

## BERKSHIRE PENSION BOARD

TUESDAY, 11 SEPTEMBER 2018

PRESENT: Nikki Craig, Alan Cross, Jeff Ford, Tony Pettitt and Neil Wilcox

Officers: Andy Carswell and Kevin Taylor

### INTRODUCTION AND APOLOGIES

Neil Wilcox proposed Tony Pettitt as Chairman for the 2018/19 municipal year. This was seconded by Jeff Ford and unanimously agreed by Members. Alan Cross proposed Neil Wilcox as Vice Chairman for the 2018/19 municipal year. This was seconded by Tony Pettitt and unanimously agreed by Members.

**RESOLVED UNANIMOUSLY:** That Tony Pettitt be appointed Chairman and Neil Wilcox be appointed Vice Chairman.

The Chairman welcomed everyone to the meeting, in particular Nikki Craig who was attending her first meeting.

There were no apologies for absence.

### DECLARATIONS OF INTEREST

There were no declarations of interest.

### MINUTES

**RESOLVED UNANIMOUSLY:** That the Part I and Part II minutes of the meeting held on April 17<sup>th</sup> 2018 be agreed as an accurate record, save for a small amendment to note in the minute on the Stewardship Report that it was hoped Bracknell and Slough would be on board by the end of the financial year in March. Members noted that Action 14 had been removed from the Tracker.

### SCHEME AND REGULATORY UPDATE AND INTEGRATED RISK MANAGEMENT

Kevin Taylor informed Members that amendments to the Local Government Pension Scheme had been implemented since the last meeting. Generally these were updates that helped to clarify some of the Scheme Regulations, which had previously been ambiguous. Kevin Taylor informed Members that the Berkshire Pension Fund had already been interpreting the Scheme Regulations in the way that had now been clarified as being correct. However the Fair Deal, relating to employees who had been transferred out to an independent employer, had not been taken forward into the amended regulations, despite it having been discussed at length over the previous 2-3 years. The amendments included clarification that a scheme member who had reached eligible retirement age could not draw their benefits by simply opting out of the scheme and remaining in employment. In order to draw benefits the member's employment must be terminated. Further clarification had been made confirming that where a scheme member pays AVCs and elects to take those contributions as tax-free cash, that cash figure must be included in the calculation to identify the maximum tax free cash permissible under HMRC rules. The Regulation concerning payment of dependents' benefits following a member's ill health retirement now clearly outlines that those dependent's benefits should be based on the value of the member's benefits after any enhancement has been awarded under Tier 1 or Tier 2. New to the Regulations is the concept of exit credits,

which allows for sums to be paid to exiting employers where their assets exceed their liabilities. Finally, an amendment had been made confirming that a scheme member no longer needs their employer's, or former employer's, consent to take their benefits from between the ages of 55 and 60 (where their employment has ended) subject to an actuarial reduction to those benefits and cost to the employer. Full details of the amendments and how they would affect scheme members have been circulated via the normal scheme member and employer newsletters.

## INVESTMENT FUND POOLING UPDATE AND NEW INVESTMENT REGULATIONS

Kevin Taylor informed Members that as of June 1<sup>st</sup> the Berkshire Pension Fund had become a client of the LPP Investments Ltd. The three investment staff based in Maidenhead had been TUPE transferred over to LPP. All investments managed by the Berkshire Pension Fund would now be managed by LPPI, although the Berkshire Fund would continue to set the investment strategy. There would be a transition period of 18 months where it was expected that two thirds of the investments would be pooled, but the remaining third, consisting of the legacy portfolio, was expected to take up to five-seven years to pool. Kevin Taylor informed Members that an interview process for a second independent advisor to the Investment Group was ongoing, and it was hoped the successful candidate would be in post by November 1<sup>st</sup>. Going forward the function of the Administering Authority (Berkshire Pension Fund Panels and Investment Group) would change. The work of LPPI would be monitored to ensure the investment of the Berkshire Pension Fund's assets was being made in line with the strategic asset allocation, with LPPI reporting back on investment performance. Kevin Taylor stated that so far the pooling process had been positive.

## PENSION PANEL MINUTES AND STEWARDSHIP REPORT

Members noted the contents of the Pension Panel minutes from the July 16<sup>th</sup> meeting. Kevin Taylor informed Members that in future the Stewardship report would be split into two parts when considered at Panel. An administration report would be considered in Part I, and an asset allocation and investment management report from LPPI would be discussed in Part II. This would be a slimmed-down version of the report that would be considered by the Investment Group.

## ADMINISTRATION UPDATE

Regarding colleges, Kevin Taylor reminded Members that the University of West London (UWL) had closed their scheme to active members and that they had been removed from the college pool. New employees of UWL are being admitted to the LB of Ealing Pension Fund, and discussions were ongoing as to whether UWL wished to transfer all assets from one and into the other Pension Fund. In the meantime the Berkshire Pension Fund Actuary has produced an amended rates and adjustment certificate increasing the employer contributions to be paid by UWL with effect from 1<sup>st</sup> August 2018. The Berkshire Pension Fund actuary would monitor this, and if UWL wished to move its assets then that would need to be resolved by actuaries from both sides. The Berkshire Fund was waiting for a response from UWL on its future plans in this respect. Kevin Taylor confirmed that UWL had accepted the increased contribution rate.

In relation to housing associations, Kevin Taylor confirmed that two housing associations had entered into funding agreements with the Berkshire Pension Fund thereby removing the need for a cessation valuation at the point their last active member leaves the scheme. Instead the deficit would be recovered and managed over a number of years. Housing Solutions had expressed an interest in withdrawing from the Pension Fund, and Kevin Taylor had recently given a presentation to staff about what this would mean to them.

Regarding Wokingham schools, Members were informed that all of the 2018 annual benefit statements had been completed by the deadline and had been published online. Printed

versions would be produced and distributed at a school business managers' meeting on November 22<sup>nd</sup>. There were still some issues to resolve but steps were being taken to complete the process by March 2019 at the very latest. Kevin Taylor stated that although Wokingham Borough Council operated iConnect, the schools in the Borough did not. However the schools' payroll contract was out to tender and it had been stipulated that the successful provider would need to use iConnect.

## GDPR UPDATE

Kevin Taylor confirmed that everything was in place for the GDPR legislation to take effect, and that the Pensions team was the first one within RBWM to implement it. The GDPR legislation and the relevant memorandum of understanding relating to it had been communicated to scheme members, and a Q and A had been produced for the scheme's website.

Regarding information on data collection that was transmitted via email, rather than iConnect, Kevin Taylor stated that this would be encrypted, or at the very least password protected.

## ACTION TRACKER

Members noted the contents of the Action Tracker.

## REVIEW OF BOARD WORKPLAN

The Chairman informed Members that it was intended for various items on the workplan to be ticked off over the course of upcoming meetings. It was agreed that the workplan would be reviewed outside of the meeting in order for it to be discussed in greater depth, so that items for discussion could be set for the next four Panel meetings.

**Action: For Kevin Taylor and the Chairman to liaise over the Board Workplan to discuss items to be reviewed**

## REVIEW OF DECLARATIONS OF INTEREST

The Vice Chairman stated that his Declaration Form needed to be updated as his personal pension had now been transferred to the RBWM Fund from Royal Liverpool. The Chairman stated that his current employment was different from what was listed on his Form, but this was an interim position and he would be returning to the role that was listed at the end of the month.

## REVIEW OF INVESTMENT STRATEGY STATEMENT

Kevin Taylor informed Members that the Statement had recently been reviewed by the Pension Fund Panel and asked for comments. Alan Cross queried whether the sentence ending "particularly given their statutory duties to provide adequate services" should be amended to state "to provide various services" instead. Alan Cross asked if the Borough had written down a version of the Responsible Investment Guidelines. Kevin Taylor stated these were contained within the Stewardship Report.

There were no further comments from Members. The content of the Statement was noted.

## REVIEW OF FUND'S ANNUAL REPORT AND ACCOUNTS

Kevin Taylor informed Members that the report before them was a draft and would be considered and commented on by the Pension Fund Panel at its meeting the following week.

The discrepancy between the budgeted administrative costs and actual were noted by Members. Kevin Taylor stated that this had been similar the previous year, and suggested that this may be due to the budget not being accurately set in the first instance. He added that this had only recently been added to his remit, and confirmed that this would be looked into in more detail going forward to make sure correct budgets were applied in future years. Members were reminded that as a Funded scheme there were three sources of income: employee contributions, employer contributions and the investment returns. Of these, the employer payment rates varied and the investment returns could not be predicted. Kevin Taylor stated that this matter had already been raised by the Panel Chairman and anticipated that it would be discussed in depth at the following week's meeting.

It was noted that the percentage of contributions received on or before the due date had fallen. Kevin Taylor informed Members that most employers not able to hit the deadline had informed the scheme in advance of their inability to do so. There were no employers missing deadlines on a frequent basis as this was a reportable offence. Kevin Taylor noted that the percentage of contributions that were received on time, 97.65 per cent, was still very high and did not represent cause for alarm.

Members asked for clarification on the overspend on unit recharges in the administrative costs. It was agreed that Kevin Taylor would report back on this.

### TRAINING REQUIREMENTS

No specific areas where training was required were identified by Members. It was agreed that the next meeting would begin with a 15 minute presentation on a relevant training matter, followed by a 15 minute question and answer session.

### NEW OR AMENDED RISKS

There were no new or amended risks.

### IDENTIFIED OR REGISTERED BREACHES

There were no new identified or registered breaches.

### ANY OTHER BUSINESS

There were no additional items for discussion.

The meeting, which began at 1.30 pm, finished at 3.09 pm

CHAIRMAN.....

DATE.....