

BERKSHIRE PENSION FUND BOARD

3 AUGUST 2015

PRESENT: Howard Pearce (Chairman), Alan Cross (Scheme Employer Representative), Alan Nash (Scheme Employer Representative), Billy Webster (Scheme Employer Representative), Surjit Nagra (Scheme Employer Representative - Substitute), Inderpal Dhak (Scheme Member Representative), Tony Pettitt (Scheme Member Representative).

Also Present: Councillor Simon Dudley and Councillor John Lenton.

Officers: Tanya Leftwich and Kevin Taylor.

PART I

01/15 APOLOGIES FOR ABSENCE

Apologies for absence were received from Andy Walker (Scheme Employer Representative), Terry Baldwin (Scheme Employer Representative – Substitute) and Peter Southwell (Scheme Member Representative).

02/15 INTRODUCTIONS & DECLARATIONS OF INTEREST

The Deputy Pension Fund Manager, Kevin Taylor, welcomed everyone to the first meeting of the Berkshire Pension Board and asked everyone to introduce themselves.

It was announced that the meeting was being recorded for internal purposes only.

Tony Pettitt declared an interest in recovery plans and financial matters if they were covered in the agenda.

03/15 FORMAL APPOINTMENT OF CHAIR AND SCHEME EMPLOYER / SCHEME MEMBER REPRESENTATIVES

The Deputy Pension Fund Manager referred everyone present to pages 7-9 of the agenda and explained that in order to improve the effectiveness of the Berkshire Pension Board, the Royal Borough of Windsor & Maidenhead as the administering authority to the Royal County of Berkshire Fund had decided to have a non-voting Independent Chairman of the Pension Board. It was noted that this position would use their expert advice to lead and assist the Board.

The Deputy Pension Fund Manager explained that due process had been followed and that a preferred candidate, Howard Pearce, had been identified and recommended to the Pension Fund Panel and that Howard had been formally appointed at the meeting on the 24 March 2015. It was noted that the appointment was subject to the passing of a motion by members of the Pension Board confirming the appointment of Howard Pearce to the position of Independent Chairman.

The Deputy Pension Fund Manager welcomed the two Councillors present who were attending as observers. It was noted that as a public meeting the press could attend if they so wished.

Howard Pearce informed everyone present that he had been the Fund Manager for the Environment Agency Pension Fund and a member of the National LGPS policy group until 2013. It was noted that since Howard Pearce had retired he had undertaken a range of non-executive roles and a piece of advisory work for the Shadow Scheme Advisory Board. It was noted that Howard Pearce is a member of the LGPS and is in receipt of a pension from The Environment Agency Pension Fund.

RESOLVED UNANIMOUSLY: That the Pension Board approved the appointment of Howard Pearce as Independent Chairman of the Berkshire Pension Board.

04/15 ADOPTION OF TERMS OF REFERENCE

The Deputy Pension Fund Manager referred everyone present to pages 11-24 of the agenda and explained that the purpose of the report was to request the Board to adopt the Terms of Reference previously approved by the Berkshire Pension Fund Panel of the Royal Borough of Windsor & Maidenhead in its capacity as Administering Authority to the Royal County of Berkshire Pension Fund.

The Chairman informed everyone present that the Pension Board was to be a critical friend of the Berkshire Pension Fund Panel.

The Deputy Pension Fund Manager explained that this Board was one of 89 new Boards around the country and would be an evolutionary journey. It was noted that the Berkshire Pension Board wanted to add value in addition to the Berkshire Pension Fund Panel.

The Pension Board went through the Terms of Reference for Pension Board Members page by page and made the following comments:

- It was confirmed by the Chairman that the statement of purpose was very important.
- It was confirmed that the term of office was initially for twelve months, followed by a review and a possible extension. It was noted that the Deputy Pension Fund Manager would check what the official start date was, whether it was the 1 August or the 1 April.
- It was noted that it had not been the intention to have substitute members on the Board but that the Berkshire Leaders had agreed that all 6 Unitary Authorities should be represented and that the 6 Authorities should be twinned. It was agreed that an observer could be asked to attend the meeting.
- That a meeting would only be quorate when at least 50% of both Scheme member and Scheme employer representatives were present. It was noted that for actions to be agreed the Chairman must be in attendance. The Deputy Pension Fund Manager agreed to re-write the Quorum section of the

terms of reference to make it clearer that at least one scheme member and one scheme employer representative should always be present.

- It was confirmed that with regard to Board Administration whilst the terms of reference stated that draft minutes would be circulated within 5 working days after the meeting it would be within 15 working days with the hope of 10 working days if possible.
- That the first sentence under Section 19: Public access to Pension Board meetings and information read 'The Pension Board meetings will be open to the general public.....'
- It was confirmed that the Monitoring Officer was Sean O'Connor (Shared Legal Services).
- That the list of core functions (Section 23) would need to be prioritised.
- That the first sentence under Section 24: Review of Terms of Reference read 'These Terms of Reference shall be reviewed on each material change to those parts of the Regulations or guidance covering local Pension Boards.....'
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The Chairman requested sight of the amended Terms of Reference so it could be signed off at the next meeting.

The Deputy Pension Fund Manager informed everyone present that he would send an updated document showing track changes round in advance of the next meeting.

RESOLVED UNANIMOUSLY: That the Pension Board adopt the Terms of Reference subject to the amendments discussed being made and the updated version will be circulated to PB members for sign off at the next meeting.

05/15 ADOPTION OF CODE OF CONDUCT AND CONFLICTS OF INTEREST POLICY

The Deputy Pension Fund Manager referred everyone present to pages 25-41 of the agenda and explained that the purpose of the report was to request the Board to adopt the Code of Conduct and Conflicts of Interest Policy previously approved by the Berkshire Pension Fund Panel of the Royal Borough of Windsor and Maidenhead in its capacity as Administering Authority to the Royal County of Berkshire Pension Fund.

It was noted that the Berkshire Pension Board had to be established by 1 April 2015 in accordance with the requirements of the Public Service Pensions Act 2013 and the Local Government Pension Scheme Regulations 2013 (as amended).

It was noted that these documents were based on the Royal Borough's conflict of interest document and the Pension Regulator's guidance.

The Pension Board went through the documents page by page and made the following comments:

- It was confirmed that the documents listed under Section 3: Statutory Responsibilities of Board members were all available on the website (www.rbwm.gov.uk/berks-pension/) apart from the Pensions Handbook that could be published in sections once the sections had been agreed.

- That the second requirement under Section 7: Conflicts of Interest either be removed or tailored slightly to match the RBWM Councillors DPI wording.
- That the second point of guidance under Schedule B: Managing conflicts of interest be deleted.
- It was confirmed that Trade Union Membership should be declared.
- That the first and second paragraph under Share and related investments (Section 4: Definitions) be deleted.
- That the Declaration Form under Schedule C: Register of Board members' interests be issued formally and published to the website. It was agreed that a line to include Trade Union Membership be added to the Declaration Form.
- That the wording in the Non-profit organisation box of the Declaration Form be added to include a link to the Berkshire Pension Fund.

The Deputy Pension Fund Manager informed everyone present that he would send an updated document showing track changes round in advance of the next meeting.

RESOLVED UNANIMOUSLY: That the Pension Board adopt the Code of Conduct and Conflicts of Interest Policy subject to the changes listed above being made. It was agreed PB members would complete their declaration of interest prior to the next meeting.

06/15 THE ROLE OF THE PENSION BOARD

The Deputy Pension Fund Manager referred everyone present to pages 43-54 of the agenda and explained that the purpose of the report was to outline the role and purpose of the Pension Board for Members of the Board.

The Deputy Pension Fund Manager gave everyone a short induction presentation which covered the following areas:

- Pensions Legislative Framework.
- Impact of Enactments.
- Local Government Pension Scheme.
- Who's Who at National Level.
- Who's Who at Fund Level.
- Some facts and figures.
- Berkshire Pension Fund Panel.
- Berkshire Pension Fund Advisory Panel.
- Pension Fund Team.
- The Administering Authority should....
- What is the LGPS?
- Benefit Structure.
- Where did it all begin?
- Lord Hutton's report.
- PSPA2013.
- In generic terms.
- LGPS Regulations 2013 (as amended).
- The Berkshire PF Local Pension Board.
- Different legislation.
- The Role of the Pension Board.

- Other requirements.
- The remit of the Pension Board....
- The Pensions Regulator's Code of Practice.
- Deciding on enforcement action.
- Knowledge and Skills.
- Legal Requirements.
- Practical guidance.
- Knowledge and Understanding Required.
- Degree of Knowledge and Understanding.
- Be able to identify and challenge failure.
- Acquiring, Reviewing and Updating Knowledge and Understanding Required.
- Next Steps.
- Training Plan.
- TPR – online TKU.

In the ensuing discussion the following points were noted:

- There were 89 pension funds in England and Wales.
- That the contracted out nature of pension schemes would be abolished from April 2016.
- What was meant by knowledge was to have a 'working knowledge' for example knowing where to find information.
- Administering Authority / Scheme Manager referred to the Royal Borough of Windsor and Maidenhead.
- No active link into the SCT sub-group.
- 150-250 scheme employers managed by the Royal Borough of Windsor and Maidenhead.
- That the Berkshire Pension Fund Panel was made up of Royal Borough of Windsor and Maidenhead Councillors with voting rights and that the Berkshire Pension Fund Advisory Panel which met at the same time as the Berkshire Pension Fund Panel had a non-voting role.
- It was confirmed that the Pension Board would ensure the proper procedures were in place with regard to the tri-annual valuation process and could challenge the assumptions made but would have no direct involvement in the process. It was noted that legal advice could be sought if anyone was concerned they could have a conflict of interest.
- That a local decision had been made that Royal Borough of Windsor and Maidenhead Councillors would not be included on the Pension Board.
- It was questioned what would happen if a 50/50 occurred which the Deputy Pension Fund Manager agreed to give some thought to at a later date.
- That a handbook would be issued to each Pension Board member and that it was the individual's responsibility to assess themselves to ensure they could do the role.
- That the link between the Pension Board and the Pension Regulator was a developing one which could be tightened up as time went on.
- That the Deputy Pension Fund Manager would email everyone present a 'public service governance administration survey' to complete.
- That the Deputy Pension Fund Manager would distribute the slides electronically after the meeting.

(5 minute break)

The Deputy Pension Fund Manager showed everyone present the pension website which could be found at www.rbwm.gov.uk/berks-pension/. The Deputy Pension Fund Manager went on to remind everyone present to complete their brief biography that would be added to the pension website.

RESOLVED UNANIMOUSLY: That the Pension Board note the report and associated induction presentation.

07/15 ADOPTION OF TRAINING PLAN

The Deputy Pension Fund Manager referred everyone present to pages 55-72 of the agenda and explained that the purpose of the report was to outline the training requirements for Members of the Berkshire Pension Board.

The Deputy Pension Fund Manager introduced the report that asked the Berkshire Pension Board to agree a training policy and programme for full approval at the next meeting of the Board. It was recommended that Members of the Pension Board committed to completing the Pension Regulator's on-line Trustee Knowledge and Understanding (TKU) toolkit within the first six months of Board membership.

The Chairman suggested Members firstly identified their needs (via the needs analysis) and applied them to the training plan. The Deputy Pension Fund Manager agreed to circulate the training plan to Members electronically in a word document. It was requested that the needs analysis be completed by the end of August so it could go to the next Pension Board meeting.

It was agreed that the needs analysis and work plan needed to be aligned and the Deputy Pension Fund Manager was requested to add '#' against the key areas so they stood out. Upon receipt of the revised schedule PB members were requested to undertake their self-assessment and return to Deputy Pension Manager prior to next meeting

The Chairman urged everyone present to look at the separate tool kit in the private sector and to find time to do the on-line training within six months which would take a day in total to complete but could be broken down into seven bite size amounts.

RESOLVED UNANIMOUSLY: That the Pension Board considered the report and the proposed training framework and agreed a training policy and programme for full approval at the next meeting of the Board. Members of the Board committed to completing the Pension Regulator's on-line Trustee Knowledge and Understanding (TKU) toolkit within the first 6 months of Board membership.

08/15 ADOPTION OF BREACHES POLICY

The Deputy Pension Fund Manager referred everyone present to pages 73-96 of the agenda and explained that the purpose of the report was to outline the legal

requirement of Pension Board Members to report breaches of the law and for the Board to adopt a traffic light framework for recording breaches.

The Chairman confirmed that the person who would deal with any breaches would be the Monitoring Officer for the Royal Borough, Sean O'Connor although this would change depending on the nature of the breach. It was requested that only material breaches be reported.

It was requested that the Deputy Pension Fund Manager investigate the escalation route for clarity and who the designated person / people would be in the first instance of a breach being reported.

It was suggested that some documents could be agreed virtually rather than having to wait for the next meeting. The Deputy Pension Fund Manager agreed to send all revised documents to Members electronically and if need be add them to the next agenda. The Chairman stated that there needed to be a balance between email traffic and meeting face to face to allow full discussions to take place.

RESOLVED UNANIMOUSLY: That the Pension Board:

- a) Consider the guide to reporting breaches of the law and;**
- b) Adopt a traffic light framework for recording breaches;**
- c) Discuss an appropriate procedure to implement this at its next meeting**

09/15 BERKSHIRE PENSION FUND BUSINESS PLAN 2015-16 AND MEDIUM-TERM STRATEGY 2016/2019

The Deputy Pension Fund Manager referred everyone present to pages 97-116 of the agenda and explained that the purpose of the report was to bring to Members of the Pension Board the Pension Fund's Business Plan for 2015-16 and Medium-Term strategy for 2016/2019 as agreed by the Pension Fund Panel at its meeting on the 13 July 2015.

It was note that existing KPI's for administration only were included and not the performance of the Board.

The Deputy Pension Fund Manager confirmed that the business plan would last twelve months from the 13 July 2015.

The Chairman explained that the Board would be consulted on the draft business plan in the future.

RESOLVED UNANIMOUSLY: That the Pension Board note the Fund Business Plan and agreed it would need to align its own future work plan to this where appropriate.

10/15 WORK PLAN 2015-16

The Deputy Pension Fund Manager referred everyone present to pages 117-120 of the agenda and explained that the purpose of the report was to outline the need for

a Work Plan for the Berkshire Pension Board and to initiate discussions on the areas of work that could be covered over the next twelve months.

It was noted that key areas and timescales needed to be identified that could be dealt with over the next few meetings. The Chairman suggested that the work plan be circulated before the next meeting and a draft formulated by himself and the Deputy Pension Fund Manager to be brought to the next meeting.

It was noted that some of the items would need to be done on an annual or tri-annual basis and that it would be helpful to have these plotted as standing items on the work plan.

It was requested that the minutes from the Berkshire Pension Fund Advisory Panel be circulated to the Pension Board so they could be commented on.

PB members suggested the following items might be relevant – risk register, internal and external audit reports, changes to fund strategy policy and procedures, new legal requirements and compliance, disputes and communications

It was suggested that areas of interest for the work plan be highlighted to the Chairman and Deputy Pension Fund Manager.

RESOLVED UNANIMOUSLY: That the Pension Board consider the report with a view to developing and publishing a rolling work plan for the next twelve months for consideration at its next meeting.

11/15 REVIEW OF BERKSHIRE PENSION FUND PANEL MEETING OF 13 JULY 2015 INCLUDING STEWARDSHIP REPORT

The Deputy Pension Fund Manager referred everyone present to pages 121-214 of the agenda and explained that the purpose of the report was to bring the Pension Board the papers and draft minutes from the last meeting of the Berkshire Pension Fund Panel and Pension Fund Advisory Panel.

It was noted that in future Part II (private and confidential) documents be printed on green paper and be electronically password protected.

It was noted that an updated Stewardship report would be brought in isolation to a future meeting.

RESOLVED UNANIMOUSLY: That the Pension Board review the Panel papers and suggest recommendations to take to the next meeting of the Berkshire Pension Fund Panel and Pension Advisory Panel.

12/15 COMPLIANCE WITH THE PENSIONS REGULATOR'S CODE OF PRACTICE

The Deputy Pension Fund Manager referred everyone present to pages 215-217 of the agenda and explained that the purpose of the report was to bring to the Pension Board the requirement to secure compliance with the Pension Regulator's Code of Practice No.14, 'Governance and administration of public service pension schemes'.

It was noted that the Deputy Pension Fund Manager had included some work in the handbook Members were yet to see which he would circulate to everyone present in due course.

The Chairman stated that he would like to cover this as a training item at the next meeting as he believed it to be a primary piece of guidance along with anything else that was felt to be a priority.

RESOLVED UNANIMOUSLY: That the Pension Board would receive training upon and then use the Pensions Regulator's Code of Practice No.14 as a source of reference to inform their actions in four core areas of scheme governance an administration: governing your scheme, managing risk, administration and resolving issues.

13/15 A.O.B.

Councillor Lenton informed the Deputy Pension Fund Manager that the Board appreciated the work and time he had put into the Pension Board, which was echoed by the Chairman and Members present.

14/15 DATES OF FUTURE MEETINGS AND AOB

It was suggested that it would be helpful to hold the Pension Board meetings three weeks after the Berkshire Pension Fund Panel meetings and it was advised that future meeting dates be held mid-end of November, mid February and at the end of April. It was noted that the Deputy Pension Fund Manager would send out proposed dates in due course.

15/15 MEETING

The meeting which started at 10.00am finished at 1.00pm.