

## BERKSHIRE PENSION FUND PANEL

MONDAY, 12 SEPTEMBER 2016

PRESENT: Councillors John Lenton (Chairman), Geoff Hill, David Hilton and John Collins

ADVISORY MEMBERS: Councillors Dennis, Stanton, Mrs Sue Nicholls.

INDEPENDENT ADVISER: Mr Dhingra.

OFFICERS: Mr Greenwood, Mr Taylor, Mr Pardo and Mr Cook.

### APOLOGIES

Apologies for absence were received by Cllr Rankin, Cllr Law, Cllr Worrall and Mr Dhingra.

### DECLARATIONS OF INTEREST

There were no declarations of interest received.

### MINUTES

**Resolved unanimously: That the Part I minutes of the meeting held on 11<sup>th</sup> July 2016 were approved as a true and correct record.**

### ANNUAL REPORT & FINANCIAL STATEMENTS TO 31 MARCH 2016

The Berkshire Pension Fund Manager informed the Panel that the accounts had been audited so the Panel could not change any of the financial information, however any grammatical errors could be altered.

The Chairman questioned if Cllr Hill's Panel attendance record was correct as it was showing as zero attendance and if Cllr Love's appointment to the Panel should be included. It was agreed that the Panel clerk would check and inform the Berkshire Pension Fund Manager.

Cllr Stanton mentioned that the document made reference to the Fund's newsletter but he had never received one. The Panel were informed that the newsletter was available on the Fund's website and that when future copiers were issued the Panel would be sent the link.

Cllr Hilton mentioned that on page 30 of the agenda it said that the 'administrator to scheme member ratio (1:4,386) is well above average', he asked if we knew what the average was. The Panel were informed that any reference to the ratio would be removed as it had been many years since the benchmarking.

The Panel were also informed that the financial statements within the report were also included within the RBWM Audited Accounts.

**Resolved unanimously: That the Fund's annual report and financial statement for the year to 31st March 2016 be approved and published.**

### LGPS INVESTMENT POOLING - LOCAL PENSIONS PARTNERSHIP

The Berkshire Pension Fund Manager informed the Panel that discussions with The Local Pensions Partnership (LPP) were ongoing but there had been little progress since last reported to the Panel.

The Panel were informed that LPP had reviewed Berkshire's pension administration costs with Lancashire's and conclude that there would be few short term administration cost savings available however there would be increased resilience. Officers were currently awaiting the revised draft legal agreement.

Cllr Hill asked if we were so efficient would this be a basis for not having to enter a 'Pooling' arrangement and was informed that officially this was not possible; however legacy and local investments should not be pooled. Officers would be meeting with Fund Managers to discuss this.

Cllr Hill asked if we invested in Maidenhead development projects if this therefore would be outside pooling. The Panel were informed that this would be outside pooling and investment opportunities were being investigated.

Cllr Stanton asked if once the legal document was signed would it be binding and was informed that it would however due diligence would be undertaken before any contract was signed.

Cllr Hill asked if we were forced to continue with pooling when would we loose control of local investments and when does it have to be implemented. The Panel were informed that pooling needed to be in place by 1<sup>st</sup> April 2018 with all liquid assets equity and bonds being transferred. The Pension Panel would remain responsible for its investments strategy.

Cllr Stanton asked if LPP had agreed to the list of conditions put together by the Panel Chairman and was informed that the majority had been accepted although there were issues regarding the request to hold 10% of our assets to be managed locally as this was outside guidelines.

Cllr Stanton asked if the final agreement would be brought back to Panel and was informed that it would, we have issued a letter of intent but this was not binding. It was noted that even after savings there would be additional costs of £1.1 million, that officers over 55 may take redundancy and that a local manager may be maintained to manage legacy investments.

Cllr Hill asked what would happen to the current Pension Fund Manager if we joined LPP and raised concern that if we did retain 10% for local investment we would have lost our local expertise to LPP. The Panel were informed that there was an assumption that the Pension Fund Manager would join LPP however as yet he had not seen evidence of a role he would want and his preference would be to stay with RBWM.

The Chairman reported that he had not seen any benefits to pooling for the Panel or the funds members. The Fund needed 4.5% above inflation on its investments and he did not see this being met by Government infrastructure investments. He mentioned that MPs had similar pensions but were not being ask to pool and that the authority would be lobbying local MPs.

The Panel noted the update.

## STEWARDSHIP REPORT

The Panel considered the report that report dealt with the stewardship of the Pension Fund for the period 1 April 2016 to 30 June 2016 (pages 7 to 9 updated to 31 July 2016).

The Panel were informed that the table on agenda page 153, Pension Fund key financial indicators, had an additional column added to show July's figures and it was expected that August would be the same.

It was noted that as RBWM had been using I-Connect all their data had been submitted on time. West Berkshire and Reading were looking to implement the system and officers had held talks with Wokingham; Cllr Stanton reported he would raise this with Wokingham.

The Panel noted the report.

### RISK REGISTER

The Panel considered the latest Risk Register and were informed that since they last reviewed the report the following changes had been made:

PEN 016 – Failure to delegate duties appropriately. Reduced to low risk. Actioned following a paper received by Panel in January 2016 concerning the delegation of certain duties to Officers.

PEN 026 – Pooling of LGPS assets. This remains as a medium risk. The Fund has currently entered into negotiations with LPP as the preferred partner.

The Panel were also informed that PEN 004, failure to maintain a high quality member database, remained a high risk as it was related to the need to get the unitary authorities signed up to using I-Connect. Cllr Dennis questioned if I-Connect was an open system provider and was informed that it was a ‘hub’ between our system and users HR systems and the provider supplied the majority of LGP Funds.

The Panel were informed that with regards to PEN 025 the Pension Fund Manager continues to explore options for the implementation of an insurance policy to protect the Pension Fund.

It was agreed that when the report was brought back to the Panel that it should be the whole report presented today and not an exception report.

The Panel noted the Risk Register.

### 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 whilst discussion takes place on following items 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 5.20 pm

CHAIRMAN.....

DATE.....