

## BERKSHIRE PENSION BOARD

THURSDAY, 1 SEPTEMBER 2022

PRESENT: Alan Cross (Chairman), Arthur Parker (Vice-Chairman) (virtually), Nikki Craig, and Jeff Ford (virtually)

Also in attendance: Kieron Finlay (substitute Board Member) (virtually), Councillors Shamsul Shelim (virtually), and Gurch Singh (virtually)

Officers: Damien Pantling, Kevin Taylor, Philip Boyton, and Laurence Ellis (virtually)

### INTRODUCTION AND APOLOGIES

The Chairman and the Board introduced themselves.

Apologies received from Julian Curzon.

The meeting was held in a hybrid format with the Chairman, Nikki Craig (Board Member) and Pension Fund Officers meeting in-person at Minster Court, while other members attended virtually.

### DECLARATION OF INTEREST

There were no declarations of interests.

### MINUTES

The Chairman commented on a couple of spelling mistakes in the minutes.

**RESOLVED UNANIMOUSLY: That the minutes of the meeting held on 16 June 2022 be approved as a correct record.**

### SCHEME AND REGULATORY UPDATE

Kevin Taylor, Pension Services Manager, gave a verbal update to the Pension Board on the McCloud remedy from the DLUHC (Department for Levelling Up, Housing and Communities). He reported that the DLUHC had recommended an approach to administering authorities (and actuaries, in the light of the triennial review) because of the lack of new regulations which were now expected to be published much later in 2022. The main recommendation was all administering authorities, for the purposes of the 2022 triennial valuation should value members' benefits as required by the various Regulations in force as of 31 March 2022 except in certain specified circumstances. DLUHC had emphasised that this approach did not preclude the final regulations to implement the McCloud remedy being different, so administering authorities were encouraged to make provisions in their funding strategy for revisiting employer contributions if the actual outcome was materially different from DLUHC's suggested approach.

Kevin Taylor then gave an update regarding 'The Return of the £95K Cap'. He reported that the Treasury had published a consultation which could potentially impact LGPS (Local Government Pension Schemes) employers and scheme members. The £95k limit included pension strain cost but the major difference was that the approval process applied to the decision of the employer for the exit to happen not the payment to the employee. While an approved exit would result in employees receiving the full amount of their pension benefits, the employers would need to know the strain cost prior to commencing the approval process.

The Board noted these updates.

## PENSION BOARD GOVERNANCE MATTERS

Before discussing the agenda items, the Chairman gave a couple of comments relating to items discussed in the last meeting. He indicated that he intended to work on the Pension Board's Terms of Reference with Kevin Taylor and Damien Pantling, Head of Pension Fund, but this had not been concluded. Board members would be asked to give their views outside of the meeting.

The Chairman also mentioned that the Board would seek to recruit for the vacant scheme member representative position by advertising in the newsletter to members, noting that we have not tried to recruit in his way for some years.

Jeff Ford asked for an update on acquiring a union representative. The Chairman replied that he had not yet made further contact since the last meeting, suggesting that discussing this with somebody in Unison face-to-face would be more effective in recruiting a representative who would add value to the Board.

The Chairman then started the discussion on the agenda item by suggesting some minor amendments to the wording in the Code of Conduct in sections relating to the role of the chair, statutory responsibilities of board members, political activity and conflicts of interest.

The Chairman also asked for clarification on what was meant by the Board's accountability to the Administering Authority (i.e., RBWM). Damien Pantling explained that the Board was part of RBWM's statutory function and in that sense was accountable to the Council.

When the Chairman asked about changing the wording around the frequency of declaring conflicts of interests, Nikki Craig, Board Member, suggested that it may be up to the Audit and Governance Committee which determine the frequency of declaring conflicts of interests. The Chairman indicated this needed further discussion outside of the meeting.

Damien Pantling took note of the Chairman's amendments.

**RESOLVED UNANIMOUSLY: To approve the new Board Code of Conduct with the Chairman's suggested minor amendments.**

**ACTION: Kevin Taylor to circulate the new Code of Conduct to Board members.**

The Chairman then raised pension board training. Kevin Taylor said he would circulate the most update-to-date version of the Board's training log. The Chairman said he amended CIPFA conference as Board Chairman, while Arthur Parker, Vice-Chairman, had recently attended a BW/CIPFA seminar for pension board members. The Board agreed to update their training and the record thereof outside of the meeting.

The Board noted the update.

**ACTION: Pension Board to continue training outside of the meeting.**

## ADMINISTRATION REPORT

After the Chairman and Nikki Craig gave some observations and comments on the report, Philip Boyton, Pension Administration Manager, introduced the item by giving the highlights:

- Regarding i-Connect users in Quarter 2 (1<sup>st</sup> April to 30<sup>th</sup> June 2022), he reported that the Forest School Academy Trust was successfully onboarded, leaving a remaining 132

(larger than 10 members) scheme employers to on-board. Philip Boyton added that the 132 scheme employers represents 2,269 scheme member records yet to be on-boarded.

- On key performance indicators, Philip Boyton reported that the processing of deceased members fluctuated considerably with each month. He added he had been investigating reasons for this fluctuation including speaking with all team members on a 1:1 basis.
- On communications, Philip Boyton reported that the Pension Team continued to reach out to scheme members through pension surgery events and employers through training events and meetings. On-Line Pension surgeries are always very well attended and are often oversubscribed.
- The overseas pension payments exercise had seen some positive results with 134 out of 168 overseas pensioners having responded, with around 1 in 5 needing a follow up.
- With the completion of the Year End 2021/22, the valuation data was sent to Actuary ahead of schedule on 27 June 2022. Philip Boyton also reported that the Pension Fund sought to reduce the number of paper copy annual benefit statements sent to active and deferred members and rely more on digital communications.

Philip Boyton added that the team had recently become able to extract email addresses from scheme member records which could then be uploaded to Outlook and used to email those scheme members general news or news specific to the individual, which should provide better engagement with members.

Damien Pantling reported that the team was keeping the Administration Report under review by comparing it to other Local Authorities and making improvements to ensure a high quality of administration within the Pension Fund.

The Board noted the update.

## RISK REPORTING

Damien Pantling introduced the report. He stated a comprehensive review was undertaken in the current quarter (April to June 2022) whereby several risks were changed. The main change was a new risk added around the planning for increased employer contributions which had become more relevant with the upcoming triennial valuation and the scope for all employers to have increased contributions. Damien Pantling reminded the Board the Risk Report was continuously kept under review each quarter (and indeed more frequently by officers).

The Board noted the report.

## STATUTORY POLICIES

Damien Pantling introduced the report by summarising the 3 appendices.

The Communications Strategy was last reviewed in September 2018 and had been updated to include several changes in the way the Pension Fund communicates with its stakeholders. These included changing from in-person to hybrid and online meetings, streamlining of member and employer newsletter communication, a focus on e-communication and moving away from the use of paper, and presentational changes such as updating hyperlinks on websites.

Regarding communication with people's representatives, the Chairman asked if it meant their individual or collective representatives. Kevin Taylor replied that this related to requirements in the regulations where scheme members who are unable to look after their own affairs can nominate named representatives (so individual).

The Chairman then asked if it was entirely an online process when a MyPension Online activation key was sent to scheme members or did something else go out by post. Philip Boyton answered that initially an activation key was posted to the new member's home address.

The Chairman then asked if stats were kept of the downloads of employer actions. Philip Boyton answered that prior to a change in website functionality that RBWM made several months ago, the Fund was able to draw website statistics on what webpages were visited. Following the change, driven by the need for an individual to accept internet cookies, the Fund were unable to acquire this information. However, the Fund was liaising with the RBWM website team and in an effort to re-start the process again.

Damien Pantling then moved onto the second appendix, the Pension Administration Strategy, which was last approved in January 2019. While the regulations did not make the document compulsory, it was highly recommended and good practice to have such a statement. The Strategy had been updated with all valid links and references to various documents. The aims and objectives have been updated to bring it in line with the business plan which was approved earlier in 2022. The section on the Service Level Agreement (SLA) had been expanded to ensure the purpose of the SLA was made clear and to prevent confusion between the Fund's SLA with the administering authority (RBWM) and the employer SLA with the administration team. The Administration Strategy also referenced the changes to the Communications Strategy that was being approved alongside the Administration Strategy.

Damien Pantling then discussed the Service Level Agreement. He explained that this was the SLA in place between the Fund and every single employer, establishing what was required from each employer as well as the Fund's Administration Team. This would enable KPIs (key performance indicators), that were set out in the Pension Administration Strategy to be monitored effectively. Damien Pantling added that this SLA was separate to the SLA brought to the Pension Fund Committee for approval a short while ago which was about how the Administration Team would exercise the Administering Authority's duties.

Regarding an employer needing to know whether the employee was full-time or variable time, the Chairman asked why this was still needed as the scheme was now a CARE scheme. Kevin Taylor replied that they did not necessarily need to have this information for pension calculation purposes but that it was automatically provided through iConnect and was good practice bearing in mind such issues as McCloud where employers are required to provide historical information.

Referring to a comment in the report stating that the administering authority would provide presentations to the scheme employer on an *ad hoc* basis, the Chairman asked if this was done individually, collectively or both. Damien Pantling replied that it was both.

The Board noted the report.

## RESPONSIBLE INVESTMENT

Damien Pantling introduced the report. He explained that the Responsible Investment report had been presented to the Board and Pension Fund Committee for the past three quarters. He added that the first 3 appendices – Responsible Investment report, Responsible Investment dashboard and the Active Engagement report – were unavailable as LPPI (Local Pensions Partnership Investments) would not be able to circulate these papers until after the Board meeting. The Chairman then asked the Board that if they had any comments regarding the report that they send them to himself or Damien Pantling before the Pension Fund Committee meeting (once this information had been published).

Damien Pantling explained that he updated the Board on the formation of the Responsible Investment working group in the last quarter on the progress made by the group in developing an updated Responsible Investment policy. The updated policy effectively captured the views of the Pension Fund Committee and the position statements for the Board's approach to

responsible investment. LPPI's RI reporting was to be more targeted going forward, based on the revised RI policy, starting from this quarter as would be apparent once the LPPI RI reports (appendices 1-3) were published.

Damien Pantling then moved onto the LPPI client update on net-zero. He explained that the report was an update from LPPI on their IIGCC (Institutional Investors Group on Climate Change) commitment (made in November 2021) to reach net-zero, and that they were required to give an update within a year. He added that it was going well for LPPI.

In reference to the Responsible Investment policy, regarding a comment in the report that there would be no material changes to the Fund Investment activities or objectives, the Chairman asked if there could be changes on how the Fund would be invested. Damien Pantling replied that the basis of there being no material changes came from two places. Firstly, the Fund's fiduciary duty and financial responsibility was the priority. Secondly, the Berkshire Pension Fund was one of three Pension Funds managed by LPPI, the other two being shareholders and larger than the Berkshire Fund. LPPI therefore need to consider the requirements of all their clients.

The Board noted the report.

UPDATE ON PART I PAPERS TAKEN TO THE PENSION COMMITTEE ON 4TH JULY 2022

Damien Pantling gave a verbal update.

- On the Risk Report, the Committee approved the report which consolidated the investment and funding risk statements, risk reporting framework and the administering authority's corporate risk policy into one document.
- The Statutory Policies were also reviewed and approved by the Committee, which included the employer flexibilities, deferred debt agreement and the employer contributions review policy.
- The Good Governance paper was approved which included reporting breaches of the law, the SLA between the Fund and the administering authority, the training framework and the training log.
- The Responsible Investment Update, which largely focused on engagement, shareholder voting and the responsible investment report dashboard and engagement, were approved by the Committee.
- The Administration Report was also approved by the Committee.

The Board noted the report.

ANY OTHER BUSINESS

There was no additional business.

LOCAL GOVERNMENT ACT 1972 - EXCLUSION OF THE PUBLIC

**RESOLVED UNANIMOUSLY: That the motion to exclude the public for the remainder of the meeting be approved.**

The meeting, which began at 11.02 am, finished at 1.01 pm

CHAIRMAN.....

DATE.....

