

BERKSHIRE PENSION FUND COMMITTEE

MONDAY, 7 MARCH 2022

PRESENT: Councillors Julian Sharpe (Chairman), David Hilton (Vice-Chairman), Shamsul Shelim, Simon Bond and Brock

Also in attendance: Cllr W Da Costa, Cllr Brook, Mr Cross, Rothan Worrall, Aiofinn Devitt and Andrew Harrison.

Officers: Damien Pantling, David Cook, Andrew Vallance and Kevin Taylor

APOLOGIES

Cllr Da Costa could not attend in person, he attended as a none voting committee member on line.

DECLARATIONS OF INTEREST

There were no declarations of interest received.

MINUTES

The Part I minutes of the meeting held on 6 December 2021 were approved as a true and correct record.

RISK REGISTER

The Committee considered the Pension Fund's Risk Register.

The Head of the Pension Fund informed the Committee that he had agreed to review the Pension Fund's risk register and bring a revised and updated version to the upcoming meeting for Members' consideration and approval. This report provided Members with that updated version of the risk register prepared in line with the 2018 CIPFA framework "Managing risk in the Local Government Pension Scheme".

This new risk register process was approved by the Pension Fund Committee on 6 December 2021 and has undergone several iterations before being presented at this meeting. Regular updates would be provided to the Committee.

Cllr Hilton said that this was a more comprehensive risk register and was a significant step forward that the Committee needed to monitor to give it value.

Resolved unanimously: that the Pension Fund Committee notes the report and;

- i) Approves the risk register including any changes since the last approval date, putting forward any suggested amendments as may be necessary;**
- ii) Approves publication of the updated risk register on the Pension Fund website;**
- iii) Agrees to a comprehensive annual risk review session with officers and the Pension Board.**

ADMINISTERING AUTHORITY DISCRETIONS POLICY

The Committee considered the report regarding the administering authorities' discretionary policies.

The Pension Fund Manager informed that the report brought back the Administering Authority's requirement to take decisions in respect of various discretions afforded to it under the current and former LGPS Regulations. The Committee had previously approved the document but this version had been updated to reflect the need to have policy statements for discretions under both the current and former LGPS Regulations.

The Administering Authority Discretions Policy was split into several sections to facilitate the requirements of all sets of LGPS Regulations as they apply to current and former scheme members. Some items may appear to be duplicated but need to be re-stated in this way to account for the changes to the statutory legislation governing the Scheme.

(Cllr DA Costa and Cllr Bond joined the meeting)

Resolved unanimously that: the Pension Fund Committee note the report and;

- i) Considers, notes and approves the revised administering authority discretions policy and;**
- ii) Approves publication of the final version on the Pension Fund website.**

PENSION FUND ABATEMENT POLICY

The Committee considered the report regarding the Fund's Abatement policy.

The Pension Fund Manager informed the Committee that this was not a new policy but was being presented to the Committee to make sure it was still fit for purpose. Pension abatement was the extent, if any, to which a Scheme member's pension in payment was reduced or suspended where the member re-enters a new employment under which they are again eligible for membership of the LGPS.

Cllr Hilton mentioned that this was a fair option allowing people to re-enter employment in an organisation eligible to the LGPS.

Resolved unanimously: that the Pension Fund Committee notes the report and;

- i) Considers, notes and approves the revised abatement policy and;**
- ii) Approves publication of the final version on the Pension Fund website.**

GOVERNANCE COMPLIANCE STATEMENT

The Committee considered the report regarding the Fund's Governance Compliance Statement.

The Pension Fund Manager informed the Committee that the report provided members an update regarding requirements under Regulation 55 of the LGPS regulations regarding the need to maintain a Governance Compliance Statement.

Following updates to scheme governance, Committee members were provided with an updated governance structure chart which shall be a live document to be updated by officers incorporating any future governance or membership changes.

Cllr Bond mentioned that the document could be confusing and it required definitions of term for example it mentioned 'lay' person which he thought was a religious term.

Resolved unanimously: that the Pension Fund Committee note the report and;

- i) Considers, notes and approves the revised governance compliance statement;**
- ii) Approves publication of the final version on the Pension Fund website;**
- iii) Delegates authority to officers to update the Governance Compliance Statement with committee training records once the revised training plan is approved;**
- iv) Notes the revised Governance Structure Chart.**

BUSINESS PLANNING

The Committee considered the report regarding the Pension Fund's 2022/23 Business Plan.

The Pension Fund Manager informed the Committee that the report was to approve the Pension Fund's Business Plan and Committee's workplan. The medium term strategy demonstrated that the Fund would be properly governed, managed and that controls were in place.

Key initiatives and targets were outlined for 2022/23 along with results against the key initiatives and targets for 2021/22 agreed by the Pension Fund Committee in March 2021. There was also the Medium Term Plan for the next 4 years and a cash flow forecast for 2022/23.

Resolved unanimously: that the Pension Fund Committee notes the report and;

- 1. notes and approves the 2022/23 Business Plan; and**
- 2. notes and approves the 2022/23 Committee Workplan.**

INVESTMENT STRATEGY STATEMENT

The Committee considered the Pension Funds Investment Strategy Statement.

The Head of the Pension Fund informed the Committee that in accordance with Section 7 of the Local Government Pension Scheme Regulations 2016, the administrating authority must review and if necessary, revise its investment strategy at least every 3 years. This paper set out the revised Investment Strategy Statement in line with best practice and to ensure the Fund's investment strategy remains fit for purpose.

This updated statement had been reviewed and approved by the Investment Advisors (LPPI), the Fund's Actuary (Barnett Waddingham) and the Fund's Independent Advisors, as an appropriate ISS to reduce the funding deficit. The document met all regulatory requirements and included the carbon net zero aspirations. Following the draft approval a few presentation changes had been made. The strategic asset allocation would be considered under Part II of the meeting.

Cllr Hilton mentioned that the changes made from the first version were appropriate and made it a more easily read document.

Alan Cross informed that the document had been considered and approved by the Board and he approved of the process undertaken getting the report to this Committee for approval.

Cllr Da Costa asked if the document reflected the wish to pursue ESG and other environmental aspirations. He was informed that they were included and there were links to the responsible investment policies.

Resolved unanimously: that the Pension Fund Committee note the report and;

- i) Considers, notes and approves the revised Investment Strategy Statement and;**
- ii) Approves the final version for publication on the Pension Fund's website.**

RESPONSIBLE INVESTMENT UPDATE

The Committee considered the report regarding the Fund's responsible investment policy.

The Head of the Pension Fund informed the Committee that they had agreed and released an Environmental, Social and Governance public statement in late 2020 clarifying its commitment to long-term responsible investment of pension savings. Following this, the fund approved an updated Responsible Investment policy. It had been agreed to present this in Part I of the meeting.

Pooling funds with LPPI from 1 June 2018 enabled more active monitoring and consolidation of its responsible investment outcomes that had been followed. Currently 3.52% was in the green sector whilst 1.1% was in brown. Climate Change was one of the underlying priorities in the Fund's policy and this report set out to formally update members on LPPI's most recent amendments to their policy.

Cllr Hilton asked that with regards to the green sector was there a target LPPI were aiming to reach, he was informed that there was no specific target at present but they were following the Fund's aim of responsible investment.

Cllr Brook mentioned that it was good to see the paper published in Part I as it was more transparent, he asked what the long term aim was for the investment in the brown sector. He was informed that there was a policy of disinvestment over time when appropriate.

Cllr Brook recommended that it would be useful if there were clear examples of where engagement with companies had resulted in a shift to green investment.

Cllr Da Costa mentioned that we were looking to improve the green sector and that it would be beneficial to have targets towards the net zero ambitions. There needed to be a base and measure we can access performance against.

It was noted that LPPI would be setting some targets and that with investment in the green sector to achieve net zero there would not be a clear projection as the line would be up and down as we move forward.

Resolved unanimously: that the Pension Fund Committee notes the report and;

- i) Acknowledges LPPI's updated Responsible Investment policy (climate change Annex); and**

- ii) Acknowledges the Fund's RI dashboard, RI report, active engagement report and achievement of associated outcomes.**

ADMINISTRATION REPORT

The Committee considered the report regarding the latest administration quarterly report.

The Pension Fund Manager informed the Committee that the report dealt with the administration of the Pension Fund for the period 1 October 2021 to 31 December 2021. It recommends that Members note the Key Administrative Indicators throughout the attached report.

With regards to the special projects the Committee were informed that the McCloud Judgement there would be extensive work involved to bring scheme member records up to date. With regards to I-Connect another academy trust had joined so 90% of members were now on the system.

Cllr Bond mentioned that with regards to the McCloud judgment he had read that data was required going back to 2014 and were authorities aware of this. He was informed that they were informed that retention of data was required.

Resolved unanimously: that the committee notes the report and;
i) Notes all areas of governance and administration as reported; and
ii) Notes all key performance indicators.

LOCAL GOVERNMENT ACT 1972 - EXCLUSION OF THE PUBLIC

RESOLVED UNANIMOUSLY: That under Section 100(A)(4) of the Local Government Act 1972, the public be excluded from the remainder of the meeting on the grounds that they involve the likely disclosure of exempt information as defined in Paragraphs 1-7 of part I of Schedule 12A of the Act.

The meeting, which began at 4.00 pm, finished at 18:10

CHAIRMAN.....

DATE.....