

Report for INFORMATION
Item Number: 5



Contains Confidential or Exempt Information	NO - Part I
Title	Review of Pension Fund Panel Papers and Minutes from 26 October 2015 meeting
Responsible Officer(s)	Kevin Taylor
Contact officer, job title and phone number	Kevin Taylor Deputy Pension Fund Manager 01628 796715
Member reporting	n/a
For Consideration By	Berkshire Pension Fund Board
Date to be Considered	26 November 2015
Implementation Date if Not Called In	n/a
Affected Wards	None
Keywords/Index	Pension Board

Report Summary

The purpose of this report is to bring to the Pension Board the papers and minutes from the last meeting of the Berkshire Pension Fund Panel and Pension Fund Advisory Panel.

If recommendations are adopted, how will residents, fund members and other stakeholders benefit?

Benefits to residents, fund members and other stakeholders and reasons why they will benefit	Dates by which they can expect to notice a difference
1. Better governance and administration of the Pension Fund	Ongoing

1. Details of Recommendations

Members of the Pension Board are required to review Pension Fund Panel papers and minutes in its role to assist the Scheme Manager in securing compliance with the Scheme Regulations, associated legislation and the requirements imposed by the Pensions Regulator.

RECOMMENDATION: That the Berkshire Pension Board review the attached panel papers and consider any recommendations to take to the next meeting of the Berkshire Pension Fund Panel and Pension Fund Advisory Panel.

2. Reason for Recommendation(s) and Options Considered

The Pension Board has a duty to assist the Administering Authority in securing compliance with all governance and administration issues.

3. Key Implications

Failure to fulfil the role and purpose of the Pension Board could lead to the Pension Fund and the Administering being open to challenge and intervention by the Pensions Regulator.

4. Financial Details

Not applicable.

5. Legal Implications

None.

6. Value For Money

Not relevant.

7. Sustainability Impact Appraisal

There are no known implications.

8. Risk Management

None.

9. Links to Strategic Objectives

Linked to strategic objectives of the Pension Fund in accordance with overriding pension scheme regulations.

10. Equalities, Human Rights and Community Cohesion

There are no known implications.

11. Staffing/Workforce and Accommodation implications:

None.

12. Property and Assets

None.

13. Any other implications:

None.

14. Consultation

Not applicable.

15. Timetable for Implementation

Not applicable.

16. Appendices

None.

17. Background Information

Berkshire Pension Fund Panel and Pension Fund Advisory Panel papers and minutes from 26th October 2015.

Full name of report author	Job title	Full contact no:
Kevin Taylor	Deputy Pension Fund Manager	01628 796715

Karen Taylor



NOTICE OF MEETING

BERKSHIRE PENSION FUND PANEL

will meet on

MONDAY 26 OCTOBER 2015

at

4.00PM

In

COUNCIL CHAMBER, TOWN HALL, MAIDENHEAD

TO: MEMBERS OF THE BERKSHIRE PENSION FUND PANEL AND ADVISORY PANEL

COUNCILLORS JOHN LENTON (CHAIRMAN), DAVID HILTON (VICE CHAIRMAN), PHILIP LOVE, GEOFF HILL AND ONE VACANCY (RBWM).

COUNCILLORS TICKNER (READING BOROUGH COUNCIL), BROOKER (SLOUGH BOROUGH COUNCIL), STANTON (WOKINGHAM), WORRALL (BRACKNELL FOREST BOROUGH COUNCIL), LAW (WEST BERKSHIRE COUNCIL), SUE NICHOLLS (UNISON), DONNA DOWLING (GMB), PATRICK FULLER (UNIVERSITY OF WEST LONDON).

Karen Shepherd - Democratic Services Manager
Issued: 13 October 2015

Members of the Press and Public are welcome to attend Part I of this meeting.

The agenda is available on the Council's web site at www.rbwm.gov.uk or contact the Panel Administrator **David Cook** (01628) 796560

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AGENDA

PART I

<u>ITEM</u>	<u>SUBJECT</u>	<u>PAGE NO</u>
1	<u>APOLOGIES FOR ABSENCE</u> To receive any apologies for absence	-
2	<u>DECLARATIONS OF INTEREST</u> To receive any declarations of interest.	-
3	<u>MINUTES</u> To confirm the two Part I Minutes of the meetings held on 13 July 2015.	i
4	<u>PENSION BOARD MINUTES</u> To note the draft minutes of the Pension Board held on 3 August 2015.	1
5	<u>LGPS INVESTMENT POOLING</u> To consider the report.	10
6	<u>MEMBER TRAINING</u> To consider the report.	17
7	<u>STEWARDSHIP REPORT</u> To consider the report.	21
8	<u>APPROVAL OF PENSION FUND ANNUAL REPORT AND ACCOUNTS 2014/15</u> To consider the report.	40
9	<u>DATES OF FUTURE MEETINGS</u> <ul style="list-style-type: none">• 18th January 2016• 11th April 2016	-
10	<u>LOCAL GOVERNMENT ACT 1972 - EXCLUSION OF THE PUBLIC</u> 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 items 8-15 on the grounds that they involve the likely disclosure of exempt information as defined in Paragraph 3 of part I of Schedule 12A of the Act"	-

AGENDA

PRIVATE MEETING - PART II

<u>ITEM</u>	<u>SUBJECT</u>	<u>PAGE NO</u>
11	<u>MINUTES</u> To confirm the Part II Minutes of the meeting held on 13 July 2015.	v
12	<u>INVESTMENT WORKING GROUP MINUTES</u> To consider the minutes.	43

MEMBERS' GUIDANCE NOTE

DECLARING INTERESTS IN MEETINGS

DISCLOSABLE PECUNIARY INTERESTS (DPIs)

The Localism Act 2011 makes failure by members to comply with the regulations in respect of disclosable pecuniary interests (DPIs), without reasonable excuse, a criminal offence.

DPIs include:

- Any employment, office, trade, profession or vocation carried on for profit or gain.
- Any payment or provision of any other financial benefit made in respect of any expenses occurred in carrying out member duties or 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 relevant authority.
- Any license to occupy land in the area of the relevant authority for a month or longer.
- Any tenancy where the landlord is the relevant authority, and the tenant is a body in which the relevant person has a beneficial interest.
- Any beneficial interest in securities of a body where
 - a) that body has a piece of business or land in the area of the relevant authority, 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.

If you have not disclosed your interest in the register, you **must make** the declaration of interest at the beginning of the meeting, or as soon as you are aware that you have a DPI in the matter being discussed. If you have already disclosed the interest in your Register of Interest you are still required to disclose this in the meeting. **A member with a DPI must not take part in discussion or vote at a meeting as this is a criminal offence.** The term 'discussion' has been taken to mean a discussion by the members of the committee or other body determining the issue. A member with a DPI **may make** representations at the start of the item if a member of the general public has a right to do so, but can not be part of the committee discussion. You should notify Democratic Services before the meeting of your intention to speak. In order to avoid any accusations of taking part in the discussion or vote, it is suggested that you leave the room or at least move to the public area, having made your representations.

If the interest declared has not been entered on to your Register of Interests, you must notify the Monitoring Officer in writing within the next 28 days following the meeting, as this is also a potential criminal offence if you do not do so.

OTHER INTERESTS

If the issue being discussed is not a DPI, but affects you more than another member of the public (either positively or negatively), or if you have a conflict of interest, then you should obtain advice from the Legal or Democratic Services Officer before participating in the meeting. You may not be able to take part in the committee discussion or vote, as this could invalidate the decision and have further legal consequences. You could still speak at the meeting if a member of the public has a right to speak on the subject.

If you have any queries in relation to the above, please seek further advice from the Monitoring Officer or Democratic Services.

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If you have any queries in relation to the above, please seek further advice from the Monitoring Officer or Democratic Services.

BERKSHIRE PENSION FUND PANEL AND ADVISORY PANEL

13 JULY 2015

PRESENT: Councillors Lenton (Chairman), Hilton (RBWM), Collins (RBWM), Love (RBWM), Tickner (Reading), Brooker (Slough Borough Council), Stanton (Wokingham), Worrall (Bracknell Forest) and Law (West Berks).

Independent Adviser to the Panel: John Nestor

Officers: Mr Greenwood, Mr Taylor, Mr Brooker, Mr Pedro and Mr Cook.

PART I

69/14 APOLOGIES FOR ABSENCE

Apologies for absence were received from Cllr Hill (Cllr Collins attending as substitute) and Sue Nicholls.

70/14 DECLARATIONS OF INTEREST

John Nester, the independent advisor to the Panel, advised that he had previously worked with a partner in Astarte Capital Partners who had presented at the Investment Working Group.

71/14 MINUTES

RESOLVED UNANIMOUSLY: That the Part I minutes of the meeting of the Panel held on 24 March 2015 be approved.

72/14 RESIDENTIAL PROPERTY – UPDATE ON GLASSFORD HOUSE, ABANDON SCOTTISH LIMITED PARTNERSHIP

The Pension Fund Manager informed the Panel that the 70% purchase of Glassford House had been completed and that all the apartments had been leased.

The Panel were also informed that following the Scottish independence referendum and the possibility of tax raising powers for the Scottish Parliament it had been decided not to hold private rented residential investments in a Scottish Limited Partnership as the benefits would not outweigh any costs incurred.

RESOLVED UNANIMOUSLY: That Panel note:

- i. **The purchase of a 70% interest in Glassford House for £5.7 million had been completed**
- ii. **The Fund had advised the Royal Borough that it would not request the Council to create a Scottish Limited Partnership to hold its residential property interests.**

73/14 PENSION FUND PANEL WORKING GROUPS

The Chairman of the Pension Fund introduced the report that informed of the three working groups of the Pension Fund Panel and recommended that the terms of reference be re-affirmed.

The Panel were informed that the three working groups were:

- The Investment Working Group that currently had one vacancy.
- The Liability Working Group that has at least one vacancy.
- The Covenant Assessment Working Group was only created in March 2015 and will meet on an ad-hoc basis when required to assess the strength of employers covenant, there were currently no members.

(Cllr Tickner joined the meeting)

With regards to the Investment Working Group it was noted that Cllr Dudley would continue to attending meetings as portfolio holder for finance and Councillor Stanton agreed to fill the vacancy.

RESOLVED UNANIMOUSLY: That the:

- i. Panel reaffirmed the terms of reference of the three working groups.
- ii. Panel confirmed the membership of the working groups and that Councillor be appointed to the IWG.

74/14 BUSINESS PLAN 2015-16 AND MEDIUM TERM PLAN 2016-18

The Pension Fund Manager informed the Panel that the format of the business plan remained the same as last year but with the addition of a direction of travel and a review of last years performance.

The Panel were informed that the document also contained the Medium Term Plan that included objectives such as becoming the first LGPS pension fund with accreditation from the Pensions Administration Standards Association. With regards to the objective relating to the GMP obligations John Nestor recommended that policies should be in place for example to say what should be done for any overpayments.

In response to questions the Panel were informed that the outcomes from last year were contained at page 21 of the agenda and that the results from last years cash flow forecast was contained within the Stewardship Report. With regards to staff moral this was measured via the RBWM Staff Satisfaction Survey and that risks would be added to the Key Objectives section; although it was noted that with a 4% returns policy over time risk had to be accepted.

RESOLVED UNANIMOUSLY: That the Panel approves the Business Plan and Medium Term Strategy and that officers be authorised to publish it on the Fund's web-site.

75/14 STEWARDSHIP REPORT

The Deputy Pension Fund Manager introduced the report that dealt with the stewardship of the pension fund for the period to 31st May 2015. The style of the report had been changed to make it more visual and that the same report would also be presented to the Pension Board and published on the RBWM website for transparency.

The Panel were informed that section 1.1 of the report showed the pension funds key financial indicators, the 'un-smoothed' valuations showed the estimates.

In response to questions the Panel were informed that the 4% investment target was in real terms whilst the 7% was in nominal terms and that the list of 'Notices of unsatisfactory performance' was new to the report and showed the list of late notifications or late contributions from employers. It was also noted that a list of 'Leavers received within 10 days from end of month' was included within the report as employers had a statutory duty to report leavers within 10 days at the end of the month. It was agreed to change the title to make this clear.

RESOLVED UNANIMOUSLY: That Members of the Pension Fund and Pension Advisory Panel note:

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

76/14 MEMBER TRAINING

The Deputy Pension Fund Manager informed the Panel that there were requirements set out in the Public Service Pensions Act 2013 and associated LGPS regulations for 'trustees' to have the appropriate knowledge to fulfil their role. The report recommended that Members committed to attending a training session and to completing the Pension Regulators TKU toolkit for the public sector.

Cllr Hilton informed that he had completed the online training and it took about one day and that it would be useful to inform Members what the training covered.

It was noted that the Pension Board had to complete the training with 6 months; but there was no time restrictions on Panel Members. It was agreed that Members be sent a copy of the training handbook.

RESOLVED UNANIMOUSLY: That Members of the Pension Fund Panel and the Pension Fund Advisory Panel commit to attending a training session concerning the governance and administration of the LGPS on a mutually agreeable date and that Members undertake to complete the Pension Regulator's on-line Public Service Pensions toolkit.

77/14 DATES OF FUTURE MEETINGS

Future meeting dates were noted.

78/14 LOCAL GOVERNMENT ACT 1972 – EXCLUSION OF THE PUBLIC

RESOLVED: 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 items 5-8 on the grounds that they involve the likely disclosure of exempt information as defined in Paragraph 3 of part I of Schedule 12A of the Act.

ITEM 4 - 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.....'
-

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.

Report for: INFORMATION
Item Number: 5



Contains Confidential or Exempt Information	NO - Part I
Title	LGPS Investment Pooling
Responsible Officer(s)	Nick Greenwood
Contact officer, job title and phone number	Nick Greenwood Pension Fund Manager 01628 796701
Member reporting	n/a
For Consideration By	Berkshire Pension Fund and Pension Fund Advisory Panels
Date to be Considered	26 October 2015
Implementation Date if Not Called In	n/a
Affected Wards	None
Keywords/Index	LGPS Investment

<p>Report Summary</p> <p>i) This report advises members of forthcoming consultation on LGPS investment</p> <p>ii) It recommends that Officers are authorised to consult with a wide range of parties to draft a consultation response for review and approval by Panel and other stakeholders.</p> <p>iii) These recommendations are being made because doing nothing is not an option</p> <p>iv) If adopted, the key financial implications for the Fund are uncertain but should result in cost savings</p> <p>v) An additional point to note is that backstop legislation will be enacted forcing the Fund to join one or other of the pools created post the consultation.</p>

If recommendations are adopted, how will residents, fund members and other stakeholders benefit?	
Benefits to residents, fund members and other stakeholders and reasons why they will benefit	Dates by which they can expect to notice a difference
1. Pooling of LGPS funds will be mandatory with the clear objective of reducing costs	2017?

1. Details of Recommendations

RECOMMENDATION: That:

- I. Panel note this report
- II. Panel authorises Officers to consult with other LGPS funds, the Chairman and Vice Chairman of the Panel and other stakeholders to draft a response once the consultation is published.
- III. The draft response, when available, is circulated to Panel and Advisory Panel members and other stakeholders for their review and comments.

2. Reason for Recommendation(s) and Options Considered

In the recent Budget the Government announced that it would launch, in October 2015, consultation on the pooling of LGPS investments to achieve scheme wide cost savings. At the time of writing the consultation has not been launched (and it is not now expected until November 2015) but following discussions with the Department for Communities and Local Government and George Osborne's conference speech it appears that the consultation will call for proposals that:

- Offer scale – a figure of £30 billion per pool has been suggested as a minimum with the Chancellor suggesting the outcome will be 6 regional pools freeing up several billions (of pounds) to invest in UK Infrastructure
- Offer savings which must be demonstrated (but no quantum yet indicated) and achievable
- Addresses governance issues. The Government intend to stop manager hire/fire decisions being made at a local level but early suggestions are that individual funds will retain investment strategy and asset allocation decisions.

In addition it is likely that a focus will be placed on:

- Simplicity
- Speed of delivery of savings.

At this stage we have no idea to which pool Berkshire will be assigned, who will manage that pool, the degree of freedom that we will be permitted on asset allocation and investment strategy or whether there will be Central Government direction of investment strategy including mandatory Infrastructure investment.

The Government have indicated that they will make a further statement on investment pooling in the next Budget with arrangements in place and operating by May 2020. They will also monitor cost savings to ensure that they are achieved.

It is anticipated that the consultation will call for views on how the regional pools should be constituted and the role for administering authorities. Officers believe that they are 4 governance structures that could be considered as shown in the table below:

Structure	Advantages	Disadvantages	RBWM Role	"Berkshire" Role
Single Administering Authority	Easy to implement	Who selects the admin authority?	Would need to seek seat on admin	Hard to see an influencing role for other

	Internal or External Management Ability to transfer assets between managers	Criteria for selection Is there sufficient in-house expertise?	authority pension committee	employers
Mutually owned Investment Manager	Shared Services a familiar concept Internal or External Management Ability to transfer assets between managers	Requires FCA authorisation Requires capital (for regulatory purposes) Would all affected staff have to be TUPE'd in? Who appoints staff? Mutual would need to become admitted body Is there sufficient in-house expertise?	Potential for seat(s) on management board	Potential for seat(s) on management board
Appoint a single (large) investment house to manage pool	Could be appointed by reverse tender with proceeds used to defer admin authority costs of transfer Professional Management of all asset classes Easier to hold to account for poor cost control	Who appoints the manager? (Treasury/DCLG?) Sanctions for poor performance? Most (all?) assets managed by one firm Redundancy costs born by LGPS funds	Client of pool	One step away from being a client
Independent Pension Management Company created with Independent	Board appoints managers (internal or external)	Influence limited to appointing Board member(s) Where are staff drawn from?	Appointing Board members Client of pool	Consulted regarding Board appointments

Board	Board appointed by administering authorities Potential to use multiple managers to maintain competitive tension (costs and performance) Ability to move assets between managers	LGPS redundancy costs New model (but based on Swedish AP funds and Dutch models)		
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There will be many implications for investment strategy both at the local and at the regional level. If the LGPS remains a Defined Benefit system and open to accrual there will inevitably over time be a move towards common investment strategies; administering authorities will not be able to hire or fire individual managers and could quite quickly find they are restricted to a small number or even just one investment strategy.

In the short term Officers would expect the initial changes to the Berkshire Fund would be restricted to changes to our roster of liquid securities (i.e. listed equities and bonds) managers. Over time our roster of private fund managers (Infrastructure, Private Equity and Private Debt) will be changed completely. It is easily foreseeable that our exposure to less liquid strategies will be reduced as part of a drive to reduce costs.

In the longer term it would be no surprise to see administering authorities being restricted to a small number of asset mixes (all using the same underlying fund managers) of say growth (targeting say CPI +4%), de-risking (reducing exposure to volatile assets (i.e. equities) and replacing with bonds and cash-flow generative assets such as property and infrastructure) and an ultra-low risk option (entirely bonds) for closed employers and employers with short-term contracts from local authorities. Individual LGPS funds could easily allocate across these strategies as they wished.

It is clearly the Chancellor's intention that these pools will be substantial investors in UK infrastructure which whilst not defined in his speech has been referred to as "transport and housing" by more than one journalist (presumably as a result of a briefing). This may not be too much of a surprise given that much of the UK's infrastructure (electricity, water, gas, airports, ports, gas and electricity transmission networks, hospitals etc. are already in private hands or funded by the private sector). What will have to be addressed is how LGPS funds will be rewarded for their investment in the UK's remaining infrastructure (the M6 Toll Road has been a spectacular under-achiever). It has been suggested from some commentators that the Chancellor has merely expressed a desire for infrastructure investment and that there will be no compulsion on the regional pools to do so unless their investment objectives can be met. We shall have to wait and see.

The implications of pooling extend beyond the investment implications. The most pressing issue is how the Berkshire Pension Fund maintains any influence over the future of the Fund. The table above showing the potential pool structures shows that Officers anticipate an inevitable reduction of influence. If a single administering authority is appointed would it really be willing to grant voting rights to other administering authorities? If a single external manager is appointed it is difficult to see what influence Berkshire could have as it would be unlikely that there would be a mechanism for the Fund to vote with its feet and move to another pool. The two options that provide the best opportunities for influence are the mutually owned investment firm or the fully independent investment firm (which may have better credibility with the Treasury than a mutually owned firm). Again time will tell but in any consultation response we will have to carefully address how the Fund can maintain influence in any regional structure.

The current proposals are only for the pooling of LGPS funds' investments and whether they will develop to full merger of LGPS funds (and hence merging of liabilities) remains to be seen. Until such a merger occurs there will continue to be a role for the Pension Fund Panel albeit limited to receiving investment reports and overseeing the administration of the Fund. Potentially there could also be a role in the managing of liabilities.

Members will be aware that the Pensions Regulator has taken the view that both Panel and Advisory Panel members as well as Pension Board members should undertake the regulator's "trustee knowledge and understanding" modules on the regulator's web-site (this is discussed later in the agenda for this meeting). At this juncture it would appear, as noted above, that the Panel will continue to have a role in the management of the Fund and members will need to complete the regulator's modules.

Members are requested to note this report and authorise Officers to consult with other LGPS funds, the Chairman and Vice chairman of the Panel and other stakeholders to draft a response once the consultation is published.

Option	Comments
Do nothing	The Government will compel the Fund to join a pool or pools so doing nothing is not an option
Consult with other funds and stakeholders	Recommended as it assists in the Fund managing its own destiny.

3. Key Implications

What does success look like, how is it measured, what are the stretch targets?

Defined Outcomes	Unmet	Met	Exceeded	Significantly Exceeded	Date they should be delivered by
Reduce Investment costs by a yet to be determined amount	Investment costs not reduced or reduced with a negative impact on	Investment costs reduced without impact on investment returns	Investment costs reduced and investment returns increased	Investment costs reduced and investment returns significantly	Investment Pools are to be operational by May 2020

	returns			increased	
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4. Financial Details

Not applicable at this stage

5. Legal Implications

None at this stage but pooling will be enacted by legislation

6. Value For Money

The Government’s intention is to reduce investment management costs across the LGPS

7. Sustainability Impact Appraisal

The Government’s intention is that pooling will be a long term and sustainable way of managing LGPS investments.

8. Risk Management

At this stage limited but ultimately

Risks	Uncontrolled Risk	Controls	Controlled Risk
Pooled with dissimilar funds impacting negatively on investment strategy	Mandatory pooling leaving Fund with no choice over with whom it is pooled	Be involved with the creation of pools and selection of “partner” LGPS funds	Choice of pool results in Fund retaining full control over investment strategy and asset allocation.

9. Links to Strategic Objectives

None – compulsory pooling and removal of ability to select fund managers flies in the face of Localism and keeping decisions at a local level.

10. Equalities, Human Rights and Community Cohesion

Not applicable

11. Staffing/Workforce and Accommodation implications:

At this stage none but ultimately there will be an impact on staffing levels and accommodation needs.

12. Property and Assets

Assets will ultimately be managed with one or more pools and the Fund may not have any involvement in managing those assets.

13. Any other implications:

None at this stage

14. Consultation

Central Government consultation will be launched at which stage we will consult with stakeholders and other LGPS funds.

15. Timetable for Implementation

It is understood that consultation will commence in November 2015 with a Government statement on the outcome and way forward in the Budget 2016 and full implementation by May 2020.

16. Appendices

None

17. Background Information

Not yet applicable.

Report for: ACTION
Item Number: 6



Contains Confidential or Exempt Information	NO - Part I
Title	Member Training
Responsible Officer(s)	Nick Greenwood
Contact officer, job title and phone number	Kevin Taylor Deputy Pension Fund Manager 01628 796715
Member reporting	n/a
For Consideration By	Berkshire Pension Fund and Pension Fund Advisory Panels
Date to be Considered	26 October 2015
Implementation Date if Not Called In	n/a
Affected Wards	None
Keywords/Index	<i>Insert relevant key words</i>

<p>Report Summary</p> <ol style="list-style-type: none"> 1. This report follows on from a paper presented to Panel on 13 July 2015 concerning the requirements set out in the Public Service Pensions Act 2013 and associated LGPS regulations for 'trustees' to have the appropriate knowledge and skills required to fulfil the role of Scheme Manager 2. That paper recommended that Members commit to attending a training session on the governance and administration of the LGPS (in addition to completing the Pension Regulator's TKU (Training Knowledge and Understanding) toolkit) and Members requested that an agenda be circulated for their consideration. 3. This paper sets out that agenda.
--

If recommendations are adopted, how will residents, fund members and other stakeholders benefit?	
Benefits to residents, fund members and other stakeholders and reasons why they will benefit	Dates by which they can expect to notice a difference
Efficient management of the Pension Fund enhances the reputation of the Royal Borough as the administering authority for the Fund.	On-going

1. Details of Recommendations

RECOMMENDATION: That Panel considers the training agenda at annex 1 to this paper and Members agree a mutually agreeable date to attend a training session.

2. Reason for Recommendation(s) and Options Considered

The regulations surrounding the governance and administration of the LGPS (as opposed to the investment regulations) have changed significantly in recent months.

The Pensions Act 2004 introduced a minimum level of knowledge and understanding required by Trustees of Private Sector Pension Schemes and the Public Sector Pensions Act 2013 now places a requirement on 'Trustees' of Public Service Pension Schemes, such as the LGPS, to meet certain levels of knowledge and understanding. In addition to The Pensions Regulator's on-line toolkit further training and guidance on governance and administration issues should be considered.

3. Key Implications

Decisions not taken in line with statutory regulation.

4. Financial Details

None

5. Legal Implications

Without the appropriate knowledge and understanding of scheme regulations the administering could be open to challenge from the Pensions Regulator and other stakeholders. *authority*

6. Value For Money

Not applicable

7. Sustainability Impact Appraisal

Not applicable

8. Risk Management

Completion of the training will mitigate the risk of challenge from scheme stakeholders and the Pensions Regulator. *o*

9. Links to Strategic Objectives

Not applicable

10. Equalities, Human Rights and Community Cohesion

Not applicable

11. Staffing/Workforce and Accommodation implications:

None

12. Property and Assets

None

13. Any other implications:

None

14. Consultation

Not applicable

15. Timetable for Implementation

Subject to Member availability

16. Appendices

None

17. Background Information

Public Service Pensions Act 2013

Local Government Pension Scheme Regulations 2013 (as amended) and associated legislation

Annex 1

BERKSHIRE PENSION FUND PANEL & ADVISORY PANEL

Member Governance and Administration training

Agenda

1. Legislative Framework
2. Governance Structure
 - a. Nationally
 - b. Locally
3. The Pensions Regulator
4. Overview of the LGPS
 - a. What the Scheme offers
 - b. Benefit structure
 - c. Contributions
 - d. A Funded Scheme
 - e. Retirement options
5. Scheme Employer policies
6. HMRC
7. Pension administration
 - a. Record keeping
 - b. Communications
8. Dealing with Disputes
9. Administering Authority Decisions
10. Any other questions?

Report for: INFORMATION
Item Number: 7



Contains Confidential or Exempt Information	No - Part I
Title	Stewardship Report
Responsible Officer(s)	Nick Greenwood, Pension Fund Manager, Kevin Taylor, Deputy Pension Fund Manager, Pedro Pardo, Investment Manager, Philip Boyton, Pension Administration Manager
Contact officer, job title and phone number	Nick Greenwood, Pension Fund Manager 01628 796701
Member reporting	n/a
For Consideration By	Pension Fund and Pension Fund Advisory Panels
Date to be Considered	
Implementation Date if Not Called In	n/a
Affected Wards	None
Keywords/Index	Pensions administration, pension fund solvency

Report Summary
<ol style="list-style-type: none"> 1. This report deals with the stewardship of the Pension Fund for the period 1 June to 31 August 2015 2. It recommends that Members (and Pension Board representatives) note the Key Financial and Administrative Indicators throughout the attached report. 3. Good governance requires all aspects of the pension fund to be reviewed by the Administering Authority a regular basis 4. There are no financial implications for RBWM in this report

If recommendations are adopted, how will residents, fund members and other stakeholders benefit?	
Benefits to residents, fund members and other stakeholders and reasons why they will benefit	Dates by which they can expect to notice a difference
Efficient management of the pension fund enhances the reputation of the Royal Borough as administering authority for the Fund	On-going

1. Details of Recommendations

RECOMMENDATION: That Panel note:

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



THE ROYAL COUNTY OF
BERKSHIRE
PENSION FUND

STEWARDSHIP REPORT

QUARTER 2 – 2015/16

1ST JUNE 2015 TO 31ST AUGUST 2015

TABLE OF CONTENTS

1.	INVESTMENT PERFORMANCE AND ASSET ALLOCATION.....	5
1.1	Pension Fund key financial indicators.....	5
1.2	Change in the smoothed liabilities.....	5
1.3	Market returns	6
1.4	Fund performance.....	7
1.5	Exception Traffic Lights August 2015	7
1.6	Asset allocation update.....	8
1.7	Solvency.....	8
2	GOVERNANCE AND ADMINISTRATION.....	9
2.1	Scheme membership.....	9
2.2	Scheme Employers	10
2.3	Notices of unsatisfactory performance.....	11
2.4	Scheme Employer Key Performance Indicators	11
2.5	Administration – Key Performance Indicators	13
2.6	Administration - Communications	15
2.7	Website hits.....	15
2.8	Special projects.....	15
2.9	Comments, compliments and complaints.....	16
	Annex 1 – Notices of unsatisfactory performance where materially significant	17
	Annex 2 - Summary of employer KPIs	18

1. INVESTMENT PERFORMANCE AND ASSET ALLOCATION

1.1 Pension Fund key financial indicators

Table 1	March 2010	March 2013	August 2015
Asset Value (Smoothed)	£1,307.7m	£1,561.8m	£1,689.8m
Asset Value (Unsmoothed)	£1,319.4m	£1,572.4m	£1,661.8m
Liabilities (Smoothed)	£1,618.4m	£2,088.8m	£2,308.6m
Liabilities (Unsmoothed)	£1,618.4m	£2,107.7m	£2,282.6m
Deficit (Smoothed)	£310.7m	£527.0m	£618.8m
Deficit (Unsmoothed)	£299.0m	£535.3m	£620.8m
Funding Level (Smoothed)	81%	75%	73%
Funding Level (Unsmoothed)	82%	75%	73%
Recovery Period	30 years	27 years	25 years
Nominal Discount Rate	6.8%	6.1%	5.9%
Real Discount Rate	3.3%	3.4%	3.3%
Investment Performance Target (CPI + 4%)	7.0%	6.7%	6.6%
Nominal Earnings Inflation Assumption	4.7%	4.5%	4.4%
Consumer Price Index Inflation Assumption	3.0%	2.7%	2.6%
Employers Contributions – Future Service	12.8%	12.7%	12.4%
Employers Contributions – Past Service Deficit	3.7%	6.9%	9.1%

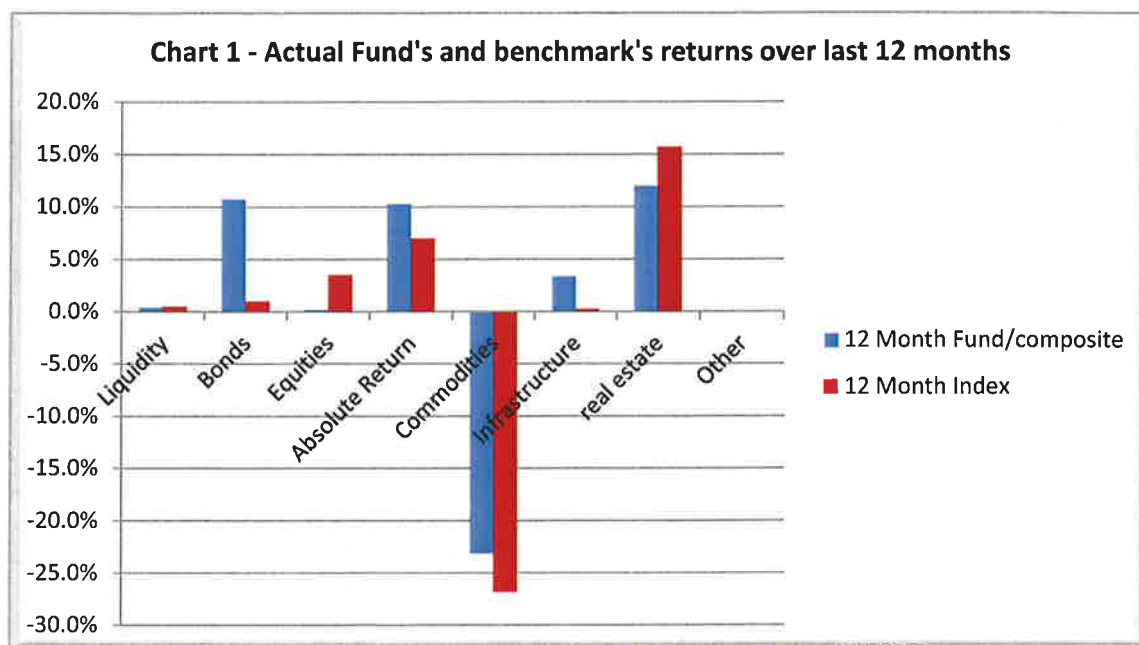
1.2 Change in the smoothed liabilities

Table 2	31 Aug 2015
Liability reconciliation	£m
Disclosed smoothed liability at 31/03/2013	2,088.8
New liabilities (excluding transfers in)	186.2
Liabilities extinguished	-219.4
Net new liabilities from bulk transfers in/out	-79.8
Interest on liabilities	307.4
Change due to discount rate	71.2
Change due to inflation assumption	-49.5
Change in value of longevity insurance contract	3.7
Increase in Liabilities	219.8
Smoothed liability at 31 August 2015	2,308.6

1.3 Market returns

Table 3		3 month	12 month	36 month
Liquidity	Fund	0.1%	0.4%	0.4%
1 Week GBP Libor	Index	0.1%	0.5%	0.5%
	Relative	0.0%	-0.1%	-0.1%
Bonds	Fund	0.2%	10.7%	n/a
Barclays Global Aggregate	Index	1.6%	1.0%	-0.3%
	Relative	-1.4%	9.7%	n/a
Developed Markets Equities	Fund	-7.6%	1.1%	n/a
MSCI Wold	Index	-7.9%	3.5%	12.1%
	Relative	0.3%	-2.4%	n/a
Emerging Markets Equities	Fund	-13.0%	-10.0%	4.5%
MSCI EM Equities	Index	-18.2%	-16.8%	-1.4%
	Relative	5.2%	6.8%	5.9%
Private Equity	Fund	1.5%	14.3%	n/a
9% per annum	Index	2.2%	9.0%	9.0%
	Relative	-0.7%	5.3%	n/a
Total Equities	Fund	-7.4%	0.2%	n/a
MSCI Wold	Index	-7.9%	3.5%	12.1%
	Relative	0.5%	-3.3%	n/a
Absolute Return	Fund	-0.9%	10.3%	n/a
7% per annum	Index	1.7%	7.0%	7.0%
	Relative	-2.6%	3.3%	n/a
Commodities	Fund	0.2%	-23.1%	-13.0%
Custom Equal Weights	Index	-1.9%	-26.8%	-13.0%
	Relative	2.1%	3.7%	0.0%
Infra-structure	Fund	3.2%	3.4%	n/a
FTSE Global Core 50/50	Index	-7.5%	0.2%	10.7%
	Relative	10.7%	13.5%	n/a
Real Estate	Fund	3.1%	12.0%	7.2%
UK IPD	Index	3.5%	15.7%	13.3%
	Relative	-0.4%	-3.7%	-6.0%

1.4 Fund performance



1.5 Exception Traffic Lights August 2015

Table 4

<u>Traffic Lights August 2015</u>				
<u>Colour</u>		<u>£ m</u>	<u>Fund %</u>	<u>Comment</u>
<u>BONDS</u>				
<u>Convertible Bonds</u>				
Amber	Avva	34.8	2.1%	Change in management team & weak performance
Amber	Blue Bay Global	27.3	1.6%	Currency volatility has resulted in disappointing GBP returns.
<u>EQUITIES</u>				
<u>Developed World</u>				
Amber	IPM Fundamental Umbrella Fund	165.0	9.9%	Performance remains below target
<u>Private Equity</u>				
Amber	South East Growth Fund	4.1	0.2%	Terms of additional extension to fund life agreed
Amber	Stafford Sustainable Fund	4.6	0.3%	Disappointing performance. Buyer not found
<u>INFRASTRUCTURE</u>				
Amber	Macquarie SBI Infrastructure Ltd	2.9	0.2%	Performance adversely affected by delays in construction of key assets
<u>COMMODITIES</u>				
Amber	Gresham	41.3	2.5%	Change in ownership. Poor performance continues
<u>Total Fund Valuation (excl prepaid contribs)</u>		1,661.8		

Key

Colour Comment

Red Recommendation that action be taken: following a review by officers.

Amber Performance being reviewed by officers: the fund is not meeting its target return over the medium term (ie over a 1 to 2 year rolling period) or there are adverse material changes to processes/people/the firm.

Green Satisfactory performance: performance at least in line with target return or expectations.

Blank Too early in the life of a fund to comment on performance.

1.6 Asset allocation update

Table 5 Comparison of Strategic Asset Allocation "SSA" changes					
SSA Weights	31/03/2010	31/03/2013	31/08/2015	12 month change	36 month change
Liquidity	7.9%	1.1%	6.1%	0.6%	-1.9%
Investment Grade Debt	20.4%	7.9%	5.0%	-1.3%	-4.9%
Other Debt	11.7%	8.7%	8.3%	0.3%	2.8%
Total Debt	32.1%	16.6%	13.3%	-1.0%	-2.1%
Developed Market Equities	17.3%	17.2%	21.4%	3.0%	8.1%
Developing Market Equities	6.2%	14.7%	11.6%	-2.0%	-1.7%
Private Equity	6.7%	9.2%	9.1%	1.1%	-0.1%
Total Equities	30.2%	41.1%	42.1%	2.1%	6.4%
Absolute Return	9.9%	17.2%	17.7%	1.2%	0.2%
Infrastructure	1.9%	4.7%	4.3%	0.2%	-0.1%
Commodities	8.2%	9.7%	3.4%	-4.5%	-6.1%
Real Estate	7.3%	9.8%	13.1%	1.5%	3.3%
Other	2.5%	-0.3%	0.1%	0.0%	0.4%
Real Assets	19.9%	23.9%	20.8%	-2.8%	-2.5%
Fund Total	100%	100%	100%		

1.7 Solvency

Chart 2

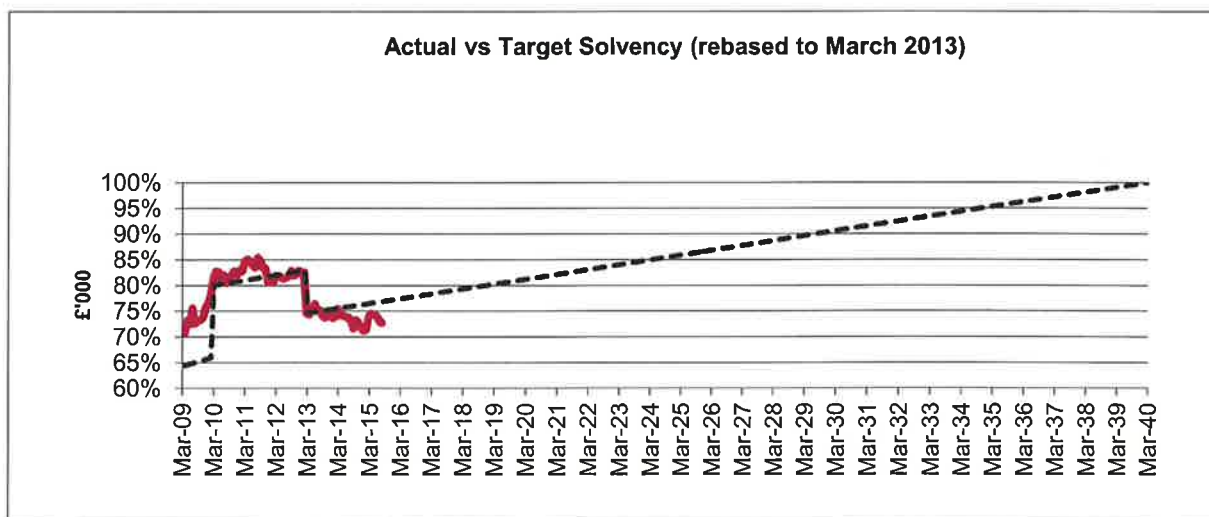
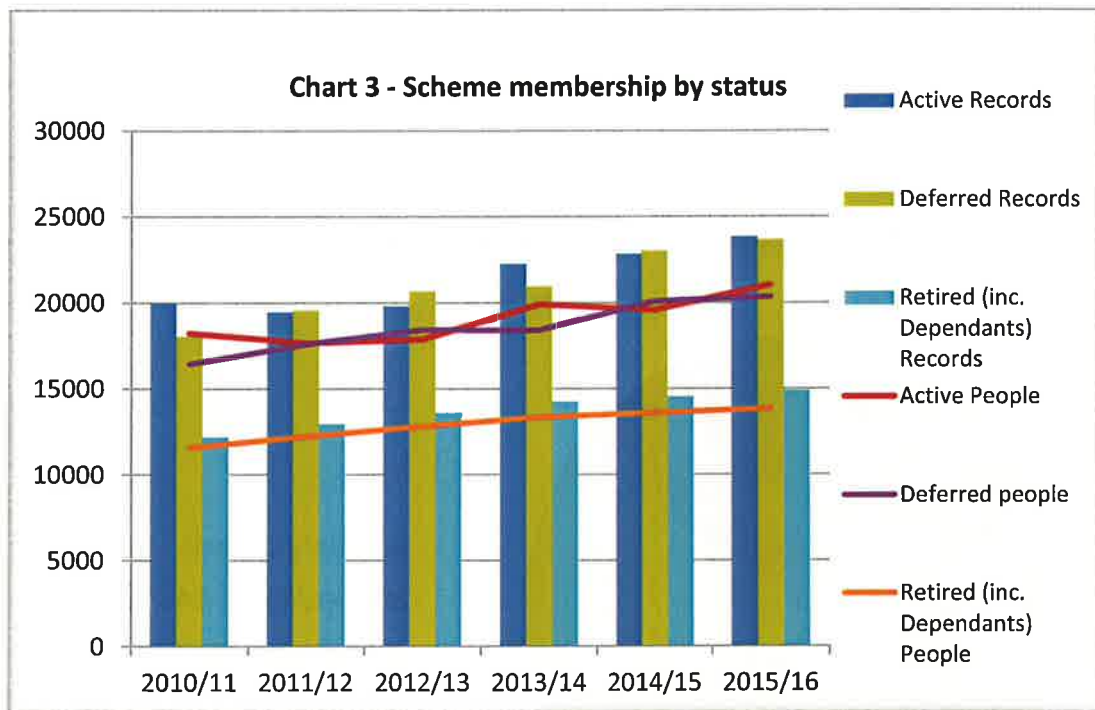


Table 6 - Cashflow	Year to 31/03/2014 (actual) £'000's	Year to 31/03/15 (actual) £'000's	Year to 31/03/16 (forecast) £'000's
Contributions	81,272	87,691	93,700
Transfers received	5,924	1,916	1,900
Employers' early retirement payments	2,602	1,400	3,000
Investment income via Custodian	15,928	23,762	17,000
Pension paid (gross)	-70,625	-73,625	-74,400
Retirement lump sums	-16,818	-18,045	-17,300
Transfers paid	-5,641	-67,201	-1,900
Investment management costs	-2,694	-3,654	-3,700
Employee costs	-824	-693	-700
Other costs	-978	-1,106	-700
Net cash flow	8,147	-49,555	16,900

2 GOVERNANCE AND ADMINISTRATION

2.1 Scheme membership



2.2 Scheme Employers

Chart 4 - Employers with active members

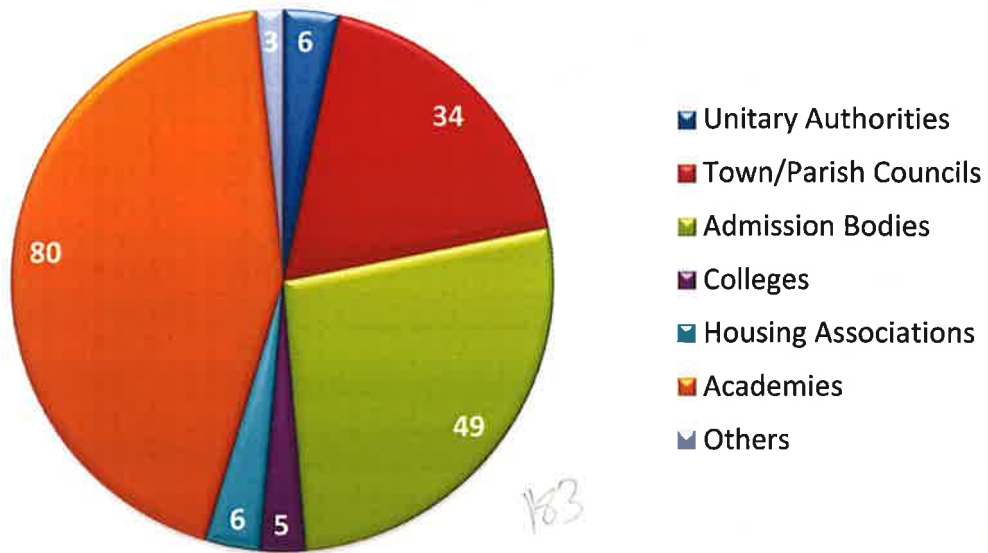
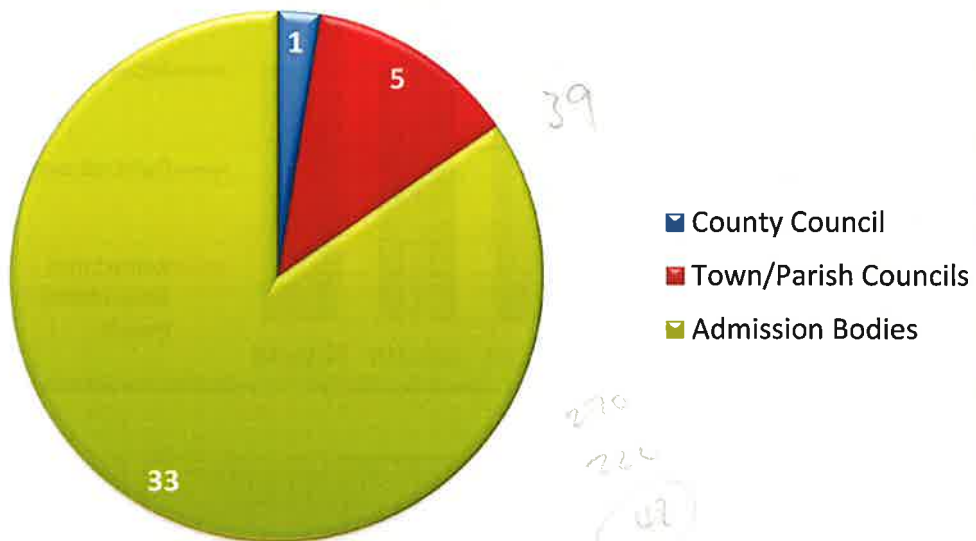
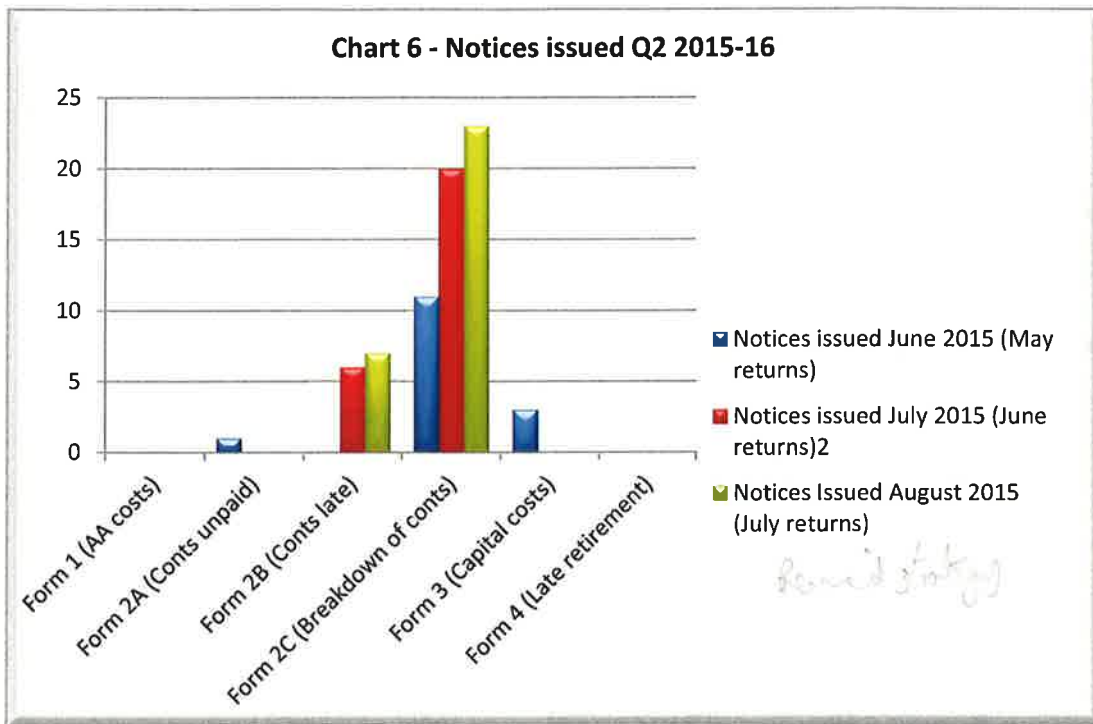


Chart 5 - Employers without active members

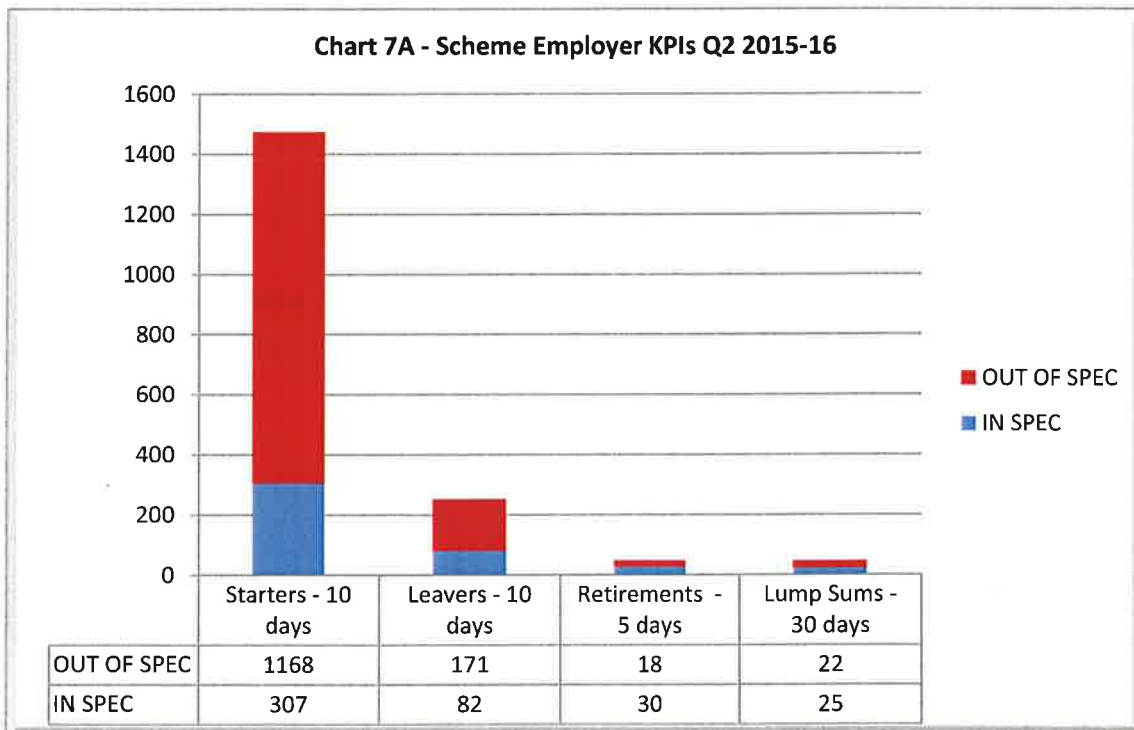


2.3 Notices of unsatisfactory performance

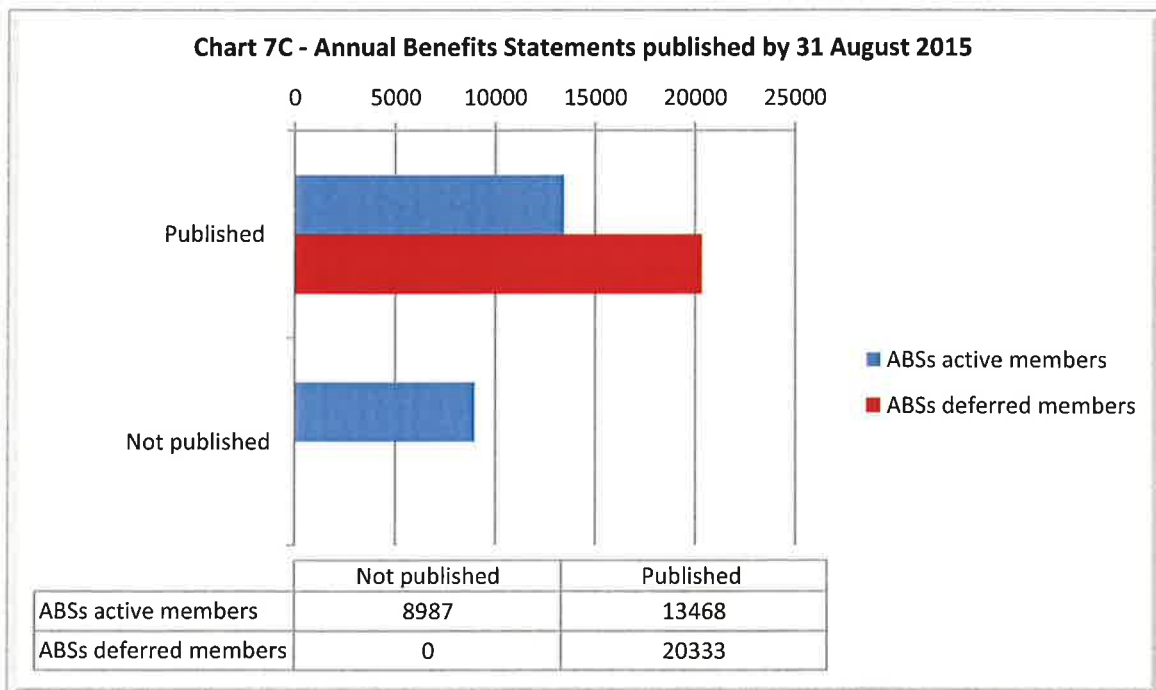


A summary of cases can be found at Annex 1 to this report

2.4 Scheme Employer Key Performance Indicators



A summary of cases in respect of the largest scheme employers can be found in Annex 2 to this report



2.5 Administration – Key Performance Indicators

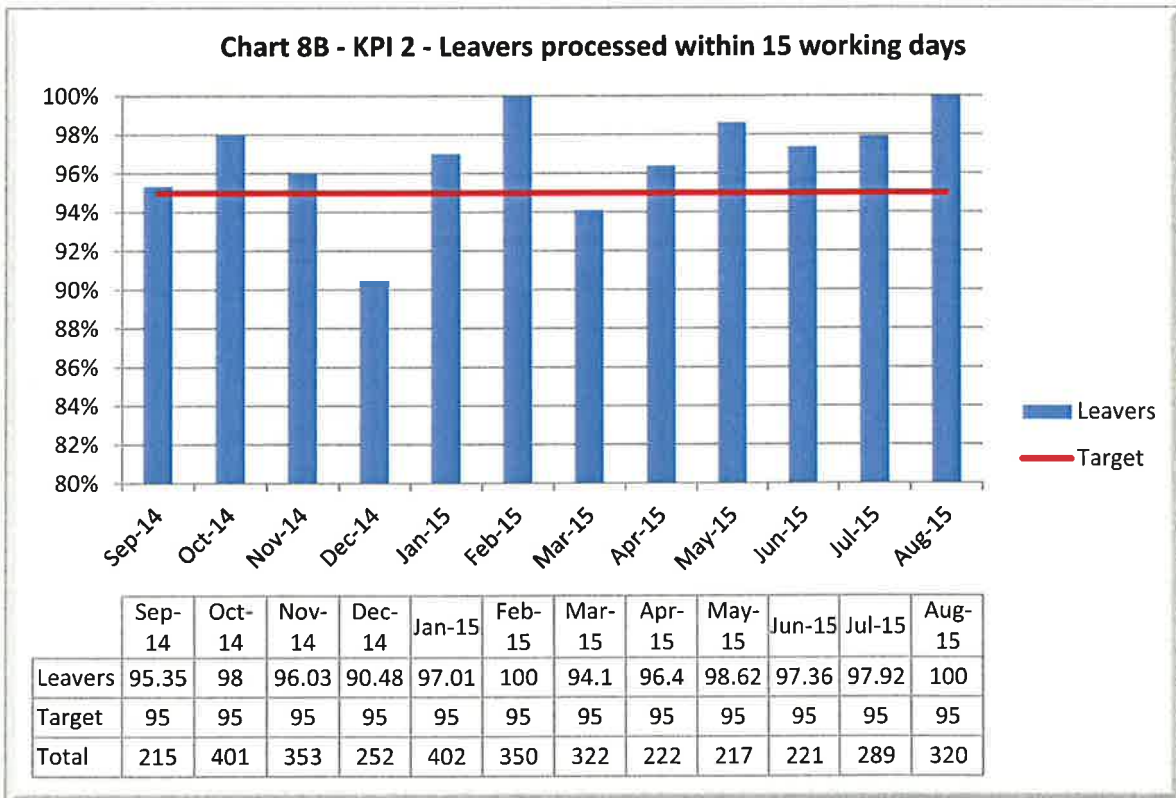
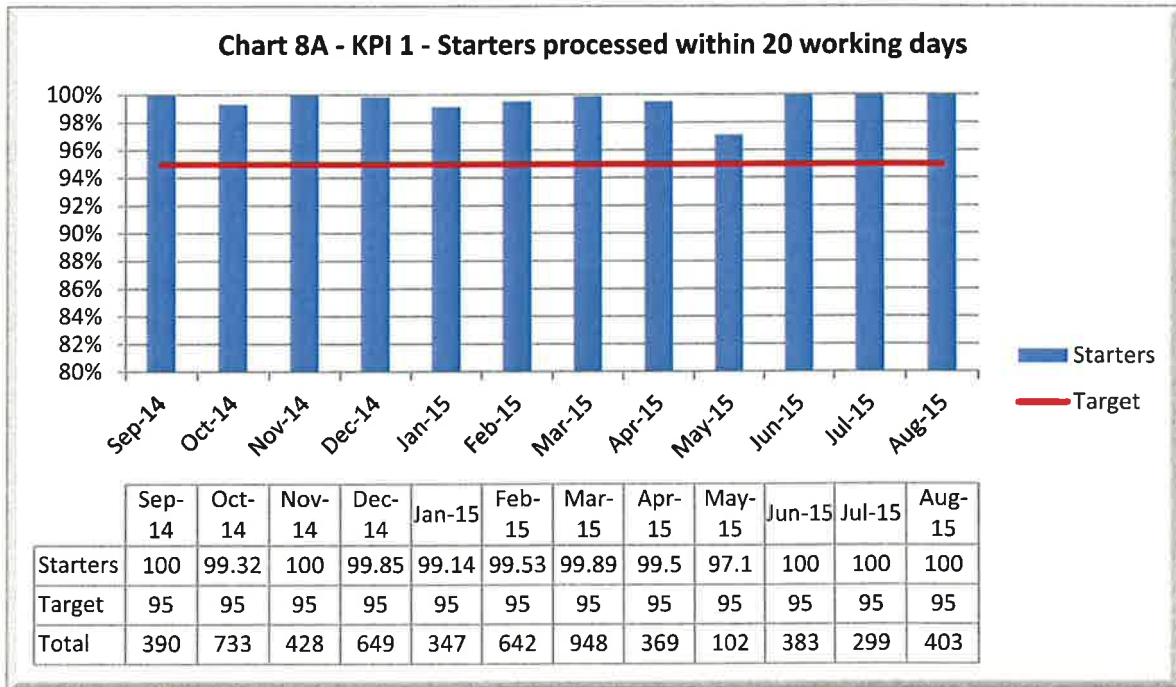
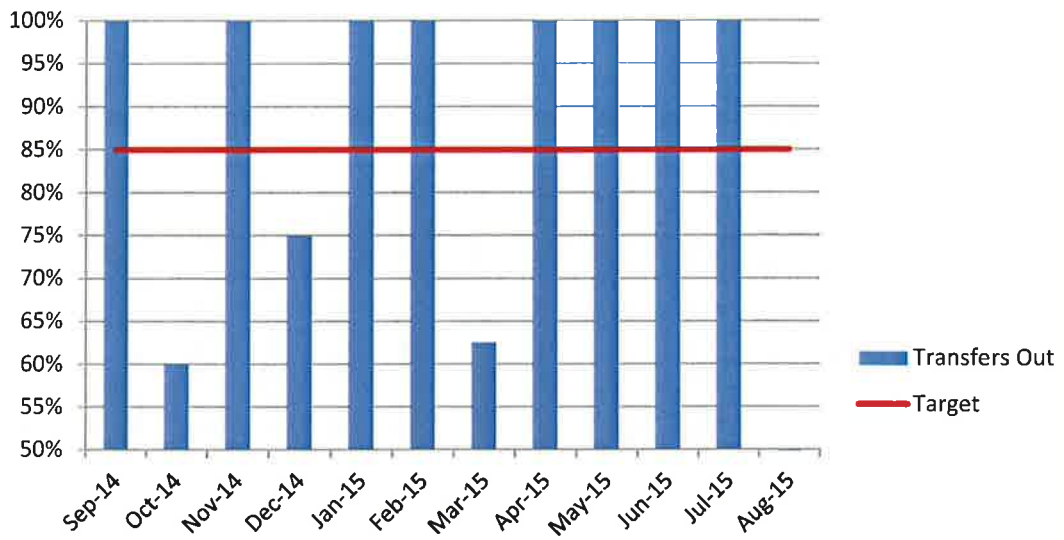
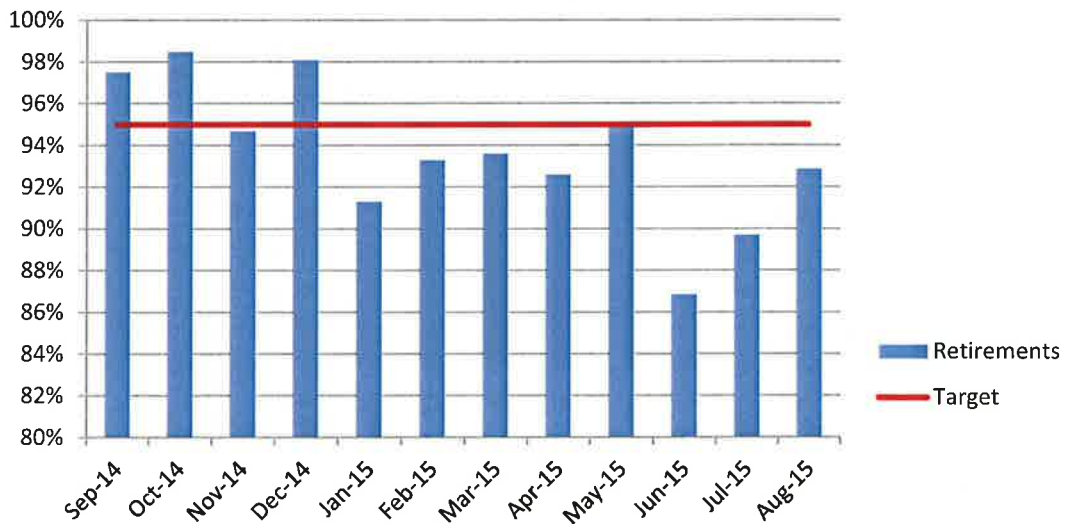


Chart 8C - KPI 3 - Transfers out processed within 15 working days



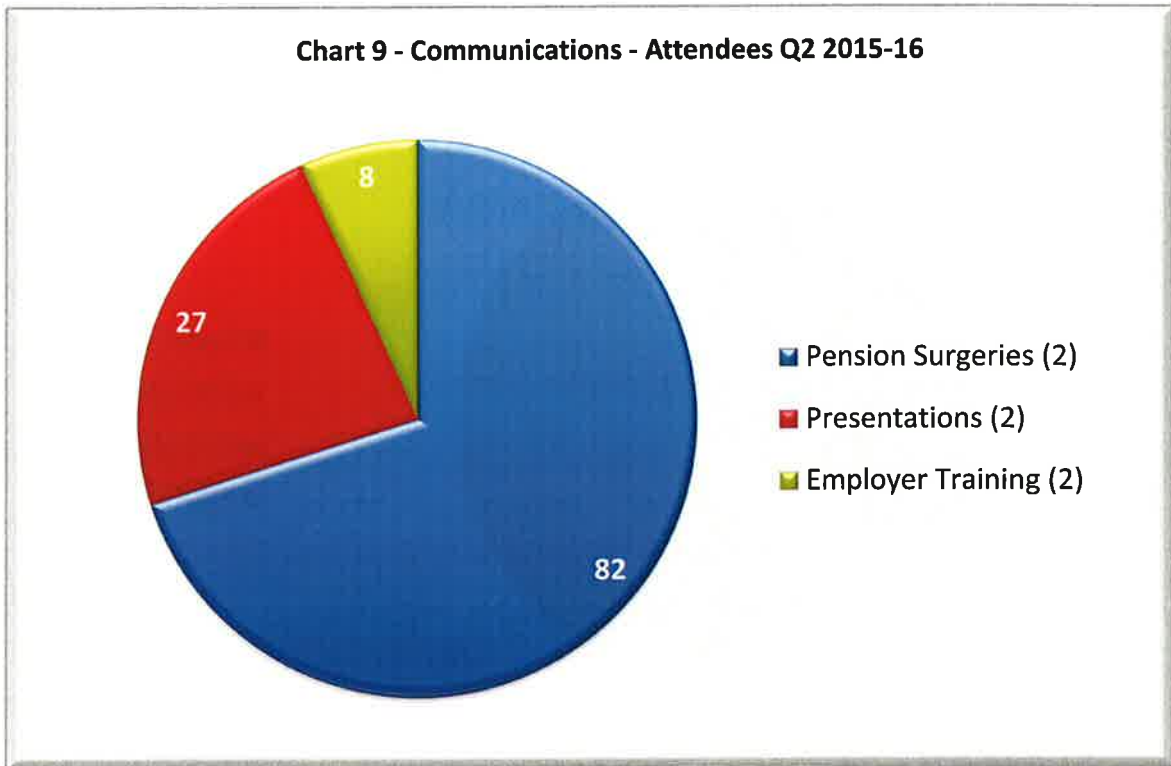
	Sep-14	Oct-14	Nov-14	Dec-14	Jan-15	Feb-15	Mar-15	Apr-15	May-15	Jun-15	Jul-15	Aug-15
Transfers Out	100	60	100	75	100	100	62.5	100	100	100	100	0
Target	85	85	85	85	85	85	85	85	85	85	85	85
Total	6	5	5	4	3	3	5	1	5	3	3	1

Chart 8D - KPI 4 - Retirements processed within 7 working days

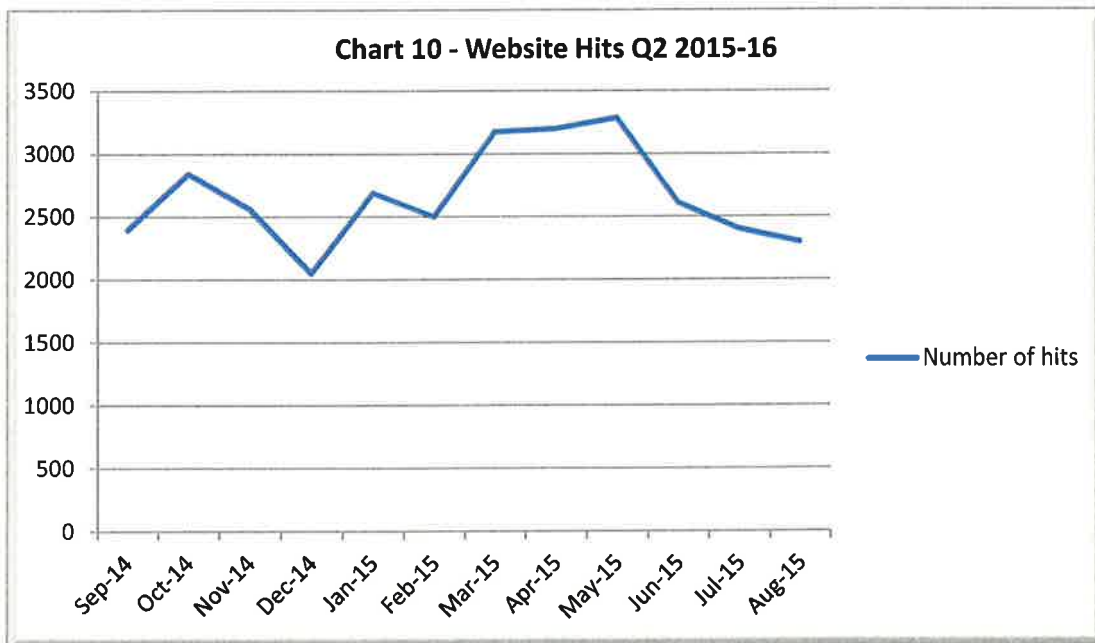


	Sep-14	Oct-14	Nov-14	Dec-14	Jan-15	Feb-15	Mar-15	Apr-15	May-15	Jun-15	Jul-15	Aug-15
Retirements	97.5	98.5	94.7	98.1	91.3	93.3	93.6	92.59	95.12	86.84	89.69	92.86
Target	95	95	95	95	95	95	95	95	95	95	95	95
Total	81	71	75	53	92	75	94	222	41	76	97	98

2.6 Administration - Communications



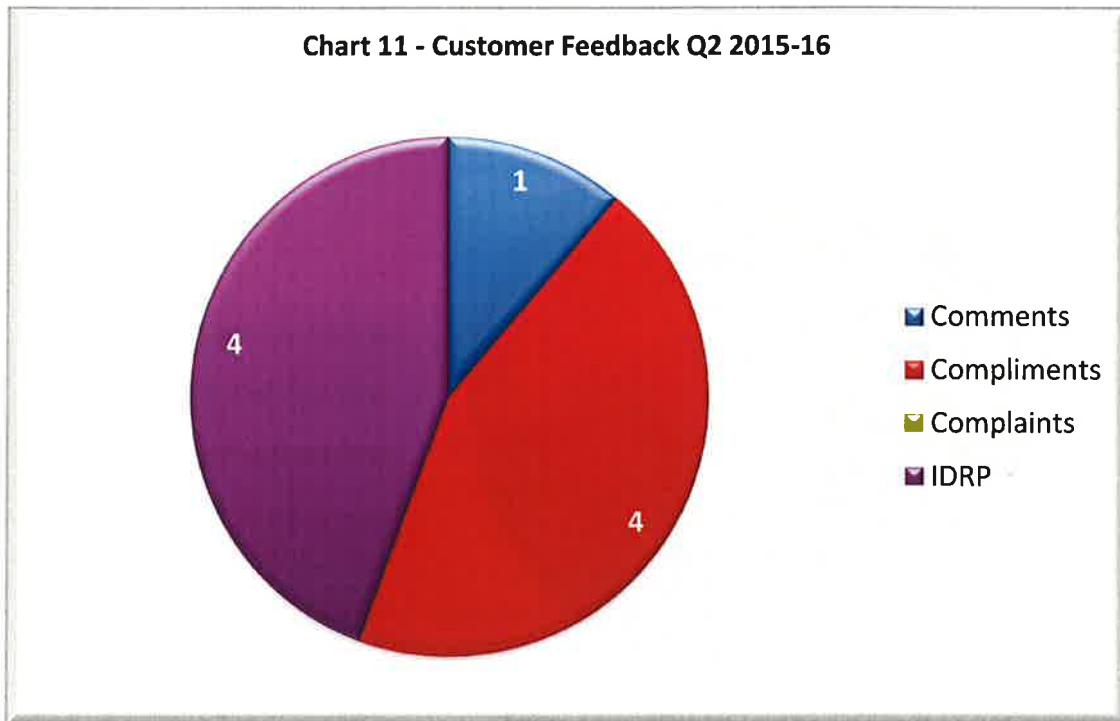
2.7 Website hits



2.8 Special projects

- GMP reconciliation
- i-Connect
- PASA

2.9 *Comments, compliments and complaints*



A summary of cases can be found in Annex 4 to this report

Annex 1 – Notices of unsatisfactory performance where materially significant

Form	Issue Date	Scheme Employer	Contribution Due By	Date Contributions Received	Contribution Amount	Number of Days Late	Interest
2A	22/07/2015	Library Services (Slough)	19/07/2015	22/07/2015	£6,647.66	3	£1.91

Note: No interest has been charged.

Form	Issue Date	Scheme Employer	Invoice Number	Amount Due	Date Payment Due	Date Payment Received	Days Late	Interest
3	22/09/2015	Desborough College	IX0462042	£10,008.91	01/09/2015	22/09/2015	21	£8.64
3	22/09/2015	Desborough College	IX0435533	£12,771.59	06/08/2015	22/09/2015	47	£24.67
3	22/09/2015	Desborough College	IX0462050	£5,212.68	01/09/2015	22/09/2015	21	£4.50

Note: No interest has been charged.

Annex 2 - Summary of employer KPIs

Starters received within specification - Year to date

Employer	IN	OUT	Total	% IN
Bracknell Forest Council	123	53	176	69.89%
Slough BC	56	63	119	47.06%
Wokingham BC (Selima)	12	41	53	22.64%
Wokingham BC	62	236	298	20.81%
West Berkshire Council	93	386	479	19.42%
RBWM	46	250	296	15.54%
Reading BC	21	154	175	12.00%
Academies	50	405	455	10.99%
University of West London	0	0	0	0.00%

Leavers received within specification - Year to date

Employer	IN	OUT	Total	% IN Spec
University of West London	2	0	2	100.00%
West Berkshire Council	93	56	149	62.42%
Slough BC	44	31	75	58.67%
Bracknell Forest Council	61	63	124	49.19%
RBWM	50	67	117	42.74%
Reading BC	25	66	91	27.47%
Academies	23	121	144	15.97%
Wokingham BC	4	52	56	7.14%
Wokingham BC (Selima)	2	39	41	4.88%

Retirements not notified within 5 days from retirement date - Q1 2015-16

Employer	Member	Days Over 5
Bracknell Forest Council	BMB	6
Bracknell Forest Council	KMD	14
Bracknell Forest Homes	RDP	20
Desborough College	CEL	27
Mott MacDonald	AMH	25
RBWM	GK	21
RBWM	JAF	23
RBWM	LAW	7
Reading BC	MAM	13
Reading BC	MJL	17
Reading BC	PAS	33
West Berkshire Council	ESAB	9
West Berkshire Council	JAM	3
West Berkshire Council	VPA	14
West Berkshire Council	WH	24
Wokingham BC	BAJ	14
Wokingham BC	PEA	37
Wokingham BC	RF	28

Lump sums paid >30 days after retirement date

Employer	Member	Days Over 30	Interest	Reason
Bracknell & Wokingham College	PS	18	£42.47	2
Bracknell Forest Council	BMB	9	£4.45	2
Bracknell Forest Council	KMD	2	£0.00	1
Bracknell Forest Homes	RDP	18	£61.91	1,2,3
Desborough College	CEL	12	£23.42	1
Mott MacDonald	AMH	1	£5.01	2
RBWM	GK	7	£316.25	1
RBWM	JAF	28	£58.88	1
Reading BC	MAM	12	£22.54	1,2
Reading BC	MJL	11	£2.33	1
Reading BC	PAS	7	£12.39	1
Slough BC	AC	23	£76.20	2
West Berkshire Council	JAM	17	£23.43	2
West Berkshire Council	WH	20	£19.36	1
Wokingham BC	BAJ	14	£101.51	1,2
Wokingham BC	JKT	5	£13.13	2
Wokingham BC	PEA	56	£9.09	1
Wokingham BC	RF	12	£2.32	1

NOTE: All interest paid by the pension fund.

Reason key:

- 1 Scheme employer delay in sending leaver from
- 2 Member delay in returning retirement forms
- 3 Pension Fund delay in calculation and/or making payment



Report for: ACTION
Item Number: 8

Contains Confidential or Exempt Information	NO
Title	APPROVAL OF PENSION FUND ANNUAL REPORT AND ACCOUNTS 2014/15
Responsible Officer(s)	Nick Greenwood, Pension Fund Manager
Contact officer, job title and phone number	Nick Greenwood, Pension Fund Manager 01628 796701
Member reporting	n/a
For Consideration By	Pension Fund and Pension Fund Advisory Panels
Date to be Considered	26 October 2015
Implementation Date if Not Called In	n/a
Affected Wards	None
Keywords/Index	Pension Fund Annual Report and Accounts

Report Summary

1. This report presents the pension fund's annual report and accounts to members for noting.
2. It recommends that the pension fund's report and accounts for 2014/15 are noted
3. These recommendations are being made because it is a statutory requirement for the pension fund to publish an annual report and accounts
4. The Pension Fund's financial statements are a sub-set of the Royal Borough's Financial Statements which were approved on 8 September 2015.

If recommendations are adopted, how will residents benefit?

Benefits to residents, fund members and other stakeholders and reasons why they will benefit	Dates by which they can expect to notice a difference
It is a statutory requirement for the pension fund report and accounts to be published	n/a/

1. Details of Recommendations

That the Fund's annual report and accounts for the year to 31st March 2015 be approved and published.

2. Reason for Decision and Options Considered

Attached at Annex 1 is a copy of the Pension Fund's Annual Report and Accounts for the financial year ended 31 March 2015.

The accounts also include the IAS26 report – this is an accountancy requirement that values the Fund's liabilities using a discount rate derived from Corporate Bond yields.

Officers request members to authorise publication of the Fund's annual report and accounts for the year to 31st March 2015.

Option	Comments
Authorise publication of the annual report and accounts.	Recommended by Officers to comply with statutory requirements
Do not authorise the publication of the annual report and accounts	Not recommended as it is a statutory requirement that they are published

3. Key Implications

Not applicable

4. Financial Details

Not applicable

5. Legal

Non publication of the annual report and accounts would be a clear breach of the Local Government Pension Scheme Regulations and open the Council to criticism/censure from the Department for Communities and Local Government.

6. Value For Money

Not applicable

7. Sustainability Impact Appraisal

Not applicable

8. Risk Management

Not applicable

10. Links to Strategic Objectives

Value for Money

- Deliver Economic Services

11. Equalities, Human Rights and Community Cohesion

Not applicable

12. Staffing/Workforce and Accommodation implications:

None

13. Property and Assets

None

14. Any other implications:

None

15. Consultation

The financial statements for the Fund which form the "Accounts" were approved by the Royal Borough's Audit and Performance Review Panel on 8 September as they form part of the Council's accounts.

16. Timetable for Implementation

Not applicable

17. Appendices

Royal County of Berkshire Pension Fund Annual Report and Accounts 2014/15
(circulated separately)

18. Background Information

None

19. Consultation