so that all parties were clear over the process.

It was confirmed that an analysis of other local authorities showed that in the majority of cases the Monitoring Officer dealt with complaints. There were a mixture of Member panels with varying roles; some decided if a complaint should be investigated or not, some just dealt with the output of an investigation. It was noted that in Wokingham a Member panel considered the outcome of investigation reports. Members could potentially be involved in determining an appropriate sanction if a breach were found. Councillor Bicknell commented that he felt a Member panel would be over the top; he suggested any consultation could be undertaken by phone or email. He also commented on his own experience with the process and the need for clear timescales and updates.

Councillor Story joined the meeting at 5.38pm.

The Monitoring Officer commented that he had the benefit of a very experienced and well-qualified Independent Person, who provided concise written views on

investigation reports. He confirmed that since he had been in the role of Monitoring Officer, three incidents had been brought to his attention where he had decided no further action should be taken as there had been no evidence base. He had consulted the Independent Person on one of these occasions, who had been in agreement. He highlighted that those complainants wishing to remain anonymous would be required to provide a certain level of evidence to demonstrate the complaint was not frivolous.

It was confirmed that any sanction would be in the form of a recommendation from the Monitoring Officer to the relevant Group Leader.

Councillor Bicknell commented that he felt notification to the council's insurance manager that a councillor was seeking legal advice should be part of the process. The Chairman suggested that the Councillor should inform the Monitoring Officer, who would then liaise with the insurance manager. The Monitoring Officer explained that the definition of 'reasonable' legal costs was set out in legislation and also in the council's insurance policy.

Councillor Bicknell left the meeting at 5.49pm.

It was explained that in the majority of local authorities complaints were dealt with by the Monitoring Officer rather than the Managing Director, in order to maintain the relationship between Members and the Head of Paid Service. In practice, the Monitoring Director consulted with the Independent Person in person, by phone, or in correspondence, depending on the nature of the issue.

Councillor Story commented that he agreed on the need to sift complaints to ensure none were vexatious. He was not convinced of the arguments for a Member panel. The Chairman commented that she failed to see the need for Member involvement at an earlier stage when any recommendation went to the relevant Group Leader anyway. She commented that the timescales proposed did not include the time period in which the relevant Group Leader would have to respond to the recommendation of the Monitoring Officer, and whether the final decision would be reported on the website.

It was noted that Group Leaders would have a range of sanctions open to them including requiring a councillor step down from a chairmanship role, undertaking further training or submitting a formal apology. If there was any indication of a criminal element, the Monitoring Officer would pass the complaint to the police to investigate.

The Chairman proposed that the Monitoring Officer be given 15 working days to decide on a sanction to recommend to the relevant Group Leader. The Group Leader would have a further 15 working days to respond to that recommendation, and a statement placed on the council website. In addition, she suggested that monthly updates be provided to all parties if an investigation was ongoing.

A typographical error in the report was noted:

Paragraph 2.6 to read: 'Following this review, a number of changes have been recommended *combining* our existing processes and adding what are considered to be best practice from other councils, especially Hampshire.'



The Chairman proposed an amendment to recommendation iii to take into account the issues discussed by the Sub Committee. It was also agreed that no Member panels should be proposed, hence recommendation iv should be amended.

**RESOLVED UNANIMOUSLY: That the Constitution Subcommittee:**

- i. Confirms that the current Code of Conduct is fit for purpose with the exception of Appendix 4.**
- ii. Supports the revision of Appendix 4 of the Code of Conduct; transferring responsibility for dealing with breaches of the code to the Monitoring Officer in line with the majority of other similar codes of conduct,**
- iii. Recommends to July Council that the revised Appendix 4 (Arrangements for dealing with breaches of the Code of Conduct) is adopted, subject to further amendments to reflect the discussions of the Constitution Sub Committee.**
- iv. Agrees that the establishment of additional panels should not be recommended to July Council.**

The meeting, which began at 5.30 pm, finished at 6.08 pm

CHAIRMAN.....

DATE.....

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Report for: ACTION



<b>Contains Confidential or Exempt Information</b>	NO - Part I
<b>Title</b>	Berkshire Pension Fund New Sub Committee – Delegated Amendment To The Council's Constitution
<b>Responsible Officer(s)</b>	Russell O'Keefe – Strategic Director of Corporate and Community Services
<b>Contact officer, job title and phone number</b>	David Scott - Heads of Governance, Partnerships, Performance and Policy and Monitoring Officer
<b>Member reporting</b>	Cllr Targowska – Chairman of the Constitution Sub Committee
<b>For Consideration By</b>	Constitution Sub Committee
<b>Date to be Considered</b>	29 November 2016
<b>Implementation Date if Not Called In</b>	N/A
<b>Affected Wards</b>	None

## REPORT SUMMARY

1. This reports sets out the proposal to change the current Berkshire Pension Fund Panel's Investment Working Group to become a formal Sub Committee of the Berkshire Pension Fund Panel, following the report to full Council in September 2016, which delegated the detail of this arrangement to be finalised by the Constitution Sub Committee.
2. The change is required following a request from the Berkshire Pension Fund and the Berkshire Pension Fund Advisory Panels earlier in the year, to enable the Investment Working Group to take on operational decisions which require their authority to be delegated to a Sub Committee which cannot be correctly undertaken by the Investment Working Group that was previously established to provide advice rather than take operational decisions.

## If recommendations are adopted, how will residents benefit?

Benefits to residents and reasons why they will benefit	Dates by which residents can expect to notice a difference
1. The Berkshire Pension Fund Panel will be operating in a more efficient manner that will enable cost and time effective delivery of the Berkshire Pension Fund Panel's responsibilities.	Immediately after the Committee's decision

2. This is an internal process change that is being implemented in a transparent manner.	Immediately after the Committee's decision
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## 1. DETAILS OF RECOMMENDATIONS

**RECOMMENDATION:** 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.**

## 2. REASON FOR RECOMMENDATION(S) AND OPTIONS CONSIDERED

- 2.1 The Berkshire Pension Fund Panel and the Berkshire Pension Fund Advisory Panel have resolved to seek the necessary changes to RBWM's constitution to enable the existing Investment Working Group (IWG), that was established to review and recommend appropriate policies and actions to the Pension Fund Panel and Advisory Panel (the existing Terms of Reference are set out in Appendix 1) to be able to have delegated functions. This will enable it to undertake some of the more detailed operational work that will otherwise require the Pension Fund Panel to undertake and reduce the Panel's capacity for the more strategic work it needs to be able to focus on.
- 2.2 It is proposed that in order to meet the requests from the Pension Fund Panel, and the Pension Fund Advisory Panel, that the IWG be established as a Sub Committee of the Pension Fund Panel (rather than being a Working Group). The key areas the Panel wishes the new Sub Committee to be able to consider and have delegated authority to undertake are:
  - Recommend changes to the Investment Strategy
  - Set and Change asset allocation
  - Review investment opportunities/new managers and authorise officers to make such investments if they comply with the agreed Investment Strategy. Such delegation is limited to a limit of the higher of £50 million, or 3% of the net asset value of the Fund as published in the Fund's latest Financial Statements for any single or series of investments in any one asset class with any single manager. For the avoidance of doubt any proposed investment either incrementally or new in excess of £50 million will require prior approval from the Panel.
  - Terminate mandates / redeem holdings in pooled funds and Limited Partnerships.
- 2.3 The rationale that the Berkshire Pension Fund Panel and the Berkshire Pension Fund Advisory Panel have agreed, is that these specific functions will enable the Berkshire Pension Fund Panel to focus on the overall stewardship of the Fund, and authorise the management activity associated with asset allocation which is a

by product of the investment strategy to be reviewed regularly by the Sub Committee and to take relevant and necessary decisions in a timely manner.

Option	Comments
Agree to the creation of the Investment Working Group becoming a Sub Committee of the Berkshire Pension Fund Panel  <b>This is the recommended option</b>	Establishing the IWG as a formal Sub Committee of the Berkshire Pension Fund Panel, will enable it to have delegations to take decisions on behalf of the Panel and perform day to day pension management task and thereby allow the Panel to focus more on the overall stewardship of the Pension Fund.
Not agree that the Investment Working Group becoming a formal Sub Committee of the Pension Fund Panel.	This will require the Pension Fund Panel to take all decisions and not allow the functions identified for delegation to the Sub Committee to be delegated in line with the Berkshire Pension Fund Panel and the Berkshire Pension Fund Advisory Panel's request.

### 3. KEY IMPLICATIONS

Defined Outcomes	Unmet	Met	Exceeded	Significantly Exceeded	Date they should be delivered by
The Investment Working Group is established as a formal Sub Committee of the Panel	Sub Committee not established	Sub committee established by November 2016	N/A	N/A	1 December 2016

### 4. FINANCIAL DETAILS

#### Financial impact on the budget

- 4.1 There are no direct financial implications arising from the decision to create the IWG as a formal sub committee of the Berkshire Pension Fund Panel.

	2016/17	2017/18	2018/19
	Revenue	Revenue	Revenue
Addition	£0	£0	£0
Reduction	£0	£0	£0

	2016/17	2017/18	2018/19
	Capital	Capital	Capital
Addition	£0	£0	£0
Reduction	£0	£0	£0

## **5. LEGAL IMPLICATIONS**

- 5.1 The formation of the Investment Working Group as a formal Sub Committee of the Berkshire Pension Fund Panel is in line with the Sub Committees of Cabinet, (eg Cabinet Prioritisation Sub Committee, Cabinet Regeneration Sub Committee, Cabinet Participatory Sub Committee), where specific functions are delegated to the Sub Committee, to enable the Sub Committee to meet and take decisions on behalf of the full Panel.
- 5.2 The minutes of the new Sub Committee will be reported to the full Panel on each subsequent full Panel meeting, when a Sub Committee has met between the full Panel meetings, and will ensure the Panel is fully aware of the decisions being taken under the delegations provided for in the terms of reference of the Sub Committee.

## **6. VALUE FOR MONEY**

- 6.1 The Berkshire Pension Fund Panel will be able to focus more on the overall stewardship of the pension fund by enabling more day to day operational decisions to be considered by the Investment Working Group operating as a Sub Committee and thereby being formally delegated the functions set out in para 2.2.

## **7. SUSTAINABILITY IMPACT APPRAISAL**

- 7.1 None

## **8. RISK MANAGEMENT**

- 8.1

<b>Risks</b>	<b>Uncontrolled Risk</b>	<b>Controls</b>	<b>Controlled Risk</b>
If a Sub Committee is not approved decisions may be delayed and/or not taken to the advantage of the Pension Fund.	High	Terms of reference and specific delegations are defined and used as the basis of operation of the sub committee	Low

## **9. LINKS TO STRATEGIC OBJECTIVES**

- 9.1 Putting appropriate systems of work in place with clearly defined operating parameters is in line with the Borough's strategic objective of 'Equipping ourselves for the future'.

## **10. EQUALITIES, HUMAN RIGHTS AND COMMUNITY COHESION**

- 10.1 N/A

## **11. STAFFING/WORKFORCE AND ACCOMMODATION IMPLICATIONS**

- 11.1 The Sub Committee will replace the IWG and so will have no new implications on staff or accommodation.

## **12. PROPERTY AND ASSETS**

- 12.1 None.

## **13. ANY OTHER IMPLICATIONS**

- 13.1 None

## **14. CONSULTATION**

- 14.1 The Berkshire Pension Fund Panel and the Berkshire Pension Fund Advisory Panel have considered and agreed that the IWG be given the delegations they seek and have requested that the necessary constitutional changes be made to enable the delegations to be established.
- 14.2 Full Council in September agreed to delegate the final details on how to enable the IWG to have the necessary delegations to meet the Pension Fund Panels request to the Constitution Sub Committee.

## **15. TIMETABLE FOR IMPLEMENTATION**

### **15.1**

<b>Date</b>	<b>Details</b>
16 April 2016	Berkshire Pension Fund Panel and Berkshire Pension Fund Advisory Panel - approved delegations and request necessary constitutional changes be requested.
27 September 2016	Full Council approves principals and delegates details to the Constitutional Sub Committee.
After 29 Nov 2016	Changes will be implemented published in a revised version of the RBWM Constitution once approved by the CSC.

## **16. APPENDICES**

- Appendix 1 – The current Terms of Reference
- Appendix 2 – Proposed new Part 6 Section D11 – Terms of reference of the Berkshire Pension Fund Sub Committee, of the RBWM Constitution.

## **17. BACKGROUND INFORMATION**

Berkshire Pension Fund and Berkshire Pension Fund Advisory Panel report 11 April 2016 – Investment Governance.

## **18. CONSULTATION (MANDATORY)**

<b>Name of consultee</b>	<b>Post held and Department</b>	<b>Date sent</b>	<b>Date received</b>	<b>See comments in paragraph:</b>
Internal				

<b>Name of consultee</b>	<b>Post held and Department</b>	<b>Date sent</b>	<b>Date received</b>	<b>See comments in paragraph:</b>
Cllr Targowska	Chairman of the Constitutional Sub Committee	21 Nov 16	21/11/16	
Cllr Lenton	Chairman of the Berkshire Pension Fund			
Russell O'Keefe	Strategic Director Corporate and Community Services	9 Nov 16		
Alison Alexander	Managing Director/ Strategic Director Adults, Children and Health			
Simon Fletcher	Strategic Director Operations and Customer Services			
Rob Stubbs	Head of Finance and Deputy Director of Corporate and Community Services	9 Nov 16		
Nick Greenwood	Pension Fund Manager	9 Nov 16	9 Nov 16	
Kevin Taylor	Deputy Pension Fund Manager	9 Nov 16	9 Nov 16	

## REPORT HISTORY

<b>Decision type:</b>	<b>Urgency item?</b>
Non-key decision	No



Full name of report author	Job title	Full contact no:
David Scott	Head of GPPP and Monitoring Officer	01628 79 6748

## **Royal County of Berkshire Pension Fund**

### **Investment Working Group**

#### **Terms of Reference**

The Royal County of Berkshire Pension Fund Investment Working Group (“IWG”) will be a Working Group of the Berkshire Pension Fund Panel.

The Investment Working Group will consist of the Chairman and/or Vice-Chairman of the Berkshire Pension Fund Panel and up to three other members of the Berkshire Pension Fund and Pension Fund Advisory Panels.

The Investment Working Group will meet at least quarterly and on an ad-hoc basis as required. At least 10 days notice of a meeting will be given for each meeting. The Working Group may meet “electronically” if required. In such a circumstance it will be made clear by what date members are required to respond.

All decision or recommendations made by the Working Group will be reported to the Pension Fund and Pension Fund Advisory Panel.

The role of the Working Group is to review and recommend appropriate policies/actions to the Pension Fund Panel and Advisory Panel in respect of the following:

1. The Strategic Asset Allocation of the Fund
2. The investment performance of the Fund
3. New investment products/mandates and their suitability for investment by the Fund
4. To interview potential managers for the Fund
5. To recommend the appointment or termination of investment mandates
6. Such other matters as may be relevant to managing the investments of the Fund and implementing decisions of the Pension Fund Panel

Quorum: Four members of whom at least two shall be members of the Pension Fund Panel and include the Chairman and/or the Vice Chairman of the Panel.

## **Proposed new Section D11 of Part 6 of the Constitution**

### **D 11 Berkshire Pension Fund Panel Sub Committee**

#### **D11.1 *Purpose***

The Sub Committee shall have delegated authority to undertake the following functions:

- To review and recommend appropriate policies/actions to the Pension Fund Panel and Advisory Panel in respect of the following:
  1. The Strategic Asset Allocation of the Fund
  2. The investment performance of the Fund
  3. New investment products/mandates and their suitability for investment by the Fund
  4. To interview potential managers for the Fund
  5. To recommend the appointment or termination of investment mandates
- Such other matters as may be relevant to managing the investments of the Fund and implementing decisions of the Pension Fund Panel
- Recommend changes to the Investment Strategy
- Set and Change asset allocation
- Review investment opportunities/new managers and authorise officers to make such investments if they comply with the agreed Investment Strategy. Such delegation is limited to a limit of the higher of £50 million, or 3% of the net asset value of the Fund as published in the Fund's latest Financial Statements for any single or series of investments in any one asset class with any single manager. For the avoidance of doubt any proposed investment either incrementally or new in excess of £50 million will require prior approval from the Panel.
- Terminate mandates / redeem holdings in pooled funds and Limited Partnerships.

#### **D11.2 *Membership***

The Berkshire Pension Fund Panel Sub Committee will consist of the Chairman and/or Vice-Chairman of the Berkshire Pension Fund Panel and up to three other members of the Berkshire Pension Fund and Pension Fund Advisory Panels.

#### **D11.3 *Quorum***

Four members of whom at least two shall be members of the Berkshire Pension Fund Panel and include the Chairman and/or the Vice Chairman of the Panel.

#### **D11.4 *Frequency***

The Berkshire Pension Fund Panel Sub Committee will meet at least quarterly and on an ad-hoc basis as required. At least five clear days notice of a meeting will be given for each meeting. The Sub Committee may meet "electronically" if required. In such a circumstance it will be made clear by what date Sub Committee Members are required to respond, decisions recorded and reported to subsequent meeting.

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