

BERKSHIRE PENSION BOARD

THURSDAY, 18 NOVEMBER 2021

PRESENT: Alan Cross (Chairman), Jeff Ford, Julian Curzon, Kieron Finlay and Arthur Parker (Vice-Chairman)

Officers: Damien Pantling, Andy Carswell, Andrew Vallance, Kevin Taylor and Philip Boyton

INTRODUCTION AND APOLOGIES

Apologies were received from Nikki Craig and Tony Pettitt. Kieron Finlay would be joining the meeting later due to a prior engagement.

DECLARATION OF INTEREST

There were no declarations of interest.

Regarding training, Jeff Ford said he had attended Barnett Waddington's local pension board's autumn seminar. Alan Cross said he had attended a day and a half of the PLSA conference. Both of these had been online.

MINUTES

RESOLVED UNANIMOUSLY: That the minutes of the meeting held on September 2nd be approved as an accurate record.

Members noted that since the last meeting Ian Coleman had finished in his role as interim Head of Pension Fund, and thanked him for his service to both the Fund and the Board.

SCHEME AND REGULATORY UPDATE

Regarding the exit cap, Kevin Taylor, Pension Services Manager, advised an update and guidance on the issue was still awaited. However it was believed to be high up on the government's agenda for reintroduction to all public sector pension schemes. In relation to reconciliation of Guaranteed Minimum Pensions, Philip Boyton, Pension Administration Manager, informed the Board there had been delays to this due to more Pension Funds becoming involved and information from HMRC not being forthcoming. Full reviews were being carried out wherever possible. Philip Boyton stated that this was not having an impact on member benefits.

Members were told that issues relating to McCloud had still not been resolved and no new guidance had been made available. Kevin Taylor said this was frustrating because it was not known what the impact would be on Pension Fund administrative staff resourcing until the matter was resolved and guidance was given. McCloud had been included as an item on the risk register.

The Board was told that The Occupational and Personal Pension Schemes (Conditions for Transfers) Regulations 2021 had been brought in following a government consultation, which was an extra layer of protection designed to stop scheme members falling victim to scams when transferring pension payments to other UK pension schemes and to overseas pension schemes. These would come into effect on December 1st 2021, although it was unclear how complying with the new regulations would impact on the Pension Fund's administration staff. Philip Boyton said there were usually 20-25 enquiries per month about making transfers and this resulted in a handful of transfers being made; however Alan Cross pointed out these could

relate to large payment sums, and welcomed the additional protection the new regulations provided fund member.

Regarding the Task Force on Climate Related Financial Disclosures (TCFD), Damien Pantling, Head of Pension Fund, advised that new regulations from the Department for Work and Pensions had taken effect from October 1st 2021. The Pension Fund was awaiting LGPS reporting guidance from DLUHC on TCFD, and its requirements were likely to become mandatory at some point in the 2022/23 financial year. Damien Pantling advised that the Pension Regulator would be given powers to levy penalty notices for non compliance and the requirements are likely to involve Fund actions as well as the pools. Regarding the Section 13 report, Damien Pantling advised there was no update although the report had been expected to be published some months ago. A draft of the report had been made available with the funding level of the Berkshire Pension Fund being the lowest in the LGPS.

ADMINISTRATION REPORT

Philip Boyton introduced the item and advised this covered the quarter up to 30th September 2021. He drew members' attention to the fact all i-Connect submissions had been made on time by all six local authorities. Additionally there had been six new employers who had joined i-Connect, helping towards the target of ensuring the majority of employers were onboarded by 31st March 2022. Philip Boyton said all communications/surgeries had been held remotely but there had been some enquiries from employers about holding events at places of work. Members were told that percentage pass figures relating to data quality had largely remained unchanged despite the number of data items being checked increasing.

The Board was told that a review of the live status of pension payments to overseas scheme members was being undertaken in partnership with Western Union. Philip Boyton said there were around 400 scheme members based overseas who either received payment in the currency of the country where they resided or had their pension paid to a UK bank account, resulting in total payments of around £800,000 per year. Scheme members whose pension is paid to an overseas account will be required to present themselves to Western Union in person with an acceptable form of identification in order to continue receiving payments. This exercise will cost the Fund £4,500. There was no cost associated with overseas scheme members who asked for their payments to be made into a UK account. Scheme members would be warned in advance the review was taking place in order to ensure no disruption to payments, as for some scheme members their pension was their only source of income.

Responding to a question from Jeff Ford about processing deceased scheme member records within five working days, Philip Boyton said this related to when the Pension Fund had received all the relevant paperwork from the next of kin or executor to be able to pay the dependant's pension. There was also a target of five working days from notification of death being received to send out details of the dependant's pension due together with all the forms requiring completion and return to the admin staff. Philip Boyton advised there was a variety of experience across the team in regard to processing dependant benefits, those with no experience had begun training and over time this would ensure this target would be met. Philip Boyton advised that the CIPFA benchmark was two months. Occasionally a notification would be received some time after the death and Pension Fund admin staff would seek to recoup any overpayments.

Philip Boyton confirmed there were still 59 scheme employers with more than 10 employees left to join i-Connect.

RISK REGISTER

Damien Pantling reminded members that at the last meeting he stated he would carry out a review of the risk register, and this had now been completed. He explained he had done this in line with CIPFA frameworks and by using the same best practice methodology as a number of other LGPS funds. The risks had been divided into seven categories on the register and this

would be updated each quarter. Damien Pantling explained that his intention was to include appendices at each meeting that would outline any changes to the register, as there were more than 50 items included. Quarterly updates would go to each Committee meeting.

It was noted that risk PEN003 referred to markets being affected by Covid. Damien Pantling said markets were improving but may still end up being affected by the pandemic, there had not been a negative impact on the Berkshire Pension Fund's investment performance overall, and the intention of the risk was to ensure that investments remained healthy. Regarding risk PEN006 it was agreed that it should worded as a change in government policy as being the potential risk, rather than simply a change in national government.

Damien Pantling said the reputation risk level for PEN012 was a four because if a wrong decision was taken in relation to longevity then it could have a detrimental impact to the reputation of the Fund, referring to a decrease in longevity rates following the purchase of a longevity swap given the Berkshire Fund was the only one in the LGPS with this instrument. In relation to PEN023 it was agreed that this should refer only to smaller employers, as there was a greater likelihood of a final active member leaving the Fund compared to a large corporation. It was agreed to amend PEN025 to mention the Pension Board in addition to the Committee.

Responding to a question from Jeff Ford regarding inflation, Damien Pantling explained there were two types of inflation (one is ancillary to economic growth); one of these included wage, salary and liability growth but without the assets catching up to match this. It was therefore possible for a funding gap to emerge as a result of "bad" inflation and explained why this had been identified as a risk. Damien Pantling said this was monitored through the triennial review by the actuary and managed through the investment strategy.

Regarding administrative and communicative risks, members were told there was an expectation that employers would contact the Fund if there were any issues and this was generally the case with larger employers. However in some cases the Fund would contact some employers if there was an identifiable risk. At-risk employers would be identified through the actuarial covenant review following on from the LPP review in 2019.

Julian Curzon asked if there had been any data breaches that had required reporting to the Information Commissioner's Office. Kevin Taylor said there had not, and if there had been it may not be appropriate to discuss in the Part I section of the meeting.

GOVERNANCE PROGRESS UPDATE

Damien Pantling informed members there were four outstanding items left on the governance recommendations. As there were clear timelines in mind for when these would be completed, the intention was for the Committee to sign off the recommendations but also to note the outstanding actions. This was felt more satisfactory than to not agree the recommendations and to report back to each future Committee with an update.

Members were told it had been suggested to split the ledgers between the Pension Fund and RBWM as the administering authority. Andrew Vallance, Head of Finance and Deputy Section 151 Officer, said a wider review of Agresso, the authority's General Ledger, was being undertaken and this may lead to a delay in the split of the ledgers. However the split should not have an effect on either the 2019/20, 2020/21 or 2021/22 accounts.

LAPFF AND PIRC MEMBERSHIP RENEWALS

Members were reminded that the Pension Fund had joined LAPFF in 2020, with the proviso that membership would be reviewed in a year's time. The same applied to membership of PIRC. It had been suggested that the decision to renew memberships should lie with a delegated officer rather than having to come back to Committee each year. Members stated they were in agreement with this and it was suggested the specific officer delegated to the

task should be either Damien Pantling or Adele Taylor, Director of Resources and S151 Officer.

ANY OTHER BUSINESS

Damien Pantling told members that a report would be going to Committee to approve the 2019/20 and 2020/21 annual reports, but this could not be done until the accounts were signed off. They had been agreed in principle and a pre-meeting of the Committee would be taking place on 30th November 2021. The Annual General Meeting would be taking place on December 16th 2021 and it was intended to present the annual report there. Members were told the AGM would be taking place in the Council Chamber as a hybrid meeting. Alan Cross stated his intention to attend in some format.

LOCAL GOVERNMENT ACT 1972 - EXCLUSION OF THE PUBLIC

RESOLVED UNANIMOUSLY: That the motion to exclude the public for the remainder of the meeting be approved.

The meeting, which began at 11.05 am, finished at 12.57 pm

CHAIRMAN.....

DATE.....