

BERKSHIRE PENSION BOARD

THURSDAY, 16 JUNE 2022

PRESENT: Alan Cross (Chairman), Arthur Parker (Vice-Chairman), Nikki Craig, Jeff Ford

Also in attendance: Julian Curzon (substitute Board Member), Kieron Finlay (substitute Board Member), Councillor John Baldwin

Officers: Damien Pantling, Kevin Taylor, Philip Boyton and Laurence Ellis

INTRODUCTION AND APOLOGIES

The Chairman and the Board introduced themselves.

No apologies for absence.

DECLARATION OF INTEREST

No declarations of interests.

Before the meeting commenced Alan Cross asked for a minute's silence in memory of former Pension Board Chairman Tony Pettitt who had recently passed away (having recently resigned from the Board). Kevin Taylor asked that the Board Member's and Officer's gratitude for the work that Tony did whilst a member of the Pension Board be formally minuted.

MINUTES

RESOLVED UNANIMOUSLY: That the minutes of the meeting held on 17th February be approved as a correct record.

PENSION BOARD GOVERNANCE MATTERS

Before starting discussion on the first agenda item, due to the new municipal year (2022/23), the Board held a vote on the Chairman and Vice Chairman, in which they agreed for Alan Cross and Arthur Parker to continue as Chairman and Vice-Chairman respectively.

UNANIMOUSLY RESOLVED: That Alan Cross continue as Chairman and Arthur Parker continue as Vice-Chairman for the Berkshire Pension Board.

Kevin Taylor, Pension Services Manager, introduced the item. An independent governance review took place in 2020 which sought to ensure the Fund's governance was up to date. Concurrently, RBWM's constitution was analysed, where the terms of reference were listed, with the objective to update the Constitution once the agenda item had been discussed.

There were five officers' recommendations.

- The first one was to consider the two vacancies on the Board. Kevin Taylor pointed out that one option was for the current substitute members to become full members of the Board, with Kieron Finlay as the employer representative and Julian Curzon as the scheme member representative.
- The second recommendation was to review and approve the updated code of conduct at Appendix 2 to the report.
- Thirdly, Board Members were asked to consider and discuss proposed Constitutional changes to allow for an increase in Board membership numbers to 8 with Trades Union representation being included.

- Fourthly, Board members were asked to consider the terms of reference set out in Appendix 1 of the report and consider whether to recommend these to Full Council in order to update the Council's Constitution.
- Fifthly, that Pension Board members consider a proposal to complete the online Pensions Regulator's Public Service Pensions tool kit every three years and that the knowledge and understanding framework be reviewed annually.

Alan Cross made some comments in reference to the report stating the Chairman would ensure an induction programme was organised for all new Board members, stating that it needed to be considered what this induction would consist of (and how this responsibility would be fulfilled).

On conflicts of interests, Alan Cross suggested it would be more appropriate if Board members complete a declaration of interests which was kept under review rather than complete a declaration of interests annually, pointing out that his interests, and presumably the interests of other Board members, do not normally change significantly over time.

Jeff Ford commented that he did not have access to the Part II agenda items and full minutes of the Berkshire Pension Fund Committee and believed that this should be accessible for the Pension Board. Damien Pantling, Head of Pension Fund, confirmed in principle that Board members should be able to access both part II papers of the Board and the Committee, given the Board's role. With that said, Alan Cross said that the mechanics needed to be sorted out (by RBWM's Committee Administration) to ensure accessibility.

Nikki Craig suggested that it would be best to check with the auditors first before amending the conflicts of interest as they often required interests to be declared annually regardless of change or not.

The Board then discussed some suggested minor amendments to the draft code of conduct. On Kevin Taylor's advice, Alan Cross suggested that the amendments discussed during the meeting be finalised outside of the meeting and then formally signed off in the next meeting.

Kevin Taylor then discussed training. In the past, it had been agreed that Board members complete the Pensions Regulator Online Toolkit training. Kevin Taylor proposed that this training gets circulated to members again to update their knowledge and understanding in all the areas, and therefore keep this as an updated record. He followed that the record of all training could theoretically be published on the website for public view.

The report suggested that this be repeated every 3 years. Alan Cross preferred that basic understanding of members was regularly reviewed rather than necessarily everyone repeating the most basic training every three years, as this took some time, and it may be more helpful to use that available time to learn new things. Kevin Taylor advised that it would be good practice and governance to have Board members confirm they were up to date with the training, especially as regulations change over time.

Jeff Ford, Nikki Craig and Arthur Parker indicated they were okay with reviewing the knowledge and understanding framework annually and the Pensions Regulator's toolkit every three years. Based on this, Alan Cross responded that for the time being, the Board would keep it under review, and everyone would (re)do the Online Toolkit during the coming months.

On other training, Alan Cross suggested that every Board member should go to at least one 'Current LGPS Overview' training session (such as that currently offered via Barnett Waddingham for CIPFA) once within every three years.

The Board then discussed the terms of reference. Alan Cross explained that just over a year ago the Board had agreed a report that allowed for some flexibility in Board size with 6 or 8 members. This had been within the context of the governance review which had taken place in 2020, that had suggested that the colleges representation previously part of the advisory

panel should be on the board. In addition, the Board had recognised the wider education sector (notably academies) should be represented on the Board as it formed a large section of the scheme's membership (collectively in total of similar size to a local authority). The governance review had led to a change in the structure of the Pension Fund Advisory Panel to the Elected Members of the other 5 Berkshire Unitary Authorities and had suggested that former representation held by smaller scheme employers and Trades Unions would be better suited to the Pension Board.

Following a recruitment process (carried out through the employer's newsletter), Julian Curzon and Kieron Finlay, both from the education sector, were recruited as substitute employer representative members although not formally appointed as full Pension Board member representatives. Alan Cross had tried to contact Unison once by e-mail to seek trade union representation, but he had not received a reply and would therefore need to follow that up.

Alan Cross indicated that while the changes had been agreed by the Board, nothing had changed regarding the Board's structure in the Council's Constitution (which included the Terms of Reference of the Board). One issue that had emerged recently is that RBWM's Committee Team had advised the membership should be stated as 6 or 8, and not "6 or 8" (i.e., it did not appear to be possible to build the flexibility that the Board had agreed into the constitution).

One possibility that had recently emerged was moving to both 4 employer and member representatives but accepting there may be one or two vacancies (which may not be filled immediately), which would achieve the flexibility which had been desired. Alan Cross then suggested (given that the present substitutes had been recruited as employer representatives) Julian Curzon (as an Academy employee) fill the employer representative vacancy while Kieron Finlay continued an employer representative substitute for the immediate future (until the constitution could be updated).

Kevin Taylor advised that from the officer's perspective, it would be preferable to fill the current vacancies as it would then give more ground to expanding the number of Board members; adding that trying to expand the numbers whilst these vacancies existed may not be fully accepted by Full Council. He pointed out that Kieron Finlay could only be an employer representative because his employer had decided to only be an active contributor to another Local Authority Pension Fund. However, Kevin Taylor also stated that Kieron Finlay could be an employer representative as UWL remained an employer within the Berkshire Fund. Kevin Taylor stated that Julian Curzon could be a scheme member representative as he contributes to the Berkshire Pension Fund and suggested that Julian Curzon should fill Tony Pettitt's former role as the member representative.

Alan Cross reminded the Board of the history of Board substitutes which went back to when the Board was first established. 3 employer representatives were appointed from 3 of the Berkshire Unitary Authorities. Initially, it was agreed that the other 3 Berkshire Unitary Authorities should have representation by nominating substitutes.

In respect of member representatives, there was no initial provision for substitutes, though that had been added later. Board members (particularly from employers) had sometimes arranged for an individual to attend in their absence. Alan Cross reminded the Board that all member representatives were representative of all scheme members and all employer representatives were representative of all employers (not just their own employer). Based on this, Alan Cross suggested that there could be one or two substitute members for both scheme member and employer representatives.

Kevin Taylor indicated that an alternative would be to have both 'substitutes' and 'reserves'. A substitute acts as a replacement for a Board Member (and should be trained) whereas a reserve is someone a Board member nominates to attend a meeting they cannot make. Substitutes had the potential to become a full member as and when a vacancy may arise, assuming they had completed training. Alan Cross suggested this be explored further.

Jeff Ford preferred a list of reserves rather than individually nominating substitutes. He also suggested that the Board should be advertising for another member representative on the basis that the two 'current' substitutes responded to a recruitment process to find employer representatives from the education sector.

In concluding this point, Alan Cross planned to make a further attempt to contact Unison, see what developments occur and then return to the appointments of Board Members (and advertising in the Quill for a member representative) at the next meeting.

ACTION: Alan Cross to contact Unison on recruiting a new member representative.

As the Board agreed to go through the training to ensure their knowledge and understanding was up to date, Alan Cross suggested the Board should at least start on the training by the next meeting in September 2022.

ACTION: The Board go through the training (at least starting) before the next meeting on 1st September 2022.

Relating to the change in Board membership size, Alan Cross then discussed the quorum of the Board. The terms of reference stated the meeting was only quorate when at least 50% of members were present and that at least one from each representative group was present. Alan Cross suggested that the quorate should be based on Board members in post rather than members who could exist. Kevin Taylor suggested that it could simply be 2 members to be quorum with one member from each representative group, similar to the Pension Committee. Alan Cross then expressed preference of the quorum being 3 members with one from each representative group, thus removing the quorum based on 50% of the Board (bearing in mind the Board was larger (6 or possibly to be 8) whereas the Committee only had 5 members).

Alan Cross said that there needed to be further discussions on the governance of the Board. Kevin Taylor stated he would add the suggested amendments to the paper and the recirculate it to Board members once a final draft had been agreed by the Chairman.

ACTION: Kevin Taylor to recirculate governance paper with suggested amendments once available.

The Board noted the report.

SCHEME AND REGULATORY UPDATE

Kevin Taylor introduced the item. He stated there were 3 significant updates to be provided since the last Berkshire Pension Board meeting. He discussed the 'Stronger Nudge to pensions guidance' introduced by government to ensure that individuals were made aware of Pension Wise guidance as part of any application to take or transfer their defined contribution savings. The so called 'nudge regulations' first came into effect in 1st June 2022.

For the LGPS (Local Government Pension Scheme), the regulations applied to scheme members who were paying or transferring their AVCs (Additional Voluntary Contributions). This was because the 'nudge regulations' were more defined contribution schemes which were not necessarily as regulated compared to the public sector schemes. Therefore, certain processes had to be put in place whereby scheme members would be given the appropriate guidance and independent advice to ensure the decisions they would make were appropriate and to their benefit.

After Philip Boyton explained how the "nudge regulations" would be communicated to scheme members, Alan Cross asked if the communication would be proactive or responsive. Philip Boyton replied that Officers would be proactive in using periodical communications such as

newsletters; but would also be reactive when dealing with individual members on their, for example, retirement benefits.

The next update was on statutory guidance on special severance payments. Kevin Taylor reminded the Board of the so-called pension cap regulations that were ultimately rescinded and advised that the guidance now issued by DLUHC now made it clear that pension strain costs do not form part of the definition of special severance payments when it comes to the circumstances under which a strain costs would statutorily become payable (redundancy, business efficiency, flexible retirement etc).

The final update was on recently released guidance on handling data subject access requests. The Local Government Association recently produced a collection of documents which assist the administering authority in its role in managing data, namely holding personal data clearly for present and historic scheme members. The documents, for example, provided guidance for handling those requests, templates for acknowledgement letters and response letters.

The Board noted the briefing.

ADMINISTRATION REPORT

Philip Boyton introduced the item, covering Quarter 1 (1st January to 31st March 2022). He took the report as having been read, drawing the Board's attention to only the highlights of the report.

Philip Boyton informed the Board that monthly scheme member data continued to be regularly received through i-Connect from all on-boarded scheme employers. In the last quarter (October to December 2021), two further scheme employers, Glyn Learning Foundation and The Circle Trust, had been on-boarded, meaning a further 334 scheme member records were now covered by i-Connect.

Philip Boyton informed the Board that all four Key Performance Indicators (KPI) were healthy, and all showed the 'Total' number of cases processed, a value that was missing in respect of KPI 'Deceased processed within 5 working days' reported in the last quarter (October to December 2021).

In respect of 'Special Projects', Philip Boyton informed the Board that Officers continued to work successfully with Western Union Bureau Services (WUBS) in an effort to detect and prevent any fraudulent payments made to those 168 in payment scheme members receiving their monthly pension payment to an account in the country and currency of their residence. Letters setting out the action in payment scheme members must take have been sent with very few queries received in response. Philip Boyton reminded the Board that Officers will always take careful and considered action before suspending the monthly pension payments of those in payment scheme members who do not follow the instructions to provide photographic identification at their nearest WUBS Agency. An arrangement is in place with WUBS that they will report fortnightly to Officers with details of those in payment scheme members who have followed the instructions.

Finally, Philip Boyton updated the Board about Year End 2022. He explained the process had moved on considerably since the report was prepared with contribution returns received from all onboarded and non-onboarded i-Connect scheme employers. There were 21 scheme employers with queries outstanding but for those completed scheme employers Annual Benefit Statements were available to scheme members through the 'my pension ONLINE' service and the scheme member data cleansed for the Valuation using the Actuary's LGPS Data Checker tool.

The Board noted the report.

RISK REPORTING

Damien Pantling, Head of the Pension Fund, introduced the agenda item, giving a rough overview of each appendix of the report.

Alan Cross asked if the Pension Board could undertake the same training session that the Pension Fund Committee went through or an adaptation of it. Damien Pantling answered that the training was Committee focused, but he added that there would be an annual risk review which the Pension Board would be taking part in.

Kevin Taylor commented that the contents page needed to be formatted before the report was forwarded to the Pension Fund Committee.

The Board noted the report.

STATUTORY POLICIES

Damien Pantling introduced the agenda item. The report addressed two statutory policies which were due for their annual review by the Pension Fund Committee: the employer flexibilities policy and the employer contribution review policy.

The Board noted the report.

GOOD GOVERNANCE

Damien Pantling introduced the agenda item by giving an overview of the report around the Pension Committee's governance. There were policies and frameworks which were due for periodic review by the Committee:

- Reporting breaches of the law,
- Service level agreement document between the administering authority and the Fund,
- Training framework and training log.

Arthur Parker commented that there were some words missing in the report. Damien Pantling stated it would be fixed for the Committee.

Alan Cross commented about reporting breaches in the law, pointing out the potential issue that the person who may be implicated could be the same person who everyone reports legal violations to.

The Board noted the report.

RESPONSIBLE INVESTMENT

Damien Pantling introduced the agenda item by giving an overview of the report, mainly focusing on LPPI's (Local Pensions Partnership Investments) engagement policy.

After Alan Cross explained some context to the Board, Damien Pantling then gave a verbal update and explanation on the responsible investment task-and-finish group, which sought to develop a responsible investment policy and position statement.

The Board noted the report.

UPDATE ON PART I PAPERS TAKEN TO THE PENSION COMMITTEE ON 7 MARCH 2022

Damien Pantling gave a verbal update. He reported that all papers which were shown during the last Pension Board meeting in February 2022 went to the Pension Fund Committee meeting on 7th March 2022. In addition, all recommendations were adopted.

The Board noted the update.

ANY OTHER BUSINESS

No additional business.

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 whilst discussion takes place 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 10.35 am, finished at 12.40 pm

CHAIRMAN.....

DATE.....