

NOTICE OF MEETING

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BERKSHIRE PENSION FUND PANEL

will meet on

MONDAY, 16TH JULY, 2018

at

4.00 pm

In

MAY ROOM - TOWN HALL, MAIDENHEAD

TO: MEMBERS OF THE BERKSHIRE PENSION FUND PANEL

COUNCILLORS JOHN LENTON (CHAIRMAN), DAVID HILTON (VICE-CHAIRMAN), RICHARD KELLAWAY AND MALCOLM ALEXANDER

ADVISORY MEMBERS: CLLR SUNYIA SARFRAZ (SLOUGH BC), MARK BUTCHER, CLLR GLENN DENNIS (READING), CLLR WORRALL, SUE NICHOLLS, CLLR LAW, PATRICK FULLER AND ASIA ALLISON

Karen Shepherd – Service Lead Democratic Services Manager
Issued: 06/07/2018 Date Not Specified

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 or contact the Panel Administrator **David Cook 01628 796560**

Fire Alarm - In the event of the fire alarm sounding or other emergency, please leave the building quickly and calmly by the nearest exit. Do not stop to collect personal belongings and do not use the lifts. Congregate in the Town Hall Car Park, Park Street, Maidenhead (immediately adjacent to the Town Hall) and do not re-enter the building until told to do so by a member of staff.

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AGENDA

PART I

<u>ITEM</u>	<u>SUBJECT</u>	<u>PAGE NO</u>
1.	<u>APOLOGIES</u> To receive any apologies for absence.	-
2.	<u>DECLARATIONS OF INTEREST</u> To receive any declarations of interest.	5 - 6
3.	<u>MEMBERSHIP AND STAFFING UPDATE</u> Introduction of New Advisory Panel Members, Retirement of Pension Fund Manager and Relocation of Investment Staff to LPP.	Verbal Report
4.	<u>MINUTES</u> To approve the Part I minutes of the meeting held on 21 May 2018.	7 - 12
5.	<u>PRESENTATION BY LPP</u> To consider the presentation.	13 - 26
6.	<u>STEWARDSHIP REPORT</u> To consider the report.	27 - 44
7.	<u>PENSION FUND PANEL WORK PLAN 2018-19</u> To consider the report.	45 - 48
8.	<u>INVESTMENT WORKING GROUP UPDATE</u> To consider the update.	Verbal Report
9.	<u>LOCAL GOVERNMENT ACT 1972 - EXCLUSION OF THE PUBLIC</u> 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 6 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"	-

PART II - PRIVATE MEETING

<u>ITEM</u>	<u>SUBJECT</u>	<u>PAGE NO</u>
10.	<u>MINUTES</u> To approve the Part I minutes of the meeting held on 21 May 2018. <i>(Not for publication by virtue of Paragraph 3 of Part 1 of Schedule 12A of the Local Government Act 1972)</i>	49 - 50

MEMBERS' GUIDE TO DECLARING INTERESTS IN MEETINGS

Disclosure at Meetings

If a Member has not disclosed an interest in their Register of Interests, they **must make** the declaration of interest at the beginning of the meeting, or as soon as they are aware that they have a DPI or Prejudicial Interest. If a Member has already disclosed the interest in their Register of Interests they 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 the discussion or vote at a meeting.** The speaking time allocated for Members to make representations is at the discretion of the Chairman of the meeting. In order to avoid any accusations of taking part in the discussion or vote, after speaking, Members should move away from the panel table to a public area or, if they wish, leave the room. If the interest declared has not been entered on to a Members' Register of Interests, they must notify the Monitoring Officer in writing within the next 28 days following the meeting.

Disclosable Pecuniary Interests (DPIs) (relating to the Member or their partner) 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 licence 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.

Any Member who is unsure if their interest falls within any of the above legal definitions should seek advice from the Monitoring Officer in advance of the meeting.

A Member with a DPI should state in the meeting: ***'I declare a Disclosable Pecuniary Interest in item x because xxx. As soon as we come to that item, I will leave the room/ move to the public area for the entire duration of the discussion and not take part in the vote.'***

Or, if making representations on the item: ***'I declare a Disclosable Pecuniary Interest in item x because xxx. As soon as we come to that item, I will make representations, then I will leave the room/ move to the public area for the entire duration of the discussion and not take part in the vote.'***

Prejudicial Interests

Any interest which a reasonable, fair minded and informed member of the public would reasonably believe is so significant that it harms or impairs the Member's ability to judge the public interest in the item, i.e. a Member's decision making is influenced by their interest so that they are not able to impartially consider relevant issues.

A Member with a Prejudicial interest should state in the meeting: ***'I declare a Prejudicial Interest in item x because xxx. As soon as we come to that item, I will leave the room/ move to the public area for the entire duration of the discussion and not take part in the vote.'***

Or, if making representations in the item: ***'I declare a Prejudicial Interest in item x because xxx. As soon as we come to that item, I will make representations, then I will leave the room/ move to the public area for the entire duration of the discussion and not take part in the vote.'***

Personal interests

Any other connection or association which a member of the public may reasonably think may influence a Member when making a decision on council matters.

Members with a Personal Interest should state at the meeting: ***'I wish to declare a Personal Interest in item x because xxx'. As this is a Personal Interest only, I will take part in the discussion and vote on the matter.***

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Agenda Item 4

BERKSHIRE PENSION FUND PANEL

MONDAY, 21 MAY 2018

PRESENT: Councillors John Lenton (Chairman), David Hilton (Vice-Chairman), Richard Kellaway and Malcolm Alexander

Advisory Members: Mark Butcher, Councillor Stanton and Councillor Law.

Officers: Philip Boyton, David Cook, Alison Alexander, Kevin Taylor, Pedro Pardo, Rob Stubbs, Nikki Craig and Nick Greenwood.

APOLOGIES

Apologies for absence were received by Cllr Worrall and Patrick Fuller.

DECLARATIONS OF INTEREST

There were no declarations of interest received.

It was noted that pension fund officers had an interest in the pooling item.

MINUTES

The Part I minutes of the meeting held on 22 January 2018 were approved as a true and correct record.

STEWARDSHIP REPORT

The Deputy Pension Fund Manager introduced the latest Stewardship Report covering the 6 months between 1 October 2017 to 31 March 2018.

Members were informed that the report was being presented as good governance required that the Pension Fund be reviewed by the administering authority on a regular basis. The Stewardship Report came in two main sections covering investment performance and asset allocation in section 1 and governance and administration in section 2.

The Deputy Fund Manager highlighted the following information from the report:

- Table 8A showed the transaction undertaken via i-Connect and when compared to table 8B non i-Connect users the benefits of the system was clear to see.
- With regards to key performance targets on communications Members were informed that Prudential had only recently contacted the administering authority to inform that they were deleting their communications strategy. As a result Prudential would no longer provide a one to one service and that they would no longer be attending pension surgery's. they would continue to provide information from their website and via the phone. If it was felt that another provider was required this would be brought to this Panel.
- Prudential had introduced Additional Voluntary Contribution (AVC), salary sacrifice. Advice on this would be via their website as officers were not permitted to provide financial advice.
- There was an ongoing with Wokingham Schools as their payroll provider, Selima, were still not providing the information required. Officers have put significant effort with those concerned to resolve the issues.

Cllr Stanton recommended that he Panel chairman should write to Wokingham's Chief Executive regarding the issues. The Deputy Pension Fund Manager mentioned that he was confident that they would meet the 2018 statement requirements.

Cllr Law questioned the Nominal Earnings Inflation Assumption for December 2017 being 4.2% and if this affected assumptions. The Panel were informed that we had operated on the basis of inflation plus 1.5% which gave the results. If the number increased there would be overall little impact as this only effected pensions tied to final salary.

Resolved unanimously: That Panel notes the report and:

- **The investment performance and asset allocation of the Fund.**
- **All areas of governance and administration as reported.**
- **All key performance indicators.**

HOUSING ASSOCIATIONS FUNDING AGREEMENTS

The Deputy Pension Fund Manager introduced the report that highlighted proposals from Housing Solutions Limited (formerly Maidenhead and District Housing Association) and Bracknell Forest Homes to enter into Funding Agreements.

Panel were informed that the report also contained as appendices letters dated 13 February 2018 received from Devonshires Solicitors on behalf of Housings Solutions Limited and 27 April 2018 from Martin Huckerby on behalf of Bracknell Forest Homes. There was also a draft Funding Agreement appended to the report.

By entering a Funding Agreement the Pension Fund would be able to agree a deficit recovery period over which the pension liabilities pertaining to Housing Solutions Limited / Bracknell Forest Homes can be managed over a longer period of time without having to sell assets.

Cllr Hilton mentioned that this seemed like a logical solution and questioned if it would be good or bad if we ended up in the same position with Optalis and Achieving for Children (AFC). The Panel were informed that AFC had been transferred to Kingston's pension fund and that and that an agreement with Optalis had been established so that they continued to contribute until there was a need for cessation.

Cllr Hilton also mentioned that Housing Solutions had a good covenant due to their resources.

Resolved unanimously: That the Panel notes the report and:

- **Agrees in principle to entering into a Funding Agreement with Housing Solutions Limited and Bracknell Forest Homes; and**
- **Authorises Officers to instigate such an agreement in line with the requirements of the LGPS Regulations.**

BERKSHIRE PENSION FUND BUSINESS PLAN 2018-19

Deputy Pension Fund Manager introduced the report that presented the Pension Fund Business Plan for 2018/19 and medium term strategy for 2019 to 2022.

The Panel were informed that last year's plan had been updated with targets for the forthcoming year and LPP pooling. Section 2 of the business plan showed the revised mission statement that now included partnership working with LPP regarding strategic investment strategies being managed. The business targets for 2018/19 also mentioned that there would be work with LPP to become a partner.

Other changes were also highlighted to the Panel including:

- Agenda pack page 60 deletions to text had been shown.
- Agenda pack page 60 showed that GDPR compliance was in hand.
- Agenda pack page 63 regarding pooling the objective had now been met when the Panel agreed to join LPP.

The Panel considered the report and recommended the following changes and comments:

- With regards to pooling it should say that all investments would be pooled other than some legacy assets.
- Under timescale for pooling (page 65) change mid-2020 to mid-2020's.
- The partially achieved initiatives were down to Wokingham schools as per discussion in the Stewardship report.
- It was noted that the last three objectives (page 66) were on going due to costs and that they may either be deleted or we could ask LPP to review.
- With regards to cash flow it was expected that we would be negative in the next couple of years.

Resolved unanimously: That Panel notes the report and:

- **Approves the Business Plan and Medium Term Strategy (subject to amendments) and**
- **Authorises Officers to publish it on the Pension Fund website.**

COLLEGE FUNDING LEVELS

The Deputy Pension Fund Manager introduced the report that asked the Panel to consider the removal of the University of West London from the college pool and the associated amendment required to the Funding Strategy Statement.

The Panel were informed that as part of the valuation process it was identified that the funding deficit and proposed employer contribution rates for the college pool were higher than for any other individual or pooled employer within the Fund.

It had been identified that the University of West London, which includes the liabilities for the former Thames Valley University, had a vastly different membership and liability profile to the other 4 colleges in the pool. If they became an exiting employer then they would be liable to pay £30 million to the fund.

It was proposed that officers engage with the actuary and officers of the University of West London to consider the option of either transferring all liabilities from the Berkshire Pension Fund to the Ealing Pension Fund or vice versa.

During discussion it was noted that there had yet to be discussions with the Ealing Pension Fund and that the actuary could declare that the UWL be removed from the fund.

Resolved unanimously: That Panel notes the report and:

- **Agree to the University of West London being removed from the college pool with the Funding Strategy Statement being amended as highlighted in Appendix 2 to this report;**
- **Requests that officers continue to investigate funding options with the colleges and in particular with the University of West London;**
- **Requests officers to engage with the actuary and officers of the University of West London to consider the option of either transferring all liabilities from the Berkshire Pension Fund to the Ealing Pension Fund or vice versa.**

GOVERNANCE ARRANGEMENTS - THE ROLE OF THE INVESTMENT WORKING GROUP

The Deputy Director and Head of Finance introduced the report that proposed governance arrangements for the Royal County of Berkshire Pension Fund (BPF). The BPF would begin pooling its investments with the Local Pensions Partnership (LPP) from 1 June 2018.

The Panel were informed that the role of the current investment working group would change as the BPF would no longer undertake its own investments or select fund managers. This would become the responsibility of LPP. There were a number of responsibilities that the BPF, and the Royal Borough of Windsor and Maidenhead as administering body, would retain.

The group would undertake more of a monitoring role as well as providing expert professional advice to the Pension Fund Panel. The newly named Investment Group would:

- Review the Fund's long term investment strategy and where necessary make recommendations to the Pension Fund Panel.
- Advise on strategic and/or tactical asset allocations proposed by LPP.
- Restrict and control the range of asset allocations used by LPP as set out in the Policy Portfolio.
- Consider appropriate risk management strategies to include the matching of pension liabilities with suitable investments and where necessary make recommendations to the Pension Fund Panel.
- Monitor and review the investment activity.
- Review and report on the performance of the Fund and where necessary make recommendations to the Pension Fund Panel.

It was proposed that Law Debenture be retained to advise on non-investment matters and avoid any conflict with the Panel and that the Investment Group would comprise of:

- Pension Fund Panel Chairman (Chair) and/or
- Pension Fund Panel Vice Chairman.
- One Advisory Pension Fund Panel member.
- Deputy Director and Head of Finance (s151 Officer).
- Not less than two strategic independent advisers appointed in accordance with arrangements determined by the Pension Fund Panel.

During discussion the Panel agreed that it would be better to undertake the additional costs of securing independent advisors to help the group undertake its role with LPP. It was felt that the group should also retain its role in producing the investment strategy.

The Chairman mentioned that the group may not retain investment responsibilities but it would continue to monitor investments. He would also like other boroughs to continue to work with the group.

The Panel supported the retention of two independent advisors being retained by the group as the better we were informed the better decisions would be made. It was noted that the retention of two would be a saving not being made via pooling, but it was the correct way forward to ensure the right bedding down process was undertaken.

Cllr Hilton mention that with regards to the report's recommendations should we also add a recommendation that the Investment Group should also make recommendations on legacy assets. The Head of Finance informed that they would not have that authority. Cllr Law mentioned that the only role would be to question LPP on their decisions if they did not conform with the Investment Strategy.

The Panel were informed that the only assets LPP would seek our consent on would be the consent assets. The Investment Group could ask LPP to look at legacy assets to see if they should be removed. We are joining LPP as a client and there needed to be mutual engagement for the relationship to develop.

With regards to the Investment Groups terms of reference on agenda pack page 99 it was agreed that the production of the Investment Strategy would be included and that point six would include 'final approval'.

With regards to the quorum the Chairman mentioned that the Investment Working Group always had two Panel members on it to be quorate and he felt that this should continue. For this to happen it was recommended that substitutes be available or that recommendations could be voted on by email. As the group were only making recommendations to the Panel it was questioned if they needed to be quorate.

Resolved unanimously: that the Pension Fund Panel notes the report and:

- **Agrees to the proposal for a revised investment group in light of pooling guidance.**
- **Agrees the terms of reference for the Investment Group and instructs the Deputy Director and Head of Finance to secure the terms of reference within the administering body's constitution.**
- **Agrees that the Deputy Director and Head of Finance in conjunction with the Chairman and Vice-Chairman of the Panel undertake the appointment of a second independent adviser with a final decision to appoint to be made at a future Panel.**

PENSION FUND POLICY DOCUMENT - INVESTMENT STRATEGY DOCUMENT

The Pension Fund Manager introduced the report that requested the Panel to approve for publication the Investment Strategy Statement.

The Panel were informed that the LGPS Regulations require the administering authority to publish a number of policy documents one of which is the Investment Strategy Statement. This statement had been prepared by the Pension Fund Manager and the Fund's Strategic Independent Adviser and circulated to Berkshire Treasurers.

The Chairman mentioned that an amended appendix had been circulated to the Panel and that 10% of the total fund were in global equities.

Resolved unanimously: that Panel notes the report and authorises the publication of the Investment Strategy Statement as amended by the Panel.

LOCAL GOVERNMENT ACT 1972 - EXCLUSION OF THE 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 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 4pm, finished at 6pm

CHAIRMAN.....

DATE.....

Royal County of Berkshire Pension Fund - Berkshire Pension Fund Panel and 13 Advisory Panel

Chris Rule, CIO & MD Investment Business

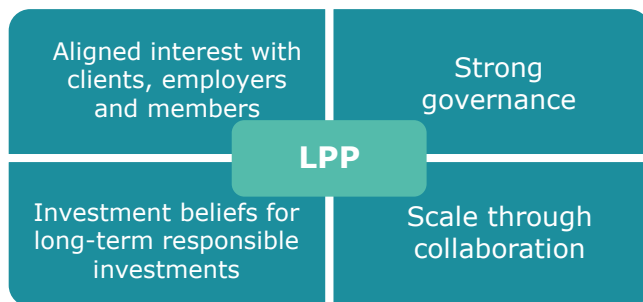
Richard J. Tomlinson, Head of Investment Strategy

Martin Pattinson, Director of Client Relationships

16 July 2018

About us

Our vision is to be '**a leading pension services business**' operating on a 'not-for-profit' philosophy and working in partnership with our clients and other customers



Investment management ¹	Asset and liability risk management	Pension administration	
299 employees ²	29 investment, risk and actuarial professionals ³	£16bn assets under management ⁴	550,000+ pension fund members across LGPS, Police and Firefighter schemes ²

1. via Local Pensions Partnership Investments Ltd, authorised and regulated by the Financial Conduct Authority.

2. As at 31 March 2018.

3. As at 1 June 2018.

4. As at 1 June 2018. Includes undrawn commitments of the Northern Pool.

LPP Investments Ltd (LPPI)

- Authorised and regulated by the Financial Conduct Authority (FCA)
- Signatory to the **LGPS Advisory Board Code of Transparency**
- Demonstrable success in designing and implementing asset pooling solutions and delivering cost saving benefits
- Expertise in building and running a variety of investment vehicles/structures including:
 - Authorised Contractual Scheme (ACS)
 - authorised/unauthorised Alternative Investment Funds (AIFs)
 - Limited Partnerships (LPs)
 - segregated accounts
- Independent Investment Operations function providing client/fund performance reporting
- Internal Compliance function providing investment governance and oversight
- 3rd party service providers (e.g. depositary/custodian) are subject to our rigorous on-going monitoring and service delivery and performance evaluation

LPPI Board

Independent non-Executive and Executive Directors with expertise in pension and investment management

Non-Executive Directors

- Sally Bridgeland (Chair)
- Michael O'Higgins
- Robert Vandersluis

Executive Directors

- Susan Martin
- Chris Rule
- Tom Richardson

LPP

Local Pensions Partnership

Investment team

Seasoned investment professionals whose experience spans almost all asset classes and investment styles

- Deep buy/sell-side asset management and capital markets experience
- Senior investment professionals have on average 13 years of investment experience⁵

Investment Committee permanent members							
Richard J. Tomlinson Investment Director Head of Investment Strategy			Chris Rule Chief Investment Officer & Managing Director Investment Business			Tom Richardson Chief Risk Officer	
Investment Strategy						Responsible Investment	
Richard J. Tomlinson Investment Director	Pedro Pardo Investment Manager	Dimitrios Folas Analyst	Harry Wildey Analyst	Yemi Ogunyemi Investment Trainee	Suzanne Nlamelou'ou Investment Trainee	Frances Deakin Responsible Investment Manager	Suzanne Nlamelou'ou Investment Trainee
Total Return	Fixed Income	Credit	Public Equity	Property	Private Equity	Infrastructure	
Max Townshend Investment Director Analyst (joining September 2018)	Karl Massey Investment Director	Trevor Castledine Investment Director	Richard Savage Investment Director	Richard Tomlinson Investment Director	Jonathan Ord Investment Director	Jonathan Ord Investment Director	
		Soo Kobberstad Deputy Portfolio Manager	Alejandro Rodriguez Deputy Portfolio Manager	Elezabeth Gordon Senior Analyst	Nick Hinchliffe Investment Portfolio Manager	Simon Davy Investment Director	
		Jamie Griffin Senior Analyst	Tim Noble Equity Manager		Keith Angood Analyst	Jamie Griffin Senior Analyst	
			Oscar Wilson Senior Analyst			Jonathan Ngai Senior Analyst	
			Oliver Bassett Analyst				

As at 1 June 2018.

5. LPPI senior investment professionals are key decision-makers and include Chief Investment Officer, Investment Directors, Portfolio Manager and Chief Risk Officer.

Compliance, Risk and Investment Operations

Independent compliance and risk oversight including the monitoring of investment limits and compliance with:

- Regulatory guidelines
- Investment Strategy Statement
- Asset class mandates
- Investment management agreements

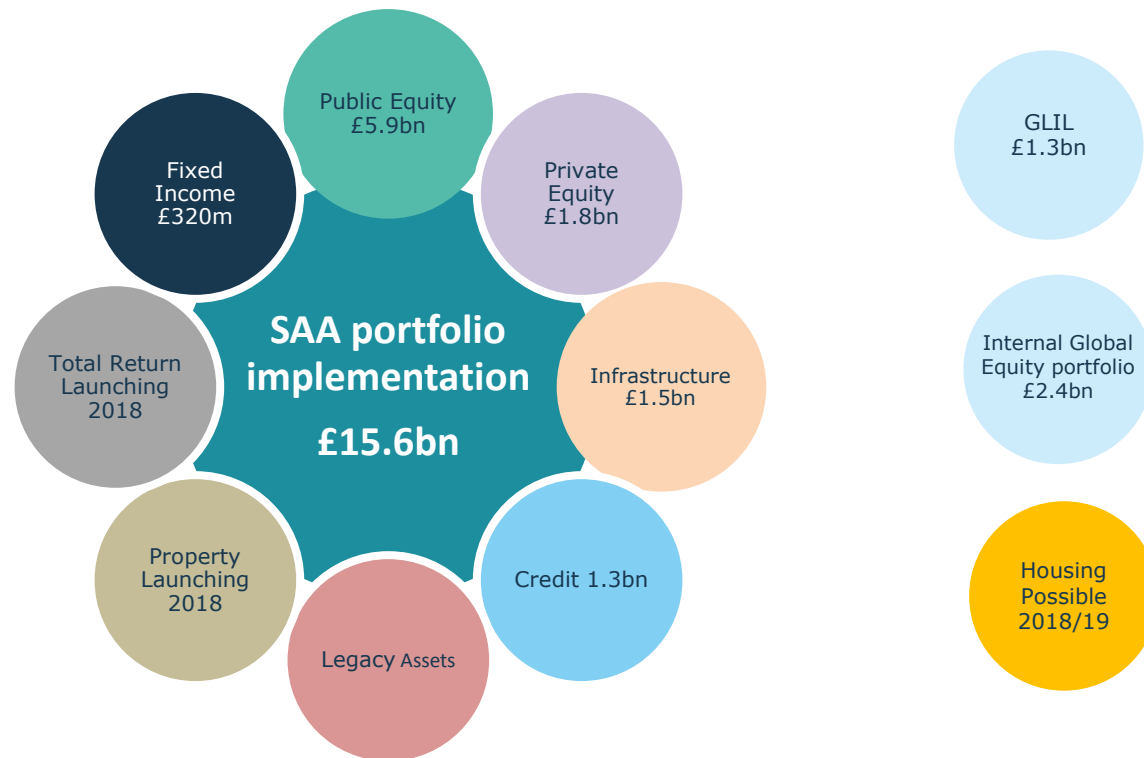
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Tom Richardson Chief Risk Officer				
Compliance		Risk		Investment Operations
Andrew Fox Head of Compliance and MLRO		Collin Lew Market Risk Specialist	Sarah Morris Actuary	Bruce Carnaby Head of Investment Operations
Rachel Sollis Investment Compliance Officer	Andrew Holland Investment Compliance Officer		Helen Connor Actuarial Assistant	Mark Jessop Operations Supervisor
				Anna Cowan Fund Administrator
				Elaine Jackson Fund Accountant
				Janet Kearton Private Markets Administrator
				John Wylie Investment Administration Manager
				Daniella Rodriques On Boarding and Transitions
				Jennifer Dodsworth Senior Client Reporting Analyst
				Jasdev Sran Client Reporting Analyst
				Faith Agidi Fund Support Assistant
				Anand Munagala Fund Support Assistant

As at 1 June 2018.

Summary of LPPI products

- Our main product line is providing full SAA investment management services to its clients. This is the service currently provided to our two founding clients.
- In delivering this service, we utilise a range of fund vehicles launched and launching. We also manage the GLIL Infrastructure Fund⁶, and have considered offering our Internal Global Equity strategy to other LGPS pools.



Data as at 1 June 2018.

6. Local Pensions Partnership Investments Ltd acts as Alternative Investment Fund Manager (AIFM)

Note: The £2.4bn Internal Global Equity portfolio is part of the Public Equity pooled fund. The Infrastructure fund has invested £400m in GLIL Infrastructure. A housing fund is being considered for possible future launch but there is no guarantee that it will materialise.

Current Berkshire portfolio position

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Asset class	Policy Portfolio weight	Current weight	Current weight vs Policy Portfolio	Tolerance range
Public Equity*	40.0%	34.1%	-5.9%	30% to 50%
Credit	10.0%	9.6%	-0.4%	5% to 15%
Fixed Income	3.0%	3.2%	+0.2%	0% to 10%
Private Equity	13.0%	13.5%	-0.5%	8% to 18%
Infrastructure	12.5%	7.2%	-5.3%	8% to 16%
Property	16.5%	13.2%	-3.3%	10% to 20%
Total Return	4.0%	4.5%	+0.5%	0% to 10%
Cash	1.0%	14.8%	+13.8%	0% to 5%

Key points

- 6% underweight in Public Equity
- 3% underweight in Property
- 5% underweight in Infrastructure
- 14% overweight in cash

* Includes a sub-allocation to Emerging Market Equities which is 10% of the overall portfolio

Near term changes to Berkshire Portfolio

Review of the portfolio suggests limited actions are required near term from an asset allocation perspective.

- Reduce Public Equity underweight by making an allocation to the LPPI Global Equities Fund of c.£120 million, funded by lowering the allocation to cash
- Forecast for the portfolio suggests that existing commitments for Infrastructure will eliminate the current underweight in the coming years
- Exposure to Property will be increased via participation in the LPPI Property pooled fund (expected launch Q4 2018/Q1 2019)

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Transition Plan*

- **Fixed Income** assets transition expected by end of August 2018
- **Global Equity** (excluding Emerging Market Equities) scheduled to transition in Q3 2018
- **Hedge Funds** will transition when the LPPI Total Return pooled fund is launched, planned for Q4 2018
- 21 ▪ **Property assets** targeted for transition when the LPPI Property pooled fund is launched, expected Q4 2018 / Q1 2019
- **Private Equity** vehicle will be established for Berkshire within the LPPI Private Equity structure (targeted for Q1 2019)
- **Credit and Infrastructure** expected to be transitioned in H1 2019.

* For all assets that are suitable for pooling. All other positions will remain on the scheme's balance sheet until they either mature or are sold.

Your Team Contacts

Name	Title
Chris Rule	Chief Investment Officer & Managing Director Investment Business
Richard J Tomlinson	Head of Investment Strategy
Pedro Pardo	Investment Manager
Bruce Carnaby	Head of Investment Operations
Daniella Rodriques	On Boarding and Transitions
John Wylie	Investment Administration Manager
Tom Richardson	Chief Risk Officer
Sarah Morris	In-house Actuary
Martin Pattinson	Director of Client Relations, Business Development and Communications

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Annex – LPPI Board



Sally Bridgeland
Non-Executive Director
Chair of LPPI Board

Sally is well known in the UK pensions industry, for her thought-provoking views on risk, investment strategy and governance.

She combines investment governance consultancy for Avida International with a number of complementary roles, including as a Non-Executive Director and Investment Committee Chairman at mutual insurance company Royal London; and trustee at both NEST Corporation and the Lloyds Bank pension schemes and at the Nuclear Liabilities Fund. Sally also serves on the Trust Investment Committee of the innovation foundation, Nesta and was the first lady Master of the Worshipful Company of Actuaries from 2016-17.

Sally was previously the CEO of BP Pension Trustees Limited. Before joining BP, Sally spent twenty years with Aon Hewitt as a Pensions Actuary and in the investment practice, where she led a number of research initiatives.



Michael O'Higgins
Chairman, LPP Board
Non-Executive Director on LPP I Board
Member of LPP Remuneration and Nomination Committee

Michael O'Higgins is also Chairman of Calculus VCT, the Channel Islands Competition and Regulatory Authorities, as well as a non-executive director of Network Rail and of the pensions company Hedgehog. He became the 'Independent Person' for Tunbridge Wells Borough Council in October 2015.

He was Chairman of The Pensions Regulator from 2011 to 2014, Chairman of the Audit Commission from 2006 until 2012 and Chairman of the NHS Confederation from 2012 until 2015. He was also a non-executive director (NED) of HM Treasury and Chair of the Treasury Group Audit Committee from 2008 to 2014.

Michael was the Chair of the youth homelessness charity Centrepont from 2004 to 2011. Previously, Michael was a Managing Partner with PA Consulting, leading its Government and IT Consulting Groups, latterly as a Director on its International Board. Prior to that he was a partner at Price Waterhouse, worked at the Organisation for Economic Co-Operation and Development in Paris and held academic posts at the University of Bath, the London School of Economics, Harvard University and the Australian National University.



Robert Vandersluis
Non-Executive Director
Non-Executive Director on LPPI Board
Chair of LPPI Risk Committee

Robert Vandersluis is Director of Global Pension Investments at GlaxoSmithKline (GSK), where he manages over £10 billion of investments and a substantial derivative portfolio. At GSK, Robert sits on a number of pension boards, and he provides strategic advice to GSK's pension fund trustees in Europe, the United States, and Japan. Robert established GSK's London-based pension investment department, where he developed and implemented GSK's interest rate and inflation hedging strategies.

Robert's previous roles include senior treasury and corporate finance positions at Affinity Sutton Group and FCE Bank plc. He also served on the board of the Pensions Trust, where he was deputy chair of the investment committee.

Robert studied economics and public policy at the London School of Economics, the University of Michigan, Cambridge University, and Harvard University's Kennedy School of Government.



Susan Martin
Chief Executive

Susan Martin is LPP's inaugural Chief Executive, having previously held the role of LPFA Chief Executive since December 2013. Prior to this she was Deputy Chief Executive (2011) and Acting Chief Executive (August 2013) having joined the LPFA in April 2007 as Director of Organisational Development. She has over 30 years of experience across all sectors in pensions, partnerships, mergers, acquisitions, organisational change and business development.

Susan sits on the Pensions and Lifetime Savings DB Council, the LGPS Forum and the Investors Committee of the 30% Club, which aims to increase Board diversity. She is a regular speaker, writer and contributor to discussions on pensions, partnership working, leadership and business change in the UK and internationally. Susan has been recognised for her innovative work on asset and liability management and for her successful partnerships with other administering authorities and pension funds by her industry peers securing the Industry Achievement Award at the Portfolio Institutional Awards 2015 as well as being cited in the top most influential people in pensions and/or in financial services.

Annex – LPPI Board (continued)



Chris Rule
Chief Investment Officer &
Managing Director LPP Investments Ltd

Chris is CIO and the Managing Director of LPP's Investment Business, responsible for developing and enhancing LPP's investment strategies and solutions offering to clients. Prior to joining LPP in 2016, Chris was CIO at London Pensions Fund Authority, one of LPP's founding clients. Working collaboratively with Northern Pool, Chris founded and manages GLIL Infrastructure, an Alternative Investment Fund focused on investing in UK infrastructure assets.

Chris has 17 years of investment experience. He has held a number of senior positions including Head of Alternatives at SEB Investment Management, as well as founding and co-managing the multi-strategy team whilst a Principal at Old Mutual Asset Managers. Earlier in his career, Chris was trained as a risk manager at GNI Fund Management, before taking on investment management responsibility for hedge fund portfolios. Chris graduated from Manchester University and is a Chartered Alternative Investment Analyst



Tom Richardson
Chief Risk Officer
Executive Director on LPPI Board
Member of LPPI Risk Committee

Tom joined LPP in July 2016 from the Maple Financial Group, where he spent almost 20 years building his skills in different parts of the business. From 2008, he was the Chief Risk Officer (Market Risk), Global, a role that saw him driving the management and communication of the Group's business line policies within an economic capital framework totalling £400 million.

Tom's areas of responsibility included the measurement and reporting of financial risk where he led the design and implementation of risk methodologies, policies and procedures to meet both internal and regulatory objectives, including Value at Risk, Credit Capital at Risk, scenario analysis and stress testing.

Tom graduated from Loughborough University with a BSc in Economics and Politics. He also holds a Certificate in Securities from the Chartered Institute for Securities & Investment.

Important information

For Professional Clients in the UK only

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2018 Local Pensions Partnership

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Report Title:	Stewardship Report
Contains Confidential or Exempt Information?	YES - Part I
Member reporting:	Councillor Lenton, Chairman Berkshire Pension Fund and Pension Fund Advisory Panels
Meeting and Date:	Berkshire Pension Fund and Pension Fund Advisory Panels – 16 July 2018
Responsible Officer(s):	Kevin Taylor, Deputy Pension Fund Manager, Philip Boyton, Pensions Administration Manager
Wards affected:	None

www.rbwm.gov.uk



REPORT SUMMARY

1. This report deals with the stewardship of the Pension Fund for the period 1 April 2018 to 31 May 2018 (investment performance) and 1 April 2018 to 30 June 2018 (Administration)
2. It recommends that Members (and Pension Board representatives) note the Key Financial and Administrative Indicators throughout the attached report.
3. Good governance requires all aspects of the Pension Fund to be reviewed by the Administering Authority on a regular basis
4. There are no financial implications for RBWM in this report

1. DETAILS OF RECOMMENDATION(S)

RECOMMENDATION: That Panel notes the report and:

- The investment performance and asset allocation of the Fund
- All areas of governance and administration as reported
- All key performance indicators

Please note that Stewardship Reports are provided to each quarter end date (30 June, 30 September, 31 December and 31 March) and presented at each Panel meeting subsequent to those dates.

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

The Pension Panels have a duty in securing compliance with all governance and administration issues.

3. KEY IMPLICATIONS

Failure to fulfil the role and purpose of the Administering Authority could lead to the Pension Fund and the Administering Authority being open to challenge and intervention by the Pensions Regulator.

4. FINANCIAL DETAILS / VALUE FOR MONEY

Not applicable.

5. LEGAL IMPLICATIONS

None.

6. RISK MANAGEMENT

None.

7. POTENTIAL IMPACTS

None.

8. CONSULTATION

Not applicable.

9. TIMETABLE FOR IMPLEMENTATION

Not applicable.

10. APPENDICES

None.

11. BACKGROUND DOCUMENTS

None.

12. CONSULTATION (MANDATORY)

Name of consultee	Post held	Date issued for comment	Date returned with comments
Cllr. John Lenton	Chairman – Berkshire Pension Fund Panel		
Rob Stubbs	Section 151 Officer		



STEWARDSHIP REPORT

QUARTER 1 – 2018/19

INVESTMENT PERFORMANCE

1 April 2018 to 31 May 2018

PENSION ADMINISTRATION

1 April 2018 to 30 June 2018

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1. INVESTMENT PERFORMANCE AND ASSET ALLOCATION

1.1 Pension Fund key financial indicators

Table 1	March 2013	March 2016	May 2018
Asset Value (Smoothed)	£1,561.8m	£1,645.3m	£1,998.3m
Asset Value (Unsmoothed)	£1,572.4m	£1,655.9m	£2,042.7m
Liabilities (Smoothed)	£2,088.8m	£2,238.7m	£2,613.7m
Liabilities (Unsmoothed)	£2,107.7m	£2,257.0m	£2,631.8m
Deficit (Smoothed)	£527.0m	£593.3m	£615.4m
Deficit (Unsmoothed)	£535.3m	£601.1m	£589.0m
Funding Level (Smoothed)	75%	73%	76%
Funding Level (Unsmoothed)	75%	73%	78%
Deficit Recovery Period	27 years	24 years	22 years
Nominal Discount Rate (Smoothed)	6.1%	5.7%	5.7%
Real Discount Rate (Smoothed)	3.4%	3.3%	3.1%
Investment Performance Target (Smooth Return required to restore funding level)	6.7%	6.9%	6.9%
Nominal Earnings Inflation Assumption	4.5%	3.9%	4.1%
Consumer Price Index Inflation Assumption	2.7%	2.4%	2.6%
Employers Contributions – Future Service (Smoothed)	12.7%	13.8%	14.9%
Employers Contributions – Past Service Deficit (Smoothed)	6.9%	8.1%	8.9%

1.2 Change in the smoothed liabilities

Table 2	31 May 2018
Liability reconciliation	£m
Disclosed smoothed liability at 31/03/2016	2,242.0
Update of smoothing adjustment	-3.34
Updated smoothed liability at start	2,238.7
New liabilities (including transfers in)	219.8
Liabilities extinguished	-231.1
Net new liabilities from bulk transfers in/out	-
Interest on liabilities	300.3
Change due to discount rate	-19.8
Change due to inflation assumption	105.8
Increase in Liabilities	375.0
Smoothed liability at 31 December 2017	2,613.7

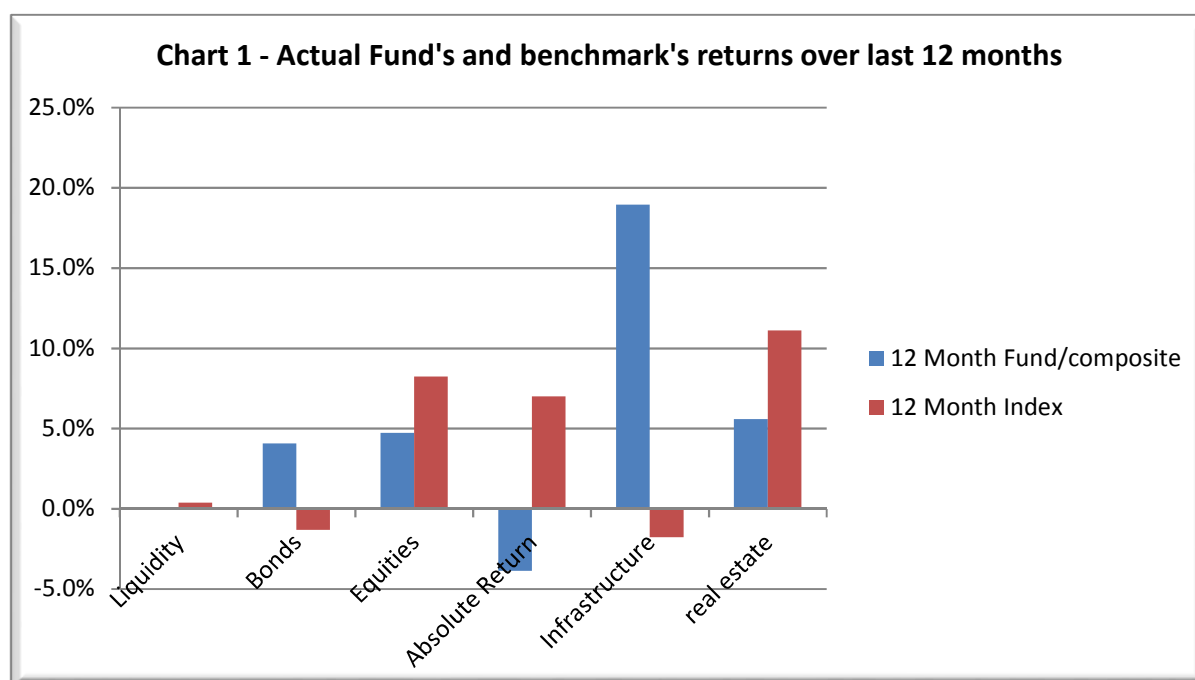
NOTE: The actuary smooths liabilities by taking the average liability figure over the last 6 months. The liabilities are now valued on the 2016 basis and consistent with the 2016 actuarial valuation. The value of the longevity swap is now included in the asset value rather than the liability value (but not in the Fund NAV and returns calculated by JP Morgan).

1.3 Market returns in GBP

All Fund and Index returns in the table below are as at 31 May 2018 and denominated in GBP.

Table 3		3 month in GBP	12 month in GBP	36 month in GBP
Liquidity	Fund	0.27%	0.04%	0.23%
1 Week GBP Libor	Index	0.12%	0.38%	0.38%
	Relative	0.15%	-0.34%	-0.15%
Bonds	Fund	3.82%	4.06%	9.76%
Barclays Global Aggregate	Index	2.19%	-1.31%	7.38%
	Relative	1.62%	5.38%	2.38%
Developed Markets Equities	Fund	1.91%	5.37%	9.25%
Morgan Stanley Capital International (MSCI) World	Index	3.10%	8.24%	12.68%
	Relative	-1.19%	-2.87%	-3.42%
Emerging Markets Equities	Fund	-3.39%	5.97%	10.16%
Morgan Stanley Capital International EM Equities	Index	-2.41%	10.63%	11.13%
	Relative	-0.98%	-4.65%	-0.97%
Private Equity	Fund	3.38%	4.33%	11.67%
9% per annum	Index	2.18%	9.00%	9.00%
	Relative	1.20%	-4.67%	2.67%
Total Equities	Fund	0.61%	4.72%	9.78%
Morgan Stanley Capital International World	Index	3.10%	8.24%	12.68%
	Relative	-2.48%	-3.52%	-2.90%
Absolute Return	Fund	1.57%	-3.86%	4.50%
7% per annum	Index	1.72%	7.00%	7.01%
	Relative	-0.15%	-10.86%	-2.50%
Infra-structure	Fund	9.26%	18.94%	18.16%
FTSE Global Core 50/50	Index	5.79%	-1.78%	10.81%
	Relative	3.47%	20.72%	7.35%
Real Estate	Fund	1.71%	5.58%	10.79%
UK Investment Property Databank	Index	2.25%	11.11%	8.56%
	Relative	-0.54%	-5.54%	2.22%
Total Fund Nominal	Fund	1.04%	4.84%	7.23%
UK CPI	Index	0.86%	2.42%	1.87%
Total Fund Real	Relative	0.18%	2.36%	5.25%
Total Fund Target (4.5% real)		1.12%	4.50%	4.50%

1.4 Fund performance in GBP



1.5 Exception Traffic Lights

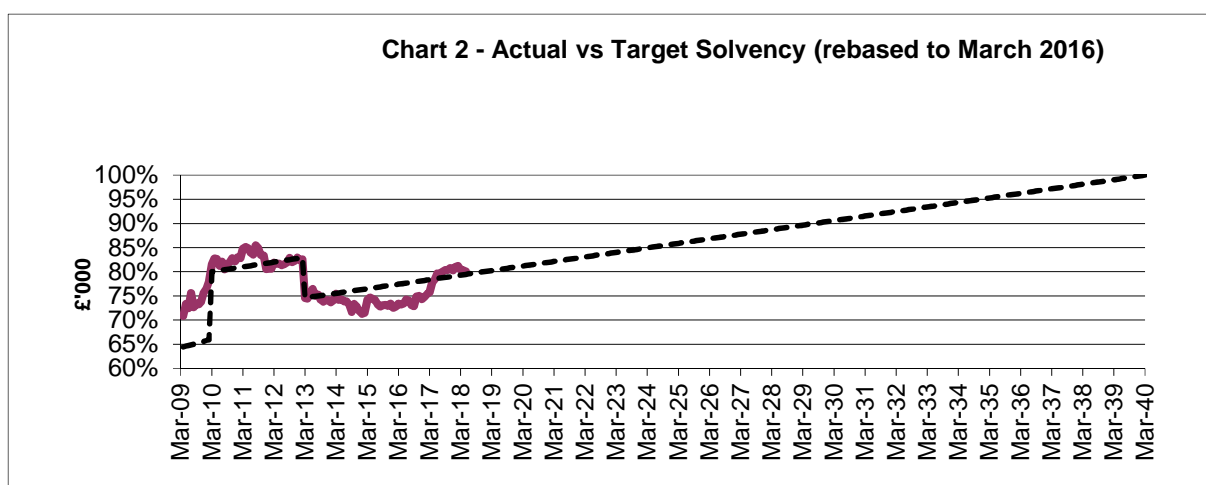
Table 4

Traffic Lights May 2018					
Colour		£ m	Fund %	Comment	Date Traffic Light Changed
BONDS					
Convertible Bonds					
Amber	Aviva	38.9	1.8%	Changes in management team & weak performance	Jul-14
Amber	Blue Bay Global	28.0	1.3%	Currency volatility & weak performance	Jul-14
EQUITIES					
Private Equity					
Amber	South East Growth Fund	2.1	0.1%	Terms of additional extension to fund life agreed	Jul-13
Amber	Stafford Sustainable Fund	3.8	0.2%	Disappointing performance. Buyer not found	Jul-13
Absolute Return					
Amber	Swan (formerly Grosvenor)	71.3	3.4%	Volatile performance since 2017 second half	Jan-18
INFRASTRUCTURE					
Amber	AIRRO India SideCar Fund	9.7	0.5%	Delays in construction of key assets and adverse legal developments	Jun-17
Amber	Macquarie SBI Infrastructure Ltd	4.6	0.2%	Performance adversely affected by delays in construction of key assets	Jul-13
Total Fund Valuation (excl prepaid contribs)		2,107.5			
Key					
Colour	Comment				
Red	Recommendation that action be taken: following a review by officers.				
Amber	Performance being reviewed by officers: the fund is not meeting its target return over the medium term (ie over a 1 to 2 year rolling period) or there are adverse material changes to processes/people/the firm.				
Green	Satisfactory performance: performance at least in line with target return or expectations.				
Blank	Too early in the life of a fund to comment on performance.				

1.6 Asset allocation update

SSA Weights	31/03/2013	31/03/2016	31/05/2018	12m change	36m change
Liquidity	1.1%	5.1%	17.4%	6.0%	12.3%
Investment Grade Debt	7.9%	5.0%	3.1%	-0.1%	-1.9%
Other Debt	8.7%	9.4%	9.3%	0.1%	1.0%
Total Debt	16.6%	14.3%	12.4%	0.0%	-0.9%
Developed Market Equities	17.2%	22.1%	22.7%	-0.5%	0.4%
Developing Market Equities	14.7%	12.4%	11.0%	-1.4%	-1.9%
Private Equity	9.2%	10.1%	11.1%	0.1%	2.3%
Total Equities	41.1%	44.6%	44.8%	-1.8%	0.8%
Absolute Return	17.3%	17.4%	3.8%	-1.6%	-13.8%
Infrastructure	4.7%	4.7%	6.3%	-0.1%	2.3%
Commodities	9.8%	2.6%	3.4%	-0.1%	-0.2%
Real Estate	9.8%	11.1%	13.0%	0.4%	1.0%
Other	-0.3%	0.2%	-1.0%	-2.8%	-1.5%
Real Assets	23.9%	18.5%	21.7%	-2.7%	1.6%
Fund Total	100%	100%	100%		

1.7 Solvency

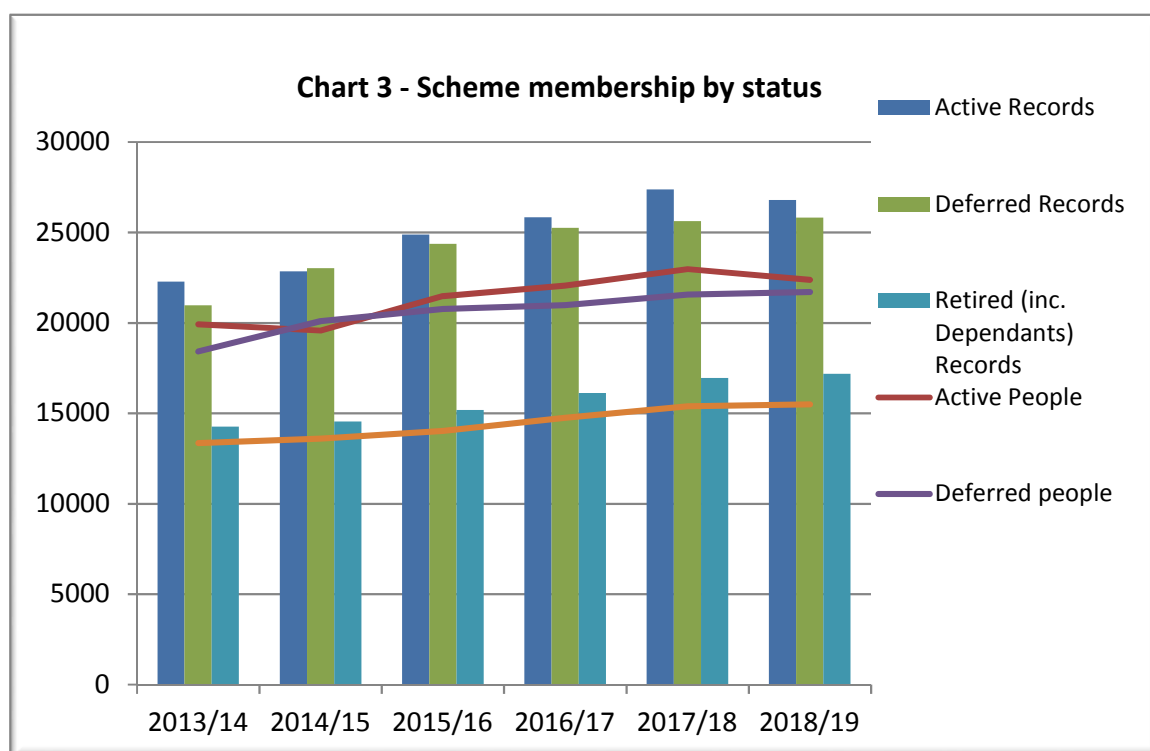


Month	Smoothed		Unsmoothed	
	Surplus/Deficit £000s	Funding Level	Surplus/Deficit £000s	Funding Level
June 2017	(580,668)	77%	(581,166)	77%
July 2017	(585,449)	77%	(584,763)	77%
August 2017	(580,668)	77%	(581,196)	77%
September 2017	(564,119)	78%	(564,301)	78%
October 2017	(570,587)	78%	(570,587)	78%
November 2017	(557,043)	78%	(557,043)	78%
December 2017	(579,474)	78%	(579,474)	78%
January 2018	(555,752)	79%	(555,752)	79%
February 2018	(547,382)	79%	(547,382)	79%
March 2018	(568,343)	78%	(568,343)	78%
April 2018	(591,264)	77%	(578,034)	78%
May 2018	(615,366)	76%	(589,050)	78%

Table 7 - Cashflow	Year to 31/03/17 (actual) £'000's	Year to 31/03/18 (actual) £'000's	Year to 31/03/19 (forecast) £'000's
Contributions	96,745	106,341	100,614
Transfers received	9,826	13,403	6,600
Employers' early retirement payments	2,000	2,250	1,800
Investment income via Custodian	32,708	37,734	34,700
Pension paid (gross)	-82,140	-86,959	-85,902
Retirement lump sums	-20,743	-20,428	-21,200
Transfers paid	-6,966	-10,184	-6,500
Investment management costs	-6,940	-7,816	-7,363
Employee & Other costs	-1,438	-1,388	-1,300
Net cash flow	23,052	32,953	21,499

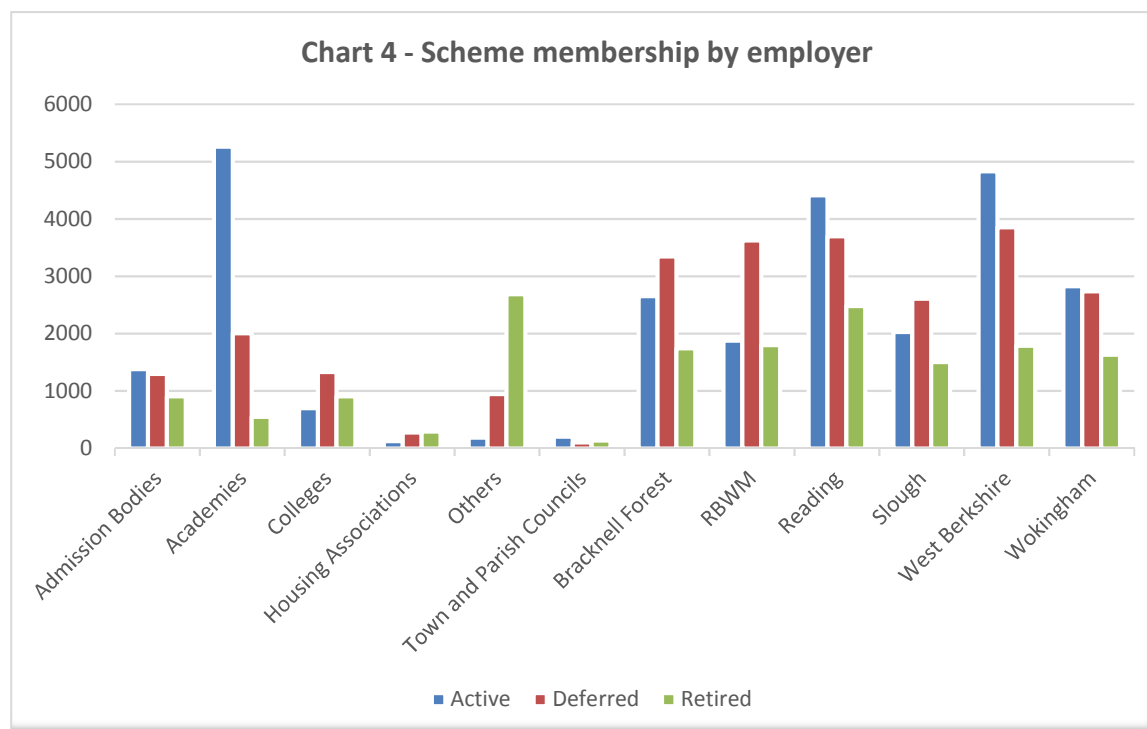
2. ADMINISTRATION

2.1 Scheme Membership

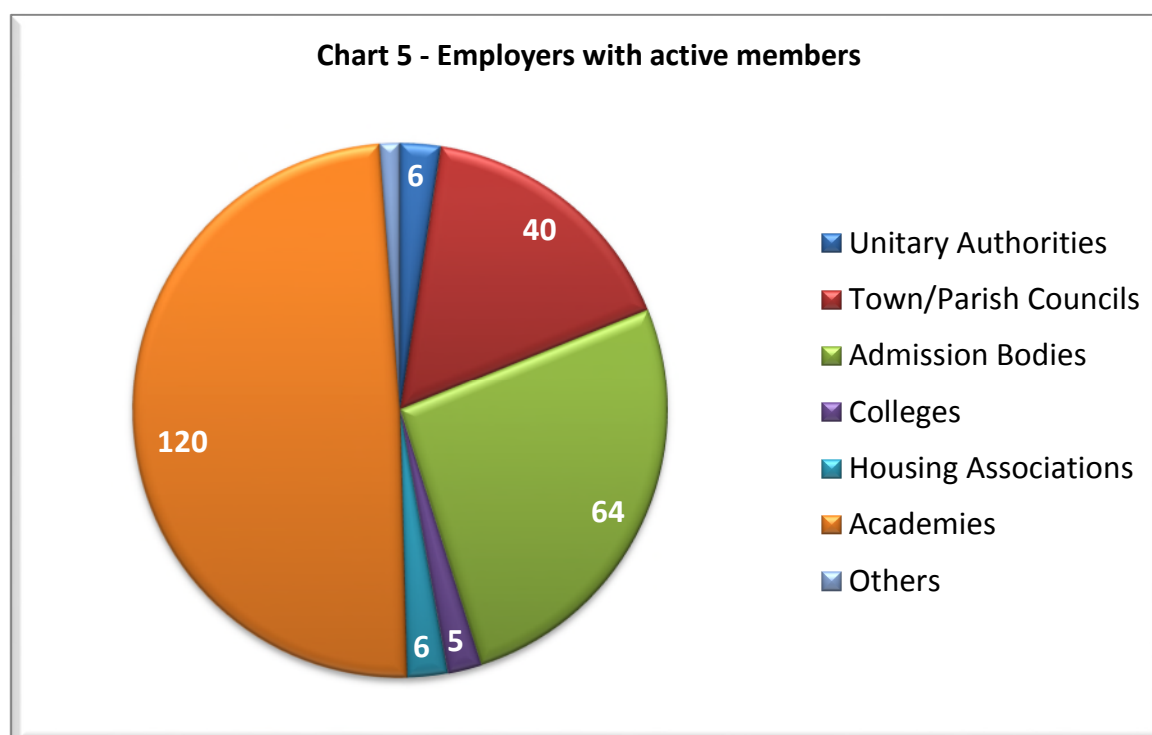


TOTAL MEMBERSHIP			
Active Records	26,784	Active People	22,392
Deferred Records	25,822	Deferred People	21,712
Retired Records	17,187	Retired People	15,498
TOTAL	69,793	TOTAL	59,602

2.2 Membership By Employer



2.3 Scheme Employers

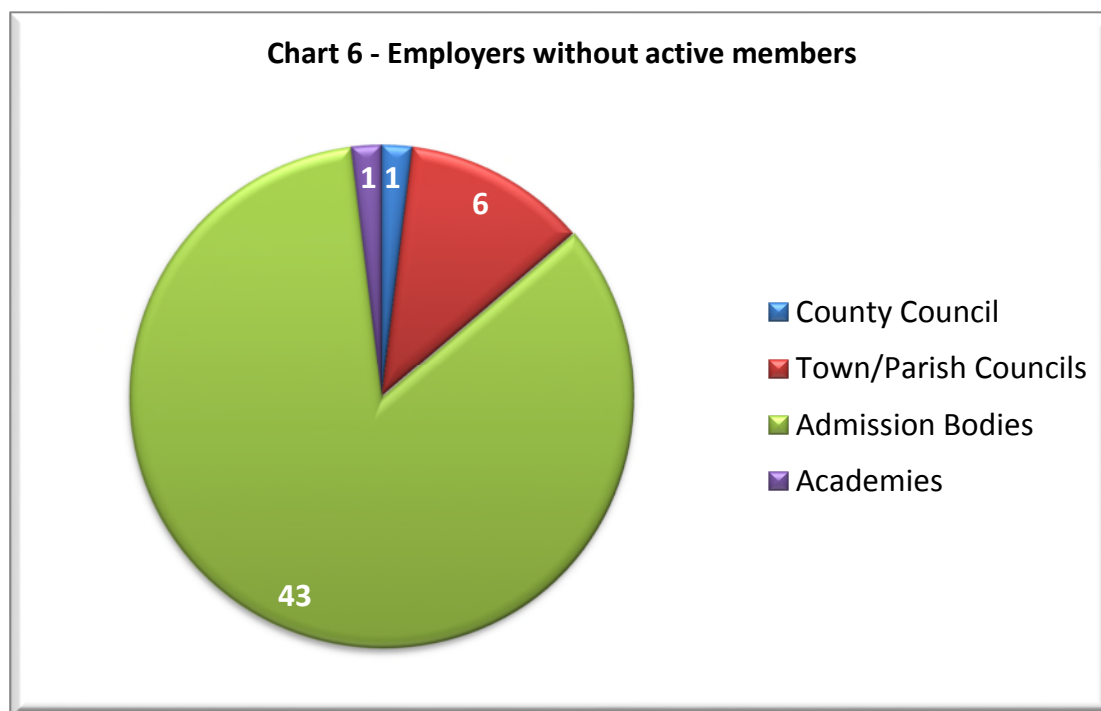


New employers since last report:

Admission Bodies: Absolutely Leisure Ltd (Slough leisure), Everyone Active (Slough BC leisure), Pabulum Ltd (catering staff at Waingels College), Readibus Ltd (Reading BC)

Academies: New Christchurch School

Town/Parish Councils: None



Exiting employers: KGB Cleaning Ltd, Olive Dining Ltd.

2.4 Scheme Employer Key Performance Indicators

Table 8A – i-Connect users Quarters 1 (1 April to 30 June 2018)						
Employer	Starters	Leavers	Changes	Total	Errors	Achieved
RBWM	200	114	531	845	33	96.2415%
Reading BC	363	228	2990	3581	32	99.1143%
W Berkshire	TBC	TBC	TBC	TBC	TBC	TBC
Academies	434	107	1037	1578	163	90.6376%
Colleges	66	29	837	932	17	98.2086%
Others	29	6	81	116	5	95.8678%
Totals	100	41	33	174	7	96.1326%

NOTES: Table 1A above shows all transactions through i-Connect for the first quarter of 2018/19. Changes include hours/weeks updates, address amendments and basic details updates.

The benefits of i-Connect are:

- Pension records are maintained in 'real-time';
- Scheme members are presented with the most up to date and accurate information through *mypension* ONLINE (Member self-service);
- Pension administration data matches employer payroll data;
- Discrepancies are dealt with as they arise each month;
- Employers are not required to complete year end returns;
- Manual completion of forms and input of data onto systems is eradicated removing the risk of human error.

Exception report – less than 90% achieved

None

Table 8B Non i-Connect users Quarter 1 (1 April to 30 June 2018)						Trend	
Employer	Starters	Leavers	Total	This Quarter	Quarter <1	Quarter <2	Quarter <3
	In/Out	In/Out					
Bracknell	27/48	16/22	43/70	38.05%	45.73%	78.10%	49.50%
RBWM	2/20	5/36	7/56	11.11%	23.91%	59.38%	20.00%
Reading	1/0	5/26	6/26	18.75%	50.94%	27.27%	19.35%
Slough	63/46	3/15	66/61	51.97%	62.50%	78.05%	53.49%
W Berkshire	2/1	30/97	32/98	24.62%	48.61%	9.84%	14.22%
Wokingham	1/7	10/38	11/45	19.64%	63.16%	55.00%	45.61%
WBC Schs.	24/418	6/29	30/447	6.29%	15.42%	1.52%	1.90%
Academies	29/117	22/110	51/227	18.35%	24.72%	42.47%	34.95%
Colleges	2/42	3/15	5/57	8.06%	27.27%	36.67%	23.81%
Others	12/41	13/24	25/65	27.78%	40.38%	57.89%	48.03%
Totals	162/740	113/412	276/1152	19.33%	34.51%	45.18%	35.41%

NOTES: Some employers listed in Table 8B above will also be listed in Table 8A. This is because not all employees of a scheme employer are paid through the scheme employer's payroll e.g. some non-teaching staff at Local Authority maintained schools may be paid via a third party payroll provider which is not an i-Connect user although those individuals are employees of the relevant Unitary Authority.

Details of starters and leavers only are recorded by the team. Other pension record changes may or may not have been received by the Pension Fund via payroll or from the scheme member direct. Experience tends to show that individuals may notify payroll of certain data changes but not always pensions and that payroll may not always forward information to the pension team.

Many missing data items are found through the year-end process which can be a long, labour intensive exercise for both the Pension Fund and the scheme employer. Employers using i-Connect do not have a year-end process to deal with as all data is uploaded and verified on a monthly basis.

2.5 Key Performance Indicators

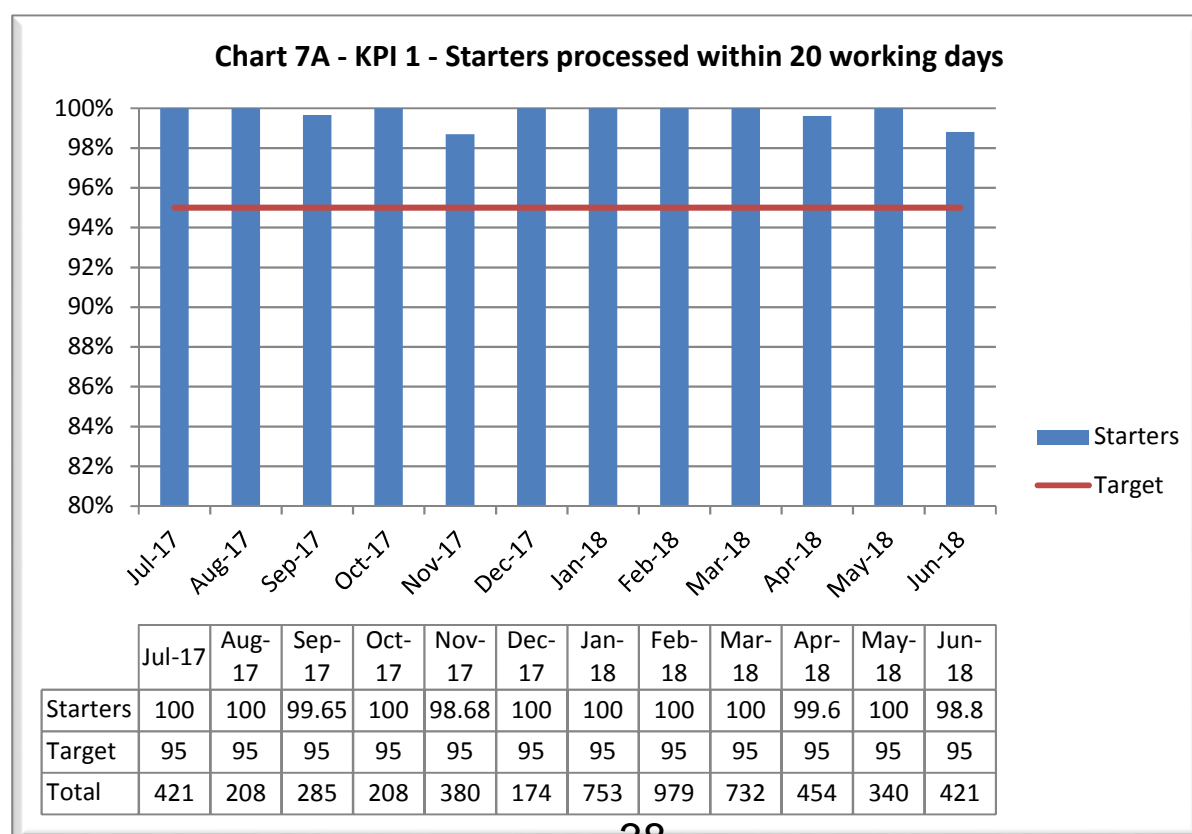


Chart 7B - KPI 2 - Leavers processed within 15 working days

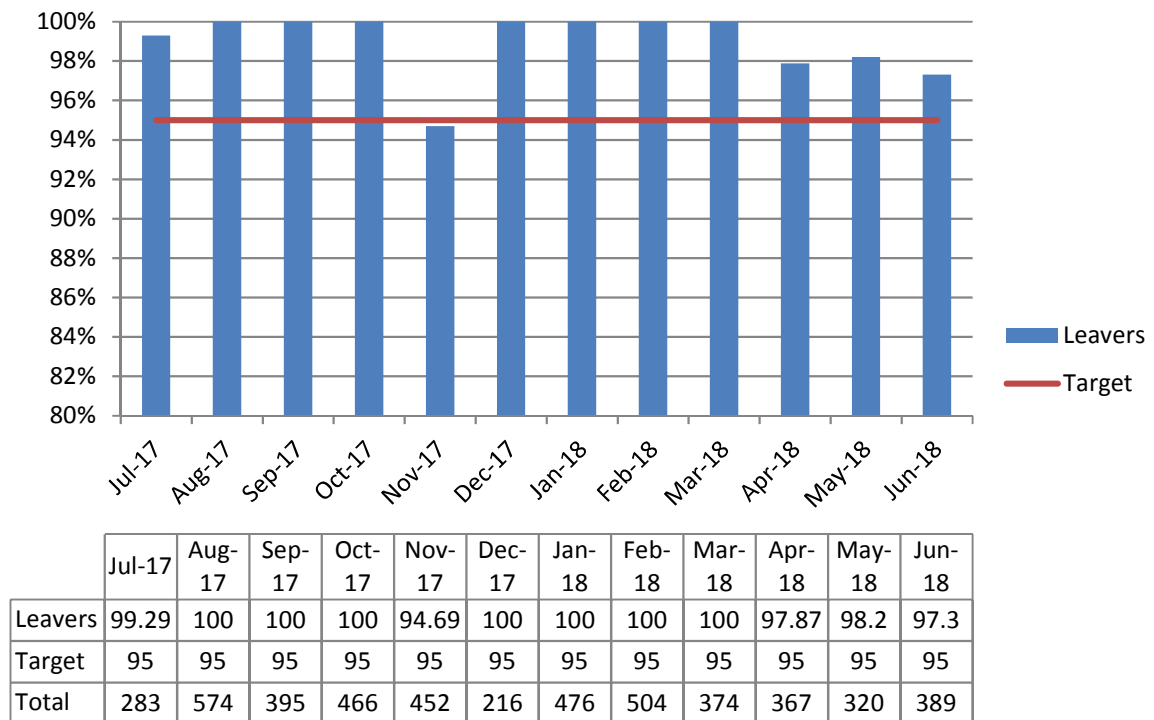


Chart 7C - KPI 3 - Transfers out processed within 15 working days

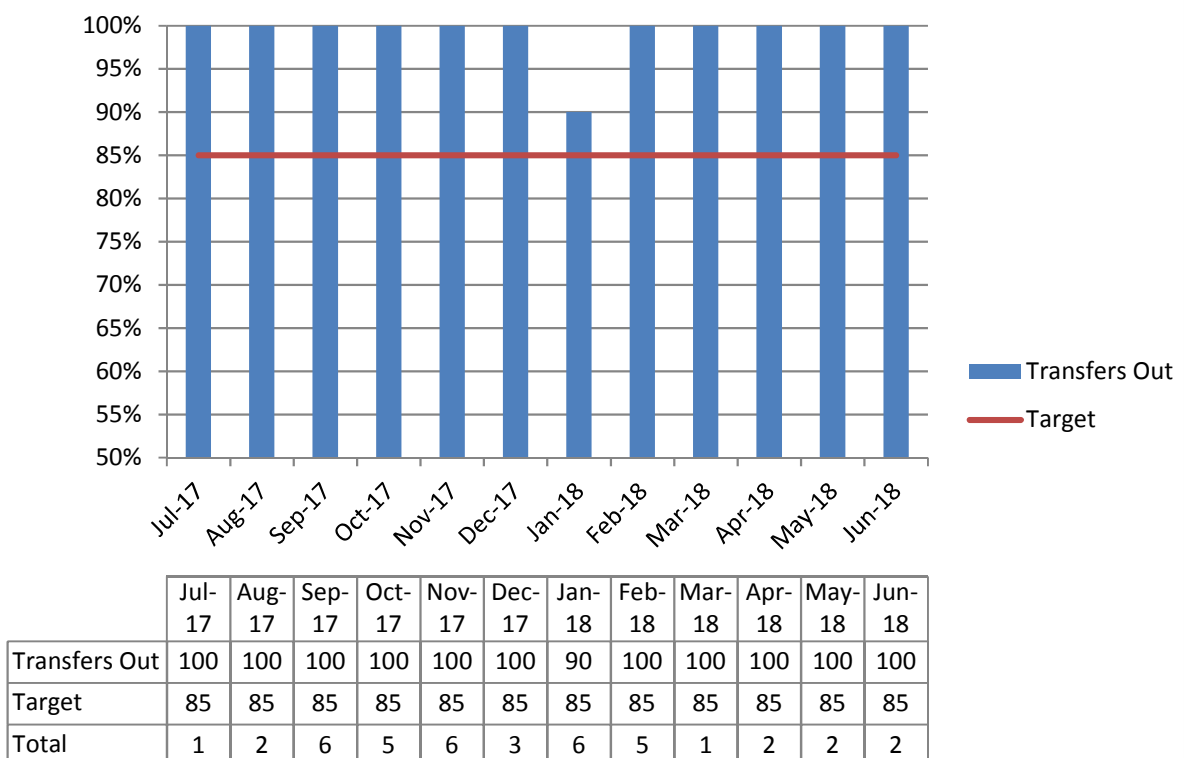
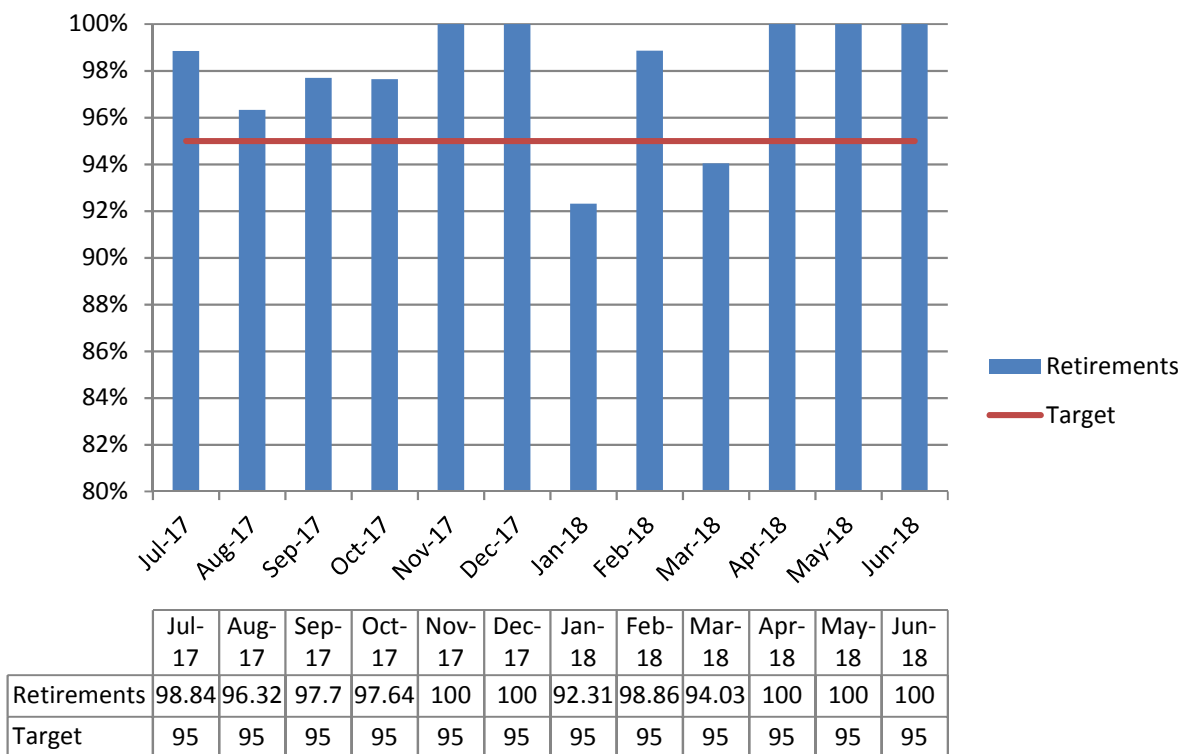
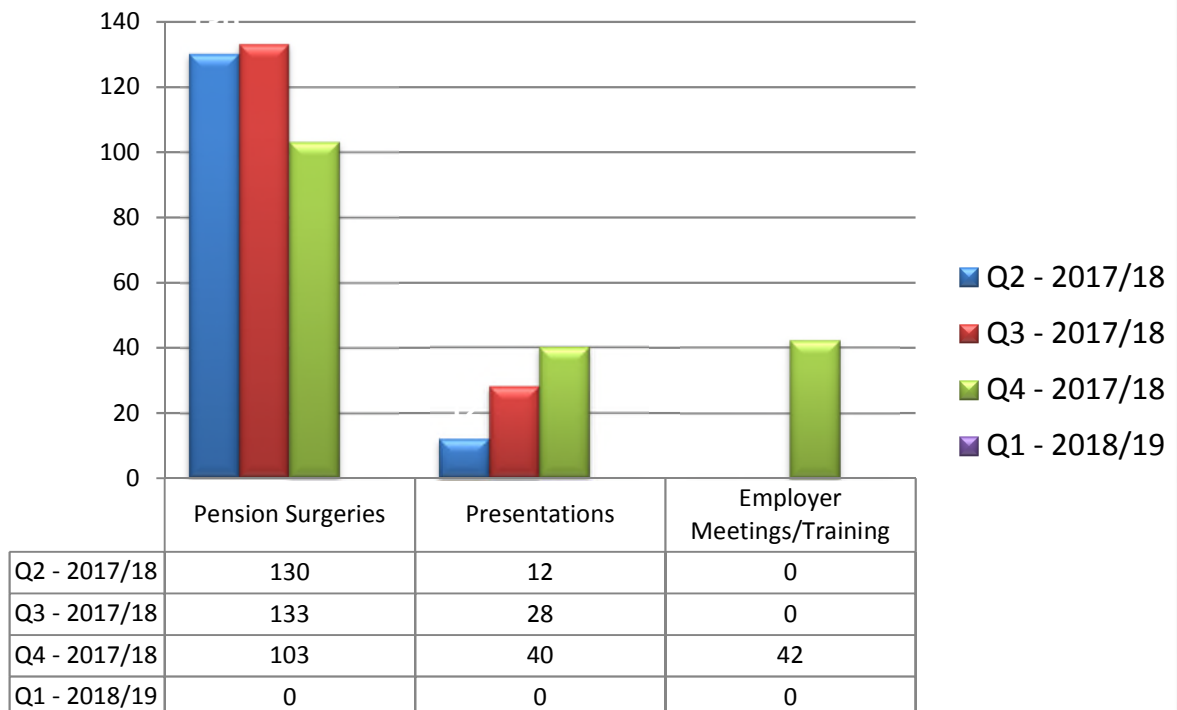


Chart 7D - KPI 4 - Retirements processed within 7 working days

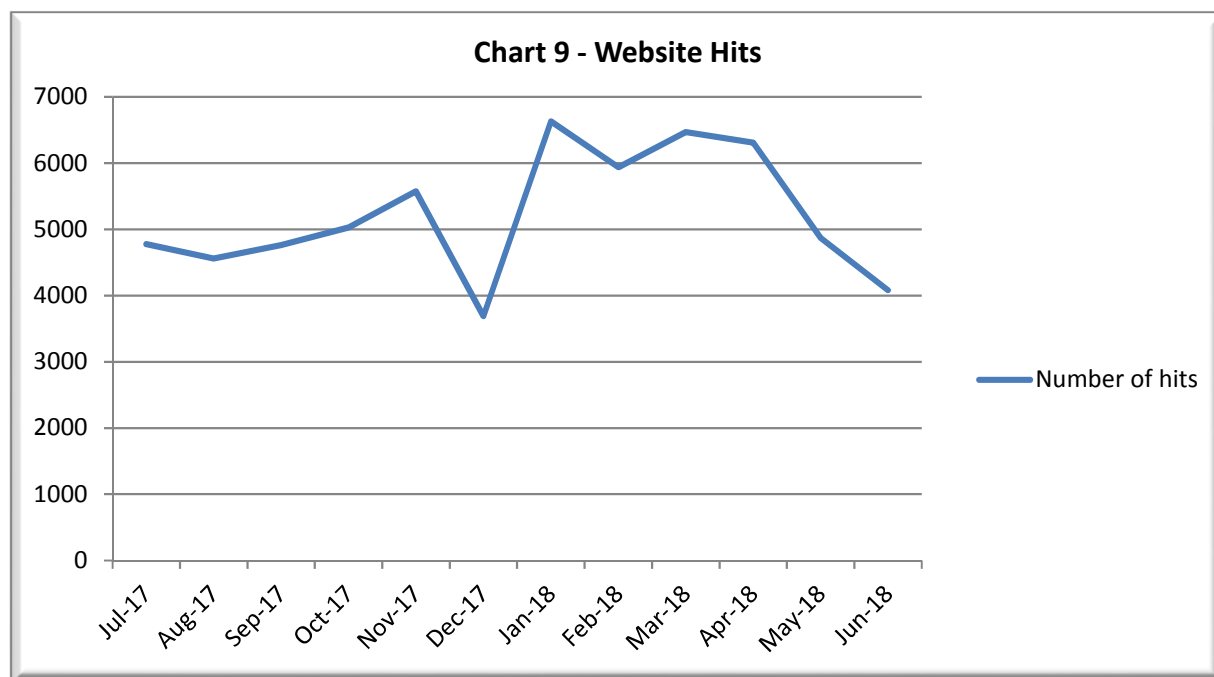


2.6 Communications

Chart 8 - Communications - Attendees



2.7 Website Hits



2.8 Stakeholder Feedback

As part of the Pension Fund's aim to achieve Pension Administration Standards Association (PASA) accreditation it is a requirement to report to Members the comments and complaints received from scheme employers and their scheme members on a periodic basis. There is no feedback to report during this period.

3 SPECIAL PROJECTS

3.1 i-Connect Update

Efforts continue to be made by officers to bring on board the two remaining unitary authorities (Bracknell Forest Council and Slough Borough Council) yet to adopt i-connect.

Bracknell Forest Council – Recognise a change to their internal processes is required to avoid a repeat of the high number of queries needing to be resolved during Year End 2017 processing. They did aim to begin implementation during June 2018 but Year End 2018 processing is still ongoing due to problems submitting their file to the Administration Team in the specified format.

Slough Borough Council – Still experiencing difficulties with their Agresso Payroll System which once resolved will result in implementing of i-connect.

Overall there are currently 49 scheme employers submitting monthly data to the Administration Team using i-connect. This represents 53% of the current total active scheme membership.

3.2 Year End 2018

Good progress is being made by Officers to reconcile, complete and issue Annual Benefit Statements by the statutory deadline of 31 August 2018.

In total 257 scheme employers were required to provide Officers with a Year End File by 30 April 2018. This was achieved by 226 scheme employers with the remaining 31 scheme employers providing their file by no later than 12 June 2018.

Officers have already make available Annual Benefit Statements to all scheme members of 195 scheme employers (75.88%).

3.3 *GMP Reconciliation*

With the removal of the contracted-out nature of public service pension schemes the Pension Fund entered into a period of reconciliation against DWP records to ensure that the correct GMP (Guaranteed Minimum Pension) values are held by the Pension Fund for Pensioner and Dependant scheme members. Officers successfully completed the reconciliation and correction of Pensioner and Dependant scheme member benefits during February 2018. This process is now followed by Officers ensuring that the correct GMP values are held for Active and Deferred scheme members.

The deadline by when all Pension Funds must complete their reconciliation of all scheme member records is 31 December 2018.

3.4 *Data Quality Exercise*

The Pensions Regulator (tPR) expects all UK pension schemes to measure the presence and accuracy of the data they hold, and put plans in place to resolve issues where they find them. Officers understand data improvement is a continuous process and not just a one-off exercise and so have recently signed an initial three year agreement with *heywood's*, the provider of the Pension Fund's pension administration software, to begin, from September 2018, a data cleansing exercise to identify any data discrepancies and to correct accordingly. This exercise will be performed annually and will demonstrate to tPR how serious Officers are to hold quality data and have an improvement plan in place.

3.5 *Pensions Administration Standards Association (PASA)*

Accreditation has been applied for with Officers originally due to meet with representatives of PASA on Monday, 14 and Tuesday, 15 May. Unfortunately PASA replied to the questionnaire provided by Officers that highlighted several areas requiring verification and suggested improvements. These suggestions are being considered by Officers with improvements being made where appropriate. Once in place a meeting will take place with representatives of PASA.

3.6 *Wokingham Schools - Selima*

The Pension Fund has undertaken to complete a data matching exercise in respect of scheme members employed at Wokingham Borough Council (WBC) maintained schools. The reason for doing this is that for many years the Pension Fund has identified problems with the data being supplied, or not supplied as is more the case, by WBC's contracted payroll provider, Selima.

Last year, as a result of this issue the Pension Fund did not release annual benefit statements to members as it considered its membership data to be unusable. Since then much work has been undertaken to bring member records up to date resulting in the 2017 annual benefit statements being issued to the schools' Business Managers at their Group meeting held in Wokingham on 27 June 2018 for distribution to their scheme members.

Whilst this represents a huge step forward, further work is still required some of which has already been undertaken. The 2017/18 contributions have been posted to each member record and throughout this process it is clear that the work previously completed has improved the member data significantly. Whilst some queries have had to go back to Selima to be resolved the numbers concerned have been vastly reduced when compared to previous year-end exercises. It is anticipated that the 2018 annual benefit statements for Wokingham schools' scheme members will be made available ahead of the 31 August 2018 statutory deadline.

A large number of other queries have been identified and need to be resolved. These concern non-active members of the scheme (those who no longer contribute but have in the past). For example a number of 'missing' records have been identified that require both a starter and a leaver form to be provided by Selima. These records will need to be set up on the pension administration system with the individuals concerned being provided with the pension options available to them.

Whilst this does not impact on the Pension Fund's ability to issue the 2018 annual benefit statements, the Fund does intend to continue its proactive work in ensuring that all pension records are updated and accurate for all current and former scheme members employed by the Wokingham schools. The deadline for completion of this work is the end of 2018.

Thereafter, steps will be taken to ensure that this employer moves to i-connect thereby removing the risk of these actions having to be taken again in the future.

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Report Title:	Pension Fund Panel Work-plan
Contains Confidential or Exempt Information?	YES - Part I
Member reporting:	Councillor Lenton, Chairman Berkshire Pension Fund and Pension Fund Advisory Panels
Meeting and Date:	Berkshire Pension Fund and Pension Fund Advisory Panels – 16 July 2018
Responsible Officer(s):	Kevin Taylor, Deputy Pension Fund Manager
Wards affected:	None



REPORT SUMMARY

1. This report brings to Members' a proposed work-plan for 2018/19.
2. Members are asked to consider the items listed in appendix 1 to this report and suggest any amendments as required.

1 DETAILS OF RECOMMENDATION(S)

RECOMMENDATION: That Panel notes the report and:

- i) **Agrees a work-plan for the 2018-19 year in line with that set out in Appendix 1 to the report.**
- ii) **Requests that officers keep the work-plan updated to ensure that Panel fulfils the statutory duties set out in the LGPS Regulations as required of an Administering Authority (Scheme Manager).**

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

- 2.1 In accordance with Regulation 53 of the Local Government Pension Scheme Regulations 2013 ("the Regulations") and as listed in Part 1 of Schedule 3 of the Regulations, RBWM is an Administering Authority (Scheme Manager) required to maintain a Pension Fund for the Scheme.
- 2.2 An Administering Authority is responsible for managing and administering the Scheme in relation to any person for which it is the appropriate Administering Authority under the Regulations.
- 2.3 The Pension Fund Panel as set out in RBWM's Constitution acts as the Scheme Manager and is therefore responsible for ensuring that the Administering Authority fulfils its statutory responsibilities in accordance with the Regulations and the Public Service Pension Act 2013
- 2.4 The purpose of this paper and attached work-plan is to identify for Panel members those areas of legislation that require them to set and approve certain policies and procedures to enable it to meet the statutory requirements of the Regulations.

2 KEY IMPLICATIONS

- 2.1 The Administering Authority (Scheme Manager) is required by law to maintain the Royal County of Berkshire Pension Fund in accordance with the Regulations and all other associated legislation. Failure to do so could result in the Pensions Regulator issuing fines to the Authority where he deems it to have failed in areas of scheme governance, risk management and administration.

3 FINANCIAL DETAILS / VALUE FOR MONEY

- 3.1 Not applicable.

4 LEGAL IMPLICATIONS

- 4.1 The Local Government Pension Scheme Regulations 2013 (as amended) set out the statutory requirements of the Administering Authority.

5 RISK MANAGEMENT

- 5.1 Failure to maintain the Pension Fund in line with statutory legislation could result in a scheme member or scheme employer reporting the Administering Authority to the Pensions Regulator for failing to fulfil its statutory responsibilities.

6 POTENTIAL IMPACTS

- 6.1 Failure to maintain the Pension Fund in accordance with statutory legislation could result in a loss of confidence in the Administering Authority.

7 CONSULTATION

N/A

8 TIMETABLE FOR IMPLEMENTATION

8.1 Implementation timetable

Date	Details
16 July 2018	Panel members to agree the format of the work-plan for the coming year.
March 2019	Panel to review work-plan and agree revised plan for 2019/20

9 APPENDICES

- 9.1 The appendices to the report are as follows:

- Appendix 1 – Proposed work-plan for 2018/19

10 BACKGROUND DOCUMENTS

- 10.1 Local Government Pension Scheme Regulations 2013 (as amended)
10.2 Public Service Pensions Act 2013
10.3 The Pensions Regulator's Code of practice No. 14

11 CONSULTATION (MANDATORY)

Name of consultee	Post held	Date issued for comment	Date returned with comments
Cllr John Lenton	Chairman – Berkshire Pension Fund Panel		
Rob Stubbs	Section 151 Officer		

Appenedix 1 - Pension Fund Panels Workplan 2018/19

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Policies needing annual approval/consideration

Administering Authority Decisions Policy
Communication Strategy
Funding Strategy Statement
Governance Compliance Statement
Investment Strategy Statement
Pension Administration Strategy

Last approval Version No.

18/01/2016	1
01/04/2016	3
21/05/2018	7
22/01/2018	4
21/05/2018	2
16/01/2016	5

Meeting Date

16-Jul-18	17-Sep-18	12-Nov-18	14-Jan-19	11-Mar-19
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		Y		
	Y			
				Y
			Y	
				Y
			Y	

Other Policies/Procedures

Abatement policy
Actuarial Valuation Report - Triennial review
Audit Reports
Cash Management Policy
External Managers Due Diligence Policy
Investment Philosophy
Local Pension Board workplan
Pension Fund Annual report and Accounts
Pension Fund Business Plan
Reporting Breaches of the Law
Risk Management Policy
Risk Assessment Register
SLA Between RBWM and RCBPF
Training Plan
UK Stewardship Code compliance

01/04/2008	1
31/03/2017	N/A
01/04/2015	1
19/01/2015	1
28/04/2014	1
TBC	N/A
13/11/2017	N/A
21/05/2018	N/A
26/11/2015	2
22/02/2016	1
11/09/2017	2
01/04/2015	1
TBC	
TBC	

				Y
	Y			
	Y			
	Y			
		Y		
	Y			Y
				Y
			Y	
			Y	
	Y			
		Y		

Standing Items for Pension Fund Panel

Administration report
Investment Group report
Investment Performance report
LPP quarterly monitoring
Work-plan

Y	Y	Y	Y	Y
Y	Y	Y	Y	Y
Y	Y	Y	Y	Y
Y	Y	Y	Y	Y
Y	Y	Y	Y	Y

By virtue of paragraph(s) 3 of Part 1 of Schedule 12A
of the Local Government Act 1972.

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