

BERKSHIRE PENSION FUND COMMITTEE

MONDAY, 14 JUNE 2021

PRESENT: Councillors Julian Sharpe (Chairman), David Hilton (Vice-Chairman), Shamsul Shelim and Simon Bond.

Also in attendance: Cllr Lovelock, Cllr Ali, Cllr Kaiser, Alan Cross, Rothan Worrall, Aiofinn Devitt, Andrew Harrison.

Officers: Adele Taylor, Ian Coleman, Kevin Taylor, David Cook and Andrew Vallance

APOLOGIES

There were no apologies for absence received.

DECLARATIONS OF INTEREST

There were no declarations of interest received.

MINUTES

The Part I minutes of the meeting held on 22 March 2021 were approved as a true and correct record.

EMPLOYER FLEXIBILITIES

The Committee considered the report regarding the administering authority's responsibilities to the amended LGPS Regulations.

The Pension Services Manager informed that the government amended the Local Government Pension Scheme Regulations 2013 in September 2020 introducing new powers for administering authorities to review employer contributions, spread exit payments and set up Deferred Debt Agreements.

For some employers, a significant issue has been the cost of exiting the Scheme. Prior to September 2020, the LGPS Regulations 2013 required an exit payment to be made when the last active member of a Fund employer left the Scheme, or an employer otherwise ceased to be an employer in the Fund, and the employer was in deficit at the time of their exit. The introduction of deferred employer status allows an administering authority to defer the triggering of an exit payment for a Fund employer where the authority deems this appropriate, has had regard to actuarial advice and has set out its policy in its Funding Strategy Statement.

The introduction of the new powers was intended to help administering authorities manage their liabilities, ensuring that employer contribution rates are set at an appropriate level and that exit payments are managed, with steps taken to mitigate risks, where appropriate. There is no requirement to use these powers, however an authority may do so only where it has set out its Funding Strategy Statement. The proposed changed FFS and two debt policies were attached to the report and if approved would go out to consultation with scheme employers.

In response to questions the Committee were informed that the main changes were due to the change in legislation and there were also clean up changes. If an employer no longer existed members benefits were protected and if there was no guarantor to an exiting employer who could not pay their debt would be spread amongst the Fund. This related to historical

employers in the scheme not new members, the majority had bonds or guarantees in place, they are known employers and a covenant review had been undertaken and presented to the Committee. If we did not introduced changed policies then we could be in a position where we have no opportunity to retrieve funds from exiting employers. Any actuary costs would be met by the employee. The Pension Board had reviewed and approved the report but it was noted their comments had not yet been incorporated.

Resolved unanimously: that the Committee notes the report and:

- i) Approves the policies set out in the appendices to the report; and**
- ii) Authorises Officers to correct any identified typographical errors and consult with scheme employers regarding the content of the policies as agreed.**

EXTERNAL AUDITORS FINAL REPORT 2019/20 AND AUDIT PLAN 2020/21

The Committee considered the report regarding the update on the progress of the 2019-20 Pension Fund audit and a planning report for the 2020-21 Fund audit.

The Committee were informed that Deloitte's ISA260 paper was presented to the Audit and Governance Committee on 17 May 2021 can be found at Appendix 1. An action progress matrix can be found at Appendix 2. The planning report for the 2020-21 audit can be found at Appendix 3. They were awaiting the final sign off of the accounts.

In response to questions it was noted that any issues had been picked up via the CIPFA action plan; the Committee system had been streamlined and a new head of the Pension Fund would start on 1st September 2021; the majority of actions had been completed. It was also noted that the Council was leaving the shared internal audit unit and were in the progress of tendering for a new service.

Resolved unanimously: that the Pension Fund Committee:

- i) Notes the report**
- ii) The external auditor's final ISA260 report at Appendix 1**
- iii) The action progress matrix at Appendix 2**
- iv) The planning report for the 2020-21 audit at Appendix 3.**

PENSION GOVERNANCE PROGRESS REPORT

The Committee considered the report regarding an update on the progress following the recommendations made in an independent report presented to Committee on 19 October 2020 into the governance arrangements of the Pension Fund. As mentioned in the previous report progress was going well as can be seen in appendix 1.

In response to questions the Committee were informed that the new Pension Fund Manager had signed his contract as all references were in, he will be joining on 1st September 2021. The majority of the actions were on track but it was highlighted that cyber security would be a big issue that the administrating authority were working on and it was a known risk.

The Chairman mentioned that we needed to be mindful of training and making sure all Committee members were up to date with training.

The Pension Board Chairman updated that at their March 2021 meeting they had agreed a new Board membership arrangements and recruited two new employer representatives.

Resolved unanimously: that the Pension Fund Committee:

i) Notes the paper and progress matrix at Appendix 1

GOOD GOVERNANCE IN THE LGPS

The Committee considered the report regarding an update on the 'Good Governance in the LGPS' project.

The Committee were informed that this was the 'Phase 3' report produced and published by Hymans Robertson, further statutory guidance would be issued in due course.

MHCLG were expected to issue this statutory guidance to administering authorities that will require them to effectively implement the proposals set out in the Good Governance report. Failure to consider, review and implement the statutory guidance could lead to sanctions.

In response to questions the Committee were informed that this had been driven as some administering authorities had not implemented all required policies. It was important that we were in compliance and training for members was important. Cllr Bond mentioned that there was a recommendation that we have a review every two years, however we have the Pension Board that hold the Committee / Fund to account in regards to that scrutiny function. It was noted that we were currently using model 4 and that we had to wait for guidance if this was acceptable.

Resolved unanimously: that the Pension Fund Committee:

i) Notes the paper and supporting report.

ADMINISTRATION REPORT

The Committee considered the report regarding the administration of the Pension Fund for the period 1 January 2021 to 31 March 2021.

As a recommendation from the Pension Board on Pages 175/76 there has been added an average for the year, as a whole targets were being achieved. With regards to special projects at the end of the report the McCloud case would require a significant amount of resource, we were still awaiting guidance on what needed doing. The year end processing remained on target and statements were being issued in advance of the statutory deadline. There had been an issue with collecting data on the number of hits to the Fund's website as it had been impacted by the administering authority changing its website platform and people can opt out if their hits are recorded.

In response to questions the Committee were informed that RBWM had a low number of active members due to outsourcing such as AFC and Optalis. The risk to RBWM was moderate. With regards to i-Connect about 86% of employers were using the system and work continued to get as many of the remaining on the system. With regards to the chart on page 172 there was a sudden drop in membership in 017/18 when the probation service left.

Resolved unanimously: that Committee notes the report and:

- (i) All areas of governance and administration as reported**
- (ii) All key performance indicators**

LOCAL GOVERNMENT ACT 1972 - EXCLUSION OF THE PRESS AND 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 4.00 pm, finished at 6.50 pm

CHAIRMAN.....

DATE.....