

# Public Document Pack

## Notice of Meeting

### Berkshire Pension Fund Committee

Councillors Simon Bond (Chair), Wisdom Da Costa (Vice-Chair),  
Neil Knowles, Asghar Majeed, Julian Tisi

Advisory Members: Newton (Wokingham), O'Regan (Bracknell Forest),  
Dennis (Reading), Zarait (Slough) and TBC (West Berkshire).

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**Monday 19 June 2023 4.00 pm**

**Council Chamber - Town Hall, Maidenhead & on [RBWM YouTube](#)**

### Agenda

Part I - Public Meeting		
Item	Description	Page
1	<b>Apologies</b> To receive any apologies for absence.	-
2	<b>Declarations of Interest</b> To receive any declarations of interest.	3 - 4
3	<b>Minutes</b> To approve the Part I minutes of the meeting held on 13 March 2023	5 - 10
4	<b>Risk Management</b> To consider the report	To Follow
5	<b>Good Governance</b> To consider the report.	To Follow
6	<b>Administration Report</b> To consider the report.	To Follow
7	<b>Responsible Investment</b> To consider the report.	To Follow
8	<b>Local Government Act 1972 - Exclusion of the Public</b> 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 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."	-

## Part II - Private Meeting

Item	Description	Page
9	<u>Part II Minutes</u> To approve the Part II minutes of the meeting held on 13 March 2023.  <b><i>(Not for publication by virtue of Paragraph 3 of Part 1 of Schedule 12A of the Local Government Act 1972)</i></b>	11 - 14
10	<u>Investment Performance, Risk and Business Update</u> To consider the report.  <b><i>(Not for publication by virtue of Paragraph 3 of Part 1 of Schedule 12A of the Local Government Act 1972)</i></b>	To Follow

By attending this meeting, participants are consenting to the audio & visual recording being permitted and acknowledge that this shall remain accessible in the public domain permanently.

Please contact Laurence Ellis, [Laurence.Ellis@RBWM.gov.uk](mailto:Laurence.Ellis@RBWM.gov.uk), with any special requests that you may have when attending this meeting.

Published: 9 June 2023



## MEMBERS' GUIDE TO DECLARING INTERESTS AT 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 Disclosable Pecuniary Interest (DPI) or Other Registerable 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.

Any Member with concerns about the nature of their interest should consult the Monitoring Officer in advance of the meeting.

### Non-participation in case of Disclosable Pecuniary Interest (DPI)

Where a matter arises at a meeting which directly relates to one of your DPIS (summary below, further details set out in Table 1 of the Members' Code of Conduct) you must disclose the interest, **not participate in any discussion or vote on the matter and must not remain in the room** unless you have been granted a dispensation. If it is a 'sensitive interest' (as agreed in advance by the Monitoring Officer), you do not have to disclose the nature of the interest, just that you have an interest. Dispensation may be granted by the Monitoring Officer in limited circumstances, to enable you to participate and vote on a matter in which you have a DPI.

Where you have a DPI on a matter to be considered or is being considered by you as a Cabinet Member in exercise of your executive function, you must notify the Monitoring Officer of the interest and must not take any steps or further steps in the matter apart from arranging for someone else to deal with it.

*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 (other than from the council) made to the councillor during the previous 12-month period for expenses incurred by him/her in carrying out his/her duties as a councillor, or towards his/her 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 council.*
- *Any licence to occupy land in the area of the council for a month or longer.*
- *Any tenancy where the landlord is the council, and the tenant is a body in which the relevant person has a beneficial interest in the securities of.*
- *Any beneficial interest in securities of a body where:*
  - a) *that body has a place of business or land in the area of the council, 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.

### Disclosure of Other Registerable Interests

Where a matter arises at a meeting which **directly relates** to one of your Other Registerable Interests (summary below and as set out in Table 2 of the Members Code of Conduct), you must disclose the interest. **You may speak on the matter only if members of the public are also allowed to speak at the meeting but otherwise must not take part in any discussion or vote on the matter and must not remain in the room unless you have been granted a dispensation.** If it is a 'sensitive interest' (as agreed in advance by the Monitoring Officer), you do not have to disclose the nature of the interest.

### Other Registerable Interests:

- a) any unpaid directorships
  - b) any body of which you are a member or are in a position of general control or management and to which you are nominated or appointed by your authority
  - c) any body
    - (i) exercising functions of a public nature
    - (ii) directed to charitable purposes or
    - (iii) one of whose principal purposes includes the influence of public opinion or policy (including any political party or trade union)
- of which you are a member or in a position of general control or management

### Disclosure of Non- Registerable Interests

Where a matter arises at a meeting which **directly relates** to your financial interest or well-being (and is not a DPI) or a financial interest or well-being of a relative or close associate, or a body included under Other Registerable Interests in Table 2 you must disclose the interest. **You may speak on the matter only if members of the public are also allowed to speak at the meeting** but otherwise **must not take part in any discussion or vote on the matter and must not remain in the room unless you have been granted a dispensation**. If it is a 'sensitive interest' (agreed in advance by the Monitoring Officer) you do not have to disclose the nature of the interest.

Where a matter arises at a meeting which **affects** –

- a. your own financial interest or well-being;
- b. a financial interest or well-being of a friend, relative, close associate; or
- c. a financial interest or well-being of a body included under Other Registerable Interests as set out in Table 2 (as set out above and in the Members' code of Conduct)

you must disclose the interest. In order to determine whether you can remain in the meeting after disclosing your interest the following test should be applied.

Where a matter (referred to in the paragraph above) **affects** the financial interest or well-being:

- a. to a greater extent than it affects the financial interests of the majority of inhabitants of the ward affected by the decision and;
- b. a reasonable member of the public knowing all the facts would believe that it would affect your view of the wider public interest

**You may speak on the matter only if members of the public are also allowed to speak at the meeting** but otherwise **must not take part in any discussion or vote on the matter and must not remain in the room unless you have been granted a dispensation**. If it is a 'sensitive interest' (agreed in advance by the Monitoring Officer, you do not have to disclose the nature of the interest.

### Other declarations

Members may wish to declare at the beginning of the meeting any other information they feel should be in the public domain in relation to an item on the agenda; such Member statements will be included in the minutes for transparency.

# Agenda Item 3

## BERKSHIRE PENSION FUND COMMITTEE

Monday 13 March 2023

Present: Councillors Julian Sharpe (Chairman), David Hilton (Vice-Chairman), Shamsul Shelim, Simon Bond and Wisdom Da Costa

Also in attendance: Alan Cross, Aoifinn Devitt, Joe Peach, Richard Tomlinson and Chris Rule

Officers: Becky Oates, Philip Boyton, Kevin Taylor and Damien Pantling

### Apologies

There were no apologies for absence received.

### Declarations of Interest

There were no declarations of interest received.

### Minutes

**RESOLVED UNANIMOUSLY: That the Part I minutes of the meeting held on 5 December 2022 be a true and accurate record.**

### Risk Management

Damien Pantling introduced the report and noted that it had been approved by the Pension Board that morning. Appendix 2 of the report was the usual risk register with some general changes outlined. The main crux of the report was revising the risk management policy, focusing specifically on risk appetite statements which would enable the Fund to make more objective decisions with regards to strategic asset allocation.

Councillor Shelim asked if the Fund had any risks regarding Silicon Valley Bank.

Damien Pantling confirmed that this question would be answered in Part II of the meeting.

Councillor Hilton commented that he believed the change in the limits for risk were very sensible.

Councillor Da Costa stated that though ESG was included in the risks report, climate change and its associated risks were not addressed. He thanked the team for their work on the report.

Damien Pantling confirmed that a report was being brought to next quarter's Committee meeting which focused on climate change risk. The Fund's actuary had carried out a detailed piece of work on modelling the effects of climate change on portfolios and different scenarios which has formed part of the triennial valuation process.

Councillor Bond expressed concern at shortening the time horizon from 17 to 10 years and asked if the shortening of the time horizon changed any conclusions later in the report and asked if inflation going down was something to be aware of. Councillor Bond also asked if the owners of risk PEN26 would change due to planned recruitment.

Damien Pantling stated that with regards to inflation, the Fund relied on assumptions from its actuary which made a universal assumption of an average of 2.9% CPI over the life of the Fund's liability duration of 20-30 years.

With regards to risk owners, the Pension Fund Committee collectively as decision makers for the Fund were the risk owners. The Responsible Officer for all risks would be the Head of Pension Fund as the assumed LGPS senior officer.

On the time horizon, 17 years was the deficit recover period at which the Fund expected to be fully funded if everything went to plan, whereas 10 years was from a model of capital market assumptions when looking at percentage of scenarios that the Fund would be fully funded or 75% funded – these serve different purposes but the 10 year period is appropriate for the purposes of risk measurement.

The Chair stated that it was important to recognise the amount of work ongoing into climate change.

Alan Cross, Chair of the Pension Board, commented that these risk statements were good progress into developing a robust framework for managing risks.

**AGREED: That the Pension Fund Committee notes the report and;**

- i) Approves the updated risk register for publishing including any changes since the last approval date, putting forward any suggested amendments as required; and**
- ii) Approves the revised Risk Management Policy and Risk Appetite Statements contained within.**

### Actuarial Valuation

Damien Pantling introduced the report and stated that the paper concerned a formal Committee sign off of the results of the 2022 valuation and the sign off of the rates and adjustment certificate which set out employer contributions payable from 1 April 2023. It was worth noting that there may be some final amendments before 31 March 2023 as the report wouldn't be formally signed off by the actuary until this date. Any material changes would be communicated to the Committee via email. The report had been a culmination of a year of hard work, and Damien Pantling thanked everyone for their efforts.

The Chair echoed Damien Pantling's comments and thanked the team.

Councillor Da Costa emphasised that the team constantly dealt with risk and asked if approving this report would mean letting people know that work was constantly ongoing in this area.

The Chair confirmed that this was a statutory report which made comment on the value of the Fund.

Councillor Bond stated that on the topic of climate risk, there was crossover with the work of LPPI, and asked if they modelled the same scenarios.

Damien Pantling confirmed that there was some harmony between the Fund's actuary, Barnett Waddingham, and LPPI. A session would run before the next Committee meeting which would look at climate risk which would be a good opportunity for Committee Members to ask questions concerning this topic.

**AGREED: That the Pension Fund Committee notes the report and;**

- i) Approves the 2022 triennial valuation report as prepared by Barnett Waddingham, including the underlying financial assumptions used to value the Fund, provided in appendix 1;**
- ii) Approves the 2022 Rates and Adjustments certificate, provided in appendix 2; and**

- iii) **Approves publication of the final valuation report on the Fund website, noting this may undergo final revisions before the Actuary formally signs it off on 31 March 2023.**

### Statutory Policies

Damien Pantling introduced the report and stated that it covered three key statutory documents as required by the LGPS regulations. The Investment Strategy Statement and the Funding Strategy Statement had gone through external consultation. The Funding Strategy Statement had changed the most as it included several key changes that sought to protect and improve the Fund's funding position and had been through an extensive one-month external employer consultation.

Councillor Da Costa asked if in terms of funding, it was a matter of managing the cash flows effectively. Regarding strategy, Councillor Da Costa asked if it was a matter of the growth that was being targeted and with regards to governance, this looked at pulling these strategies together.

Damien Pantling confirmed that largely speaking, this was the case.

Councillor Da Costa asked if there was any topic the Fund wanted to draw the Committee's attention to with reference to the funding strategy.

Damien Pantling stated that the main parties affected by the funding strategy were the employers. Each employer had been consulted on the ways this would affect them. Generally speaking, the Fund's Funding Strategy Statement sought to protect the funding level of the Fund to ensure it was fully funded in no more than 17 years.

Alan Cross stated that the Pension Board was content with the process that had been followed.

### **AGREED: That the Pension Fund Committee notes the report and;**

- i) **Considers and approves the revised Funding Strategy Statement to be implemented from 1 April 2023;**
- ii) **Considers and approves the revised Investment Strategy Statement to be implemented from 1 April 2023;**
- iii) **Considers and approves the Governance Compliance Statement including the Committee training records.**

### Good Governance

Damien Pantling introduced the report and stated that there were two key elements – the first being the 2023/2024 Business Plan and budget, which was the first time the Fund had formally set a proper revenue budget which was a significant step in the right direction. The second was the conclusion of the recent internal audit which had given the Fund a reasonable governance opinion which was a success given that only two years ago, the Fund was cited as having significant governance concerns.

Councillor Bond stated it was good to see the internal audit report published with very few actions.

Councillor Da Costa asked what the key assumptions included in the report were.

Damien Pantling stated that the medium-term plan was a plan in the conventional sense rather than a financial sense (i.e., it was not the MTFs you see on the general fund), which

focused on medium-term goals. There were a lot of detailed assumptions that went into the budget, with a lot of the assumptions that were dealt with piece-by-piece being reviewed and approved by the Committee.

**AGREED: That the Pension Fund Committee notes the report and;**

- i) Approves the 2023/24 Business Plan attached at Appendix 1, including the annual budget and medium term plan;**
- ii) Delegates authority to the Head of Fund to approve expenditure within the controllable budget envelope; and**
- iii) Notes the contents of the internal audit report and approves the relevant Internal Audit actions.**

### Administration Report

Philip Boyton, Pension Administration Manager, introduced the report and stated that the contents were based on Q4 of the 2022 calendar year. The report had been discussed at the Committee pre-meeting and noted by the Pension Board earlier that day.

The Chair commented that the team appeared to be doing a great job and congratulated them on their hard work.

Alan Cross stated that more work was needed with the academy school sector to improve their performance of returning monthly data, but this was being actively worked on.

Philip Boyton confirmed that this had been raised as a concern with scheme employers. A common theme among scheme employers was that they shared third-party payroll providers which was the cause of the concern. The team have been working with scheme employers to improve the performance of third-party payroll providers. It is anticipated the issue will be solved for the next quarter.

Councillor Da Costa asked if there were any actions arising from the EQIA completed for this report.

Damien Pantling stated that by law, the council had to consider groups with protected characteristics as part of any decision that any local authority made. The process involved an initial assessment of whether any further consideration was needed for a report, and if this was the case, further considerations would be looked at. With any decision brought to the Committee, generally speaking there was no need to further consider these protected characteristics.

Councillor Da Costa asked how many outstanding cases there were, and how long these had lasted.

Philip Boyton stated that daily workflow was monitored through the Pension and Payroll Administration System which led to a good understanding of where each team member was with their workload. The average caseload per team member was around 70-80 outstanding tasks, but as the KPIs in the report indicated, the team were working well within the pre-defined SLAs.

Kevin Taylor, Pension Services Manager, added that the Administration Team of about 20 staff members were dealing with more than 70,000 scheme member records. There would always be cases that were difficult to resolve but they would be at the forefront and communications would be had with the involved parties to keep the work flowing. Additionally, the team had no actual backlogs of work and everything was in the process of being worked on. Finally, there was a proposal in consultation to adopt statutory KPIs across all local



authority Pension Funds which, once in place, would enable easier comparison against other local authority Pension Funds.

**AGREED: That the Pension Fund Committee notes the report and;**

- i) Notes all areas of governance and administration as reported;**
- ii) Notes all key performance indicators; and**
- iii) Approves publication of the quarterly Administration report on the Pension Fund website.**

### Responsible Investment Update

Damien Pantling introduced the report and stated that three of the appendices were the usual appendices provided with this report, with the addition of LPPI's roadmap to net-zero. It was worth noting that a lot of information on responsible investment was published in comparison to the average LGPS Fund which was positive progress.

Councillor Da Costa asked when further correlation between the dashboard and the current RI policy could be worked on.

Damien Pantling stated that the RI policy was approved in October 2022, and it would be good to arrange a working group around mid to end-summer 2023 to ensure that the document was fit for purpose. With regards to implementation, asset management was outsourced to LPPI. Damien Pantling asked this question at the Committee pre-meeting and was informed that LPPI looked in detail at the Fund's priorities and ensured that these were pulled out and covered in its reporting.

Alan Cross welcomed the LPPI's roadmap to net-zero.

Councillor Bond added that it was positive to see an increase in green investment.

**AGREED: That the Pension Fund Committee notes the report and;**

- i) Approves the Fund's RI dashboard, RI report, active engagement report and achievement of associated outcomes for publication; and**
- ii) Acknowledges LPPI's net-zero interim targets as published in its roadmap to net-zero.**

### 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 4.00 pm, finished at 6.20 pm

Chair.....

Date.....

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# Agenda Item 9

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

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