

BERKSHIRE PENSION BOARD

TUESDAY, 17 APRIL 2018

PRESENT: Tony Pettitt (Chairman), Alan Cross (Vice-Chairman), Jeff Ford and Neil Wilcox

Officers: Shilpa Manek, Rob Stubbs and Kevin Taylor

INTRODUCTION AND APOLOGIES

The Chairman welcomed everyone to the meeting.

There were no apologies for absence.

DECLARATIONS OF INTEREST

Kevin Taylor declared an interest in the item on Pension Pooling, as an officer of the Berkshire Pension Fund.

MINUTES

The Part I minutes of the previous meeting were agreed as an accurate record.

SCHEME AND REGULATORY UPDATE

There were no updates for members. Officers were still awaiting amended regulations at this stage.

POOLING UPDATE

Rob Stubbs, Deputy Director and Head of Finance, informed the Board that the business case had been signed in January 2018 by the Panel after they had received briefing in December 2017. The LPP Shareholders meeting was attended by the Head of Finance, Rob Stubbs, the Managing Director, Alison Alexander, the Leader, Councillor Simon Dudley, the Chairman of the Berkshire Pension Board and the Vice Chairman of the Berkshire Pension Panel... LPP had been given the authority to have dialogue with the actuary if required. A Management Agreement is being prepared which covers the legal arrangements for the management of assets.

A report will be presented to the Berkshire Pension Board Panel on 21 May 2018 and then assets would begin being transferred as of 1 June 2018 with a two year deadline..

To begin with the investments team would become a part of LPP and would move to London. The administration team would still be based here in Maidenhead. The plan was to embed the investments and investment team first and then look again at the structure and consider whether transferring the administration team would be an option .

LPP would manage 100% of the fund's assets, Pooling assets, legacy assets and consent assets, from 1 June 2018. This would be reviewed annually. RBWM would still be the responsible authority for the Berkshire Pension Fund. RBWM would still be relying on fund managers of which JP Morgan was the custodian, this would continue for now. LPP would be managing our fund managers. The Vice Chairman asked about equity and was informed by Rob Stubbs that there were eight buckets but there are none in emerging markets which was currently being looked at. It was estimated that around sixty percent would be easy to pool, of the rest of them, some would still be relatively straight forward to pool at an appropriate date

and others may need to remain on the Fund's balance sheet for some time. RBWM were working very closely with Lancashire County Council.

The day to day administration of collecting payments from employees and paying out to pensioners would still be carried out through administration at RBWM. The intention was that over a period of time that the fund would see a reduction in fees paid.

There would be very little change to the governance structure. A report will be presented in May 2018 highlighting that there would be no change to the Pension Board, the Advisory Panel and the Pension Panel. An investment working group would be set up with the Panel Chairman, Head of Finance, two independent advisors, the chairman of Pension Berkshire Panel and LPP at least on a quarterly basis. This would not be a decision making body, similar to what is in place currently.

We were pooling with LPP clients. Discussions around becoming a shareholder are ongoing and expect to be concluded within 18 months.

Each authority would retain their Pension Board. The Chairman had recently attended a LGA Cross Pool Forum. The forum which was particularly looking at governance structures and it was stated that local accountability would need to stay with each authority. There was no single model that fitted all as there were many models being used. However, this authority was mirroring at least one other authority. This was working well at Lancashire and at LPFA and we had very good relationships with Lancashire.

ACTION: Explore the appetite to meet with fellow board members, a process by which compares best practice.

STEWARDSHIP REPORT

Kevin Taylor, Deputy Pension Fund Manager, reported that this was a regular quarterly report. However, since there had not been a Panel meeting since November 2017, this report was for two quarters.

The points discussed by the Board included:

- The Liquidity level – this would now settle due to the progress made in pooling with LPP.
- The deficit in table 1 of report – it was hoped that pooling would alleviate some of the stress. A deficit recovery plan is in place to clear the deficit by 2040.
- 53% of the current total active scheme members were now on i-Connect. This was now fully implemented except for Slough and Bracknell. The Pension team was continuing to work with smaller employers to get them on board. Bracknell was in the process of changing its payroll and there had been a large turnover in staff. The Pension team is engaging with Bracknell and Slough and it is hoped they both would be on board by year end 2019.
- Pension Administration Standards Association (PASA) – Over 100 desktop procedures have been written and accreditation applied for.
- General Data Protection Regulation (GDPR) – The Pension Fund was the first to take action in the Borough.
- GMP Reconciliation – This had been resolved. The values were up to date and accurate now.
- Wokingham Schools – On Agenda.

ACTION TRACKER

There were three actions on the Action Tracker as below:

Action No.	Date of meeting	Action Item Description	Comments	Assigned to	Status
12	26/11/2015	b) Adoption of Training Plan.	Board members to inform the DPFM of any training completed.	Board Members	Open
13	26/11/2015	Pension Administration Strategy.	Board members to provide DPFM with a list of key officers within their organisations to be added to Pension Fund distribution list.	Board Members	Open
14	22/02/2016	Compliance with CIPFA audit guidelines.	Chair to write to s.151 officer regarding Administering Authority's compliance with CIPFA audit guidelines.	Billy Webster	Open

The Board members discussed these actions and Unanimously agreed to remove action 14.

DRAFT BUSINESS PLAN 2018/19 AND FUNDING STRATEGY STATEMENT

The Board discussed the draft business plan 2018/19. The following points were raised:

- Section 5 – Business targets 2018/19 – it was confirmed that no actuals were shown in the table as the objectives were at borough level and not at corporate level.
- The staff of the Berkshire Pension Fund are employed by the Borough which is also the administering authority for the Royal County of Berkshire Pension Fund. The Pension Fund is not a legal entity in its own right.
- There had been increased levels of sickness but these were for other reasons, not because of the move to LPP.
- The Board asked how staff satisfaction had been measured. It was confirmed that a staff survey had been used. The Chairman suggested that it would be better to record the last value reported. Section 5 was for 2017/18.
- There was a typo on page 43, the word “London” needed to be changed.

COLLEGE FUNDING UPDATE

The Funding Strategy Statement should have been an appendix to the College Funding Update.

Amendments had been made to Paragraphs 3.25, 3.29 and 3.30 of the Funding Strategy Statement.

The Board Unanimously Agreed the changes to paragraphs 3.25, 3.29 and 3.30.

This would be discussed further in Part II.

FUTURE TRAINING REQUIREMENTS

There were currently two vacancies on the Board and that would soon increase to three. The current Vice Chairman, Alan Cross, would no longer be the employer representative after the end of April 2018. Future new Board members would require training.

The constitution stated that the Berkshire Pension Board must consist of 6 Members. This must consist of three Scheme Employer representatives and three Scheme Member representatives. A meeting was quorate when at least 50% of the Scheme member and Scheme Employer Representatives were present with at least 1 member being present

from each group. For actions to be agreed, the Chairman or Vice Chairman must be in attendance. A meeting that becomes inquorate may continue but any decisions would be non-binding.

The immediate needs would change. Officers were advised to identify the training needs for new members by the next meeting.

All Board Members would canvass to find new members to join the Board.

ACTION: Officers to identify training needs by next meeting.

ACTION: Board Members to canvas for new members.

ACTION: Chairman and Vice Chairman to email Kevin Taylor all details of additional training that had been carried out.

NEW OR AMENDED RISKS

No new or amended risks identified.

IDENTIFIED OR REGISTERED BREACHES

Wokingham Schools – Wokingham BC has for the last 12 years outsourced its payroll function to a third party provider. When the contract was initially entered into by Wokingham BC an assumption was made that all the data to be passed between payroll and pensions had previously been done electronically but it had been done by paper. As a result, over the years it has become clear that the quality of the pension records maintained by the Borough in respect of scheme members employed directly at Wokingham maintain schools has slowly worsened.. This matter came to a head last year when the Pension Fund decided not to issue the 2017 annual benefits statements to this group of members.

All other members of the Fund (around 97% of members) received their statements within the statutory deadline of 31 August. Consideration was given to reporting this statutory failure to the Pensions Regulator (tPR) but it was decided that this matter was not of material significance providing an appropriate action plan to rectify the problem was put in place without delay. The Pension Fund has therefore entered onto a data matching exercise with all of the 48 Wokingham schools affected.

The action plan has been agreed with both Wokingham BC and its thirds party payroll provider with the aim of issuing the 2017 annual benefit statements by the end of May 2018 and to issue all 2018 statements by August 2018. The Pension Fund has made it clear to Wokingham BC that if these aims are not achieved they would be reported to the Pensions Regulator and that any fines were incurred would be passed on to Wokingham BC.

The Board asked if this risk had been included on the Wokingham Borough Council risk register and Kevin Taylor did not know, however, an Elected Member of Wokingham BC doe sit on the Pension Fund Advisory Panel and so maybe aware of the risk.

Kevin Taylor attended a bursar group in Wokingham to advise them of the action plan and the role they had to play in it.. Since then Kevin has contacted each school directly. The 16/17 contributions had been posted and further information was being collated from the payroll provider.

Kevin Taylor informed the Board that as part of the action plan Wokingham BC were committed to on-boarding i-Connect once all pension records had been updated accordingly.

The Board Unanimously endorsed the approach and agreed that it be added to the risk register.

ACTION: Add to risk register.

ANY OTHER BUSINESS

To consider passing the following resolution:-

“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 item 14 on the grounds that it involves the likely disclosure of exempt information as defined in Paragraphs 1-7 of part I of Schedule 12A of the Act”

RESOLVED UNANIMOUSLY: to exclude the public while confidential discussions relating to funding were carried out.

The meeting, which began at 1.20 pm, finished at 3.30 pm

CHAIRMAN.....

DATE.....