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Review of British Transport Police Force Superannuation Fund's Governance Arrangements

5 April 2011

Agenda

- Current governance structure
- Commentary
- Options available
- Next steps?

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Current governance structure

- Railways Pension Trustees Company Ltd (the “Trustee”)
  - Railways Pension Scheme
  - British Railways Superannuation Fund
  - BR (1974) Fund
  - BTPFSF (1.6% of total membership of the four schemes)
- 8 Employer Directors and 8 Employee Directors
- BTPA and employees have no direct power to appoint any director
- Currently one employee director

Current governance structure - cont

- Five Pensions Committees
  - Audit, Benefits and Funding, Case, Executive and Investment
  - Membership taken from Trustee Board
- Management Committee
  - 6 Members appointed by BTPA, 3 Members appointed by BTPF, 2 Members by the Pensioners & 1 by Chief Constable
  - Limited powers delegated to this committee
- Rpmi
  - Subsidiary of the Trustee
  - Day-to-day admin
  - Investment functions

Current governance structure - cont

- Independent review
- Advisers and fee arrangements
  - Lack of transparency
  - Likely efficiencies from economies of scale
- Risk controls

Commentary

- No direct representation so little knowledge of BTPA
- BTPFSF small relative to other Schemes so lack focus on its circumstances and issues
- Same advisers so concern that focus is on larger schemes and their issues

- Improvements will require time and resources

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Options available

- No change with greater engagement
- More delegation to the Management Committee
  - Funding and Audit
  - Investment
  - Separate advisers and fee arrangements
  - Size and composition
- Separate Trustee Body
  - Independent trustee?
  - Reduced employer and employee directors/trustees
  - Constitution

Next steps?

- Legal advice?
- Engage with the Trustee
- Final proposal to authority
- Consult the members/Union
- Put in place new governance arrangements
- Questions

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