

Report for: ACTION
Item Number:



Contains Confidential or Exempt Information	NO – Part 1
Title	Pension Fund Panel Working Groups
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	11 April 2016
Implementation Date if Not Called In	n/a
Affected Wards	None
Keywords/Index	<i>Insert relevant key words</i>

Report Summary

1. In July 2015 the Pension Fund Panel confirmed the terms of reference of its three working groups drawn from members of the Pension Fund Panel and Advisory Panel. These terms of reference did not specify quorums for the working groups .
2. This paper addresses that shortfall and recommends quorums for the three working groups.

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
I. Better governance of the Pension Fund	On-going

1. Details of Recommendations

RECOMMENDATION: That:

- i. Panel reaffirm the quorums of the three working groups

2. Reason for Recommendation(s) and Options Considered

The Pension Fund Panel established an Investment Working Group in 2008, a Liability Management Working Group in 2009 and a Covenant Assessment Working Group in 2015. The terms of reference for each working group are appended to this report.

Officers recommend that the quorum for the Investment Working Group is set at not less than four members and for the Liability Management and Covenant Assessment Working Groups it be set at not less than three members. In each case a meeting shall be inquorate if no members of the Pension Fund Panel are present even though there would otherwise be sufficient members present to make the meeting quorate.

Royal County of Berkshire Pension Fund

Investment Working Group

Terms of Reference

The Royal County of Berkshire Pension Fund Investment Working Group (“IWG”) will be a Working Group of the Berkshire Pension Fund Panel.

The Investment Working Group will consist of the Chairman and/or Vice-Chairman of the Berkshire Pension Fund Panel and up to three other members of the Berkshire Pension Fund and Pension Fund Advisory Panels.

The Investment Working Group will meet at least quarterly and on an ad-hoc basis as required. At least 10 days notice of a meeting will be given for each meeting. The Working Group may meet “electronically” if required. In such a circumstance it will be made clear by what date members are required to respond.

All decisions or recommendations made by the Working Group will be reported to the Pension Fund and Pension Fund Advisory Panel.

The role of the Working Group is to review and recommend appropriate policies/actions to the Pension Fund Panel and Advisory Panel in respect of the following:

1. The Strategic Asset Allocation of the Fund
2. The investment performance of the Fund
3. New investment products/mandates and their suitability for investment by the Fund
4. To interview potential managers for the Fund
5. To recommend the appointment or termination of investment mandates
6. Such other matters as may be relevant to managing the investments of the Fund and implementing decisions of the Pension Fund Panel

Quorum: Four members of whom at least two shall be members of the Pension Fund Panel and include the Chairman and/or the Vice Chairman of the Panel.

Royal County of Berkshire Pension Fund

Liability Management Working Group

Terms of Reference

The Royal County of Berkshire Pension Fund Liability Management Working Group will be a Working Group of the Berkshire Pension Fund Panel.

Membership of the Working Group will consist of a minimum of 3 members of the Berkshire Pension Fund and Berkshire Pension Fund Advisory Panels, at least two of whom will be drawn from the Berkshire Pension Fund Panel.. The Working Group will be chaired by the Chairman and/or the Vice Chairman of the Berkshire Pension Fund Panel.

The Working Group will meet on an ad-hoc basis as required. At least 10 days notice of a meeting will be given for each meeting. The Working Group may meet “electronically” if required. In such a circumstance it will be made clear by what date members are required to respond.

The role of the Working Group is to review and recommend appropriate policies/actions to the Pension Fund Panel and Advisory Panel in respect of the following:

1. Proposals for longevity risk management.
2. Proposals for hedging inflation and interest rate risks.
3. Proposals for establishing platforms for collateral management.
4. Other existing and new liability hedging and risk management products.
5. The costs/benefits of hedging longevity, interest rate and inflation risks.
6. Such other matters as may be relevant to Liability Management that the Pension Fund Panel Chairman or Vice Chairman may approve.

Quorum: Two members of whom at least one shall be a the Chairman or the Vice Chairman of the Pension Fund Panel.

Royal County of Berkshire Pension Fund
Employer Covenant Assessment Working Group

Terms of Reference

The Royal County of Berkshire Pension Fund Employer Covenant Assessment Working Group will be a Working Group of the Berkshire Pension Fund Panel.

Membership of the Working Group will consist of a minimum of 3 members of the Berkshire Pension Fund and Berkshire Pension Fund Advisory Panels, at least two of whom will be drawn from the Berkshire Pension Fund Panel, together with the Pension Fund Manager and Deputy Pension Fund Manager. The Working Group will be chaired by the Chairman or the Vice Chairman of the Berkshire Pension Fund Panel.

The Working Group will meet on an ad-hoc basis as required. At least 10 days notice of a meeting will be given for each meeting. The Working Group may meet “electronically” if required. In such a circumstance it will be made clear by what date members are required to respond.

Neither the Pension Fund Manager nor the Deputy Pension Fund Manager shall have any voting rights. All decisions will be on a simple majority with the Chairman of the Working Group having a casting vote. All decisions or recommendations made by the Working Group will be reported as soon as possible to the Chairman and Vice Chairman of the Pension Fund Panel and to the next meeting of the Pensions Fund Panel.

The role of the Working Group is to review and recommend appropriate policies/actions to the Pension Fund Panel and Advisory Panel in respect of the following:

1. Reviewing the strength of individual employer’s covenant.
2. Recommending action to be taken in an attempt to strengthen individual employer’s covenant.
3. Authorise Officers to negotiate with individual employers as necessary.
4. Review the covenant of employers seeking admission to the Fund and approve any action needed to strengthen the covenant.
5. Review any mitigating strategies that may be appropriate (for instance credit insurance).
6. Such other matters as may be relevant to managing employer covenant risk that the Pension Fund Panel Chairman or Vice Chairman may approve.

Quorum: Two members of whom at least one shall the Pension Fund Panel Chairman or Vice Chairman .