

Title: Investment Governance
Contains Confidential or Exempt Information?: <i>NO - Part</i>
Member reporting: Councillor Lenton, Chairman Berkshire Pension Fund and Pension Fund Advisory Panels
Meeting and Date: Berkshire Pension Fund and Pension Fund Advisory Panels - 16 January 2017
Responsible Officer(s): Nick Greenwood, Pension Fund Manager
Wards affected: None

REPORT SUMMARY

1. This paper requests Panel to reaffirm the scheme of delegation approved on 11 April 2016.

1. DETAILS OF RECOMMENDATION(S)

RECOMMENDATION: That Panel notes the report and:

- i. confirms the scheme of delegation set out in Annex 1

2. REASON(S) FOR RECOMMENDATION(S) AND OPTIONS CONSIDERED

2.1 At its meeting on 11 April 2016 Panel approved the scheme of delegation as set out in Annex 1. The Borough's Constitution sub-committee has requested Panel to confirm the scheme due to a formatting error which created uncertainty as to whom some specific powers had been delegated.

Table 1: Option Analysis

Option	Comments
Approve Delegated Powers as per Annex 1	Recommended
Do not approve delegated powers	Not recommended

3. KEY IMPLICATIONS

3.1 This scheme of delegation codifies how investment decisions are made and enables a clear audit trail to be established.

4. FINANCIAL DETAILS / VALUE FOR MONEY

4.1 None

5. LEGAL IMPLICATIONS

5.1 None

6. RISK MANAGEMENT

6.1

Table 2: Risk Analysis

Risks	Uncontrolled Risk	Controls	Controlled Risk
No delegated authorities	Medium	Confirm delegated authorities	Low

7. POTENTIAL IMPACTS

7.1 None

8. CONSULTATION

8.1 Berkshire Pension Fund and Pension Fund Advisory Panels 11 April 2016

9. TIMETABLE FOR IMPLEMENTATION

9.1 Immediate

10. APPENDICES

10.1 Annex 1 – Delegated Powers

11. BACKGROUND DOCUMENTS

11.1 Berkshire Pension Fund and Pension Fund Advisory Panel, Investment Governance, 11 April 2016

12. CONSULTATION (MANDATORY)

Berkshire Pension Fund and Pension Fund Advisory Panels

Annex 1 – Delegated Powers

Delegator	Delegated Authority	Delegatee	Rationale
RBWM	Set Investment Strategy including asset classes and upper limits for investment in those asset classes (required from 1 April 2017 via the Investment Strategy Statement).	Pension Fund Panel	Prerogative of the administering authority which has delegated this to the Pension Fund Panel
RBWM	Award contracts with a value exceeding £50,000 including investment management agreements*		Prerogative of the administering authority which has delegated this to the Pension Fund Panel
Pension Fund Panel	Recommend changes to the Investment Strategy	Investment Working Group	A natural function of the IWG; approval of changes will still require Panel approval.
Pension Fund Panel	Set and change asset allocation		Asset allocation is a “by-product” of investment strategy and should be reviewed regularly. IWG was created to periodically review asset allocation and to review investments
Pension Fund Panel	Review investment opportunities/new managers and authorise Officers to make such investments if they comply with the agreed Investment Strategy and do not involve the award of an investment management agreement. There will be a limit of the higher of £50 million or 3% of the net asset value of the Fund as published in the Fund’s latest Financial Statements for any single or series of investments in any one asset class with any single manager.		IWG was created to review investments including new investments. Delegating this function to IWG will allow Panel to focus on the overall stewardship of the Fund.
Pension Fund Panel	Terminate mandates/ redeem holdings in pooled funds and Limited Partnerships		Delegating this function to IWG will allow Panel to focus on the overall stewardship of the Fund.

Pension Fund Panel	Undertake due diligence on new investments/managers including utilising external resources (e.g. legal assistance) as necessary	Officers	Day to day management of the Fund.
Pension Fund Panel	Complete documentation for making investments		
Pension Fund Panel	Make “capital actions**” decisions where the Capital value of such a decision does not exceed 0.5% (£8.5 million) of the Fund’s assets. Such decisions to include changes to the Absolute Return Portfolio, capital actions for listed equities, co-investment opportunities in private equity, reinvestment of income and capital proceeds from existing investments.		
Pension Fund Panel	Any additional actions that may be required to ensure efficient implementation of the investment strategy or for the efficient management of the Fund. Approval for such actions to be sought from the Chairman or Vice Chairman of the Pension Fund Panel prior to execution.		
Pension Fund Panel	Emergency action to terminate a mandate, redeem a pooled holding or reduce exposure to one or more asset classes and to take any other action necessary to secure/recover Pension Fund Assets	Chairman and Vice Chairman of the Pension Fund Panel or Leader and Lead member of Finance or two strategic directors of RBWM	Constitutional power to protect the fund in times of financial stress.

* An Investment Management Agreement is a contract between a fund manager and the administering authority to manage a pool of assets for the pension fund.

** For the avoidance of doubt “Capital Actions” refers to actions required to ensure the efficient management of the Fund’s assets and does not enable Officers to make investments not previously approved by IWG or Panel