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## BERKSHIRE PENSION FUND PANEL

TUESDAY, 9 FEBRUARY 2016

PRESENT: Councillors Lenton (Chairman), Hilton (RBWM), Tickner (Reading), Stanton (Wokingham) and Law (West Berks).

Independent Adviser to the Panel: Mr Dhingra

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

### APOLOGIES

Apologies for absence were received by Cllr Love, Cllr Hill, Cllr Worrall, Sue Nichols and Asia Allison.

### DECLARATIONS OF INTEREST

There were no declarations of interest received.

(Cllr Tickner joined the meeting)

The Panel agreed to change the agenda running order.

### 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.**

### INVESTMENT POOLING

The Pension Fund Manager introduced the report that dealt with the Funds initial response to investment pooling.

The Panel were informed that the Department for Communities and Local Government published on 25th November 2015 "Local Government Pension Scheme: Investment Reform Criteria and Guidance" setting out the criteria to be imposed to enforce pooling of investments by Local Government Pension Funds.

The letter, attached as appendix 1, was a short response to the DCLG confirming that the Borough would comply with the directive to pool.

In addition the Borough had informed that officers have held discussions with a number of the nascent pools regarding three key criteria:

- Ability of a pool to deliver the Fund's investment strategy.
- The proposed governance arrangements.
- The quality of management of the pool.

In response to questions the Panel were informed that a more detailed response would be required in July 2015 where objections such as investing into infrastructure projects could be raised.

**Resolved unanimously: That the Panel approve the submission attached at Annex 1 and officers be authorised to submit the response by 19th February 2016.**

## INVESTMENT GOVERNANCE

The Pension Fund Manager introduced the report that sought to clarify the process for making investment decisions for the Fund and requested the Panel to delegate authority to the Investment Working Group and Officers.

The Panel were informed that internal audit had asked for clarity on delegated authority contained in the RBWM Constitution regarding the authorities of the Panel, Investment Working Group and officers.

The report contained a table that detailed the proposed specific delegated authorities and gave the rationale behind them. In short the Panel would be responsible for strategy, the IWG would Review investment opportunities / new managers and officers would undertake the management of the Fund.

During the discussion it was recommended that the IWG terms of reference be amended so that an Advisory Panel member had to be a member of IWG and that a maximum threshold of £20 million for a single investment be added for IWG. It was agreed that the Pension Fund Manager would review the wording of the table following these recommendations and amend accordingly.

**Resolved unanimously: That the table detailing specific delegated authorities be amended and sent to Panel members.**

## DEVELOPING MARKETS INVESTMENT STRATEGY

The Pension Fund Manager introduced the report that recommended the development of a multi-asset approach to investing in Developing Markets.

The Panel were informed that IWG had resolved that the Fund should increase its investment in developing markets up to 25% of the Fund's assets. The report provided a proposed approach to creating a multi-asset approach. There were two tables within the report one showing exposure and the other showing what the broad asset allocation would look like.

Cllr Tickner recommended that some Panel and Advisory Panel members may wish to have a training session on investments and investments terminology.

**Resolved unanimously: That the Panel:**

- i. **Approve the Developing Markets Investment Strategy at Annex 1.**
- ii. **Authorise officers to implement the strategy after consultation with the Investment Working Group on specific investment opportunities.**

## STEWARDSHIP REPORT

The Deputy Pension Fund Manager introduced the report that dealt with the stewardship of the Pension Fund for the period 1 September to 31 November 2015. The Panel were informed that the Pension Board had recommended that historical trend analysis be added to the report and where applicable this had been added.

The Independent Advisor questioned what action was being taken about the Amber traffic lights in table 4 and was informed that the IWG would be reviewing convertible bonds, with regards to the IPM Fundamental Umbrella Fund due to continued under performance they will be looking if it was best to remain or move to something else and with regards to the remaining investments they had to retain.

With regards to the notices of unsatisfactory performance it was noted that the issues of receiving the appropriate information would be addressed by I-Connect. RBWM were due to implement I-Connect and inform lessons learnt to the other Berkshire authorities.

**Resolved unanimously: That the Panel note:**

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

The meeting, which began at 4.00 pm, finished at 5.40 pm

CHAIRMAN.....

DATE.....

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