

BERKSHIRE PENSION FUND PANEL

MONDAY, 16 JANUARY 2017

PRESENT: Councillors Lenton (Chairman), Hill, Collins, Rankin and Hilton.

ADVISORY MEMBERS: Cllr Law, Cllr Usmani, Cllr Stanton, Mr Ralfs and Mr Butcher.

OFFICERS: Mr Greenwood, Mr Taylor, Mr Pardo, Mr Stubbs and Mr Cook.

APOLOGIES

Apologies for absence were received from Cllr Worrall, Sue Nicholls, Mr Erilymaz and Mr Dhingra.

DECLARATIONS OF INTEREST

The Pension Fund Manager declared an interest in items 14 and 15..

There were no other declarations of interest received.

MINUTES

The Part I minutes of the meeting held on 7th November 2016 were approved as a true and correct record subject to 'if' being added before 'however these were Insufficient' on page 11.

ATTENDANCE OF PENSION BOARD CHAIR

The Panel were requested to agree to the attendance of the Berkshire Pension Board Chairman at Part II meetings of the Berkshire Pension Fund Panel.

Resolved unanimously: that the Panel notes the report and:

i) Agrees to the attendance of the Chair of the Berkshire Pension Board at Part II meetings of the Berkshire Pension Fund and Pension Fund Advisory Panels.

ADVISORY PANEL APPLICATIONS

The Panel considered the report regarding two applications received to be members on the Berkshire Pension Fund Advisory Panel.

The Panel were informed that following the transfer out of the Thames Valley Probation Trust to the Greater Manchester Pension Fund it was agreed that the composition of the Advisory Panel should be amended so that three non-unitary authority employer representatives could sit on the Advisory Panel. It had been agreed that due to the number of scheme members from academies it would be appropriate to invite a scheme member from the overall academy membership to sit on the Advisory Panel.

John Ralfs attended the meeting and informed the Panel that he currently worked for the Langley Academy Trust where he was responsible for finance, facilities, ICT and health and safety.

Mark Butcher attended the meeting and informed the Panel that he was a deferred member and that he was experienced with attending similar panel meetings as a representative of UWL during 2008-10. He had also been a member of the Investment Panel advising the

Royal Borough of Kingston Pension Fund during 2014 and 2015. Mr Butcher was a qualified accountant.

Both applicants CV's were noted under confidential meeting, Part II.

Resolved unanimously: that the Panel notes the applications and approved the appointment of Mr Ralfs and Mr Butcher to the Berkshire Pension Fund Advisory Panel.

INTERNAL AUDIT REPORT

The Panel considered the report that provided members' a with n update on the Internal Audit Report commissioned by the Berkshire Pension Board to determine whether RBWM as the Administering Authority of the Berkshire Pension Fund was compliant with The Pension Regulator's Code of Practice No.14 concerning Governance and Administration of Public Service Pension Schemes.

The Panel were informed that an audit opinion of substantially complete and generally effective (2nd highest Audit opinion) was received. The Administration of the Fund was compliant with Code of Practice 14 and most of the actions highlighted in the audit were resolved, an amended action plan had been attached to the report.

Cllr Stanton felt that page 26 paragraph 2.3 of the agenda where the audit mentioned 20 concerns gave the wrong impression of a good audit return.

It was noted that the Fund was also audited by KPMG as part of the Council's external audit of accounts.

Resolved unanimously: that the Panel note the Internal Audit Report on compliance with the Pensions Regulator Code of Practice 14.

INVESTMENT GOVERNANCE

The Panel were informed that at its meeting on 11 April 2016 the Panel approved the scheme of delegation as set out in Annex 1. The Borough's Constitution sub committee had requested that the Panel confirm the scheme of delegation due to a formatting error that had been amended to show that on agenda page 37 the top four actions had been delegated to officers.

With regards to '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' the Panel requested that the delegated actions be amended to say that the Berkshire Pension Panel Chairman should be the first consultee and if not available that at least one Member should be consulted.

Resolved unanimously: that the Panel confirms the scheme of delegation set out in Annex 1 and as amended above that the Scheme of Delegation Emergency power was delegated to "the Chairman or in his absence the Vice Chairman plus one of the other delegates".

STEWARDSHIP REPORT

The Panel considered the latest Stewardship Report that provided an update of stewardship of the Pension Fund for the period 1 July 2016 to 30 September 2016 (pages 7 to 9 updated to 31 October 2016).

The Panel were informed that agenda page 39 provided a list of Key Financial Indicators and that page 40 had been left blank pending the arrival of the actuary report.

Cllr Law mentioned that the West Berkshire finance team had raised concern that we were anticipating increased employer contributions but confirmation would not be in time for the budget build. The Panel were informed that the Heads of Finance had already been provided with the predicted numbers.

Cllr Stanton asked if there was any indication of the increase and was informed that this would be around 14.5 % contribution rate but the question was how quick this should be implemented. For Local Authorities there was an expected 6 or 7 % increase to cover past deficits. The Chairman requested that a draft report be circulated to the Panel as soon as possible.

Cllr Law asked how the increases could be staggered over years and was informed that there could be a straight increase, an increase over 3 years or over 6 years. Local authorities had been consulted and two favoured 3 years whilst two favoured 6 years.

Cllr Stanton asked if the increase would apply to all admitted bodies and was informed that all except new admitted bodies.

The Panel were informed that on agenda page 45 an extra column had been added to show 12 month currency returns in US Dollars due to the drop in sterling post Brexit.

In response to further questions the Panel were informed that the value of the Fund would be slightly lower in US dollars and that academies now had the majority of employers whilst local authorities had the most scheme members.

With regards to I-Connect it was noted that Reading BC had approved implementation whilst West Berkshire had taken a step backwards. It was confirmed that I-Connect would work with academy systems and that when RBWM implemented I-Connect 12 academies installed the system.

Resolved unanimously: that the Panel notes the report and:

- **The investment performance and asset allocation of the Fund**
- **All areas of governance and administration as reported**
- **All key performance indicators**

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 following items 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 6.00 pm

CHAIRMAN.....

DATE.....